



# **Illinois Homeownership Program for Veterans and Active Service Personnel**

**Sponsored by Illinois Housing Development Authority**



## **Program Summary**

- Type of Project:** Single Family Homeownership
- Project Size:** **\$15,000,000 in home mortgages**  
**\$300,000 closing cost assistance**  
**\$50,000 Homeownership counseling**

**Project Description:** The proposed Illinois Housing Development Authority Homeownership Program for Veterans and Active Service Personnel would offer a significantly below market homeownership financing and counseling package. There are two Programs packages, one for Veterans and one for active duty personnel.

### **Veterans' Program**

The Veteran's Program is designed for honorably discharged veterans who qualify under the income and purchase price limits of the IHDA MRB Program. Participants will receive a substantially below market rate financing package, closing cost assistance and homeownership counseling. In addition, under federal legislation passed in December 2006, veterans do not have to be first time home buyers to qualify.

The term "veteran" is defined in section 101 of Title 38 of the U.S. Code. It states a veteran is "...a person who service in the active military, naval, or air service, and who was discharged therefrom under conditions other than dishonorable".

The key to this definition is the work "active". The person(s) must have service in active duty with one of the branches of the military, naval or air service, including Border Guards. Individuals currently in the "reserves" would only be eligible for this exemption if they had previously served in active duty and re-enlisted in the reserves

or had been activated while in the reserve, served their term and been de-activated to a reservist status. Reserve forces must have been federally activated to duty for purposes other than military schools, Active Duty for training, natural disasters or domestic civil disturbances.

The documentation needed to qualify for the exemption is the individual's honorable discharge papers known as the DD-214 or the equivalent for those that have re-enlisted.





### **Active Duty Program**

The Active Duty program is designed for active duty service personnel. Under this program, they will receive the same package as the veterans, except they must qualify as a first time homebuyer under the IHDA MRB Program.













We will require a copy of Orders to Report for active duty.







### **Program Highlights**

Qualified applicants may receive the following for a purchase of a residence:

-  A first mortgage with the standard IHDA mortgage interest rate.
-  A second mortgage at 0.00% interest and amortized over 30 years. The loan amount will be for 20% of the amount financed in an amount up to \$40,000.
-  Closing costs assistance in an amount up to \$2,500.
-  Mandatory homeownership counseling is required. Acceptable counseling can be obtained at a qualified HUD counseling agency, Fannie Mae internet or MGIC internet. Links are available on our website ([www.IHDA.org](http://www.IHDA.org)). IHDA will reimburse the expense up to \$350.00.

Additional important information:

-  Minimum down payment requirement of \$1,000.00. This amount must be from the buyer's personal verifiable funds.
-  IHDA's current income and purchase price limits apply to this program.
-  270 day rate lock available for .25% increase over the current IHDA rate.
-  No rate buy downs.
-  Private mortgage insurance may be necessary in certain cases.
-  Other subsidies from other sources such as Trust Fund, Down Payment Plus, New Homes for Chicago, etc. can be used in conjunction with these loans **BUT**, must be in third, fourth, fifth position behind our 1<sup>st</sup> and 2<sup>nd</sup>.
-  The program can not be used to refinance a currently owned property.
-  A veteran can make use of this exemption only one time.
-  The exemption does not apply to the I-Loan Certificate (MCC's).
-  The veteran and/or spouse could not have received financing through single family mortgage revenue bonds prior to their current application.
-  The loan must be insurable by our pool insurer partners.
-  Servicing of all loans origination in this program must be transferred to Draper and Kramer. The contact is Sharon Towson. Her phone number is (312) 795-2302.

-  The first and second mortgage amounts are to be table funded with the originating institution.
-  The origination funding fee for this program is 1.50%. On loans less than \$56,000.00 IHDA will pay \$875.00.
-  The closing cost assistance can be funded by IHDA or the originating institution. In order for IHDA to table fund the closing costs we must be in receipt of a copy of the HUD and the title company's wire instructions, on their letterhead, 72 hours prior to closing. We will only reimburse customary closing costs.
-  No cash back at closing.
-  Additional or substitute documents will be required with this program. Please refer to our website ([www.IHDA.org](http://www.IHDA.org)). The note and mortgage that we produced must be used on the second mortgage. The mortgage should be closed in the originating institution's name and assigned to IHDA.
-  A title policy is only required on the first mortgage loan amount.

