



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

Pat Quinn, Governor

News

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New loan to help first-time IL homebuyers

Home Start advances \$8,000 federal tax credit to help with down payment

CHICAGO – First-time homebuyers in Illinois now have an opportunity to take advantage of current low-interest rates and decreasing home prices under an innovative new program offered by the Illinois Housing Development Authority (IHDA). The Illinois Home Start Loan Program allows hundreds of residents to achieve the dream of homeownership through a new 30-year fixed rate loan, and an advance loan on the federal tax credit created by the American Recovery and Reinvestment Act of 2009.

Home Start offers a 30-year fixed rate loan insured by the Federal Housing Administration for first-time homebuyers, and gives them the option to use a second loan for down payment assistance. The second loan provides families and individuals buying their first homes an advance loan on the \$8,000 federal tax credit, which they can repay once they receive the credit.

Before IHDA's Home Start Advance Loan, families could only access this credit next year after filing their tax returns with the IRS. Only those homebuyers who qualify for an Illinois Home Start Loan can receive the Home Start Advance Loan. Illinois residents who qualify will receive a zero-interest loan for up to 3.5 percent (or up to \$6,000) of the home purchase price to put toward the down payment. Thanks to this limit, Illinois families will still reap the benefits of the \$8,000 federal tax credit next year since there will be money remaining after the loan is repaid.

“With the economic challenges facing first-time homebuyers, the State of Illinois is proud to announce the Illinois Home Start Loan Program to offer families a new way to borrow affordably and securely. By combining the federally-insured loan with the anticipated federal tax credit toward their home purchase, homebuyers can qualify for a lower interest rate. Home Start also will help stabilize neighborhoods by stimulating home sales across the state,” IHDA Executive Director DeShana L. Forney said.

In addition to the tax credit down payment assistance, the homebuyer must contribute at least one percent toward the purchase price. To qualify for the Home Start loan, homebuyer education must be completed through a HUD-certified counselor.

Other terms of the Illinois Home Start Tax Credit Advance Loan:

- Veterans and active duty service personnel don't need to be first-time homebuyers to qualify.
- Home purchase and mortgage loan must close on or before Nov. 30, 2009.
- A \$300 application fee must be paid at closing. Tax advance loan may be used. (If loan is repaid in full by June 30, 2010, \$100 will be refunded.)
- Tax advance loan must be repaid in full by June 30, 2010, or it becomes a 10-year amortizing loan at .5 percent above the interest rate on the Illinois Home Start 30-year loan.

Homebuyers interested in applying for the Home Start Loan Program should contact an IHDA partner lender. For details, see www.ihda.org.

About the Illinois Housing Development Authority

IHDA (www.ihda.org) is a self-supporting state agency that finances the creation and the preservation of affordable housing across Illinois. Since its creation in 1967, IHDA has allocated more than \$9.67 billion and financed more than 204,000 affordable units across the state. IHDA accomplishes its mission through a number of federal and state funding sources including the Illinois Affordable Housing Trust Fund, the Illinois Affordable Housing Tax Credits Fund, the allocation of federal Low Income Housing Tax Credits, and HOME Investment Partnership funds. IHDA is also a bonding authority, and independently sells bonds, based on its own good credit, to finance affordable housing in Illinois.