

MCC Program Dwarfs the Earlier \$8,000 Tax Credit, But Is Often Overlooked

The Mortgage Credit Certificate (MCC) program has been around for several years, but many eligible buyers don't take advantage of it, compared to the flood of first-time home buyers who took advantage of the \$8,000 tax credit a couple years ago.

It's easy to see why — it's more complicated. To fully appreciate the MCC program, you have to understand the difference between a tax credit and a tax deduction. Everyone knows and appreciates the fact that you can deduct the interest expense of a home mortgage on your tax return. That certainly has value, but what if you could take 20% or more of that interest expense (for the life of the loan) as a direct tax credit — worth 5 to 10 times more than a tax deduction, depending on your tax bracket — and still take the rest of the interest expense as a tax de-

duction? If you do the math, you'll learn that this tax credit can easily add up to tens of thousands of dollars. I remember computing this on a \$200,000 listing of mine, and the tax credit over the life of the loan amounted to more than \$40,000!

As before, a "first-time home buyer" is defined as someone who has not owned a home for three years. But, if you buy in one of many distressed neighborhoods, you don't have to be a first-time home buyer. (There are no such areas in Jefferson County.)

The Colorado Housing Finance Authority (CHFA) is a leader in lending to first-time home buyers with as little as \$1,000 out-of-pocket cost. If you combine such financing with getting the MCC tax credits, then buying rather than renting becomes a no brainer — although you do, of course, still

need to have good enough credit to qualify for a mortgage and take advantage of the tax credit.

Shelley Ervin of CHFA called me this week to complain about the under-utilization of the MCC program. Many lenders who recommend a CHFA loan to their buyers simply forget about the program, and if a buyer doesn't initiate the loan and MCC application together, it's often impossible to insert the MCC program before closing.

If you're a first-time home buyer interested in taking advantage of the MCC program, ask your loan officer about it. Not all loan officers are trained and authorized to process such applications. If you want the name of one who is authorized for MCC, please ask me.

Space does not permit me to go into greater detail about the program in this column, so I have put links for additional information about CHFA and the MCC program online at JimSmithColumns.com.

This Week's Featured Listing

You'll Love This Great 2008 Home South of Belmar

There's much to love about 8250 W. Alabama Avenue, which went back on the MLS this week at a reduced listing price. For starters, it has gas hot water heat instead of the more typical forced air furnace. It has extensive hardwood floors in great condition and one of the biggest kitchens and master bedrooms (each 14' x 30') you'll find anywhere. It has one of the only 4-car garages in the neighborhood, and its 1/4-acre lot is 50% bigger than the typical lot in its 80-home subdivision. It's 2 blocks from the nearest arterial, so it's quiet too! **Open Saturday, 1-4pm.**



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