

5-28-09 NJHMFA Bulletin - Prefund Tax Credit Loan Program (TCLP) Still Up & Running

The NJHMFA's Prefund Tax Credit Loan Program (TCLP) is still available for qualified borrowers. The Prefund program lets first time home buyers borrow at 0% interest up to \$5,000 of their anticipated federal first time home buyer tax refund to cover downpayment and closing costs. There has been inaccurate information circulating that the NJHMFA Prefund has been completely shut down pending a final determination by FHA about the insurability of FHA first mortgages with a subordinate Prefund second mortgage. The Prefund program is not tied specifically to the FHA insurance program. The NJHMFA is looking forward to FHA's authorization so that the Prefund program may be used with FHA first mortgages. FHA claims that the FHA Mortgagee Letter 2009-15 was a "draft" and was erroneously posted on their website and are in the process of reviewing and approving it. Until the approval is issued Lenders cannot use Prefund with a FHA first mortgage. If a borrower can be qualified through the conventional market with a subordinate Prefund loan and private MI is obtained for the first mortgage, these loans can be registered with NJHMFA.