



**Program Name:** Tax Credit Advance Loan (TCAL)  
**Category and Subcategory:** Homeownership: Empowering New Buyers  
**HFA:** Missouri Housing Development Commission

The state of the housing market continues to play a dominant role in the general economic downturn. To tackle the excess inventory by stimulating home purchases, Congress created a temporary, refundable tax credit for first-time homebuyers who purchase a home before December 1, 2009. The credit is worth ten percent of the purchase price of the home, up to \$8,000, and does not have to be re-paid to the federal government.

With over 30 years experience funding mortgages for first-time homebuyers, Missouri Housing Development Commission (MHDC) knows that the biggest barrier faced by first-time homebuyers is acquiring money for the down payment and closing costs. As a result, MHDC created the Tax Credit Advance Loan (TCAL) program to allow borrowers to borrow a portion of the value of the tax credit and utilize it at the closing.

Through this program, MHDC makes a second mortgage to the homebuyer at the time of closing, worth up to six percent of the home purchase price, up to \$6,750, which is used to cover down payment and closing costs. The homebuyer then files for the federal tax credit after closing and uses the credit refund to pay off the MHDC tax credit advance loan. If the tax credit advance loan is paid off by the designated deadline, the homeowner pays no interest other than a modest servicing fee. If the tax credit advance loan is not paid by the deadline, principal and interest payments to repay the loan over 10 years automatically begin. In addition, the homebuyer is required to participate in an MHDC-developed, online counseling session that describes the terms of the loan and details on the federal tax credit.

Executive Director Pete Ramsel and staff developed the program during the fall of 2008 and officially released it to Missourians on January 14, 2009. MHDC was the first agency in the nation to offer a program of this kind; it has helped spur multiple other HFAs to offer a similar program.

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“We are very excited to be the first in the nation to develop such a program,” said Ramsel. “While we applaud the federal tax credit, we really wanted to find a way to make it even more beneficial to the first-time homebuyers.”

The program has received national attention praising the efforts and ingenuity of MHDC, and has been enthusiastically received by REALTORS®, home builders and our certified lenders.

The MHDC TCAL program was featured on Good Morning America on June 22, as part of a story on the national housing market. In an interview on the show, Greg Spurgeon, single family home ownership administrator for MHDC said that, “It [the TCAL program] has really helped a lot of individuals...jump off the fence and become homeowners.”

Also on the Good Morning America interview, new homeowner Carlos of Independence, MO says that, “It is very important for me to own a house so that I can provide for my family.”

“It is our mission to provide quality housing to Missourians, and this program is certainly a boon to that effort,” Ramsel noted.

To date, more than 400 homes have been sold to first-time homebuyers using this innovative program.

All MHDC first-time homebuyer loans are made through a statewide network of certified lenders, and serviced by U.S. Bank. The MHDC loan programs are available for households with incomes up to \$85,500.