



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**

Illinois Affordable Housing Trust Fund
Home Accessibility Program (HAP)
Manual

April 2017

For questions and comments please contact
TFHAPinfo@ihda.org

Introduction

Congratulations! You have been chosen as a Sub-grantee under the Illinois Housing Development Authority's (IHDA) Affordable Housing Trust Fund Home Accessibility Program (HAP). Your award of this Trust Fund grant will enable you to address the accessibility and safety needs of elderly and disabled households who might not otherwise be able to remain in their homes.

HAP's goal is to prevent premature or unnecessary institutionalization of senior citizens and persons with disabilities by funding repairs that will allow homeowners or tenants to remain in their homes. This model will result in better utilization of resources across the state, as well as more effective services for more households.

This Operations Manual includes guidance and sample documentation for the various aspects of your program. The purpose of the Manual is to:

- create a common ground for the program
- establish rules, procedures, and expectations
- develop thoughtful and effective operating procedures for local administrators
- minimize future program and project problems by identifying best practices and potential solutions

Organization of the Manual

- 1. Setting up Your Program** – This section provides thoughts on evaluating your readiness to begin HAP and a review of program parameters to remember before you begin.
- 2. Establishing a Contractor Pool** – This section addresses contractor pre-qualification, insurance and licensing requirements, and other contractor concerns.
- 3. Marketing and Applicant Intake** – This section addresses the requirements of intake procedures as you begin to accept applications for your program, including income verification and eligibility.
- 4. Environmental and State Administrative Requirements** – This section addresses environmental and state administrative requirements, including flood plain concerns, state historic preservation review, lead-based paint regulations, and other requirements.
- 5. Home Evaluation and Pre-Approval** – This section provides information on how to evaluate the feasibility of rehabilitating the property, as well as how to obtain pre-approval from IHDA.
- 6. Construction and Rehabilitation Management** – This section covers selecting a contractor and the bid process.
- 7. Receiving Your Funding and Project Completion** – This section addresses the payout process, including required documentation and timelines for payment.

Appendices

Guidance and Examples

- A. Sample Income Verification Forms
 - IHDA Property Standards
 - EPA Lead Pamphlet
 - HAP Term Sheet
 - HARGIS Contact Link
 - Trust Fund Regulations
 - Protect Your Family From Lead Pamphlet

Forms

- B. Checklists
 - Pre-Approval Checklist
 - Partial Payout Checklist

- Final Payout Checklist
- C. Applicant Information and Income Forms
- Income Limits
 - IHDA Authority to Verify Applicant Info
 - Financial Information Request
 - Homeowner Application
 - IHDA Income Calculator
 - “Items to Bring to the Interview” and “Homeowner Expectations”
 - Part 5 Definition of Annual Income
- CI. Environmental and SHPO
- FIRMette
 - Illinois Environmental Regulation
 - Illinois Executive Order 2006-5
 - Illinois Lead Poisoning Prevention Act
 - Sample SHPO Letter
 - SHPO Guidance
- CII. Accessibility Documents
- Illinois Accessibility Code
- CIII. Contractor Forms
- Bid Tabulation Form
 - Project Completion Certificate
 - Change Order
 - Final Lien Waiver
 - Partial Lien Waiver
 - Contractor Payment Request Form
 - Contractor Statement of Qualifications & Referral Form
 - Contractor Sworn Statement
 - Notice to Proceed
- CIV. Sample Summary Forms
- Payout Request Summary Form
 - Project Delivery Worksheet
 - Quarterly Status Report
 - Request for Payment Certification Forms
- CV. MITAS System Administrator Form

Section 1: Setting Up Your Program

Setting up a rehabilitation program that meets both our homeowners' needs and the requirements for a fiscally sound state-funded program requires forethought and planning. Time spent now in delineating roles and responsibilities and defining procedures for your program will result in the efficient delivery of the intended services.

As you review the Manual and appendices and all the requirements of operating HAP, consider how your current procedures may need to be changed and how your current staffing or knowledge may need to be supplemented.

How will roles and responsibilities be assigned within your administrative team? HAP has the difficult but beneficial goal of efficiently coordinating different agencies and resources in assisting elderly and disabled households in need of home repairs. It is a challenge to set up a new program within an agency, assigning roles and clarifying procedures. As administrators of the program, you will be required to manage both dollars and documents. It may help to start with questions such as:

- Does my agency have the expertise needed to perform all the assigned tasks?
- Should we contract with an outside agency to supplement in-house knowledge?
- Do we currently have sufficient record keeping and financial management practices to be able to maintain the necessary documents, ensure contractors are paid in a timely fashion, and track the staff costs of the program?
- Does my staff have sufficient knowledge of local building codes, accessibility requirements, and lead-based paint requirements to meet the needs of the program?
- Will we be able to keep up with all the compliance procedures and reporting requirements?

