



## ADVANCE BUYER CREDIT (ABC) LOAN PROGRAM PROGRAM SUMMARY

*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 85% of a first-time homebuyer's expected federal first-time homebuyer tax credit (not to exceed \$6,800). The ABC Loan Program permits NIFA to "monetize" this new tax credit at the time of loan closing to help with down payment and closing costs to purchase 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 120 days of loan closing, the interest rate and monthly payment amount on the first mortgage will step-down (be reduced) by a pre-determined amount.*

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| <b>First-Time Homebuyer Eligibility</b> | All borrowers must meet NIFA's definition of a first-time homebuyer for properties purchased in non-target and target areas.  |
| <b>Property Eligibility</b>             | NIFA's maximum purchase price limits (see rate sheet).  |
| <b>Owner-Occupancy</b>                  | All properties must be occupied by the borrower.  |
| <b>Income Limits</b>                    | NIFA's maximum income limits (see rate sheet).  |
| <b>Eligible Loan Types</b>              | Government products only: FHA and RD (RD loans are subject to their maximum interest rate policy).  |
| <b>Underwriting Guidelines</b>          | Follow FHA 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. In no situation will the borrower be allowed to receive any cash back at closing.   |
| <b>Minimum Borrower Investment</b>      | All borrowers must have a minimum investment of \$1,000.  |
| <b>Homebuyer Education</b>              | All borrowers must complete a homebuyer education course approved by NIFA prior to closing.   |
| <b>First Mortgage Loan Rate</b>         | See NIFA's rate sheet (subject to change without notice). This interest rate may step-down (be reduced) if the second mortgage is paid in full within 120 days of closing and other conditions are satisfied.   |
| <b>Second Mortgage Rate &amp; Term</b>  | The second mortgage loan will bear interest at a rate equal to the initial interest rate on the first mortgage loan. The second mortgage loan will bear interest from the date of closing and the monthly payments of principal and interest will begin on the first day of the second month following loan closing. If the outstanding balance of the second mortgage loan is paid in full within 120 days after loan closing, the interest rate on the unpaid principal of the first mortgage loan will step-down (be reduced) by a pre-determined amount. If the outstanding principal balance of the second mortgage loan is not paid in full within 120 days after loan closing, the interest rate on the first mortgage loan will remain the same. The term for the second mortgage will be 120 months (10 years). The borrower may prepay the loan at any time, without penalty. |
| <b>Second Mortgage Amount</b>           | Maximum amount of the loan will be equal to 85% of the borrower's expected federal tax credit. In no event may the loan exceed \$6,800 (85% of the maximum credit of \$8,000). No cash back at closing.   |
| <b>Administrative Fee</b>               | 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.   |
| <b>Monthly Payments</b>                 | 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.  |