

RESOLUTION NO. 8889-R1

A RESOLUTION
APPROVING AND AUTHORIZING
THE EXECUTION OF AN AGREEMENT TO ESTABLISH
A HOUSING REHABILITATION PROGRAM

WHEREAS, the City Council of the City of Urbana, Illinois, has heretofore, on July 20, 1981, resolved to approve an agreement to establish a rehabilitation loan program; and

WHEREAS, the City Council resolved to approve the second agreement to establish a rehabilitation loan program on November 7, 1983; and

WHEREAS, the City Council resolved to approve the third agreement to establish a rehabilitation loan program on April 7, 1986; and

WHEREAS, the fourth agreement to establish a housing rehabilitation program is predicated on the prior three agreements and serves the purpose of providing low interest/no interest housing rehabilitation loans and grants to qualified Urbana residents.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That an agreement to establish a housing rehabilitation program between the City of Urbana, Illinois, and Busey Bank, in substantially the form of the copy of said agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois be and the same is hereby authorized to attest to said execution of said agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this 5th day of July, 1989.


Ruth S. Brookens, City Clerk



APPROVED by the Mayor this 11th day of July, 1988.

Jeffrey T. Markland
Jeffrey T. Markland, Mayor

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN
RESOLUTION NO. 8889-R1 AND IS INCORPORATED
THEREIN BY REFERENCE.

Ruth S. Brookens
Ruth S. Brookens, City Clerk

July 7, 1988
Date

AGREEMENT TO ESTABLISH
A HOUSING REHABILITATION PROGRAM

THIS AGREEMENT, MADE AND ENTERED INTO THIS _____ day of _____, 1988, by and between the City of Urbana, an Illinois Municipal Corporation, situated in Champaign County and in the State of Illinois, hereinafter referred to as the "City," and Busey Bank, hereinafter referred to as the "Lending Institution."

1. Program The program established under the terms and conditions of this agreement shall be called "The Housing Rehabilitation Program," hereinafter referred to as the "Program." The Program shall consist of six types of housing assistance to homeowners and renters, as described in Exhibit A attached hereto, and referred to as Rehabilitation Incentive Loan, Installment Loan, Deferred Loan, Grant/Deferred Loan, Emergency Grant, and Access Grant.
2. Deposits Within thirty (30) days of approval of this agreement by the United States Department of Housing and Urban Development, hereinafter referred to as "HUD," the City will deposit \$148,000 in accounts at the Lending Institution for uses and purposes herein set forth. On or before August 1, 1989, the City will deposit an additional \$148,000 subject to availability of sufficient funds from HUD and sufficient local demand for housing assistance. Subject to approval of the Lending Institution and HUD, the City may deposit additional sums from time to time.
3. Rehabilitation Incentive Loans Upon said initial deposit being made by the City, the Lending Institution will process rehabilitation incentive loans to persons designated by the City through its Community Development Division as qualified under the guidelines of the "Housing Rehabilitation Program Manual, 1988-1990," attached hereto as Exhibit B and hereinafter referred to as the "Manual." Expenses incurred by the Lending Institution in serving rehabilitation incentive loans shall be the responsibility of the Lending Institution.

- A. Loan Terms Rehabilitation incentive loans shall be made by the Lending Institution at 12.375 percent interest, fixed, fully amortizing over 120 months (10 years).
 - B. Interest Subsidy The City shall pay the Lending Institution at loan closing in one lump sum an amount sufficient to write down the interest paid by the borrower from 12.375 percent to 4 percent. The interest subsidy paid by the City shall be the amount equal to the difference between 12.375 percent and 4 percent and will be discounted based on the interest rate on the city's liquid asset account at the Lending Institution at the time of loan closing.
 - C. Loan Volume The Lending Institution shall, during the two-year term of this agreement, make rehabilitation incentive loans under this agreement in the amount of at least \$120,000 if eligible applicants are forthcoming from the city.
 - D. Loan Underwriting The Lending Institution shall consider rehabilitation loan applicants with monthly housing expenses up to 40 percent of gross monthly income and whose long-term indebtedness including the rehabilitation incentive loan does not exceed 90 percent of the after-rehabilitation property value.
4. Installment Loans Upon said initial deposit being made by the City, the City will process installment loans to persons designated by the City through its Community Development Division as qualified under the guidelines of the Manual. The Lending Institution shall service up to eight installment loans totalling not more than \$60,000 on behalf of the City during the duration of this agreement in accordance with Section 8(B) of this agreement.
 5. All Other Assistance Upon said initial deposit being made by the City, the City will process all other assistance described in the Manual, i.e., deferred loans, grant/deferred loans, emergency grants, and access grants to persons designated by the Community Development Division as qualified under the guidelines of the Manual.

6. Initial Loan or Grant The first loan or grant made from the deposit shall be committed within forty-five (45) days of said initial deposit. Furthermore, at least 25 percent of the initial deposit (or \$37,000) shall be disbursed within 180 days of receipt of the initial deposit from the City. Failure to commit said loan or grant within forty-five (45) days from initial deposit or to disburse 25 percent of the initial deposit within 180 days from receipt thereof can be cause for withdrawal of funds if required by HUD.

7. City of Urbana Responsibilities It shall be the responsibility of the City to accept and review all program applications and to determine whether an applicant qualifies to participate in the Program. The City, through its Community Development Division, shall furnish the following services and assistance:
 - A. Receive and review all applications for housing assistance;
 - B. Determine the specific assistance for which each applicant is eligible;
 - C. Verify all applicant information;
 - D. Arrange all credit reports, appraisals, and title searches as required to verify eligibility for assistance except in the case of rehabilitation incentive loans, for which the Lending Institution shall arrange credit reports, appraisals, and title searches;
 - E. Inspect the applicant's property and determine work to be done on the property to bring it to minimum property standards as described in the BOCA National Existing Structures Code as adopted and amended by the City of Urbana and HUD Minimum Property Standards;
 - F. Estimate the cost of work to be done on the property and arrange a contract for remodeling;
 - G. In the case of rehabilitation incentive loans, submit a complete loan application to the Lending Institution for processing and approval by the Lending Institution; in the case of all other assistance, review and approve/disapprove all applicants;
 - H. Prepare interest subsidy documents and attend loan closings at the Lending Institution for rehabilitation incentive loans; conduct loan and grant closings for all other assistance;
 - I. Conduct closings on all contract documents for the rehabilitation work and issue Order to Proceed to the general contractor;

- J. Perform progress inspections of the rehabilitation work to assure that the work is being completed in accordance with the construction contract. All payment requests from the property owner and general contractor shall be submitted to the City for approval prior to submission to the Lending Institution. The City shall be responsible for review of lien waivers, contractor affidavits, and related documents.
 - K. Upon completion of the work, a final inspection shall be conducted by the City and a Certificate of Occupancy issued prior to final payment to the contractor.
8. Lending Institution Responsibilities The Lending Institution shall be responsible for reviewing and approving all rehabilitation incentive loans made through the Program and for servicing all interest earning loans, including rehabilitation incentive loans and installment loans.
- A. Rehabilitation Incentive Loans It shall be the responsibility of the Lending Institution to handle all matters of processing and administering the rehabilitation incentive loans according to terms described in Section 3 of this agreement, according to guidelines in the Manual, according to customary standards for lenders making property improvement loans in Champaign County, and according to all applicable laws including Truth-in-Lending and nondiscrimination regulations. The Lending Institution shall have the right to refuse to make a rehabilitation incentive loan if the proposed security for the loan or the proposed borrower is not an acceptable risk according to standard underwriting requirements of the Lending Institution and taking into consideration the interest subsidy to be paid by the City.
- (1) Default In the event of default on a rehabilitation incentive loan, the Lending Institution shall have the sole responsibility for collection as well as risk of loss, except that the Lending Institution shall be entitled to receive the interest subsidy until the loan is collected in full or the original term of the loan expires, whichever occurs first. If a rehabilitation

incentive loan is in default beyond thirty (30) days, the Lending Institution shall inform the City accordingly.

- (2) Expenses The Lending Institution shall arrange all credit reports, appraisals, and title searches as required to verify eligibility for assistance; the Lending Institution may charge to the borrower or add to the loan amount the costs of these credit reports, appraisals, and title searches as well as any other out-of-pocket expenses incidental to the loan that are actually incurred by the Lending Institution and are reasonably charged to other borrowers. The Lending Institution shall not charge any loan origination fees.

- B. Installment Loans The Lending Institution shall service all installment loans approved and closed by the City. As servicing agent the Lending Institution shall collect monthly payments, establish escrow accounts from which property taxes and homeowner insurance will be paid on a timely basis (except in cases in which such accounts already exist at the Lending Institution or at some other institution), inform the City of any delinquencies 15 days past due, and initiate the following collection procedures:

<u>Days Past Due</u>	<u>Action Taken</u>
15-30	telephone call to borrower
31-45	letter sent to borrower notifying borrower of delinquency; notify credit bureau of one missed payment
46-60	second letter sent to borrower
61-75	request city attorney send letter to borrower; notify credit bureau of second missed payment
more than 75	direct city attorney to initiate foreclosure proceedings

Except for tax and insurance payments, the Lending Institution shall deposit all installment loan principal and interest payments into a special city housing revolving loan account.

9. Interest on Accounts The City shall deposit the initial \$148,000 contribution to the Program fund as follows: \$98,000 in a money market account, \$50,000 in a nine-month Certificate of Deposit paying

6.75 percent interest. Upon maturation of the nine-month Certificate of Deposit, principal and interest shall be deposited in the money market account to cover program expenses. The nature of all subsequent city contributions to the Program fund shall be negotiated between the City and the Lending Institution. However, on any account in which Program funds are deposited by the City, the Lending Institution shall pay a rate of interest no more than three (3) points below the one-year Treasury Bill rate.