Consult the Program Activity Table and the Rehabilitation Program Flow Chart of an individual rehabilitation project on the next few pages. These forms will assist you in the assignment of roles and responsibilities, to determine changes needed in your record keeping, and to focus on areas where supplemental staff or contracting with another entity may be necessary.

With more than one agency being involved, you will need to make some decisions about how the project documentation will be maintained and where it will be kept. **IHDA maintains the right to monitor these files, either on site or by requesting a copy of all documentation for a desk review at any time.**

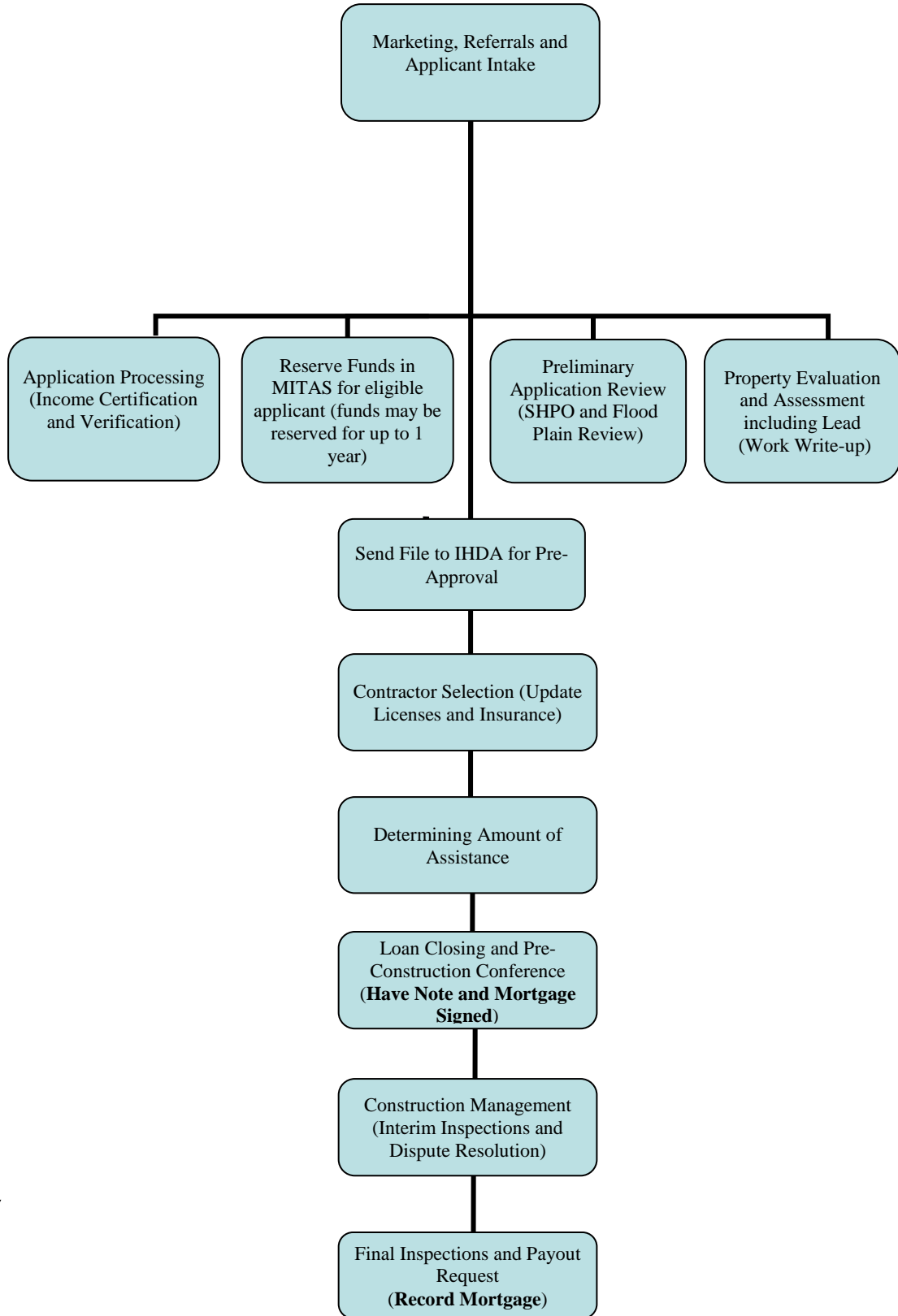
Program Activity Table - Indicate which party will be the **primary (P)** decision maker and who will **assist (A)** for each activity.

