



Town of Cicero
Department of Housing

HAF HOME REPAIR PROGRAM (HAFHR)
IN HOUSE POLICIES AND PROCEDURES

Effective February 2024

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PROGRAM DESCRIPTION

The Illinois Housing Development Authority's (IHDA) HAF Home Repair Program (HAFHR) is funded through Section 3206 of the American Rescue Plan Act of 2021 establishing Homeowner Assistance Fund (HAF) is primarily for health and safety repairs, addressing code violations, and critical home repairs to homeowners who have been financially negatively impacted by COVID-19 with certain housing unaddressed home repairs, and housing insecure. The main goals of the program are to improve the health and well-being of occupants, help eligible homeowners remain in their homes preventing homeowner displacement, preserve existing affordable housing stock, and provide investment in disadvantaged communities. This program is not meant to address solely cosmetic issues. Homes to receive Rehabilitation must have documented healthy and safety issues or concerns (such as mechanical, electrical, structural, or plumbing issues or concerns that undermine the integrity of the home) or other critical repairs necessary to prevent homeowner displacement. The homeowner will be advised that HAFHR is not a complete remodel of their home and that the program cannot necessarily address all the homeowner's concerns.

The IL HAF is governed by the rules at 47 Ill. Adm. Code 302 and are federal pass through funds. The HAF Home Repair Program (HAFHR) is administered by the Cicero Housing Department (HD). These guidelines as set forth in the following manual, provide the eligibility criteria, program design, rules and policies which govern the HAFHR.

The HAFHR will provide a forgivable loan in the form of a mortgage (first or second position only) and is eligible to one (1) to four (4) unit owner-occupied properties where the current total household income is considered to be > 150% of AMI.

The program will be administered by the Town of Cicero Department of Housing (DH) in conjunction with the Illinois Housing Development Authority. The DH employees several associates to this program:

- Tom M. Tomschin – Executive Director
- Maria Flores – Housing Director
- Martha Garcia – Assistant Housing Director
- Martin Soto III – Rehabilitation Specification Specialist
- Nancy Bailey – Housing Assistant/Receptionist

PRIORITY PROJECTS:

- Sewer Check Valve and Bypass Pump installation to prevent basement flooding,
- Lead service line replacements, in homes with children under 6
- Roof, Gutter, and Soffit replacements,
- Handicap Accessibility Projects (chair lifts, walk in shower, etc),
- Critical life and health safety violations,
- Code Upgrades

PROJECT TIMING

HAFHR will operate from January 1, 2024 through September 30, 2026. The initial HAFHR program term ends on December 31, 2024.

Performance benchmarks: 25% of the grant funds must be expended by September 30, 2024, in order to be considered for a 12-month renewal. 65% of the grant funds must be expended by September 30, 2025 in order to be considered for a 9-month grant renewal.

All construction work must be completed by the program's expiration date. It is the grantee's responsibility to be aware of the program's expiration date and track their own spending. If you are unsure of your expiration date or amount of funding available, please consult your Funding Agreement.

All end of program grant documentation must be submitted to IHDA no later than two weeks after the program end date. Close out packages submitted after that date will not be eligible and funds will be recaptured.

APPLICATION PROCEDURES

All requests for the HAFHR shall be made on application forms provide by the Town of Cicero Department of Housing (DH). A request for Home Repair Loans will be made effective on the date of receipt of a completed application on a first-come first-serve basis. Application periods will open and close throughout the timeline. Applications will be reviewed in accordance with the eligibility criteria. DH will review all applications, determine applicant eligibility and approve or deny financial assistance. Applicants will be notified in writing by the Housing Program Administrator of the acceptance or denial of their application within 14 days of receipt of verifications.

ELIGIBILITY CRITERIA

Household Definition

All the persons who occupy the housing unit. The occupants may be single family, one person living alone, two or more families living together or any group of related or unrelated persons who share living arrangements. Households should include all persons, even if the income of some of them would not be considered in determining the income status of the household.

