



Your key to an affordable mortgage



Dan Rutherford
ILLINOIS STATE TREASURER

Lenders



The **Illinois State Treasurer's Office** offers **Finally Home**, a 10 percent mortgage guarantee program that provides lenders with extra security on mortgages to borderline borrowers. These borrowers are mortgage-ready but need this incentive to secure a sustainable loan.

Benefits to lenders:

- Counts toward Community Reinvestment Act (CRA) fulfillment;
- Adds flexibility to your underwriting criteria;
- Has no volume requirements;
- Is free to participate;
- Improves your loan products;
- Requires no collateral; and
- Helps close additional mortgages.

Benefits to borrowers:

- Can be used to secure affordable and sustainable loans;
- Can be used to purchase or refinance a home; and
- Is available to low- to moderate-income borrowers who may be unable to obtain a conventional mortgage due to bruised credit, high debt or other factors.

A full list of eligibility requirements is available by visiting www.treasurer.il.gov or by calling (888) 803-4663.

STATE CAPITOL

Springfield, IL 62706
Phone: (217) 782-2211 Fax: (217) 785-2777

JAMES R. THOMPSON CENTER

100 West Randolph Street, Suite 15-600
Chicago, IL 60601
Phone: (312) 814-1700 | Fax: (312) 814-5930

ILLINOIS BUSINESS CENTER

400 West Monroe Street, Suite 401
Springfield, IL 62704
Phone: (217) 782-6540 | Fax: (217) 524-3822

MYERS BUILDING

One West Old State Capitol Plaza, Suite 400
Springfield, IL 62701
Phone: (217) 785-6998 | Fax: (217) 557-9365

The Illinois State Treasurer's Office only works with non-predatory lenders.



Finally Home Program

Approved Guidelines

Through the Finally Home program, the Illinois State Treasurer's Office helps qualified borrowers secure sustainable mortgages by guaranteeing up to 10 percent of their qualifying loans. The goal is to help Illinois residents avoid predatory lenders and obtain affordable mortgages. Finally Home is governed by Illinois statute (15 ILCS 520/7), and all lending institutions must comply with Article V of the Illinois Residential Mortgage License Act of 1987 (205 ILCS 635) as well as all applicable state and federal predatory lending laws and regulations.

Statutory Requirements

1. The borrower(s) must be (an) Illinois resident(s) and (a) documented Illinois income taxpayer(s).
2. The home being purchased or refinanced must be located in Illinois.
3. The borrower(s) cannot otherwise qualify for a home loan under the financial institution's prevailing credit standards without the incentive of the 10 percent guarantee.
4. The 10 percent guarantee may be used for the purchase of a home or to refinance a home loan.
5. The 10 percent guarantee may also be used if one of the financial hardship factors below has caused the borrower to miss a payment. The borrower must demonstrate an ability to continue or resume making payments. The financial hardship factors include:
 - Loss, reduction or delay in the receipt of income because of the death or disability of a person who contributed to the household income;
 - Expenses actually incurred related to uninsured damage or costly repairs to the mortgaged premises affecting its habitability;
 - Expenses related to the death or illness in the borrower's household or of family members living outside the household that reduce the amount of household income;
 - Loss of income or a substantial increase in total housing expenses because of divorce, abandonment, separation from a spouse, or failure to support a spouse or child;
 - Unemployment or underemployment; or
 - Loss, reduction, or delay in the receipt of federal, state or other government benefits; or
 - Participation by the homeowner in a recognized labor action such as a strike.

In order to determine whether there is a reasonable prospect that the borrower will be able to continue or resume making mortgage payments, the financial institution shall consider factors including, but not limited to, the following:

 - A favorable work and credit history;
 - The borrower's ability and history of paying the mortgage when employed;
 - The lack of an impediment or disability that prevents reemployment;
 - New education and training opportunities;
 - Non-cash benefits that may reduce household expenses; and
 - Other debts.
6. The 10 percent guarantee can be used for loans in amounts that do not exceed the amount of arrearage on a mortgage and that are extended to enable a borrower to become current on the mortgage obligation.
7. Home loan is defined as a loan for which
 - The principal amount of the loan does not exceed the conforming loan size limits as established by the Federal National Mortgage Association (Fannie Mae);
 - The borrower is an Illinois resident and documented Illinois income taxpayer;



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- The debt is incurred by the borrower primarily for personal, family or household purposes;
- The loan is secured by a mortgage or deed of trust on real property upon which there is located or there is to be located a structure designed principally for the occupancy of no more than four families; and
- The property will be occupied by the borrower as the borrower's principal dwelling.