ACTIVITY	Household	Staff person	Third party	Other
Interviews applicant				
Determines income eligibility				
Determines program eligibility				
Investigates and documents other homeowner resources?				
Reviews compliance with flood and historic requirements				
Prepares work write-ups and cost estimates				
Secures contractors				
Prepares loan documents				
Records documentation				
Inspects work				
Pays contractors				
Submits payout request				
Maintains financial records				
Performs follow-up				

Rehabilitation Project Flow Chart

Initial Intake

Project Completion



Basic Program Parameters

Let's review some of the basic program parameters for the HAP as defined by IHDA's Community Affairs Department. A copy of the term sheet has been included in Appendix A.

Project Timing

- HAP will operate for two years from the date of your initial closing with IHDA's Legal Department. You must supply all organizational documentation requested and sign both the Conditional Commitment Letter and Funding Agreement before your program can initially close. You will be notified by email when your program has closed. Please keep in mind that extensions beyond the two-year time frame are not allowed by virtue of state law, and all construction work must be completed by your program's expiration date. IHDA will allow payouts up to 60 days after your program's expiration date. It is the Sub-grantee's responsibility to be aware of the expiration date of their program and to track their spending. If you are ever unsure about your expiration date or amount of dollars available, please consult your Funding Agreement.

Eligible Households

- Households must be at or below 80% Area Median Income for household size.
- Preference should be given to households at or below 50% of the Area Median Income.
- Consult your Participant Selection Plan and Funding Agreement for the number of households you should target for your program.
- All households must have a documented need for accessibility modifications and must be one of the following:
 - Elderly persons (with a physical limitation)
 - Persons with a disability
 - Defined as a physical and/or mental impairment which substantially limits one or more of a person's major life activities
- All homeowner referrals are to come from an IDHS- or IDoA-funded service provider or agency as identified in your application.

Eligible Properties

- Properties may be owner or rental-occupied
- Main improvement must be for accessibility
 - Accessible showers
 - Ramps to enter the home
- Condominiums
 - May have to get the approval of the condo association
- Mobile Homes on permanent foundation
 - Only if you are able to record the Mortgage against the property

- Either the land underneath is owned by the homeowner or the homeowner (landlord) is willing to accept the provisions of the Mortgage

Eligible Costs

- Per unit limit is:
 - \$15,000 in areas outside of Cook and collar counties
 - \$25,000 in Cook County and collar counties
- Total assistance limit per unit includes the following:
 - Hard costs for replacement and repairs
 - Hard costs for health and safety items
 - Soft costs
 - Project delivery are the administrative costs associated with each project
 - Limited to 15% of the hard and soft costs for work write-ups, cost estimates, inspections, and permits (when excluded from contractor's overhead costs)

Mortgage Provisions

- Mortgages are different for owned and rental units.
- Only hard costs are reflected on the Mortgage.
- Assistance is forgiven monthly over the five-year term (1/60th a month) until completely forgiven after year five for owner-occupied units.
- Assistance is forgiven after the full five-year term for rental units.
- Mortgages are not automatically released at the end of their term. Homeowners will need to contact IHDA's Loan and Portfolio Management Department (assetservicing@ihda.org or 877-456-2620) for a release.
- The Mortgage must be executed by the homeowner prior to any construction being done, but is not recorded until all work is complete.
- If change orders during construction alter the total amount of the project costs reflected in the Mortgage, re-execute the Mortgage with the homeowner after construction completion.
- Homeowners should be informed that there is no cash-out refinancing allowed during the affordability period.
- The homeowner should thoroughly review the Mortgage for further information.

Administrative Funds

- The Sub-grantee is eligible to collect up to 7% of the total grant amount as administrative funds.
- Administrative funds must be drawn separately from project funds – see the Administrative Request for Payment & Certification (Appendix G).

- Collection of administrative funds is based on successful completion of the program (prorated by the percentage of project funds expended). For example, if the Sub-grantee has spent only 50% of their project funds, then up to 50% of their administrative funds will be approved for payout. See example below for calculating administrative costs.

