VirginiaHousing.com/HomebuyerPrograms

Virginia Housing

# Home Loan Options

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# Helping Virginians Attain Quality, Affordable Housing

When homes are affordable and accessible to jobs, good schools and transportation, everyone benefits. Individual lives are improved and communities as a whole grow stronger. Virginia Housing was created in 1972 by the General Assembly to help Virginians attain quality, affordable housing. We carry out this mission by working in public-private partnerships with local governments, community service organizations, lenders, real estate agents, developers and many others.

Virginia Housing is self-supporting and receives no state taxpayer dollars to fund our programs. Instead, we raise money in the capital markets, and we contribute a significant portion of our net revenues each year to help meet Virginia's most difficult housing needs.

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## Virginia Housing Offerings

- Mortgages for first-time homebuyers.
- Financing for apartment communities and neighborhood revitalization efforts.
- Free homebuyer classes.
- Support for housing counseling.
- Home accessibility grants for people with disabilities and the elderly.
- Administration of the federal Housing Choice Voucher and Housing Credit programs in Virginia.

For the most up-to-date information on our home loan options, please visit **VirginiaHousing.com/HomebuyerPrograms.**

"I remember when I was a loan officer, there were times I didn't have any loan options for families who needed special financing. Virginia Housing has been a wonderful resource in helping to provide options to make the dream of homeownership a reality for so many Virginians."

Gigi Houchins
*Virginia Housing*


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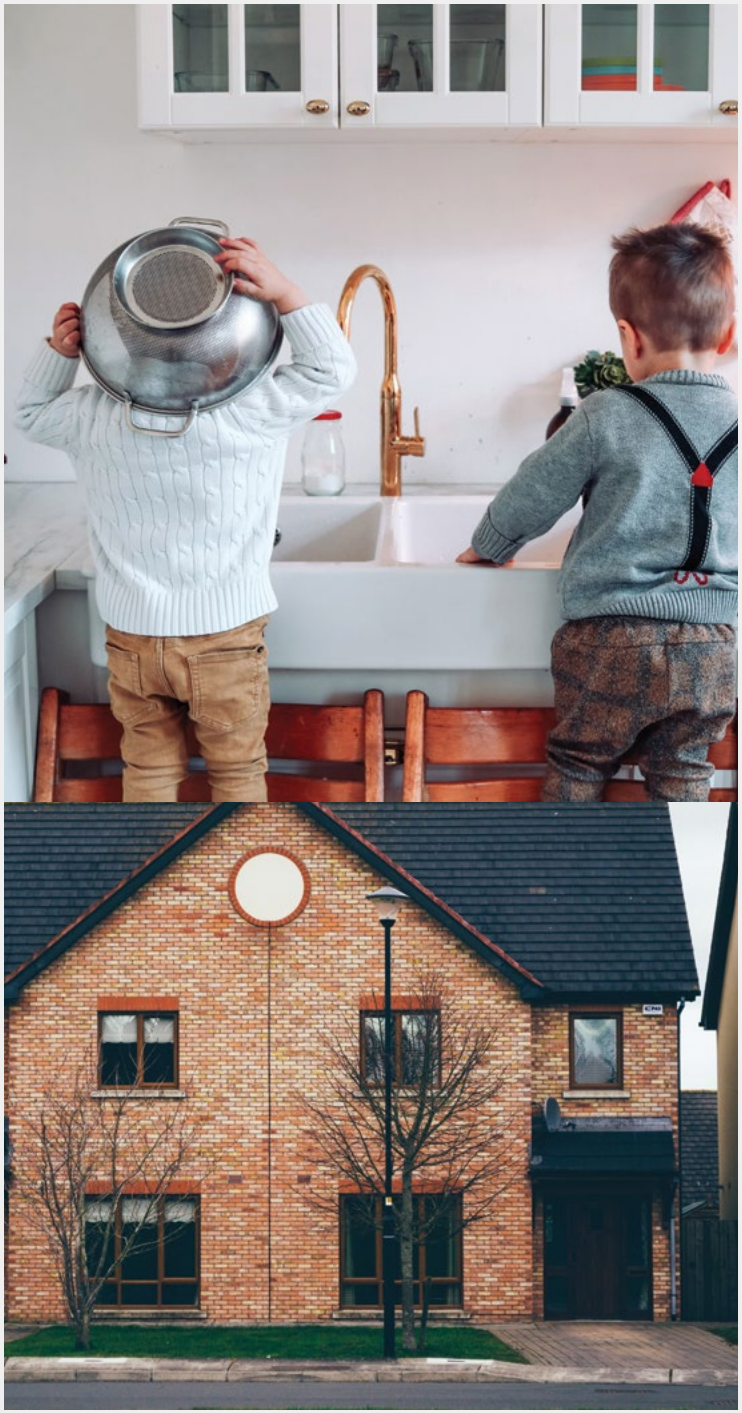
# Down Payment Assistance Grant