Eligible Households

- Certify to a financial hardship after January 21, 2020, related to the COVID-19 pandemic.
- Have income less than or equal to 150 percent of the area median
- income (as determined by geographic proxy, when applicable).
- Own and occupy the property as the primary residence.
- Be current on mortgage payments OR not have a mortgage payment.

- Reverse mortgage, home equity line of credit, contract for deed or ownership held in a trust are all ineligible ownership models for this program.
- Homeowners who received HAF housing assistance are eligible to apply.
- The applicant must have an established paid-as-agreed record on installment and mortgage accounts.
- The applicant must be legally competent.
- The applicant must have owned and resided at subject property prior to application submission.
- The applicant must agree to own/occupy the building for duration of loan.
- The applicant must not have excessive assets (appear to be non-prudent use of CDBG funds).
- The applicant's mortgage, utility bills, tax bills and credit installment payments must be current.
- The applicant must demonstrate homeowner occupancy on a yearly basis.

Application

Applications will be available online and at the Department of Housing. Applications will only be accepted during open application times which will be made available on the Town of Cicero website, Facebook, and Town Hall Newsletters and postings.

Applicants must submit the following documentation along with their completed applications:

- Homeowner's Expectation Form
- Copy of Deed (certified trust agreement if in a trust).
- Copy of death or divorce certificate if name is on title.
- Mortgage payment book (proof of current payments).
- Copy of current homeowner's insurance coverage.
- Copy of recent tax bill (second installment which lists homeowners exemption and all other itemizations).
- Three recent rent receipts for rental units if 2 unit.
- Copy of recent IRS 1040 form and W-2 (for ALL household members).
- Three recent paycheck stubs (for ALL household members).
- Copy of current utility bills water, gas, electric, and phone bills.
- Copy of current stubs/receipts from all other income received for ALL household members including:
 - social security
 - pensions
 - union benefits
 - veteran benefits
 - unemployment
 - worker's comp
 - public aid
 - alimony
 - child support

- rents from shared current home address, or 2nd unit in dwelling (ineligibility if additional rental property owned)
- employment
- dividends
- interest income
- net income from business operations
- welfare/ Public Aid (SNAP)
- contributions

Applicants must complete and attach the following documents to their completed application:

- Homeowner’s Expectation Form
- Rehab Coordinator/Owner Interview signed by all title holders
- Disclosure Statement signed by all title holders
- Indemnification signed by all title holders
- General Release signed by all title holders
- Lead Based Paint Pamphlet notification form signed by all title holders
- Lead Based Paint Pamphlet given to tenant & notification signed by tenant (if 2 unit property)
- Tenant Survey (if 2 unit property)
- Financial Privacy Notice form (all over 15 must sign)
- IRS form #4506T (all over 15 must sign)
- Zero Income Affidavit (all over 15 must sign)

A Power of Attorney (POA) may be used if a borrower is unable to sign program forms due to extenuating circumstances (incapacitation, military service, etc.). The attorney-in fact must have specific authority to encumber the property. A copy of the POA must be included with the pre-approval submission

Eligible Properties

- The property must be located in the Town of Cicero.
- One to four unit dwellings, owner-occupied homes are eligible, (common areas and owner-occupied units are eligible)
- Manufactured home on a permanent foundation
- If the loan does not bring the property up to code, the property is not eligible
- Properties that are in the process of being sold, that have been identified by the Town for public acquisition, or that have been cited by the Town as being dilapidated, unsuitable for occupancy or not in conformance with zoning are ineligible.
- Property repairs that have funds allocated in a sales escrow account are not eligible.
- In all of the above, the homeowner owns the land, and the property is taxed as real estate.

