

Good Morning my partners, TAX CREDIT FURTHER EXPLAINED

Tax Credit further explained by one of my colleagues, Jeff Belonger, and very simple. You can copy this and use it for your own flyers. At this point I am not sure YET where to borrow this money – BUT your borrowers that have JUST purchased can STILL redo **THEIR** current tax filing to receive that tax credit this year. People are already receiving checks.

The Tax Credit: Short-Term Loan:

Entities that can offer the tax credit advance with short-term loans:

** Federal, state, and local governmental agencies and nonprofit instrumentalities of government, FHA-approved nonprofits, and FHA-approved mortgagees may provide **short-term or “bridge loans” secured only by the anticipated tax credit due the homebuyer as collateral.**

The confusion : It states, As collateral and not as a secured lien against the home, but as a secured loan against the collateral. Which in this case would be the \$8,000 tax credit, which would be secured against.

Because of this, **HUD** does not allow for monies to be borrowed or given to in any form that I did not mention above, to be used for the down payment. The reality of it all, basically everything that was stated in the mortgagee letter, that has been revoked for now, is old school **FHA**. When it comes to **FHA loans / FHA mortgages**, you could get monies for your down payment from the items that mentioned above, which is mentioned in the mortgagee letter. Well, was mentioned... One caveat to all of this is that HUD was going to allow for lenders to secure a **short term loan** or **bridge loan** against the \$8,000 to be used to purchase a home. But again, that can't be used for the actual down payment, because it goes against the basic FHA guidelines of downpayment monies of 3.5%. Now, unless HUD changed this, it does not clearly state this in the mortgagee letter, even though that letter is no longer valid.

Summary : When I read the ML 09-15 the other day, all of this jumped into my head. But I didn't have time to dissect all of this, yet I wanted to get this out to the public. After seeing many blogs written with inaccurate information, because NAR stated certain things from a HUD spokesperson, it was never clear, in which this gave me large goose bumps. My advice, consult an **FHA Expert**, even if you hear it from others that are high up, such as the NAR. **And be careful on those that call themselves Experts also.** I personally think that this was immature of several agencies for putting this information out there without verifying it's accuracy and intentions. And I would have to assume that HUD feels the same way since they took this mortgagee letter off their site and off the HUD clips site. Thanks

EXTREMELY IMPORTANT REMINDER : Just because HUD or any other source puts information out there, doesn't mean it will happen. Keep in mind that most lenders have overlays and can add to certain rules and or guidelines.

And just for the fact that HUD says it's fraud to obtain the tax credit prior to closing. This question has been asked to HUD by many of us and their response is **FRAUD**. Why? You are receiving the monies before you are buying the house. Yes, you can give the IRS the address prior and a potential closing date. But I smell shit hitting the fan very soon, since a lot of this is still new. And remember those lender overlays? I know some lenders and underwriters that won't allow this type of loan to go to closing.

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