

Many First-Time Buyers and Veterans Are 'Leaving Money on the Table'

The following may sound too good to be true, but you can trust me that it is actually true. As a first-time homebuyer or qualified veteran with income under \$100,000 purchasing a home up to \$424,100, **you may be eligible to receive a refund of 20 percent of the interest you pay for the life of the loan.** The refund comes to you as a federal tax credit each year.

REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

"First-time home buyer" is defined as anyone who has not been on the title of a home for three years prior to closing on their new home. **"Qualified veteran"** is defined as a veteran who left the service with other than a dishonorable discharge.

For most taxpayers, the interest on a primary residence mortgage is **tax deductible**, which reduces taxable income by the amount of your interest payments. Under the Mortgage Credit Certificate program (MCC), 20% of that mortgage interest is refunded to you in the form of a dollar-for-dollar **tax credit**. That's huge!

How much money are we talking about? **Let's say your initial mortgage is \$375,000**, and you stay in that home for the full 30-year term of a 4.25% mortgage. You will have paid \$289,116 in interest, but with your MCC, **you would get 20%, or \$57,824, of that interest refunded to you** over 30 years through a credit against your federal income tax liability.

Income and purchase price limitations apply, but vary by county and family size. In both Denver and Jefferson County, the income limits are \$80,100 for a 1 or 2-person household, and \$92,100 for a larger household. The purchase price limit is \$424,100, regardless of household size.

If you purchase in one of the 30 "targeted" census tracts in Denver or the one census track in Jeffco, the income limit increases to \$96,100 for a 1-2 person household and \$112,100 for larger households. The purchase limit is still \$424,100.

A "targeted" area is one which could benefit from enhanced home ownership, which is expected in turn to improve the quality of housing over time.

In most Colorado counties, these limits are lower,

for which I've posted a link at JimSmithColumns.com.

Since the interest portion of a mortgage payment is biggest during the initial years of the loan, a buyer gets the biggest tax credits early on, making it easier to invest in various improvements to their new home.

This program comes and goes, and is not permanent, and it recently came back on March 6th. It ends when the IRS allocation is exhausted.

Your lender, not you, applies for the MCC certificate up-front. There's a \$200 application fee, and an additional \$250 to \$1,000 fee at closing, depending on the type of loan.

To retain the tax credit for the life of your loan, you must continue to live in the property as a primary residence. If you sell it in less than 9 years, there is the possibility of a recapture tax depending on the type of

loan, household income and your gain on the sale.

Other requirements of the MCC program are that you complete a homebuyer education program and that your credit score must be at least 620.

The program is administered by the Colorado Housing Finance Authority (CHFA), a non-governmental non-profit, but you must work with one of 25 CHFA-certified mortgage brokerages. Not all lenders are certified by CHFA for this program, so be sure to ask the lender you are planning to use. You don't want to lose tens of thousands of dollars in tax credits!

My thanks to **Bruce Gustafson** of Universal Lending, one of our preferred lenders, who reminded me of this awesome program. Bruce is certified to participate in the MCC program and can answer all your questions. You can reach him at **303-596-0780**.

Westminster Home Just Listed by Jim Swanson



Video at www.WestminsterHome.net

This super-nice 2-story patio home at **5700 W. 71st Ave.** is located in the Patio Subdivision, a few blocks west of 72nd and Sheridan. You will enjoy the south facing Trex deck and low maintenance yard that backs to a pasture. There's a good sized living room, kitchen with eating space, and half bath on the main level. Upstairs you will find three bedrooms, a full bathroom, and a 3/4 bath off the master bedroom. The garden level basement has a good sized living area and possible 4th bedroom or office space. This well-maintained home has central air conditioning, a new roof and a 2-car attached garage. The low HOA fee of \$65/month includes tennis courts and community pool. Ready for quick possession, Jim Swanson will be holding it open this **Saturday, 1-3 pm**.

Fairway Vista Home Just Listed by Carrie Lovingier



This well-maintained 4-bed, 3.5-bath home at **10707 W. Cooper Dr.** backs to a greenbelt, has over 2,400 finished square feet, and an attached 2-car garage. Uniquely located near great trails, a golf course, two rec centers, Hine Lake, and highly ranked schools, this home features hardwood floors, plantation shutters, an eat-in kitchen with island and maple cabinets, a formal dining room, a family room with gas fireplace and in-wall speakers, a main floor office/study with French doors and main floor laundry with washer & dryer included. Upstairs you'll love the master bedroom with 5-piece master bath, oversized jetted tub & walk-in closet with built in shelving, and two spacious guest bedrooms and a great loft area. In the basement is a 4th bedroom and bathroom, plenty of storage and a workshop area (workbench included). The home has newer A/C, exterior paint, a concrete patio, garden area with a fruit bearing peach tree, rose bushes, sprinkler systems, a whole house water purifier and a reverse osmosis filtration system. The HOA is only \$40 per month that includes trash removal. Showings begin Friday at noon. **Open this Saturday, 1-3 pm**.

Video at www.FairwayVistaHome.info

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