Ineligible Properties

- No reverse Mortgages
- No investment properties
- No properties with a home equity line of credit
- No ownership in trust or under a contract-for-deed
- No properties primarily used for business (more than 50% of the floorspace is used for business)
- Conflicts of interest between the grantee and homeowner must be avoided and are prohibited. For example, the grantee or third-party administrator may not enroll an employee's residence in their HAFHR program including Town of Cicero employees.

Funding

Eligible Costs

Project Costs

The per unit construction cost limit is \$60,000. Examples include but are not limited to the following:

- Addressing health, safety and code violations;
- Roofing, soffit/fascia/gutters, drainage and runoff management;
- Electrical and plumbing systems;
- Foundations, existing decks and existing porches;
- Modifications and improvements for accessibility to allow the elderly or disabled to age in place;
- Environmental modification and improvements;
- "Soft" costs include title search, inspection, recording fees, lead wipes and lab fees, and termite inspection and treatments.
- Other vital and necessary repairs specific to the home's needs.

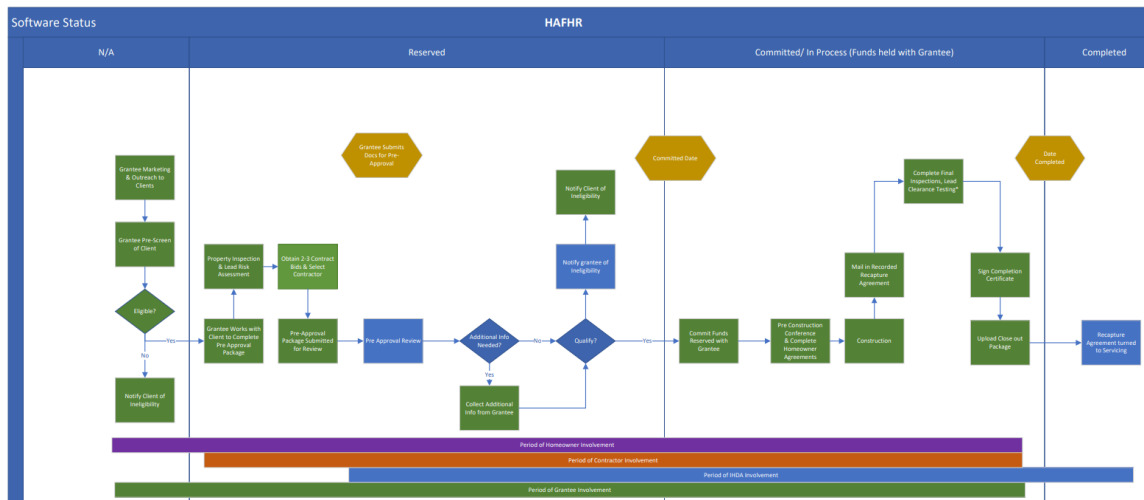
Administrative

Grantees are allowed an additional 15% for administrative costs per unit. Expenses paid to the grantee for direct project-related costs, including but not limited to, intake and income verification, cost estimates, work write-ups, and grantee administrative costs related to general management, oversight, and coordination, including staff and overhead should be charged to the 15% administration.

Grantees should track their administrative expenses so that it does not exceed the eligible amount. Any grant funds used for administration in excess of the allowed 15% will be recaptured

PROJECT FLOW CHART

The chart below outlines the basic process the grantee must follow for each construction project undertaken. Below chart lists these basic process in sequence.