**Financing Examples:**

**Example 1**

**1) Calculation of Second Mortgage**

Home purchase price	\$150,000
<u>Required down payment</u>	<u>1,000</u>
Amount to be financed	\$149,000
Amount to be financed	\$149,000
<u>Allowed percentage</u>	<u>x 20%</u>
Second mortgage amount	\$ 29,800

**2) Calculation of First Mortgage**

Purchase price	\$150,000
Second mortgage amount	29,800
<u>Required down payment</u>	<u>1,000</u>
First mortgage amount	\$119,200

The homebuyer purchases \$150,000 home at a blended mortgage rate of 4.80%\* for 30 years with \$1,000 down and a monthly payment of \$787, which is approximately \$140/month less than monthly payments under conventional mortgages, and also approximately \$70/month less if private mortgage insurance is not required. \*Based on current interest rates.

## Example 2

### 1) Calculation of Second Mortgage

Home purchase price	\$251,000
Required down payment	1,000
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Amount to be financed	\$250,000

Amount to be financed	\$250,000
Allowed percentage	x 20%
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	\$ 50,000*

\*This amount exceeds the maximum of \$40,000

Second mortgage amount	\$ 40,000
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### 2) Calculation of First Mortgage

Purchase price	\$251,000
Second mortgage amount	40,000
Required down payment	1,000
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First mortgage amount	\$210,000

### Participant Eligibility:

Veterans and active duty federal military personnel. National Guard and Enlisted Reserves must have been federally activated to duty for purposes other than natural disasters or domestic civil disturbances to qualify.

Participant and others listed on the mortgage are subject to credit review.

Participant(s) must attend homeownership counseling sessions.

### Property Eligibility:

-  Must be the borrower's principal residence
-  1 to 2 unit properties

### Marketing and Administration:

The program will be operated through IHDA-approved lenders in the MRB Program; dedicated IHDA staff will assist with referrals, information, and underwriting. Inquiries should be directed to:

Tina Hillock (312) 836-5324  
Ray Rivera (312) 836-5334  
Greg Lewis (312) 836-5344

## NON-TARGETED AREAS INCOME & PURCHASE PRICE LIMITS

Revised: Effective  
4/20/2007

MRB AND MCC ATTACHMENT	Maximum Household Income Limits			Maximum Purchase Price Limits Existing Construction	
County where Residence is Located	Household of 1 or 2	Household of 3 or More	New Construction 1 Unit	1 Unit	2 Units
Cook, Du Page, Kane, Lake, McHenry, Will	\$72,400	\$83,260	\$325,890	\$325,890	\$367,060
DeKalb	\$69,400	\$79,810	\$325,890	\$325,890	\$367,060
Grundy	\$72,800	\$83,720	\$325,890	\$325,890	\$367,060
Kendall	\$83,900	\$96,485	\$325,890	\$325,890	\$367,060
McLean	\$73,500	\$84,525	\$237,030	\$237,030	\$303,450
St. Clair, Clinton, Jersey, Madison, Monroe	\$66,600	\$76,590	\$253,120	\$253,120	\$303,450
Bond, Calhoun, Macoupin	\$66,600	\$76,590	\$253,120	\$253,120	\$303,450
All Other Counties	\$66,600	\$76,590	\$237,030	\$237,030	\$303,450

**Some of these limits have been determined by a Private Letter Ruling issued by the IRS to the Authority.**

**These limits may be used only in connection with Authority Programs.**

**Use of these limits in connection with other Bond Programs is prohibited.**

## TARGETED AREAS INCOME & PURCHASE PRICE LIMITS

Revised: Effective  
4/20/2007

MRB AND MCC ATTACHMENT	Maximum Household Income Limits		Maximum Purchase Price Limits Existing Construction			
	Household of 1 or 2	Household of 3 or More	New Construction 1 Unit	New Construction 2 Unit	1 Unit	2 Units
County where Residence is Located						
Cook, Kane, Lake, Will	\$86,880	\$101,360	\$398,310	\$448,620	\$398,310	\$448,620
DeKalb	\$83,280	\$97,160	\$398,310	\$448,620	\$398,310	\$448,620
McLean	\$88,200	\$102,900	\$289,700	\$370,880	\$289,700	\$370,880
St. Clair, Madison	\$79,920	\$93,240	\$309,370	\$370,880	\$309,370	\$370,880
All Other Counties with Targeted Areas***	\$79,920	\$93,240	\$289,700	\$370,880	\$289,700	\$370,880

\*\*\* ALL OTHER COUNTIES WITH TARGETED AREAS: Adams, Alexander, Champaign, Crawford, Franklin, Greene, Jackson, Jefferson, Kankakee, LaSalle, McDonough, Macon, Marion, Mercer, Morgan, Peoria, Pulaski, Rock Island, Saline, Sangamon, Stephenson, Tazewell, Vermilion, White, Winnebago.