



**HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION**

LINDA LINGLE
GOVERNOR

NEWS RELEASE

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**\$20 MILLION IN TAX CREDITS AVAILABLE
TO ASSIST FIRST-TIME HOMEBUYERS**

HONOLULU – The Hawai'i Housing Finance and Development Corporation (HHFDC) is making applications available for \$20 million in Mortgage Credit Certificates (MCC) to first-time homebuyers of low to moderate income.

The MCC program, authorized by Congress in the 1984 Tax Reform Act, reduces the amount of federal income tax, allowing more available income to qualify for a mortgage. With a MCC, 20 percent of the annual mortgage interest is a direct dollar-for-dollar federal tax credit, while the remaining 80 percent continues to qualify as an itemized tax deduction.

MCC's are only available through participating lenders and can be used in conjunction with a conventional fixed rate, Federal Housing Administration, Veterans Affairs or privately insured loan. A MCC however, cannot be used in conjunction with a Hula Mae loan.

The following is an illustration of how the MCC program works:

A homebuyer obtains a 30-year mortgage loan of \$250,000 at 6.00 percent with monthly principal and interest payments of \$1,499 and a MCC rate of 20 percent

In the first year, the homebuyer pays a total of \$14,916 of interest. With a MCC, the homebuyer receives a tax credit of \$2,983 (20 percent of \$14,916)

The remaining \$11,933 (80 percent of \$14,916) qualifies as an itemized income tax deduction

The homebuyer files a revised withholding with his or her employer to reduce the amount of federal income tax withheld and increase the take home pay by \$249 a month (\$2,983 divided by 12)

By applying the \$249 monthly increase in take home pay towards a mortgage, the homebuyer's effective monthly payment is now reduced from \$1,499 to \$1,250

“We’re excited to have Mortgage Credit Certificates available again. It’s a great tool to assist the first-time home buyer in Hawaii,” said Tom Zimmerman, President of Central Pacific Bank Home Loans. “This is yet another way that the State is helping to make housing more affordable.”

Certain restrictions apply. Purchase price limits vary by county and type of residence, and income limits vary by county and family size. The MCC recipient must occupy the property as their primary residence and cannot have had an ownership interest in a principal residence at any time in the last three years. The mortgage must be a new loan and not a refinance. For more detailed information on the MCC program and a list of participating lenders, contact Darren Ueki, HHFDC Finance Manager, (808) 587-0586 or visit www.hawaii.gov/dbedt/hhfdc.com

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