Example 1: XYZ Community Development Corporation – Calculating Total Possible Project Costs and Administrative Funds

XYZ CDC has a total IHDA grant amount = \$195,000
Maximum Administrative Fee is 7% of total IHDA grant amount = \$13,650
Total Possible Project Costs (93%) = \$181,350

- The Sub-grantee is responsible for monitoring and tracking its total project expenditures, as well as its administrative funds requests.
- Back-up documentation will be required for administrative draws.
- Please limit administrative funds requests to three per year.

MITAS Administration

IHDA uses the MITAS electronic loan processing system for reserving and approving funds. Sub-grantees must reserve the funds for the applicant in MITAS. You will need to designate someone from your agency to be your MITAS Administrator. This person will be given a user name and password in order to access MITAS so they may input the applicant's information as well as upload any necessary documentation. See HAP Reservation Manual and Uploading Guide for detailed information on reserving funds and uploading documents.

Section 2: Establishing a Contractor Pool

Do you have qualified contractors to do the work? Do you know your contractors? Are they going to do the work professionally, quickly, and even kindly? Are they financially stable and dependable to complete the job? Do they have the required licenses and insurances? Are they familiar with the accessibility requirements for home repairs?

Perhaps some of these questions are rhetorical, but they should all be asked while setting up your program.

Most rehabilitation programs rely on a pool of pre-qualified contractors. The Sub-grantee advertises or otherwise seeks out interested contractors. IHDA recommends that the Sub-grantee obtain a Statement of Qualifications and Referral Forms from the contractor, samples of which are included in Appendix F. The Sub-grantee will also need to review the contractors' insurance information, as well as any required licenses. All insurance and licenses should be current, and a copy should be maintained in the Sub-grantee's files.

Insurance Requirements

Minimum coverage should include the following:

- **Workmen's Compensation and Employee's Liability** - Workmen's compensation of not less than the statutory amount and employer's liability of not less than \$500,000 per person.
- **Auto Insurance** - A minimum combined single limit of not less than \$500,000 for injuries, including accidental death, or damages caused by the contractor's vehicles on the site.
- **Comprehensive Public Liability** - Not less than \$1,000,000 for accidents or injuries for each occurrence, and not less than \$2,000,000 in the aggregate for the policy term.

Procurement

Sub-grantees should adhere to the following tenets when establishing procurement policies for the program:

- **Maximize Competition**
In order to ensure that a job is reasonable, open competition should be maximized. At least two, but preferably three proposals from your

pre-qualified list of contractors should be received in order to obtain the best possible price for the work to be done.

- **Ensure Project Costs are Reasonable**

An independent cost estimate based on local cost data should be done prior to the bidding. The bids are then compared to each other and to the cost estimate. The accepted bid must be within a reasonable range (usually 10%, sometimes more on smaller projects) of the cost estimate.

- **Avoid Conflicts of Interest**

No conflict of interest may exist between the entity performing the rehabilitation or modification work and the parties that develop work write-ups and cost estimates, approve progress and final draw requests, resolve disputes, and/or approve funding of individual homeowner households.

- **Select Contractors that are Responsive and Qualified**

Ensure that contractors submitting bids are qualified to complete the work specified in their proposals, and are properly licensed and insured.

Prevailing Wage

Currently, State Prevailing Wage regulations will not apply to Trust Fund rehabilitation projects under HAP.

Section 3: Marketing and Applicant Intake

Marketing your program should be done in an open and informative manner. All potentially eligible applicants should have equal access to the available resources.

Flyers or brochures should be developed and provided to potential applicants and referral agencies, as well as placed in appropriate public places. The flyers and brochures should briefly describe the program and the eligibility requirements. Materials should include:

- Brief description of HAP
- Eligibility requirements
- Funding available per home and terms of funding
- Instructions on obtaining an application or further information

Applicant Intake and Eligibility

Utilize your IHDA Participant Selection Plan (PSP). Sub-grantees must follow the approved PSP in determining eligibility. You may be ranking and prioritizing applicants using a first-come, first-served basis or using a lottery system to see which of your applicants can be served with your allocated funding amount.

- **First-Come, First-Served** - Always date-stamp applications. Track required documentation requested from applicants.
- **Ranking Applicants** - Be upfront. Document your rankings and be prepared to justify them.
- **Lottery** - Make it public. Pull a number of back-ups in case someone drops out of the program or proves to be ineligible.

