



**ILLINOIS HOUSING
DEVELOPMENT AUTHORITY**
www.ihda.org

Trust Fund Single Family Rehabilitation Program (SFR) with Roof Only Option (SFR-R)

Best Practices Webinar



Introduction to the IHDA Community Affairs Team



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Presentation Objectives

- Eligibility Requirements
- Construction Guidelines
- Terms of the Owner Agreement
- Program Documents and Reporting Requirements
- General Guidelines
- Feedback and Questions

Staying Current

Review IHDA Website:

- Use program forms from appendices

Read through:

- Program Manual
- Funding Agreement
- Owner Agreement
- Construction Agreement



Section 1: Eligibility Requirements



Eligibility – Ownership Requirements

- Owner-occupied
 - ❖ All homeowners must live in the home
- Homeowners cannot own more than one home
 - ❖ No investment properties allowed
- Fee simple title only
 - ❖ Trusts, contracts for deed, and cooperatives are not eligible

Eligibility – Ownership Requirements

- No contractor or tax liens
- Home is also used as a business? It may not be eligible
 - ❖ Check with IHDA staff before reserving funds and doing a full intake with homeowner
- **NEW**- submit full tract search with pre-approval documents

Eligibility – Income Requirements

- Complete the Income Calculator with the homeowner prior to making a reservation in MITAS.
 - ❖ Enter the AMI group into MITAS based on the results of the income calculator.
- The IHDA Income Calculator User Guide provides instructions on how to use the Income Calculator correctly:

https://www.ihda.org/wp-content/uploads/2016/08/IHDA-Income-Calculator_User-Guide.pdf

Eligibility – Income Requirements

Income Calculator Tips:

- Click on boxes and hover your mouse over the “Household Member” and “Adjusted Income” pages of the income calculator, to see helpful hints.

Example:

DISABILITY DEDUCTION

	\$	-
Unreimbursable disability expenses in the coming year:	\$	-
Do these expenses allow another household member to work or pursue education?		This expenses include attendant care and auxillary apparatus costs (i.e. wheelchairs, ramps, adaptations to vehicles, etc.)
Who?		
Income of this household member:	\$	

Eligibility – Income Requirements

- Paystubs and supporting docs must be kept in applicant file
- Calculate overtime pay by entering:
 - ❖ average hours worked/hourly rate in job/position
 - ❖ overtime average hours worked/hourly rate in job/position
- Regular OT
 - ❖ Average hours worked from last three (3) paystubs in Income Calculator

Eligibility – Income Requirements

Dependent Deduction

- Per the HUD Part 5 definition of income, only one parent may claim the child as the dependent deduction. That parent would also count the child as a household member.



Eligibility – Income Requirements

Inclusion Note:

- Alimony and Child Support:
 - ❖ Periodic and determinable allowances, such as alimony and child support payments should be included when determining household income

Example – Child Support Garnished from Wages

George Graevette pays \$150 per month in child support. It is garnished from his monthly wages of \$950. After the child support is deducted from his salary, he receives \$800. The owner must count \$950 as George's monthly income.

Section 2: Construction Guidelines



Construction Guidelines

Contractor Licenses

- IHDA staff may request relevant licenses and insurance for contractors at any time

Competitive Bidding and Pricing

- IHDA may do the following to ensure fairness:
 - ❖ Compile averages for all soft costs, 3rd party vendors, etc.
 - ❖ Perform desk reviews and examine third party costs
 - ❖ Request RFPs for participating contractors

Termite Inspection

- Must be done for all properties, including roof only
 - ❖ For roof only projects, only the roof and other areas affected need to be inspected

Construction Guidelines – Lead Testing

- Must follow IDPH guidelines
- Risk Assessments:
 - ❖ All pre-1978 buildings must be tested for lead and receive a risk assessment
 - XRF machine testing or paint samples is testing required
 - For SFR Projects (Up to \$45,000), the whole home must be tested.
 - For SFR Roof only projects, only the rehab areas need to be tested (Roof, Soffit, Fascia, etc.. that are affected by the rehab work)

