Lake County Down Payment Assistance Program
Lender Guidelines as of November 2026

ABOUT COMMUNITY PARTNERS FOR AFFORDABLE HOUSING

Community Partners for Affordable Housing (CPAH) is a nonprofit organization that develops affordable housing and provides services that empower individuals and families to secure and retain quality housing. Our vision is threefold: (1) thriving communities, (2) successful residents, and (3) a diverse range of housing to ensure everyone has a place to call home.

PURPOSE & BENEFITS

The purpose of CPAH's homebuyer programs is to increase affordable homeownership opportunities for low-income households in Lake County through a 3-pronged approach that includes financial assistance, education and counseling in order to remove many of the barriers to purchasing a home and maintaining successful homeownership. Our programs:

- Lower upfront out of pocket costs
- Empower buyers to navigate the complex home-buying process
- Assist buyers in overcoming credit and debt issues
- Provide post-purchase intervention to prevent default and foreclosure

ONLINE ACCESS TO MORTGAGES, NOTES AND FORMS

Bookmark www.cpahousing.org, go to Home Buying, then Information for Lenders page

Lenders work primarily with CPAH's Director of Underwriting, Alicia Sanchez and Intake Coordinator, Nancy Duran. Both available at 847/263-7478 or via email asanchez@cpahousing.org and nduran@cpahousing.org.

Package submissions should be sent to cpahdownpayment@cpahousing.org

HOW THE PURCHASE ASSISTANCE WORKS

Depending on household need, qualified buyers will be provided up to 5% of the purchase price (***up to $13,999***) to offset the down payment and closing costs. In select cases, assistance may be used to "buy down" interest rates. The type of assistance (downpayment vs buy down) will be evaluated on a case-by-case basis with the goal of providing maximum benefit to the homebuyer.

Assistance is provided in the form of an interest-free deferred loan, forgiven at a rate of 1/60th every month beginning 60 days after closing, and fully forgiven after five years plus 60 days in the property. The assistance will become immediately due and payable if any of these circumstances occur prior to 5 years plus 60 days: sale, cash out refinance, voluntary or involuntary transfer of title, failure to owner-occupy the property as his/her primary residence or discovery of fraudulent information provided during the application and closing process.

HOMEBUYER ELIGIBILITY CRITERIA

a) *First-Time Homebuyers:* A first-time homebuyer is defined as any borrower that has not owned a home in the last 3 years. Exceptions: Displaced homemakers or single custodial parents who have previously owned a home with a former spouse.

b) *Income:* Gross household income must be below 80% of median family income. Refer to chart below:

Household Size	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
80% AMI	$68,050	$77,800	$87,500	$97,200	$105,000	$112,800	$120,550	$128,350
Above effective as of 6/01/2026. Guidelines are determined by HUD and are adjusted annually.								

c) *Asset Limits:* Excluding funds in college savings, retirement accounts and special needs trust funds, buyers may not have liquid assets that exceed 100% of median family income (i.e., currently $109,375 for a household size of 3; see chart below).

Household Size	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
100% AMI	$85,063	$97,250	$109,375	$121,500	$131,250	$141,000	$150,688	$160,438
Above effective as of 6/01/2026. Guidelines are determined by HUD and are adjusted annually.								

d) Buyers that have enough liquid assets to afford 20% of the purchase price will be required to demonstrate the need for down payment assistance. Those files will be reviewed on a case-by-case basis. Please contact Alicia at 847.263.7478 ext. 11 to discuss.

e) *Gift Funds:* Gift funds toward the purchase may not exceed $10,000.

f) *Mortgage Approval:* Buyer(s) must qualify for a mortgage with an approved lender and meet all the financing and underwriting criteria described herein.

g) Residency Status: All buyers must be U.S. Citizens or Documented Permanent Resident. ***Visa holders are not eligible.***

h) *Owner-Occupancy & Principal Residence:* Buyer(s) must certify intent to owner-occupy the property as their principal residence for 5 years plus 60 days after closing and will be contacted annually thereafter to verify continued owner occupancy. The loan balance will be immediately payable if it is determined that the household is not residing in the home as their principal residence throughout the required period of affordability.

i) *Education & Counseling **(two parts):***
Buyer(s) must attend a homebuyer education class with a HUD-certified housing agency (*such as CPAH*) **and** complete one on one individual counseling. CPAH offers two ways to participate in the homebuyer classes.

