



1600 E. Roosevelt Road, Wheaton, IL 60187  
 P: 630-260-2500 F: 630-260-2505  
 www.dhoc.org

## DuPage Homestead Program Information Packet

*Having trouble affording a house in expensive DuPage County?  
 Our special mortgage financing can help!*

**What is the DuPage Homestead Program?** The DuPage Homeownership Center (DHOC), a non-profit, HUD-certified housing counseling agency, created the Homestead Program in 1992 to help first-time homebuyers who were being priced out of the high-cost DuPage housing market. Homestead uses a reduced-interest mortgage-financing package to boost the buying power of income-eligible first-time buyers to enable them to afford a home in DuPage County. Because you are paying less in interest charges than with market-rate financing, you can afford more house!

**How do I qualify for the Homestead Program?** You must meet ALL of the following eligibility criteria at the time you close on a home. Counseling may help you to meet some criteria that you do not currently meet. Meeting these criteria does not guarantee that you will get a loan.

1. None of the applicants have owned a home as their principal residence in the past three years.
2. Applicants have a minimum 660 credit score (lowest score)
3. Any bankruptcies must have been discharged at least two years and you must have reestablished at least 24 months of traditional credit (this is our minimum standard, lender requirements may call for additional seasoning).
4. None of the applicants owes federal, state or local tax debts.
5. All occupants of the home must be U.S. citizens or permanent resident aliens.
6. Total TAXABLE GROSS household income cannot exceed the following limits (taxable gross income is defined as income from all taxable sources, before deductions, projected forward for the next 12 months for all household members age 18 and over):

Family Size	1	2	3	4	5	6	7	8
Household Income*	\$40,550	\$46,350	\$52,150	\$57,900	\$62,550	\$67,200	\$71,800	\$76,450

*\*Income guidelines are determined by HUD and adjusted annually (updated January 2014).*

**What are the downpayment requirements?** You must put down at least 5%. Of this, a minimum of 1% or \$1000, whichever is greater, must be from your own funds. Beyond that, you can put additional money toward the downpayment, and up to \$10,000 of any amount over 1% can be from a gift from a relative. In addition to your downpayment, you must have one mortgage payment in reserve after you close (lender may require additional payments in reserve). For example, if your monthly mortgage payment is \$1,000, you must have \$1,000 set aside at closing in a “rainy day fund” for emergencies. This is for your own financial protection. Your housing counselor will explain this requirement in greater detail.

**Does DHOC charge any fees to participate in Homestead?** We charge a fee of \$40 for our Homebuyer Education class. Prior to counseling we charge \$18 per applicant for a merged credit report. (Please note – if you have had credit issues in the past, we may need to pull more than one credit report during the course of your counseling with us to determine whether or not you have improved your credit scores.) We also charge a \$400 administration fee, which you pay at closing ONLY if you buy a home through Homestead.





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**Are there any restrictions on the house I can buy?** You select the house you want to buy with the following restrictions: (1) The house price will depend on what you can afford, but in no case can it exceed \$214,000; (2) The house must be located in DuPage County; (3) The home may NOT be located in Aurora or Bolingbrook; (4) No multifamily dwellings (you can buy a condominium, townhouse, or your side of a duplex); (5) The house must pass a DuPage County Housing Quality Standards inspection; (6) You must be able to afford the property as determined by your counselor and mortgage lender.

**Can I buy a house through this program if I have bad credit or too much debt?** DHOC will counsel you on budgeting and credit management so that eventually you may qualify for a mortgage. Please understand that you may be facing six months or more of work to address past problems before you can qualify for a mortgage. **DON'T BE DISCOURAGED!** It is definitely worth the time and effort to become financially stronger so that you can eventually buy a home. We encourage you to enter the program.

**How long will it take to buy a home through the Homestead Program?** That depends on two key factors:

1. Your financial situation when you enter the program – you have to meet the underwriting criteria for the first mortgage product program. Some of the key concerns will be minimum downpayment, credit scores and time on the job. These criteria change from time to time based on what is happening in the mortgage lending industry. (For example, in the wake of the recent foreclosure crisis, lenders are raising the minimum required credit scores.) Your housing counselor will advise regarding these issues.
2. The availability of funds - because this program is partially funded using government money, DHOC has only limited control over both the timing and amount of funds available.

***Remember that counseling can help you work through credit problems and other issues if you do not qualify to purchase when you enter the program.***

## **How do I enter the program?**

***We now offer two ways to enter counseling at DHOC! Our new GATEWAY TO HOMEOWNERSHIP ORIENTATION is recommended for people who are not yet ready to buy due to one or more of the following:***

- FICO scores below 620
- Less than two years continuous employment in the US
- Credit issues such as collections, judgments, charge offs or tax liens or a bankruptcy, foreclosure, short sale or deed-in-lieu within the past three years.
- Have little money saved for a down payment





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**STEP ONE:** Attend a **Gateway to Homeownership Orientation** or a **DHOC Home Buyer Education Class**. **YOU MUST ATTEND ONE OF THESE CLASSES BEFORE YOU CAN PROCEED TO THE NEXT STEPS.**

All household members age 18 and over must attend the class, except adult children or senior relatives living in the home who will not be on the mortgage (although any income they receive must be disclosed to determine household program eligibility). There is a \$20.00 charge per household for the Gateway to Homeownership Orientation and \$40.00 per household for Home Buyer Education. These fees are for materials and are non-refundable.

