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News Release/News Advisory/Request for Coverage: STARTING JUNE 4, 2009

MHDC OFFERS DOWN PAYMENT HELP FOR HOME BUYERS

On Tuesday, May 26, 2009, Missouri Housing Development Commission (MHDC) began administering a down payment assistance program through the Neighborhood Stabilization Program (NSP), which provides funds to purchase foreclosed property that will be used as the owner's principal residence.

Missouri received \$44.66 million from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program under the Housing and Economic Recovery Act of 2008. The funds are intended to be used to buy foreclosed properties, with the goal of stabilizing neighborhoods in areas hit particularly hard in the foreclosure crisis. MHDC received \$4.2 million of these funds to be used for a down payment assistance program for qualified homebuyers purchasing foreclosed property.

Through the MHDC program, qualified borrowers are eligible to receive up to 20% of the purchase price of the home, capped at \$14,999. The NSP funds are delivered in the form of a second mortgage with an interest rate of 0%, which is forgiven after five years. The NSP loan is paired with MHDC financing for the first mortgage, which is a safe, 30-year, fixed-rate mortgage. Borrowers must have incomes at no more than 120% of the area median income of the county in which the property is located, receive eight hours of homeownership counseling and the home purchase price must be discounted at least 5% from the current appraised value. The current market appraised value must be established by an appraisal completed within 60 days of the offer being made for the property.

First-time homebuyers using NSP funds are also eligible to receive the \$8,000 federal tax credit for first-time homebuyers if the home is purchased prior to December 1, 2009. First-time homebuyers claim the tax credit on their federal income tax return.

“This program gives Missourians a significant amount of buying power to purchase foreclosed homes in neighborhoods throughout the state that continue to be the hardest hit by the housing downturn,” says Greg Spurgeon, single family homeownership administrator for MHDC. “These purchases will help stabilize and rebuild communities.”

All MHDC loans are made through a statewide network of certified lenders and are serviced by U.S. Bank. Interested homebuyers should contact a certified lender to apply. A list of the certified lenders and other information about the program, such as income and purchase price limits, can be found on the MHDC website at www.mhdc.com.

MHDC is an instrumentality of the state of Missouri, which constitutes a body corporate and politic. It is governed by a board of directors that includes the governor, lieutenant governor, attorney general, treasurer and six commissioners appointed by the governor with the advice and consent of the Senate. The commission makes funds available for rental housing developments, preservation of affordable rental housing, home mortgages, home improvement loans, grants to neighborhood housing groups and other housing programs. MHDC functions as a bank, providing financing directly to developers or through a network of private lending institutions.

NOTE TO EDITORS: Media representative questions can be directed to Andi Benson, public information administrator, at 816-759-6658 or abenson@mhdc.com. All other inquiries should be directed to Greg Spurgeon, single family homeownership administrator, at 816-759-7228 or gspurgeon@mhdc.com. If you would like to receive this release by e-mail in rich-text format, please email abenson@mhdc.com and provide us with the appropriate e-mail address.