



Getting the Most Out of Your Down Payment Assistance Program:

Vermont Housing Finance Agency

Presented by:

Heather Kvasnak

Homeownership Manager of Business Development

802.652.3424

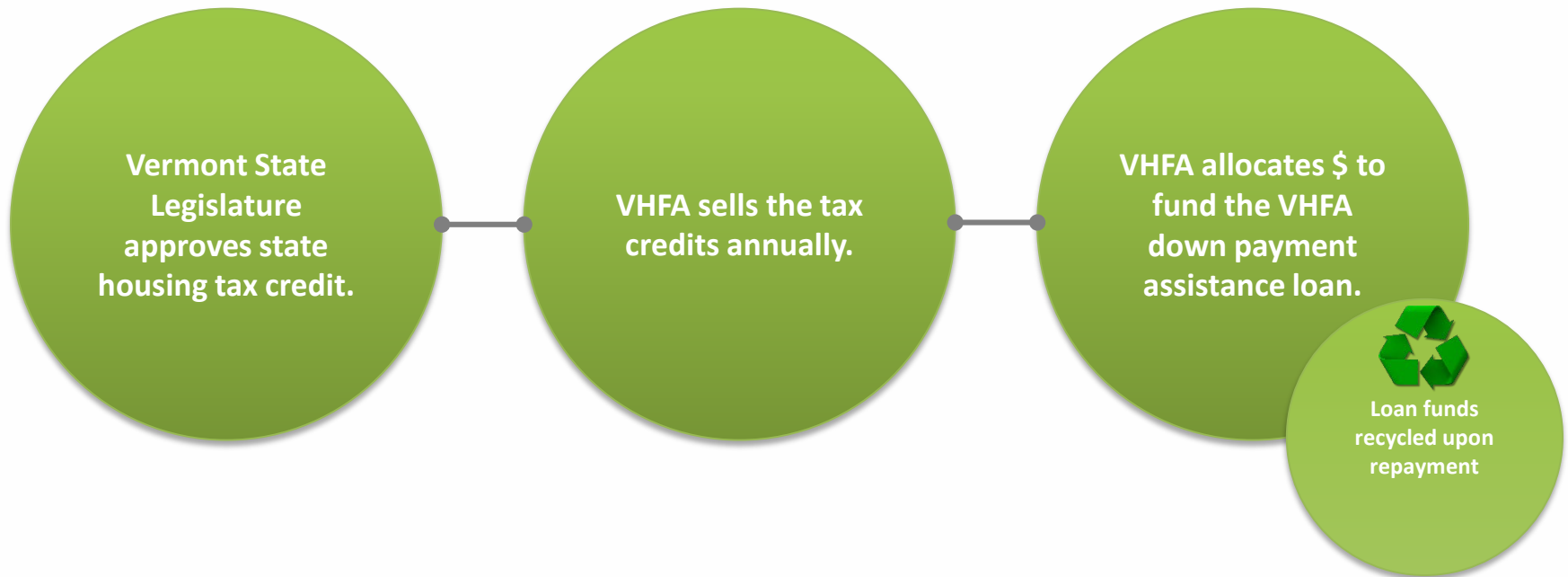
hkvasnak@vhfa.org



Affordable Homes for a Sustainable Vermont

State Housing Credits

Since 2015, the Vermont Housing Finance Agency (VHFA) has used state housing tax credits to fund the Homeownership Down Payment Assistance Program (DPA):



State Housing Credits: Investor Benefits

Investors benefit from purchasing the tax credits:

- ✓ Reduced state tax liability for 5 years
- ✓ Tax credits are certificated
- ✓ Tax credit exceeds \$ invested

The Math

The following is an example illustrating a recent tax credit sale:

- Investor benefits from a 5 year tax credit = \$625k
- Investor output = \$593,750 (\$0.95 per tax credit \$)
- Through the sale of 5 years of tax credits, VHFA realized ~\$2.7 to fund the DPA

	2016	2017	2018	2019	2020	2021	2022	2023	2024
FY16 Credits	\$125k	\$125k	\$125K	\$125k	\$125k				
FY17 Credits		\$125k	\$125k	\$125K	\$125k	\$125k			
FY18 Credits			\$125k	\$125k	\$125K	\$125k	\$125k		
FY19 Credits				\$125k	\$125k	\$125K	\$125k	\$125k	
FY20 Credits					\$125k	\$125k	\$125K	\$125k	\$125k

State Housing Credits: DPA Program Detail

VHFA Homeownership Down Payment Assistance Loan: VHFA ASSIST

Eligibility

- First time home buyer
- Liquid assets <\$30k
- Must be paired with VHFA first mortgage program; meet VHFA compliance requirements and obtain standard conventional or government mortgage approval
- Purchase of a primary residence

Terms

- Loan up to \$5,000
- 105% CLTV maximum
- 0% interest
- No payments
- No closing costs (VHFA pays mortgage recording fee)
- Secured by a note and recorded 2nd lien mortgage deed

Repayment

- Repaid in full upon sale, refinance or payoff of first mortgage

Fund Sustainability

- Upon payoff, funds are recycled to issue future assistance loans

Down Payment Assistance: Layering

Another way to optimize down payment funds is through layering of different loan or grant sources; this can preserve funds allocated for the VHFA ASSIST program when the ASSIST loan issued can be reduced by other sources. And even if the ASSIST loan is not reduced, layering supports the mission of homeownership by providing more affordable solutions for low to moderate income households.

IORTA Loan or Grant	Interest on Real Estate Trust Accounts (IORTA); in Vermont interest accrued on these accounts passes to VHFA. VHFA has disbursed these funds out to the five NeighborWorks® homeownership centers in the state to issue grants (up to \$2,500) or loans (up to \$5,000) to VHFA borrowers.
Community Land Trust	There are several community land trust organizations located in Vermont who manage an inventory of homes where state and federal funds provide 20-30% down payments.
Community Down Payment Assistance	One of the local NeighborWorks® homeownership centers offers a down payment assistance loan of 20% (not to exceed \$40k). The loan is issued for a 15 year term, rate is 2% above first mortgage rate and there are standard closing costs.
Federal Home Loan Bank Equity Builder Grant	Many of VHFA's lending partners receive Federal Home Loan Bank funds used to offer down payment assistance grants up to \$11,000.