

# ILLINOIS AFFORDABLE HOUSING TRUST FUND SINGLE FAMILY REHABILITATION (SFR) AND SINGLE FAMILY REHABILITATION WITH ROOF ONLY OPTION (SFR-R) FREQUENTLY ASKED QUESTIONS (FAQ)

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*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 and local codes. 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) What is the Roof Option (SFR-R) of the SFR Program?**

Input from SFR grantees has shown that a roof only program would be of great benefit to their communities. Not only does the funding go further, but in many cases it would remove the need for future extensive repairs. The roof component of the SFR program will allow up to \$16,500 per home for repairs or replacement of roofs, rafters, soffits, downspouts and fascia. This limit would also include soft costs and project delivery. To be eligible, the home must not have other major health and safety issues. Trust Fund rehabilitation must also be compliant with local, state, and federal laws and regulations, as applicable.

**3) Who should receive SFR-R funding rather than the full SFR assistance?**

If there are only minor maintenance issues outside of the roof repair that the homeowner can take care of, then the SFR-R may be a better option. However, if there are other costly repairs that need immediate attention, the applicant may need the benefit of the full SFR assistance. The administrator will need to certify that there are no other major health and safety issues, which need to be addressed. Therefore, it will ultimately be the determination of the administrator as to the level of assistance the homeowner requires.

**4) Do you have to do rehab AND roof-only, or can you do roof-only?**

You can do either one or the other, or both. Remember that you cannot layer the budgets to exceed the \$45,000 per house maximum for SFR.

**5) What if some other issue arises after the roof repair has been completed?**

If the Grantee still has funds available, and the issue arises during the grant period, the homeowner may receive additional funding as long as the total funds do not exceed \$45,000.

**6) Who can apply for funds?**

Units of local government and eligible nonprofits outside of HUD Participating Jurisdictions may apply for funding. No more than three applications per third party administrator is allowed. Individuals and families may not apply directly to IHDA, but must apply directly to Grantees for assistance. See our [Grantee Listing](#).

**7) 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.

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

If a previously assisted applicant has a loan that is still active within the affordability period, he/she is not eligible to receive additional funding under our Trust Fund programs. Keep in mind that IHDA wishes to serve as many new households as possible with the limited funding.

**9) Is this a grant or loan to each homeowner?**

This is a forgivable loan. For SFR, the loan is forgiven at a rate of 1/60th per month for five years. For SFR-R, the loan is forgiven at 1/36th per month for three years. Funds not used in compliance with the Rules and Grant Agreement are subject to recapture.

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

Funds will be paid once the Grantee provides a package documenting work performed through invoiced expenses, a contractor's sworn statement, lien waiver, and other items as requested.

**11) Is a Trust, Life Estate or Contract of Deed acceptable?**

No, a Trust, 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

**12) Who is eligible to receive funds?**

The Grantee must follow its Participant Selection Plan in selecting participants. Household income cannot exceed 80% of area median income for household size. The property assisted must be owner-occupied.

**13) What are the income requirements for roof only?**

80% AMI is the maximum household income limit.

**14) Are credit checks required during the pre-approval process?**

Credit checks are not a requirement of the program. Grantees should use their best judgement during the applicant selection process to ensure that they are selecting the best candidates. Ideally, borrowers should be able to keep up with their current debt obligations during the forgiveness period of the loan.

**15) 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.

**16) 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.

**17) 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

**18) What are the title requirements?**

A date-down title search is required to identify owners and confirm that the property is fee simple and not in a trust. The title search also confirms that there are no outstanding liens on the property 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.

**19) What are the insurance requirements for the homeowner?**

The homeowner must have insurance for the home, and "Illinois Housing Development Authority" must be indicated on the homeowner's insurance 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

**20) 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 at any time, including throughout the 5-year record retention period.

**21) How long must records be retained for the program?**

Applicant files and program records should be held for five years after the end of the affordability period for SFR.

## Construction Overview

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

**22) 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 a well/septic, we do not require a change. Septic system repairs or replacement is an allowable expense.

**23) Must we address lead in the entire home or just in areas where work is being performed?**

All homes built before 1978 must be tested for lead and you must receive a risk assessment. All items identified in the risk assessment must be addressed.

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

On renovation, rehabilitation or preservation projects, replacement of the lead pipe incoming water service shall be required.

**25) 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. For more information on eligible expenses, please see IHDA's Relocation Policy.

**26) Do you need to do lead testing for roof only option?**

If the home was built before 1978, only the roof areas (roof, soffit, fascia) need to be tested. If lead is uncovered, it must be addressed.

**27) 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.

**28) 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 owner and we must be able to record the Trust Fund Mortgage against the property.

**29) 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

### 30) What are eligible renovation items under the SFR program?

- Accessibility related improvements
- Energy Efficiency-related improvements
- Environmental related hazards

-Lead and Radon Mitigation

- Improvements to:

#### Interior

- Electrical
- Plumbing
- Insulation
- Wall and Ceiling
- Flooring
- Stairs
- Cabinetry and Countertops
- Bathroom Vanities and Lavatory
- Repair/Replacement
- Fire and Smoke Alarm Systems
- Windows and Doors
- HVAC
- Replacement of outdated/inefficient stove or refrigerator, if necessary
- Replacement of other existing major inoperable appliances (dishwasher, washer, dryer, etc.)

#### Exterior

- Roofing (including soffits and fascia)
- Drainage (including grading and gutters)
- Painting
- Structural Improvements
- Stairs
- Chimneys
- Fire Escapes
- Windows and Doors
- Porches and Steps
- Siding
- Other Improvements as approved by IHDA

### 31) What are ineligible renovation items under the SFR program?

- Improvements that are significantly above local market rate
- Replacement of major appliances that are still in working condition (dishwasher, washer, dryer, etc..)
- Luxury Improvements, such as:
  - Swimming pools
  - Jacuzzis
  - Marble/Granite counter tops, etc..

### 32) What is the "Special Notice About Your Forgivable Loan"?

This Notice informs homeowners that they have been awarded up to \$16,500 for roof repair through the SFR-R program, or \$45,000 through the SFR program for home repairs. The notice informs homeowners that their actual loan amount will be included on the Project Completion Certificate. This document should be completed during the pre-construction conference.

**33) What is a Certificate of Occupancy and when will it be necessary to obtain one?**

This is a document issued by local government agencies or building departments, indicating a building's compliance with applicable building codes and other laws. If applicable, you will need to include the Certificate of Occupancy with the final payout package after all rehab is complete. Check with your municipality to determine if a Certificate of Occupancy is required.

**34) 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.

**35) 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 type onto the forms and do not forget to remove our "Exhibit" language at the beginning of the sample documents.

## Floodplain Overview

**36) 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 FEMA for guidance and provide adequate documentation 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>.

**37) 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 one-percent (1%) chance of being equaled or exceeded in any given year. The one-percent (1%) 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.