



NEWS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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State housing agency releases first funds under \$500 million of new bond authority for first time homebuyers

(AUSTIN) — The Texas Department of Housing and Community Affairs (TDHCA) announced that beginning today the State will make available the first \$50 million under an unprecedented \$500 million in new mortgage revenue bond authority. The funds will be used for mortgage loans to eligible homebuyers offered through TDHCA's Texas First Time Homebuyer Program, opening the door to homeownership for greater numbers of low to moderate income Texans, as well as creating more cohesive neighborhoods and an economic windfall to the state.

This announcement represents the single largest financing initiative for state homebuyer funds in the 27-year history of the program and serves as the state's response to the recent expiration of the federal homebuyer tax credit. Funds will also be available for down payment and closing cost assistance, helping families overcome what is often the biggest obstacle to buying a home.

"Today's initial release of up to \$500 million in homebuyer funds sounds a clarion call to all Texans who have longed to buy a home of their own but thought it was beyond their reach," said Michael Gerber, TDHCA Executive Director. "The demand for homeownership in our state remains high, as evidenced by the popularity of the homebuyer tax credit, and TDHCA is ready to meet this demand with safe, reliable lending products for qualifying borrowers. Not everyone who wants to buy a home is ready to do so, but for those households who are prepared this represents perhaps their greatest opportunity ever to buy a home. I encourage any interested Texan to not pass up this chance."

Interest rates on these 30-year, fixed-rate mortgage loans will either be 4.99 percent or 5.74 percent, depending on which of two types of loans the borrower selects: assisted loans, which will feature the higher rate but also offer down payment and closing cost assistance up to 5 percent of the mortgage amount in the form of a 30-year repayable second lien; and unassisted loans, at the lower interest rate but with no additional funds for down payment and closing cost assistance.

Gerber pointed out that no monthly payments are due on the down payment portion of the assisted loan, and therefore will not be required to be included in the borrower's debt-to-income-ratios. However, the loan is due and payable upon sale, refinance or payoff of the original mortgage loan.

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TDHCA's First Time Homebuyer Program offers qualifying households who have not owned a home in the previous three years an opportunity to obtain reliable mortgage loans who might otherwise resort to subprime loans or exotic mortgage products. Eligible households can earn up to 115 percent of the area median family income, depending on the number of individuals living in the home, as long as all other program requirements are met.

Loans are available through the program's network of over 45 participating lending institutions with more than 235 branches located throughout the state. Applicants must qualify under FHA, RHS, VA, Fannie Mae, or Freddie Mac guidelines.

According to Gerber, the extraordinary volume of homebuyer funds also has the potential to make a major economic impact in communities throughout the state. He cited a study from the National Association of Home Builders that estimates that the one-year local impact of constructing 100 single-family homes in a typical metropolitan area includes 324 local jobs, \$21.1 million in local income, and \$2.2 million in taxes and other revenue for local governments.

Texans wanting additional information are encouraged to visit the Texas First Time Homebuyer Program Web site at www.myfirsttexashome.com or call 1-(800) 792-1119 to learn more about income and eligibility requirements, loan guidelines, or to find a participating lender.

As Texas' lead agency for promoting homeownership, TDHCA focuses on the act of buying a home and helping transform the lives of the individuals who participate in its programs. TDHCA's homebuyer programs each year help thousands of low to moderate income Texans achieve their homeownership goals, while educating them about the risks and responsibilities that accompany those rewards.

To further this aspect of TDHCA's mission, the Department also sponsors the Texas Statewide Homebuyer Education Program (TSHEP), a statewide program designed to provide information and counseling to prospective homebuyers about the home buying process from both a pre- and post-purchase perspective. Classes are offered by local governments and nonprofit organizations collectively serving all 254 Texas counties.

To find the nearest TSHEP homebuyer education provider, please visit the Department's homebuyer assistance information page at www.tdhca.state.tx.us/assist_homebuying.htm and simply key in the name of your city. Otherwise, this information may also be obtained by calling the First Time Homebuyer Program's toll-free number listed above.

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.