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PATRICK-MURRAY ADMINISTRATION ANNOUNCES
HOME BUYER TAX CREDIT LOANS TO PROMOTE
AFFORDABLE HOME OWNERSHIP OPPORTUNITIES

First-time homebuyers could borrow up to \$8,000 from MassHousing in advance of federal tax credit

BOSTON – Tuesday, July 14, 2009 – As part of the Massachusetts Recovery Plan, Governor Deval Patrick today announced a First-Time Homebuyer Tax Credit Loan Program through MassHousing that will allow first-time homebuyers to borrow up to \$8,000 in advance of their federal tax credit for homes purchased with a MassHousing loan before December 1, 2009.

“These loans will both help prospective homebuyers achieve the comfort and stability of homeownership for their families, and also stimulate the Commonwealth’s economy through increased home sales, while reviving neighborhoods impacted by foreclosure,” said Governor Deval Patrick.

“Monetizing the First-Time Homebuyer Tax Credit will be a great help, and further incentive, for Massachusetts residents who are considering buying their first home,” said Lieutenant Governor Timothy P. Murray, Chair of the Interagency Council on Housing and Homelessness. “This is just one example of the innovative way we can work together to promote homeownership and community development.”

The First-Time Homebuyer Tax Credit Loan will allow Massachusetts homebuyers to use the \$8,000 tax credit from the federal Housing and Economic Recovery Act (HERA) of 2008 as a funding source at the time of closing to help purchase the home. Under

HERA, the maximum available credit is \$8,000 and is claimed when homebuyers file their 2009 federal tax return.

"It's an amazing opportunity for first-time homebuyers like myself," said Thomas Gusha, who bought a home in Worcester and will be seeking the first-time homebuyer federal tax credit. "This Tax Credit Loan will be a great benefit for homebuyers because it will give them more money up front when they purchase their home and this will hopefully encourage more people to buy a home."

Homebuyers who take advantage of the program will have the principal and interest payments on the tax credit loan deferred from the time of closing until the loan due date of June 1, 2010. If the loan is not repaid in full by June 1, 2010, the loan will be amortized for 10 years at the same interest rate as their first mortgage loan.

"The Tax Credit Loan will be of great benefit to homebuyers, realtors and MassHousing-approved lenders, and we applaud the Patrick-Murray administration for its leadership in promoting affordable homeownership opportunities in Massachusetts," said MassHousing Executive Director Thomas R. Gleason.

Qualifications for the First-Time Homebuyer Tax Credit Loan include:

- Applicants must be first-time homebuyers using a MassHousing mortgage through a MassHousing-approved lender.
- Homebuyers must use the home as a principal residence for a minimum of three years (the Tax Credit Loan cannot be used for investor properties).
- Homebuyers must purchase a one, two, three or four-family home from a seller unrelated to the buyer by November 30, 2009.

MassHousing's home loans feature safe and affordable fixed rates and include unique benefits such as MassHousing's MI Plus™ mortgage insurance, which will help pay the borrower's monthly principal and interest payments for up to six months in the event of a job loss. MassHousing mortgages offer competitive interest rates, low- and no down payment options, and discounted rates for lower-income borrowers.

"Governor Patrick's plan means that many first-time homebuyers in the Commonwealth will be able to do so now, without waiting for the federal tax credit to become available next year," said Senator Edward Kennedy. "It's a vital step in stimulating the local economy more quickly and reversing the negative impact of foreclosures on communities. I commend the Governor for his important initiative."

"These loans will make it possible for thousands of Massachusetts families to afford their own homes while helping to jump-start our state's housing market and economy," said Senator John Kerry.

"I have heard from many constituents, including realtors, that the first-time homebuyer tax credit has been very helpful in the effort to improve the housing market in Massachusetts," said Congressman Jim McGovern. "I commend Governor Patrick for this important use of federal stimulus funding."

"These loans will make it a little easier for qualified first-time homebuyers to enter the housing market, which will help boost the economy through increased home sales and contribute to the stability of our neighborhoods," said Congressman Mike Capuano.

"This MassHousing initiative is a win-win. Transforming the federal tax credit provided by ARRA into down-payment assistance will not only help hundreds of Massachusetts residents achieve the dream of homeownership, but will also help stimulate the housing market and jump-start our long term economic recovery," said Congressman John F. Tierney.

"I was a strong advocate of this tax credit when it was first considered in the Ways and Means Committee, and worked for its inclusion as part of the Recovery Act. Today's action by the state will allow qualified first-time homebuyers to immediately claim this tax benefit which will boost our housing market and help improve the region's economy. This is good news for families in Massachusetts looking to purchase their first home," said Congressman Richard E. Neal.

"I applaud Massachusetts for modernizing the home-buyer tax-credit for the 21st Century and expanding this vital credit," said Congressman Bill Delahunt. "This step will serve two purposes: allowing more families to realize the dream of home ownership and helping to jump-start the real estate markets."

"By making the first time homebuyer tax credit more accessible to families that need the credit upfront, the Patrick-Murray administration is creating additional resources for first time home buyers in Massachusetts," said Congresswoman Niki Tsongas. "This innovative approach will provide further incentive to those considering purchasing a home in our communities."

For more information, please visit www.mass.gov/dhcd/1sttimebuyer or www.masshousing.com.

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