1. Grantee Marketing & Outreach to Clients
2. Grantee Pre-Screen of Client
3. Eligible?
 - a. If not Client is notified by Grantee of Ineligibility
 - b. If Eligible; then Grantee Works with Client to complete Pre-Approval Package
4. Grantee Schedules Property Inspection & Lead Risk Assessment (if necessary)
5. Obtain 2-3 Contract Bids & Select Contractor
6. Pre-Approval Package Submitted for Review by Grantee to IHDA
7. IHDA (Pre-Approval Review)
8. IHDA Requires Additional Info Needed?
 - a. If yes, Grantee submits additional info to IHDA
 - b. If no Additional Info Needed, then IHDA will indicate if they qualify or not.
9. If they do not qualify IHDA will notify grantee of Ineligibility, and Grantee will Notify Client of Ineligibility.
10. If IHDA indicates that Client does qualify then:
11. Indicate Committed Date
12. Commit Funds Reserved with grantee
13. Pre-Construction Conference & Complete Homeowner Agreements
14. Construction
15. Mail in Recorded Recapture Agreement
16. Complete Final Inspection, Lead Clearance Testing
17. Sign Completion Certificate
18. Upload Close out Package
19. Indicate Completed Date
20. Recapture Agreement turned to Servicing

FORGIVABLE LOAN DETAILS:

Promissory Note and Recapture Agreement Provisions

- The full maximum limit for home repair (\$60,000) will be reflected in the Promissory Note and Recapture Agreement. The actual loan amount will be the total construction costs and the amount will be identified in the Project Completion Certificate, which is completed after all rehabilitation is complete.
- The forgivable loan amortization period begins on the first day of the first calendar month after the final signature date on the Project Completion Certificate. See the Promissory Note for further details.
- Assistance for the home repair project is forgiven monthly over the three-year term (1/36th a month) until completely forgiven after year three.
- The homeowner is required to maintain the home as their primary residence throughout the term.
- If the home is sold before the affordability term ends, the unforgiven balance will be due out of net proceeds.
- If the homeowner moves out and rents the property, the unforgiven amount is due to IHDA. There is no sale and therefore no net proceeds, so the entire unforgiven amount is due.
- The Promissory Note and Recapture Agreement must be executed by the homeowner prior to starting any construction.
- Homeowners should be informed that there is no cash-out refinancing allowed during the three-year affordability period.
- The homeowner should thoroughly review the Promissory Note and Recapture Agreement for further information.

Special Notice About the Forgivable Loan

- This Special Notice informs homeowners that through the HAFHR program they have been awarded up to \$60,000 for home repairs.
- The Special Notice informs homeowners that their actual loan amount will be included on the Project Completion Certificate.
- Homeowners must complete and sign this form at the pre-construction conference after they have been pre-approved for construction.

Should there be long-term questions and concerns about these documents, homeowners should contact IHDA's Homeownership Department (877-456-2620), LPMRelease@ihda.org.

HAFHR PROGRAM MARKETING

DH program marketing will be done in an open and informative manner. All potentially eligible applicants will have equal access to the available resources. The Town of Cicero, Department of Housing will make appropriate efforts to market the program, and the Town of Cicero's organization's website and Facebook page, and will include basic information about the program and how to apply. Flyers will be developed and provided to potential applicants and referral agencies, as well as placed in appropriate public places.

Our materials will include:

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

Applicant Determination

First-Come, First-Served basis will be utilized. Our waiting list for this program will be open and new at the start of the program.

- Applications will be dated and stamped.
- Required documentation requested from applicants will be tracked.

ELIGIBILITY DETERMINATION

- Applicant's name must be on the title to the home
- Property must be the sole residence of all owners.
- All owners on title must currently reside in the home.
- Ownership of the home under a trust or contract-for-deed is not eligible under the program.
- Ownership must be held in fee simple title.
- No other documents must exist, other than a deed recorded against the property
- Annual household income indicated and number of persons living in the household and their ages.
- Homeowner must accept the placement of the Recapture Agreement on the property and agree to the terms of the Owner Agreement, Promissory Note, and Recapture Agreement.
- Homeowner must have adequate property insurance.
- Property insurance must be in the homeowner's name.
- Ownership of Property will be confirmed with a Title Search for all properties to ensure the property rightfully belongs to the homeowner(s) and there are no outstanding liens that would put the home at risk.
- Grant funds will not cover the cost of title searches for properties that do not ultimately qualify for the program; however, Administrative Funds can be used to cover this type of expense.

