

Loan Amount
Up to \$4,500
in \$100 increments.

First Home Advantage

Kentucky Housing Corporation (KHC) will set aside \$5 million for this program. New reservations will begin May 1, 2009 and continue through November 30, 2009.

What is it? – Second mortgage with P&I payments deferred until July 1, 2010.

Eligible Uses – Down payment and closing costs related to a home purchase.

Borrower Eligibility – Must obtain a KHC first mortgage through an approved KHC lender and be a first-time home buyer.

Income and Purchase Price Limits – Must meet KHC income and purchase price guidelines.

Term and Rate – After the initial deferral period, the loan will fully amortize over ten years, starting July 1, 2010, at the current first mortgage interest rate not to go below 6 percent.

Underwriting Guidelines – Borrowers must have a 620 minimum credit score. Follow agency and KHC guidelines when applying for a second mortgage loan as down payment assistance. Must include the second mortgage loan obligation in the calculation of the borrower's total housing expense, even though the payment is deferred until July 1, 2010.

Disclosure – Borrower will receive a disclosure detailing information on the terms of the loan, the tax credit, and the option to repay KHC through the federal tax credit.

Closing Documents – KHC will provide the note and mortgage for the second mortgage in the closing documents set with the first mortgage documents.

Prepayment Incentive – The second mortgage loan is due in full if the first mortgage loan is paid off, assumed, or refinanced. If the borrower pays off the second mortgage by July 1, 2010, KHC will forgive \$300 of the principal amount.

Application Fee – \$350 KHC second mortgage fee charged at closing.

Fees – Processing fee to lender for second mortgage: \$50.

**Defer payment
until July 1, 2010.**