**STEP TWO:** Obtain an Application Package at the Class.

**STEP THREE:** Read the Application Package carefully and complete ALL of the fields.

**STEP FOUR:** Assemble COPIES of the following documents:

- = Federal tax returns for the past two years
- = W-2s and/or 1099's for the past two years
- = If self-employed, year-to-date profit-and-loss statement
- = Pay stubs for the past 30 days for all household members age 18 and over
- = Bank statements for the past two months (all pages, all accounts)
- = A check or money order for \$18 per applicant for your credit report, made payable to the DuPage Homeownership Center.

***Please note that we cannot accept originals and we cannot make copies for you.***

**STEP FIVE:** Submit your completed application form and documents to

DuPage Homeownership Center  
1600 East Roosevelt Road  
Wheaton, IL 60187

You can submit your information by mail. When we receive your package, we will call you to schedule an appointment for an individual intake session. **If we cannot reach you within 30 days, we will mail your credit report payment back to you and shred your documents.**

You also can deliver your information in person to our offices most weekdays. **Please call ahead to make sure someone will be available to receive your documents – (630) 260-2500, ext. 2501.** When you hand them in, we will schedule an appointment for you to come back for an individual intake session. **REMEMBER, PLEASE CALL AHEAD BEFORE COMING SO YOU DON'T WASTE YOUR TIME!**

**STEP SIX:** At your individual intake session, you will meet with a housing counselor who, prior to the meeting, will have reviewed your documents, obtained your credit report, assessed your initial eligibility for the program and estimated your purchasing power based on the information you provided. The counselor will develop a customized Homeownership Action Plan for you detailing a suggested course of action to help you achieve homeownership. This may include recommendations for addressing credit problems or other barriers that may be preventing you from becoming a homeowner. It also will include a list of any additional information we need from you in order for you to move forward in the program. If the counselor discovers you are not eligible for the Homestead Program, she will provide information on other resources to help you purchase a home.





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**STEP SEVEN:** You will be responsible for working on any issues identified in the Homeownership Action Plan. Your housing counselor will contact you periodically to check on your progress and you can feel free to contact her with any questions or concerns you might have. You will remain in our active client database as long as you wish while you are working on your Action Plan, provided you maintain contact with your counselor.

**STEP EIGHT:** When you have completed your Action Plan (however long that takes will depend on your individual circumstances), you will be placed in our "Market Ready" pool. If you have not completed Homebuyer Education with one year you will register to take this class to receive certification. You will then be referred to a participating Lender for pre-approval of 1<sup>st</sup> mortgage financing. (Please note: If the number of "Market Ready" clients exceeds the amount of available funds, applicants will be prioritized based on the date of their initial intake session.)

**STEP NINE:** Market ready clients attend a Homestead placement education session (either group or individual session, depending on number of clients who are ready and availability of funds) covering the specifics of the Homestead transaction before they begin shopping. Once you are preapproved for financing by a participating lender, and you have attended your placement education session, you can shop for a home.

### **Some Important DON'TS:**

- Do NOT bring originals of your personal documents. We will accept copies only.
- DO NOT ask our staff to make copies; we do not have the time or budget to do this for you.
- Do NOT leave your documents in the unsecured mailbox outside our door. We cannot be responsible for any items left outside our offices.
- Do NOT shop for a home until you are accepted into the program and PREAPPROVED for financing (see Step Nine above).

**Questions? Call the DuPage Homeownership Center at (630) 260-2500  
or visit our website at [www.dhoc.org](http://www.dhoc.org).**



## How the DuPage Homestead Program Works

Homestead provides first mortgage financing at interest charges relative to what you would pay if you used regular market financing. Because there is an interest-free second mortgage, you pay less in total interest so more of your money goes directly toward the purchase price of the home, enabling you to afford more. Homestead is what we call a “layered financing package.” Here’s how the layers work:

	Amount of Funds	Source of Funds	Terms
First Mortgage	Sales price, less 5% down payment, less \$14,999	Participating mortgage lender	30-year fixed-rate mortgage at a market interest rate. You will make monthly payments to the first mortgage lender.
Second Mortgage	\$14,999	DuPage County’s HOME federal block grant	No monthly payments; no interest charges or shared appreciation; forgiven over 5 years
Downpayment	5% of the purchase price	Minimum \$1,000 or 1% of the sales price, whichever is more, from borrower savings	Up to \$10,000 may be a gift from a relative
Closing Cost Grant	\$3,000	DuPage County	No repayment required. Grant is not available for purchase in Naperville.

