

Assist 2012 Homebuyer Assistance

Utilizing a two-pronged approach to assist homebuyers this program promotes home ownership.

1. The home buyer assistance feature of the *Assist 2012* program provides families with funds to pay all or most of their closing costs and down payment, enabling families with good credit but little available capital to buy their first home.
2. The mortgage credit certificate (“MCC”) feature reduces the homebuyer’s ongoing cost of borrowing whenever market conditions result in uncompetitive interest rates for loans funded in the tax-exempt bond market.

Overview

- Communities join together through an Inter-governmental Cooperation Agreement.
- No financial contribution or commitment required from any participant
- Any Illinois municipality can participate

Loan Funding

- Loans are funded with proceeds of tax-exempt bonds or through the direct sale of taxable mortgage-backed securities based on the sale method providing the lowest interest rate
- The bonds and securities are sold at a premium, a price greater than their face amount, which provides funding for the home buyer assistance
- Proceeds of the bonds and securities are used to make the home loans and fund the assistance
- The bonds and securities are not a debt of the municipalities or paid from any participating community’s funds, and are secured only with loans on homes purchased with **Assist 2012**
- The City of Aurora acts as issuer on behalf of all the communities

ASSIST Homebuyer’s Loan Program

- 30 year fixed rate loans
- FHA/VA loans available
- **Assist** pays 3% cash assistance to qualifying home buyers to fund closing costs and down payment assistance
- Loans are funded with proceeds of tax-exempt bonds or direct sale of mortgage-backed securities

Qualifying Homebuyers

- First time home buyers (not owned residence in three years)
- Will occupy the home as their residence
- Meet income guidelines
- Meet purchase price guidelines

ASSIST Mortgage Credit Certificates

- MCC’s are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers
- MCC’s allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year
- MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan
- An example of MCC can be found in the table below:

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ASSUMPTIONS		INCOME TAXES DUE		
Annual Income	\$37,500		Without MCC	With MCC
Loan Amount	\$80,000			
Interest Rate	8%	Income	\$37,500	\$37,500
Interest Paid During First Year	\$ 6,400	Mortgage Interest	\$6,400	\$5,120
MCC Credit Rate	\$1,280 (20% of interest)	Taxable Income	\$31,100	\$32,380
Deductible Interest With MCC	\$ 5,120 (80% of interest)	Taxes Paid at 15% Tax Bracket	\$4,665	\$4,857
		MCC Tax Credit	0	\$1,280
		Taxes Due	\$4,665	\$3,577
		Tax Savings Due to MCC	0	\$1,088

Assist 2012 Advantages

- Provides additional home ownership opportunities in our community
- Home ownership provides added stability in a community
- Serves the large segment of potential home buyers who qualify for loans but lack funds for a down payment and closing costs
- Strategic alliance with lenders throughout the state
- Customized marketing in each municipality
- No out-of-pocket expense to any community to participate

Program Details

Total Home Buyer Assistance:	4.75% (est.)
Closing Costs and Down Payment:	3.00%
Origination Fee:	1.75% (est.)

CITY OF PEORIA PURCHASE PRICE AND INCOME LIMITS SINGLE FAMILY PROGRAMS

NON-TARGETED AREAS

City Name	INCOME LIMITS		PURCHASE PRICE LIMITS	
	1 or 2 People	3 or More People	New Homes	Existing Homes
Peoria	\$69,600	\$80,040	\$247,033	\$247,033

TARGETED AREAS

City Name	INCOME LIMITS		PURCHASE PRICE LIMITS	
	1 or 2 People	3 or More People	New Homes	Existing Homes
Peoria	\$83,520	\$97,440	\$301,929	\$301,929