10. Termination This agreement shall terminate two (2) years from the date of execution, unless it is hereafter extended by written agreement of the parties with approval from HUD. Upon termination, the Lending Institution shall not be required to make further rehabilitation loans and the City shall be entitled to withdraw from the accounts all unobligated funds. The term "unobligated funds" means any amounts that, based on generally accepted actuarial principles, are not needed to meet the remaining interest subsidies under this agreement or to make remaining construction payments under this agreement on loans and grants outstanding at the time of termination. As all of said loans and grants are either paid, or their term expires, whichever occurs first, the City shall be entitled to the funds remaining in the account.

11. HUD Requirements The loans and grants made pursuant to this agreement shall be subject to the same requirements (excluding the treatment of loan repayments as program income) as are applicable to direct loan or grant assistance provided for the rehabilitation of private property under HUD regulations for Community Development Block Grants at 24 CFR Part 570. Furthermore, the terms and conditions of this agreement are subject to the provisions governing lump sum drawdowns for property rehabilitation, Part 570.513 of the HUD regulations on Community Development Block Grants, 24 CFR Part 570. If the Lending Institution shall default in any terms of this agreement or said regulations, the City may, in addition to other legal remedy, withdraw from the accounts any unobligated funds required by HUD in the exercise of corrective or remedial actions authorized under Part 570.910(b) of said regulations.

12. Contingency This agreement may be contingent upon its being reviewed and accepted by HUD.

IN WITNESS WHEREOF each party has agreed to the provisions herein stated has caused this agreement to be executed by its duly authorized representative.

BUSEY BANK

CITY OF URBANA

BY: _____
Ed A. Scharlau, President

BY: _____
Jeffrey T. Markland, Mayor

ATTEST: _____

ATTEST: _____
Ruth S. Brookens, City Clerk

Exhibit A

CITY OF URBANA
DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
HOUSING REHABILITATION PROGRAMS (PROPOSED) 1988-1989 — EXCLUDES RENTAL REHAB (DOCA) AND SPECIAL PROGRAMS

Program	Purpose	Area of Eligibility	Target Group	Interest Rate	Maximum Amount	Underwriting Criteria	Target Units 88-89	1988-1989 Entitlement Draw
Rehabilitation Incentive Loan (RILP)	Provide moderate income owners below market rate funds for housing rehab citywide outside target area	Citywide outside target area	Moderate income up to 80% MFI	4%	\$15,000	Bank	2	\$9,000
	Provide moderate income owners below market rate funds for housing rehab in target area	Target area	Moderate income 80-120% MFI	4%	\$15,000	Bank	2	\$9,000
Installment Loan (IL)	Provide low income owners below market rate funds for housing rehab in target area	Target area	Low income non-elderly 50-80% MFI	50-60% - 1% 60-70% - 2% 70-80% - 3%	\$15,000	CDD	2	\$30,000
Deferred Loan (DL)	Provide low income elderly owners deferred funds for housing rehab in target area	Target area	Low income elderly 50-80% MFI or very low income 0-50% MFI	None	\$15,000	CDD	2	\$30,000
Grant/Deferred Loan (G/DL)	Provide very low income owners with grants for housing rehab in target area	Target area	Very low income elderly 0-50% MFI	None	\$15,000	CDD	3	\$45,000
Emergency Grant (EG)	Provide very low income owners with emergency funds to alleviate emergency health/safety conditions	Citywide	Very low income elderly & non-elderly 0-50% MFI	None	\$5,000	CDD	1	\$5,000
Access Grant (AG)	Retrofit owner-occupied and rental housing units so that they are habitable by disabled individuals	Citywide	Low and moderate income up to 80% MFI	None	\$ 5,000	CDD	4	\$20,000

HOUSING REHABILITATION PROGRAM MANUAL

**1988-1990
REHABILITATION INCENTIVE LOANS
INSTALLMENT LOANS
DEFERRED LOANS
GRANT/DEFERRED LOANS
EMERGENCY GRANTS
ACCESS GRANTS**

Prepared by

City of Urbana, Illinois

Community Development Division

Funded by

The United States Department

of

Housing and Urban Development

May 1988

Housing Rehabilitation Program Manual
1988-1990

- 1.0 Introduction
- 2.0 Definitions
- 3.0 Program Objectives
- 4.0 Rehabilitation Incentive Loans
 - 4.1 Eligible and Ineligible Activities
 - 4.2 General Terms and Conditions
 - 4.3 Eligibility Criteria
 - 4.4 Processing Procedures
 - 4.5 Close-out Procedures
- 5.0 Installment Loans
 - 5.1 Eligible and Ineligible Activities
 - 5.2 General Terms and Conditions
 - 5.3 Eligibility Criteria
 - 5.4 Processing Procedures
 - 5.5 Close-out Procedures
- 6.0 Deferred Loans
 - 6.1 Eligible and Ineligible Activities
 - 6.2 General Terms and Conditions
 - 6.3 Eligibility Criteria
 - 6.4 Processing Procedures
 - 6.5 Close-out Procedures
- 7.0 Grant/Deferred Loans
 - 7.1 Eligible and Ineligible Activities
 - 7.2 General Terms and Conditions
 - 7.3 Eligibility Criteria
 - 7.4 Processing Procedures
 - 7.5 Close-out Procedures
- 8.0 Emergency Grants
 - 8.1 Eligible and Ineligible Activities
 - 8.2 General Terms and Conditions
 - 8.3 Eligibility Criteria
 - 8.4 Processing Procedures
 - 8.5 Close-out Procedures
- 9.0 Access Grants
 - 9.1 Eligible and Ineligible Activities
 - 9.2 General Terms and Conditions
 - 9.3 Eligibility Criteria
 - 9.4 Processing Procedures
 - 9.5 Close-out Procedures
- 10.0 Contracting Policies and Procedures
 - 10.1 General Contracting Policies
 - 10.2 Contractor Qualification Procedures
 - 10.3 Use of Self-Help in Rehabilitation Assistance Programs
 - 10.4 Rehabilitation Projects in Conjunction with Empty Tomb, Inc.

1.0 INTRODUCTION

In 1974 Congress adopted the Housing and Community Development Act to encourage preservation and rehabilitation of the nation's housing and infrastructure. The Community Development Block Grant program (CDBG) was authorized by this Act. Through the CDBG program the Federal government provides funds to communities to carry out community development related activities. One of the primary objectives of the CDBG program is to conserve housing for low- and moderate-income persons by providing housing rehabilitation assistance.

The Urbana City Council created the Urbana Community Development Commission in 1975 to develop a Community Development plan for the city. The C.D. Commission identified the need to provide housing rehabilitation assistance to certain older areas of the city. Low- and moderate-income residents of substandard dwellings were given greatest consideration for this assistance, consistent with national CDBG objectives. Since 1975 housing renovation has been a major component of Urbana's CDBG program.

Under the CDBG program the city retains the right to design housing assistance programs to respond to local needs. Because community needs change over time, it is periodically necessary to review and revise the city's housing rehabilitation programs.

This manual contains guidelines for housing rehabilitation programs offered by the City of Urbana during the period beginning July 1, 1988, and ending June 30, 1990. Six programs are described in this manual:

- . Rehabilitation Incentive Loans (RILP)
- . Installment Loans (IL)
- . Deferred Loans (DL)
- . Grant/Deferred Loans (G/DL)
- . Emergency Grants (EG)
- . Access Grants (AG)

Exhibit A summarizes the purpose and general requirements of each program.

Programs are targeted to the Community Development Target Area except Rehabilitation Incentive loans, Emergency Grants, and Access Grants which are available city-wide. The C.D. Target Area is defined according to the Federal income guidelines using U.S. Bureau of the Census enumeration areas. The Target Area is illustrated in Exhibit B.

All households assisted by these six programs must meet Federally mandated income guidelines for low- and moderate-income persons. The current figures are included as Exhibit C and are subject to annual revision by the U.S. Department of Housing and Urban Development.

Housing Rehabilitation Program Manual 1988-1990 supercedes all guidelines previously issued by the City of Urbana. These guidelines do not apply to the city's Rental Rehabilitation Program, which is administered under separate guidelines subject to review and monitoring by the Illinois Department of Commerce and Community Affairs. In adopting this manual the Urbana City Council directs its Community Development Division to implement housing rehabilitation programs as described herein. The Council further authorizes the Community Development Division to enter into contractual agreements with individual property owners to implement housing rehabilitation programs in accordance with these guidelines.

