

Lender Fees in the Bond Program

The bond program does NOT impose a maximum fee amount lenders may charge a buyer.

Lenders are permitted to charge your usual and customary charges for out of pocket expenses and costs.

But please do not charge more to a bond program buyer than you would any other buyer.

For a complete description please reference the Administrator Guidelines.

And as a reminder, the program does limit the points charged to a buyer.

Lender Fees when using the Bond Program and DPA program

While the bond program does not impose a maximum fee, these loans are subject to the requirements of the non-profit agency.

Please contact the non-profit agency providing the dpa to discuss.

Recapture Tax – big scary monster in the closet.....or is it?

The truth about recapture tax is that very little to no buyer's ever pay this tax.

Why you ask? Because of the conditions that must be present at the time of sale.

Three conditions **MUST** be true at the time of sale in order for the buyer to pay recapture.

#1 – Sell or dispose of the home within the first full 9 years of ownership (**keep reading don't get stuck on this**) AND

#2 – Make a net profit on the sale of the home AND

#3 – Have income more than the allowable income limit in the year they sell their home (**this is really important**)

Re-read condition #3 from above.

Every year do you receive a 5% raise? No?

As you know, the bond program has income limits.

The limits used to qualify the buyer for the program remain the income limits for the first 12 months of their loan.

Then **every year thereafter** those **income limits are increased by 5%** to account for a cost of living increase.

It would NOT be fair to have a potential tax in place for 9 years and then not allow a buyer to make more money each year.

Unfortunately, not many people receive a 5% raise every single year. So, very few people owe recapture tax.

Here is the recapture income limit chart using the non-target income limits in the program:

1 –12 months of closing	\$70,800	\$82,600
13 - 24 months of closing	\$74,340	\$86,730
25 – 36 months of closing	\$78,057	\$91,066

37 – 48 months of closing	\$81,959	\$95,619
49 – 60 months of closing	\$86,056	\$100,399
61 – 72 months of closing	\$90,358	\$105,418
73 – 84 months of closing	\$94,875	\$110,688
85 – 96 months of closing	\$99,618	\$116,222
97 – 108 months of closing	\$104,598	\$122,033

If you are confused about recapture tax, or if your buyer has questions you cannot answer, please have them contact eHousingPlus. We would be happy to help. You can find the compliance contact directory by clicking on this link: <http://www.ehousing.cc/Contacts/ehousing-contactsrev1-12-11.pdf>

Thank you, eHousingPlus