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State tosses \$50,000 life preserver to underwater homeowners

LOOP NORTH NEWS

64° 

State tosses \$50,000 life preserver to underwater homeowners

More than 20 percent of mortgage borrowers in Chicago owe more money on their homes than the dwellings are worth. That's more than any other large housing market in the nation, according to Zillow. A program launched August 1 by Illinois Housing Development Authority will try to help.

By Don DeBat

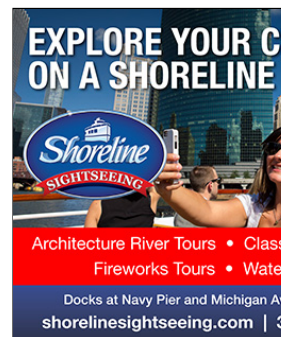
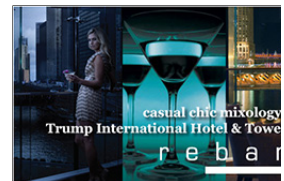
19-Aug-16 – The deepest housing recession since the Great Depression may be over, but thousands of home and condominium owners in Chicago and across Illinois are still underwater on their mortgages.

CoreLogic reports that more than 14 percent of all borrowers in Illinois are underwater, a destabilizing trend that continues to delay economic recovery.



“House prices in many Chicago area neighborhoods and municipalities remain 30 percent to 50 percent below what they were at peak levels and are unlikely to fully rebound in the coming years,” noted **Geoff Smith** (left), executive director of the Institute for Housing Studies at DePaul University. “This means that many mortgage borrowers who got loans in these areas at or near the peak of the market are likely underwater and will probably remain so for the near future.”

However, the Illinois Housing Development Authority is throwing a life preserver to qualified underwater home and condo owners.



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On August 1, IHDA launched the *I-Refi* program designed to help income-eligible homeowners who are current on their mortgage payments but owe more than their home is worth due to declining property values in their community.

IHDA said it will offer underwater homeowners up to \$50,000 in federal assistance to reduce the balance owed on their mortgage and refinance into a new affordable loan based on the current market value of their home.

IHDA is a self-supporting state agency that finances the creation and the preservation of affordable housing across Illinois. Since its creation in 1967, IHDA has allocated \$14.6 billion and financed approximately 245,000 affordable housing units for residents of Illinois.

Illinois is one of two states in the nation to launch a refinance program using federal Hardest Hit Fund (HHF) resources.

The new program offers a forgivable loan of up to \$50,000 to reset the amount owed on an underwater loan to a level that reflects the decline in the home's value. This allows homeowners to erase their negative equity and refinance into an affordable 30-year fixed-rate IHDA mortgage.

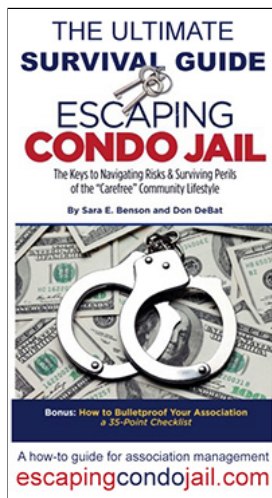
IHDA is expected to receive \$45.7 million of HHF funding through the U.S. Treasury Department to support the program. The money is expected to bail out 1,800 underwater homeowners with an average refinance payout of \$25,000.



"The I-Refi program is needed as the housing crisis of 2008 continues to impact hard working and responsible families across the state," said **Audra Hamernik** (right), IHDA's executive director.

"The recovery has been uneven, and many neighborhoods are still struggling," Hamernik noted. "By helping people refinance into a sustainable mortgage that is in line with the value of their home, we are offering a lifeline to entire communities as they regain their footing."

The program is targeted to homeowners who have been current on their mortgage payments for at least 12 months, and the borrower must also qualify for the new loan under IHDA's income and credit requirements.



Before the loan is approved, the homeowner is required to order a professional appraisal to assess the value of their home. Homeowners can apply through a network of participating lenders.

The HHF program was created in 2010 to provide targeted assistance to states deemed hardest hit by the economic and housing market downturn. The program was designed to leverage the expertise of state and local partners by funding locally-tailored foreclosure prevention and neighborhood stabilization solutions.



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Saturday
Friends of the Viking Ship
its last open day of 2016 with tours of the ship that sailed Norway to the 1893 World's Exposition in Chicago. Tours offered every 30 minutes from 10:30 a.m. to 3:30 p.m. The ship is located at Good Templar Park in Geneva. [Directions](#). Cost: Adults: \$5 Children: Free.

FOVS facilitates the preservation of the 1893 Viking Ship as an important artifact from the Columbian Exposition. The organization advocates for its public display in a permanent museum setting with adequate security and climate control.

[More info.](#)



Saturday
Lyric Opera of Chicago presents a haunting love story of a v

In addition to the new refinance program, IHDA uses HHF funds for blight elimination and down payment assistance for first-time home buyers.

IHDA also plans to re-open the Illinois Hardest Hit Program this fall to provide temporary mortgage payment assistance to homeowners who have experienced a drop in income. Together, the programs cater to the specific needs of homeowners, home buyers and entire communities, IHDA said.

“Illinois developed a refinance product that is among the first of its kind in the nation,” noted **Mark McArdle** (right), Deputy Assistant Secretary of Financial Stability for the U.S. Treasury. “I-Refi will enable eligible, underwater homeowners to refinance at today’s historic low rates, helping to secure their homes while reducing their financial burden.”



- Illinois Housing Development Authority: [I-REFI Program](#)
- Zillow: [Q2 2016 Negative Equity Report](#)



Don DeBat is co-author of [Escaping Condo Jail](#), the ultimate survival guide for condominium living. Visit www.escapingcondojail.com.

For more housing news, visit www.dondebat.biz.

By Don DeBat | Loop North News | ddebat@loopnorth.com

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love, her betrayal, and her madness in Donizetti’s *Lucia Lammermoor* in a new-to-C production with an all-star c described as a Scottish Rom Juliet-style tragedy, Lucia d Lammermoor opens on Octo seven performances throug 6. Civic Opera House, 20 N Drive. Tickets start at \$34. [info](#).



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