

# TWO WAYS TO SAVE:



Reduction in the federal income tax withheld from the homebuyer's paycheck; benefits realized monthly



Reduction in the amount of federal income taxes owed at tax time; possibly increasing the federal tax refund

## FIND OUT IF YOU QUALIFY

Call an approved SC Housing Mortgage Tax Credit lending partner TODAY! Find a complete list of participating lenders at [SCHousing.com/mortgagetaxcredit](https://SCHousing.com/mortgagetaxcredit). These trained lenders will be able to determine if you qualify and will submit your application.

### ABOUT SC HOUSING

SC Housing is a self-sustaining housing finance agency committed to ensuring that South Carolinians have the opportunity to live in safe, decent, and affordable housing. Agency operations are supported by a funding base that includes fees and other revenue earned through the administration of agency programs.

Our office is located in Columbia, South Carolina. For more information, visit [SCHousing.com](https://SCHousing.com).

### IMPORTANT!

**DISCLAIMER:** The information in this brochure is general and is not intended as legal or tax advice, nor is it intended to disclose all possible issues associated with or conditions applicable to a SC Mortgage Tax Credit.

The information contained herein should not be used in any actual transaction without the advice and guidance of a professional tax advisor who is familiar with all of the relevant facts. SC Housing assumes no obligation to inform any person of any changes in the tax law or other factors that could affect the information contained herein. For more information please review the Program Guide found on the website: [SCHousing.com/mortgagetaxcredit](https://SCHousing.com/mortgagetaxcredit).



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**SC HOUSING**  
*Financing Housing. Building SC.*

SC Mortgage Tax Credit Program



[SCHousing.com](https://SCHousing.com)

## WHAT IS THE SC MORTGAGE TAX CREDIT?

The SC Mortgage Tax Credit is a Mortgage Credit Certificate ("MCC") program administered by the South Carolina State Housing Finance and Development Authority (SC Housing) that provides a federal income tax credit to qualified homebuyers of up to \$2,000 per calendar year.

An MCC is a certificate that allows a homebuyer to take a federal income tax credit for a portion of the annual interest they pay on their mortgage loan for their primary residence.

By increasing the net take home pay of the homebuyer after taxes, this tax credit may allow a homebuyer to qualify more easily for a loan or qualify for a larger loan than would otherwise be possible.

### SPEND A LITTLE-SAVE A LOT!

The cost of a SC Mortgage Tax Credit is just \$500 with Participating Lenders also being able to charge up to \$300 for a processing fee. The cost of obtaining the credit may be paid by the seller of the home.

In the early years of a mortgage loan, most of the payments made by the homebuyer go toward paying interest on the loan. A SC Mortgage Tax Credit allows the homebuyer to use this to his or her advantage, reducing the amount of federal income taxes owed by allowing a federal income tax credit for interest paid on the mortgage loan.

### TWO WAYS TO SAVE

Once the homebuyer obtains a SC Mortgage Tax Credit, savings can be realized in one of two ways. The first way is a reduction in the federal income tax withholding of the homebuyer. For example, some homebuyers may want (and some lenders may require them) to change their federal income tax withholding and receive the benefit of their credit during the calendar year. The second way is a reduction in the amount of federal income taxes owed and a possible increase in the amount of the federal income tax refund when the homebuyer files his or her federal income tax return each calendar year. A homebuyer credit generally cannot be greater than such homebuyer's tax liability for the calendar year.

Regardless of the way the homebuyer obtains the federal income tax savings, having a SC Mortgage Tax Credit means the homebuyer will get to keep more of the money earned as opposed to paying it in federal income taxes.

### TAX CREDIT VS. TAX DEDUCTION

When the homebuyer buys his or her primary residence, and itemizes his or her deductions, the federal government allows a deduction for all the interest paid each year on the homebuyer's mortgage loan. A SC Mortgage Tax Credit gives the homebuyer a federal income tax credit equal to 50 percent of the annual mortgage loan interest paid per year (up to \$2,000). In addition, the homebuyer can also deduct the remaining mortgage loan interest paid on his or her federal income tax return if the homebuyer itemizes his or her deductions.

While taking a federal income tax deduction may lower the homebuyer's federal income tax bill, it does so by reducing federal taxable income. For example, if the homebuyer is in a 25 percent federal income tax bracket, a \$2,000 deduction will save the homebuyer \$500 in federal income taxes. A federal income tax credit actually reduces the bottom line of the federal income tax bill on a dollar for dollar basis. For example, while a \$2,000 tax deduction equals \$500 in saved taxes, a \$2,000 tax credit equals \$2,000 in saved taxes. In addition, the homebuyer can still deduct the remaining interest paid.

### EACH YEAR-EVERY YEAR

A SC Mortgage Tax Credit is available to the homebuyer for the life of the mortgage loan as long as the homebuyer lives in the home and as long as the MCC has not been revoked.

The Homebuyer may be eligible for a SC Mortgage Tax Credit if the following conditions are met:

- the homebuyer is purchasing a primary residence in South Carolina; and
- the homebuyer is a first-time homebuyer, has not owned a home in the last three years, or buys a home in a "targeted" county; and
- the homebuyer occupies the home as a primary residence; and
- household income falls within the income limits for the county in which the primary residence is purchased; and

- the purchase price is within the limits established for the county in which the primary residence is purchased.

For complete details on eligibility requirements, including a list of targeted counties, income limitations and purchase price limitations, please review the Program Guide found on the website at: [SCHousing.com/mortgagetaxcredit](http://SCHousing.com/mortgagetaxcredit).

A SC Mortgage Tax Credit may be used with Fannie Mae, Freddie Mac, conventional, fixed rate, adjustable rate, FHA, VA and USDA-Rural Development financing. It is not available for SC Housing bond-financed loans, FHA 203(k) or USDA 502 direct loans. SC Housing does not act as the lender for loans qualifying for a SC Mortgage Tax Credit.

The home may be new construction or an existing single-family home. Some manufactured homes, condominiums and townhouses may also qualify.



QUALIFIED  
HOMEBUYERS  
CAN RECEIVE:

UP TO  
**\$2,000**

Federal Income Tax Credit  
Per Calendar Year