

Bay East Consumer Guide

Mortgage Interest Tax Deduction

Learn how homeownership may help reduce your taxable income.



What Is the Mortgage Interest Deduction?

The mortgage interest deduction allows homeowners to deduct interest paid on a home loan from their taxable income.

This may apply to loans used to:

- Buy a home
- Build a home
- Make substantial home improvements



Who Can Claim It?

To qualify, you generally must:

- ✓ Itemize deductions on your tax return
- ✓ Have a qualifying mortgage secured by your home
- ✓ Meet current IRS loan limits and eligibility requirements

Whether itemizing saves you money depends on your overall financial situation.



Will You Benefit?

Not every homeowner benefits from the mortgage interest deduction.

Your savings depend on factors such as:

- Whether you itemize deductions
- The amount of mortgage interest you paid
- Property taxes and other deductible expenses
- Your overall financial situation



"Understanding your tax benefits is part of smart homeownership."



What Loans Qualify?

The deduction may apply to:

- First mortgages
- Refinanced mortgages
- Certain home equity loans
- Construction loans to meet IRS requirements

If you refinance or sell your home, your deduction may change based on how the loan proceeds are used.



We're Here to Help

A Bay East REALTOR® can help you:

- ✓ Save your annual Form 1098
- ✓ Keep records of refinancing or loan changes
- ✓ Track qualifying home improvement expenses