



Tax Credit Advance (TCA) Loan Program - FAQ

(If you have any questions about the Federal Housing Tax Credit please refer to <http://www.federalhousingtaxcredit.com/faq1.php>)

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1. What is the PHFA Tax Credit Advance Loan Program?

PHFA's Tax Credit Advance Loan Program, or TCA, provides an upfront, interest free loan to eligible borrowers so they can apply their 2009 or 2010 federal income tax refund to their downpayment and/or closing costs associated with the purchase of their home.

2. Is the TCA loan program a grant?

No, this is a loan that must be repaid. Loans closed in 2009 are due to be paid back to PHFA by June 30, 2010. Loans closed in 2010 are due to be paid back to PHFA by June 30, 2011

3. Who is eligible for PHFA's Tax Credit Advance Loan program?

First time homebuyers purchasing their principal residence between November 6, 2009 and April 30, 2010 using a PHFA home loan and who are also eligible for the Federal First Time Home Buyers Tax Credit.

The federal tax credit has also been extended to non first-time homebuyers (buyers who have owned and lived in their previous home for five consecutive years out of the last eight years).

4. Who is a first time homebuyer?

A first time homebuyer is someone who has not had an ownership interest in their primary residence in the last three years, nor may they have a present interest in any other real estate, except for a business property if the business is that person's primary source of income.

5. I currently own a home, but my spouse would be a first time homebuyer. Will I be eligible for the tax advance loan?

Yes, non first-time homeowners are now eligible for TCA funds in a targeted county under Keystone Home Loan program or under then Keystone Government Loan Program, as long as they have owned and lived in their previous home for five consecutive years out of the last eight years.

6. How much does the Tax Credit Advance loan provide?

First-time homebuyers may receive the lesser of 10% of the purchase price OR \$6,000 for newly constructed homes, \$5,000 for existing homes

Non first-time homebuyers may receive the lesser of 10% of the purchase price OR \$4,000 for newly constructed homes, \$3,000 for existing homes.

7. Does PHFA require a minimum downpayment?

Yes, you must invest at least \$1,000 of your own funds for conventional loans. This is not required for loans insured by FHA or guaranteed by USDA/Rural Development (RD) or the Veteran's Administration (VA).

8. Can I use the TCA to increase my downpayment beyond 5%?

No. However, you can use the loan to cover closing costs associated with the purchase of the home and towards your minimum required downpayment.

9. Can I use the TCA loan to pay off credit cards?

No, this loan can only be used towards downpayment and/or closing costs for the home you intend to purchase through one of PHFA's first mortgage programs.

10. What are the terms of the TCA loan program?

The interest free loan is to be paid back to PHFA upon receipt of your federal tax refund from the IRS. If the loan is not repaid by following deadlines it will become a ten-year loan with the same interest rate as the first mortgage and with monthly payments.

- Loans closed in 2009 are due to be paid back to PHFA by June 30, 2010, If the advance is not repaid by June 30, 2010, the loan will immediately begin to amortize over a 10 year period at the same interest rate as the first mortgage with monthly payments beginning on August 1, 2010. This pertains to both first-time and non first-time homebuyers.
- Loans closed in 2010 are due to be paid back to PHFA by June 30, 2011, If the advance is not repaid by June 30, 2011, the loan will immediately begin to amortize over a 10 year period at the same interest

rate as the first mortgage beginning with monthly payments beginning on August 1, 2011. This pertains to both first time and non first-time homebuyers.

11. What happens if I do not pay the loan by the deadline?

You will receive a mortgage statement from PHFA shortly after the applicable due date. This statement will be separate from your first mortgage. Monthly payments for tax credit advance loans closed in 2009 will begin August 1, 2010. Monthly payment for tax credit advance loans closed in 2010 will begin August 1, 2011. If you pay off the loan early, you will not have to pay a penalty.

12. If I am late filing my income taxes for 2009 or 2010, can I get an extension to repay the TCA loan?

No, the loan must be repaid regardless of whether you are late filing your income tax return.

13. What if I am not due any refund from my federal income taxes?

The Tax Credit Advance loan is separate from the Federal First Time Home Buyer Tax Credit. You will still owe the PHFA Tax Credit Advance even if you don't get any refund from the federal government.

14. Are there income guidelines for this program?

Yes, homebuyers must fall within the lesser of the Federal Tax Credit income guidelines of \$125,000 for single filers; \$225,000 for married filers or PHFA's income and purchase price limits for [Keystone Home Loan](#) or [Keystone Home Loan PLUS](#) program.

15. What are the property requirements?

Eligible properties include single family homes (attached or detached), condos, manufactured homes and two-unit properties located in Pennsylvania.

16. Can the tax credit advance loan program be used with other assistance programs offered by PHFA?

No, the tax credit advance loan can not be used with PHFA's Keystone Assistance Loan, HOMEstead loan or Access Downpayment and Closing Cost Assistance Loan; however, it can be used with the [Access Home Modification Program](#).

17. Does the tax credit advance loan program need to be paired with a PHFA's first mortgage product?

Yes, the TCA must be used with a PHFA first mortgage program.

18. Can the TCA loan program be used where the homebuyer is receiving favorable treatment because of his/her relationship to the seller (non-arms length transactions)?

No, the TCA can not be used on non-arms length transactions. The buyer can not receive favorable treatment when using the TCA funds for purchase. Only arms length transactions are applicable.