

Need to know: Three big updates on

VHDA Loans



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Over the last few months, the Virginia Housing Development Authority (VHDA) has released several big announcements that could help more of your clients obtain the financing to buy a home.

As a reminder, VHDA loans are designed for first-time homebuyers. Here's what you and your clients need to know.

Changes to "Household Income" - VHDA has updated the calculation of "Household Income," which determines eligibility for VHDA mortgage loans and mortgage credit certificates. From the VHDA: "The income of other household members who will not be on the loan or will not take title to the property will no longer be included in Household Income."

What does the VHDA change mean for you?

Now more people can potentially qualify for a VHDA loan. Why? For example, if your client has a teenager who makes money at a summer job, a lender no longer needs to count the money from the summer job as part of the household income.

Because VHDA amended its income limitation guidelines, more clients may now qualify for a VHDA loan.

Access to mortgage credit certificates - This summer, the VHDA announced its mortgage credit certificate (MCC) program. The MCC is a tax credit subtracted from the amount of federal income tax owed for those borrows eligible

to participate.

With the MCC, your clients may save thousands of dollars on their taxes each year. Here's an example of the criteria needed to be eligible for an MCC:

- Be a first-time homebuyer or not

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own a home as a primary residence within the past three years;

- Have income at or below the maximum household income limits;
- Purchase a home below the maximum sales price; and,
- Use the home as his/her principal residence.

Please note that VHDA cannot and does not give any tax advice to anyone. Please consult with a tax advisor to see if an MCC is right for

you or your clients.

Extension to VHDA Down Payment Assistance Grant - Through September 30, your clients still have access to a grant worth up to 3 percent of the sales price of your home.

Criteria for the VHDA Down Payment Assistance Grant:

- Only available to first-time homebuyers;
- Limited to 3 percent of the lesser of purchase price or appraised value;
- The borrower is under no obligation to repay the grant (no note or deed of trust is executed for these funds);
- The funds can only be used for down payment, not closing costs;
- Cannot be combined with VHDA FHA Plus program, VA or any other grants;
- A household of two people or less in Hampton Roads can't earn more than \$64,320 annually. A household of three or more can't earn more than \$75,040 annually.

This summer, make sure your clients take advantage of VHDA loans. It's a great program with so much to offer first-time homebuyers. ~