- For a free initial ownership check, HD will visit the Cook County Assessor's and Cook County Recorder of Deeds websites.
- If one or more homeowners are appearing in the title search that are not present due to death, HD will require additional documentation for review.
- Documentation that proves ownership for the homeowner applying for funding includes but is not limited to: (e.g., coroner's certificate, probate court judgement, divorce documents, or other relevant material).

Excessive Assets

If applicant has assets which are determined to be non-prudent use of HAFHR funds, Applicant(s) will be denied. If applicant(s) feels unjustly denied, he may discuss with the Housing Program Administrator. If Housing Program Administrator feels applicant may be eligible, they will discuss situation with Executive Director who will make the final determination.

Bills Not Current

If applicant does not have paid-to-date mortgage, taxes, or utilities, application will be denied. If applicant brings bills up to date, applicant will be allowed to resubmit application and start process anew during open applications, or if the current application period is still open.

Mortgages

If property has more than one existing mortgage and/or has liens, application will be denied. If error occurs which can be corrected within one month, application will be resume process and/or place on waiting list will be restored, if applicable. If error cannot be corrected within one month, OR if a lien or mortgage appear that must be released, application will be denied.

Situational Changes

If applicant is determined ineligible, and his situation which caused ineligibility changes, he will be allowed to reapply to the housing programs and begin the process anew if funds are available.

Income & Property Value Eligibility

HD will use one of the two acceptable methods of calculating income to determine if the applicant is eligible for the Program. The household income must be at or below 150% area median income and the property value must be below the appropriate limit as well. The Income Calculator will verify the household's qualification for both factors. Additionally, the "Income Calculator Income Limits" provides the limits in a tabular format.

HD will complete the Electronic Income Calculator and submit to IHDA from each household

applying to participate in the project prior to the making of a Loan to such household.

DH can use the Community Affairs Income Calculator to certify the gross amount of income of all adult household members. HD will refer to the Community Affairs Income Calculator Guide for a detailed listing of acceptable forms for verifying income.

All income verifications will require one of the following supporting documents to be kept in the applicant's file including:

- 3rd party verification from employers/Social Security Administration/Unemployment/ Public Aid/SNAP /Self-Employment (1099 and/or 3 most current 1040's filed with all attachments).
- Copies of pay stubs and/or bank statements of at least three pay periods
- Certified copy of tax returns (IRS Transcripts)

Note: Income documentation must be current within 180 days of the pre-approval submission date to be valid. All written evidence obtained substantiating the information given on each Income Calculator shall be retained for five (5) years after the Termination Date.

Base Income for the Household

There are two ways to calculate income for eligibility.

1. Adjusted Household Income from the Community Affairs Income Calculator when determining the household's base income.
2. Adjusted Gross Income from their Most Recent Tax Return.

(Note: HD will enter income for all adult household members listed on the Community Affairs Income Calculator and submit all pages of the Income Calculator to IHDA.)

Income Limits

Chicago - Joliet - Naperville, IL HUD Metro FMR Area INCOME LIMITS										
	1 - Person	2 - Person	3 - Person	4 - Person	5 - Person	6 - Person	7 - Person	8 - Person	9 - Person	10 - Person
150% Area Median Family Income	\$115,850	\$132,400	\$148,950	\$165,450	\$178,700	\$191,950	\$205,200	\$218,400	\$231,750	\$244,950

Property Value

The property value of the home cannot be above the limit set for the county. To determine the property value of homes for the program, DH will rely on an automated valuation model (AVI) or Broker's Price Opinion (BPO) and can reference against those listed in Community Affairs Income Calculator

HOME and Housing Trust Fund Homeownership Sales Price Limits - FY 2023							
			Existing Homes HOME/HTF Purchase Price Limit				
State	County Name	Metropolitan/FMR Area Name	1-Unit	2-unit	3-unit	4-unit	Unadjusted Median Value
Illinois	Cook	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	\$290,000	\$371,000	\$449,000	\$556,000	\$305,000

ENVIRONMENTAL AND STATE ADMINISTRATIVE REQUIREMENTS

This section addresses environmental and state administrative requirements, including floodplain concerns, state historic preservation review, lead-based paint regulations, and other administrative requirements.

