



City of Evanston
2009-2010 Downpayment Assistance Program
www.cityofevanston.org/downpayment

Evanston's Downpayment Assistance Program offers a forgivable loan to income eligible first time buyers for downpayment and or closing cost assistance of a home in Evanston. The loans are available through participating lenders who provide purchase mortgage financing. The City's funds are provided at closing.

Amount of Assistance

The program offers up to 17% of the purchase price, depending on need. The maximum amount of assistance for households with incomes at or below 80% of Area Median Income is \$30,000. The maximum amount of assistance for households with incomes between 81% and 100% of Area Median Income is \$25,000.

Borrower Contribution

The Borrower must contribute at least 3% from personal savings towards a downpayment and qualify for First Mortgage financing of 80% or greater of the Purchase Price (80% Loan-to-Value). There can be no cash back to the Borrower at closing except for pre-paid closing costs itemized on the Settlement Statement.

Forgivable Loan

The assistance is a forgivable loan secured by a Junior Mortgage. Borrowers also sign a Promissory Note, but no payments are due as long as the property remains owner-occupied during the affordability period. The loan is forgiven on a pro-rata basis over the length of the affordability period. If the property is sold or transferred or no longer owner-occupied, a portion of the loan is repaid based on the remaining affordability period, subject to net proceeds from the sale. Otherwise, it is totally forgiven and no payments are due at the end of the term.

Affordability Period

The loan is forgiven on a pro-rata, monthly basis during the affordability period.

- The affordability period for loans up to \$15,000 is 5 years, forgiven at 1/60th per month
- The affordability period for loans between \$15,001 and \$30,000 is 10 years, forgiven at 1/120th per month.

The junior mortgage may be subordinated upon request if the first mortgage is refinanced as long as there is no cash back upon refinancing. Otherwise, the unforgiven portion of the loan must be repaid.

The Property

The property must be located in the City of Evanston and the purchase price must be less than \$332,500. Allowable properties are: one or two unit buildings, a condominium or co-op unit, a townhome, duplex, or detached single family home; manufactured housing, or property held in a Community Land Trust. The property must pass a City housing inspection and if rehab is needed any identified health or safety defects must be cured no later than 6 months from closing.

Other qualifications

The borrower must be a First Time Buyer, which means that they have not owned a home in the last three years. There are exceptions which include a single parent who only owned with a former spouse, or a displaced homemaker.

Borrowers must receive Homebuyer Education and provide a certificate from a HUD-approved housing counseling agency, lender or a locally-approved counseling course. Borrowers should obtain homebuyer education as early as possible to help determine the amount of first mortgage financing they could obtain based on income and debt, and a purchase price they can afford based on income, financing and downpayment. See [separate list for local education resources](#).

Procedures and Participating Lenders: Follow the [Procedures for Purchasers](#) and submit the [Eligibility Wait List Form](#) to the Planning Division to start the process. See the "Lenders and Education" document for the most up-to-date list of participants. Check the City's web site for updates at www.cityofevanston.org/downpayment

Income Eligibility Limits as of April, 2009

Household Size	Maximum 80% AMI	Maximum 100% AMI
1	\$42,200	\$52,800
2	\$48,250	\$60,300
3	\$54,250	\$67,900
4	\$60,300	\$75,400
5	\$65,100	\$81,400
6	\$69,950	\$87,500
7	\$74,750	\$93,500
8	\$79,600	\$99,500

Guidelines for Determining Annual Income

Income eligibility is determined by projecting annual household income for the next 12 months based on current circumstances, unless there is verifiable evidence to the contrary. Income caps vary by household size. *Do not count* the following as household members or include their income:

- Foster children
- Foster adults
- Live-in aides
- Children of live-in aides

A child who is subject to a shared-custody agreement in which the child resides with the household at least 50% of the time can be counted in the household.

It is possible that the income calculated for mortgage eligibility purposes may differ from the income calculated for Downpayment Assistance eligibility.

Income Inclusions and Exclusions for Downpayment Assistance Eligibility Determination

Inclusions:	Exclusions:
1. Wages, salaries, tips, etc.	1. Child Support.
2. Taxable interest.	2. Money or property that was inherited, willed, or received as a gift.
3. Dividends.	3. Life insurance proceeds received as a result of someone's death.
4. Taxable refunds, credits or offsets of state and local income taxes. Refer to Form 1040 instructions for some exceptions.	
5. Alimony (or separate maintenance payments) received.	
6. Business income (or loss).	
7. Capital gain (or loss). Refer to Form 1040 instructions for some exceptions.	
8. Other gains (or losses).	
9. Taxable amount of IRA distributions, as well as SEP and SIMPLE IRA.	
10. Taxable amount of pension and annuity payments.	
11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.	
12. Farm income (or loss.)	
13. Unemployment compensation payments.	
14. Taxable amount of Social Security benefits.	
15. Other income, including prizes and awards, gambling lottery or raffle winnings; jury duty fees; reimbursements for amounts deducted in previous years, income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit.	

More Information: City of Evanston Community Development Department, Planning Division; 847-866-2928. Web-site www.cityofevanston.org/downpayment