



NEWS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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State's \$30 million mortgage credit program to help veterans become homeowners

(AUSTIN) — Honoring those who preserve and protect the American Dream to finally live it, Governor Rick Perry and the Texas Department of Housing and Community Affairs (TDHCA) have announced the launching of a new homebuyer initiative with a special focus on veterans.

The State of Texas through TDHCA is releasing \$30 million in mortgage credit certificate authority through its Texas Mortgage Credit Program, an innovative homebuyer program that makes homeownership more affordable by providing a dollar for dollar reduction of a borrower's tax liability, not to exceed \$2,000 annually. The program will help hundreds of qualifying low to moderate income households purchase their first home while strengthening neighborhoods and the tax base of cities across the state.

"Texans take great pride in achieving the American dream of homeownership," Gov. Perry said. "While we can never fully thank the brave men and women who defend our country for their selfless service, this program helps our military veterans, who protected the American dream, return to civilian life by giving them the opportunity to live it."

According to Michael Gerber, TDHCA Executive Director, the Mortgage Credit Program will help the state respond to a remarkably robust demand for affordable homebuyer products, despite an uncertain economy.

"There are many Texas families who are ready and able to make that exciting step into homeownership despite a sluggish national economy," Gerber said. "We want to help them achieve the dream of being in their own home."

Gerber added that the MCC Program will also help create new construction and remodeling jobs, generate an influx of wages and salaries into local economies, and increase the local tax base. The credit authority will allow the Department to make approximately \$120 million worth of mortgage loans, which it estimates will help 772 households purchase a home of their own. TDHCA is also waiving certain requirements to encourage eligible Texas veterans to participate in the program.

Under the Texas Mortgage Credit Program, homebuyers earning up to 115 percent of the area median family income are eligible to deduct 30 percent of the annual interest paid on their mortgage loan up to the maximum amount of \$2,000 per year. The \$2,000 is then deducted from the borrower's annual tax liability, and the benefit lasts for the entire life of the mortgage loan.

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For residents living in specific targeted areas of the state, such as those impacted by Hurricane Rita, households may earn up to 140 percent of the median family income and still be eligible to participate, and the first time homebuyer requirement is waived.

The first time homebuyer status requirement is also waived for qualifying veterans of the nation's armed forces. However, veterans must have received an honorable discharge as evidenced by form DD-214 to be eligible to participate in this homebuyer program.

Gerber also noted that these mortgage credits can be combined with the \$8,000 federal stimulus homebuyer tax credit recently extended by Congress for a potential \$10,000 credit the first year. However, to obtain the tax credit borrowers must contract to purchase a home by April 30, 2010, and close by June 30, 2010. "This is a significant and very attractive opportunity we hope that no eligible Texan passes up," he said.

The Mortgage Credit Program targets individuals and families buying their first home or who have not owed a home in the previous three years. Credits are available in conjunction with FHA, VA, USDA, or conventional mortgage loans through a statewide network of participating banks and mortgage companies who have agreed to participate with TDHCA in these initiatives.

"The Texas Mortgage Credit Program is another helpful yet responsible tool that TDHCA can offer to qualifying Texas families who are prepared to be homeowners," Gerber said. "This is a terrific program, and we are excited to make it available to our fellow Texans. If you are ready to take that step toward homeownership, the state is ready to help you."

For more information on either of these mortgage credit programs, how to qualify for a credit, or to locate the nearest participating lender, please call TDHCA's Texas Homeownership Division toll free at (800) 792-1119 or visit the program's website at www.myfirsttexashome.com.

About The Texas Department of Housing and Community Affairs

The Texas Department of Housing and Community Affairs is the state agency responsible for affordable housing, community services, energy assistance, colonia housing programs, and disaster recovery housing programs. It currently administers \$2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need.