Virginia Housing's Down Payment Assistance Grant provides qualified first-time homebuyers with funds to help make the dream of homeownership a reality.

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## Benefits

- The maximum grant is 2 – 2.5% of the purchase price, depending on which type of Virginia Housing mortgage loan you receive.
- Because this is a grant, you never have to pay it back.
- Borrowers who receive this grant are also eligible for a Virginia Housing Mortgage Credit Certificate (MCC); see page 17.

## Requirements

- You must be a first-time homebuyer.
- Grant funds must be used with an eligible Virginia Housing loan.
- Income of all household members cannot exceed Virginia Housing loan limits; see **VirginiaHousing.com/LoanLimits.**
- The eligible Virginia Housing mortgage must be locked prior to reserving grant funds.
- For the complete list of requirements, please visit **VirginiaHousing.com/LoanInfo.**

To see if you qualify for a Down Payment Assistance Grant, please contact a Virginia Housing-approved lender; see **VirginiaHousing.com/FindALender.**

To learn more about Virginia Housing's Down Payment Assistance Grant, visit **VirginiaHousing.com/DownPayment.**

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# Closing Cost Assistance Grant

The Closing Cost Assistance Grant reduces the out-of-pocket expenses for borrowers applying for either a Rural Housing Service (RHS) or Veterans Affairs (VA) loan. This grant makes these 100% financing programs even more affordable.

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## Benefits

- The maximum grant is 2% of the purchase price.
- Because this is a grant, you never have to pay it back.
- Grant funds can be applied to your closing costs, RHS guarantee or VA funding fee.
- Borrowers who receive this grant may also qualify for a Virginia Housing Mortgage Credit Certificate (MCC); see page 17.
- It may strengthen your negotiation of RHS and VA contracts.

## Requirements

- You must be a first-time homebuyer.
- This grant must be used with an RHS or VA loan from Virginia Housing.
- Income of all household members cannot exceed Virginia Housing loan limits; see **VirginiaHousing.com/LoanLimits.**
- The eligible Virginia Housing mortgage must be locked prior to reserving grant funds.
- For the complete list of requirements, please visit **VirginiaHousing.com/LoanInfo.**

To see if you qualify for a Closing Cost Assistance Grant, contact a Virginia Housing-approved lender to discuss eligibility requirements. Find one near you at **VirginiaHousing.com/FindALender.**

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# Government Loan Programs

Virginia Housing offers several types of federal government loans for first-time homebuyers. These loans are eligible for Virginia Housing grants that reduce the out-of-pocket expenses for qualified borrowers. Homebuyers who qualify for one of these loans may also take advantage of Virginia Housing's Mortgage Credit Certificate program.


