



HOME: Down Payment Assistance Program

FREQUENTLY ASKED QUESTIONS

What is a down payment assistance program?

Down payment assistance provides funds to homebuyers to potentially lessen the amount of borrowing needs on a loan. CHA's DPA program offers CHA residents/participants \$20,000 and non-CHA applicants \$10,000 to assist with down payment, Private Mortgage Insurance Premium (PMI), principal reduction, and closing cost. It cannot be used to subsidize the sales price, buy-down the interest rate of the primary loan or to pay-off or to satisfy any outstanding debt of the borrower at closing.

Is there a debt-to-income ratio restriction?

All expenses debt to income ratio cannot exceed 45%. This is the total of your revolving monthly debt, the amount of your new housing payment (principal, interest, taxes, and insurance), and items such as car payments, credit card bills, student loans, etc. divided by your gross monthly income (that's the amount before taxes are taken out). If you're not sure, your mortgage loan officer will calculate this for you.

Are there any income requirements to receive the DPA funds?

Non-CHA Families' household income (income for anyone 18 years old or older) cannot exceed 80% of the current HUD Area Median Income for Chicago and is updated annually by HUD. If married, the spouse's income is needed if not legally separated or divorced. Current residents/participants household income cannot exceed 120%

What is the difference between the Choose to Own (CTO) and Down Payment Assistance Program (DPA)?

CHA's CTO program allows qualified families in public housing or the Housing Choice Voucher (HCV) program to use their housing subsidy to buy a home and receive monthly assistance with a portion of their mortgage payment.

CHA's DPA program, in partnership with Neighborhood Housing Services of Chicago (NHS), assists first time homeowners who meet eligibility requirements with a grant of up to \$20,000 to aid with down-payment and closing costs, PMI and principal reduction.

Can I combine other DPA programs with CHA's DPA program?

Layered grants and other credits including seller's credits and gift funds cannot exceed 20% of the purchase price. DPA cannot be used to purchase a home through CHA's Choose to Own Program.

Do I have to be a CHA resident/participant to receive the DPA grant?

You can either be a current CHA resident or an IL resident (living in or moving to Chicago) that meets the program eligibility requirements.

If I receive the DPA program grant, will I continue to receive CHA subsidy?

CHA residents who receive the DPA grant are no longer eligible for CHA's housing subsidy.

Is there a credit score requirement to receive this grant?

There is no credit score requirement for this grant.

The Neighborhood Assistance Corporation of America (NACA) program does not have a down payment, PMI or closing cost. How am I able to use this grant if I am working with NACA?

You may work with NACA and receive this grant by using it for principal reduction.

What type of mortgage loans are accepted for this grant?

Conventional, FHA and VA loans.



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What types of properties am I able to purchase with the assistance of this grant?

Eligible properties are single-family detached homes, townhomes, 2-4 flat, new construction, and condominiums. Applicants seeking to purchase a 2-4-unit building must attend a certified property management/landlord training.

Where can I take the Homebuyer's Education and the Landlord Training Certificate-Property Management Training (if property being purchased has two or more units) class?

Your lender can provide a referral for the homebuyer's education and the property management training. [NHS](#) offers homebuyer's classes and [CIC Chicago](#) offers property management training via their websites.

Where can I purchase property with the assistance of this grant?

The property being purchased must be within the City of Chicago city limits. Properties outside the geographical restrictions are ineligible.

Can I apply for this grant if I have a coborrower?

Yes, you can have a coborrower if the property being purchased is the coborrower's primary residence.

Is borrower asset contribution to the loan transaction required?

Applicant's contribution is a requirement for this grant. The minimum contribution is \$3,000 (For applicants receiving Social Security benefits, the requirement is \$2,000). Contribution to the loan transaction can include cash to close, appraisal, home inspection, up front lender fees, and earnest money.

I have a preapproval, but it is not from a lender on your approved lender list. What do I do?

A preapproval from a mortgage lender on our approved lender list is required to apply for this grant. Approved lenders include : Associated Bank, Bank of America, BMO, Chase Bank, CIBC, Citibank, Guaranteed Rate, Guaranteed Rate Affinity, Huntington Bank, Loan Depot, Marquette Bank, NACA, Neighborhood Lending Services, Old National, PNC Bank, Self-Help Federal Credit Union, US Bank, Wells Fargo Bank, Wintrust Mortgage.

Who is considered a first-time homebuyer?

A borrower is considered a first-time home buyer if he/she has not owned a home or had an ownership interest in a residential or commercial property in the past three (3) years.

Is the down payment assistance a forgivable loan?

This Down Payment Assistance Program is not a loan. Repayment is not required if the homeowner occupies the property as his/her primary residence during the 10-year affordability period. Repayment/Recapture is prompted when: the property is no longer the homeowner's primary residence, the property is sold regardless of the reason for the sale, or the homeowner refinances their mortgage.

What requirements are needed at the time of application?

Income documents, current mortgage preapproval from one of our approved lender list, executed purchase agreement, proof of savings and/or proof of contribution to the loan transaction, current United States issued ID for all buyers on purchase agreement and title commitment.

If I am denied, can I reapply in the future?

You may reapply at any time, subject to eligibility requirement

Who should I contact with additional questions?

Email us at dpaprogram@thecha.org.