Construction Guidelines – Lead Testing

- LBP contractor payment requests must be reasonable
- If a project tests positive for lead, must pass clearance
- If clearance report fails, contractor must pay the cost for second clearance test. IHDA will not reimburse a second clearance test.
- IHDA may request lead inspection reports at any time
- IHDA may request RFPs/bids for contractors at any time

Section 3: Terms of the Owner Agreement



Owner Agreement – Execution of Legal Documents

All documents included in the Owner Agreement must be executed:

Owner Agreement (Exhibit C to Funding Agreement):

- Executed by grantee and homeowner during Pre-Construction Conference
- Kept in applicant's file

Note (Exhibit A)

- Executed by homeowner during Pre-Construction Conference
- Reflects 'up to' amount of loan, \$45,000 or \$16,500
- Project Completion Certificate will indicate actual loan amount
- Sent directly to IHDA after it is executed



Owner Agreement – Execution of Legal Documents

Mortgage (Exhibit B):

- Executed by homeowner during Pre-Construction Conference
- Reflects ‘**up to**’ amount of loan, \$45,000 or \$16,500
- Project Completion Certificate will indicate actual loan amount
- Sent for recording immediately after it is executed

Owner Affidavit (Exhibit C):

- Executed by grantee and homeowner during Pre-Construction Conference
- Kept in applicant’s file

Rehabilitation Construction Contract (Exhibit G):

- Executed by contractor and homeowner during Pre-Construction Meeting
- Kept in applicant’s file

Terms of the Owner Agreement – Conduct of Work

Contract Price, Payment, and Acceptance of Work:

- Grantee pays contractor after completion of work and release of all liens

Terms of Contract:

- Contractor shall begin work within ten (10) business days of signed contract
- Grantee will make final determination about the scope of work completed



Terms of the Owner Agreement – Construction

Change Orders

- Change orders totaling over 10% of the cost estimate must be approved by IHDA prior to construction
- Must be in writing and approved by the sponsor and owner before they are modified
- Owner must understand and agree to cooperate with the sponsor and contractor(s)

Terms of the Owner Agreement – Construction

Change Orders

- Sponsor shall authorize:
 - ❖ Only change orders necessary for the correction of building code violations identified during the course of the project
 - ❖ Changes necessary to complete the project in a workmanlike manner

Terms of the Owner Agreement – Construction Mediation

Conduct of Work

- All work must be performed in a workmanlike manner to suit owner and sponsor in accordance with plans/scope of work, permits and applicable codes.
- If work fails to meet these standards, contractor will redo job at their expense.
- Premises must be kept clean and orderly during the project.

Terms of the Owner Agreement – Construction Mediation

Termination of Contract

- Owner or Sponsor may terminate contract upon ten (10) business days' written notice due to:
 - ❖ violation of the terms of contract by contractor
 - or-
 - ❖ bankruptcy or insolvency of the contractor



Terms of the Owner Agreement – Construction Mediation

Owner Responsibilities

The Owner Shall:

- Owner shall not interfere with project
- Not assume role of inspector and shall report all complaints or problems to the contractor and sponsor
- Notify sponsor and contractor in writing of all breaches of contract
- Notify contractor of items owner wishes to salvage for personal use and owner shall store or dispose of items

Terms of the Owner Agreement – Construction Mediation

Cooperation

- The owner shall cooperate at all times with the sponsor and contractors and will do all acts necessary to facilitate the project.
- Agreement violations shall be deemed an “Event of Default”.
 - ❖ Sponsor or IHDA may give written notice of an Event of Default to the Owner, as provided in **Paragraph 11 in the Agreement.**

Terms of the Owner Agreement – Loan Information

Note:

- Promissory Note is not recorded. If recorded, grantee must record the release at grantee's expense.
- Will always state \$16,500 (SFR-R) or \$45,000 (SFR)
- Actual loan amount is evidenced in the Project Completion Certificate.