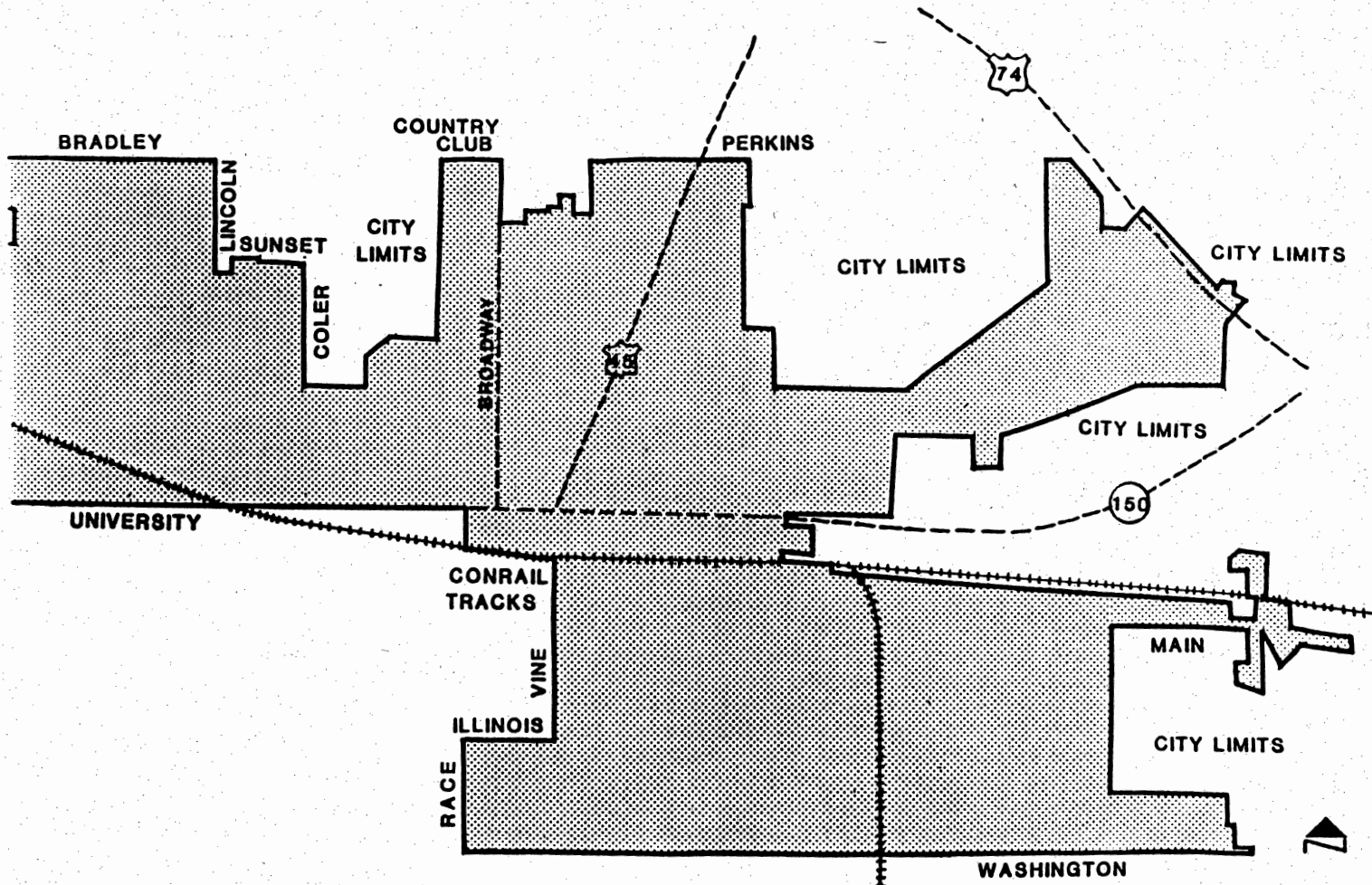
Employees, agents, consultants, officers, elected officials, and appointed officials of the City of Urbana who either 1) exercise functions or responsibilities with respect to CDBG or 2) are in a position to participate in the decision-making process relative to CDBG, or 3) may gain insider information with regard to CDBG activities are ineligible for assistance through the CDBG housing rehabilitation program. Such persons include, but are not limited to, the Mayor, City Council members, Community Development Commission members, Chief Administrative Officer, Comptroller, City Attorney, Community and Economic Development Director, and all Community Development Division staff. However, HUD may grant an exception to this rule on a case-by-case basis upon filing by the Community Development Division of 1) disclosure of the conflict, 2) an assurance that public disclosure of the conflict has been made, and 3) a legal opinion that the interest would not violate state or local law. City employees who are not otherwise excluded by this conflict of interest provision are eligible to apply for housing rehabilitation assistance.

Exhibit A

CITY OF URBANA
DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
HOUSING REHABILITATION PROGRAMS (PROPOSED) 1988-1989 — EXCLUDES RENTAL REHAB (DOCA) AND SPECIAL PROGRAMS

Program	Purpose	Area of Eligibility	Target Group	Interest Rate	Maximum Amount	Underwriting Criteria	Target Units 88-89	1988-1989 Entitlement Draw
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	Provide moderate income owners below market rate funds for housing rehab in target area	Target area	Moderate income 80-120% MFI	4%	\$15,000	Bank	2	\$9,000
Installment Loan (IL)	Provide low income owners below market rate funds for housing rehab in target area	Target area	Low income non-elderly 50-80% MFI	50-60% - 1% 60-70% - 2% 70-80% - 3%	\$15,000	CDD	2	\$30,000
Deferred Loan (DL)	Provide low income elderly owners deferred funds for housing rehab in target area	Target area	Low income elderly 50-80% MFI or very low income 0-50% MFI	None	\$15,000	CDD	2	\$30,000
Grant/Deferred Loan (G/DL)	Provide very low income owners with grants for housing rehab in target area	Target area	Very low income elderly 0-50% MFI	None	\$15,000	CDD	3	\$45,000
Emergency Grant (EG)	Provide very low income owners with emergency funds to alleviate emergency health/safety conditions	Citywide	Very low income elderly & non-elderly 0-50% MFI	None	\$5,000	CDD	1	\$5,000
Access Grant (AG)	Retrofit owner-occupied and rental housing units so that they are habitable by disabled individuals	Citywide	Low and moderate income up to 80% MFI	None	\$ 5,000	CDD	4	\$20,000

Exhibit B



CD TARGET AREA

Exhibit C

MEDIAN FAMILY INCOME, CHAMPAIGN-URBANA-RANTOUL MSA, 1988-1989

<u>Family Size</u>	<u>50% of MFI</u>	<u>80% of MFI</u>	<u>MFI</u>	<u>120% of MFI</u>
1	\$11,950	\$19,150	\$23,900	\$28,680
2	\$13,700	\$21,900	\$27,400	\$32,880
3	\$15,400	\$24,600	\$30,800	\$36,960
4	\$17,100	\$27,350	\$34,200	\$41,040
5	\$18,450	\$29,050	\$36,900	\$44,280
6	\$19,850	\$30,750	\$39,700	\$47,640
7	\$21,200	\$32,500	\$42,200	\$50,880
8	\$22,550	\$34,200	\$45,100	\$54,120

2.0 DEFINITIONS

Access Grant (AG): A non-repayable grant made to an income-eligible housing owner or renter to eliminate physical barriers which inhibit the use of the dwelling unit by a disabled/handicapped person.

Amortization: The gradual extinguishment of a debt (including interest) by periodic payments.

As-Is Appraised Value: An evaluation of the market value of a property as determined by a licensed appraiser or, in cases where market value is obviously well within proper limitations, an evaluation by staff as to the estimated market value of the property.

CD Target Area: Designated low- to moderate-income neighborhoods throughout Urbana which qualify to receive federal Community Development Block Grant funds to improve housing conditions and the general neighborhood environment.

Code Violations: Violations of the BOCA National Existing Structures Code as adopted and amended by the City of Urbana, other applicable codes and ordinances adopted by the city, and applicable Department of Housing and Urban Development (HUD) standards referenced herein.

Community Development Commission : A committee of Urbana residents appointed by the Mayor of the City of Urbana with approval of the Urbana City Council for the purposes of making recommendations regarding the annual Community Development Block Grant program and budget and monitoring CDBG-funded programs.

Community Development Division (CDD): The division responsible for administering the Community Development Block Grant Program (CDBG) for Urbana and coordinating all CDBG activities. CDD is a division of the Urbana Department of Community Development Services.

Contractor: A general contractor who meets the qualification guidelines set forth in Section 10.0 of the manual and more specifically in Everything You Always Wanted to Know About Being a Housing Rehabilitation Contractor, prepared by the Urbana Community Development Division, September 1986.

Deferred Loan: Deferred Loans are made available to provide labor, materials, and supplies to repair deteriorated residential dwelling units for qualified applicants. Deferred loans are made at no interest (0%) with no monthly payment. When the structure is sold or title otherwise transferred, the Deferred Loan becomes payable from sales proceeds. A mortgage lien is placed against the property. The repayment of all or a portion thereof may be forgiven under special circumstances as described in this manual.

Disabled/Handicapped: A person who is physically and permanently impaired to the extent that he/she cannot fully utilize his/her property without some structural modification.

Elderly Person: Person 62 years of age or older.

Emergency Grant (EG): Grant funds made available to provide labor, material, and supplies to repair a health or safety item in a deteriorating unit if the repair is immediate.

General Property Improvements: Work which is not required to bring a building into code compliance but which generally improves the condition and economic life of the property (painting, replacement of wood, floor covering, etc.).

Grant/Deferred Loan (G/DL): A Grant/Deferred Loan is made available to provide labor, materials, and supplies to repair deteriorating dwelling units for qualified applicants. A lien is placed on the property for the deferred loan portion, which constitutes fifty percent (50%) of the rehabilitation cost. The deferred loan portion is made at 0% interest. When the structure is sold or title otherwise transferred, the deferred loan portion becomes payable from sales proceeds. The grant portion constitutes the other 50%. No lien is placed on the property and repayment is not required for this portion.

Gross Monthly Income: The applicant's gross monthly income shall include:

1. The applicant's gross earnings;
2. Earnings of all other members of the household 18 years or older if such earnings constitute a regular contribution to household income; and
3. All other income regularly received by the applicant or other members of the household 18 years or older from any source if such income constitutes a regular contribution to household income, including but not limited to income from real estate or business operations, pensions, annuities, social security, supplemental security income, unemployment, aid to families with dependent children, food stamps, and interest income but excluding foster care income received from the Illinois Department of Children and Family Services.

Housing Expenses: The sum of payments for principal and interest on loans secured by a lien on the property, hazard insurance premiums, and real estate taxes.

Incipient Code Violations: An element of the structure which is not in violation of the housing code but which will likely deteriorate into code violation in the near future.

Installment Loan (IL): A loan made to provide labor, materials, and supplies necessary to repair deteriorating dwelling units for qualified applicants. The loan shall be fully repaid to the city in equal monthly payments at a below market interest rate based on household size and income. A mortgage lien is placed against the property for the loan amount and is released upon full payment of principal and interest.

Lien: A duly recorded encumbrance upon a property.

Manager: The division head of the Urbana Community Development Division, or other person as authorized by the Community and Economic Development Director of the City of Urbana.

Owner: The property owner as recorded in the Champaign County Recorder of Deed's office or the contract purchaser under a bonafide land sales contract.

