



PARTNERSHIP FOR HOMEOWNERSHIP

**SPECIAL POINTS OF INTEREST:**

- IHDA's interest rates for the Rural Guarantee Housing Initiative are 6.375% with \$1500 in closing cost assistance; 6.25% with \$1000 in closing cost assistance or 6.00% with no closing cost assistance. ( This applies to NEW reservations only.)

**Illinois Housing Development Authority**

401 N. Michigan Ave., Suite 700

Chicago, IL 60611

- Partnership for HomeOwnership's headquarters have moved! We have relocated to:

522 South Fifth Street

Springfield, Illinois, 62701

**FHA TO IMPLEMENT NEW "FHASECURE" REFINANCING PRODUCT**

President George W. Bush announced August 31, 2007 that HUD's Federal Housing Administration (FHA) will help an estimated 240,000 families avoid foreclosure by enhancing its refinancing program effective immediately. Under the new *FHASecure* plan, FHA will allow families with strong credit histories who had been making timely mortgage payments before their loans reset but are now in default-to qualify for refinancing.

In addition, FHA will implement risk-based premiums that match the borrower's credit profile with the insurance premium they pay-i.e., riskier borrowers pay more. This common-sense, risk-based pricing structure will begin on January 1, 2008.

The combination of *FHASecure* and risk-based premium pricing will permit FHA to return to the role it was originally designed to play, bringing stability to the real estate market by helping break today's cycle of foreclosures and price depreciation and creating much needed liquidity in the now-constricted mortgage market.

The *FHASecure* initiative will operate under the same safe guidelines as the FHA's existing mortgage insurance program without affecting FHA's financial health. Eligible homeowners will be required to meet strict underwriting guidelines and pay a mortgage insurance premium, which offsets the risk to FHA's insurance fund at no cost to the taxpayer.

The risk-based insurance premium structure will further expand FHA's reach to additional underserved borrowers, particularly minorities and first-time homebuyers who have been disproportionately lured into exotic mortgages, and enhance the FHA's overall risk management. The move to risk-based premiums ensures that FHA remains on solid financial footing as a self-financed agency for the long-term.

*FHASecure*, like all FHA products, will be underwritten to ensure the borrowers have the ability to repay the loan, will require escrow for taxes and insurance, and will continue to offer unprecedented foreclosure prevention assistance. The FHA has never permitted and will not include pre-payment penalties or teaser rates that are common in exotic mortgages and have caused much of the current market troubles.

To qualify for *FHASecure*, eligible homeowners must meet the following five criteria:

- A history of on-time mortgage payments before the borrower's teaser rates expired and loans reset
- Interest rates must have or will reset between June 2005 and December 2009
- Three percent cash or equity in the home
- A sustained history of employment
- Sufficient income to make the mortgage payment

For more information about *FHASecure* and other FHA products, please call 1-800-CALL-FHA or visit [www.fha.gov](http://www.fha.gov).

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## AVOIDING STUDENT CREDIT CARD DEBT

Students are prone to acquiring credit card debt. Why? Because many young people do not know or are not paying attention on how to handle their credit cards correctly. Here are some practical advice on the proper use of student credit cards and how to avoid credit card debt.

### It's Just a Marketing Strategy

Be aware that credit card companies are experts when it comes to marketing their business. They spend millions of dollars in using different marketing strategies to get your attention, to grab your interest and move you to sign up with their company. Credit card companies may give away freebies, offer instant approval, and other promotional tactics which can be very hard to resist. Don't be too naïve in applying for a credit card just so you can get a free coffee mug or t-shirt. Remember, there's more to it than just the freebie.

### Don't Settle for High Rates

There are so many different credit card companies that are competing in the market today that students don't have to settle for a credit card with unsatisfactory features. Some credit card companies charge high rates for students because they haven't yet established their own credit. However, there are still other credit card issuers who offer reasonable rates even for students like you. Don't rush in signing up that application as if there's no tomorrow. Take your time in choosing the right student credit card with the most reasonable rates. Compare the rates and features that each credit card provides. Only then can you be sure that you've chosen the right one. Don't fall for the "teaser" rates. Read the small print for the actual interest rates and all the conditions. Even one "late" payment can hurt your credit score. If you pay your account on time, call the card customer service and ask for a lower rate. To find out how your credit cards rate, please visit [www.cardratings.org](http://www.cardratings.org).

### Control the Use of Your Credit Card

Don't use your credit card on all your spending needs. For instance, if you're going to eat in a restaurant or watch a movie be sure you have the budget to spend on it. Don't use your student credit card on such expenses. If you'll get into the habit of charging all your expenses on your credit card, it is not unlikely that you will soon be facing credit card debt. Because credit cards are so convenient to use, you won't immediately realize that you're already spending way out of your means. In the end, you'll have a very hard time paying off your balances.

### Budget your money

Budgeting plays an important role in avoiding credit card debt. What is your exact budget for an entire month? Whether you are self-supporting or receiving allowance from your parents, plan exactly how much you intend on spending out of that cash. Don't forget to save even just a small portion from your monthly allowance. This savings will be your fund which you can use when emergencies arise. Make sure that you will not go beyond your intended expenses for the month. When making a purchase, think about it ten times. Do you really need that particular item? Or do you just want it? Have the determination to say no or back out from making a purchase if you know that it's not really very important.

