

# Your first home



***Think it's a dream?  
Think again.***

***Learn how our FirstHome Mortgage  
can help make your dream a reality.***

## **Dare to Dream**

If you are dreaming of buying your first home, but not sure you can afford it, we may be able to help. A self-supporting public agency, the North Carolina Housing Finance Agency (NCHFA) offers the FirstHome Mortgage for first-time buyers in cooperation with nearly 700 North Carolina lenders and their branches. If your income has kept you out of the housing market, read on to learn how NCHFA can open the door to your first home.

## **How Can NCHFA Help Me?**

The FirstHome Mortgage offers:

- 30-year, fixed-rate FHA, VA, USDA, and conventional mortgages at interest rates that are below market rates. Down payments are usually 0% to 3% of the sales price. In addition, 100% financing may be available for VA and USDA loans.
- Interest-free, deferred second mortgages up to \$7,000 for home buyers who need help with down payment and closing costs.

- A Job Loss Feature that can help you keep your home if you lose your job during the first two years of the mortgage.

## **Am I Eligible?**

You could be closer than you think to owning your first home. You may be eligible for a low-interest rate FirstHome Mortgage if:

- You are a first-time home buyer or have not owned a principal residence during the past three years. Even if you are not a first-time buyer, you may be able to use an NCHFA mortgage if you are buying in an area designated as economically distressed. (Contact us for details.)
- You buy a home in North Carolina and occupy it within 60 days of closing.
- Your annual household income and your home's purchase price do not exceed the maximum allowed limits. (See chart next page.)
- You are a reasonable credit risk. If you are not sure whether you are, contact us.

# Qualifying incomes and home prices

|  | Maximum Income    |                  | Maximum Sales Price |               |
|--|-------------------|------------------|---------------------|---------------|
|  | 1-2 Person Family | 3+ Person Family | New Home            | Existing Home |
| <b>CharlotteMSA</b><br>Cabarrus, Gaston, Mecklenburg, and Union counties | \$64,000          | \$73,500         | \$220,000           | \$210,000     |
| <b>Currituck County</b>  | \$64,000          | \$73,500         | \$220,000           | \$210,000     |
| <b>Dare County</b>   | \$58,500          | \$67,000         | \$220,000           | \$210,000     |
| <b>Raleigh-Cary MSA</b><br>Franklin, Johnston and Wake counties          | \$74,000          | \$85,000         | \$220,000           | \$210,000     |
| <b>Greensboro / High Point MSA</b>                                       | \$56,000          | \$64,000         | \$220,000           | \$210,000     |
| <b>Iredell County</b>  | \$59,000          | \$67,500         | \$220,000           | \$210,000     |
| <b>Durham MSA</b><br>Chatham, Durham, and Orange counties                | \$61,500          | \$70,500         | \$220,000           | \$210,000     |
| <b>Winston-Salem MSA</b><br>Davie, Forsyth, Stokes and Yadkin Counties   | \$57,000          | \$65,500         | \$220,000           | \$210,000     |
| <b>Wilmington MSA</b><br>Brunswick and Hanover counties                  | \$56,000          | \$64,000         | \$220,000           | \$210,000     |
| <b>All Other Counties</b>  | \$54,500          | \$62,000         | \$220,000           | \$210,000     |

Note: Figures in chart above are subject to change.

## What Types of Property Qualify?

- New and previously owned detached homes
- Townhouses and Planned Unit Developments
- Condominiums
- New doublewide manufactured homes on permanent foundations
- Modular homes

The allowable sales price varies depending on local housing costs and whether you buy a new or existing home. (See chart above.)

## How Can a Low-Interest Rate Help?

Suppose your annual income is \$44,000 and your car payments and other debts total \$400 a month. You would have approximately \$1,100 for your house payment. Depending on where you live, your property taxes and hazard insurance will cost about \$275, leaving you with \$825 to pay the principal and interest on your mortgage. The chart on the next page shows what your purchasing power would be, based on varied interest rates.

