

Press Release

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For Immediate Release

NIFA ANNOUNCES NEW ‘ADVANCED BUYER CREDIT 2’ LOAN PROGRAM NIFA Modifies Popular ABC Loan Program with the Release of New ABC-2 Loan Program

(December 16, 2009) Lincoln, NE – The Nebraska Investment Finance Authority (NIFA) today announced the release of the Advanced Buyer Credit-2 (ABC-2) Loan Program. The ABC-2 Loan Program is designed to help homebuyers take advantage of the Federal Homebuyer Tax Credit at closing by allowing them to use a portion of their expected tax credit to pay for down payment and closing costs relating to the purchase of their new home.

To take advantage of the Federal Homebuyer Tax Credit, qualifying borrowers must purchase a home and then claim the credit on their tax return (or amended tax return) after closing. However, this often creates a timing problem as many borrowers need funds at closing to help pay the down payment and closing costs required to purchase a home. Rather than waiting for months after closing to receive a refund check, the ABC-2 Loan Program addresses this timing problem. Participating homebuyers are able to access a portion of their expected Federal Homebuyer Tax Credit at closing and apply these funds toward down payment and closing costs.

The ABC-2 Loan Program is a second mortgage loan that advances up to 85% of the borrower’s expected Federal Homebuyer Tax Credit at the time the regular NIFA first mortgage is closed. The loan bears interest at rates set periodically by NIFA, with a maximum term of 10 years. The availability and initial rates offered by NIFA on the ABC-2 Loan Program are subject to change without notice at any time as market conditions and federal guidelines change.

An important feature of the ABC-2 Loan Program is the possibility of a \$500 incentive upon early payoff of the ABC-2 loan. If the homebuyer uses the tax credit refund from the IRS to repay the ABC-2 mortgage loan within 180 days of loan closing, NIFA will send a \$500 “incentive” check to the homebuyer within 60 days of loan repayment. If the borrower does not repay the ABC-2 mortgage within the 180 day period, the ABC-2 mortgage will continue to bear interest at the original rate and be payable over 10 years.

Another key feature to the ABC-2 Loan Program, not available as part of NIFA’s original ABC Loan Program, is the ability for certain non first-time homebuyers to access the Federal Homebuyer Tax Credit. A buyer, whether a first-time homebuyer or not, who is eligible for the tax credit and who purchases a home in a federally designated ‘target area’ may qualify for an ABC-2 mortgage loan. See a NIFA lender for more information on this option and the eligibility requirements for such homebuyers.

The ABC-2 mortgage is available only to first-time homebuyers purchasing a home in Nebraska and certain non first-time homebuyers qualifying for the Federal Homebuyer Tax Credit and purchasing a home in a federally designated target area in Nebraska. All homebuyers must satisfy NIFA's income and purchase price requirements and must complete a homebuyer education course. Only borrowers obtaining FHA, VA or RD loans under NIFA's single family mortgage program are eligible for the ABC-2 Loan Program. A minimum borrower investment of \$1000 is required which may be provided with gift funds. More information on the ABC-2 Loan Program is available on NIFA's website (<http://www.nifa.org>) or from any NIFA participating lender. In order to qualify for the Federal Homebuyer Tax Credit and the ABC-2 Loan Program, a fully executed purchase agreement must be received by April 30, 2010 and the ABC-2 Loan must be closed by June 30, 2010 as outlined in the Federal Homebuyer Tax Credit guidelines.

(The Nebraska Investment Finance Authority, with offices in Lincoln and Omaha, is Nebraska's statewide issuer of tax-exempt bonds for financing affordable single family and rental housing. NIFA has financed more than 74,000 low interest rate home loans for Nebraskans. Since its creation, NIFA has issued more than \$4.5 billion of Mortgage Revenue bonds in order to carry out its single family program. NIFA offers only 30-year, fixed rate loans with full underwriting documentation. NIFA's loan portfolio performance has historically been well-below state and national default figures. NIFA uses no state tax dollars in its operations.)
