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Bruce Rauner, Governor

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## Illinois Housing Development Authority Announces Refinance Program for Underwater Homeowners

*Illinois' I-Refi Program Provides \$50,000 in Mortgage Assistance to Help Responsible Borrowers Refinance into an Affordable Loan*

**CHICAGO** – The Illinois Housing Development Authority (IHDA) today announced the *I-Refi* program, a new product designed to help income-eligible homeowners who are current on their mortgage payments but owe more than their home is worth due to declining property values in their community. Starting August 1, IHDA will offer underwater homeowners up to \$50,000 in federal assistance to reduce the balance owed on their mortgage and refinance into a new affordable loan based on the current market value of their home. Illinois will be one of two states in the nation to launch a refinance program using federal Hardest Hit Fund (HHF) resources.

“The *I-Refi* program is needed as the housing crisis of 2008 continues to impact hard working and responsible families across the state,” IHDA Executive Director Audra Hamernik said. “The recovery has been uneven, and many neighborhoods are still struggling. By helping people refinance into a sustainable mortgage that is in line with the value of their home, we are offering a lifeline to entire communities as they regain their footing.”

The new program offers a forgivable loan of up to \$50,000 to reset the amount owed on an underwater loan to a level that reflects the decline in the home’s value, allowing homeowners to erase their negative equity and refinance into an affordable 30-year fixed-rate IHDA mortgage. The program is targeted to homeowners who have been current on their mortgage payments for at least 12 months, and the borrower must also qualify for the new loan under IHDA’s income and credit requirements. Before the loan is approved, the homeowner is required to order a professional appraisal to assess the value of their home. **Homeowners can apply through a network of participating lenders found at [www.ihda.org/IREFI](http://www.ihda.org/IREFI) starting August 1.**

The refinance program offers important help at a time when many still struggle with the effects of the housing market downturn. According to Zillow, over 20 percent of borrowers in Chicago owe more on their homes than they are worth, more than any other large housing market in the nation. CoreLogic reports that over 14 percent of all borrowers in the state are underwater, a destabilizing trend that continues to delay the economic recovery. With the *I-Refi* program, underwater homeowners can escape their negative equity and regain a significant source of household wealth.

“House prices in many Chicago area neighborhoods and municipalities remain 30 percent or even 50 percent below what they were at peak levels and are unlikely to fully rebound in the coming years,” added Geoff Smith, Executive Director of the Institute for Housing Studies at DePaul University. “This means that many mortgage borrowers who got loans in these areas at or near the peak of the market are likely underwater and will probably remain so for the near future.”

The *I-Refi* program is funded by the U.S. Department of the Treasury’s Hardest Hit Fund (HHF) program, a resource created in 2010 to provide targeted assistance to states deemed hardest hit by the economic and housing market downturn. The program was designed to leverage the expertise of state and local partners by funding locally-tailored foreclosure prevention and neighborhood stabilization solutions. In addition to the new refinance program, IHDA uses HHF funds for blight elimination and down payment assistance for first-time homebuyers, and plans to re-open the Illinois Hardest Hit Program this fall to provide temporary mortgage payment assistance to homeowners who have experienced a drop in income. Together, the programs cater to the specific needs of homeowners, homebuyers and entire communities.

“I applaud Illinois for developing a refinance product that is among the first of its kind in the nation,” said Mark McArdle, Treasury’s Deputy Assistant Secretary of Financial Stability. “I-Refi will enable eligible, underwater homeowners to refinance at today’s historic low rates, helping to secure their homes while reducing their financial burden.”

Homeowners can find more information on program benefits, eligibility and a list of participating mortgage lenders at [www.ihda.org/IRefi](http://www.ihda.org/IRefi) or by calling (877) 456-2656.

#### About the Illinois Housing Development Authority

IHDA ([www.ihda.org](http://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 \$14.6 billion and financed approximately 245,000 affordable housing units for residents of Illinois.

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