



Homebuyer Tax Credit Advantage Program

Effective Date: March 30, 2009

Updated: March 26, 2009

NOTICE: OHFA will begin accepting reservations for the Homebuyer Tax Credit Advantage (HTCA) Program on Monday, March 30. Until further notice, however, commitments will be held by OHFA until after FHA issues a Mortgagee Letter, which is expected soon. The Agency and US Bank will review the HTCA program to ensure that it meets FHA Guidelines.

The Homebuyer Tax Credit Advantage Program offers a second mortgage to borrowers who obtain a first mortgage through the OHFA First Time Homebuyer Program. In order to encourage first time homebuyers to enter the market in 2009, the program will allow OHFA first time homebuyers to leverage the benefit of the federal first time homebuyer tax credit for down payment and/or closing costs. The American Recovery and Reinvestment Act of 2009 amended and extended the first-time homebuyer credit to include purchases January 1 through November 30, 2009. For qualified first-time homebuyers who purchase a home in 2009, the maximum credit is \$8,000 and can be claimed on a buyer's 2008 or 2009 federal tax return.

- The loan may be up to three percent of the purchase price. No cash back may be issued to the borrower.
- Principal payments are deferred and the loan will bear no interest until July 1, 2010 after which, loans will amortize over 15 years at an interest rate 1% above the first mortgage unassisted rate.
- The OHFA application fee will be \$225 and can be paid by the buyer, seller or financed in the loan. OHFA will also charge a \$75 Administrative Fee shown on the HUD. The lender will receive closing instructions assigning this Administrative Fee to the housing counseling agency.
- There is an incentive for early repayment of the loan. If the loan is paid in full prior to July 1, 2010, OHFA will forgive \$300 of principal.
- Lenders may charge a special processing fee of \$75, as well a reasonable and customary document preparation or other fees.
- All loans must be recorded as second mortgages using OHFA note and mortgage documents.
- Borrowers must have a minimum 600 credit score.
- Borrowers must complete homebuyer education through a HUD approved counseling agency or through OHFA's streamlined program.

More details are provided on the term sheet.

Ted Strickland, Governor, State of Ohio
Douglas A. Garver, Executive Director

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