Owner-Occupant: A person who occupies the property of which he/she is the owner (as defined above) and uses the property entirely for residential purposes or a person who has purchased a vacant structure for occupancy after the structure meets applicable codes.

PACE: Persons Assuming Control of Their Environment/Champaign-Urbana Center for Independent Living, a non-profit organization registered in the State of Illinois and existing to serve the needs of disabled/handicapped persons in Champaign-Urbana and surrounding communities.

Participating Financial Institution: The bank or savings and loan association with which the City of Urbana enters into contract for holding and disbursing CDBG housing rehabilitation funds for programs described in this manual.

Rehabilitation: The restoration of a reusable structure which overcomes deterioration and provides a satisfactorily improved physical condition for residential purposes.

Rehabilitation Incentive Loan (RILP): Rehabilitation Incentive Loan Program funds are made available to provide labor, materials, and supplies to repair deteriorating residential dwelling units utilizing low-interest loans to qualified applicants. The loan is made by a participating lending institution. The Community Development Division subsidizes the interest rate from market rate to 4 percent.

Rehabilitation Specialist: A rehabilitation specialist of the Urbana Community Development Division or other persons as authorized by the Community Development Manager of the City of Urbana.

Residential Property: A property used solely as a dwelling unit.

Staff Assistant: The staff assistant of the Urbana Community Development Division or other person as authorized by the Community Development Manager of the City of Urbana.

Standard Dwelling Unit: A dwelling unit in compliance with the BOCA National Existing Structures Code as adopted and amended by the City of Urbana and HUD Minimum Property Standards. Generally, a dwelling unit which meets all existing minimum housing code standards for habitation.

Substandard Dwelling: A dwelling unit that does not meet the criteria for a standard dwelling unit through lack of maintenance; age of unit; neglect; lack of part or all plumbing, electrical, and heating facilities; or overcrowded conditions. The substandard dwelling can be considered to be one of two classifications: 1) deteriorated unit, i.e., one that is substandard but is structurally sound or able to be made structurally sound and can be brought up to standard condition with rehabilitation; or 2) dilapidated unit, i.e., a substandard unit that has deteriorated to the extent that it is unsafe, unsanitary, or dangerous to human life, and rehabilitation is not feasible.

Vested Title: An interest in real estate carrying a legal right of present or future enjoyment and a legal right to convey the interest to another party.

3.0 PROGRAM OBJECTIVES

The City of Urbana Housing Rehabilitation Programs are designed to further the following objectives:

1. To encourage the revitalization and stabilization of low- and moderate-income neighborhoods by implementing housing rehabilitation programs;
2. To remove unhealthy or hazardous housing conditions in low- and moderate-income areas;
3. To use Community Development Block Grant (CDBG) funds as a catalyst to encourage residents of low- and moderate-income neighborhoods to improve their community;
4. To revitalize and preserve the existing housing stock;
5. To enable low- and moderate-income families who cannot obtain conventional financing to rehabilitate their homes;
6. To reduce utility costs and to improve the comfort of low- and moderate-income families by incorporating energy conservation techniques into housing rehabilitation assistance;
7. To conserve the property tax base in low- and moderate-income neighborhoods;
8. To encourage employment and training opportunities for target area residents and minority persons through the opportunity to bid on housing rehabilitation contracts;
9. To finance needed home improvements in the target areas using CDBG funds to the extent necessary and funds from private lenders to the maximum extent possible;
10. To encourage owner self-help;
11. To remove physical barriers impeding maximum use of residential property by disabled/handicapped persons and to increase the number of handicapped accessible dwelling units, both owner-occupied and renter-occupied, in the city.

4.0 REHABILITATION INCENTIVE LOANS

A rehabilitation incentive loan or RILP is a low interest loan up to \$15,000 for renovation of owner-occupied housing. Loan funds are provided by the participating financial institution. Interest rates are subsidized by the City of Urbana from market rate to 4 percent. Loans are fully amortizing over up to 120 months (10 years). The borrower makes payments to the financial institution after loan closing. RILP's are available city-wide to income eligible persons.

4.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. Eligible activities include but are not limited to the following:

- . repair or replacement of defective mechanical systems, i.e. electrical, plumbing and heating;
- . repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows;
- . energy conservation activities, i.e., insulation of attics and sidewalks, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of detached garages;
- . renovation of attached garages.

Ineligible activities include

- . temporary improvements;
- . any fixtures not permanently attached to the house, including appliances and window air conditioners;
- . fees for professional services of architects, engineers, and other consultants;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . renovation of detached garages;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation, and lastly any eligible interior renovation.

4.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
 - . Special maintenance programs such as paint rebate;
 - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
 - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. The applicant's monthly housing expenses shall not exceed 40 percent (40%) of his/her gross monthly income, including the rehabilitation loan payment except in cases warranting special consideration by CDD and the financial institution. Housing expenses consist of:
 - a) monthly payments of principal and interest on any and all loans secured by a lien on the property including the proposed rehabilitation incentive loan;
 - b) one twelfth (1/12) of yearly real estate taxes; and
 - c) one twelfth (1/12) of hazard insurance premiums.
4. The loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.

5. Existing indebtedness on the property, including the rehabilitation incentive loan, shall not exceed 90 percent of the after-rehab appraised value.
6. Loan processing costs shall be the responsibility of the applicant.
7. Loans are available to the applicant at 4 percent interest over ten years, fully amortizing over up to 120 months.
8. Loans are generally secured by a subordinate lien on the property to be rehabilitated. In extenuating circumstances with approval of the participating financial institution and the Manager, a mortgage lien will be placed on some other property held by the applicant.

4.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a rehabilitation incentive loan, the unit must meet the following criteria:

1. Be located within the city limits of Urbana;
2. Be classified as "substandard, suitable for rehabilitation" by the Community Development Division;
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation;
4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violations);
5. Title to the unit must be vested in the owner-occupant, who shall provide proof of ownership. Units purchased under a land sales contract wherein title does not pass to the buyer until the contract is paid in full are not generally eligible for rehabilitation loan assistance. However, exceptions may be made on a case-by-case basis with the consent of CDD, the financial institution, the applicant, and the owner of record;
6. Be single-family owner-occupied residential property;
7. Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of the Department of Housing and Urban Development Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana as amended.

For an applicant to qualify for a rehabilitation incentive loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case by case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default and the participating financial institution agrees to make the loan under those circumstances.
2. The loan applicant must meet the participating financial institution's loan underwriting criteria for the rehabilitation incentive loan program.
3. Applicants in the CD Target Area are eligible for subsidized loans if household income does not exceed 120 percent of the median income figure set by HUD for Urbana.
4. Applicants outside of the CD Target Area are eligible for a subsidized loan if household income does not exceed 80 percent of the median income figure set by HUD for Urbana.

4.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for a rehabilitation incentive loan, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

Application Process

1. Interview and advise loan applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and specific terms and conditions under which assistance is provided.
2. Obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment;
 - b. Verification of other earnings, housing expenses, and assets;
 - c. Verification of deposits with financial institutions;
 - d. Verification of mortgage or deed of trust from each holder of a lien secured by the property;

- e. Verification of additional information, such as credit references, necessary to make a determination of eligibility.

Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of deficiencies including code violations, incipient code violations and general property improvements.
3. Transmit the loan package to the lender for a preliminary review if necessary.
4. Provide the homeowner with a list of work items, contract documents, instructions for securing a contractor, contractor forms, and specifications; specify the date for submission.
5. Review contractor proposal for cost reasonableness and compliance with program requirements, including affirmative action.
6. Verify that the contractor meets program requirements.
7. Approve contractor's proposal and notify homeowner.
8. Transmit the final loan package to the lender and attend the loan closing; provide loan subsidy at closing.
9. Conduct preconstruction conference and contract signing, and prepare proceed order.
10. Issue proceed order after three (3) day rescission period has expired.

Contracting

Construction is undertaken only through a written contract between the contractor and the recipient of the rehabilitation incentive loan. CDD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the rehabilitation incentive loan recipient, and approved by the Manager. It shall contain the proposal amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies deem necessary.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by CDD to show the scope and detail of the work involved.

The contractor's proposal shall comply with general specifications as supplied by CDD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

The applicant shall be responsible for obtaining and submitting to CDD an acceptable contractor's proposal.

Depending upon the type of work and the skill of the owner, a property owner may complete some or all of the tasks required to rehabilitate her/his property. Self-help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition of small buildings, removal and disposal of debris, and work that involves minimal use of costly materials and equipment. If the owner possesses such skills the items in the proposal which she/he agrees to perform should be determined in advance, and the specifications and proposal should indicate those items to be performed by the owner. If the owner possesses more technical skills and prefers to do that portion of the labor that the skills warrant, an Owner Self-Help Agreement is prepared. This agreement must be in addition to the general contract. The Owner Self-Help Agreement states the work that the owner is to do, materials to be used, and a timetable for work completion. In the event of non performance by the applicant, CDD shall hire a contractor to finish the specified work. The applicant must pay the contractor for material and labor costs associated with this work. If the applicant refuses to pay the contractor or repay CDD after the contractor has been reimbursed for the work, a lien is placed against the owner's property in the amount of this work.

Building permits and building permit fees shall be required for construction work funded through the Rehabilitation Incentive Loan Program.

Contract Management

1. Inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

4.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also provide information on taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection report, and a schedule of follow up inspections.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information.
5. Follow-up inspections shall be scheduled for 6 months and 11 months after the completion of rehabilitation work.
6. Staff assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

5.0 INSTALLMENT LOANS

An installment loan is a loan made to hire a contractor to provide labor, materials, and supplies necessary to repair deteriorating dwelling units for qualified applicants. The loan shall be fully repaid to the city in equal monthly payments at a below market interest rate based on household size and income. A mortgage lien is placed against the property for the loan amount and is released upon full payment of principal and interest.

