

1098 FAQs

What Is Form 1098: Mortgage Interest Statement?

Form 1098, Mortgage Interest Statement, is an Internal Revenue Service (IRS) form used by taxpayers to report the amount of interest and related expenses paid on a mortgage during the tax year when the amount totals \$600 or more. Related expenses include points paid on the purchase of the property. Points are prepaid interest made on a home loan to improve the rate on the mortgage offered by the lending institution.

Internal Revenue Service. "[About Form 1098, Mortgage Interest Statement.](#)"

Form 1098 serves two purposes:

- Lenders use it to report interest payments in excess of \$600 they received for the year. The IRS collects this information to ensure proper financial reporting for lenders and other entities that receive interest payments.
- Homeowners use it to determine the total amount of interest they paid for the year when figuring out their mortgage interest deduction for their annual tax returns.

KEY TAKEAWAYS:

- Form 1098 is used to report mortgage interest paid for the year.
- Lenders must issue Form 1098 when a homeowner has paid \$600 or more in mortgage interest during the tax year.
- To deduct mortgage interest, you must be the borrower(s) on the loan and actively make payments.
- If you are itemizing your deductions and plan to claim a mortgage interest deduction, Form 1098 helps you calculate the amount of your mortgage payments that have gone towards interest.

Who Receives Form 1098?

Your lender is required to send Form 1098 to you if you paid \$600 or more for the previous year in interest and points on a mortgage. If you paid less than \$600, you will not receive Form 1098. You can deduct [these expenses](#) on a federal income tax form, [Schedule A](#), which reduces taxable income and the overall amount owed to the IRS. Form 1098 is issued and mailed by the lender—or other entity receiving the interest—to you, the borrower.

The IRS also requires the mortgage lender to provide Form 1098 to you if your property is considered [real property](#). Real property is land and anything built on, grown on, or attached to the land.

Refinanced and Transferred Customers

- **Refinanced:**
You'll receive two statements, one from each servicer, for each separate loan number.
- **Transferred:**
You may receive two statements, one from each servicer; or you may receive a combined statement.

Forbearance or Loss Mitigation workout

How will a forbearance/partial claim or modification impact my year-end tax statement?

If you were on a forbearance/partial claim/loan modification plan during **part** of the year—or exited a forbearance plan and deferred missed payments—you will receive a 1098 with **only** the interest reported that was **paid by you**. Deferred interest or interest not paid by you is not reported.

Box 2 Outstanding Mortgage Principal

Outstanding mortgage principal. This **box** shows how much is owed on the principal of the loan as of January 1st, 2023.