

\$8000 TAX CREDIT TO BE USED FOR DOWN PAYMENT!!

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Big Improvement to First-Time Buyer Tax Credit

Shaun Donovan, secretary of the U.S. Department of Housing and Urban Development, on Tuesday said that the Federal Housing Administration is going to permit its lenders to allow home buyers to use the \$8,000 tax credit as a down payment.

Previously, most buyers wouldn't receive the funds until after they filed their tax return, and that deterred some people from using the credit. The NATIONAL ASSOCIATION OF REALTORS® has been calling for the change.

"We all want to enable FHA consumers to access the home buyer tax credit funds when they close on their home loans so that the cash can be used as a down payment," Donovan says. His remarks came in an address to several thousand REALTORS® gathered Tuesday morning at "[The Real Estate Summit: Advancing the U.S. Economy](#)," at the 2009 REALTORS® Midyear Legislative Meetings & Trade Expo in Washington, D.C..

He says FHA's approved lenders will be permitted to "monetize" the tax credit through short-term bridge loans. This will allow eligible home buyers to access the funds immediately at the closing table.

Other Solutions for Today's Market

During his address at the summit, Donovan went on to say that the Obama administration plans to further stabilize the housing market. "I do think we have some early signs that the market overall is stabilizing," Donovan says. "Since January we've seen both home sales moving up and down around a relatively stable number and we are seeing the first signs that the rapid decline in home prices is starting to abate."

The morning session included a panel discussion that was moderated by CNBC's Ron Insana. [Panelists](#) examined cutting-edge solutions necessary to promote and preserve homeownership and real estate development, stimulate the economy, and protect the nation's taxpayers. They also shared their ideas on what the role and responsibility of the federal government is in the revitalization effort.

"Right now the Federal Reserve is the market," said panelist Jay Brinkman, chief economist for the Mortgage Bankers Association. "What will be the effect when the Fed stops buying?" Brinkman explained that an exit strategy must be planned for the long-term; the federal government cannot continue to support the mortgage markets indefinitely.

"We are thrilled that so many high-caliber individuals were able to join us today at this important meeting to promote stability in the housing market and the U.S. economy," said NAR President Charles McMillan.

Source: NAR