



Department
of the
Treasury

Internal
Revenue
Service

Publication 530
Cat. No. 15058k

Tax Information for First-Time Homeowners

For use in preparing
2000 Returns



**Get forms and other information
faster and easier by:**

Computer • www.irs.gov or **FTP** • [ftp.irs.gov](ftp://ftp.irs.gov)

FAX • 703-368-9694 (from your fax machine)

Contents

Important Changes for 2000	1
Important Reminder	1
Introduction	1
What You Can and Cannot Deduct ..	2
Real Estate Taxes	2
Home Mortgage Interest	3
Mortgage Interest Credit	6
Figuring the Credit	6
Basis	7
Figuring Your Basis	7
Adjusted Basis	9
Keeping Records	9
How To Get Tax Help	9
Index	11

Important Changes for 2000

District of Columbia first-time homebuyer credit. The credit for first-time homebuyers in the District of Columbia has been extended to include home purchases before January 1, 2002. For 2000 and 2001, the credit can offset both your regular tax (after reduction by any foreign tax credit) and your alternative minimum tax, if any. For more information about this credit for first-time homebuyers, see page 2.

Limit on mortgage interest credit. For 2000 and 2001, your mortgage interest credit for the year can offset both your regular tax (after reduction by any foreign tax credit) and your alternative minimum tax for that year, if any. See *Figuring the Credit* under *Mortgage Interest Credit*, later.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Important Reminder

Limit on itemized deductions. Certain itemized deductions (including real estate taxes and home mortgage interest) are limited if your adjusted gross income is more than \$128,950 (\$64,475 if you are married filing separately). For more information, see the instructions for Schedule A (Form 1040).

Introduction

This publication provides tax information for first-time homeowners. Your first home may be a mobile home, a single-family house, a

townhouse, a condominium, or a cooperative apartment.

The following topics are explained.

- How you treat items such as settlement and closing costs, real estate taxes, home mortgage interest, and repairs.
- What you can and cannot deduct on your tax return.
- The tax credit you can claim if you received a mortgage credit certificate when you bought your home.
- Why you should keep track of adjustments to the basis of your home. (Your home's basis generally is what it costs; adjustments include the cost of any improvements you might make.)
- What records you should keep as proof of the basis and adjusted basis.

District of Columbia first-time homebuyer credit. You may be able to claim a one-time tax credit of up to \$5,000 if you buy a main home in the District of Columbia. You must reduce the basis of your home by the amount of the credit you claimed. Only purchases after August 4, 1997, and before January 1, 2002, qualify for this credit.

You qualify for the credit if you (and your spouse if you are married) did not have an ownership interest in a main home in the District of Columbia for at least 1 year before buying the new home. Individuals with modified adjusted gross income of \$90,000 or more (\$130,000 or more in the case of a joint return) cannot claim the credit. Individuals with modified adjusted gross income between \$70,000 and \$90,000 (between \$110,000 and \$130,000 in the case of a joint return) can claim only a reduced credit.

Use Form 8859, *District of Columbia First-Time Homebuyer Credit*, to figure your credit. See the form and its instructions for more information.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can e-mail us while visiting our web site at www.irs.gov/help/email2.html.

You can write to us at the following address:

Internal Revenue Service
Technical Publications Branch
W:CAR:MP:FP:P
1111 Constitution Ave. NW
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

Useful Items

You may want to see:

Publication

- 523** Selling Your Home
- 527** Residential Rental Property
- 547** Casualties, Disasters, and Thefts
- 551** Basis of Assets
- 555** Community Property

587 Business Use of Your Home

936 Home Mortgage Interest Deduction

Form (and Instructions)

8396 Mortgage Interest Credit

See *How To Get Tax Help*, near the end of this publication, for information about getting these publications and this form.

What You Can and Cannot Deduct

To deduct expenses of owning a home, you must file Form 1040 and itemize your deductions on Schedule A (Form 1040). If you itemize, you cannot take the standard deduction. See the Form 1040 instructions if you have questions about whether to itemize your deductions or claim the standard deduction.

This section explains what expenses you can deduct as a homeowner. It also points out expenses that you cannot deduct. There are two primary discussions: real estate taxes and home mortgage interest. Generally, your real estate taxes and home mortgage interest are included in your house payment.

Your house payment. If you took out a mortgage (loan) to finance the purchase of your home, you probably have to make monthly house payments. Your house payment may include several costs of owning a home. The only costs you can deduct are real estate taxes actually paid to the taxing authority and interest that qualifies as home mortgage interest. These are discussed in more detail later.

Here are some items, which may be included in your house payment, that cannot be deducted.

- Fire or homeowner's insurance premiums.
- FHA mortgage insurance premiums.
- The amount applied to reduce the principal of the mortgage.

Minister's or military housing allowance.

If you are a minister or a member of the uniformed services and receive a housing allowance that is not taxable, you can still deduct your real estate taxes and your home mortgage interest. You do not have to reduce your deductions by your nontaxable allowance.

Nondeductible payments. You cannot deduct any of the following items.

- Insurance, including fire and comprehensive coverage, and title and mortgage insurance.
- Wages you pay for domestic help.
- Depreciation.
- The cost of utilities, such as gas, electricity, or water.
- Most settlement costs. See *Settlement or closing costs*, under *Cost as Basis*, later, for more information.

Real Estate Taxes

Most state and local governments charge an annual tax on the value of real property. This is called a **real estate tax**. You can deduct the tax if it is based on the assessed value of the real property and the taxing authority charges a uniform rate on all property in its jurisdiction. The tax must be for the welfare of the general public and not be a payment for a special privilege granted or service rendered to you.

Deductible Taxes

You can deduct real estate taxes imposed on you. You must have paid them either at settlement or closing, or to a taxing authority (either directly or through an escrow account) during the year. If you own a cooperative apartment, see *Special Rules for Cooperatives*, later.

Where to deduct real estate taxes. Enter the amount of your deductible real estate taxes on line 6 of Schedule A (Form 1040).

Real estate taxes paid at settlement or closing. Real estate taxes are generally divided so that you and the seller each pay taxes for the part of the property tax year you owned the home. Your share of these taxes is fully deductible, if you itemize your deductions.

Division of real estate taxes. For federal income tax purposes, the seller is treated as paying the property taxes up to, but not including, the date of sale. You (the buyer) are treated as paying the taxes beginning with the date of sale. This applies regardless of the lien dates under local law. Generally, this information is included on the settlement statement you get at closing.

