

The Catch 22 Answer for Missouri Home Ownership

Here's the Catch 22 with the Federal First Time Home Buyer Tax Credit. You can't get the \$8,000 until you buy a home and to buy the home, you need a down payment. What's a home buyer to do?



The Stimulus Tax Credit 1st time Home Buyers:

First-time home buyers* can receive tax credit worth 10% of their home purchase, up to \$8,000. The credit is claimed on the home buyer's federal tax returns for the following year and will be paid as a refund, less any federal tax liability for 2009. This program will be available for all first-time homebuyers who purchase a home before December 1st, 2009. The buyers must live in the house for at least three years, or they will be obligated to pay back the credit

How Do I Get a Down Payment?

With many years of funding experience for home loans for first-time homebuyers, the Missouri Housing Development Commission [MHDC] knows that the biggest barrier is acquiring money for down payment and closing costs. As a result, MHDC created a program that allows 1st time homebuyers to receive the value of the tax credit at the time of closing. This Program is the Tax Credit Advance Loan, better know as TCAL.



The Tax Credit Advance Loan



MHDC makes a second mortgage to the homebuyer at the time of closing worth up to 6% of the home purchase price or a maximum of \$6,750, which is used to cover at least the down payment and some or all of the closing costs. The tax credit advance loan is paired with MHDC financing for the first mortgage in the form of a safe 30 year, fixed rate mortgage. The homebuyer then files for the federal tax credit in the following year and uses the credit refund to pay off the MHDC tax credit advance loan no later than June, 2010.

* First-time homebuyer must not have had ownership in a home for the past three years and prove so by providing Federal Tax returns for the past three years. MHDC loan programs are available for "households" with incomes up to \$79,800.



A Federal Savings Bank

Jim Yarrington

Mortgage Coach

Direct: (913) 234-8670

Fax: (913) 234-8671

E-mail: jyarrington@pulaskibankkc.com



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