5.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. Eligible activities include but are not limited to the following:

- . repair or replacement of defective mechanical systems, i.e. electrical, plumbing and heating.
- . repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows;
- . energy conservation activities, i.e., insulation of attics and sidewalks, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of detached garages;
- . renovation of attached garages.

Ineligible activities include

- . temporary improvements;
- . any fixtures not permanently attached to the house, including appliances and window air conditioners;
- . fees for professional services of architects, engineers, and other consultants;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . renovation of detached garages;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation, and lastly any eligible interior renovation.

5.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
 - . Special maintenance programs such as paint rebate;
 - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
 - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. The applicant's monthly housing expenses shall not exceed 40 percent (40%) of his/her gross monthly income, including the rehabilitation loan payment except in cases warranting special consideration by CDD. Housing expenses consist of:
 - a) monthly payments of principal and interest on any and all loans secured by a lien on the property including the proposed installment loan;
 - b) one twelfth (1/12) of yearly real estate taxes; and
 - c) one twelfth (1/12) of yearly hazard insurance premiums
4. The loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
5. Existing indebtedness on the property, including the installment loan, shall not exceed 90 percent of the after-rehab appraised value.
6. Loans are available to the applicant at 1, 2, or 3 percent interest depending on household income in relation to the median family income for Champaign County as determined by HUD.

<u>Annual HH Income as % of MFI</u>	<u>Annual Interest Rate</u>
50-59%	1%
60-69%	2%
70-79%	3%

Installment loans are amortized over up to 120 months (10 years) and are repaid by the borrower in equal monthly payments.

7. Loans are generally secured by a subordinate lien on the property to be rehabilitated. In extenuating circumstances, the Manager may approve placement of a mortgage lien on some other property held by the applicant.
8. Monthly installment loan payments shall include funds sufficient to pay property taxes and hazard insurance, unless taxes and insurance are already being escrowed as part of another mortgage on the property. Payments shall be made to the city housing fund care of the participating financial institution. Tax and insurance payments shall be deposited in a dedicated account established solely for payment of the borrower's tax and insurance assessments. Payments into this account shall be adjusted annually in June to accurately reflect tax and insurance payments.
9. Coupon books shall be issued annually to the loan recipient in June for the period July-June.
10. Loan processing fees shall be the responsibility of the applicant. Costs for mortgage recording, appraisals, credit reports, and title work shall be either paid by the borrower at closing or added to the loan proceeds subject to repayment to the city.
11. Loan amortization begins the first day of the first month following issuance of a certificate of occupancy for the completed project by CDD. The first payment shall be due on the first day of the month following commencement of the amortization period. All further monthly payments shall be due on the first calendar day of the month.
12. In the event that the borrower fails to make a timely payment the following collection procedure shall be initiated by the participating financial institution:

<u>Days Past Due</u>	<u>Action</u>
15-30	Telephone call to borrower.
30-45	Letter sent to borrower notifying borrower of delinquency. Notify credit bureau of one missed payment.
45-60	Second letter sent to borrower.
60-75	Request city attorney send letter to borrower. Notify credit bureau of two missed payments.
More than 75	Direct city attorney to initiate foreclosure proceedings.

5.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with an installment loan, the unit must meet the following criteria:

1. Be located within the CD Target Area;
2. Be classified as "substandard, suitable for rehabilitation" by the Community Development Division;
3. Be structurally sound or be able to be rendered structurally sound through rehabilitation;
4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violations).
5. Title to the unit must be vested in the owner-occupant, who shall provide proof of ownership. Units purchased under a land sales contract wherein title does not pass to the buyer until the contract is paid in full are not generally eligible for an installment loan. However, exceptions may be made on a case-by-case basis with consent of the Manager, applicant, and owner of record.
6. Be single-family owner-occupied residential property;
7. Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana, as amended.

For an applicant to qualify for an installment loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.
2. The applicant's household income must be at least 50 percent but less than 80 percent of the median household income for Champaign County as released by HUD.
3. The applicant cannot have assets that would permit him/her to finance the necessary rehabilitation. Assets are defined as saving accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

5.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for an installment loan, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

Application Process

1. Interview and advise loan applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and specific terms and conditions under which assistance is provided.
2. Obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment;
 - b. Verification of other earnings, housing expenses, and assets;
 - c. Verification of deposits with financial institutions;
 - d. Verification of mortgage or deed of trust from each holder of a lien secured by the property;

- e. Verification of additional information necessary, such as credit references, to make a determination of eligibility.

Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of deficiencies including code violations, incipient code violations, and general property improvements.
3. Provide the homeowner with a list of work items, contract documents, instructions for securing a contractor, contractor forms, and specifications; specify the date for submission.
4. Review contractor proposal for cost reasonableness and compliance with program requirements including affirmative action.
5. Verify that the contractor meets program requirements.
6. Approve contractor's proposal and notify homeowner.
7. Loan recipient signs construction contract at closing.
8. Conduct preconstruction conference and contract signing; prepare proceed order after expiration of truth-in-lending rescission period.

Contracting

Construction is undertaken only through a written contract between the contractor and borrower. CDD staff helps the borrower arrange an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor and borrower and approved by the Manager. It shall contain the proposed amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies deem necessary.

The contractor selected by the borrower and approved by the Manager must be on the CDD prequalification or qualification list before signing of the contract.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by CDD to show the scope and detail of the work involved. The contractor's proposal shall comply with general specifications as supplied by CDD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

The applicant shall be responsible for obtaining and submitting to CDD an acceptable contractor's proposal. Self-Help shall not be permitted with installment loan funds.

Building permits and building permit fees shall be required for construction work funded through the Installment Loan Program.

Contract Management

1. Inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.
2. Make final inspection of rehabilitation work to ensure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

5.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also provide information on property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection report, and a schedule of follow up inspections.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information and shall provide the recipient with a coupon book for the first year of payments and a copy of the CDD delinquency policy.
5. Follow-up inspections shall be scheduled for 6 months and 11 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

6.0 DEFERRED LOANS

A deferred loan is an interest free loan up to \$15,000 for renovation of owner-occupied housing. Loan funds are provided by the City of Urbana. No periodic payments are due upon completion of the project. Instead the loan amount is due upon sale or transfer of the property.

6.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. Eligible activities include but are not limited to the following:

- . repair or replacement of defective mechanical systems, i.e. electrical, plumbing and heating;
- . repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows;
- . energy conservation activities, i.e., insulation of attics and sidewalls, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of detached garages;
- . renovation of attached garages.

Ineligible activities include:

- . temporary improvements;
- . fixtures not permanently attached including appliances and window air conditioners;
- . consulting fees for architects and engineers;
- . installation of air conditioning except when recommended by a physician due to health of the client;
- . renovation of detached garages;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation and lastly any eligible interior renovation.

6.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program for a combined total not to exceed \$15,000. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
 - . Special maintenance programs such as paint rebate;
 - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
 - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. A deferred loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
4. A deferred loan recipient shall not be required to pay for administrative expenses related to processing of the deferred loan application, such as title searches and appraisals.
5. A deferred loan is made at no (0%) interest with no monthly payment. A subordinate position lien shall be placed against the property in the amount of the rehabilitation. When the structure is sold or title otherwise transferred, the deferred loan becomes payable from sales receipts.
6. In the event of death of the deferred loan recipient and in the event that title to the property rehabilitated under the deferred loan program is passed to a descendant of the recipient or title to the property passes under a valid will to a person who resided in the premises for one year next preceding the death of the recipient, then the lien on the property continues under all of the conditions of the deferred loan program. Except for transfers of an undivided interest

in the said property between persons who inherited title to the premises, in the event of subsequent title changes either through sale or death the full amount of the deferred loan becomes payable to the Community Development Division.

7. In the event of transfer of title after three years where such transfer is an arm's length transaction and the sales proceeds are less than the outstanding liens on the subject property including the deferred loan, the Manager with concurrence of the Community Development Commission may release the deferred loan lien in an amount equal to the outstanding difference between the debt on the property and the anticipated net sales proceeds.

6.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a deferred loan, the unit must meet the following criteria:

1. Be located in the CD Target Area;
2. Be classified as "substandard, suitable for rehabilitation" by the Community Development Division;
3. Be structurally sound or be able to be made sound through rehabilitation;
4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violation);
5. Be a single-family owner-occupied residential property;
6. Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a flood plain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development (HUD) Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana, as amended.

For an applicant to qualify for a deferred loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.
2. The applicant must be an elderly head of household with income at least 50 percent of the median family income for Champaign County as released by HUD but less than 80 percent of the median family income or a non-elderly head of household with income less than 50 percent of the median family income

3. The applicant cannot have assets that would permit him/her to finance the necessary rehabilitation. Assets are defined as saving accounts, saving bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

6.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for a deferred loan, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

Application Process

1. Interview and advise loan applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and the specific terms and conditions under which assistance is provided.
2. Obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment;
 - b. Verification of other earnings, housing expenses and assets;
 - c. Verification of deposits with financial institutions;
 - d. Verification of mortgage or deed of trust from each holder of a lien secured by the property;
 - e. Verification of additional information, such as credit references, necessary to make a determination of eligibility.

Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare work write-up describing work to be accomplished.
3. Consult with the applicant on preliminary work write-up and cost estimate to reach an agreement on work to be done.

4. Coordinate the solicitation of bids from a list of prequalified and qualified contractors.
5. Issue proceed order only after termination of truth-in-lending rescission period.

Contracting

Construction is undertaken only through a written contract between the contractor and recipient of the deferred loan. CDD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the deferred loan recipient, and approved by the Manager. It shall contain the bid amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies demand.

CDD staff shall prepare and amend, as required, general conditions and specifications for use in all rehabilitation construction work.