You and the seller each are considered to have paid your own share of the taxes, even if one or the other paid the entire amount. You can each deduct your own share, if you itemize deductions, for the year the property is sold.

Example. You bought your home on September 1. The property tax year (the period to which the tax relates) in your area is the calendar year. The tax for the year was \$730 and was due and paid by the seller on August 15.

You owned your new home during the real property tax year for 122 days (September 1 to December 31, including your date of purchase). You figure your deduction for real estate taxes on your home as follows.

1. Enter the total real estate taxes for the real property tax year \$730
2. Enter the number of days in the real property tax year that you owned the property 122
3. Divide line 2 by 3663333
4. Multiply line 1 by line 3. This is your deduction. Enter it on line 6 of Schedule A (Form 1040) \$243

You can deduct \$243 on your return for the year if you itemize your deductions. You are considered to have paid this amount and can deduct it on your return even if, under the contract, you did not have to reimburse the seller.

Delinquent taxes. Delinquent taxes are unpaid taxes that were imposed on the seller for an earlier tax year. If you agree to pay delinquent taxes when you buy your home, you cannot deduct them. You treat them as

part of the cost of your home. See *Real estate taxes*, later, under *Cost as Basis*.

Escrow accounts. Many monthly house payments include an amount placed in escrow (put in the care of a third party) for real estate taxes. You may not be able to deduct the total you pay into the escrow account. You can deduct only the real estate taxes that the lender actually paid from escrow to the taxing authority. Your real estate tax bill will show this amount.

Refund or rebate of real estate taxes. If you receive a refund or rebate of real estate taxes this year for amounts you paid this year, you must reduce your real estate tax deduction by the amount refunded to you. If the refund or rebate was for real estate taxes paid for a prior year, you may have to include some or all of the refund in your income. For more information, see *Recoveries* in Publication 525, *Taxable and Nontaxable Income*.

Real Estate Items You Cannot Deduct

The following items are not deductible as real estate taxes.

Charges for services. An itemized charge for services to specific property or people is not a tax, even if the charge is paid to the taxing authority. You cannot deduct the charge as a real estate tax if it is:

- 1) A unit fee for the delivery of a service (such as a \$5 fee charged for every 1,000 gallons of water you use),
- 2) A periodic charge for a residential service (such as a \$20 per month or \$240 annual fee charged for trash collection), or
- 3) A flat fee charged for a single service provided by your local government (such as a \$30 charge for mowing your lawn because it had grown higher than permitted under a local ordinance).



You must look at your real estate tax bill to decide if any nondeductible itemized charges, such as those just listed, are included in the bill. If your taxing authority (or lender) does not furnish you a copy of your real estate tax bill, ask for it.

Assessments for local benefits. You cannot deduct amounts you pay for local benefits that tend to increase the value of your property. Local benefits include the construction of streets, sidewalks, or water and sewer systems. You must add these amounts to the basis of your property.

You can, however, deduct assessments (or taxes) for local benefits if they are for maintenance, repair, or interest charges related to those benefits. An example is a charge to repair an existing sidewalk and any interest included in that charge.

If only a part of the assessment is for maintenance, repair, or interest charges, you must be able to show the amount of that part to claim the deduction. If you cannot show what part of the assessment is for maintenance, repair, or interest charges, you cannot deduct any of it.

An assessment for a local benefit may be listed as an item in your real estate tax bill. If so, use the rules in this section to find how much of it, if any, you can deduct.

Transfer taxes (or stamp taxes). You cannot deduct transfer taxes and similar taxes and charges on the sale of a personal home. If you are the buyer and you pay them, include them in the cost basis of the property. If you are the seller and you pay them, they are expenses of the sale and reduce the amount realized on the sale.

Homeowners association assessments. You cannot deduct these assessments because the homeowners association, rather than a state or local government, imposes them.

Special Rules for Cooperatives

If you own a **cooperative apartment**, some special rules apply to you, though you generally receive the same tax treatment as other homeowners. As an owner of a cooperative apartment, you own shares of stock in a corporation that owns or leases housing facilities. You can deduct your share of the corporation's deductible real estate taxes if the **cooperative housing corporation** meets all of the following conditions.

- 1) The corporation has only one class of stock outstanding.
- 2) Each stockholder, solely because of ownership of the stock, can live in a house, apartment, or house trailer owned or leased by the corporation.
- 3) No stockholder can receive any distribution out of capital, except on a partial or complete liquidation of the corporation.
- 4) The tenant-stockholders pay at least 80% of the corporation's gross income for the tax year. For this purpose, gross income means all income received during the entire tax year, including any received before the corporation changed to cooperative ownership.

Tenant-stockholders. A tenant-stockholder can be any entity (such as a corporation, trust, estate, partnership, or association) as well as an individual. The tenant-stockholder does not have to live in any of the cooperative's dwelling units. The units that the tenant-stockholder has the right to occupy can be rented to others.

Deductible taxes. You figure your share of real estate taxes in the following way.

- 1) Divide the number of your shares of stock by the total number of shares outstanding, including any shares held by the corporation.
- 2) Multiply the corporation's deductible real estate taxes by the number you figured in (1). This is your share of the real estate taxes.

Generally, the corporation will tell you your share of its real estate tax. This is the amount you can deduct, if it reasonably reflects the cost of real estate taxes for your dwelling unit.

Refund of real estate taxes. If the corporation receives a refund of real estate taxes it paid in an earlier year, it must reduce the amount of real estate taxes paid this year when it allocates the tax expense to you. Your deduction for real estate taxes the corporation paid this year is reduced by your share of the refund the corporation received.

Home Mortgage Interest

This section of the publication gives you basic information about home mortgage interest, including information on interest paid at settlement, points, and Form 1098, *Mortgage Interest Statement*.

Most home buyers take out a mortgage (loan) to buy their home. They then make monthly house payments to either the mortgage holder or someone collecting the payments for the mortgage holder. (See *Your house payment*, earlier, under *What You Can and Cannot Deduct*.)

Usually, you can deduct the entire part of your house payment that is for mortgage interest, if you itemize your deductions on Schedule A (Form 1040). However, your deduction may be limited if:

- 1) Your total mortgage balance is more than \$1 million (\$500,000 if married filing separately), or
- 2) You took out a mortgage for reasons other than to buy, build, or improve your home.

