

Congress of the United States  
Washington, DC 20515

May 5, 2009

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, DC 20410

Dear Secretary Donovan,

As you are aware, the Housing and Economic Recovery Act of 2008 (HERA) included a tax credit for first-time homebuyers to encourage home purchases and help stimulate the housing market. In addition, the more recently enacted American Recovery and Reinvestment Act of 2009 (ARRA) contained improvements to the tax credit to further incentivize potential homebuyers to purchase their first home. I am writing to inquire about the application of the housing tax credit and whether the Federal Housing Administration (FHA) intends to permit home purchasers to access their tax credit funds at the time of closing, toward down payment and closing costs.

As you know, the lack of funds for a down payment on a mortgage is often the single greatest barrier to homeownership. I have recently learned that the FHA has the discretion to permit the use of loan proceeds, collateralized by an anticipated tax refund, for the down payment on the purchase of a home. If this is indeed part of FHA's policy, I would request that the Department of Housing and Urban Development provide clearer guidance on the use of the tax credit and whether it may be monetized and utilized at the time of closing under the FHA program.

With the current state of our economy, it is important to ensure that the tax credit be fully realized to assist first-time home buyers and our housing market.

Thank you in advance for your consideration of this request.

Sincerely,



Gary G. Miller  
Ranking Member  
Subcommittee International  
Monetary Policy & Trade



Shelley Moore Capito  
Ranking Member  
Subcommittee on Housing &  
Community Opportunity