



Mortgage Tax Credit

The Ohio Housing Finance Agency's (OHFA's) **Mortgage Tax Credit** provides homebuyers with a direct federal tax credit on a portion of the mortgage interest. The tax credit cannot be larger than the owner's annual federal income tax liability after deductions, exemptions and other credits.

Homebuyers must have a tax liability in order to use this non-refundable credit. The mortgage tax credit is in addition to the IRS home mortgage interest deduction.

If you use the tax credit with a loan through OHFA's first-time homebuyer program, you receive a tax credit of 40% of the home mortgage interest. The maximum annual tax credit is \$2,000.

If you use the tax credit with a loan provided by your lender not coupled with OHFA's first-time homebuyer program, you receive a tax credit of 15% if the property you purchase is in a non-target area or 20% if in a target area. The IRS does not currently limit the dollar amount of the credit to \$2,000 for credit amounts of 20% or less.

Homebuyers coupling a mortgage tax credit with a loan through OHFA's first-time homebuyer program can also receive Down Payment Assistance equal to 3% (conventional loans) or 3.5% (government loans) of the purchase price.

AM I ELIGIBLE?

- You have not owned or had an ownership interest in your primary residence in the last three years, or if you purchase in a target area.
- You meet income and purchase price limits.**

The following applies if using OHFA's first-time homebuyer program with the tax credit:

- You meet credit score requirements.
 - Conventional, USDA, and VA Loans: 640 or higher
 - FHA Loans: 650 or higher
- You meet debt to income ratios for your loan type.

Homebuyers using the mortgage tax credit in conjunction with an OHFA loan could have a slightly higher interest rate.

HOW DO I APPLY?

OHFA works with lenders, credit unions and mortgage companies across the state. Visit our website to find an OHFA-approved lender in your area, and click on the **GETTING STARTED** tab to view tips on the application process. You may also call us toll-free at 888.362.6432.

FOR MORE INFORMATION CONTACT:

MTC EXAMPLE

Mortgage Amount	\$155,980
Annual Percentage Rate	6.25%
Total Interest Paid First Year	\$9,748
Mortgage Tax Credit Rate	x .20
Tax Credit Amount*	\$1,949

To receive these benefits, you must choose a lender that participates in both the first-time homebuyer program and OHFA's mortgage tax credit.

Find a participating lender at MyOhioHome.org.

**Your tax credit will vary each year based upon the mortgage interest that you pay.*

****Income and purchase price limits vary by Ohio county and community. For income and purchase price limits in your area, visit our website at myohiohome.org.**

OHFA is an Equal Opportunity Housing entity. Loans are available on a fair and equal basis regardless of race, color, religion, sex, familial status, national origin, military status, disability or ancestry.