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## FHA
Federal Housing Authority

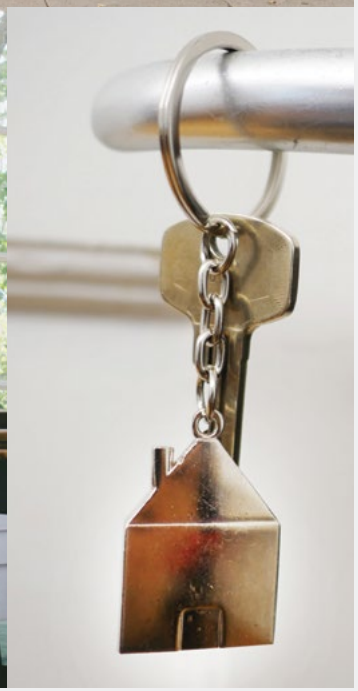
- FHA-insured
- Eligible for our Down Payment Assistance Grant or Plus Second Mortgage
- 3.5% down payment (or as low as 1% down with our Down Payment Assistance Grant, or 0% down with our Plus Second Mortgage)
- Liberal credit qualifying; credit scores may be as low as 620

## USDA
Rural Housing Service

- USDA-guaranteed
- Eligible for Virginia Housing's Closing Cost Assistance Grant
- 100% financing for eligible rural properties
- Affordable monthly payments
- Low mortgage insurance
- Liberal credit qualifying; credit scores may be as low as 620

## VA
Veterans Administration

- VA-guaranteed
- Eligible for Virginia Housing's Closing Cost Assistance Grant
- 100% financing for eligible veterans
- Liberal credit qualifying; credit scores may be as low as 620



# Virginia Housing Conventional

This loan provides affordable financing for first-time and repeat homebuyers.

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## Benefits

- Less cash required at closing than with an FHA loan.
- Available to first-time and repeat homebuyers.
- May be used for purchase or limited cash-out refinance.
- This is a 30-year, fixed-rate loan.
- This loan has the lowest conventional mortgage insurance payments available.
- Flexible down payment sources are allowed, including gifts, our Down Payment Assistance Grant, Virginia Housing Plus Second Mortgage and other eligible second mortgages.
- Borrowers who qualify for this loan may also be eligible for a Virginia Housing Mortgage Credit Certificate (MCC); see page 17.

## Requirements

- 3% down payment (or as low as 1% down with our Down Payment Assistance Grant, or 0% down with our Plus Second Mortgage).
- 640 minimum credit score.
- Maximum 45% debt-to-income ratio.
- 3% maximum seller concessions (or 6% if making a down payment of 10% or greater).
- Maximum 97% loan-to-value (105% combined loan-to-value).
- Loans up to conforming limits.
- Maximum income limits apply; see **VirginiaHousing.com/LoanLimits.**

# Virginia Housing Conventional

## No Mortgage Insurance

Affordable monthly payments, with no mortgage insurance required.

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## Benefits

- Less cash required at closing than with an FHA loan.
- Available to first-time and repeat homebuyers.
- May be used for purchase or limited cash-out refinance.
- This is a 30-year, fixed-rate loan.
- This loan has the lowest conventional mortgage insurance payments available.
- Flexible down payment sources are allowed, including gifts, our Down Payment Assistance Grant, Virginia Housing Plus Second Mortgage and other eligible second mortgages.
- Borrowers who qualify for this loan may also be eligible for a Virginia Housing Mortgage Credit Certificate (MCC); see page 17.

## Requirements

- 3% down payment (or as low as 1% down with our Down Payment Assistance Grant, or 0% down with our Plus Second Mortgage).
- 660 minimum credit score.
- Maximum 45% debt-to-income ratio.
- 3% maximum seller concessions (or 6% if making a down payment of 10% or greater).
- Maximum 97% loan-to-value (105% combined loan-to-value).
- Loans up to conforming limits.
- Maximum income limits apply; see **VirginiaHousing.com/LoanLimits.**

# Virginia Housing Plus Second Mortgage

The Virginia Housing Plus Second Mortgage eliminates the down payment requirement for qualified first-time homebuyers by pairing an eligible Virginia Housing first mortgage with a Virginia Housing second mortgage to cover the down payment.


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## Benefits

- The maximum second mortgage is 3 – 5% of the purchase price, depending on your credit score and type of Virginia Housing first mortgage you receive.
- This is a 30-year, fixed-rate loan with no prepayment penalty.
- This loan covers your entire down payment.
- Qualified buyers with credit scores of 680 or higher can also finance part of their closing costs into the second mortgage.
- Borrowers who qualify for this loan are also eligible for a Virginia Housing Mortgage Credit Certificate (MCC); see page 17.

