



## THE MARYLAND MORTGAGE PROGRAM

# Maryland HomeCredit for Lenders



## *Help homebuyers get the most from their home loan.*

Eligible Maryland homebuyers can now receive a Mortgage Credit Certificate through the **Maryland HomeCredit Program**, offered by Maryland's Department of Housing and Community Development (DHCD).

In Maryland, a Mortgage Credit Certificate, or "**HomeCredit**" allows a homeowner to claim an annual federal tax credit equivalent to 25% of their mortgage interest payments in a given tax year.

A **HomeCredit** can potentially save a homebuyer **thousands** of dollars over the life of a loan, and makes owning a home more affordable. Together with a home loan through DHCD's **Maryland Mortgage Program (MMP)**, which offers down payment assistance and a 30-year fixed interest rate, the State of Maryland is making the dream of sustainable homeownership a reality for more Marylanders than ever.

Become An Approved  
Maryland HomeCredit Lender  
**NOW!\***

EACH YEAR,  
MARYLAND HOMECREDIT  
HOMEOWNERS CAN  
**CLAIM**  
**25%**  
OF  
THEIR  
**TOTAL MORTGAGE  
INTEREST PAYMENTS**  
AS A FEDERAL TAX CREDIT  
UP TO A  
MAXIMUM **\$2,000**

\*Lenders must be approved by the Maryland Department of Housing and Community Development's Community Development Administration (CDA) to administer the Maryland HomeCredit Program. Note: being an approved Maryland Mortgage Program lender does not qualify a lender to offer Maryland HomeCredit to homebuyers.

See reverse for further details or to learn more go to [mmp.maryland.gov/MDHomeCredit](http://mmp.maryland.gov/MDHomeCredit)

## Frequently Asked Questions

### Can I get a Maryland HomeCredit for my existing home?

A Maryland HomeCredit is available only with the purchase of a home, not afterward or separately.

### How long can I use the Maryland HomeCredit?

The certificate is good for the life of your principal loan; you can use the Maryland HomeCredit every year while the principal loan is active.

### My lender has already reserved a loan for me, but we will not go to settlement until after June 1st—can I still add a Maryland HomeCredit?

The Maryland HomeCredit is for reservations on or after June 1, 2014; the closing date is not a factor.

### Why is the Maryland HomeCredit not available with my REO loan?

The Maryland HomeCredit is a tax credit and therefore cannot be used together with any tax exempt bond funds; DHCD uses bond funds to finance the reduced rate for the REO program. That is also the case with several of our special initiatives.

### My lender is not on the list of participating Maryland HomeCredit lenders—can I still get a Maryland HomeCredit?

It is necessary to use one of the participating Maryland HomeCredit lenders, but your lender can sign up to be a participating lender by following the information on the website at [mmp.maryland.gov/MDHomeCredit](http://mmp.maryland.gov/MDHomeCredit).

### If I sell my home in the future, can I use the Maryland HomeCredit for my next home?

The Maryland HomeCredit is tied to your principal loan, and cannot be transferred to another property.

The size of the tax credit received by a homeowner with a Maryland HomeCredit is 25% of that year's mortgage interest payments, up to a maximum of \$2,000 in any single year.

Note that the annual net savings due to the Maryland HomeCredit may be less than the face value of the tax credit, since the value of the interest payments associated with the tax credit (25% of total interest payments) cannot also be used as a standard mortgage interest deduction.

The example to the right shows a typical calculation:

### Example Tax Calculation

Mortgage interest paid over the course of a year		\$6,000
Maryland HomeCredit rate		25%
<b>Maryland HomeCredit Value (federal tax credit)</b>		<b>\$1,500</b>
	<b>Without Maryland HomeCredit</b>	<b>With Maryland HomeCredit</b>
Total Income	\$70,000	\$70,000
(minus) Mortgage Interest Deduction	\$6,000	\$4,500*
(equals) Taxable Income	\$64,000	\$65,500
Federal tax liability @ 15% (applied to Taxable Income)	\$9,600	\$9,825
Subtract Maryland HomeCredit	-	\$1,500
Net Taxes Owed	\$9,600	\$8,325
		<b>Net Tax Savings due to Maryland HomeCredit \$1,275</b>

\*The Mortgage Interest Deduction is lower for the "With Maryland HomeCredit" scenario, since 25% of the mortgage payments (\$1,500 in this example) are applied to the calculation of the federal tax credit, and cannot also be used as a mortgage interest deduction.

This illustration is simplified for example purposes only. Actual figures may vary, and many other considerations may impact a homeowner's actual tax liability. Homebuyers should consult a tax advisor for further information.



[mmp.maryland.gov/](http://mmp.maryland.gov/)  
**MDHomeCredit**

Single Family Housing - Community Development Administration  
Maryland Department of Housing and Community Development  
100 Community Place, Crownsville, MD 21032-2023  
SingleFamilyHousing@dhcd.state.md.us • 410-514-7530  
Toll Free (Maryland Only): 800-638-7781 • Fax: 410-987-4136



Larry Hogan, Governor  
Boyd K. Rutherford, Lt. Governor