It may be helpful to put together a list of documents an applicant should bring with them to your initial meeting. This list should include proof of income and documentation of age or disability, as applicable. This is also a good time to establish expectations with the applicants. Appendix C includes both a sample “Items to Bring to the Interview” and “Homeowner Expectations” but both should be tailored to the type of work to be done under your program.

Determine Eligibility

Here are some questions that should be answered in your initial discussion with the applicant. Please keep in mind that you will need to document the responses to these questions:

- How did you hear about HAP?
- How many persons live in the household and what are their ages?
- What is the annual household income?
- Does the applicant own the home? Do they live in the home on a permanent basis? Is the home occupied under a contract-for-deed?
- Will the homeowner accept the placement of a lien on the property? If the homeowner is the landlord of the property will they accept the terms of the loan and sign the Mortgage?
- Does the household wishing to be assisted meet the requirement for needing home modifications?
- Is a member of the household elderly or a person with a disability? If so, do they have a need for home modification(s)?
- Does the homeowner have adequate property insurance?

Document the Referral

Under HAP, referrals must come from the agencies funded by either the Illinois Department of Human Services or the Illinois Department on Aging as described in your application. Each file must have documentation of that referral.

Need for Modification

In order to receive assistance under HAP, a person must either be elderly with a physical limitation or have a disability. Proof of age or disability must be included in the applicants' files.

All files must also include a verification of the need for a modification/repair to the recipient's home. This verification may include the written assessment of a service provider agency or a doctor's letter.

Verify Income

Use the IHDA Income Calculator (Appendix C) to determine if applicant is eligible for the Program.

Sub-grantees will use the IHDA Income Calculator to certify the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

All income verifications will require supporting documentation to be kept in the applicant's file including:

- 3rd party verification from employers/SSA
- Copies of pay stubs and/or bank statements of at least three pay periods
- Certified copy of tax returns

Note: Income documentation must be current within 180 days of project start to be valid.

Reserve Funds in MITAS

Once you have an eligible household, you can go into the MITAS software system and reserve funds for this property, up to \$25,000 for Cook and collar counties; \$15,000 for the remaining counties of Illinois.

You are to use the **Adjusted Household Income** from the **Income Calculator** when determining the household's base income on the **Primary Mortgagor Information** screen. We have taken the guesswork out of calculating this figure. You will simply go to the **Eligibility + Signature** sheet of the Income Calculator section entitled "**Income to Enter in MITAS Loan Reservation**" and enter the amount that is shown. (Adjusted Household Income divided by 12). Enter income for the **Primary Mortgagor** only. **Do not enter income for any co-mortgagors.** The reason for this is so that MITAS reports will accurately reflect the eligibility income. **(Remember: You will enter income for all household members on the IHDA Income Calculator.)**

Homeowner Agreement

IHDA provides a specific agreement between the Sub-grantee and the homeowner (Homeowner Agreement). Review this document carefully with the program participant so that there is a mutual understanding of the activities being undertaken and the responsibilities of the homeowner in agreeing to the forgivable loan and recapture provisions of the program. The Homeowner Agreement will be provided as part of the legal documents for the program.

Section 4: Environmental and State Administrative Requirements

HAP is supported by funds from the Affordable Housing Trust Fund. As such, the State of Illinois requirements for rehabilitation projects apply.

Historic Preservation

The Illinois Historic Preservation Agency (IHPA) must review all homes to be rehabilitated, including those that will receive only a moderate amount of rehabilitation. A sample letter is provided for you in Appendix D. Send your letter and attachments to:

**Deputy State Historic Preservation Officer
Illinois Historic Preservation Agency
1 Old State Capitol Building
Springfield, IL 62701-1507**

Include the following documentation for each property to be reviewed:

- Street map showing location of property
- Two current, unobstructed color photographs of the property
- A brief statement regarding the level of rehabilitation to take place

If your project is located in an historic area, additional documentation will most likely be required.

Note: You may **NOT** begin rehabilitation until you have received an approval/no comment letter back from the Illinois Historic Preservation Agency.

Flood Plain Requirements

Executive Order 2006-05 governs the development and rehabilitation of properties in the flood plain with State dollars. You must document whether each property is located in a 100-year flood plain. If the property is located in the 100-year flood plain, then flood insurance is required before a property can benefit from State-funded assistance. To check if a property is in the 100-year flood plain, you will need to consult the Flood Insurance Rate Map (FIRM) for that address published by FEMA. You can create and print a copy of a "FIRMette" on the FEMA website: <https://msc.fema.gov/portal>. There is also a tutorial on the website to assist you. Retain a copy of the FIRM map for your files. An example of a FIRM and a copy of

Executive Order 2006-05 are included as Appendix D. For properties located within a 100-year flood plain, the homeowner must have flood insurance and must include IHDA as an additional insured.