Specifications based on the work write-up and illustrative sketches, if any, covering the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that a fair bid for the work can be obtained and so that misunderstandings can be avoided. The specifications and drawings shall be based on the work write-ups resulting from an inspection of the property and interviews with the applicant. The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions. All specifications shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

CDD staff shall establish and, on the basis of its experience, maintain a current list of Champaign County contractors, subcontractors, and material suppliers who are qualified and who are interested in doing rehabilitation work financed through deferred loan. The list shall not be used as a means of excluding bidders who are not on the list at the time of submission of a bid.

Contracts shall be awarded per bid procedures outlined in Section 10.

Self-Help shall not be permitted with deferred loan funds.

Building permits and building permit fees shall be requested for construction work funded through the Deferred Loan program.

Contract Management

1. Inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

6.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also provide information on property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection, and a schedule of follow up inspection.
4. CDD staff shall give the recipient a copy of the mortgage and note reflecting after-rehabilitation information.
5. Follow-up inspections shall be scheduled for 6 months and 11 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed use to CDLOG and shall update the CD case map index.

7.0 GRANT/DEFERRED LOANS

A grant/deferred loan up to \$15,000 is available for renovation of owner-occupied housing. Half of the assistance is a direct grant to the owner and need not be repaid to the city. The other half is due to the city at the time the property is sold. No periodic payments are due on the deferred loan portion, and no interest is charged on the deferred loan.

7.1 Eligible and Ineligible Activities

Eligible activities include general repairs which will bring the house into compliance with city codes. Eligible activities include but are not limited to the following:

- . repair or replacement of defective mechanical systems, i.e. electrical, plumbing and heating;
- . repair or replacement of defective building components and surfaces, i.e., foundations, roofs, porches and stairways, floors, ceilings and walls, doors and windows;
- . energy conservation activities, i.e., insulation of attics and sidewalks, caulking and weatherstripping of siding, doors, and windows;
- . exterior painting, siding;
- . interior renovation;
- . construction of house additions if necessary to meet code;
- . demolition of detached garages;
- . renovation of attached garages.

Ineligible activities include:

- . temporary improvements
- . fixtures not permanently attached including appliances and window air conditioners
- . consulting fees for architects and engineers
- . installation of air conditioning except when recommended by a physician due to health of the client.
- . renovation of detached garages;
- . construction of attached or detached garages.

Priority is placed on renovation necessary to meet city code, then exterior renovation, and lastly any eligible interior renovation.

7.2 General Terms and Conditions

1. An applicant may not apply for more than one type of rehabilitation assistance described in this manual at any given time (i.e., one rehabilitation incentive loan or one deferred loan or one installment loan). An applicant may, however, receive an emergency grant to repair health and safety hazards on a property and then additional assistance through another rehabilitation assistance program. An applicant may receive assistance through one of the six programs described in this manual and still receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. The applicant may not apply for rehabilitation assistance if the property to be rehabilitated received assistance from the Community Development Division within seven (7) years of the application date. The following rehabilitation assistance is exempt from this rule:
 - . Special maintenance programs such as paint rebate;
 - . work needed to address an emergency health/safety problem (see section 8.0 - Emergency Grants);
 - . work needed to correct an omission or defect resulting from a previous Community Development Division contract, and then only with approval of the Community Development Commission.
3. A grant/deferred loan shall not exceed \$15,000. The Manager may increase the maximum loan amount to \$17,500 in extenuating circumstances.
4. A grant/deferred loan recipient shall not be required to pay for administrative expenses related to processing of the grant/deferred loan application, such as title searches and appraisals.
5. A lien shall be placed against the property for the purpose of recovering fifty percent (50%) of the cost of rehabilitation. The deferred loan portion is made at no (0%) interest with no monthly payment. A subordinate position lien shall be placed against the property in the amount of the rehabilitation. When the structure is sold or title otherwise transferred, the deferred loan becomes payable from sales receipts.

6. In the event of death of the grant/deferred loan recipient and in the event that title to the property rehabilitated under the grant/deferred loan program is passed to descendants of the recipient or title to the property passes under a valid will to a person who resided in the premises for one year next preceding the death of the recipient, then the lien on the property continues under all of the conditions of the grant/deferred loan program. Except for transfers of an undivided interest in the said property between persons who inherited title to the premises, in the event of subsequent title changes either through sale or death the full amount of the deferred loan portion becomes payable to the Community Development Division. The fifty percent (50%) grant portion shall not constitute a lien against the property.

7.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with a grant/deferred loan, the unit must meet the following criteria:

1. Be located in the CD Target Area;
2. Be classified as "substandard, suitable for rehabilitation" by the Community Development Division;
3. Be structurally sound or be able to be made sound through rehabilitation;
4. Be a unit which, after rehabilitation, will be a standard unit (i.e., without code violation);
5. Be a single-family owner-occupied residential property;
6. Not be located in an area which is in conflict with environmental or zoning regulations (e.g. not located within a flood plain or adjacent to a railroad or other noise source which has a day/night sound level in excess of Department of Housing and Urban Development Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana as amended or with the 1982 Comprehensive Plan for Urbana, as amended.

For an applicant to qualify for a deferred loan, he/she must meet the following criteria:

1. The applicant must be the person or persons in whose name title to the property is vested. Contract buyers will be considered on a case-by-case basis depending on the term of the contract and the contract status, but then only if the owner of record agrees to accept responsibility for the mortgage and promissory note should the contract buyer default.

2. The applicant must be an elderly head of household having income less than 50 percent of the median family income for Champaign County as released by HUD.
3. The applicant cannot have assets that would permit her/him to finance the necessary rehabilitation. Assets are defined as savings accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant is allowed assets of \$17,500 per household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for housing rehabilitation assistance unless the excess is applied to the actual cost of rehabilitation.

7.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for a grant/deferred loan, determining work to be done on the property, procuring a contractor, and managing the rehabilitation contract.

Application Process

1. Interview and advise the applicant of the design and objectives of the housing assistance programs, the availability and benefits of housing rehabilitation assistance, and the specific terms and conditions under which assistance is provided.
2. Obtain the following information from and about the applicant and the subject dwelling:
 - a. Verification of employment;
 - b. Verification of other earnings, housing expenses, and assets;
 - c. Verification of deposits with financial institutions;
 - d. Verification of mortgage or deed of trust from each holder of a lien secured by the property;
 - e. Verification of additional information, such as credit references, necessary to make a determination of eligibility.

Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare work write-up describing work to be accomplished.

3. Consult with applicant on preliminary work write-up and cost estimate to reach an agreement on work to be done.
4. Coordinate the solicitation of bids from a list of prequalified and qualified contractors.
5. Issue proceed order after termination of truth-in-lending rescission period.

Contracting

Construction is undertaken only through a written contract between the contractor and the recipient of the grant/deferred loan. CDD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the grant/deferred loan recipient, and approved by the Manager. It shall contain the bid amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies demand.

CDD staff shall prepare and amend as required provisions of general conditions and specifications for use in all rehabilitation construction work.

Specifications based on the work write-up and illustrative sketches, if any, covering the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that a fair bid for the work can be obtained and so that misunderstandings can be avoided. The specifications and drawings shall be based on the work write-ups resulting from an inspection of the property and interviews with the applicant. The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions. All specifications shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

CDD staff shall establish and, on the basis of its experience, maintain a current list of Champaign County contractors, subcontractors, and material suppliers who are qualified and who are interested in doing rehabilitation work financed through a grant/deferred loan. The list shall not be used as a means of excluding bidders who are not on the list at the time of submission of a bid.

Contracts shall be awarded per bid procedures outlined in Section 10.

Self-Help shall not be permitted with grant/deferred loan funds.

Building permits and building permit fees shall be required for construction work funded through the Grant/Deferred Loan Program.

Contract Management

1. Inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following rehabilitation.

7.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall provide information about property taxes, energy conservation, and maintenance and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient the Certificate of Occupancy, a copy of the final inspection, and a schedule of follow-up inspections.
4. CDD staff give the recipient a copy of the mortgage and note reflecting after-rehabilitation information.
5. Follow-up inspections shall be scheduled for 6 months and 11 months after the completion of rehabilitation work.
6. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

8.0 EMERGENCY GRANTS

An Emergency Grant is available to homeowners to repair a health or safety item. Emergency grant funds are available only if the repair is immediately needed to mitigate a hazardous condition.

8.1 Eligible and Ineligible Activities

Eligible activities include any repairs necessary to alleviate a hazardous condition that poses a threat to the health and safety of the occupant, including repair or replacement of defective mechanical systems, building components, and surfaces.

Ineligible activities include any repair that is not of immediate nature, including weatherization activities, fixtures not permanently attached to the property, and fees for professional consulting services.

8.2 General Terms and Conditions

1. An applicant may receive an emergency grant to secure a property and then receive additional assistance through another rehabilitation assistance program described in this manual. An applicant may receive an emergency grant to secure a property and then receive assistance through special housing programs such as paint rebate and deadbolt lock programs.
2. Emergency grant assistance can be offered to an applicant even if the same property received assistance from the Community Development Division within seven (7) years of the application date.
3. An emergency grant shall not exceed \$5,000 or the actual cost of emergency work, whichever is less. If additional work is deemed feasible under another rehabilitation assistance program after completion of emergency repairs, the amount of the emergency grant shall be deducted from the maximum amount available through that rehabilitation assistance program.
4. An emergency grant recipient shall not be required to pay administrative expenses related to processing of the emergency grant application.
5. No payback of the emergency grant is required, nor is a lien placed against the property for the purpose of recovering all or part of the emergency grant.

8.3 Eligibility Criteria

For a dwelling unit to qualify as eligible for work under the emergency grant program, the unit must meet the following criteria:

1. Be located in the city limits of Urbana;
2. Be a single-family, owner-occupied residential property;
3. Be a dwelling unit with a situation deemed threatening to the safety and/or health of the occupants based on a determination made by the Building Safety Division technical inspector. Such items could include a severely malfunctioning furnace, a major problem with plumbing that renders sanitary facilities inoperable, roof leakage which impairs the structural integrity of the roof and its supports.

