



FOR IMMEDIATE RELEASE
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VHDA LAUNCHES HOMEBUYER TAX CREDIT PLUS LOAN PROGRAM
Second Mortgage Offers No Payments or Interest for First Year;
Covers Down Payment and Closing Costs

RICHMOND, VA - One of the biggest obstacles facing first-time homebuyers is gathering the funds for the down payment and closing costs. To help prospective homebuyers meet this challenge, the Virginia Housing Development Authority has designed a new loan program – *Homebuyer Tax Credit plus*.

VHDA designed this program so borrowers could take advantage of the \$8,000 federal First-time Homebuyer Tax Credit to finance their down payment and closing costs.

“In addition to providing a first mortgage with an affordable 30-year fixed rate, our *Homebuyer Tax Credit plus* loan program offers a built-in second mortgage that allows borrowers to receive up to five percent of the home’s sales price, which can help cover down payment and closing costs,” said VHDA Executive Director Susan F. Dewey. “While this

program is similar to VHDA’s current down payment assistance program, it’s unique in that the second mortgage offers no payments and 0% interest during the first year. This feature gives borrowers the flexibility to choose a preferred payment plan for the second mortgage.”

**VHDA Homebuyer Tax Credit Plus
Program Features**

- Affordable fixed-rate financing on both mortgages
- 0% interest on the second mortgage for the first year
- No payments required on the second mortgage for the first year
- Maximum second mortgage loan amount – up to 5% of sales price (no cash back)
- Loan must close no later than Nov. 30, 2009

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www.vhda.com***

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These payment options include:

- Paying off the second mortgage with the federal First-time Homebuyer Tax Credit to instantly build equity in a home.
- Paying off the second mortgage over 29 years — and saving the Tax Credit to pay for future emergencies, making home improvements, or paying off/paying down existing debt.
- Making principal payments on the second mortgage before the repayment period begins to reduce the required monthly payments for the remaining 29 years on the second mortgage.

Beginning with the 13th month, the second mortgage will have the same interest rate as the first mortgage and monthly payments must be made thereafter.

Homebuyer Tax Credit plus Program Details

Time Limit: Loan must close no later than November 30, 2009.

Eligibility Requirements: Borrowers must meet federal First-time Homebuyer Tax Credit requirements as well as VHDA's requirements regarding first-time homebuyer status, income limits, sales price limits, etc.

Maximum Income: The combined income of all household members may not exceed VHDA's maximum income limits.

Maximum Sales Price/Total Loan Amount: The combination of the first and second mortgage may not exceed VHDA's sales price/income limits.

Minimum Credit Score: Minimum of 620.

Qualifying Ratios: FHA Ratios of 31% payment to income/ 43% debt to income apply.

Required Borrowers Funds: Borrowers must have a minimum of 1% of the sales price verified as their own funds to be contributed toward the transaction or have available as reserves.

Pricing Options: Pricing Options are available. Rate on the first and second mortgage will be the same. No points or origination fee charged on the second mortgage.

In order to qualify for any VHDA loan product, including *Homebuyer Tax Credit plus*, individuals must take a free VHDA homeownership education class. These free classes

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cover topics including credit issues, personal finances, home inspections, the role of lenders and real estate agents, and the closing process. In-person and online classes can be scheduled by visiting www.vhda.com.

For more information about VHDA's Tax Credit Plus loan program, please visit vhda.com.

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