## What can you afford with a monthly principal and interest payment of \$825\*?

| <b>If your interest rate is:</b> | <b>You can afford:</b> |
|----------------------------------|------------------------|
| 5.0%                             | \$153,600              |
| 5.5%                             | \$145,300              |
| 6.0%                             | \$137,600              |
| 6.5%                             | \$130,500              |
| 7.0%                             | \$124,000              |

*\*Estimating \$275 for taxes and insurance, your total monthly payment would be \$1,100.*

**The advantage is clear—  
a 1% decrease  
in your interest rate  
could increase  
your purchasing power by  
approximately \$15,000.**

## What If I Need Money For A Down Payment?

Depending on your income, you may qualify for a zero-interest second mortgage loan for your down payment and closing costs. You must contribute at least \$750, and the loan can cover up to \$7,000 of the balance. Payment on the principal isn't due until 30 years from the date of the loan. Payment is due earlier if you sell, transfer or refinance your home; if your loan goes into default; or if the home ceases to be your principal residence.

To qualify for downpayment assistance, your income and the home's sale price must fall within limits that are lower than those for a first mortgage without downpayment assistance.

## What If I Lose My Job?

The Job Loss Feature in our Home Saver Program can help you keep your home if you lose your job during the first two years of the mortgage. If you are eligible for unemployment benefits and have kept your mortgage current until then, we will pay your principal and interest payments for four months. You are only responsible for the escrow portion of your mortgage payment (taxes and insurance). The funds will be a second mortgage with no interest and no monthly payments. You won't need to repay this loan until you sell, refinance, or the home ceases to be your principal residence.

## What If I Sell My House?

The new buyers may be able to assume your mortgage if they meet the same qualifications that were in effect when you obtained it. Conventional loans, however, are not assumable. In addition, the price limits for existing homes apply for re-sales.

In rare circumstances, buyers may be required to repay part of the assistance received under a federal "recapture" provision. For the recapture provision to apply, you must sell your home prior to the ninth anniversary of your loan closing, your household income must rise significantly, and you must realize a substantial gain from the sale. If you are required to pay recapture, the Agency will reimburse you. Many borrowers will not have to pay recapture tax.

## What If I Don't Qualify?

If you meet the income qualifications but do not qualify for the FirstHome Mortgage, we may still be able to help you through a Mortgage Credit Certificate (MCC) tax credit. If you qualify for the tax credit, you will be able to claim 20% of the interest you pay on your mortgage as a credit on your federal income taxes. The MCC tax credit is separate from the mortgage interest deduction available to all homeowners. It lowers your tax liability, dollar-for-dollar. You can save up to \$2,000 per year on your federal taxes—money that can be put toward your mortgage payment.

You can use the MCC tax credit with almost any mortgage offered by lenders that participate in the program, including adjustable rate mortgages. And you can receive the benefit from your MCC tax credit immediately by revising your W-4 (Employee Withholding Allowance Certificate). If your tax credit is \$2,000, you can reduce your monthly federal tax by \$166 (\$2,000 divided by 12). That gives you \$166 more per month to use toward your house payment.

## How Do I Begin?

- If you are concerned about your eligibility, contact us.
- Contact a participating lender to determine the maximum low-interest-rate mortgage you can afford.
- Find a home that suits your needs and that meets the program's requirements.
- Get a signed purchase agreement for the home. A real estate agent can help you find a home and negotiate the contract.
- Apply for the mortgage at a participating lender.

## Realize Your Dream

Owning your own home does not have to be a dream. To reduce mortgage costs, we sell mortgage revenue bonds to investors under a federal program. Since 1973, we have helped 77,000 people buy their first home—teachers, technicians, salespeople, construction workers, cooks and firefighters. We may be able to help you.

## Want to Know More?

Go to [www.nchfa.com](http://www.nchfa.com) or call (800) 393-0988 or (919) 877-5700 and ask to speak to a loan underwriter.



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