Homebuyer Education Class (held in a group):
We offer a live class held via zoom. This class is 4 hours and offered in English & Spanish.

Homebuyer Education Class (self-paced): CPAH offers a self-paced e-learning homebuyer education class. Offered in English and Spanish.
For CPAH's self-paced e-learning homebuyer education class buyers must participate in individual counseling with one of CPAH's housing counselors prior to receiving the Homebuyer Education Completion Certificate.

Registration and coupon codes available at www.cpahousing.org/class-registration/.

Homebuyer education completion certificates from eHome America, Framework and Fannie Mae HomeView are also acceptable. A certificate of completion, certifying that a homebuyer education class was completed not more than two years ago must be provided.

Individual Counseling (one-on-one): Buyers must complete one-on-one individual counseling with CPAH to the extent determined by the CPAH housing counselor. Upon approval for the down payment assistance, one of CPAH's housing counselors will contact the buyer(s) to schedule this appointment.

j) *Post Purchase Intervention:* Buyer(s) must certify to agree to counseling upon delinquency of the first and/or subordinate mortgages.

PROPERTY ELIGIBILITY CRITERIA

a) *Location:* Must be located in Lake County, Illinois.

b) *Type of Housing:* Housing must be a one-unit, single family housing held in fee simple title. The land may be owned in fee simple or the homebuyer may have a minimum 99-year ground lease. Single family housing must be a one-unit family residence - townhome, one side of a duplex, condominium unit, cooperative unit or manufactured housing and lot. A manufactured home may not have wheels, must be permanently affixed to the ground, and may not be licensed as a vehicle under Illinois law. For manufactured housing, the ground lease must be for a period at least equal to the applicable required period of affordability.

c) Purchase Price: Neither the purchase price nor the appraised value of the property may exceed 95% of the median purchase price for Lake County, as adjusted from time to time by the U.S. Department of Housing and Urban Development. The maximum purchase price effective June 1, 2026 is $408,500 for both existing and newly constructed housing.

d) *Home Inspection and Property Standards:* Must have a home inspection by a home inspector licensed in the State of Illinois or Wisconsin. Any state and local code violations or significant health, safety or structural issues must be repaired prior to closing. Proof of repairs will be required. (EXCEPTION: In some cases, buyers purchasing a foreclosed

property may be allowed to have repairs completed 30 days after closing. See *Post-Purchase Home Repair Policy* for details).

Acceptable forms of proof:

1) Reinspection by a home inspector licensed in Illinois or Wisconsin. The inspector will need to provide a letter to CPAH confirming the required repairs have been completed.

2) Professional invoice (on company letterhead) from the contractor that completed the required repairs. Invoice must specifically state the repair item called on by CPAH.

Photos alone are not acceptable forms of proof and will not be accepted.

e) *New Construction:* Any newly constructed house (i.e., with an occupancy permit issued within the past 12 months) must comply with all applicable local codes, ordinances, zoning ordinances, and must meet the current edition of the model Energy Code published by the Council of American Building Officials. For new construction properties, an occupancy permit issued with the past 12 months is accepted in lieu of a home inspection.

f) *Lead-Based Paint:* To comply with the HUD office of Lead Hazard Control, a visual assessment for deteriorated paint must be performed. Homebuyers purchasing a home constructed prior to 1978 must certify receipt of an authoritative information source, such as the EPA's "Protect Your Family from Lead in Your Home" booklet.

g) *Flood Insurance:* Any property identified by FEMA as having special flood hazards must obtain flood insurance under the National Flood Insurance program and evidence of this insurance must be submitted to CPAH.

h) *Seller Agreement of Voluntary Acquisition:* Buyers may not acquire a property through force, such as through the power of eminent domain. Seller(s) will not be eligible for relocation expenses from CPAH, the government or any program investor. Buyer and seller must submit a fully executed Disclosure to Voluntary Sellers Form.

