FINALLY HOME

Your key to an affordable mortgage

Michael W. Frerichs

Illinois State Treasurer

Program 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). HOME VALUE LIMITS
   - 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 two 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.

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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. INCOME LIMITS

2. Loans including negative amortization are not eligible for this program.

3. Interest-only and one year balloon 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 two-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 (217) 557-6436.

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