



NEWS RELEASE

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Media Contact: Tracey Shell, Down Payment Resource, (404) 317-8922, tshell@downpaymentresource.com

Homeownership Program Index Shows Growth in Tax Credit Programs for Homebuyers

Mortgage Credit Certificates Increasingly Popular Benefit

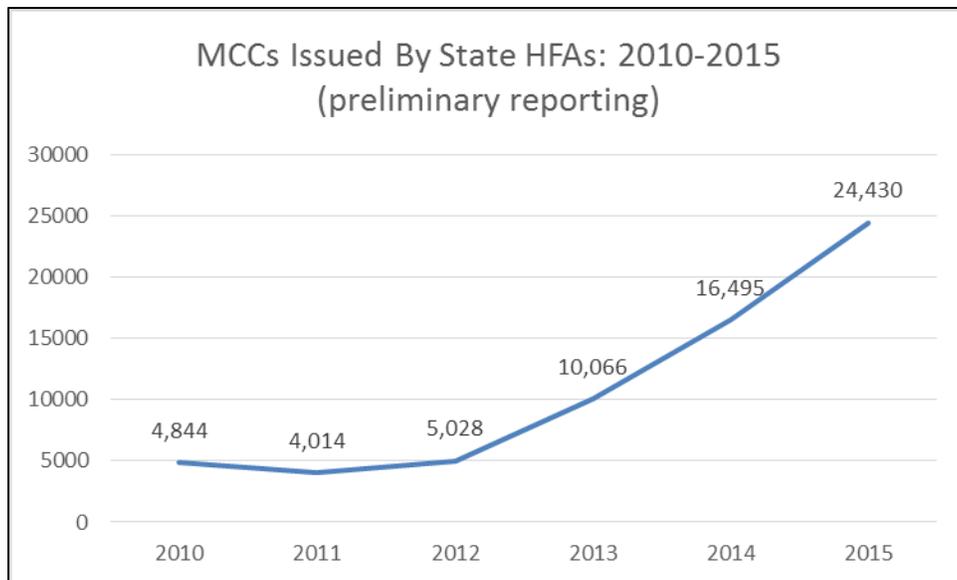
Atlanta, GA, February 2, 2017 – Atlanta-based Down Payment Resource, the nationwide databank for homebuyer programs, today released its Fourth Quarter 2016 Homeownership Program Index (HPI). The number of total programs increased to 2,463, up 2.8 percent from the previous quarter. Approximately 87 percent (87.3%) of programs currently have funds available for eligible homebuyers, roughly unchanged from the previous quarter (87.9%).

Down payment challenges remain a key concern for first-time homebuyers. As many as one out of seven first-time buyers are tapping into their retirement funds to help with down payments, according to the most recent National Association of REALTORS® Profile of Home Buyers and Sellers. In fact, 14 percent of first-timers used either loans or disbursements from their 401k or IRA accounts for down payments in 2016. Yet only 3 percent are turning to sources like down payment assistance programs.

“Homeownership program availability and funding remain strong in 2017. With recent increases in the mortgage interest rate and no reduction of the FHA mortgage insurance premium, entry level homebuyers will need access to important down payment programs that can help them save,” said Rob Chrane, CEO of Down Payment Resource.

Mortgage Credit Certificates

While the total number of programs remained consistent, the HPI saw an increase in Mortgage Credit Certificates (MCCs) across the country, representing more than 8 percent of all programs. Between 2010 and 2015, state housing finance agencies increased MCC issuances to homebuyers by more than 400 percent, according to preliminary data from National Council of State Housing Agencies (NCSHA).



The MCC is a tax credit program that allows eligible homebuyers to claim a percentage of the mortgage interest they paid as a tax credit on their federal income tax return. The percentage of mortgage credit allowed varies depending on the state or local housing agency that issues the certificates, but the credit itself is capped at a maximum of \$2,000 per year by the IRS. The buyer may continue to receive an annual tax credit for as long as they live in the home and retain the original mortgage.

“The mortgage interest rate tax deduction has long been a core homebuyer benefit, but most homebuyers are unaware of Mortgage Credit Certificates. This credit directly impacts a homebuyer’s bottom line by reducing their annual tax bill,” said Chrane. “We see more lenders adding MCCs to their product offerings.”

Qualifying homebuyers are permitted to use the MCC alongside another type of down payment assistance program, such as a grant or forgivable loan. These benefits can help secure the borrower’s ability to repay and lower their tax bill each year.

Mortgage Credit Certificates availability

- Across the U.S., there are 200 different MCCs available, up from 190 in the previous quarter.
- 93 of the MCCs are available state-wide and 107 are available in a defined local market.
- 37 states have either a state-wide MCC or some type of local MCC available.
- Texas, California and Florida are home to the greatest number of MCCs.
- 47 percent of MCCs require the buyer to be a first-time homebuyer.

Data highlights about all types of homebuyer programs

- 63% of homeownership programs have a first-time homebuyer requirement. This is defined by HUD as someone who has not owned a home in three years.
- 76% of programs are available in a defined area, such as a city, county or neighborhood. 24% of programs are available state-wide through state housing finance agencies.
- 7.5% of programs are available for community service workers, including educators, police officers, firefighters and healthcare workers.
- 5.8% of programs have benefits for veterans, members of the military and surviving spouses. These programs can also be layered with zero down payment VA loans.
- Nearly 70% of programs in the database are down payment or closing cost assistance. 9% of programs are first mortgages and 8% of programs are Mortgage Credit Certificates (MCCs).
- States with the greatest number of down payment programs remains consistent—California, Florida and Texas are the top three. View a complete list of [state-by-state program data](#).
- More than 50 percent of programs accept online homeownership education.

About Down Payment Resource

Down Payment Resource (DPR) creates opportunity for homebuyers, Realtors and lenders by uncovering programs that get people into homes. The company tracks nearly 2,400 homebuyer programs through its housing finance agency partners. Winner of the 2011 Inman News Innovator “Most Innovative New Technology” award, DPR is licensed to Multiple Listing Services, Realtor Associations, lenders and housing counselors across the country. For more information, please visit www.DownPaymentResource.com and on Twitter at [@DwnPmtResource](https://twitter.com/DwnPmtResource).

About Down Payment Resource’s Homeownership Program Index

The Homeownership Program Index (HPI) measures the availability and characteristics of down payment programs administered by state and local Housing Finance Agencies (HFAs), nonprofits and other housing organizations. It analyzed state, local and national programs available in the DOWN PAYMENT RESOURCE® registry as of January 27, 2017.

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