8. A home loan is not an open-end credit plan, line of credit plan, or a reverse mortgage transaction.

Underwriting Guidelines

1. The borrower's income may not exceed 150 percent of HUD's median family income for the area in which the home is located. The income limit is based on the number of people in the household and is updated annually.
2. Loans including negative amortization are not eligible for this program.
3. Interest-only loans are not eligible for this program.
4. The Treasurer's 10 percent guarantee is valid for five years. If a loss triggers payment under the Treasurer's 10 percent guarantee, the payment will come from the Treasurer's loan loss reserve fund.
5. Program approval, and the application of the 10 percent guarantee, is valid for six months from the date of the last signature on the application. If the loan does not close within that time, a new program application must be resubmitted for approval. In the event that the home loan is not funded or if the borrower pays off the loan, the financial institution is responsible for sending written, email or faxed notice to the Program Administrator.
6. The guarantee expires five years from the date on which the loan closed. For this reason the financial institution must provide a copy of the HUD-1, a certification of the closing date, or the date of the scheduled closing within 45 days from the date of the last signature on the application. If the Illinois State Treasurer's Office does not receive any of the above mentioned documents within 45 days from the date of the last signature on the application, it will presume the loan has been rejected by the financial institution and will remove the guarantee from the institution's allocation.
7. The guarantee provided by the Illinois State Treasurer's Office is transferable only upon prior written consent by the Illinois State Treasurer's Office, and only upon a showing that the institution to which the loan will be transferred will also provide for the loan servicing.
8. In the case of foreclosure, payment of no more than the guaranteed amount shall be made to the financial institution.
9. In the case of foreclosure, payment pursuant to the Treasurer's guarantee is only to occur if the financial institution realizes a loss. The Treasurer's payment shall not exceed the amount of the loss.
10. Participating financial institutions may not utilize more than five percent of the Treasurer's loan loss reserve fund without direct consent of the Treasurer. The financial institution will be notified by the Bank Administrator when it is approaching the five percent limit, at which time it may request additional funding.
11. The 10 percent guarantee may only be used for home loans for an owner-occupied one- to four-unit primary residence on non-leased land, taxed as real estate property by the county in which the property is located.

A full list of eligibility requirements is available by following the **Finally Home** link at www.treasurer.il.gov or by calling (888) 803-4663.



Finally Home Program

Frequently Asked Questions

The **Finally Home** program helps homeowners secure sustainable mortgages and offers an alternative to predatory loans that can lead to foreclosure.

What is the benefit of the Finally Home program to my financial institution?

There are a number of benefits to participation in the Finally Home program. Finally Home allows you to close a higher volume of mortgage loans. The program provides your institution with a five-year, 10 percent guarantee on loans that, without the guarantee, you would otherwise have to reject. Participation also counts toward helping your institution meet its CRA goals.

What types of institutions are eligible to become Finally Home participating lenders?

You are eligible to become a Finally Home participating lender if you are a bank depository, mortgage banker, savings and loan or a credit union. You must be a direct lender, not a mortgage broker, and provide for the servicing of the loans.

How does the Finally Home guarantee work?

Upon approval of a Finally Home application, the guaranteed amount is earmarked in the State Treasurer's loan loss reserve fund. Should you need to foreclose on a borrower's property within the first five years of the loan, you simply notify our office of the intent to do so. Although our ultimate goal is to prevent the foreclosure, if the borrower's situation cannot be resolved and you need to eventually foreclose on the property, the State Treasurer's Office will reimburse you for your realized losses up to the amount guaranteed. The reimbursement can be used for any losses realized up to the amount guaranteed, including those associated with the foreclosure process, such as legal, administrative and resale expenses.

Is there any cost to my financial institution or to my customer?

No. Finally Home is a free guarantee provided to participating Illinois financial institutions and Illinois homebuyers and homeowners. You cannot charge any additional fee for loans done with the Finally Home guarantee simply because they include the guarantee.

Will I be obligated to use the program or close a certain number of loans?

No. Whether or not you use the program is entirely up to you. We will never require you to approve a loan or a certain volume of loans.

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