

ILLINOIS AFFORDABLE HOUSING TRUST FUND

SINGLE FAMILY REHABILITATION (SFR)

FREQUENTLY ASKED QUESTIONS (FAQ)

Note to reader: This is a partial list of program requirements and is meant to serve as a general guide. For the complete Rules, see the SFR Program Manual and the Illinois Affordable Housing Trust Fund Rules. This FAQ may be updated from time to time. Please check back.

Program Overview and General Rules

1) What is the Trust Fund Single Family Rehabilitation Program?

The Single Family Rehabilitation Program was created in 2016 to assist income eligible Illinois homeowners with critical home repairs. The program provides up to \$45,000 per home to assist the homeowners in bringing their properties to IHDA Property Standards. The program is subject to the [Rules](#) of the Affordable Housing Trust Fund, created by state legislation in 1989. See our [program website](#) for more information.

2) Who can apply for funds?

Units of local government and eligible nonprofits may apply for funding. Individuals and families may not apply directly to IHDA, but must apply directly to Grantees for assistance. See our [Grantee listing](#).

3) Where does the funding come from?

The funds for the Affordable Housing Trust Fund Program are collected from the State's Real Estate Transfer Tax. Funds vary from year to year and are subject to appropriation by the State of Illinois.

4) Is this a grant or loan to each homeowner?

This is a forgivable loan. The loan is forgiven at a rate of 1/60th per month for five years. Funds not used in compliance with the Rules and Grant Agreement are subject to recapture.

5) Will grant funds be disbursed up front or will expenses be reimbursed?

TF SFR is a reimbursement program for funds already expended. The Grantee must provide a package documenting work performed. After the payout is approved, the Grantee is reimbursed for eligible documented expenses.

6) Can an applicant receive funds from SFR if they received funding previously under a Trust Fund program?

If an applicant has previously been assisted through an IHDA Trust Fund rehabilitation program, then he/she is not eligible to receive additional funding under the Trust Fund program. IHDA wishes to serve as many new households as possible with the limited funding.

7) Is a Life Estate or Contract of Deed acceptable?

No, a Life Estate, Contract of Deed, Agreement of Deed, or a Land Contract are not acceptable forms of ownership under our Trust Fund programs. If the applicant owns the home under either of these products, they must be in possession of the title before they may utilize Trust Fund dollars.

Income Overview and Requirements

8) Who is eligible to receive funds?

Household income cannot exceed 80% of area median income for household size. The Grantee must follow its Participant Selection Plan in selecting participants. See our [Grantee listing](#). Additionally, the house must have health and safety issues, and if the house was built pre-1978, lead requirements must be addressed.

9) Are third party verifications required for income determination?

Yes. These items should include paystubs, checking and savings account verifications, and the most recently filed tax return. A statement of non-filing should be executed, if appropriate. Employer verifications may be necessary to confirm potential bonuses, pay raises, changes in hours, or other similar circumstances. This documentation should be kept in the applicant file and should only be submitted to IHDA if requested.

10) How much income verification is required and for how long is it valid?

Income documentation from last three pay periods is required and it is valid for up to six months. This documentation should be maintained in the homeowner file and only provided to IHDA upon request. IHDA reserves the right to review this income documentation at any time.

11) Do you need third party verification on tax returns directly from the IRS?

No. This step is unnecessary if other income verifications noted above have been substantiated.

Other Administrative Requirements

12) What are the title requirements?

A date-down title search is required to identify owners and to confirm no outstanding liens that could put the home at risk. The Grantee should be proactive in helping the homeowner resolve any outstanding issues. Taxes and insurance must be current.

13) What are the insurance requirements for the homeowner?

The homeowner must have hazard insurance for the home, and IHDA must be named on the homeowners' policy as additionally insured. Owners in a floodplain must have flood insurance, and homeowners in a mine proximity area must have mine subsidence insurance.

Record Keeping Requirements

14) Does IHDA require or provide a specific project checklist for Grantee files?

IHDA has checklists for documents to be submitted for project approval and disbursement. However, those checklists do not include all items that you should maintain in your files. Please create a checklist that meets your needs for organizing and retaining these files. IHDA reserves the right to review your files any time, including throughout the 5-year record retention period.

