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Rhode Island Housing Launches FirstHomes Tax Credit Program
Governor Chafee joins agency to announce new program that offers yearly tax savings for eligible first-time homebuyers

Providence, R.I. (July 29, 2014) – Governor Lincoln D. Chafee joined Rhode Island Housing and their state lending and real estate partners to officially launch the agency’s new FirstHomes Tax Credit program, a tax credit savings program offered through Rhode Island Housing and their Lender Partners specifically designed to help first-time homebuyers save up to \$2,000 per year. The announcement was made at the agency’s downtown Providence offices this morning.

The FirstHomes Tax Credit program is not a loan. It is a tax credit – claimed by borrowers on their federal tax return annually. The credit is equal to 20% of a borrower’s total mortgage interest amount paid – saving eligible homebuyers as much as \$2,000 per year. This credit can be claimed each year for the life of the mortgage, as long as the borrower continues to live in the home. The tax credit is available to new homebuyers and those purchasing homes in select areas of the state only.

The FirstHomes Tax Credit Program, also known as a “Mortgage Credit Certificate” was authorized by Congress in the 1984 Tax Reform Act as a means of providing housing assistance to families based on income and eligibility guidelines. As the state’s housing finance agency, Rhode Island Housing is an Issuer of Mortgage Credit Certificates. However, because these tax credits reduce the state’s ability to issue tax exempt revenue bonds, it has not been used for many years.

“The savings derived from Rhode Island Housing’s new tax credit program will pave the way for more Rhode Islanders to buy a home,” Governor Lincoln D. Chafee said. “I commend Rhode Island Housing for joining with its lending partners and implementing a plan that invests in our cities and towns and will have an economic impact throughout the state.”

The announcement could not come at a better time for homebuyers, as Rhode Island is currently in the midst of a robust summer homebuying market. “The launch of our FirstHomes Tax Credit program comes at a very exciting time for us,” said Richard Godfrey, Executive Director of Rhode Island Housing. “With the support of our Lender Partners, our loan production for the first six months of 2014 is up 50% over 2013. This is a result of our lower cost and easier to process mortgages, expanded partnerships with lenders and dedication to helping homebuyers make smart purchasing decisions. When we saw the opportunity to save first-time homebuyers up to an additional \$2,000 per year, we were thrilled to offer the program to our borrowers directly and through our Lender Partners. We want all of our state’s first-time homebuyers to be aware of and have access to this incredible money saving opportunity. If we can bring more first-time buyers into the market it will stimulate sales all across the market.”

A buyer is eligible for the credit if they are a first-time homebuyer borrowing through Rhode Island Housing or a FirstHomes Tax Credit Approved Lender. Current Approved Lenders include: Anchor Financial Mortgage, Inc.; Bank of America; Coastway Community Bank; Eastern Bank; Fairway Independent Mortgage Corporation; Guaranteed Rate, Inc.; Homestar Mortgage, Inc.; Home Loan Investment Bank, FSB; Maverick Funding Corporation; Mortgage Master; NE Moves Mortgage, LLC; Primary Residential Mortgage, Inc.; Province Mortgage Associates, Inc.; Residential Mortgage Services, Inc.; Savings Institute Bank & Trust; Seacoast Mortgage Corporation; Semper Home Loans, Inc.; Shamrock Financial Corporation and Wave Federal Credit Union. Local lenders can join the Approved Lender list by meeting certain qualification requirements and entering into a participation agreement with Rhode Island Housing.

“The FirstHomes Tax Credit is an incredible added-value option for our clients,” said Stephen Tetzner, Vice President, Homestar Mortgage. “Having this program available to our team is a great asset for our loan officers and the clients we serve. We thank Rhode Island Housing for making this opportunity possible, and we look forward to passing the FirstHomes Tax Credit savings on to our customers.”

In addition to borrowing through an Approved Lender, homebuyers must also meet other criteria in order to be eligible for the credit. A borrower’s household income must fall within the following ranges: less than \$86,280 for a 1-2 person household; less than \$100,660 for a 3 or more person household. The maximum home purchase price is \$417,000. The tax credit is also available to non first-time homebuyers purchasing homes in select areas of Providence, Pawtucket, Central Falls and Woonsocket.

“The majority of our customers, and many of our Approved Lenders’ customers, will meet the eligibility criteria set for this program,” said Peter Walsh, Director of Homeownership and Customer Service for Rhode Island Housing. “This is not a coincidence; the FirstHomes Tax Credit was specifically designed to respond to the needs of our state’s first-time homebuyers. We are excited to offer this program and encourage any first-time homebuyer to visit our website or call our Loan Center for more information about this program.”

The FirstHomes Tax Credit will be available for the foreseeable future. As currently designed, Rhode Island Housing can provide FirstHomes Tax Credits for over \$93 million of mortgages on a first-come, first-serve basis among lenders and prospective borrowers. It is anticipated that we will be able to issue these credits through to the end of 2015. Applications for the program are currently being accepted by Rhode Island Housing and FirstHomes Tax Credit Approved Lenders.

Consumers may also become aware of the program through an advertising campaign that will broadcast throughout the summer months. Ads can currently be seen in several community newspapers throughout the state, and viewers browsing popular real estate and music streaming websites may see more information on the FirstHomes Tax Credit program.

To learn more about the FirstHomes Tax Credit program, visit www.firsthomestaxcredit.org or call Rhode Island Housing at 401-457-1101. To learn more about Rhode Island Housing's many other loan options and programs, visit www.loans.rhodeislandhousing.org

About Rhode Island Housing

Together with its partners, Rhode Island Housing works to ensure that all people who live and work in Rhode Island can afford a healthy, attractive home that meets their needs. Rhode Island Housing uses all of its resources to provide low-interest loans, grants, education and assistance to help Rhode Islanders find, rent, buy, build and keep a good home. Created by the General Assembly in 1973, Rhode Island Housing is a privately funded public purpose corporation.

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