## Requirements

- You must be a first-time homebuyer.
- Income of all borrowers and additional persons on the title cannot exceed Virginia Housing loan limits; see **VirginiaHousing.com/LoanLimits.**
- At closing, borrowers must have 1% of purchase price available to them.
- This loan is for purchase transactions only.
- For the complete list of requirements, please visit **VirginiaHousing.com/LoanInfo.**

To see if you qualify for a Virginia Housing Plus Second Mortgage, contact a Virginia Housing-approved lender. Find one near you at **VirginiaHousing.com/FindALender.**

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# Mortgage Credit Certificate

A Mortgage Credit Certificate (MCC) from Virginia Housing could save you thousands of dollars by reducing the amount of federal income tax you owe each year.

## Benefits

- This is a dollar-for-dollar credit toward your federal income tax liability.
- The annual credit is equal to 10% of the annual mortgage interest you pay.
- The MCC is effective for the life of the mortgage, as long as requirements are met and the loan is not refinanced.
- There may be no charge for an MCC if issued with a Virginia Housing first mortgage loan; ask your lender if fees will be charged.
- Borrowers may also be eligible for a Virginia Housing Plus Second Mortgage, a Down Payment Assistance Grant or a Closing Cost Assistance Grant.

## Requirements

- You must be a first-time homebuyer (not owned a home as a primary residence within the past three years), a requirement that may be waived if purchasing a home in a Federal Targeted Area; see **VirginiaHousing.com/FederalTargetedAreas.**
- The home must be used as your principal residence.
- Maximum household income limits apply; see **VirginiaHousing.com/LoanLimits.**
- You must purchase a home that meets the sales price/loan limit requirement; see **VirginiaHousing.com/LoanLimits.**

To see if you qualify for a Mortgage Credit Certificate, contact a Virginia Housing-approved lender. Find one near you at **VirginiaHousing.com/FindALender.** To learn more, visit **VirginiaHousing.com/MCC.**

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## How much can an MCC save you in taxes?

It's important to consult with a tax advisor, but the scenario below shows an example of potential savings. The example assumes a $150,000 loan with an interest rate of 5%.

**$150,000 loan X 5% interest rate = $7,500 interest for first full year**

**$7,500 X 10% tax credit rate = $750 tax savings for the year (Maximum Credit)**

**The savings continue each year you live in the home.**

## How do you apply for an MCC?

- Apply for an MCC with an approved MCC lender.
- Sign and provide the MCC Homebuyer Application and Fact Sheet to your lender; this form can be found at **VirginiaHousing.com/MCC.**
- Receive an MCC commitment from Virginia Housing prior to closing.
- During loan application, be sure to confirm that you've requested an MCC; you will initial in the MCC section of the Single Family Loan and MCC Disclosure form.

## What if you sell your home?

If you sell your home within nine years of closing and have also experienced a significant increase in your income during that time, you may be subject to an IRS rule known as the federal recapture tax. The additional amount you would owe at that time would depend on the year you sold your home, how much gain you received from the sale and what your income was that year. Ask your lender for information and discuss the potential impact of the federal recapture tax with your tax advisor. Learn more at **VirginiaHousing.com/RecaptureTax.**

Not everyone will benefit from an MCC. You must have a tax liability to benefit from an MCC. The credit claimed cannot exceed your annual tax liability after all other credits and deductions. Unused credits may be carried forward for three years. Please consult with your tax advisor to see if an MCC is right for you. Virginia Housing determines whether homebuyers qualify for MCCs under the Internal Revenue Code, but homebuyers must determine for themselves whether an MCC will save them money and how valuable an MCC will be for them over the life of their loan. Virginia Housing cannot and does not give any tax advice to anyone. Consult with your tax advisor.