For an applicant to qualify for an emergency grant, he/she must meet the following criteria:

1. The applicant cannot have assets that would permit him/her to finance the emergency work.
2. The applicant must be the owner-occupant of the residential unit on which emergency repairs are to be made.
3. The applicant household income must not exceed 50 percent of the median income figure determined by HUD for Champaign County.

8.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for an emergency grant, determining work to be done on the property, procuring a contractor, and managing the rehabilitation work.

Application Process

1. Interview and advise the client of the objectives and procedures of the emergency grant program, objectives and procedures of other housing assistance programs that could be combined with the emergency grant project, and specific terms and conditions under which assistance is provided.
2. Obtain the following information from and about the applicant and subject dwelling.
 - a. employment earnings
 - b. other earnings, housing expenses, assets
 - c. deposits in financial institutions
 - d. mortgage or deed of trust from each holder of a lien secured by the property

- e. any additional information necessary to make a determination of eligibility

If time allows this information should be verified prior to proceeding with emergency grant work. If the work is of an immediate nature, however, work can proceed simultaneously with information verification.

Work Determination/Contractor Procurement

1. Schedule and conduct code inspections on the subject dwelling.
2. Prepare a list of hazardous deficiencies which need immediate attention and correction.
3. Reach agreement with the applicant on work to be done and on the schedule for grant activities.
4. Solicit cost estimates from at least two (2) prequalified or qualified contractors. Due to the immediacy of emergency grant projects, formal advertised bidding need not occur.

Contracting

Construction on an emergency grant project is undertaken only through a written contract between the contractor and the CDD Division. The contract shall contain the bid amount, all general conditions, and a description of emergency rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies demand.

Specifications based on the work write-up and illustrative sketches, if any, concerning the specific rehabilitation work to be conducted shall be prepared by CDD staff. Drawings shall be prepared only when essential to show the scope and detail of the work involved so that misunderstandings can be avoided. The specifications and drawings shall be based on the work writeups resulting from an inspection of the property and interviews with the applicant.

The specifications shall clearly establish the nature of the work to be done and the material and equipment to be installed. Known acceptable brands shall be identified by reference to manufacturer or association specifications, and provisions shall be made for acceptance of equal substitutions.

Self-Help shall not be permitted in emergency grant projects.

Building permits and building permit fees shall be required for construction work funded through the Emergency Grant Program.

Contract Management

1. Inspect rehabilitation work to see that work is progressing satisfactorily and to monitor the quality of materials and workmanship.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor sworn statements, and a warranty from the general contractor prior to final payments.

8.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone number, and a copy of the contract.
2. CDD staff shall provide the recipient with information on other housing assistance programs for which the recipient is eligible.
3. Staff Assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

9.0 ACCESS GRANTS

An access grant is a non-repayable grant made to an income-eligible housing owner or renter to eliminate physical barriers which inhibit the use of the dwelling unit by a disabled/handicapped person. Grants may be made for renovation of single-family detached dwelling units as well as duplex units and units in multiple-family dwellings. Grants may be used to make property improvements and to acquire personal property that is not permanently affixed to the unit.

9.1 Eligible and Ineligible Activities

Eligible activities include all types of general improvements necessary to remove barriers to accessibility by handicapped persons. These activities include but are not limited to:

- . ramp installation
- . door widening
- . installation of lowered light panels
- . renovation of kitchens and bathrooms
- . installation of visual fire/smoke alarms and doorbells for use by the deaf

Ineligible activities include general improvements not related to removal of barriers, for example, removal of code deficiencies and incipient code deficiencies.

9.2 General Terms and Conditions

1. An access grant shall not exceed \$5,000 or the actual cost of retrofitting, whichever is less. If additional work is deemed feasible under another rehabilitation assistance program after completion of the retrofit, the amount of the access grant shall be deducted from the maximum amount available through that rehabilitation assistance program. An Access Grant may be used in conjunction with Urbana Rental Rehabilitation Program funds but only in buildings with fewer than eight (8) units.
2. Access grant processing costs shall be the responsibility of the CDD.
3. If a rental unit is retrofitted through the access grant program and the tenant for which the unit is retrofitted vacates the unit, the owner agrees as follows:
 - a. For a period of seven (7) years from project completion the Community Development Division retains the right to reclaim any detachable equipment funded by the program but abandoned by a disabled/handicapped client (i.e., no longer in use and not expected to be used).

- b. If the completed unit is vacated at any time during a period of seven (7) years from project completion, the owner agrees to contact the Community Development Division. When the Community Development Division learns of the vacancy, it will make information about the unit known to potential disabled/handicapped tenants by contracting the following organizations:

- . PACE
- . Developmental Services Center
- . Champaign County Housing Authority
- . Illinois Department of Rehabilitation Services

The owner agrees that first priority in renting vacated units shall be given to disabled/handicapped persons. If after 30 days from the vacancy no disabled/handicapped person applies for the unit, the owner shall be free to rent the unit to an ambulatory person.

9.3 Eligibility Criteria

For a dwelling unit to qualify for remodeling with an access grant, the unit must meet the following criteria:

1. Be located within the city limits of Urbana;
2. Be structurally sound and relatively free of any building deficiencies that would render the property "substandard."
3. Not be located in an area which is in conflict with environmental or zoning regulations (e.g., not located within a floodplain or adjacent to a railroad or other noise source which has a day/night sound level in excess of the Department of Housing and Urban Development Sound Level Standards) or with the 1982 Comprehensive Plan for Urbana, as amended.

The applicant for an access grant is the person intending to occupy the unit upon retrofitting. For an applicant to qualify for an access grant, he/she must meet the following criteria:

1. The applicant can be either the owner of record or a renter of record. If the applicant is not the owner of record, the access grant can be made for retrofit of the property only if the owner of record agrees to the retrofit.
2. The applicant's household income shall not exceed 80 percent of the median household income for Champaign County as determined by HUD.

3. The applicant cannot have assets that would permit him/her to finance the necessary rehabilitation. Assets are defined as savings accounts, savings bonds, stocks, securities, real estate equity (other than applicant's homestead), or any other readily convertible items. The applicant will be allowed assets of \$5,000 household plus \$1,000 per each dependent. Applicants with assets in excess of the allowed amount shall not be eligible for an access grant unless the excess is applied to the actual cost of rehabilitation.
4. The applicant must be 18 years old or older and disabled/handicapped or have a disabled/handicapped dependent who is a permanent resident of the dwelling unit to be retrofitted.

9.4 Processing Procedures

This section outlines procedures for preparing, processing, and approving an application for an access grant, determining work to be done on the property, procuring a contractor and managing the rehabilitation contract.

Application Process

CDD will accept inquiries concerning access grants from owners of rental property and from social services agency personnel. The applicant for an access grant must, however, be the expected occupant of the unit to be renovated, either as the owner or renter.

1. Interview and advise access grant applicant of the design and objectives of the access grant program and the availability and benefits of the access grant program. Advise applicant and owner (if different from applicant) concerning the specific terms and conditions under which assistance is provided.
2. Obtain and verify the following information concerning the applicant and subject dwelling:
 - a. employment earnings
 - b. other earnings, assets, and deposits
 - c. applicant's interest in the property to be renovated
 - d. owner's approval of the proposed retrofit (if applicant is not the owner of record)
 - e. any additional information necessary to make a determination of eligibility including disability if not otherwise obvious.

Work Determination/Contractor Procurement

1. Schedule and conduct an inspection of the property to determine barriers to be removed and to verify that dwelling is otherwise free of code deficiencies. Inspection team consists of Rehabilitation Specialist, applicant, owner (if other than applicant), and PACE representative (if requested by the applicant).
2. Prepare a list of necessary property improvements and preliminary cost estimates and determine project feasibility.
3. Coordinate solicitation of bids from a list of prequalified and qualified contractors; the formal bid procedure shall apply to access grant projects.
4. Consult with applicant and owner (if other than applicant) to reach agreement on the construction contract.
5. Conduct preconstruction conference and contract signing, and prepare proceed order.

Contracting

Construction is undertaken only through a written contract between the contractor, the recipient of the access grant, and the owner if other than the applicant. CDD staff assists each applicant with arranging an acceptable construction contract.

The construction contract shall consist of a single agreement signed by the contractor, accepted by the grant recipient and owner, and approved by the Manager. It shall contain the proposed amount, all general conditions, and a description of all rehabilitation work to be performed. The contract may be changed as federal, state, and local laws, regulations, or policies deem necessary.

Drawings and/or specifications shall be prepared by the contractor only when deemed essential by CDD to show the scope and detail of the work involved. The contractor's proposal shall comply with general specifications as supplied by CDD. Provisions shall be made for acceptance of equal substitutions if accepted by the Rehabilitation Specialist. All proposals shall explicitly prohibit the use of lead-based paint and shall require the elimination of lead-based paint hazards.

Self-Help work shall not be permitted in conjunction with an access grant project.

Building permits and building permit fees shall be required for construction work funded through the Access Grant Program.

Contract Management

1. Inspect rehabilitation work on a regular basis to see that all work is progressing satisfactorily and to monitor the quality of materials and workmanship and compliance with affirmative action guidelines.
2. Make final inspection of rehabilitation work to insure conformance with contract specifications and issue certificate of final approval when appropriate.
3. Obtain from contractor manufacturer's and supplier's warranties, release of liens, final invoices, contractor's sworn statements, and a warranty from the general contractor prior to final payment for rehabilitation work.
4. Make periodic follow-up inspections of rehabilitation work in the one-year warranty period following retrofit.