If either of these situations applies to you, you will need to get Publication 936. You may also need Publication 936 if you later refinance your mortgage or buy a second home.

Refund of home mortgage interest. If you receive a refund of home mortgage interest that you deducted in an earlier year and that reduced your tax, you generally must include the refund in income in the year you receive it. For more information, see *Recoveries* in Publication 525. The amount of the refund will usually be shown on the mortgage interest statement you receive from your mortgage lender. See *Mortgage Interest Statement*, later.

Deductible Mortgage Interest

To be deductible, the interest you pay must be on a loan secured by your main home or a second home. The loan can be a first or second mortgage, a home improvement loan, or a home equity loan.

Prepaid interest. If you pay interest in advance for a period that goes beyond the end of the tax year, you must spread this interest over the tax years to which it applies. You can deduct in each year only the interest that qualifies as home mortgage interest for that year. However, there is an exception that applies to points, discussed later.

Late payment charge on mortgage payment. You can deduct as home mortgage interest a late payment charge if it was not for a specific service in connection with your mortgage loan.

Mortgage prepayment penalty. If you pay off your home mortgage early, you may have to pay a penalty. You can deduct that penalty as home mortgage interest provided the penalty is not for a specific service performed or cost incurred in connection with your mortgage loan.

Ground rent. In some states (such as Maryland), you may buy your home subject to a ground rent. A ground rent is an obligation you assume to pay a fixed amount per year on the property. Under this arrange-

ment, you are leasing (rather than buying) the land on which your home is located.

Redeemable ground rents. If you make annual or periodic rental payments on a redeemable ground rent, you can deduct the payments as mortgage interest. The ground rent is a redeemable ground rent only if all of the following are true.

- 1) Your lease, including renewal periods, is for more than 15 years.
- 2) You can freely assign the lease.
- 3) You have a present or future right (under state or local law) to end the lease and buy the lessor's entire interest in the land by paying a specified amount.
- 4) The lessor's interest in the land is primarily a security interest to protect the rental payments to which he or she is entitled.

Payments made to end the lease and to buy the lessor's entire interest are not redeemable ground rents. You cannot deduct them.

Nonredeemable ground rents. Payments on a nonredeemable ground rent are not mortgage interest. You can deduct them as rent if they are a business expense or if they are for rental property.

Cooperative apartment. You can usually treat the interest on a loan you took out to buy stock in a cooperative housing corporation as home mortgage interest if you own a cooperative apartment and the cooperative housing corporation meets the conditions described earlier under *Special Rules for Cooperatives*. In addition, you can treat as home mortgage interest your share of the corporation's deductible mortgage interest. Figure your share of mortgage interest the same way that is shown for figuring your share of real estate taxes. For more information on cooperatives, see *Special Rule for Tenant-Stockholders in Cooperative Housing Corporations* in Publication 936.

Refund of cooperative's mortgage interest. You must reduce your mortgage interest deduction by your share of any cash portion of a patronage dividend that the cooperative receives. The patronage dividend is a partial refund to the cooperative housing corporation of mortgage interest it paid in a prior year.

If you receive a Form 1098 from the cooperative housing corporation, the form should show only the amount you can deduct.

Mortgage Interest Paid at Settlement

One item that normally appears on a settlement or closing statement is home mortgage interest.

You can deduct the interest that you pay at settlement if you itemize your deductions on Schedule A (Form 1040). This amount should be included in the mortgage interest statement provided by your lender. See the discussion under *Mortgage Interest Statement*, later. Also, if you pay interest in advance, see *Prepaid interest*, earlier, and *Points*, next.

Points

The term "points" is used to describe certain charges paid, or treated as paid, by a borrower to obtain a home mortgage. Points may also be called loan origination fees, maximum loan charges, loan discount, or discount points.

A borrower is treated as paying any points that a home seller pays for the borrower's mortgage. See *Points paid by the seller*, later.

General rule. You cannot deduct the full amount of points in the year paid. Because they are prepaid interest, you generally must deduct them over the life (term) of the mortgage.

Exception. You can fully deduct points in the year paid if you meet all the following tests.

- 1) Your loan is secured by your main home. (Your main home is the one you live in most of the time.)
- 2) Paying points is an established business practice in the area where the loan was made.
- 3) The points paid were not more than the points generally charged in that area.
- 4) You use the cash method of accounting. This means you report income in the year you receive it and deduct expenses in the year you pay them. Most individuals use this method.
- 5) The points were not paid in place of amounts that ordinarily are stated separately on the settlement statement, such as appraisal fees, inspection fees, title fees, attorney fees, and property taxes.
- 6) The funds you provided at or before closing, plus any points the seller paid, were at least as much as the points charged. The funds you provided do not have to have been applied to the points. They can include a down payment, an escrow deposit, earnest money, and other funds you paid at or before closing for any purpose. You cannot have borrowed these funds from your lender or mortgage broker.
- 7) You use your loan to buy or build your main home.
- 8) The points were computed as a percentage of the principal amount of the mortgage.
- 9) The amount is clearly shown on the settlement statement (such as the Uniform Settlement Statement, Form HUD-1) as points charged for the mortgage. The points may be shown as paid from either your funds or the seller's.

Note. If you meet all of the tests listed above and you itemize your deductions in the year you get the loan, you can either deduct the full amount of points in the year paid or deduct them over the life of the loan, beginning in the year you get the loan. If you do not itemize your deductions in the year you get the loan, you can spread the points over the life of the loan and deduct the appropriate amount in each future year, if any, when you do itemize your deductions.

Home improvement loan. You can also fully deduct in the year paid points paid on a loan to improve your main home, if tests (1) through (6) are met.

Points not fully deductible in year paid.

If you do not qualify under the exception to deduct the full amount of points in the year paid, see *Points* in chapter 5 of Publication 535, *Business Expenses*, for the rules on when and how much you can deduct.

Figure A. You can use *Figure A* as a quick guide to see whether your points are fully deductible in the year paid.

Amounts charged for services. Amounts charged by the lender for specific services connected to the loan are not interest. Examples of these charges are:

- 1) Appraisal fees,
- 2) Notary fees,
- 3) Preparation costs for the mortgage note or deed of trust,
- 4) Mortgage insurance premiums, and
- 5) VA funding fees.