Proximity to an Underground Mine

IHDA requires that a map showing the proximity to underground mines be provided for each project to be funded. A search should be done through the following website: <http://isgs.illinois.edu/ilmines>. The map should be submitted to IHDA as part of the Pre-approval package. All properties within the proximity zone will be required to have mine insurance, with IHDA as an additional insured.

Other Environmental Requirements

The Trust Fund Regulations, Subpart K, state that “[t]he Authority may, at its election, commission [additional] environmental assessment[s] . . . The environmental assessment shall, at a minimum, consist of a review of historic activities on the Real Estate and current conditions of the Real Estate which identify potential violations of applicable environmental laws.”

Any further environmental review requirements are within the discretion of IHDA, as local or site-specific conditions warrant, but generally only the historic preservation, flood plain and mine review requirements will be required for this program.

See Appendix D for a copy of this regulation.

Lead-Based Paint

The Illinois Department of Public Health (IDPH) (<http://www.idph.state.il.us/>) provides licenses for lead paint contractors, and enforces state regulations regarding lead-based paint.

When any rehabilitation/renovation work is being done and lead-based paint is **known** or strongly suspected in the work site area, then lead-safe work practices must be followed. This includes inspection and remediation work performed by state-licensed risk assessors and contractors. The state rules do not exempt elderly and disabled households, but applies to all residential households.

Specific repairs that disturb painted surfaces in housing built prior to January 1, 1978 are examples of potential applicability here. According to IDPH, the burden is on the Sub-grantee to determine if a qualified risk inspection needs to be done to determine if lead-based paint is present and what further remediation efforts are warranted as a part of the work. In any case, lead-safe work practices must be followed. If the housing is built prior to 1978, and the household contains a pregnant woman or children under the age of six, IHDA will require that a risk assessment be done or lead presumed.

Where lead hazards are identified, or a lead bearing work area is known (or presumed), then all work in the affected areas must be done by a licensed lead contractor using lead-safe work practices and pass IDPH lead clearance levels. Additionally, any housing where a child or pregnant woman resides who has been screened and tested positively for lead poisoning by local or state health departments must be risk-assessed to determine all sources of immediate lead-based paint hazards, and related remediation work must be performed. Lead-based paint assessment and remediation work are both eligible costs under HAP.

In all instances involving pre-1978 construction, provide owners/participants with the EPA pamphlet Protect Your Family from Lead in Your Home. Contractors should provide the homeowners with the required EPA Notices under the Lead Renovation, Repair and Painting (RRP) Rule.

Other Inspections

IHDA requires a termite inspection for all projects. In addition, if radon is a concern in your area, we would expect you to address that issue as well. Due diligence with regard to health and safety issues, and environmental concerns is a responsibility of publicly funded programs, whether or not the items are specifically stated.

Reporting Requirements

The Sub-grantee will submit a Quarterly Status Report (Appendix G) to IHDA at TFHAPinfo@ihda.org by the 15th of the month after quarter end. If the report is not submitted, IHDA has the right to withhold payment of pending projects.

Audit Requirements

The Sub-grantee will submit their most recent annual audited financial statements for each year that HAP funds are disbursed. The Sub-grantee will maintain separate records for this grant and will identify these funds by source grant number in their audited financial statements. Failure to submit the audited financial statements may delay payment of pending projects.

Section 5: Home Evaluation and Pre-Approval

At this point in the project, you have found a household that is eligible for HAP. You now need to assess the needs of the property keeping the following factors in mind:

- What are the modification needs of the resident?
- What are the accessibility requirements of the needed modifications?
- What are the existing health and safety issues present in the home?
- Are there concerns of lead-based paint?

Scope of Work

After reviewing these factors, you will derive your scope of work for the project, i.e. your general list of items that need to be completed as part of the project. At this point in your process you will probably also have a good idea if the project can move forward with the amount of funds that you have available. The person performing the initial assessment of the property, preparing the scope of work and later the cost estimate, must be qualified knowledgeable with state and local building codes, including accessibility requirements and energy efficiency standards. Additionally, pre-1978 structures should be evaluated by a state-certified lead risk assessor in accordance with state-required protocols. Specific requirements for typical home repairs are included in Appendix D.