MORTGAGE FINANCING AND UNDERWRITING

a) *Acceptable First Mortgage Products:* Mortgage must be fixed rate and fully amortized. Conventional, IHDA, VA, FHA, portfolio loans and streamlined 203K. Please contact CPAH to discuss prior to submission when product is a streamlined 203K loan.

b) **Debt to Income Ratio:* Maximum of 45%. ***Only borrower(s) and non-borrowing spouses income can be used towards ratios.***

c) Verification of Employment (VOE): A VOE is required in addition to the most recent two months of consecutive pay stubs ***(Number of stubs is dependent on pay frequency – (Weekly: 9 pay stubs; Bi-weekly: 5 pay stubs; Semi-monthly: 4 pay stubs)***

d) *Non-borrowing Spouse (only if applicable):*
- A credit report will be pulled by CPAH for the purpose of collecting monthly debt amounts to be used towards CPAH's total debt-to-income ratio.
- Verification of Employment (VOE): In addition to obtaining paystubs, CPAH will process a VOE.

e) *Reserves:* Buyer must demonstrate a minimum of $2,000 in reserves to handle unforeseen circumstances **plus** the amount anticipated to bring to closing, per the final Closing Disclosure. Reserves are demonstrated by a bank account statement (dated within 30 days of closing). Retirement accounts are an acceptable form of reserves.

f) *Credit Score:* There is not a minimum credit score requirement. Buyers with no scores must demonstrate three forms of alternative credit reflecting on-time payments in the past 12 months. **A credit report no older than 60 days of file submission to CPAH is required.*

g) *Collections/Judgments*: Buyers cannot have any open non-medical collections totaling more than $2,000. In these instances, collections must either be paid off, paid down to under $2,000 or have entered a payment arrangement. Any payment arrangements will be counted towards ratios. Medical collections will be reviewed on a case-by-case basis. Judgments must be satisfied prior to closing.

h) *Student Loans*: For all deferred student loans, if not noted on credit report documentation reflecting a deferment date of at least one year or more from the anticipated closing date is required. If not deferred or deferment will end in less than one year from anticipated closing date, provide documentation reflecting the student loan monthly payment amount.

Additionally, for full-time dependent students 18 years or older that receive any source of income, earnings in excess of $480.00 for each full-time dependent student will not be counted towards the total gross household income. Excludes head of household and spouse.
Applicable income documentation per our checklist is still required for full-time students.

i) *Title*: Only borrowers are to be listed on the title. A non-borrowing spouse will be required to sign waiving homestead rights on CPAH's Subordinate Mortgage.

j) *Buyer Personal Investment*: Buyer must contribute 1% of the purchase price or $1,000, whichever is greater **through earnest money or cash at closing**. If the latter, funds would need to appear on the bottom line of the Closing Disclosure. We are unable to accept any other out-of-pocket costs toward the purchase to meet this requirement.

k) Layering Programs: CPAH's down payment assistance can be combined with other down payment assistance programs from federal, state and/or other grants. Additional HOME funds cannot be combined with CPAH funds. If layering with IHDA or other programs, CPAH lien can go in 3rd position or lower.

l) CLTV: Maximum CLTV of *102%. *(*This works in situations when the value of the property is above the sales price.)* Total liens can be no more than 100% of appraised value.

m) *No Cash Back:* Under no circumstances will the buyer be allowed cash back at closing. Any additional funds must be applied toward principal reduction.

n) *Allowable Lender Fees:* Loan origination fees and points are allowed. Brokering fees and prepayment penalties are not allowed. All other fees must be reasonable within acceptable industry standards. Multiple junk fees will be questioned and potentially disallowed, as will third party fees that seem excessive. At CPAH's discretion, lenders may be required to reduce their fees for a CPAH transaction.

o) *Loan Funded in Lender's Own Name:* The first mortgage must be funded in the Lender's own name, using its own money or credit line. Correspondent lending is acceptable. Brokered loans are not allowed. *Exceptions to this rule are permitted with CPAH written approval.*

SUBORDINATIONS OF SUBORDINATE MORTGAGES

CPAH mortgages may be subordinated under the following conditions, assuming all appropriate documents are provided on a timely basis.

- The borrower takes out no cash.
- The refinancing is for a lower interest rate than the existing first mortgage.
- The borrower's new monthly mortgage payment (including principal and interest) will be less than the current monthly payment. At staff's discretion, exceptions may be considered for homeowners refinancing out of an adjustable-rate mortgage or into a lower term mortgage.
- The borrower's new loan amount will be less than the current loan amount.
- The new mortgage must be a fixed interest loan. The County will not subordinate to an adjustable-rate mortgage (ARM).
- A quit claim deed must be issued if a borrower is no longer on the mortgage.