You cannot deduct these amounts as points either in the year paid or over the life of the mortgage. For information about the tax treatment of these amounts and other settlement fees and closing costs, see *Basis*, later.

Points paid by the seller. The term "points" includes loan placement fees that the seller pays to the lender to arrange financing for the buyer.

Treatment by seller. The seller **cannot** deduct these fees as interest. But they are a selling expense that reduces the seller's amount realized. See Publication 523 for more information.

Treatment by buyer. The buyer treats seller-paid points as if he or she had paid them. If all the tests under the *Exception* are met, the buyer can deduct the points in the year paid. If any of those tests is not met, the buyer deducts the points over the life of the loan.

The buyer also reduces the basis of the home by the amount of the seller-paid points. For more information about the basis of your home, see *Basis*, later.

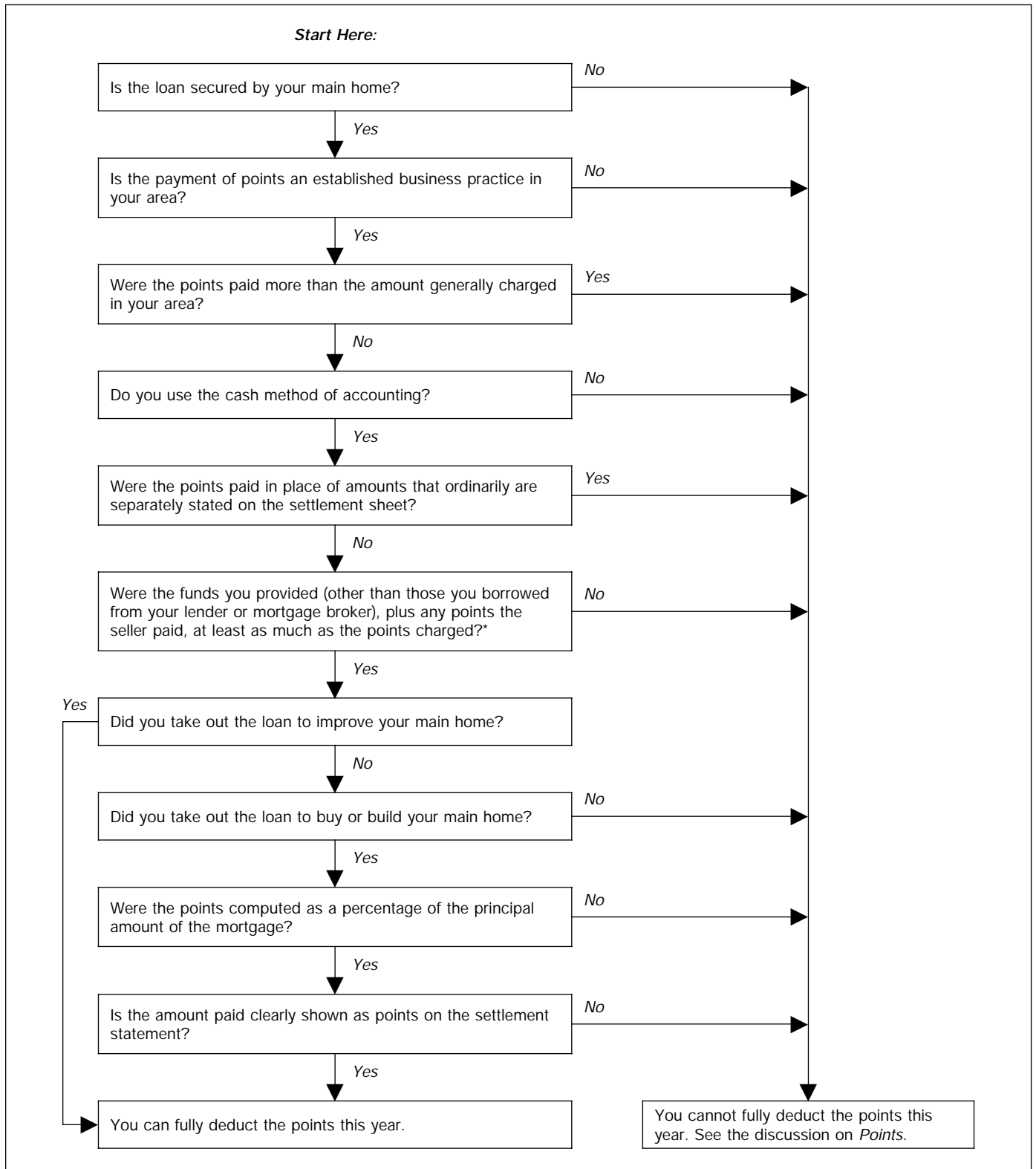
Funds provided are less than points. If you meet all the tests in the *Exception* except that the funds you provided were less than the points charged to you (test 6), you can deduct the points in the year paid up to the amount of funds you provided. In addition, you can deduct any points paid by the seller.

Example 1. When you took out a \$100,000 mortgage loan to buy your home in December, you were charged one point (\$1,000). You meet all the tests for deducting points in the *Exception*, except the only funds you provided were a \$750 down payment. Of the \$1,000 you were charged for points, you can deduct \$750 in the year paid. You spread the remaining \$250 over the life of the mortgage.

Example 2. The facts are the same as in *Example 1*, except that the person who sold you your home also paid one point (\$1,000) to help you get your mortgage. In the year paid, you can deduct \$1,750 (\$750 of the amount you were charged plus the \$1,000 paid by the seller). You must reduce the basis of your home by the \$1,000 paid by the seller.

Excess points. If you meet all the tests in the *Exception* except that the points paid were more than are generally paid in your

Figure A. Are My Points Fully Deductible This Year?



* The funds you provided do not have to have been applied to the points. They can include a down payment, an escrow deposit, earnest money, and other funds you paid at or before closing for any purpose.

area (test 3), you can deduct in the year paid only the points that are generally charged. You must spread any additional points over the life of the mortgage.

Mortgage ending early. If you spread your deduction for points over the life of the mortgage, you can deduct any remaining balance in the year the mortgage ends. A mortgage may end early due to a prepayment, refinancing, foreclosure, or similar event.

Example. Dan paid \$3,000 in points in 1993 that he had to spread out over the 15-year life of the mortgage. He had deducted \$1,400 of these points through 1999.

