MORTGAGE SOLUTIONS

90-Day Interest Deduction Rule

KEY FEATURES

- Access to a portfolio lender and innovative provider of jumbo mortgages nationwide
- Enjoy comprehensive programs customized to your individual and family needs
- Gain tailored solutions to address your long term goals and strategy

Your advisor addresses investing needs for you and your family. Through Pershing, a BNY Mellon company, your advisor can provide you access to BNY Mellon's mortgage solutions that serve the complex and evolving needs of sophisticated investors. Homebuyers sometimes pay cash to purchase, construct or improve their homes. With a home purchase, a cash transaction may provide an advantage in a multiple-offer situation, simplify the purchase process or allow for a quick closing. However, timing is critical for those who plan to obtain financing after the cash purchase.[1]

Potential Interest Deduction

As a general rule, a taxpayer may deduct the interest on up to $1 million[2] of mortgage debt used to buy, build or improve his or her home, plus an additional $100,000[3] of home equity debt. To qualify, the loan must be secured by a qualified residence such as a house, condominium or co-op. In addition, the property must be a principal residence or any other property designated as a residence.

DEDUCTION PARAMETERS

Purchasing the Residence

To deduct the interest on a mortgage, the mortgage generally must be incurred within 90 days of the acquisition of the residence. In addition, the residence must be secured by the mortgage.[4]

If the mortgage is obtained within 90 days before or after the date the residence is purchased, the interest on up to $1 million of mortgage debt may be deductible.

Constructing or Improving the Residence

In the case of the construction or improvement of a residence, interest on up to $1 million of mortgage debt may be deductible. However, the deduction rules depend on whether the mortgage is obtained before or after the construction or improvement is complete:

– Expenditures incurred up to 24 months before debt is incurred may qualify for the full deduction.

– Generally, debt must be incurred no more than 90 days after the construction or improvement is complete, and may include expenditures from 24 months prior to completion, up to the date the debt is realized.

To learn more, please contact your advisor to arrange a meeting with a BNY Mellon mortgage banking officer. Please refer to the back for important risks and restrictions.

[1] The communication is intended to provide general information that is believed to be accurate. It should not be construed as legal or tax advice. Please consult with your legal and tax advisor to determine whether the information in this communication may be appropriate for you.

Pursuant to IRS Circular 230, we inform you that any tax information contained in this communication is not intended as tax advice and is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

[2] $500,000 in the case of a married individual filing a separate return.

[3] $50,000 in the case of a married individual filing a separate return.

[4] See IRS Notice 88-74. Generally, the IRS treats the mortgage as being incurred on the date the loan proceeds are disbursed. However, the debt will be treated as incurred on the date a written application is made as long as the proceeds are distributed within a reasonable time after approval of the application (30 days, according to the IRS).

Mortgage services provided by BNY Mellon, N.A. are subject to credit approval.

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EQUAL HOUSING LENDER

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