

3/24/09

IHFA's Down Payment Assistance Tax Credit Advance

The American Recovery and Reinvestment Act of 2009 provided a federal income tax credit for first-time homebuyers of 10% of the sales price, up to a maximum of \$8,000. This tax credit is available to qualified homebuyers who purchase a home by December 1, 2009. In order to help buyers monetize this tax credit for down payment and closing costs when they purchase a home, Idaho Housing and Finance Association (IHFA), through its IdaMortgage lending program, is offering a special short-term **Tax Credit 2nd Loan** to qualified buyers.

In conjunction with an IdaMortgage loan, a subordinate loan will be offered to qualified first-time homebuyers in the amount not to exceed 5% of the sales price or \$7,000. A fee will be charged of \$250 with \$150 refunded upon repayment of the loan on or before the loan due date. The loan will accrue interest at 3.0% with a due date of July 1, 2010. The **Tax Credit 2nd Loan** is expected to be paid off from the borrower's tax refund obtained through the application of the federal tax credit. The borrower must be a first-time homebuyer and qualify for an IdaMortgage loan. If the homebuyer defaults on the loan and cannot repay at that time, IHFA has the option of pursuing foreclosure as described in the deed of trust, or modify the loan to amortize over the remaining term of the first mortgage loan at an interest rate of 3% higher than the first mortgage rate.

Borrower qualifications are:

- 1) Must be a first-time homebuyer,
- 2) Must have a FICO score of no less than 640, and a total debt ratio of no more than 45%, (NOT including this second mortgage loan payment). Some MI's may require higher credit scores,
- 3) Homebuyer qualifies for an IdaMortgage loan, which includes the monthly second mortgage payment in the debt ratios for this Community second loan just like the Good Credit Rewards second loan,
- 4) Homebuyer Education required.

If you have questions regarding this new loan product, please call Homeownership Lending at 1-800-219-2285

[Click here](#) to view all IdaMortgage loan products and down payment assistance programs available.

[Click here](#) to view information on the Housing Stimulus Bill (*Look under the Breaking News Section*).