Dan prepaid his mortgage in full in 2000. He can deduct the remaining \$1,600 of points in 2000.

Exception. If you refinance the mortgage with the same lender, you cannot deduct any remaining points for the year. Instead, deduct them over the term of the new loan.

Form 1098. The mortgage interest statement you receive should show not only the total interest paid during the year, but also your deductible points paid during the year. See *Mortgage Interest Statement*, later.

Where To Deduct Home Mortgage Interest

Enter on line 10 of your Schedule A (Form 1040) the home mortgage interest and points reported to you on Form 1098 (discussed next). If you did not receive a Form 1098, enter your deductible interest on line 11, and any deductible points on line 12. See *Table 1* for a summary of where to deduct home mortgage interest and real estate taxes.

If you paid home mortgage interest to the person from whom you bought your home, show that person's name, address, and social security number (SSN) or employer identification number (EIN) on the dotted lines next to line 11. The seller must give you this number and you must give the seller your SSN; Form W-9, *Request for Taxpayer Identification Number and Certification*, can be used for this purpose. Failure to meet either of these requirements may result in a \$50 penalty for each failure.

Mortgage Interest Statement

If you paid \$600 or more of mortgage interest (including certain points) during the year on any one mortgage to a mortgage holder in the course of that holder's trade or business, you should receive a **Form 1098, Mortgage Interest Statement**, or similar statement from the mortgage holder. The statement will show the total interest paid on your mortgage during the year. If you bought a main home during the year, it will also show the deductible points you paid and any points you can deduct that were paid by the person who sold you your home. See *Points*, earlier.

The interest you paid at settlement should be included on the statement. If it is not, add the interest from the settlement sheet that qualifies as home mortgage interest to the total shown on Form 1098 or similar statement. Put the total on line 10 of Schedule A (Form 1040) and attach a statement to your return explaining the difference. Write "See attached" next to line 10.

A mortgage holder can be a financial institution, a governmental unit, or a cooperative housing corporation. If a statement

Table 1. Where To Deduct Interest and Taxes Paid on Your Home

See the text for information on what expenses are eligible.

IF you are eligible to deduct . . .	THEN report the amount on Schedule A (Form 1040) . . .
Real estate taxes	line 6
Home mortgage interest and points reported on Form 1098	line 10
Home mortgage interest <i>not</i> reported on Form 1098	line 11
Points <i>not</i> reported on Form 1098	line 12

comes from a cooperative housing corporation, it will generally show your share of interest.

You should receive your mortgage interest statement for each year by January 31 of the following year. A copy of this form will also be sent to the IRS.

Example. You bought a new home on May 3. You paid no points on the purchase. During the year, you made mortgage payments which included \$1,872 deductible interest on your new home. The settlement sheet for the purchase of the home included interest of \$232 for 29 days in May. The mortgage statement you receive from the lender includes total interest of \$2,104 (\$1,872 + \$232). You can deduct the \$2,104 if you itemize your deductions.

Refund of overpaid interest. If you receive a refund of mortgage interest you overpaid in a prior year, you generally will receive a Form 1098 showing the refund in box 3. Generally, you must include the refund in income in the year you receive it. See *Refund of home mortgage interest*, earlier, under *Home Mortgage Interest*.

More than one borrower. If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on a mortgage that was for your home, and the other person received a Form 1098 showing the interest that was paid during the year, attach a statement to your return explaining this. Show how much of the interest each of you paid, and give the name and address of the person who received the form. Deduct your share of the interest on line 11 of Schedule A (Form 1040), and write "See attached" next to the line.

Mortgage Interest Credit

The mortgage interest credit is intended to help lower-income individuals afford home ownership. If you qualify, you can claim the credit each year for part of the home mortgage interest you pay.

To be eligible for the credit, you must get a **mortgage credit certificate (MCC)** from your state or local government. Generally, an MCC is issued only in connection with a new mortgage for the purchase of your main home.

The MCC will show the certificate credit rate you will use to figure your credit. It will also show the certified indebtedness amount on which the interest is eligible for the credit.



TIP You must contact the appropriate government agency about getting an MCC before you get a mortgage and buy your home. Contact your state or local housing finance agency for information about the availability of MCCs in your area.

Claiming the credit. To claim the credit, complete **Form 8396** and attach it to your Form 1040. Include the credit in your total for line 49 of Form 1040, and check box b.

Reducing your home mortgage interest deduction. If you itemize your deductions on Schedule A (Form 1040), reduce your home mortgage interest deduction by the amount of the mortgage interest credit.

Selling your home. If you purchase a home after 1990 using an MCC, and you sell that home within 9 years, you will have to recapture (repay) a portion of the credit. For additional information, see Publication 523.

Figuring the Credit

Figure your credit on **Form 8396**.

Mortgage not more than certified indebtedness. If your mortgage is equal to (or smaller than) the certified indebtedness amount shown on your MCC, enter on line 1 of Form 8396 all the interest you paid on your mortgage during the year.

Mortgage more than certified indebtedness. If your mortgage is larger than the certified indebtedness amount shown on your MCC, you can figure the credit on only part of the interest you paid. To find the amount to enter on line 1, multiply the total interest you paid during the year on your mortgage by the following fraction.

$$\frac{\text{Certified indebtedness amount on your MCC}}{\text{Original amount of your mortgage}}$$

This fraction, which you may change to a percentage, will not change as long as you can take the credit.

Example. Emily bought a home this year. Her mortgage loan is \$50,000. The certified indebtedness amount on her MCC is \$40,000. She paid \$4,000 interest this year. Emily figures the interest to enter on line 1 of Form 8396 as follows:

$$\frac{\$40,000}{\$50,000} = 80\% (.80)$$

$$\$4,000 \times .80 = \$3,200$$

Emily enters \$3,200 on line 1 of Form 8396. In each later year, she will figure her credit using only 80% of the interest she pays for that year.

Limits

Two limits may apply to your credit:

- 1) A limit based on the credit rate, and
- 2) A limit based on your tax.

Limit based on credit rate. If the certificate credit rate is higher than 20%, the credit cannot be more than \$2,000.

Limit based on tax. Your credit (after applying the limit based on the credit rate) cannot be more than your regular tax liability on line 40 of Form 1040, plus any alternative minimum tax on line 41 of Form 1040, minus certain other credits. Use Form 8396 to figure this limit.

