



OFFICE OF THE GOVERNOR

# NEWS

ROD R. BLAGOJEVICH – GOVERNOR

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## **Gov. Blagojevich expands I-Loan Mortgage program to offer 40-year loans for first-time homebuyers**

*New pilot loan offers safe, below-market rate, fixed mortgages that will help lower monthly payments for Illinois residents*

**CHICAGO** – As the nation’s foreclosure rate continues to rise, Governor Rod R. Blagojevich today expanded the state’s I-Loan Mortgage program to offer 40-year loans to help first-time homebuyers in Illinois achieve the dream of homeownership. The new I-Loan 40 Mortgage pilot program provides one more safe and affordable option for an estimated 150 low- and moderate-income residents who want to purchase their first home. As with the pre-existing 30-year I-Loan Mortgage program, the I-Loan 40 offers first-time homebuyers a below-market interest rate that is fixed.

“In today’s climate when the country’s foreclosure rate is at its highest, hard-working Illinois families who dream of owning their own home need all the help we can provide. This program is one more way to offer an opportunity for dozens of families to afford a safe and decent home for their children,” said Gov. Blagojevich.

“The 30-year I-Loan Mortgage program has already helped thousands of hard-working families realize their dream of buying their first home. The fixed below-market interest rate ensures that families are locked in at an affordable price that helps them gain stability and build equity for the future. The 40-year I-Loan will allow us to help even more first-time homebuyers by reducing monthly costs,” said DeShana L. Forney, Executive Director of the Illinois Housing Development Authority (IHDA).

IHDA is a self-supporting state agency responsible for financing the creation and preservation of affordable housing in Illinois through the sale of bonds and investment of various state and federal resources. IHDA raised \$15 million through tax-exempt bond financing to support the I-Loan Mortgage program’s expansion.

Expanding the I-Loan program provides another affordable option for low- and moderate-income homebuyers. They can choose between the 30-year loan, which offers a low interest rate and will be faster to repay but has a higher monthly payment, or opt for the new 40-year loan with a slightly higher interest rate that will take a little longer to pay off but reduces the monthly payment. It will also allow the homebuyer to consider a higher priced, and often larger, home.

More and more homeowners nationwide are facing foreclosure because they can no longer keep up with the instability of adjustable rate mortgages. Both the 30- and 40-year I-Loan offers fixed interest rates that are significantly lower than the market rate. In comparison, when the conventional market is offering around 6.65 percent, IHDA's 30-year I-Loan is set no higher than 6.25 percent, while the new 40-year I-Loan will be offered at approximately 6.50 percent. For some families, this could mean the difference between affording the house or not.

For example, with a conventional loan, a homebuyer purchasing a house with a \$100,000 loan at a 6.65 percent interest rate will pay \$641.96 in monthly payments. Under the 40-year I-Loan offering a 6.50 percent interest rate, the same homebuyer will pay \$585.46 in monthly payments. That translates into \$56.50 a month in savings or \$678.00 a year, or \$27,120 over the life of the loan. The savings will allow the homebuyer to afford to buy a higher priced house, or keep the savings for other everyday necessities.

IHDA administers the I-Loan Mortgage program on behalf of the state. The partner banks located throughout the state work directly with the homebuyer to approve and originate the loans. IHDA then purchases the loans from the participating lenders. To obtain an I-Loan Mortgage, homebuyers need to contact one of the IHDA-approved lenders listed at [www.ihda.org](http://www.ihda.org) or by calling 1.877.ILOAN56.

Both the 30- and 40-year I-Loan Mortgage were created to ensure first-time homebuyers fully understand the rights and responsibilities of homeownership and to minimize the chance of getting involved in a loan that is financially bad for the family. In addition, I-Loan Mortgage recipients are encouraged to complete a homeownership education course. Some I-Loan approved homebuyers opting for the 30-year loan may also be eligible for cash grants up to \$1,500 to meet down payment and closing costs.

To qualify for an I-Loan Mortgage, both 30- and 40-year loans, an Illinois homebuyer must:  
Be a first-time homebuyer. Anyone who has not had ownership interest in his or her primary place of residence in the past three years is considered a first-time homebuyer.

Purchase the home as a primary residence.

Meet income and purchase price requirements.

Contribute three percent of the purchase price towards the down payment.

Apply for the I-Loan Mortgage with an IHDA-approved lender.

Move into the home within 60 days of closing.

Since 2003, the I-Loan Mortgage program has helped more than 7,874 first-time homebuyers in 96 counties throughout the state become homeowners with a total of \$795 million in financing. In 2006 alone, IHDA helped 1,973 people to buy their first homes with more than \$217 million in financing. County specific production figures are available upon request.