



The First-Time Homebuyer Program


**LOW INTEREST RATE
MORTGAGE LOANS**



**SOUTH DAKOTA
HOUSING**

South Dakota Housing was created by the South Dakota Legislature in 1973 with a stated mission to provide opportunities for quality, affordable housing for South Dakotans. SD Housing is a self-supporting, nonprofit entity known for our commitment for providing innovative financing solutions to create and preserve affordable housing. We utilize housing bonds, tax credits, and other federal and state resources to fund housing programs which provide mortgage and downpayment assistance, housing construction and rehabilitation, homelessness prevention, rental assistance and educational opportunities.

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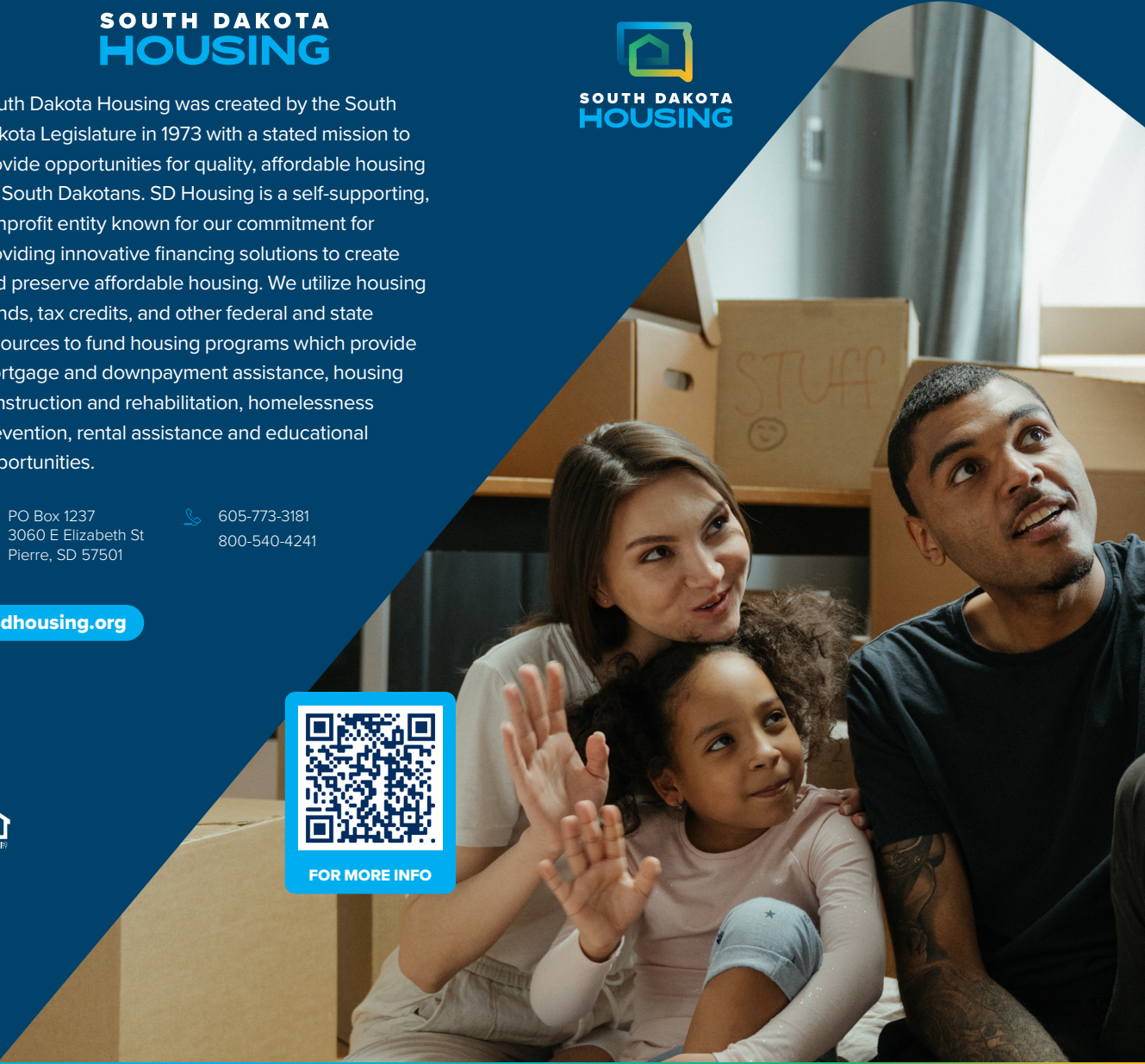
sdhousing.org

Owning your own home can be a reality.

South Dakota Housing provides low interest rate loans to South Dakotans through the First-Time Homebuyer Program.



FOR MORE INFO





What is the First-Time Homebuyer program?

A program that makes the dream of homeownership a reality for South Dakota first-time homebuyers by providing low interest rate mortgage loans. SD Housing partners with participating lending institutions throughout the state to help borrowers build or purchase an existing home.

DO I QUALIFY FOR A FIRST-TIME HOMEBUYER LOAN?

You qualify if you have not owned a home in three years. If you owned and lived in a dwelling unit that was not permanently affixed to a permanent foundation (ie. mobile home) it doesn't count as previous homeownership. Veterans waiver may apply for qualified applicants.

Qualifications are:

- Meet income limits
- Home will be your principle residence and in SD
- Meet purchase price requirements
- You have sufficient income and are credit worthy

HOW DO I APPLY FOR A FIRST-TIME HOMEBUYER LOAN?

You may contact a Participating Lender in your area for an appointment to confirm the current interest rates, purchase price limits, income limits, and other SD Housing requirements, and begin the application process.

WHAT ARE THE TERMS OF A HOMEOWNERSHIP LOAN?

The borrower may choose one of the following:

- **FIXED RATE OPTION** offers the most competitive 30 year fixed interest rate.
- **FIXED RATE PLUS OPTION** provides a 30 year fixed interest rate plus downpayment assistance. The assistance is provided through a second mortgage at 0% interest, due-on-sale or satisfaction.

SD Housing generally does not charge a discount point (1% of loan amount). SD Housing also limits the number of fees that Participating Lenders can charge keeping the closing costs as minimal as possible. Be sure to have your Participating Lender outline all of the closing costs during your loan application.

Unless the borrower makes a 20% downpayment, all loans must be insured or guaranteed by:

- Federal Housing Administration
- Department of Veterans Affairs
- USDA Rural Development
- Private Mortgage Insurance Company

Loans will be amortized over a term of 30 years. Some programs may allow a shorter term when requested by the borrower and approved by SD Housing.

WHAT DOES MY LENDER NEED WHEN I APPLY?

Whether you are being pre-qualified or actually applying for a homeownership loan, it is important to be prepared for the loan interview. The lender may require such things as a copy of the purchase agreement (if applicable), bank statements, pay stubs, tax returns, and creditor names and addresses.

The exact requirements may vary from lender to lender, so you may want to ask what documentation is needed when you call for an appointment.

WHAT IF I SELL MY HOME?

The Federal Recapture Tax is an IRS tax that may increase the amount of tax the homeowner pays when selling the home. The tax amount will depend on the year in which the homeowner sells, the homeowner's income that year, and the amount of gain, if any, received from the sale. If the home is sold more than nine years after the closing date, there will not be a Recapture Tax.

SD Housing and its staff are not tax advisors. If there are questions concerning how taxes will be affected, contact an accountant or the IRS.

SD Housing stipulates that is you are required to pay to the IRS a recapture tax, SD Housing will reimburse you for the actual amount of the recapture tax.



Visit SD Housing online at sdhousing.org for a complete listing of Participating Lenders.