Terms of the Owner Agreement – Loan Information

Junior Mortgage

- Loan shall be evidenced by a Promissory Note and secured by a Junior Mortgage
- Will always state \$16,500 (SFR-R) or \$45,000 (SFR)

Servicing

- IHDA will send release of mortgage after the end of the affordability period
- Homeowner must record release

Terms of the Owner Agreement – Loan Information

Net Proceeds Language

- Owner shall repay IHDA the amount of the loan reduced by **one-sixtieth (1/60th)/one thirty-sixth (1/36th)** out of net proceeds for each full month the Owner occupied the property, if any of the following occurs:
 - ❖ Home is sold or otherwise transferred (other than by inheritance):
 - to a co-owner of the home, or
 - by operation of law upon the death of a joint tenant owner, or
 - to a spouse as a result of a divorce of co-owners
 - ❖ Home is no longer the principal residence of the Owner



Section 4: Program Documents



Program Documents

Special Notice

- Informs homeowners that they have been awarded up to \$16,500 for roof repair through the SFR-R program, or \$45,000 through SFR program for home repairs
- Informs homeowners that their actual loan amount will be included in the Project Completion Certificate
- Does not need to be recorded, send a digital copy with payout package

Contractor Documents

Sworn statement

- Should include information for the general contractor and all subcontractors

Lien Waivers

- Needed for each subcontractor's completed work

Contractor Documents

Contractor Payment Request Form

- Must include:
 - ❖ Change orders
 - ❖ Payment #
 - ❖ Total contract amount
 - ❖ Contractor amount paid to date

Project Delivery Worksheet

- Should reflect actual hours and actual wages
- IHDA will review for consistency

Contractor Documents

Project Completion Certificate

- A lien will have already been placed on the home whether homeowner signs off on this document or not
- The actual loan amount will be reflected here, which is noted in the Special Notice document

Contractor Documents

Certificate of Occupancy (See Owner Agreement)

- Certifies building is suitable for occupancy and in compliance with building codes
- If applicable to your municipality, obtain from your local government agency or building department
- Issued by a local government agency or building department
- Include in Final Payout package



Section 5: Record Retention and Reporting



Record Retention

Requirements (See Owner Agreement)

- Sponsor shall retain documents for not less than five (5) years after Termination Date (as defined in **Paragraph 11** hereof)
- Sponsor will maintain adequate books, records, and supporting documents for all loan files

Reports to IHDA

Audit

- Sponsor shall provide IHDA with Annual Audited Financial Statements within nine (9) months of the end of the prior fiscal year

Quarterly Status Reports

- Sponsor shall provide quarterly status reports by the 15th day of the month following the end of such quarter
- These reports are a good way to track your progress, to ensure you are able to spend funds before the end of the program

Reports to IHDA

Quarterly Reports Timeline:

Reporting Period		Report Due
Quarter 1	5/1/2019 – 07/31/2019	August 15, 2019
Quarter 2	08/1/2019 – 10/31/2019	November 15, 2019
Quarter 3	11/1/2019 – 1/31/2020	February 15, 2020
Quarter 4	2/1/2020 – 04/30/2020	May 15, 2020
Quarter 5	5/1/2020 – 07/31/2020	August 15, 2020
Quarter 6	08/1/2020 – 10/31/2020	November 15, 2020
Quarter 7	11/1/2020 – 1/31/2021	February 15, 2021
Quarter 8	2/1/2021 - 4/30/2021	May 15, 2021

Section 6: General Guidelines



General Guidelines

Loan Reservations

- Reserve loans in MITAS when you have a qualified applicant
- Reservations may be cancelled, if necessary
 - ❖ If you cancel a loan, please let us know immediately and share the reason as to why the loan was cancelled.
- Send Pre-approval request when you are ready for construction

General Guidelines

PDF Forms

- Use fillable forms
- If not using fillable forms, type info onto forms. Do not handwrite information.

IHDA

- The acronym for Illinois Housing Development Authority is “IHDA,” not “IDHA.”
- Spell out “Illinois Housing Development Authority” on the Homeowners Insurance.

