

RESOLUTION NO. 1999-01-002R

A RESOLUTION
AMENDING HOUSING REHABILITATION PROGRAM MANUAL 1998-2000
AS ORIGINALLY AUTHORIZED BY RESOLUTION NO. 9798-R25

WHEREAS, on February 16, 1998, the City Council of the City of Urbana, Illinois, authorized an application to the Illinois Housing Development Authority ("IHDA") for funds through the Illinois Affordable Housing Trust Fund ("Trust Fund"), said funds to be used to supplement Community Development Block Grant and HOME Investment Partnerships Program funds for rehabilitation of housing owned and occupied by very low-income households in the Community Development Target Area of the City of Urbana; and

WHEREAS, in said application the City has proposed to administer any Trust Fund allocation for housing rehabilitation in accordance with city's housing rehabilitation program guidelines set forth in *Housing Rehabilitation Program Manual 1998-2000* (the "Manual"), adopted by City Council on May 4, 1998; and

WHEREAS, IHDA has subsequently approved said funding application subject to compliance by the City with conditions set forth in a Conditional Commitment Letter dated September 28, 1998; and

WHEREAS, to comply with provisions of said Conditional Commitment Letter certain amendments to the Manual are necessary; and

WHEREAS, the City now desires to amend its housing rehabilitation program guidelines to comply with Trust Fund rules and to, thereby, qualify for a Trust Fund allocation for housing rehabilitation.

NOW, THEREFORE, be it resolved by the City Council of the City of Urbana, Illinois, that the Manual is amended as follows:

Section 1. The definition of Grant/Deferred Loan (GDL) on page 8 of the Manual is hereby replaced with a new definition as follows.

Grant/Deferred Loan (GDL): A combined Grant/Deferred Loan up to \$25,000 is made available to provide labor, materials, and supplies to repair deteriorating dwelling units for qualified applicants. Through the renovation, code violations on the premises must be eliminated. A lien is placed on the property to secure repayment of the deferred loan portion of the assistance and up to \$2,500 of the grant amount.

Half of the funds provided through the program are provided by the city in the form of a grant. The grant is generally not repaid to the city. However, the lesser of \$2,500 or the grant amount must be repaid to the city if, within five years of the loan closing, the owner sells the property or otherwise transfers title to the property.

Half of the funds provided through the program are provided by the city in the form of a no-interest deferred payment loan. No monthly, quarterly, or annual payments are required. The loan is due back to the city in full upon the earlier of 1) sale of the property or transfer of title or 2) the fortieth anniversary of the loan closing.

Section 2. Section 4.0 on page 13 of the Manual is hereby replaced with a new Section 4.0 as follows.

A combined Grant/Deferred Loan up to \$25,000 is made available to provide labor, materials, and supplies to repair deteriorating dwelling units for qualified applicants. Through the renovation, code violations on the premises must be eliminated. A lien is placed on the property to secure repayment of the deferred loan portion of the assistance and up to \$2,500 of the grant amount.

Half of the funds provided through the program are provided by the city in the form of a grant. The grant is generally not repaid to the city. However, the lesser of \$2,500 or the grant amount must be repaid to the city if, within five years of the loan closing, the owner sells the property or otherwise transfers title to the property.

Half of the funds provided through the program are provided by the city in the form of a no-interest deferred payment loan. No monthly, quarterly, or annual payments are required. The loan is due back to the city in full upon the earlier of 1) sale of the property or transfer of title or 2) the fortieth anniversary of the loan closing.

Section 3. Section 4.2(5) on page 14 of the Manual is hereby replaced with a new Section 4.2(5) as follows.

A lien shall be placed against the property for the purpose of recovering a portion of the cost of rehabilitation. The lien amount shall be calculated as the full amount of the deferred loan portion of the assistance (i.e., half of the rehabilitation cost) plus a portion of the grant amount calculated as the lesser of the grant amount (i.e., half of the rehabilitation cost) or \$2,500. The deferred loan portion of the assistance shall be payable to the city in full upon the earlier of 1) sale of the property or transfer of title or 2) the fortieth anniversary of the loan closing. The grant portion of the assistance subject to repayment shall be repaid to the city if, within five years of the loan closing, the owner sells the property or otherwise transfers title to the property. The City will take a subordinate position in the mortgage placed against the property in favor of a first mortgage if appropriate.

Section 4. Section 4.2(6) on page 14 of the Manual is hereby replaced with a new Section 4.2(6) as follows.

Indebtedness secured by the property, including the loan and the part of the grant that could be required to be repaid, shall not exceed 100 percent of the after-rehabilitation value of the property as estimated by the Grants Management Division.

Section 5. Section 4.2(7) on page 15 of the Manual is hereby replaced with a new Section 4.2(7) as follows.