9.5 Close-out Procedures

1. CDD staff shall visit the property and present the recipient with all warranties pertaining to the rehabilitation, a list of contractor and subcontractor's phone numbers, and a copy of the contract.
2. CDD staff shall also explain conservation and maintenance information and shall request that the recipient complete and return a questionnaire pertaining to the program delivery.
3. CDD staff shall give the recipient a copy of the final inspection report and a schedule of follow-up inspections.
4. Follow-up inspections shall be scheduled for 6 months and 11 months after completion of rehabilitation work.
5. Staff assistant shall add information on the completed case to CDLOG and shall update the CD case map index.

10.0 CONTRACTING POLICIES AND PROCEDURES

This section describes the general contracting policy of the City of Urbana as it pertains to rehabilitation assistance projects, procedures whereby contractors can become eligible to contract for CDBG-funded projects, policies governing use of self-help in rehabilitation assistance programs, and rehabilitation projects conducted in conjunction with Empty Tomb, Inc.

10.1 General Contracting Policies

The City of Urbana shall to the greatest extent feasible utilize Section 3 minority and female contractors, subcontractors, and material suppliers on housing rehabilitation projects funded by CDBG. For the purpose of CDBG housing rehabilitation programs, Section 3 firms are defined as those firms located within Champaign County. The City of Urbana encourages general contractors awarded CDBG-funded contracts to utilize subcontracting firms and material suppliers which are located in Urbana and employ Urbana residents, and further affirmative action goals as determined by Federal, State, and local governments.

Contracting Policies Pertaining to Deferred Loans, Grant/Deferred Loans, and Access Grants

Contracts for work funded through these programs are awarded to the prequalified or qualified general contractor who submits the lowest responsible bid as set forth in the Instruction to Bidders and contract documents. However, if there are one or more bids within 5 percent (5%) of the lowest responsible bid, the homeowner may select from among the eligible bids. It is the right of the City of Urbana to reject any and all bids deemed not responsible and/or bids not within 10 percent (10%) of the CDD cost estimate.

To implement these policies it shall be the responsibility of CDD to 1) insure that all general contractors awarded bids for these programs are located within Champaign County, 2) encourage general contractors to utilize Urbana-based and minority-owned subcontractors and material suppliers, and 3) take such actions as are deemed necessary to improve the ability of Urbana-based minority firms to competitively bid on these projects.

Contracting Policies Pertaining to Rehabilitation Incentive Loans and Installment Loans

Contracts are awarded to the contractor of the homeowner's choice, provided that the contractor's proposal is deemed complete and adequate by the CDD staff. It is the right of the City of Urbana to reject all proposals that are not within 10 percent of the CDD staff estimate. To be eligible a contractor must meet all criteria set forth in this manual pertaining to equal opportunity and insurance (see Section 10.2) and must be located within Champaign County.

Contracting Policies Pertaining to Emergency Grants

Due to the immediate nature of emergency grant work, insufficient time is available to seek formal bids or to allow the homeowner to solicit bids from prequalified or qualified contractors. Consequently, the Rehabilitation Specialist assigned to the case shall solicit bids from at least two (2) contractors on the list of prequalified or qualified contractors. The emergency grant contract shall be awarded to the contractor with the lowest responsible bid. It is the right of the City of Urbana to reject all proposals that are not within 10 percent of the CDD staff estimate.

10.2 Contractor Qualification Procedures

The Community Development Division maintains lists of contractors in three categories: 1) prequalified contractors, 2) qualified contractors, and 3) disqualified contractors. These lists pertain to all CDD programs.

A prequalified contractor is a contractor who has met all prequalification standards and who has yet to perform work through CDD. A qualified contractor is a contractor who, after initially being prequalified, has successfully completed a contract agreement through CDD and is in good standing. A disqualified contractor is a contractor who has failed to meet all prequalification standards or has failed to successfully complete a contract agreement through the CDD housing program. Bidding is open and competitive, and there is no differentiation among prequalified contractors. Disqualified contractors are ineligible to bid on CDD projects.

Deferred Loan, Grant/Deferred Loan, and Access Grant Projects

1. Prequalification standards

Prequalified contractor status indicates that to the best of CD's knowledge the contractor has the technical competency and financial ability to successfully complete CDD projects and is eligible to bid. Standards for prequalification are as follows.

a. Submission of:

- 1) Personal and/or business financial statements;
- 2) Contractor's responsibility verification form;
- 3) Prequalification form for Equal Employment Opportunity purposes;
- 4) Verification forms for reference confirmation;
- 5) Other forms as may be required.

- b. Insured to the limits required by the standard contract and agreement used by CDD or able to secure such insurance as follows:

TYPE	MINIMUM LIABILITY AMOUNTS
Comprehensive General Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage
Workman's Compensation Insurance	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage

- c. Capable of securing permits as required.
- d. Judged to have an acceptable record of performance, integrity, financial resources, and technical expertise as determined by investigation of information provided in the required form.

2. Qualification standards

Qualified contractor status indicates that the contractor has successfully completed at least one CDD project and is in good standing. Standards are as follows:

- a. The contractor operates her/his business in Champaign County.
- b. Successful completion of a community development contract agreement includes:
- 1) Completion of the construction work, including the work of all subcontractors, per specifications and with quality workmanship;
 - 2) Compliance with all contract requirements.
- c. Maintenance of required insurance and licenses.
- d. Maintenance of good standing with all federal and state agencies.
- e. Conduct consistent with public policy.

3. Disqualification standards

Disqualified contractor status indicates that the contractor is ineligible to bid on CDD projects. A disqualified contractor shall receive from CDD written notification of the cause of disqualification and the actions necessary for reinstatement. Upon reinstatement, a contractor assumes prequalified status.

- a. Failure to meet any prequalification standard, including but not limited to:
 - 1) Provision of false, misleading, or incomplete information on the contractors responsibility verification form or provision of false information on financial status;
 - 2) Inadequate construction experience or expertise;
 - 3) Poor reference;
 - 4) Inadequate financial requirements;
 - 5) Failure to meet federal requirements.
- b. Inability to secure or failure to maintain required insurance, license, or permit.
- c. If, after fair process as provided for in the contract agreement, the owner terminates a contract agreement, the terminated contractor is automatically disqualified by CDD. Grounds for termination, and thus disqualification, include, but are not limited to:
 - 1) Poor workmanship;
 - 2) Violation of contract start date or completion date;
 - 3) Abuse of change order provisions;
 - 4) Bankruptcy or insufficient financial resources to complete work;
 - 5) Failure to perform work in accordance with specifications;
 - 6) Failure to comply with a contract provision.
- d. Disqualified by any federal or state agency.
- e. Documentation of conduct inconsistent with public policy.

Rehabilitation Incentive Loan, Installment Loan,
Emergency Grant Projects

Contractors participating in these programs must meet the following standards. Failure to meet any of the standards and/or previous incidents of poor workmanship on other CDD projects constitute grounds for rejection of any proposal.

1. The contractor operates her/his business in Champaign County.

2. Submit the prequalification form for Equal Employment Opportunity purposes.
3. Insured to the limits required by the standard contract and agreement used by CDD or able to secure such insurance as follows:

TYPE	MINIMUM LIABILITY AMOUNTS
Comprehensive General Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage
Workman's Compensation Insurance	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$100,000 per person \$300,000 per accident \$ 50,000 property damage

4. Capable of securing permits as required.
5. Judged to have an acceptable record of performance, integrity, financial resources, and technical expertise as determined by investigation of information provided in the required forms.

10.3 Use of Self-Help in Rehabilitation Assistance Programs

Self-Help means completion of all or a portion of rehabilitation work by the property owner. Self-Help is allowed only on projects funded through the Rehabilitation Incentive Loan Program and then only in extraordinary circumstances.

Depending upon the type of work and the skill of the owner, a property owner may complete some or all of the tasks required to rehabilitate her/his property. Self-Help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition of small buildings, removal and disposal of debris, and work that involves minimal use of costly materials and equipment. If the owner possesses such skills the items in the proposal which she/he agrees to perform should be determined in advance, and the specifications and proposal should indicate those items to be performed by the owner. If the owner possesses more technical skills and prefers to do that portion of the labor that the skills warrant, an Owner Self-Help Agreement is prepared. This agreement must be in addition to the general contract. The Owner Self-Help Agreement states the work that the owner is to do, materials to be used, and a timetable for work completion. In the event of nonperformance by the applicant, CDD shall hire a contractor to finish the specified work. The applicant must pay the contractor for material and labor costs associated with this work. If the applicant refuses to pay for the work, a lien is placed against the owner's property in the amount of this work.

Persons wishing to do self-help work on a rehabilitation incentive loan project should be advised by CDD staff that payments will be due to the participating financial institution regardless whether self-help work is completed.

10.4 Rehabilitation Projects in Conjunction with Empty Tomb, Inc.

Rehabilitation assistance through programs described in this manual is limited to \$15,000 per dwelling unit. Recognizing that some dwelling units cannot be brought into code compliance at that cost, the Community Development Division has entered into a cooperative arrangement with Empty Tomb, Inc., a non-profit neighborhood improvement organization based in Urbana. Through this special arrangement and in cases of extreme housing deterioration, the Community Development Division provides CDBG funds for purchase of building materials up to \$15,000. These materials are then installed by Empty Tomb volunteers. Empty Tomb personnel are not eligible for reimbursement. Electrical, plumbing, and HVAC contractors hired by Empty Tomb to complete specialized renovation are eligible for payment with CDBG funds.

Projects funded through Deferred Loan and Grant/Deferred Loan programs are eligible for Empty Tomb volunteer work. Projects funded through all other programs described herein are ineligible for Empty Tomb work.

Requests for payment submitted by Empty Tomb to CDD shall be carefully reviewed by the Rehabilitation Specialist assigned to the case for reasonableness and completeness. Reimbursement for any material purchases may be disallowed if the Rehabilitation Specialist determines that the material cost significantly exceeds the suggested retail price of the material or if the Rehabilitation Specialist determines upon inspection of the property that the material has not been used in the rehabilitation.

CDD shall encourage Empty Tomb, Inc. to purchase material supplies from Urbana vendors whenever possible.