Dividing the Credit

If two or more persons (other than a married couple filing a joint return) hold an interest in the home to which the MCC relates, the credit must be divided based on the interest held by each person.

Example. John and his brother, George, were issued an MCC. They used it to get a mortgage on their main home. John has a 60% ownership interest in the home, and George has a 40% ownership interest in the home. John paid \$5,400 mortgage interest this year and George paid \$3,600.

The MCC shows a credit rate of 25% and a certified indebtedness amount of \$65,000. The loan amount (mortgage) on their home is \$60,000. Because the credit rate is more than 20%, the credit is limited to \$2,000.

John figures the credit by multiplying the mortgage interest he paid this year (\$5,400) by the certificate credit rate (25%) for a total of \$1,350. His credit is limited to \$1,200 (\$2,000 × 60%).

George figures the credit by multiplying the mortgage interest he paid in this year (\$3,600) by the certificate credit rate (25%) for a total of \$900. His credit is limited to \$800 (\$2,000 × 40%).

Carryforward

If your allowable credit is reduced because of the limit based on your tax, you can carry forward the unused portion of the credit to the next 3 years or until used, whichever comes first.

Example. You receive a mortgage credit certificate from State X. This year, your regular tax liability is \$1,100, you owe no alternative minimum tax, and your mortgage interest credit is \$1,700. You claim no other credits. Your unused mortgage interest credit for this year is \$600 (\$1,700 – \$1,100). You can carry forward this amount to the next 3 years.

Credit rate more than 20%. If you are subject to the \$2,000 limit because your certificate credit rate is more than 20%, you cannot carry forward any amount more than \$2,000 (or your share of the \$2,000 if you must divide the credit).

Table 2. Effect of Refinancing on Your Credit

IF you get a new (reissued) MCC and the amount of your new mortgage is . . .	THEN the interest you claim on Form 8396, line 1, is . . .*
Smaller than or equal to the certificate indebtedness amount on the new MCC	All the interest paid during the year on your new mortgage
Larger than the certificate indebtedness on the new MCC	Interest paid during the year on your new mortgage multiplied by the following fraction. $\frac{\text{Certificate indebtedness on your new MCC}}{\text{Original amount of your mortgage}}$

* The credit using the new MCC cannot be more than the credit using the old MCC. See *New MCC cannot increase your credit.*

Example. In the earlier example under *Dividing the Credit*, John and George used the entire \$2,000 credit. The excess \$150 for John (\$1,350 – \$1,200) and \$100 for George (\$900 – \$800) cannot be carried forward to future years, despite the tax liabilities for John and George.

Refinancing

If you refinance your original mortgage loan on which you had been given an MCC, you must get a new MCC to be able to claim the credit on the new loan. And the amount of credit you can claim on the new loan may change. *Table 2* summarizes how to figure your credit if you refinance your original mortgage loan.

An issuer may reissue an MCC after you refinance your mortgage, but only up to one year after the date of the refinancing. If you did not get a new MCC, you may want to contact the state or local housing finance agency that issued your original MCC for information about whether you can get a reissued MCC.

Year of refinancing. In the year of refinancing, add the applicable amount of interest paid on the old mortgage and the applicable amount of interest paid on the new mortgage, and enter the total on line 1 of Form 8396.

If your new MCC has a credit rate different from the rate on the old MCC, you must attach a statement to Form 8396. The statement must show the calculation for lines 1, 2, and 3 for the part of the year when the old MCC was in effect. It must show a separate calculation for the part of the year when the new MCC was in effect. Combine the amounts of each line 3, enter the total on line 3 of the form, and write “See attached” on the dotted line.

New MCC cannot increase your credit. The credit that you claim with your new MCC cannot be more than the credit that you could have claimed with your old MCC.

In most cases, the agency that issues your new MCC will make sure that it does not increase your credit. However, if either your old loan or your new loan has a variable (adjustable) interest rate, you will need to check this yourself. In that case, you will need to know the amount of the credit you could have claimed using the old MCC.

There are two methods for figuring the credit you could have claimed. Under one method, you figure the actual credit that would have been allowed. This means you

use the credit rate on the old MCC and the interest you would have paid on the old loan.

If your old loan was a variable rate mortgage, you can use another method to determine the credit that you could have claimed. Under this method, you figure the credit using a payment schedule of a hypothetical self-amortizing mortgage with level payments projected to the final maturity date of the old mortgage. The interest rate of the hypothetical mortgage is the annual percentage rate (APR) of the new mortgage for purposes of the Federal Truth in Lending Act. The principal of the hypothetical mortgage is the remaining outstanding balance of the certified mortgage indebtedness shown on the old MCC.



CAUTION You must choose one method and use it consistently beginning with the first tax year for which you claim the credit based on the new MCC.



TIP As part of your tax records, you should keep your old MCC and the schedule of payments for your old mortgage.

Basis

Basis is your starting point for figuring a gain or loss if you later sell your home, or for figuring depreciation if you later use part of your home for business purposes or for rent.

While you own your home, you may add certain items to your basis. You may subtract certain other items from your basis. These items are called adjustments to basis and are explained later under *Adjusted Basis*.

It is important that you understand these terms when you first acquire your home because you must keep track of your basis and adjusted basis during the period you own your home. You must also keep records of the events that affect basis or adjusted basis. See *Keeping Records*, later.

Figuring Your Basis

How you figure your basis depends on how you acquire your home. If you buy or build your home, your cost is your basis. If you receive your home as a gift, your basis is usually the adjusted basis that the person who gave you the home had. If you inherit your home from a decedent, the fair market value at the date of the decedent's death is generally your basis. Each of these topics is discussed later.

Fair market value. Fair market value is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither having to buy or sell, and both having reasonable knowledge of the relevant facts.

Property transferred from a spouse. If your home is transferred to you from your spouse, or from your former spouse as a result of a divorce, your basis is the same as your spouse's (or former spouse's) adjusted basis just before the transfer. Publication 504, *Divorced or Separated Individuals*, fully discusses transfers between spouses.

Cost as Basis

The cost of your home, whether you purchased it or constructed it, is the amount you paid for it, including any debt you assumed.

The cost of your home includes most settlement or closing costs you paid when you bought the home. If you built your home, your cost includes most closing costs paid when you bought the land or settled on your mortgage.

