



*An Article Of Interest...*

## **States Contemplate Loans for Home Buyers**

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The \$8,000 first-time home buyer mortgage tax credit, which is part of the Recovery and Reinvestment Act of 2009, is a great boon. But, it doesn't help people who don't have money for a down payment and closing costs.

Now some states are contemplating offering an \$8,000 loan to home buyers before they close on the condition that they repay the loans as soon as they get their federal tax credits.

The idea has been adopted in Missouri, which advances the money to those who take out first mortgages offered through the state's housing finance authority. The New York State Builders Association is lobbying the State of New York Mortgage Agency to adopt a similar strategy.

"A lot of states are trying to get through the technical aspects of this," says Gregory Brown, an assistant vice president for government affairs at the National Association of Home Builders. "I feel very confident they'll find a way to make it work."

Meanwhile, some home builders are taking matters into their own hands, offering programs that purchase the tax credit from borrowers prior to closing.

"This is a legitimate monetizing program that actually works," says David Abrahamson, vice president of S.E. operations for American Home Key Mortgage Company, which makes the loans for many participating builders in the southeast.