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 a person who resided in the premises as a bona fide resident for one year next preceding the death of the recipient (the "survivor"), then, if the person executes an agreement with the city to assume responsibility for the grant/deferred loan, the lien on the property continues under all of the conditions of the grant/deferred loan program. In the event of subsequent title transfer by said survivor either through sale or death, the full amount of the lien shall become due to the City of Urbana.

Section 6. Section 4.2(8) on page 15 of the Manual is hereby replaced with a new Section 4.2(8) as follows.

In the event of transfer of title after three years from the date of the promissory note 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 lien associated with the Grant/Deferred Loan Program, the Manager with concurrence of the Community Development Commission may release the Grant/Deferred Loan Program lien in an

amount equal to the outstanding difference between debt on the property and the anticipated net sales proceeds.

Section 7. The definition of Grant/Installment Loan (GIL) on page 8 of the Manual is hereby replaced with a new definition as follows.

Grant/Installment Loan (GIL): A combination grant and loan totalling up to \$25,000 to provide labor, materials, and supplies to repair owner-occupied housing. Through the renovation, code violations on the premises must be eliminated. Half of the total rehabilitation cost is provided by the participating financial institution in the form of a market rate loan requiring monthly payments. Half of the funds provided through the program are provided by the city in the form of a grant. The grant is generally not repaid to the city. However, the lesser of \$2,500 or the grant amount must be repaid to the city

Section 8. Section 5.0 on page 22 of the Manual is hereby replaced with a new Section 5.0 as follows.

A combination grant and loan totaling up to \$25,000 is available to provide labor, materials, and supplies to repair owner-occupied housing. Through the renovation, code violations on the premises must be eliminated. Half of the total rehabilitation cost is provided by the participating financial institution in the form of a market rate loan requiring monthly payments. The loan is fully amortized over a period up to 120 months (10 years). The borrower makes monthly payments to the participating financial institution after loan closing. Half of the funds provided through the program are provided by the city in the form of a grant. The grant is generally not repaid to the city. However, the lesser of \$2,500 or the grant amount must be repaid to the city if, within five years of the loan closing, the owner sells the property or otherwise transfers title to the property. Repayment of this portion of the grant amount is secured by a mortgage on the property. Grant/installment loan assistance is available to income-eligible residents in the CD Target Area. The City will take a subordinate position in the mortgage placed against the property in favor of a first mortgage if appropriate.

Section 9. Section 5.2(4) on page 23 of the Manual is hereby replaced with a new Section 5.2(4) as follows.

Of the total project cost, 50 percent shall be provided by a participating financial institution in the form of a loan. Fifty percent of project costs are provided by the city in the form of a grant. The grant is generally not repaid to the city. However, the lesser of \$2,500 or the grant amount must be repaid to the city if, within five years of the loan closing, the owner sells the property or otherwise transfers title to the property. Repayment of this portion of the grant amount is secured by a mortgage on

the property. The City will take a subordinate position in the mortgage placed against the property in favor of a first mortgage if appropriate.

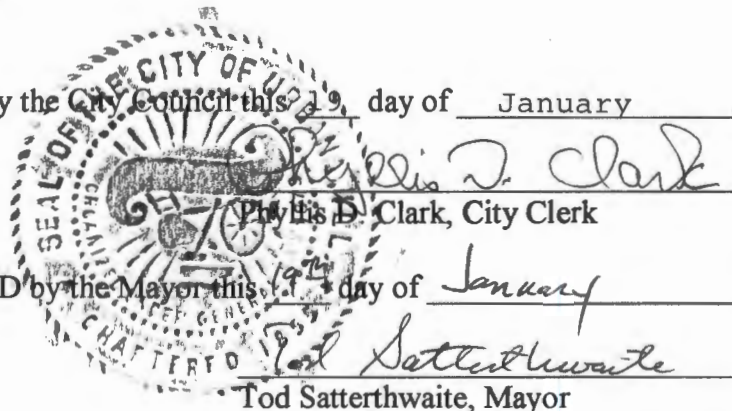
Section 10. Section 5.2(7) on page 24 of the Manual is hereby replaced with a new

Section 5.2(7) as follows.

Indebtedness on the property including the bank loan portion of the Grant/Installment Loan and the lien associated with the grant portion of the Grant/Installment Loan shall not exceed 95 percent of the after-rehabilitation appraised value.

Section 11. The Grants Management Division of the City of Urbana is hereby authorized and directed to proceed with implementation of the housing rehabilitation program guidelines in accordance with *Housing Rehabilitation Program Manual 1998-2000* as herein amended.

PASSED by the City Council this 19 day of January, 1999.



Phillip D. Clark
Phillip D. Clark, City Clerk

APPROVED by the Mayor this 19 day of January, 1999.

Tod Satterthwaite
Tod Satterthwaite, Mayor