

News release

For Immediate Release

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Lincoln Nebraska....

The Nebraska Investment Finance Authority (NIFA) today announces its new "Advance Buyer Credit" Loan Program or "ABC" mortgage, a new loan product designed to help homebuyers use the new First-Time Homebuyer Tax Credit. The loan addresses a timing problem that many first-time purchasers face if they want to use the new homeownership tax credit for down payment and closing costs. Many of these first-time purchasers need the dollars provided by the tax credit to fund down payments and to pay closing costs, but to obtain the tax credit from the IRS, the buyer cannot file for the refund from the IRS until after the home has been purchased. It is expected to take up to three months for the refund request to be processed by the IRS and for the refund check to finally arrive.

The ABC mortgage is a second mortgage loan that advances a portion of the federal tax credit to the buyer at the time the regular NIFA first mortgage loan is closed. When the buyer receives the tax credit refund and uses the refund to repay the ABC mortgage within 120 days of home purchase, the buyer receives a significant rate reduction on the regular first mortgage loan (one half of one percent or .50%). If the borrower does not repay the ABC mortgage within 120 days, the ABC mortgage will be payable over 10 years and both the first mortgage loan and the ABC mortgage will continue to bear interest at their original rates.

Jacki Young, NIFA's Single Family Program Manager, said "We are excited about this new loan product because it is very 'borrower friendly.' Both the regular NIFA first mortgage loan and the ABC tax credit advance loan are being offered initially at a 6.25% APR interest rate. "

"The unique ABC mortgage advantage" said Young "is that the interest rate on the regular first mortgage will DECREASE by one-half percent (.50%) to the current interest rate of 5.75% when the tax credit advance loan is repaid within 120 days of the home purchase." NIFA helps the buyer apply for the tax credit refund by providing the necessary IRS forms and instructions at time of application so that the refund request can be submitted when the loans are closed.

Young added, "The initial interest rates offered by NIFA are subject to change at any time as market conditions change, so check with your lender to get current market rates while you shop for your new home."

Tim Kenny, NIFA's Executive Director said "Our team has worked very hard to develop a product to help the borrower use the new tax credit immediately. We received special permission from FHA to offer this 'step-down rate' to enable the buyer to lower the first mortgage loan interest rate when the buyer repays the tax-credit advance loan within 120 days." Kenny added that this structure helps bring the home ownership credit to the point of purchase where it can be most effectively used by the buyer. "

On a \$100,000 regular mortgage loan NIFA estimates the impact of paying off the ABC mortgage, and automatically lowering the regular first mortgage loan rate by .50%, will reduce the borrower's monthly principal and interest payment by approximately \$86 per month.

The ABC mortgage is available only to first-time home-buyers, with certain income and purchase price restrictions, on FHA and some RD loans that are eligible for financing under NIFA's single family mortgage program. NIFA will announce next week, on the NIFA website, the date and time of the upcoming web training session for lenders. More information about the new loan product is available on the NIFA website (<http://www.nifa.org>) or at any NIFA participating lender in Nebraska.

(The Nebraska Investment Finance Authority, with offices in Lincoln, is Nebraska's statewide issuer of tax exempt bonds for financing affordable single family and rental housing. NIFA has purchased more than 74,000 low interest rate home loans for Nebraskans. NIFA has issued more than \$4.5 billion of Mortgage Revenue Bonds to purchase the single family home loans since its creation. The NIFA is self-funding and uses no state tax dollars in its operations.)

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