

7 home financing programs to help you get buyers into a home this year

Are some of your potential homebuyers putting off the decision to buy because they believe they must have 20 percent or more for a down payment?

That's what 39 percent of non-owners said when they were surveyed for the National Association of REALTORS' (NAR) Aspiring Home Buyers Profile. Another 26 percent said they believed they would need 15 to 20 percent.

Fact check: The necessary down payment is then lower for many buyers than they realize. In fact, the median down payment for first-time buyers has been 6 percent and 14 percent for repeat buyers in recent years, according to the latest NAR Profile of Home Buyers and Sellers. And with assistance programs and certain loan programs, down payments can be even less.

As you work with this spring's homebuyers, help spread the word on these and other state and federal homebuyer assistance and mortgage financing programs that require low down payments and in some cases, no down payments. You should also check with your local city or county.

1 **Finally Home**

Finally Home is a program from the Illinois Treasurer's Office that helps Illinois residents purchase or refinance a home, as well as helps prevent their existing home from going into foreclosure.

This program is suitable for residents who have difficulty qualifying for conventional, sustainable mortgages because of factors such as bruised credit or a high debt-to-income ratio. Buyers must meet the program income and housing limits and contribute at least 3.5% down payment.

Learn more at www.illinoistreasurer.gov/Individuals/Finally_Home

2 **1stHomeIllinois**

1stHomeIllinois is a similar IHDA loan product, but is only available to first-time buyers and veterans purchasing a home in Boone, Cook, DeKalb, Fulton, Kane, Marion, McHenry, St. Clair, Will and Winnebago counties. Qualifying buyers get \$7,500 cash assistance for down payment and closing costs for a low-cost 30-year, fixed rate mortgage and also must contribute \$1,000 or 1 percent of the purchase price, whichever is greater.

Learn more at www.IHDA.org

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3 **FHA Loans**

Mortgages insured by the Federal Housing Administration (FHA) continue to be a popular option for homebuyers because of the minimum down payment of 3.5 percent, low closing costs and the ability for borrowers with less-than-perfect credit to qualify. In January, FHA maximum mortgage limits increased to \$275,665 in most Illinois counties that qualify as low cost areas. Limits are higher in the Rockford area (\$339,250) and in the nine-county Chicagoland area (\$365,700). Learn more at bit.ly/AboutFHAloans

4 **HomeReady Mortgage by Fannie Mae**

HomeReady offers a 3 percent down payment option for eligible low-to moderate-income first-time and repeat homebuyers. Additional income sources will be considered and all co-borrowers (parents for example) don't have to live in the property. Homebuyers must complete a homeownership education course. Learn more at www.KnowYourOptions.com/homeready

5 **Home Possible Advantage by Freddie Mac**

Home Possible Advantage is Freddie Mac's version of the 3 percent down payment mortgage product. The program is open to qualifying low- to moderate-income first-time or repeat buyers or those purchasing in high-cost or underserved areas. First-time buyers must complete homeownership counseling. Learn more at www.FreddieMac.com/HomePossible

6 **USDA Single Family Housing Guaranteed Loan Program**

Buy a home in certain rural areas and you might not need any down payment at all. This U.S. Department of Agriculture (USDA) program assists low- and moderate-income consumers buy homes in eligible rural areas, including many counties in Illinois. The low-interest, fixed rate loans can be used to build, rehabilitate, improve or relocate a dwelling in an eligible area. Learn more at bit.ly/USDAsinglefamily

7 **VA Home Loan Program**

Another financing option that doesn't require a down payment. The loans are available to qualifying veterans, active military members and eligible surviving spouses. Guaranteed by the U.S. Department of Veterans Affairs, the loans do not require mortgage insurance or a minimum credit score. Learn more at www.Benefits.VA.gov/HomeLoans

VA U.S. Department of Veterans Affairs