

## DuPage County Neighborhood Stabilization Program Frequently Asked Questions

### ***Where are these properties located?***

Visit the County's website at <http://www.dupageco.org/cdc/> and click on the "NSP Homes" link for an updated list.

### ***Why do I have to complete home buyer education and counseling?***

This is a federally funded program and that is one of their requirements. The home buyer education and counseling will provide useful consumer information and tips to help you be a successful homeowner. No one wants these homes to go back into foreclosure, so we want to make sure that today's buyers do not make the same mistakes that plunged so many current homeowners into crisis.

### ***Do I have to complete the education and counseling even if I've owned a home before?***

Yes – it's a federal requirement.

### ***Why are there only certain lenders on the participating lender list?***

These are lenders who have reviewed the program parameters and agreed to make mortgages under the program. You do not have to use one of these lenders, but if you use a lender that is not on the list, DHOC must review your mortgage documents to make sure you are getting a fixed-rate, consumer-friendly mortgage.

### ***How long will this process take?***

The upfront qualification, including review of your documents, the home buyer education class, and obtaining preapproval, can be completed in a few weeks. The time it takes to rehab the home will depend on the amount of work that needs to be done.

### ***How much say do I have in the rehab process?***

This will depend on the home you choose. You can meet with DuPage County staff to discuss this before you place a contract on a home so that you are making a fully informed decision.

### ***How much money do I have to put down up front?***

You must have a minimum of \$1,000 of your own money invested in the transaction. Depending on the first mortgage financing product you choose, your lender may require a higher downpayment, but in no case can it be less than \$1,000.

### ***What is PITI?***

It's the components of your monthly mortgage payment: **P**incipal to repay the amount you borrowed, **I**nterest on that money, **T**axes, and home owners **I**nsurance premium (your lender collects 1/12 of your tax and insurance bills each month, holds those amounts in escrow and pays the bills for you when they come due).

### ***What are Required Reserves?***

Invariably, when you purchase a home, there are unexpected expenses and you need to have a "rainy day fund" – that's why the program requires that you have two payments stashed away after closing to fall back on in case of emergencies.

### ***Can I have my contract reviewed by an attorney?***

Absolutely! You should hire any attorney, just like any home buyer would, to review your contract.

***Can I get my own inspection after the rehab work is done?***

Absolutely! You can hire a home inspector, just like any home buyer would, to do a post-rehab inspection.

***What if something happens while the home is being rehabbed – like I lose my job – and I no longer can afford to go through with the purchase?***

You should make your contract contingent on obtaining final financing. That way, if something happens to your financial situation during the rehab phase, you can cancel the contract and get your earnest money back.

***What is earnest money and how much do I need?***

Earnest money is part of your downpayment that you provide at the time you place a contract on a home as your show of good faith that you intend to go through with the purchase. It's a standard practice in real estate sales. The money generally is held in escrow by your real estate agent's firm and is released as part of your downpayment at closing. If the contract falls apart on a point of specific performance (for example, you've made your contract contingent on obtaining final financing, but you lose your job and can no longer get a mortgage), then you can get your earnest money back. For NSP, the earnest money amount is \$1,000.

***Why can't I rent out the home?***

The goal of NSP is to have owners occupy these properties as their homes. This is not a program for real estate investors.

***What if my situation changes in the future I need to rent out the home at a later date?***

You would have to pay off the second mortgage, most likely by refinancing. As long as the second mortgage is outstanding, the home must be owner occupied.

***Where's the application form and what paperwork do I need to submit?***

You can download the NSP Application Form at [www.dhoc.org](http://www.dhoc.org).