Accessibility requirements for the State of Illinois are governed by the Illinois Accessibility Code and the Environmental Barriers Act. Since this program is only making modifications to existing structures, the requirements of the Illinois Accessibility Code and the Environmental Barriers Act only apply to the modifications being made to the property. Specific requirements for typical home modifications have been included as Appendix D.

Work Write-up/Cost Estimate

A detailed work write-up and cost estimate should now be developed. Keep in mind that the main rehabilitation item must be for accessibility. The cost estimate should include detailed specifications and be based on current market costs. You should derive your own cost estimate prior to bidding the project, and establish limits on what you will accept. Your work write-up should include your standards and specifications that are specific and measurable, and will result in a good quality project. IHDA requires the use of cost estimate software, such as Housing Developer Pro and RESPEC. Best practices generally require that bids be within 10% of the cost estimate.

The next step is to consider project feasibility. Do you have sufficient funds for the modifications and soft costs needed to complete the project? Make a detailed budget, and don't forget to include soft costs incurred: title, recording, and outside inspection fees. Also, include your own project delivery (15% of work). If there are insufficient funds to complete the project, and additional funds from other sources are unavailable, you will have to decide whether to move forward with the project. As you consider this, keep in mind that the purpose of this program is to leave the recipients in safe and functional homes. If there are insufficient funds available to correct existing health and safety issues in the home, you should not continue with the project.

Pre-Approval

Pre-approval from IHDA is required before you sign agreements and begin the rehabilitation. Once you have collected all the documentation listed on your Pre-Approval Checklist (see Appendix B), you will upload the checklist along with all documentation into MITAS. You will then inform the Community Affairs Department via email at TFHAPinfo@ihda.org that you have a project ready for pre-approval. We will email you a pre-approval or let you know if any additional documentation is needed. **NOTE:** If you are not contacted within two (2) business days, please email or call to find out the status of your submission.

The following documentation must be submitted to TFHAPinfo@ihda.org as part of your **Pre-Approval** package:

1. Pre-approval Checklist (Appendix B)
2. MITAS Commitment Confirmation (generated when funds are reserved)
3. Scope of work narrative
4. Referral Letter from IDHS or IDoA funded agency
5. Income Calculator signed by Sub-grantee and applicant (Appendix C)
6. Bid Tabulation summarizing bids received for project (Appendix F)
7. Cost Estimate on which the request for funds is based
8. State Historic Preservation Office Approval Letter (Appendix D)
9. FIRMette, flood plain map (Appendix D)
10. Mine Proximity Map (Appendix D)
11. Copy of Homeowners' Insurance Policies (listing IHDA as additional insured)
12. Pictures of work to be completed (before rehabilitation)

Section 6: Construction and Rehabilitation Management

Now that your cost estimate determines that the project should continue, you should solicit bids from your pool of contractors. Sample forms are located in Appendix F.

Bidding the Job

A minimum of two bids (preferably three) must be obtained on behalf of the homeowners for all projects. The existence of more than one bid helps your program in the following ways:

- Assists you in assessing the validity of your cost estimate
- Establishes that costs are reasonable for your market
- Allows choice for the administrator and homeowner

Most complaints received by IHDA regarding rehabilitation projects are contractor related. Complaints of unreasonable charges for supplies or labor are among the most prevalent. The existence of multiple bids supports your program by demonstrating that the costs were reasonable and that the homeowner was not forced to use a contractor by the Sub-grantee.

Do not accept bids that are too low or that are unreliable. **Do** make sure that bids are comparable and that you are comparing the same line items. Perform a bid tabulation analysis to compare and document that the bid review process was fair and accurate.

Select Contractor

Once the bids have been reviewed and the homeowner and Sub-grantee have agreed upon the contractor to do the work, it is time to schedule a loan closing and a pre-construction conference. These meetings may be scheduled independently or concurrently.

- **Step 1** - Customize and obtain signatures for the IHDA Promissory Note and Mortgage. The executed Mortgage and the original IHDA Promissory Note will be uploaded to MITAS. The Mortgage is then sent to the Recorder's Office for recording upon completion of construction. Make sure the homeowners fully understand their obligations under the agreements. Review the entire document with the homeowner, placing particular emphasis on the recapture events. These include refinances as defined by the Mortgage. Make sure that the IHDA Promissory Note and Mortgage reflect only the hard costs. **Remember**, project delivery and soft costs are never passed on to the homeowner. Reiterate expectations for the project and answer any questions that may arise. Review the provisions of the construction contract and the

work write-up with the homeowner. Review the communication procedures for handling complaints and problems that may arise during construction.