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# The Virginia Housing Loan Combo

What could be better than getting an affordable home loan? How about having the option to combine it with a down payment grant, homebuyer tax credit and a free homebuyer class? That's the Virginia Housing Loan Combo, a package of money-saving benefits we've put together especially for first-time homebuyers. No one else in Virginia has anything like it.

So, don't settle for just a loan. Ask your lender if you qualify for a Virginia Housing Loan Combo. Learn more at **VirginiaHousing.com/LoanCombo.**


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## Virginia Housing Mortgage

+ **Free Homebuyer Class**
+ **Down Payment Money**
+ **MCC Homebuyer Tax Credit**

= **Big Savings**

**$$$**

"The Virginia Housing Loan Combo absolutely made homeownership more affordable. I wouldn't have been able to buy a house without it. Even if I was able to, it would have taken me much longer to plan for."

Andrew
*First-Time Homebuyer*

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# Free Class for Homebuyers

This class is free to anyone who wants to learn the ins and outs of homebuying, and it's required for anyone applying for a Virginia Housing home loan.

Topics covered include personal finances and credit, setting up a spending plan, working with a lender and real estate agent, the home inspection, the closing process, and preparing for the responsibilities of being a homeowner.

The class is offered in English and Spanish and can be taken online or in classrooms around the state. To learn more or find a class near you, visit **VirginiaHousing.com/FreeClass.**

# 5 Steps to Homeownership

## 1 Learn the process. Take Virginia Housing's free First-time Homebuyer Class.

The class covers the entire homebuying process and is available online or in person.

## 2 Find a Virginia Housing-approved lender and get pre-approved.

Before you start shopping, you'll need to know what you can afford. A Virginia Housing-approved lender can tell you in advance the maximum home price they can finance for you. All approved lenders offer comparable interest rates and can provide information on all of our loans. To find a lender, visit **VirginiaHousing.com/FindALender.**

*Pre-approval is based on information you provide and is subject to review at the time of the mortgage application.*

## 3 Choose a real estate agent to help with your home search.

When you meet with your real estate agent for the first time, tell them your price range and the kind of home you're looking for. They will find homes on the market that meet your criteria and take you to see them. When you find the right home, your agent will help you prepare an offer to buy it. The seller will accept your offer, reject it or make a counteroffer. Find a real estate agent at **VirginiaHousing.com/FindARealEstateAgent.**

## 4 Finalize your mortgage application with your pre-selected lender.

Your lender will ask you for additional information and documentation needed to approve your loan. The approval of the loan is contingent on this information, as well as the results of the property appraisal. During this phase, you'll shop for homeowners insurance, choose an attorney or closing agent and schedule utilities to be connected. All inspections will be completed and you will do a final walkthrough inspection of the property before closing.

## 5 Attend the loan closing with your attorney or closing agent.

This is the official signing of the papers that finalizes your purchase. Each page will be explained to you before you sign. You'll provide your down payment (if applicable) and receive the keys to your new home.

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### Income and Sales Price / Loan Limits

Visit **VirginiaHousing.com/HomebuyerPrograms** for the most up-to-date information on our loan products and income limits.

# Contact Us

**Virginia Housing Headquarters**
**877-843-2123**

601 South Belvidere Street
Richmond, VA 23220

**Virginia Housing Center**

4224 Cox Road
Glen Allen, VA 23060

**Southwest Virginia Housing Center**
**800-447-5145**

105 East Main Street
Wytheville, VA 24382

**Virginia Relay Partner**
**711 (in Virginia)**
**800-828-1140**

# Links

VirginiaHousing.com
VirginiaHousing.com/DownPayment
VirginiaHousing.com/FederalTargetedAreas
VirginiaHousing.com/FindALender
VirginiaHousing.com/FindARealEstateAgent
VirginiaHousing.com/FreeClass
VirginiaHousing.com/HomebuyerPrograms
VirginiaHousing.com/LoanCombo
VirginiaHousing.com/LoanInfo
VirginiaHousing.com/LoanLimits
VirginiaHousing.com/MCC
VirginiaHousing.com/RecaptureTax



*The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.*