

Let's Make Home Happen



Learn how our FirstHome Mortgage can help make your dream a reality.

If your income has kept you out of the housing market, we may be able to help. The FirstHome Mortgage is offered by the North Carolina Housing Finance Agency, a self-supporting public agency, in cooperation with nearly 700 North Carolina lenders and their branches. We also offer a Mortgage Credit Certificate tax credit. Read on to learn if you might qualify for a safe, fixed-rate FirstHome Mortgage or Mortgage Credit Certificate to buy your first home.

How Can NCHFA Help Me?

The FirstHome Mortgage offers:

- 30-year, fixed-rate FHA, VA, USDA, and conventional mortgages at low interest rates. Down payments are usually 0% to 3.5% of the sales price. In addition, 100% financing may be available for VA and USDA loans.
- Interest-free, deferred second mortgages up to \$8,000 for home buyers who need help with downpayment and closing costs. Minimum credit score of 650 required if utilizing downpayment funds.

Am I Eligible?

You could be closer than you think to owning your first home. You may be eligible for a low-interest rate FirstHome Mortgage if:

- You are a first-time home buyer or have not owned a principal residence during the past three years. Even if you are not a first-time buyer, you may be able to use a FirstHome Mortgage if you are buying in an area designated as economically distressed. (Contact us for details.)
- You buy a home in North Carolina and occupy it within 60 days of closing.
- Your annual household income and your home's purchase price do not exceed the maximum allowed limits. (See chart next page.)
- You are a reasonable credit risk. If you are not sure whether you are, contact us.

Qualifying incomes and home prices

| | Maximum Income | | Maximum Sales Price | |
|--|-------------------|------------------|---------------------|-----------|
| | 1-2 Person Family | 3+ Person Family | Existing Home | New Home |
| Charlotte area Cabarrus, Gaston, Mecklenburg, and Union counties | \$67,000 | \$77,100 | \$225,000 | \$225,000 |
| Currituck County | \$69,400 | \$79,900 | \$225,000 | \$225,000 |
| Dare County | \$69,100 | \$79,500 | \$225,000 | \$225,000 |
| Raleigh-Cary area Franklin, Johnston and Wake counties | \$78,300 | \$89,900 | \$225,000 | \$225,000 |
| Greensboro / High Point area Guilford and Randolph counties | \$57,000 | \$65,500 | \$225,000 | \$225,000 |
| Iredell County | \$60,400 | \$69,500 | \$225,000 | \$225,000 |
| Durham area Chatham, Durham, and Orange counties | \$67,300 | \$77,400 | \$225,000 | \$225,000 |
| Winston-Salem area Davie, Forsyth, Stokes and Yadkin Counties | \$60,700 | \$69,900 | \$225,000 | \$225,000 |
| Wilmington area Brunswick and Hanover counties | \$59,500 | \$68,500 | \$225,000 | \$225,000 |
| All Other Counties | \$57,000 | \$65,500 | \$225,000 | \$225,000 |

Note: Figures in chart above are subject to change. Qualifying incomes are for FirstHome Mortgage, Mortgage Credit Certificates, and downpayment assistance.

What Types of Property Qualify?

- New and previously owned detached homes
- Townhouses and Planned Unit Developments
- Condominiums
- New doublewide manufactured homes on permanent foundations
- Modular homes

The allowable sales price varies depending on local housing costs and whether you buy a new or existing home. (See chart above.)

How Can a Low-Interest Rate Help?

Suppose your annual income is \$44,000 and your car payments and other debts total \$400 a month. You would have approximately \$1,100 for your house payment. Depending on where you live, your property taxes and hazard insurance will cost about \$190, leaving you with \$910 to pay the principal and interest on your mortgage. The chart on the next page shows what your purchasing power would be, based on varied interest rates.

What can you afford with a monthly principal and interest payment of \$910*?

| If your interest rate is: | You can afford: |
|---------------------------|-----------------|
| 4.5% | \$173,050 |
| 5.0% | \$163,350 |
| 5.5% | \$154,475 |
| 6.0% | \$146,300 |
| 6.5% | \$138,775 |

**Estimating \$190 for taxes and insurance, your total monthly payment would be \$1,100.*

**The advantage is clear—
a 1% decrease
in your interest rate
could increase
your purchasing power by
approximately \$15,000.**

What If I Need Money For A Down Payment?

Depending on your income, you may qualify for a zero-interest second mortgage loan for your down payment and closing costs. You must contribute at least \$1,000 of your own funds, and the loan can cover up to \$8,000 of the balance. Payment on the principal isn't due until 30 years from the date of the loan closing. Payment is due earlier if you sell, transfer or refinance your home; if your loan goes into default; or if the home ceases to be your principal residence.

To qualify for downpayment assistance, income limits and the home's sale price are the same as for our FirstHome Mortgage without downpayment assistance.

What If I Sell My House?

The new buyers may be able to assume your mortgage if they meet the same qualifications that were in effect when you obtained it. Conventional loans, however, are not assumable. In addition, the price limits for existing homes apply for re-sales.

In rare circumstances, buyers may be required to repay part of the assistance received under a federal "recapture" provision. For the recapture provision to apply, you must sell your home prior to the ninth anniversary of your loan closing, your household income must rise significantly, and you must realize a substantial gain from the sale. Many borrowers will not have to pay recapture tax. If you are required to pay recapture, in most cases, the Agency will reimburse you.

What is a Mortgage Credit Certificate Tax Credit?

If you don't qualify for a FirstHome Mortgage, we may be able to help you through a Mortgage Credit Certificate (MCC) tax credit. If you qualify for the tax credit, you will be able to claim 30% of the interest you pay on your mortgage as a credit on your federal income taxes. The MCC tax credit is separate from the mortgage interest deduction available to all homeowners. It lowers your tax liability, dollar-for-dollar. You can save up to \$2,000 per year on your federal taxes—money that can be put toward your mortgage payment.

You can use the MCC tax credit with almost any mortgage offered by lenders that participate in the program, including some adjustable rate mortgages. (The MCC cannot be combined with FirstHome Mortgage.) And you can receive the benefit from your MCC tax credit immediately by revising your W-4 (Employee Withholding Allowance Certificate). If your tax credit is \$2,000, you can reduce your monthly federal tax by \$166 (\$2,000 divided by 12). That gives you \$166 more per month to use toward your house payment.

How Do I Begin?

- If you are uncertain about your eligibility, contact us for more details.
- Contact a participating lender to determine the maximum mortgage you can afford.
- Find a home that suits your needs and that meets the program's requirements.
- Get a signed purchase agreement for the home. A real estate agent can help you find a home and negotiate the contract.
- Apply for a FirstHome Mortgage or Mortgage Credit Certificate at a participating lender.

Realize Your Dream

Owning your own home does not have to be a dream. To reduce mortgage costs, we sell mortgage revenue bonds to investors under a federal program. Since 1973, we have helped 84,000 people buy their first home—teachers, technicians, salespeople, construction workers, cooks and firefighters. We may be able to help you.

Want to Know More?

Go to www.nchfa.com or call (800) 393-0988 or (919) 877-5700 and ask to speak to a loan underwriter.

NORTH CAROLINA

HOUSING
FINANCE
AGENCY

3508 Bush Street
Raleigh, NC 27609-7509

PO Box 28066
Raleigh, NC 27611-8066

Telephone: 919-877-5700
Internet: www.nchfa.com



Equal Housing Opportunity

No state or federal tax dollars were used to print this brochure. July 2011