

Buying Your First Home? Save Up to \$2,000 in Taxes Annually



NC Home Advantage
TAX CREDIT

The NC Home Advantage Tax Credit allows eligible buyers to receive a federal tax credit of 30% of the mortgage interest paid annually on existing homes (50% on new construction). If you qualify, you could save up to \$2,000 per year on your federal tax liability.

This tax credit is for buyers who are approved by the NC Housing Finance Agency for a Mortgage Credit Certificate (MCC) before their home purchase. Because the MCC provides an immediate tax credit, you can change the withholding allowances on your W-4 to reflect your decreased tax liability and increase your monthly take-home pay, making your mortgage payment more affordable.

\$ How Does the MCC Work?

On a \$148,000 mortgage with an interest rate of 4.5%, you might pay \$6,660 in interest in the first year of your loan. The MCC would allow you to take a federal income tax credit up to \$1,998 ($\$6,660 \times 30\%$) for that year. Please note that you can still claim a mortgage interest deduction for the remaining 70% of the mortgage interest paid if you itemize deductions.

An MCC can be used with most fixed-rate mortgages including the NC Home Advantage Mortgage™ (but not the NC 1st Home Advantage Down Payment), and with some adjustable-rate mortgages. Home buyers must be approved for the MCC before their home purchase to get the tax credit.

☰ Am I Eligible?

- ✓ You are a first-time buyer (have not owned a principal residence in three years), military veteran or are purchasing a home in a targeted area
- ✓ You are buying a home in North Carolina
- ✓ You occupy the home within 60 days of closing
- ✓ Your income and home sales price do not exceed certain limits
- ✓ You are a legal resident of the U.S.

✎ How to Apply

The NC Home Advantage suite of products is offered statewide by the NC Housing Finance Agency, a self-supporting public agency, through participating lenders. Contact the home buying partners below for more information or go to www.nchfa.com/home-buyers.