Purchase. The basis of a home you bought is the amount you paid for it. This usually includes your down payment and any debt you assumed. The basis of a cooperative apartment is the amount you paid for your shares in the corporation that owns or controls the property. This amount includes any purchase commissions or other costs of acquiring the shares.

Construction. If you contracted to have your home built on land that you own, your basis in the home is your basis in the land plus the amount you paid to have the home built. This includes the cost of labor and materials, the amount you paid the contractor, any architect's fees, building permit charges, utility meter and connection charges, and legal fees that are directly connected with building your home. If you built all or part of your home yourself, your basis is the total amount it cost you to build it. You cannot include the value of your own labor or any other labor you did not pay for.

Real estate taxes. Real estate taxes are usually divided so that you and the seller each pay taxes for the part of the property tax year that each owned the home. See the earlier discussion of *Real estate taxes paid at settlement or closing*, under *Real Estate Taxes*, to figure the real estate taxes you paid or are considered to have paid.

If you pay any part of the seller's share of the real estate taxes (the taxes up to the date of sale), and the seller did not reimburse you, add those taxes to your basis in the home. You cannot deduct them as taxes paid.

If the seller paid any of your share of the real estate taxes (the taxes beginning with the date of sale), you can still deduct those taxes. Do not include those taxes in your basis. If you did not reimburse the seller, you must reduce your basis by the amount of those taxes.

Example 1. You bought your home on September 1. The property tax year in your area is the calendar year, and the tax is due on August 15. The real estate taxes on the home you bought were \$730 for the year and

Table 3. **Adjusted Basis**

This table summarizes items that will generally increase or decrease your basis in your home.

<u>Increases to Basis</u>	<u>Decreases to Basis</u>
<p>Improvements:</p> <ul style="list-style-type: none"> Putting an addition on your home Replacing an entire roof Paving your driveway Installing central air conditioning Rewiring your home <p>Assessments for local improvements (see <i>Assessments for local benefits</i>)</p> <p>Amounts spent to restore damaged property</p>	<p>Insurance or other reimbursement for casualty losses</p> <p>Deductible casualty loss not covered by insurance</p> <p>Payment received for easement or right-of-way granted</p> <p>Depreciation deduction if home is used for business or rental purposes</p> <p>Value of subsidy for energy conservation measure excluded from income</p>

had been paid by the seller on August 15. You did not reimburse the seller for your share of the real estate taxes from September 1 through December 31. You must reduce the basis of your home by the \$244 $[(122 \div 365) \times \$730]$ the seller paid for you. You can deduct your \$244 share of real estate taxes on your return for the year you purchased your home.

Example 2. You bought your home on May 3, 2000. The property tax year in your area is the calendar year. The taxes for the previous year are assessed on January 2 and are due on May 31 and November 30. Under state law, the taxes become a lien on May 31. You agreed to pay all taxes due after the date of sale. The taxes due in 2000 for 1999 were \$520. The taxes due in 2001 for 2000 will be \$565.

You cannot deduct any of the taxes paid in 2000 because they relate to the 1999 property tax year. You did not own the home until 2000. Instead, you add the \$520 to the cost (basis) of your home.

Because you owned the home in 2000 for 243 days (May 3 to December 31), you can take a tax deduction on your 2001 return of \$375 $[(243 \div 366) \times \$565]$ paid in 2001 for 2000. You add the remaining \$190 $(\$565 - \$375)$ of taxes paid in 2001 to the cost (basis) of your home.

Settlement or closing costs. If you bought your home, you probably paid settlement or closing costs in addition to the contract price. These costs are divided between you and the seller according to the sales contract, local custom, or understanding of the parties. If you built your home, you probably paid these costs when you bought the land or settled on your mortgage.

The only settlement or closing costs you can deduct are home mortgage interest and certain real estate taxes. You deduct them in the year you buy your home if you itemize your deductions. You can add certain other settlement or closing costs to the basis of your home.

Items added to basis. You can include in your basis the settlement fees and closing costs that are for buying your home. A fee is for buying the home if you would have had to pay it even if you paid cash for the home.

The following are some of the settlement fees and closing costs that you can include in the original basis of your home.

- Abstract fees (abstract of title fees).
- Charges for installing utility services.
- Legal fees (including fees for the title search and preparation of the sales contract and deed).
- Recording fees.
- Surveys.
- Transfer taxes.
- Title insurance.
- Any amount the seller owes that you agree to pay, such as back taxes or interest, recording or mortgage fees, cost for improvements or repairs, and sales commissions.

If the seller actually paid for any item that you are liable for and that you can take a deduction for (such as your share of the real estate taxes for the year of sale), you must reduce your basis by that amount unless you are charged for it in the settlement.

Items not added to basis and not deductible. Here are some settlement and closing costs that you cannot deduct **or** add to your basis.

- 1) Fire insurance premiums.
- 2) Charges for using utilities or other services related to occupancy of the home before closing.
- 3) Rent for occupying the home before closing.
- 4) Charges connected with getting or refinancing a mortgage loan, such as:
 - a) FHA mortgage insurance premiums and VA funding fees,
 - b) Loan assumption fees,
 - c) Cost of a credit report, and
 - d) Fee for an appraisal required by a lender.

Points paid by seller. If you bought your home after April 3, 1994, you must reduce your basis by any points paid for your mortgage by the person who sold you your home.

If you bought your home after 1990 but before April 4, 1994, you must reduce your basis by seller-paid points only if you deducted them. See *Points*, earlier, for the rules on deducting points.

Gift

If someone gave you your home and its fair market value when it was given to you was equal to or more than that person's adjusted basis (defined later), your basis is the same as that person's adjusted basis. If you received your home as a gift after 1976, add to your basis (the donor's adjusted basis) the part of any federal gift tax paid that is due to the net increase in the value of the home. Figure this part by multiplying the gift tax paid on the gift of the home by a fraction. The numerator (top part) of the fraction is the net increase in the value of the home, and the denominator (bottom part) is the amount of the gift. The net increase in the value of the home is the fair market value of the home minus the donor's adjusted basis. The amount of the gift is its value for gift tax purposes after reduction by any annual exclusion and marital or charitable deduction that applies to the gift.

If someone gave you your home and its fair market value when it was given to you was less than that person's adjusted basis, your basis for figuring gain on its sale is the same as that person's adjusted basis. However, your basis for figuring a loss on its sale is its fair market value when it was given to you.

