

# Buyers can get tax credits to help pay mortgage



**MORTGAGE SHIPPING**

Are you thinking about buying a new or existing house? Here's a great opportunity from MSHDA to help with financing.

The Michigan Mortgage credit certificate, or MCC, is now available to assist homebuyers throughout Michigan. Through the MCC, homebuyers can be assisted with a federal tax credit of a certain percentage (20 percent for a household with an income of \$23,000 or less, 10 percent for a household with an income of more than \$23,000) of their annual mortgage interest. The MCC tax credit functions through a dollar-for-dollar reduction of the homebuyer's federal tax bill.

The MCC can help qualify homebuyers for a mortgage. The lending industry recognized the tax credit as more cash flow available for making mortgage payments, which will allow buyers to qualify for a larger mortgage. MCCs are oriented toward the first-time homebuyer market. However, houses located in 66 of Michigan's 83 counties, and in several additional cities and townships, are considered target home ownership requirement

does not apply.

The federal government allows every homebuyer to claim an itemized federal income tax deduction for all of the interest paid each year on a mortgage loan. Through the federal income tax credit on mortgage interest, the buyer's out-of-pocket mortgage costs are significantly reduced. Each year the MCC credit is calculated at 10 percent or 20 percent of the buyer's mortgage interest. For example, an 8-percent mortgage can become equivalent to a 6-percent mortgage after the cash flow from the 20-percent tax credit is applied to the mortgage payment. In addition, 80 percent of the interest continued to qualify as an itemized deduction for mortgage interest.

Homeowners can continue to claim the tax credit for several years. The MCC tax credit is good for the life of the mortgage, so long as the house remains the buyer's principal residence and so long as the original mortgage is in existence.

The MCC can be used to assist any type of mortgage loan, interest rate structure, or length of loan. For instance, fixed rate, adjustable rate, FHA, VA, conventional, or other loan programs (only the initial period on balloon mortgages). However, the MCC is not available on MSHDA loans.

The specific amount of the Michigan mortgage credit depends on how much interest

you pay on a mortgage loan obtained from your lender through this program.

However, the amount of the credit cannot be more than your annual federal income tax liability after all other credits and deductions have been taken into account. Unused Michigan mortgage credit can be carried forward three years for tax purposes.

Application for the Michigan mortgage credit can be made at the time of mortgage application through a participating MCC lender. There is a \$200 non-refundable fee at the time of the MCC application.

Contact me at the address below with any questions you may have about this tax credit program, or contact the toll-free MSHDA hotline, 1-800-327-9158, for a pamphlet and a list of participating lenders.

Write David Mully at P.O. Box 485, Novi, MI 48376-0485. Mully is a southeast Michigan area mortgage expert concentrating on financing for FHA-approved condominiums. For an up-to-date list of approved FHA lenders in your area or help financing, call Mully at (810) 488-9712 or (800) 405-3051. You can access Mully's previous mortgage shopping articles on-line at <http://online.com/emoryd/mully>

# Experts offer advice on kitchen storage

(AP) You may have storage problems in the kitchen especially if you're a gadget lover - from

age.

Here are some tips to enhance kitchen storage:

**Clutter Patrol**

Clear out unused clutter to make room for important items. Chipped dishes, mismatched glassware, old but unused wedding gifts - throw them away, hold

a garage sale or donate them to charity.

Store items as close as possible to the place they will be used. Keep oil, spices and kitchen utensils close to the range. Food storage areas should be near one another and where you unload groceries. Keep cleaning materials close to the sink or the dishwasher.

**Improve Shelves**

Use shelf dividers to organize wide shelves into narrow compartments, grouping like items for easy access. Dividers keep pots, pans and electric gadgets in a space of their own.

Customize the interiors of your cupboards with plastic, rubber or plastic-coated wire organizers. Use common sense when organizing drawers; put all like objects together and keep them that way with ready-made organizers.

Turn a cabinet section into a huge sliding drawer. It makes access easier, and is ideal for housing a toaster, food mixer or an out-of-sight trash receptacle.

When cabinets don't reach to the ceiling, use the top space for storing handsome, large pieces that aren't used regularly.

**Add Shelves**

Add shelves to the inside doors of pantries and cupboards when possible. When the main shelves are recessed sufficiently, this addition is extremely easy.

Create storage space with small, exposed shelves at the side ends of your cabinets or island counters.

Cut niches between studs to create cubbyholes for spices, potholders or other small items.

**Rack 'Em**

The most efficient kitchens utilize airspace for storage. Suspend racks for pots and pans from the ceiling. Hang tiered baskets for vegetables. Install racks for hanging barware upside down, and mount wire units on walls for hanging coffee cups or utensils.

Consider shifting some storage to your dining room. Perhaps you have a vacant dining room corner perfect for a corner cupboard or corner shelving unit. Add built-in plate racks or custom shelves above a sideboard or console table.

Create a pantry by stacking wire drawers in a rolling cart and filling them with groceries. Various configurations of portable, ready-made wire stacking drawers, baskets and bins in a cart allow you to create your own pantry storage area for canned and packaged foods without the trouble and expense of reconstructing your kitchen.

How organized you want your kitchen to appear should be a consideration in deciding between glass or wooden-door cabinets. Be honest with yourself: if you're not inherently neat, it's best to hide your cabinet contents behind wooden doors.

Make it easier to sort and store recyclable items by tossing them into the roomy wire baskets of a kitchen cart.

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## Elderly deserve to tap on house

(AP) - A federal program that allows elderly homeowners to borrow against the value of their home and receive the money immediately should be continued because it helps financially strapped senior citizens, said Housing Secretary Henry Cisneros.

Cisneros asked Congress to approve legislation that would continue the Federal Housing Administration's pilot program beyond its scheduled expiration date in 2000. The bill also removes the 60,000 limit on the number of mortgages that could be issued.

The program has allowed more than 16,000 government-backed "reverse" mortgages to qualified homeowners over age 62. Participating homeowners can choose to receive payments month-to-month or in a lump sum. When the home is sold or the owner dies, the private lender recovers the amount of the loan plus interest.

Cisneros said the program is a boon for seniors who own homes but have insufficient income in their later years. The money helps many seniors to continue living in their homes or to pay for such things as bills, home repairs and travel.

But Cisneros said the cap on mortgages and the temporary nature of the program have made some lenders wary of offering the service.

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