General Guidelines

Additional Information

- Applicants may switch from SFR-R to SFR if health and safety issues are discovered and additional work needs to be done outside scope of work
- Total funding may not exceed \$45,000 per home
 - ❖ SFR and SFR-R total assistance cannot be combined for one home

General Guidelines

Bank Account

- Sponsor is encouraged to maintain a separate bank account for each program
- Sponsor will pay any fees and costs charged or incurred by bank in connection with the bank account

Section 6: Feedback and Questions




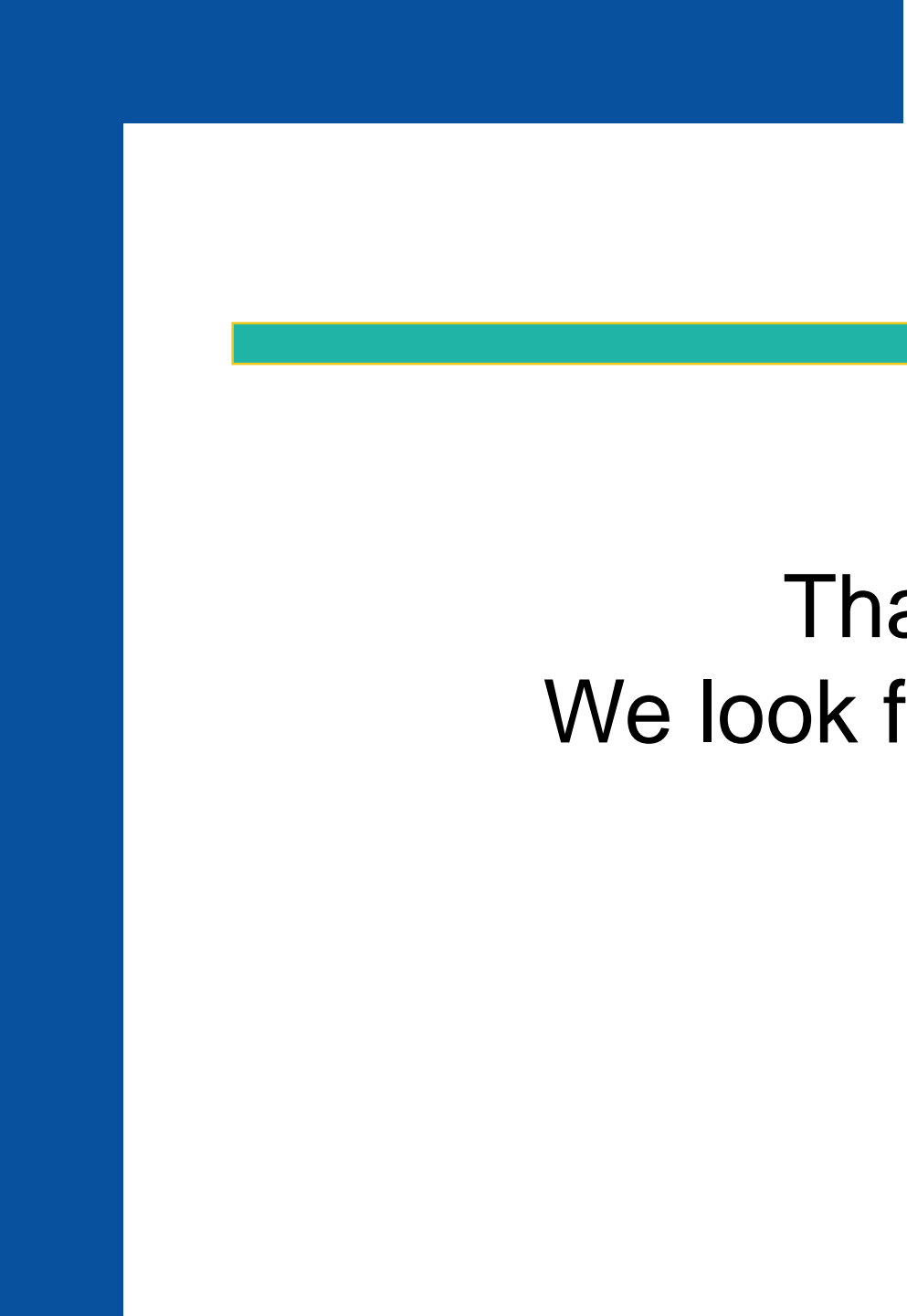
Grantee Feedback

- What issues/roadblocks are you encountering?
- Any suggestions you would like to share with other grantees?

Questions?



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Thank you for attending.
We look forward to working with you!