Publication 551, *Basis of Assets*, gives more information including examples of figuring your basis when you received property as a gift.

Inheritance

Your basis in a home you inherited is generally the fair market value of the home on the date of the decedent's death or on the alternate valuation date if the personal representative for the estate chooses to use alternative valuation. If an estate tax return was filed, your basis is the value of the home listed on the estate tax return.

If an estate tax return was *not* filed, your basis is the appraised value of the home at the decedent's date of death for state inheritance or transmission taxes. Publication 551 and Publication 559, *Survivors, Executors, and Administrators*, have more information on the basis of inherited property.

Adjusted Basis

While you own your home, various events may take place that can change the original basis of your home. These events can increase or decrease your original basis. The result is called **adjusted basis**. See *Table 3* for a list of some of the items that can adjust your basis.

Improvements. An improvement materially adds to the value of your home, considerably prolongs its useful life, or adapts it to new uses. You must add the cost of any improvements to the basis of your home. You **cannot** deduct these costs.

Improvements include putting a recreation room in your unfinished basement, adding another bathroom or bedroom, putting up a fence, putting in new plumbing or wiring, installing a new roof, and paving your driveway.

Amount added to basis. The amount you add to your basis for improvements is your actual cost. This includes all costs for material and labor, except your own labor, and all expenses related to the improvement. For example, if you had your lot surveyed to

put up a fence, the cost of the survey is a part of the cost of the fence.

You must also add to your basis state and local assessments for improvements such as streets and sidewalks if they increase the value of the property. These assessments are discussed earlier under *Real Estate Taxes*.

Repairs versus improvements. A repair keeps your home in an ordinary, efficient operating condition. It does not add to the value of your home or prolong its life. Repairs include repainting your home inside or outside, fixing your gutters or floors, fixing leaks or plastering, and replacing broken window panes. You cannot deduct repair costs and generally cannot add them to the basis of your home.

However, repairs that are done as part of an extensive remodeling or restoration of your home are considered improvements. You add them to the basis of your home.

Records to keep. You can use *Table 4* as a guide to help you keep track of improvements to your home. Also see *Keeping Records*, later.

Energy conservation subsidy. If a public utility gives you (directly or indirectly) a subsidy for the purchase or installation of an energy conservation measure for your home, do not include the value of that subsidy in your income. You must reduce the basis of your home by that value.

An energy conservation measure is an installation or modification primarily designed to reduce consumption of electricity or natural gas or to improve the management of energy demand.

Keeping Records



Keeping full and accurate records is vital to properly report your income and expenses, to support your deductions, and to know the basis or adjusted basis of your home. These records include your purchase contract and settlement papers if you bought the property, or other objective evidence if you acquired it by gift, inheritance, or similar means. You should keep any receipts, canceled checks, and similar evidence for improvements or other additions to the basis. In addition, you should keep track of any decreases to the basis such as those listed in *Table 3*.

How to keep records. How you keep records is up to you, but they must be clear and accurate and must be available to the IRS.

How long to keep records. You must keep your records for as long as they are important for the federal tax law.

Keep records that support an item of income or a deduction appearing on a return until the period of limitations for the return runs out. (A period of limitations is the limited period of time after which no legal action can be brought.) For assessment of tax you owe, this is generally 3 years from the date you filed the return. For filing a claim for credit or refund, this is generally 3 years from the date you filed the original return, or 2 years from the date you paid the tax, whichever is later. Returns filed before the due date are treated as filed on the due date.

You may need to keep records relating to the basis of property (discussed earlier) longer than the period of limitations. Keep

those records as long as they are important in figuring the basis of the original or replacement property. Generally, this means for as long as you own the property and, after you dispose of it, for the period of limitations that applies to you.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate at **1-877-777-4778**.
- Call the IRS at **1-800-829-1040**.
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1-800-829-4059** if you are a TTY/TDD user.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS*.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.



Personal computer. With your personal computer and modem, you can access the IRS on the Internet at www.irs.gov. While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed*) to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs*) to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)*).
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Busi-*

ness) to receive our electronic newsletters on hot tax issues and news.

- *Small Business Corner* (located under *Tax Info For Business*) to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at [ftp.irs.gov](ftp://ftp.irs.gov).



TaxFax Service. Using the phone attached to your fax machine, you can receive forms and instructions by calling **703-368-9694**. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1-800-829-3676** to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at **1-800-829-1040**.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call **1-800-829-4059** to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call **1-800-829-4477** to listen to pre-recorded messages covering various tax topics.

Evaluating the quality of our telephone services. To ensure that IRS representatives

give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistant and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistants objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.



Walk-in. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the

address that applies to your part of the country.

- **Western part of U.S.:**
Western Area Distribution Center
Rancho Cordova, CA 95743-0001
- **Central part of U.S.:**
Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903
- **Eastern part of U.S. and foreign addresses:**
Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074



CD-ROM. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1-877-233-6767** or on the Internet at www.irs.gov/cdorders. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *The Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1-800-829-3676**.

Table 4. Record of Home Improvements

Keep this for your records. Also keep receipts or other proof of improvements.

Caution: Remove from this record any improvements that are no longer part of your main home. For example, if you put wall-to-wall carpeting in your home and later replace it with new wall-to-wall carpeting, remove the cost of the first carpeting.



(a) Type of Improvement	(b) Date	(c) Amount	(a) Type of Improvement	(b) Date	(c) Amount
Additions:			Heating & Air Conditioning:		
Bedroom			Heating system		
Bathroom			Central air conditioning		
Deck			Furnace		
Garage			Duct work		
Porch			Central humidifier		
Patio			Filtration system		
Storage shed			Other		
Fireplace					
Other			Electrical:		
			Lighting fixtures		
Lawn & Grounds:			Wiring upgrades		
Landscaping			Other		
Driveway					
Walkway			Plumbing:		
Fences			Water heater		
Retaining wall			Soft water system		
Sprinkler system			Filtration system		
Swimming pool			Other		
Exterior lighting					
Other			Insulation:		
			Attic		
Communications:			Walls		
Satellite dish			Floors		
Intercom			Pipes and duct work		
Security system			Other		
Other					
			Interior Improvements:		
Miscellaneous:			Built-in appliances		
Storm windows and doors			Kitchen modernization		
Roof			Bathroom modernization		
Central vacuum			Flooring		
Other			Wall-to-wall carpeting		
			Other		

