



Tax Credit Advance (TCA) Loan Program - FAQ

(If you have any questions about the Federal Housing Tax Credit for first-time homebuyers please refer to <http://www.federalhousingtaxcredit.com/2009/faq.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 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 loan that must be repaid. If it is paid in full by June 30, 2010, there is no interest and no fees.

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

First time homebuyers purchasing their principal residence between January 1, 2009 and November 30, 2009 using a PHFA home loan. The loan must be closed between those dates, or in the case of custom construction the home must be occupied by November 30, 2009.

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?

No, all adult occupants receiving this loan must be a first time homebuyers, even if the home they are purchasing is located in a targeted area under the Keystone Home Loan Program.

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

You may receive up to \$6,000 for a newly constructed (never occupied) home or up to \$5,000 for an existing home, or 10 percent of the purchase price, whichever is less.

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 June 30, 2010, it will become a ten-year loan with the same interest rate as the first mortgage and with monthly payments beginning August 1, 2010.

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

You will receive a mortgage statement from PHFA shortly after June 30, 2010. This statement will be separate from your first mortgage. Monthly payments for the advance loan will begin August 1, 2010. 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, 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 TCA on June 30, 2010, even if you don't get any refund from the federal government.

14. Are there income guidelines for this program?

Yes, you must fall within the lesser of the Federal First Time Home Buyer Tax Credit income guidelines of \$75,000 for single filers; \$150,000 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.