15) How long must records be retained for the program?

Files should be held for 5 years after the end of the affordability period for the program.

Construction Overview

Rehabilitation is subject to the [ILLINOIS HOUSING DEVELOPMENT AUTHORITY STANDARDS FOR ARCHITECTURAL PLANNING AND CONSTRUCTION](#). Please see the document for further guidance.

16) Are well water and septic systems allowed? Alternatively, is city water required for the program?

New water/sewer services should be from the municipality, if available. If the existing system is well/septic, then we do not require a change. A home will not be disqualified because of its septic system.

17) Do all lead pipes coming into the home from the street and lead pipes within the home need to be replaced?

All lead pipes should be replaced. This situation is usually found in the water service from the main to the house.

18) If lead is uncovered in the home and we need to temporarily relocate the applicant to treat lead surfaces, are relocation expenses reimbursable?

All attempts must be made to provide the least expensive suitable temporary housing available to the applicant. Motel or hotel accommodations may be considered only if there are no other alternatives available. IHDA will contribute up to \$500 (within the project budget) for lodging and food. IHDA uses the State of Illinois' rate for food expenses of \$28/day per household member. Receipts and other appropriate back up documentation will be required in order for IHDA to reimburse the grantee. Further guidance will be provided in a separate policy.

19) Can we rehabilitate garages under the program?

Detached garages should not be addressed unless they are close enough to the home to present an immediate health and safety issue. The homeowner is responsible for addressing insurance and code requirements regarding freestanding garages on the property.

20) Can we rehabilitate mobile homes under this program?

Mobile homes must be on a permanent foundation. The land underneath must be owned by the mobile home resident and we must be able to record the Trust Fund Mortgage against the property.

21) If we put a new roof on the home, do we have to install gutters?

If you put a new roof on the home, you must make sure the fascia, soffit, gutters, and downspouts are replaced or are in good condition.

Homeowner Documents

22) How do I complete the subordination section in paragraph 16 of the Mortgage?

You will need to list any mortgages that precede the Trust Fund Mortgage in this section.

23) Where are the homeowner documents for SFR?

Refer to your Funding Agreement sent to you by IHDA's Legal department for all homeowner documents. The Owner Agreement is Exhibit C to the Funding Agreement. The Construction Contract is Exhibit G to Owner to Agreement. The fillable Promissory Note and Mortgage are found on our website: [Fillable Note and Mortgage](#). Note: If you do not use the fillable documents, please do not forget to remove our "Exhibit" language at the beginning of sample documents.

Floodplain Overview

24) Can we rehabilitate projects in a floodplain as long as there is flood insurance?

Yes you can, however, FEMA requires that projects with rehabilitation equal or greater than 50% of the **market value** follow the new construction requirements for the floodplain area, which could possibly involve elevation. The costs can easily be prohibitive. Any program allowing work in a floodplain or floodway should check with the FEMA office for guidance and provide adequate documentation from FEMA to IHDA showing that all required steps have been taken and that the project is feasible. To find out if your project is in a floodplain, see: <https://msc.fema.gov/portal>.

25) What are the definitions of the map zones shown on a FEMA map?

Flood hazard areas identified on the Flood Insurance Rate Map are a **Special Flood Hazard Area (SFHA)**. SFHA are defined as the area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to as the base flood or 100-year flood. SFHAs are labeled as Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. **Moderate flood hazard** areas, labeled Zone B or Zone X (shaded) are also shown on the FIRM, and are the areas between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood. The areas of **minimal flood hazard**, which are the areas outside the SFHA and higher than the elevation of the 0.2-percent-annual-chance flood, are labeled Zone C or Zone X (unshaded). Any project in a Special Flood Hazard Area is subject to the rules discussed in Question 8. Please see: <https://msc.fema.gov/portal> to search for further information.

Future Funding Rounds

26) Will there be future funding for this program?

While we currently do not have another round of the Program scheduled, we do anticipate continuing this program activity. If you provide your agency and/or unit of local government mailing and contact information, we can add you to our contact lists for future funding opportunities. We list all funding opportunities on our [webpage](#).