

**STATE OF HAWAII
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

MORTGAGE CREDIT CERTIFICATE PROGRAM

Section 25 of the Internal Revenue Code authorizes “issuers” to issue Mortgage Credit Certificates (“MCCs”) in lieu of qualified mortgage bonds. The State of Hawaii’s Hawaii Housing Finance and Development Corporation (“HHFDC”) is an issuer of MCCs. HHFDC intends to implement a \$7,500,000 MCC program approximately 90 days after the date of publication of this notice.

The MCC Program provides homeownership opportunities for qualified households through a federal income tax credit. The MCC can help first-time homebuyers qualify for a mortgage loan by increasing their buying power at their current income. MCCs entitle an eligible borrower to a direct tax credit against the eligible borrower’s federal income tax liability, making more income available both to qualify for a mortgage loan and to make the monthly mortgage payments.

The MCC can be applied to most types of mortgage loans for new or existing single-family dwellings, including townhouse/condominium and manufactured homes.

MCC ELIGIBILITY REQUIREMENTS:

Borrowers interested in participating in the HHFDC’s Mortgage Credit Certificate Program must meet the following eligibility requirements/criteria:

1. **Residence Requirement:** The borrower must use the residence as the borrower’s principal residence within a reasonable time (sixty days) after loan closing and the borrower must notify HHFDC or the Participating Lender if the residence ceases to be the borrower’s principal residence.
2. **3-Year Requirement:** The borrower cannot have had any ownership interest in a principal residence at any time during the preceding three-year period prior to the date of execution of the mortgage on the residence in connection with which an MCC is provided. The 3-year no prior ownership requirement does not apply to loans made in targeted areas as defined under the Program.
3. **Purchase Price and Income Requirement:**

The acquisition cost of the residence and family income of the borrower cannot exceed the following:

<u>County</u>	<u>Acquisition Cost</u>	
Hawaii	\$357,405	
Honolulu	\$631,247	
Kalawao	\$633,261	
Kauai	\$630,241	
Maui	\$633,261	

<u>Income Limits</u>	<u>Families of</u>	<u>Families of</u>
<u>County</u>	<u>2 or less</u>	<u>3 or more</u>
Hawaii	\$ 99,800	\$114,770
Honolulu	\$144,688	\$166,392
Kalawao	\$123,960	\$144,620
Kauai	\$122,280	\$142,660
Maui	\$123,960	\$144,620

The purchase price and income limits may be (1) increased by the HHFDC for mortgage loans made in targeted areas; or (2) increased or decreased by the HHFDC pursuant to Internal Revenue Service guidelines. The purchase price limits apply only to fee simple, fully completed units. Leasehold residences and uncompleted units are subject to certain adjustments in determining their “acquisition cost” as defined by the Internal Revenue Service.

4. **New Mortgage Requirement:** An MCC cannot be issued in conjunction with the acquisition, replacement or refinancing of an existing mortgage. However, the MCCs can be used in conjunction with the replacement of construction period loans, bridge loans, or similar

financing of a temporary nature with a term of twenty-four (24) months or less. An MCC must be issued to a borrower who did not have a mortgage on the residence with respect to which the MCC is issued at any time prior to the execution of the MCC related mortgage.

5. Prohibited Mortgages: An MCC cannot be issued in connection with the acquisition of a residence for which the financing of the residence is provided from the proceeds of a qualified mortgage bond.
6. Interest Paid to Related Persons: Interest on the amount of the indebtedness which is incurred by the borrower to acquire the borrower's residence must not be paid to a related person.

METHODS BY WHICH MCCs ARE ISSUED:

The MCC is applied for at the time the borrower makes a formal application for a home loan. Borrowers may apply for a loan with any lender but MCCs are only available through Participating Lenders. If, based on the information provided by the Participating Lender, a borrower is determined to be eligible, HHFDC will commit to issuing an MCC to the borrower. Commitments will be made on a first-come, first-served basis to the extent MCCs remain available. Assuming no material changes between the commitment and the loan closing, and upon receipt of an acceptable MCC closing package, which shall include the MCC Application Review Fee of \$25 and Mortgage Credit Certificate Program Fee of \$400 (\$300 to HHFDC and up to \$100 to the participating lender), HHFDC will issue the MCC to the borrower after the closing date of the mortgage loan. Fees are subject to periodic change. No MCC will be issued prior to 90 days of publication of this notice or after the date that all of the MCCs have been allocated and, in no event, later than the date permitted by federal tax law.

Current Participating Lenders¹ are as follows:

Academy Mortgage Corporation
American Pacific Mortgage
American Savings Bank
Bank of Hawaii
Caliber Home Loans, Inc.
Castle & Cooke Mortgage, LLC
Celebrity Home Loans, LLC
Central Pacific Bank
CMG Mortgage, Inc.
Compass Home Loans, LLC
DHI Mortgage Company Ltd.
Fairway Independent Mortgage Corporation
First Hawaiian Bank
Freedom Mortgage Corporation
Guaranteed Rate, Inc.
Guild Mortgage Company LLC
Hawaii State Federal Credit Union
Hawaii USA FCU
Homebridge Financial Services, Inc.
HomeStreet Bank
House of Finance, Inc.
LoanDepot.com, LLC
Mann Mortgage, LLC
Mason McDuffie Mortgage Corporation
Mid America Mortgage Inc.
MLD Mortgage Inc.
Movement Mortgage, LLC
Mutual of Omaha Mortgage, Inc.
Paramount Residential Mortgage Group, Inc.
Plaza Home Mortgage, Inc.
Primary Residential Mortgage, Inc.
PrimeLending, A PlainsCapital Company
Security National Mortgage Company

Siwell, Inc.
Territorial Savings Bank

¹ Subject to 2022 participation renewal

Additional mortgage lenders may elect to participate in the MCC Program. Any lender who wishes to participate in the MCC Program can contact the HHFDC, as shown below to request an application and learn about the requirements for participating in the MCC Program.

The lender providing the financing can establish the interest rate, loan term, down payment requirement, credit and underwriting criteria, loan type, mortgage insurance requirement, fees, points, closing costs and all other loan terms; however, such may not exceed the normal and customary cost associated with non-MCC loans.

Borrowers who are interested in obtaining an MCC may contact any Participating Lender. For further information, the borrower may call the HHFDC at (808) 587-0567, visit our website at www.hawaii.gov/dbedt/hhfdc, or write to us at:

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Attention: Finance Branch

Please be advised that the HHFDC does not provide tax advice. Should you have any questions about how your taxes will be affected as a result of participating in the MCC Program, please consult with your tax accountant or the IRS.

HHFDC does not discriminate against any person because of race, color, religion, sex, including gender identity or expression, sexual orientation, disability, familial status, ancestry, age, marital status, or HIV infection.

If access or communication assistance and/or services (e.g., large print, taped materials, sign language interpreter, or translator) are required, please contact the HHFDC's Departmental Personnel Office at (808) 587-0501 or by email at celeste.r.tran@hawaii.gov.

This notice is published in satisfaction of the requirements of Section 25 of the Internal Revenue Code of 1986, as amended and (i) Treasury Regulation Section 1.25-7T as to providing reasonable public notice of the eligibility requirements for MCCs and the methods by which they are issued, and (ii) Treasury Regulation Section 1.25-3T(j)(4) regarding maintaining a list of participating lenders.



Date: October 1, 2021