- **Step 2** - Moderate the Pre-construction conference. All applicable parties should attend, including the homeowner, the homeowner's advocate, the Sub-grantee agency representative, and the contractor. The homeowner and contractor should both sign off on the accepted work-write up. All questions should be answered. The construction contract is signed between the homeowner and contractor.

NOTE: It is highly recommended to keep minutes of the preconstruction conference and have the homeowner and contractor sign them.

- **Step 3** - Issue a Notice to Proceed. See Appendix F.
- **Step 4** - Are permits required? Make sure all necessary permits have been obtained.
- **Step 5** - Perform interim inspections as needed. Document the interim inspections.
- **Step 6** - Perform final inspection and any final lead clearance required. Make sure all permit inspections have been completed. A Completion Certificate should be signed by all parties. See Appendix F.
- **Step 7** - Obtain contractor's sworn statement and lien waivers. (See Appendix F) Obtain warranties that apply. Pay contractors.
- **Step 8** - Provide copies of above-mentioned documentation to homeowner. Be sure homeowner receives copies of warranties and appropriate lead notices. **Recommended** – obtain and document feedback from homeowner.
- **Step 9** - Finalize the loan documentation and the Mortgage.
Note: If you had change orders (see Appendix F) during the construction period, you will need to revise the IHDA Promissory Note and the Mortgage and get the homeowner to re-sign the documents. Make copies of the final IHDA Promissory Note and Mortgage for your file.
- **Step 10** - Record the Mortgage with the county. The county will then forward the recorded Mortgage to IHDA.
- **Step 11** - You will email the original IHDA Promissory Note and a certified copy of the Mortgage to IHDA, along with your disbursement request package.

- **Step 12** - Mail the original IHDA Promissory Note to your Program Officer at IHDA:

**Illinois Housing Development Authority
Community Affairs Department
111 E. Wacker Dr., Suite 1000
Chicago, IL 60601**

Section 7: Receiving Your Funding and Project Completion

Once your project has been completed or is partially complete, you will email your disbursement request to IHDA's Community Affairs department at TFHAPinfo@ihda.org.

Please remember that this is a reimbursement program. Your Disbursement Package should be submitted as quickly as possible to ensure timely reimbursement of funds. You may submit a Partial Payout package and/or a Final Payout package.

The following documentation must be submitted to TFHAPinfo@ihda.org as part of your **Partial Payout** package:

1. Partial Payout Checklist (Appendix B)
2. Request for Payment and Certification Form (Appendix G)
3. Payout Request Summary (Appendix G)
4. Scope of work Narrative (on Sub-Grantee's Letterhead)
5. Project Delivery Worksheet (Appendix G)
6. Soft Cost Invoices (back-up documentation)
7. Contractor Payment Request (Appendix F)
8. Contractor's Sworn Statement (Appendix F)
9. Change Order(s)
10. Contractor's Partial Lien Waiver, including material lien waivers (Appendix F)
11. Pictures of Completed Work

The following documentation must be submitted to TFHAPinfo@ihda.org as part of your **Final Payout** package:

1. Final Payout Checklist (Appendix B)
2. Request for Payment and Certification Form (Appendix G)
3. Payout Request Summary (Appendix G)
4. Scope of Work Narrative (if not previously submitted or changed)
5. Project Delivery Worksheet (Appendix G)
6. Soft Cost Invoices (back-up documentation)
7. Contractor Payment Request (Appendix F)
8. Contractor's Sworn Statement (Appendix F)
9. Change Order(s)
10. Contractor's Final Lien Waiver, including material lien waivers (Appendix F)
11. Completion Certificate (Appendix F)
12. Assistance Impact Letter (Appendix C)
13. IHDA Promissory Note
14. IHDA Mortgage
15. Pictures of Completed Work

Submission of Documents to IHDA

The original IHDA Promissory Note should be mailed to the Community Affairs department as soon as possible. The recorded Mortgage should be forwarded directly by the Recorder's Office to IHDA. Should there be long-term questions and concerns about these documents, homeowners should contact IHDA's Loan and Portfolio Management Department, 877-456-2620, asset servicing@ihda.org.

Congratulations! You are now familiar with the steps needed to successfully implement HAP. Please contact us at any time with any questions at TFHAPinfo@ihda.org.