



# First-time homebuyers can take advantage of two federal programs

Written by

**Holly O'Driscoll**

12:39 PM, Apr. 22, 2011|

First-time home buyers and those who haven't owned a home in the last three years now may qualify for thousands of "free" dollars in grants and other assistance to help purchase a property in Northern Nevada.

Both the Nevada Rural Housing Authority and the Reno Housing Authority have programs to help such potential buyers purchase a home.

Initiated just last week, the WISH program triples the down payment of qualified buyers, making them eligible for up to an extra \$15,000. WISH, an acronym for Workforce Initiative Subsidy for Homeownership, is a federal grant program available from the Nevada Rural Housing Authority and administered by Heritage Bank.

"So many people have good credit and the income to make monthly payments on a mortgage, it's just saving up that down

payment," said C.J. Menthe of the Nevada Rural Housing Authority.

WISH funds can be used to buy homes in communities with fewer than 100,000 residents -- so, everywhere except within the Reno city limits. In Washoe County, that means all of Sparks, Spanish Springs, Pleasant Valley, Cold Springs and numerous other neighborhoods.

## WISH program

WISH will triple a buyer's down payment. For example, if a buyer has \$5,000 saved for the home, the WISH program adds \$15,000, so the buyer then would have a total of \$20,000 to use toward the purchase, said Scott Storce of Guild Mortgage's Minden office.

"Those funds can be used for the down payment and/or for the closing costs," said Storce, who is working with the first family to apply for funds through the WISH program. The family expects to close on its home early in May.

Advertisement

**Protect Your Home with ADT!**

[Click Here to Learn More!](#)

ADT AUTHORIZED DEALER

Print Powered By FormatDynamics™



The WISH program must be used with the MCC program from the Nevada Rural Housing Authority. The MCC is a federal tax-credit program that returns a percentage of the mortgage interest to the homeowner. The tax-credit amount varies by borrower because it is a percentage of the mortgage interest.

A typical buyer may save about \$125 per month in federal income taxes, he explained. Some people adjust their payroll withholding to increase their take-home pay; others get it back as an approximately \$1,500 lump sum after filing their federal tax returns.

The caveats: Potential buyers must apply for the WISH program, plus they must take a homeowner education class from Consumer Credit Counseling Service. The eight-hour class helps buyers understand the purchase process and homeowner responsibilities.

The WISH program targets families with moderate incomes and caps the gross earnings. A family of four, for example, could have a maximum income of \$56,950 to participate.

Qualifying homes: "Depending on other debt and credit history, a family with that income (of just less than \$60,000) likely could qualify to buy a home in the \$225,000 - \$260,000 range," said Storce, who has worked with numerous first-time buyers using special incentive programs.

Homes currently listed for sale in that price range may have luxury features such as slab granite counters, stainless steel appliances, professional landscaping or horse set-ups.

The median sold price of a home in the Reno-Sparks area was \$161,000 in February, according to data from the Northern Nevada Regional Multiple Listing Service. That means half the homes that closed sold for more; half for less.

WISH caps the price of qualifying homes in Washoe County at \$363,375.

Funds for the WISH program come from the Federal Home Loan Bank in San Francisco. Nevada Rural Housing Authority learned of the program and partnered with Heritage Bank, which applied WISH grant funds, said Tom Traficanti, senior vice president at Heritage Bank. No other bank was working on this for Northern Nevada.

"Part of the goal was to support affordable housing," he said. "Heritage Bank acts as

Advertisement

**Protect Your Home  
with ADT!**

**Click Here  
to Learn More!**

ADT AUTHORIZED DEALER

Print Powered By FormatDynamics™



an administrator to disperse the funds. We don't make money doing this. We're looking for community reinvestment," he said.

#### Reno Housing Authority program

The Reno Housing Authority has a federal grant to purchase and renovate approximately 120 vacant, foreclosed homes in certain neighborhoods of Sparks, Reno and Sun Valley. The ultimate goal is to resell the homes to families with moderate incomes who have never owned a home or who have not owned a home in at least three years. Special financing and grants then lower the buyer's monthly payment to the point it is far below area rents.

