



# Your Mortgage PLANNER

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with Jamie H. Harrington, President

## **TAX DEDUCTIONS FOR HOMEOWNERS**

Home ownership offers one of the few remaining tax shelters. Property taxes on a home and vacation property are completely deductible. Interest paid on loans to acquire or improve a home is deductible to \$1 million. Additional borrowing up to \$100,000 in equity loans, refinancing or second mortgages also qualifies for federal tax deductions.

For homeowners in the 28 percent tax bracket, most of their monthly payment during the first few years of the loan is made up of deductible property taxes and interest. Their savings show up in the form of lower income tax owed or tax refunds.

Any profit you make when selling your primary residence usually qualifies for tax breaks. The 1997 Tax Relief Act allows a one-time exclusion for your first \$250,000 of capital gain if you are single (or the first \$500,000 if you are married filing jointly). Now—with very few exceptions—you can take advantage of this tax break every two years, provided you have resided in the home for two of the last five years. There is no requirement that you roll your excluded gain onto another home or any age threshold to qualify.

Please call your tax advisor to verify information as it pertains to you.

*If you would like to discuss what type of mortgage loan will work best for you, call Jamie Harrington at 828-632-0650 for an appointment. United Carolina Group, Inc., is located at 340 NC Highway 16 S. in Taylorsville.*

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