To assist homebuyers with down payment and/or closing costs associated with purchasing a home in the State of Illinois. The Illinois Housing Development Authority (IHDA) IHDA Mortgage offers 1stHomeIllinois. This Down Payment Assistance (DPA) is offered as a recorded forgivable 2nd mortgage for qualified borrowers.

The funds provided are in the form of a forgivable 2nd mortgage for an owner occupied, primary residence purchase. The DPA 2nd is required to be used in conjunction with an IHDA 30-year fixed rate 1st mortgage. Borrower must be a first-time homebuyer or exempt. Please Note: with all IHDA Mortgage programs, cash back at closing for borrowers may not exceed $250 + plus any amount over their required minimum investment (any additional should be principal reduction).

Provides $7,500 in DPA as forgivable 2nd loan at 0% interest and five (5) year term for first-time homebuyers purchasing in the following counties ONLY:
• Cook
• St. Clair
• Marion
• Winnebago

No monthly payment due. Full repayment is required following certain qualifying repayment events. (Review Mortgage and Note for full terms.)

The greater of 1% or $1,000 of the purchase price. (The borrower may not use the tax proration toward the borrower’s contribution of 1% or $1,000.00 (whichever is greater) into the transaction, those funds must be from the borrower’s own funds or from gift funds if allowable by the AUS.) Please defer to the Program Matrix and IHDA Mortgage Procedural Guide for details.

The 2nd mortgage funds will be forgiven pro rata on a monthly basis over a 5-year forgiveness period. The DPA 2nd is required to be used in conjunction with an IHDA 30-year fixed rate 1st mortgage.

The 1st mortgage will carry a 30-year term and must be insured by FHA, guaranteed by VA or USDA, or carry Private Mortgage Insurance as may be required for FNMA HFA Preferred or FHLMC HFA Advantage.

Borrowers must be a first-time homebuyer in the Illinois counties listed above.
• Minimum credit score - 640 for all loan types
• FHA, VA, USDA, FNMA HFA Preferred, FHLMC HFA Advantage only
  o AUS Approve/Eligible or Accept/Eligible findings required
  o Manual Underwrits – See Procedural Guide details
• Maximum total debt-to-income (back end) ratio of 45.00% for all loan types
• IHDA income and property purchase price limits apply
• Property must be a qualified single family dwelling (this includes condos, townhomes, and 2-units as allowed by Agency)
• Pre-purchase homeownership counseling is required for each borrower - PRIOR TO CLOSE (PTC) or the loan is unsaleable
• MCC Opt Out form must be signed (PTC)
• 1stHomeIllinois Disclosure and Summary of Terms must be signed (PTC) and Dodd Frank certification is required
• No new construction and no manufactured homes

Borrowers must meet all eligibility requirements established for the IHDA Mortgage programs, U.S. Bank overlays, and Agency guidelines.

Borrower’s income must be at or below the limits of the county in which the property is located. The lenders must calculate income using the calculator posted on the Document Library to qualify for IHDA Mortgage DPA.

All 1st and 2nd mortgages require TRID (TILA-RESPA-INTEGRATED DISCLOSURE). On the 2nd mortgage, only recording fees are allowed.

The terms and conditions are subject to change until the lender locks the loan in ILRSS. A potential borrower should contact an approved lender for further loan information. In connection with the IHDA Down Payment Assistance programs, the IHDA makes no promises, representations, or warranties to any party, including any borrower, about the actual benefit an IHDA loan might provide in specific situations. Each borrower’s situation is different, and potential borrowers should seek the advice of a financial advisor, attorney or housing counselor before entering into any loan.