



For First-time Homebuyers

Homebuyer Tax Credit *plus*

Zero Interest and No Payments for the First 12 Months for the second mortgage

Recent economic recovery legislation has created a tax credit incentive for first-time homebuyers. VHDA's Homebuyer Tax Credit Plus loan lets borrowers take advantage of the federal First-time Homebuyer Tax Credit to finance down payment and closing costs up to 5% of the sales price, using a second mortgage.

The second mortgage helps cover the down payment and closing costs, with zero interest and no payments for the first 12 months.

Choose the preferred payment plan for the second mortgage:

1. **Pay off the second mortgage** with the federal First-time Homebuyer Tax Credit. Doing so will build instant equity in the home!
2. **Pay off the second mortgage over 29 years** — and save the Tax Credit to pay for future emergencies, make home improvements or pay off/pay down existing debt.
3. **Make principal payments** on the second mortgage before the repayment period begins; this will reduce the required monthly payments for the remaining 29 years on the second mortgage.

Loan Features:

- Combines a VHDA FHA-insured first mortgage with a VHDA second mortgage you can use to fund your downpayment and closing costs.
- Affordable fixed-rate financing on both mortgages.
- Repayment of the second mortgage begins one year after the first mortgage payment.
- Interest rate of second mortgage: zero interest for the first year – beginning the 13th month, the same interest rate as the first mortgage.
- Maximum loan amount: **First mortgage** – maximum FHA mortgage
Second mortgage – up to 5% of sales price (no cash back)
- Loan must close no later than **November 30, 2009**.

Notice: VHDA does not guarantee borrowers eligibility for the federal First-time Homebuyer Tax Credit. Borrowers can file an amended tax return after closing, and should consult a tax advisor or the IRS for complete eligibility criteria. Information is available at www.irs.gov. If borrowers are not eligible for the First-Time Homebuyer Tax Credit, or the tax refund (if any) is not enough to repay the Homebuyer Tax Credit Plus loan, borrowers are still obligated to repay the second mortgage, plus all applicable interest.



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Guidelines and Details

Homebuyer Tax Credit *plus*

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 have no prior ownership in any residence during the previous 3 years. (This does not apply in Areas of Economic Opportunity, also known as Federal Targeted Areas on vhda.com.)

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 limits.

Minimum Credit Score:

Minimum 620 (lower middle score of all borrowers).

Qualifying Ratios:

FHA Ratios of 31% payment to income/ 43% debt to income apply. (Ratios up to 38% payment to income and 50% debt to income may be considered with compensating factors.)

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.

First-time Homebuyer Class:

VHDA's free First-time Homebuyer Class must be completed prior to loan approval.

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When you borrow for down payment and closing costs, the additional debt could restrict your ability to sell or refinance your home for several years. You should consider your long-term housing needs before buying a home with Homebuyer Tax Credit Plus financing. Although the second mortgage may be re-amortized if payments are made toward the principal during the first 12 months, amortization for the first mortgage will not change.

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

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