



ADVANCE BUYER CREDIT 2 (ABC-2) LOAN PROGRAM PROGRAM SUMMARY

<p><i>Under the ABC Loan Program, NIFA will provide, in connection with a NIFA first mortgage loan, a second mortgage loan in an amount up to 8.5% of the purchase price of a single-family residence (not to exceed \$6,800 if a “First-Time Homebuyer” or \$5,525 if a “Long-Time Resident” purchasing in a targeted area). The ABC Loan Program permits NIFA to advance a portion of the federal homebuyer tax credit at the time of loan closing to help with down payment and closing costs relating to the purchase of the home. The loan will be structured as a second mortgage loan with the expectation that the borrower will repay the second mortgage loan with the borrower’s tax credit refund. If the second mortgage loan is repaid within 180 days of loan closing and the borrower is not in default under the first or second mortgage loan, the borrower will receive a \$500 Incentive Check.</i></p>	
First-Time Homebuyer Eligibility	A borrower purchasing a residence in a non-targeted must meet NIFA’s definition of a First-Time Homebuyer. Borrowers who are First-Time Homebuyers also may purchase residences in targeted areas.
Long-time Resident Eligibility	Borrowers who have resided in the same principal residence for any five-consecutive years during the eight-year period ending on the date of the purchase of a subsequent principal residence are qualified “Long-Time Residents” eligible for the tax credit. Long-Time Residents who purchase a residence in targeted area are eligible borrowers under NIFA’s ABC Loan program.
Property Eligibility	NIFA’s maximum purchase price limits (see rate sheet).
Owner-Occupancy	The residence must be occupied by the borrower as his or her principal residence.
Income Limits	NIFA’s maximum income limits (see rate sheet).
Eligible Loan Types	Government products only: FHA, VA and RD (RD loans are subject to their maximum interest rate policy).
Underwriting Guidelines	Follow FHA, VA or RD underwriting guidelines for both the first and the second mortgages. The second mortgage loan must be included in the borrower’s total housing expense ratio. For FHA loans, the principal amount of second mortgage loan may not exceed the amount needed for the down payment, closing costs and prepaid expenses. The borrower will not be allowed to receive any cash back at closing unless, and only to the extent that, the borrower’s initial investment exceeds \$1,000.
Minimum Borrower Investment	All borrowers must have a minimum investment of \$1,000.
Homebuyer Education	All borrowers must complete a homebuyer education course approved by NIFA prior to closing.
First Mortgage Loan Rate	See NIFA’s rate sheet (subject to change without notice).
Second Mortgage Rate & Term	The second mortgage loan will bear interest at a rate equal to the initial interest rate on the first mortgage loan plus 2%. The second mortgage loan will bear interest from the date of closing and monthly payments of principal and interest will begin on the first day of the second month following loan closing. The term for the second mortgage will be 120 months (10 years). The borrower may prepay the loan at any time, without penalty.
Second Mortgage Amount	Maximum amount of the second mortgage loan will be the least of 8.5% of the purchase price, \$6,800 if a First-Time Homebuyer or \$5,525 if a “Long-Time Resident” purchasing in a targeted area. The amount may be reduced if NIFA determines that the borrower does not have sufficient downpayment and closing costs, that the borrower’s income exceeds certain levels, that the borrower is married but filing separately, that the borrower has outstanding tax liabilities or liens, or that other factors exist. The borrower will not be allowed to receive any cash back at closing unless, and only to the extent that, the borrower’s initial investment exceeds \$1,000. The final amount of the second mortgage loan is subject to the approval of NIFA.
Administrative Fee	The lender will collect from the borrower or the seller an administrative fee of \$175 as part of the closing costs. This fee will be paid to US Bank Home Mortgage for the set-up and servicing of the second mortgage loan.
Monthly Payments	The borrower will begin making a combined first and second mortgage payment to US Bank Home Mortgage after closing until one or both loans are paid in full.
Incentive Check for Repayment	If the outstanding balance of the second mortgage loan is paid in full within 180 days after loan closing and the borrower is not in default under the first or second mortgage loan, the borrower will receive a \$500 Incentive Check from NIFA within 60 days of such prepayment. The \$500 Incentive Check may constitute income to the borrower for federal and/or state income tax purposes and the borrower may owe taxes on this additional income.



ABC-2 PROGRAM FORMS

Form I – Notice to Borrower

- ★ Must be signed by borrower and non-purchasing spouse at loan application and a copy submitted with the pre-closing compliance loan package.

Form J – Second Promissory Note

- ★ Must be signed by borrower and co-signer (if applicable) at closing and a copy submitted with the post-closing compliance loan package.

Form K – Second Deed of Trust

- ★ Must be signed by borrower and non-purchasing spouse at closing and a copy of page one only submitted with the post-closing compliance loan package.

Form M – Borrower’s Supplemental Affidavit and Certification

- ★ Must be signed by borrower and non-purchasing spouse at closing and a copy submitted with the post-closing compliance loan package.