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CHFA Brings Stimulus Dollars to Homebuyers

New Mortgage Program Helps Coloradans Leverage Federal First Time Homebuyer Tax Credit into Down Payment

(DENVER) - Colorado Housing and Finance Authority (CHFA) and Congressman Ed Perlmutter (D-7) unveiled CHFA JumpStart, a new home mortgage program to help Coloradans take advantage of the first time homebuyer federal tax credit in the American Recovery and Reinvestment Act.

“Through the CHFA JumpStart program, we are bringing the benefits of the economic stimulus plan to Colorado,” said Congressman Ed Perlmutter. “First time homebuyers will be able to leverage the future benefit of the federal tax credit by working with CHFA to access the dollars needed to buy a home today.”

CHFA JumpStart offers first time homebuyers a 30 year competitive fixed interest rate first mortgage *AND* a second mortgage in the amount of \$6,000 or 3.5 percent of the home, whichever is less, to be used for down payment and closing costs. The second mortgage will be offered with a zero percent (0%) interest rate, and no payments due through June 30, 2010. This unique structure allows the borrower to use the first time homebuyer federal tax credit to pay off the second mortgage before the June 30, 2010 deadline.

CHFA Director of Home Finance, Karen Harkin said the program will help buyers wanting to take advantage of today’s affordable home prices, “We are in a buyers’ market. The silver lining to the housing decline is homes are more affordable.” She continued, “CHFA JumpStart does exactly what it says, it gives homebuyers a jump-start on buying a home today, and in building equity in their homes.”

In the recent economic stimulus bill, Congress authorized a maximum \$8,000 tax credit for qualifying first time homebuyers who purchase and close on a home between Jan. 1, 2009 and Nov.30, 2009.

Taxpayers can claim 10 percent of the price of their home up to the \$8,000 maximum against their 2008 federal tax returns due this year, or their 2009 federal tax returns due next year. The credit begins to phase out at a modified adjusted gross income of more than \$75,000, or \$150,000 for joint filers.

Additionally, unlike the previous \$7,500 first time homebuyer tax credit established by Congress in July 2008, the \$8,000 tax credit can be used with CHFA's home finance programs.

"In these tough economic times, these changes will enable thousands of people to achieve the dream of homeownership in a responsible manner, as well as help jump-start the sale of homes in our housing market" said Perlmutter.

If the second mortgage is not paid off in full by the June 30, 2010 deadline, the second mortgage will adjust to an 8 percent interest rate with a 10 year term. CHFA will continue to offer its other home mortgage products with down payment and closing cost assistance at competitive market interest rates for those borrowers who do not anticipate paying off the second mortgage in full by June 30, 2010.

Harkin said, "CHFA has always been known for our responsible lending programs for first time homebuyers. So in that vein, let me be clear, this program isn't for everyone. If you don't plan to pay off the second mortgage with the tax credit, then CHFA JumpStart isn't for you." Harkin directing her comments to future homebuyers continued, "However aside from JumpStart, there is still down payment assistance available through CHFA's HomeOpener Plus program at competitive interest rates. As you prepare for homeownership, this is one of several financial decisions that you will be called upon to make for yourself and your future. Don't take a short cut. Do your homework and find the program that will work to your advantage."

More information about the federal first time homebuyer tax credit is available from the Internal Revenue Service (IRS) at www.irs.gov.

About Colorado Housing and Finance Authority (CHFA)

CHFA finances the places where people live and work. Created in 1973 by the Colorado General Assembly, CHFA strengthens communities by making loans to low-and-moderate income homebuyers, affordable multifamily rental housing developers, and small and medium sized businesses. CHFA also provides education and technical assistance about affordable housing and economic development. CHFA is a self-sustaining public enterprise funded by issuing bonds, and receives no tax dollars. CHFA issued bonds are not obligations of the state. For more information about CHFA please visit www.chfainfo.com. Contact our Denver office at 1.800.877.chfa (2432), or our Western Slope office at 1.800.877.8450.

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