APPLICATION SUBMISSION PROCEDURES

a) *Required Documentation at Initial Application Submission:* A complete application package must be submitted ***at least*** 15 business days prior to closing. Please note this is a minimum time frame. **No exceptions**.
Loan processing will not begin until all necessary income, and loan documents have been received. **Submit the application package in the order of the checklist.** Outdated financial documentation, unsigned documents or even one piece of missing information constitutes an incomplete application submission—this will cause delays and prevent your loan from closing on the desired date.

b) *Incomplete or Ineligible Applications:* CPAH staff will review the initial application package within 3 business days of receipt. If the application is incomplete, the lender & buyers will receive correspondence via email stating the items pending. If the application is ineligible, CPAH will notify the lender & buyers via email and terminate the file.

c) *Funds Reservation Approval Letter:* CPAH's underwriting staff will review your complete application submission within 3 business days. Delays may occur depending on volume of file submissions. If the buyer is eligible for assistance, a Funds Reservation Approval Letter

will be issued that confirms eligibility and states the amount of assistance to be awarded. Funds will be reserved for 60 days; extensions may be granted at the discretion of CPAH.

The Funds Reservation Approval Letter is our approval for assistance. It is the only approval issued by CPAH. Updated approvals will be issued if for any reason the assistance amount has changed. Typically, this occurs when there has been a change in purchase price.

If prior to closing, you should need an updated Funds Reservation Approval Letter, they are available upon request.

d) *Home Inspection Review:* Lenders and buyers will receive a letter stating repairs that are required prior to closing. Proof of repairs will be required.
Acceptable forms of proof:
1) Reinspection by a home inspector licensed in Illinois or Wisconsin. The inspector will need to provide a letter to CPAH confirming the required repairs have been completed.
2) Professional invoice (on company letterhead) from the contractor that completed the required repairs. Invoice must specifically state the repair item called on by CPAH.
Photos alone are not acceptable forms of proof and will not be accepted.

e) *Required Documentation 2 Business Days Prior to Closing:* All pending documentation as outlined on CPAH's Lender Transmittal Checklist & Funds Reservation Approval Letter must be submitted no later than 2 business days prior to closing. Incomplete, outdated or unsigned documentation will constitute an incomplete submission and create delays.

f) *Clear to Close:* Available upon request.

g) *Loan Closing:* **A minimum of two business days' notice is required for all closings – no exceptions.** CPAH will coordinate with the lender to ensure the documents and funding are at the closing table. CPAH funds are wired to the title company. Our mortgage and note will be submitted to the title company electronically. Lenders that choose to have CPAH FedEx/UPS the closing package must do so at their own expense.

h) *Pre-Application Questions*: Lenders that are unsure if a borrower or property will qualify for assistance are strongly encouraged to discuss their file with CPAH prior to submission. While CPAH is unable to offer a formal written assessment, we will discuss our understanding of what you can expect based on the information we have available to us at the time.

PROGRAM INVESTORS

Funding for CPAH's homebuyer programs has historically come from a variety of federal, state and local government sources. We cannot predict which investor will fund any particular loan. Sometimes multiple funding sources are paired together for a buyer in order to stretch limited resources. Each funding source becomes available at different times in the year, and the eligibility guidelines and rules vary slightly with each funding source. CPAH is subject to changing guidelines from investors. While we cannot prevent or control these changes, we can

and do pledge to inform you of any changes promptly, and to continue to stand as liaison and advocate for our borrowers and lender partners.

EQUAL OPPORTUNITY

No person with a valid social security number in the United States shall on the grounds of race, ethnicity, color, national origin, religion, sexual orientation, gender identity or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under this program.

PROGRAM GUIDELINES SUBJECT TO CHANGE

Program guidelines are subject to change without notice if so necessitated by new requirements set forth by the CPAH Board of Directors or the program investors.

CPAH'S ALLOWABLE DISCRETION

At any point in the transaction, CPAH may choose not to provide financing if it is determined that any party of the transaction has behaved in a manner or presented information that is in any way deceptive or undermining of either the letter or spirit of our program guidelines. Any such persons or companies may be banned from working with CPAH in the future.