

For Immediate Release
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IHDA Launches Mortgage Program to Boost Homebuying in Hardest Hit Areas and Stabilize Communities

*\$30 Million in Federal Resources to Fund Down Payment Assistance
for First-Time Buyers in Illinois*

CHICAGO – The Illinois Housing Development Authority (IHDA) today launched its new *1stHomeIllinois* loan program to help make homeownership a reality for up to 4,000 first-time homebuyers in 10 Illinois counties hardest hit by the foreclosure crisis. The program provides \$7,500 in down payment assistance with an interest rate as low as 4.125 percent for a secure, 30-year fixed rate mortgage. *1stHomeIllinois* will help strengthen communities by helping a core group of potential homebuyers enter the market affordably while growing the local economy of areas that continue to feel the effects of the recession.

The *1stHomeIllinois* mortgage is financed through the sale of either tax-exempt mortgage revenue bonds or mortgage-backed securities. The down payment assistance is funded through the U.S. Department of Treasury's Hardest Hit Fund (HHF), a resource that IHDA received to curb foreclosures in Illinois. Treasury has approved IHDA to utilize \$30 million of its HHF resources to assist qualified homebuyers in 10 targeted counties: **Boone, Cook, DeKalb, Fulton, Kane, Marion, McHenry, St. Clair, Will and Winnebago.**

Illinois is the second state in the nation to launch a down payment assistance program using HHF funds and one of only three states with approval from Treasury to use HHF resources to prevent future foreclosures by driving housing demand and stabilizing housing prices. IHDA selected the counties as they are above the state average in distressed housing market indicators such as delinquency rates, negative equity and foreclosure rates.

Many first-time homebuyers have been kept out of the marketplace since 2010 due to debt-to-income restrictions, larger down payment requirements and higher credit score requirements. According to the Illinois Association of Realtors (IAR), the percentage of first-time homebuyers has decreased dramatically since 2008 with first-time buyers making up only 33 percent of total home purchases in 2014, still below the norm of 40 percent. *1stHomeIllinois* gives buyers in the select counties an incentive to purchase.

1stHomellinois is tailored for the majority of first-time homebuyers, Veterans, or anyone who hasn't owned a home in the last three years, with borrower income limits up to \$106,400 for a family of three or more. The buyer must purchase a home in one of the select counties; have a credit score of at least 640; and contribute the greater of one percent of the overall purchase price or \$1,000 toward the purchase. The down payment assistance is in the form of a 0 percent interest loan forgivable over five years.

"The Hardest Hit Funds have allowed us to stem the tide of foreclosures across Illinois," IHDA Executive Director Mary R. Kenney said. "*1stHomellinois* is the latest move in IHDA's holistic strategy to help neighborhoods stabilize and to reinvigorate the economy. By putting programs in place, like *1stHomellinois*, we are helping qualified first-time buyers get into the marketplace and ensuring that communities rebound."

IHDA also announced today that funding for round two under the *Blight Reduction Program (BRP)* is now open for applications. Also funded through HHF, BRP provides blight elimination funds to municipalities and their non-profit partners to decrease preventable foreclosures and stabilize neighborhoods. In March 2015, IHDA allocated approximately \$5 million under BRP to help 15 communities around the state target blighted, vacant residential properties for demolition, greening and eventual reuse or redevelopment. Eligible units of government and their non-for-profit partners are encouraged to apply without delay. Visit www.ihda.org/government/BRP for more details.

IHDA was awarded \$445 million in HHF resources and *1stHomellinois* is the fifth program launched with these funds. The first was the Homeowner Emergency Loan Program, which provided direct financial assistance to more than 13,000 homeowners in distress, allowing them to stay in their homes. Two other programs, the Mortgage Resolution Fund (MRF) and the Home Preservation Program (HPP), provide loan modifications to underwater and delinquent borrowers. Through its partners in these programs, the state has facilitated loan modifications to 600 distressed Illinois homeowners. HPP is still open to borrowers with loans from Bank of America, BMO Harris Bank and other select lenders. The fourth program was BRP.

Other IHDA-administered foreclosure prevention and community stabilization programs are:

- *Illinois Foreclosure Prevention Network (IFPN)*, a comprehensive, free resource to connect struggling homeowners with a safe and trusted source for assistance to keep them in their homes and help them from being victims of mortgage fraud. More than one million families have accessed assistance through the IFPN website, www.keepyourhomeillinois.org, or by calling 855-KEEP-411.
- *Illinois Building Blocks* program, which provided 545 buyers of vacant homes in 15 Illinois communities with cash assistance to purchase a home. The program also provided funds for the re-development of 75 vacant homes.
- *Illinois Homebuyer Rehabilitation Assistance Program*, which provided \$6.6 million to 16 public and not-for-profit organizations to allow 240 low- to moderate-income homebuyers of vacant homes to apply for rehabilitation grants in seven targeted communities.
- *Neighborhood Stabilization Program*, which involved the purchase and rehabilitation of 240 rental units and 106 foreclosed and abandoned homes that might otherwise have become sources of abandonment and blight. An additional 29 blighted properties have been demolished.

Details on all of IHDA's programs are available at www.ihda.org.

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