### Pay Your Dues

Using your student credit card in purchasing doesn't grant you the freedom from paying it back. So pay your credit card balances on time and never ever try to skip on a payment. Be aware about the scheduled deadline on your payments. Check your monthly statement of account and see to it that you're keeping up with your credit card payments.

## *"Providing Resources to Reach the American Dream"*

### IHDA ANNOUNCES THE I-LOAN 40

As the nation's foreclosure rate continues to rise, Governor Rod R. Glagojevich expanded the state's I-Loan Mortgage program to offer 40-year-loans to help first-time homebuyers in Illinois achieve the dream of homeownership. The new I-Loan 40 Mortgage pilot program provides one more safe and affordable option for an estimated 150 low- and moderate-income residents who want to purchase their first home. As with the pre-existing 30-year I-Loan Mortgage program, the I-Loan offers first-time homebuyers a below-market interest rate that is fixed.

This product is not available for IHDA's down payment grant, buy down, HELP Program, or in the G-I Loan program. The initial rate is 6.5%. As always the rate is subject to change at anytime due to market conditions.



## \$2000 GRANTS TO 850 FIRST-TIME HOMEOWNERS

While Lenders scramble to provide mortgages programs and down payment assistance, the Illinois Department of Human Services and the Partnership for HomeOwnership are launching Asset\$Illinois, a new \$1.7 million grant program designed to create 850 first time homeowners annually throughout the state.

Asset\$Illinois will be the first statewide effort to assist moderate income families to purchase their first homes using Individual Development Accounts ( IDAs ) as a tool for building savings and assets. IDAs are matched savings accounts that can be utilized by moderate-income families to purchase a first home, start a small business or pursue

continuing education.

Individual Development Account holders will be allowed to save \$2000 in their Individual Development Accounts and will receive a total of \$2000 in matching funds. All participants must complete financial education and homeownership education as a requirement to participate in the Individual Development Account program.

Partnership for HomeOwnership will be providing this counseling. For more information on the Asset\$Illinois program, please visit [www.dhs.state.illinois.us/assets](http://www.dhs.state.illinois.us/assets).

## PREDATORY PAYDAY LENDING : FAST FACTS

Many working families live from paycheck-to-paycheck. When these families experience an unforeseen expense, some products marketed as emergency loans seem to offer a solution. But the almost invariably lead these families further into financial crisis. Research shows that payday lending, also known as cash advance or deferred deposit, fails to help families solve there financial crisis.

- Ninety-nine percent (99%) of payday loans go to repeat borrowers.
- The average payday borrower is flipped 8 times by a single lender.
- African-American neighborhoods have 3 times as many payday stores per capita as white neighborhoods, even when income is taken into account.
- Proximity to military bases is a powerful predictor of a high number of payday loan shops, according to two university researchers.
- The average payday borrower pays \$800 to borrow \$325.
- We have previously estimated that predatory payday lending costs American families \$3.4 billion annually. That cost is increasing rapidly, as the size of the market explodes.

The Center for Responsible Lending is a nonprofit , nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. CRL is affiliated with Self-Help, one of the nation's largest community development financial institutions. Please visit their website at [www.responsiblelending.org](http://www.responsiblelending.org).



## WEBSITES OF THE MONTH

- For more information on *FHASecure* refinancing loans visit [www.fha.gov](http://www.fha.gov).
- To find a credit card rating, visit [www.cardratings.org](http://www.cardratings.org).
- For a list of all Illinois Housing Development Authority's loan programs visit [www.ihda.org](http://www.ihda.org).
- Find out how to get stated with Asset\$Illinois by going to [www.dhs.state.illinois.us/assets](http://www.dhs.state.illinois.us/assets).
- The Center for Responsible Lending's website is [www.responsiblelending.org](http://www.responsiblelending.org).
- For Illinois Fair Housing laws visit [www.thehousing.org](http://www.thehousing.org).
- Visit [www.credit-power.org](http://www.credit-power.org) for a look into the future!
- Please visit Partnership for HomeOwnership's website at [www.pfho.org](http://www.pfho.org).

WE ARE ON THE WEB!  
WWW.PFHO.ORG



## PARTNERSHIP FOR HOME OWNERSHIP

522 South Fifth Street  
Springfield, Illinois 62701

Phone: 1-800-370-6697 or 217-391-4848  
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Website: [www.pfho.org](http://www.pfho.org)

**Providing Resources to Reach the  
American Dream!!**

The Partnership for HomeOwnership, Inc. is a nonprofit organization established by the Illinois Association of REALTORS in 1996 to help low-income first-time buyers achieve homeownership in Illinois. The foundation received a 2005 National HOPE (Home Ownership Participation for Everyone) Award for its innovative Quincy, Illinois Initiative, which now serves as a model for employer-assisted housing programs administered by IHDA.

For more information contact  
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