"We're practically giving these houses away," said Terry Hoffman, the Reno Housing Authority REO administrator.

The RHA works with local Realtors to purchase the homes and local contractors to renovate them. Each property gets a thorough makeover, plus the yard is xeriscaped.

"A buyer is essentially getting a new house," Hoffman said.

Before going on the market, each property is inspected and professionally appraised and priced at either the cost to fix it up, or the appraised value -- whichever is lower. Once the price is set, the property is listed for sale with a Realtor and put into the NNRMLS.

Plus, each property qualifies for special homebuyer assistance and incentive programs -- including "free" money.

The first upgraded home in the program is listed for sale with Robin Renwick of Keller Williams Group One.

"This is such a great deal," Renwick said. "This home has quality upgrades. It's amazing. There's \$20,000-\$30,000 (in upgrades), with new carpet, paint, lighting, all-new blinds and the xeriscaping."

The single-level, three-bedroom home is in the Highland Ranch section of Sun Valley.

Bonus money: Buyers must put at least 3.5 percent down payment on the property. Then the RHA will give buyers a \$5,000 cash grant toward closing costs.

Buyers get a \$15,000 interest-free forgivable loan. This is a second mortgage on the home that essentially is lowering the mortgage amount. If the buyers stay in the home for at least five years, they do not

Advertisement

**Protect Your Home  
with ADT!**

[Click Here  
to Learn More!](#)

ADT AUTHORIZED DEALER

Print Powered By FormatDynamics™



have to repay this loan.

The WISH program described above applies. So a buyer's down payment will be tripled and also can go toward lowering the loan amount, plus buyers get the MCC tax credit from the Nevada Rural Housing Authority.

Bottom line: The first RHA home in this program is listed for \$110,400, according to Hoffman. Once all the credits and grants are applied, a buyer likely will end up with a monthly mortgage payment of about \$425, Hoffman said.

"This is the best deal out there," Renwick said. "And it's good for families, retirees, anyone as long as they haven't owned a home in three years."

The caveats: Potential buyers must apply for this program, and it takes about 45 days to close on a home. Buyers also must take an eight-hour homeowner's class from Consumer Credit Counseling Service in Reno.

Once that's done, participants get on a list to buy a renovated home. They get to pick from the available homes, and don't have to take the first home offered.

"In the next 30 days, we'll have seven more homes," Hoffman said.

It may seem like a process, but the opportunity to buy a home that's in excellent condition, plus all the financial incentives available, make this a terrific

deal, Hoffman explained.

Who qualifies: Potential buyers with incomes of 50 percent to 120 percent of the area median, which in Washoe County means a family of four with a gross income of \$36,500-\$85,400, could participate. Buyers must not have owned a home in the last three years and have a credit score of 650 or higher.

*Holly O'Driscoll is a freelance writer covering real estate in Northern Nevada.*



This renovated, single-level, three-bedroom home

Advertisement

**Protect Your Home  
with ADT!**

**Click Here  
to Learn More!**

ADT AUTHORIZED DEALER

Print Powered By FormatDynamics™









at 6570 Oglala Court in the Highland Ranch neighborhood in Sun Valley is priced at \$110,400 and comes with numerous buyer incentives from the Reno Housing Authority that could lower the monthly mortgage payment to about \$425. The property is listed with Robin Renwick of Keller Williams Group One. / Provided to the Reno Gazette-Journal





This home at 1426 Golddust Drive in Sparks is in the Reed High School zone. It offers four bedrooms and three full baths spread over 2,187 square feet. This is a traditional sale, priced at \$189,000 and listed with Bill Weishuhn of RE/MAX Premier Properties. This home would qualify for the WISH Program that could give a buyer up to \$15,000 toward the purchase the home. / Provided to the Reno Gazette-Journal

### Learn more online

Nevada Rural Housing Authority: [www.nvrural.org](http://www.nvrural.org)  
Reno Housing Authority: [www.renoha.org](http://www.renoha.org)

Advertisement

**Protect Your Home with ADT!**



**ADT AUTHORIZED DEALER**

**Click Here to Learn More!**

Print Powered By  FormatDynamics™

10/24/2011



6