HAFHR is supported by funds from the from the Illinois Homeowner Assistance Fund authorized by American Rescue Plan Act of 2021, Pub. L. No. 117-2 (2021) and the Illinois Housing Development Act, 20 ILCS 3805; 2 CFR 200. As such, the State of Illinois requirements for rehabilitation projects apply.

Please reference to the HD Environmental Policy & Procedure Manual for a more detail description of Environmental Review processes in additional to the following floodplain and underground mine requirements.

Historic Preservation

IHDA requires an approval/no comment letter back from the State Historic Preservation Office (SHPO) for all HAFHR projects, including those that will receive only a moderate amount of rehabilitation. IHDA will not issue a pre-approval unless HD have received an approval/no comment letter back from the State Historic Preservation Office or an approval from the historical preservation office of a Certified Local Government (CLG)

SHPO Approval

HD may obtain SHPO Approval through one of two ways.

1. For properties that are likely non-historic, HD may submit an Expedited Review Request to SHPO, using the online form. Prior to submission, search the Historic and Architectural Resources Geographic Information System (HARGIS) to determine if the property is listed as a historical resource. After submission, SHPO will provide HD an email response to approve your request or ask for more information.
2. For properties that are likely historic or in/near to a historic district, follow the below process.

Submit a letter to SHPO requesting the review. Send your letter and attachments to:

State Historic Preservation Office
Illinois Department of Natural Resources
Attn: Review & Compliance 1 Old State Capitol Plaza
Springfield, IL 62701
217-782-4836

Documentation included for each property to be reviewed:

- Street map showing location of property
- Two current, unobstructed color photographs of the property
- A brief description of the rehabilitation to take place.
- Summary of the work write-up

CLG Approval

A CLG may also review the project and provide the historic review approval for homes under the jurisdiction of the CLG. A list of CLG's can be found on SHPO's website.

Illinois Accessibility Code Guidelines

The Illinois Accessibility Code is a set of regulations that implement the Illinois Environmental Barriers Act (410ILCS 25). The Code establishes minimum scoping and technical design requirements to ensure that newly constructed or renovated buildings in Illinois comply with accessibility standards that guarantee they are safe and readily accessible to persons with physical limitations. This Code also addresses areas of difference between federal accessible design standards such as the 2010 Americans with Disabilities Act (ADA), standards for accessible design (28 CFR 36 [2010]), and the Code. Together with the Environmental Barriers Act (EBA), the Code has the force and effect of law in the State of Illinois.

Property Insurance

The homeowner must have a current Homeowners Insurance Policy. HD must make sure the insurance is kept current while the home is under construction.

Floodplain Requirements

Flood Insurance Executive Order 2006-05 governs the development and rehabilitation of properties in the floodplain with State dollars. HD must document whether each property is located in a 100-year floodplain. If the property is located in the 100-year floodplain, then flood insurance is required before a property can benefit from State-funded assistance.

To check if a property is in the 100-year floodplain, you will need to consult the Flood Insurance Rate Map (FIRM) for that address published by FEMA. HD can create and print a copy of a "FIRMette" on the FEMA website. HD retains a copy of the FIRM map for your files and submit a color copy to IHDA with our pre-approval package.

Reference to Executive Order 2006-05 for properties located within a 100-year floodplain, the homeowner must have flood insurance and must include IHDA on the insurance.

Additional NFIP Floodplain Requirements

The National Flood Insurance Program requires that "if the cost of improvements or the cost to repair the damage exceeds 50 percent of the market value of the building, it must be brought up to current floodplain management standards. That means an existing building must meet the requirements for new construction."

Cost of improvement project > 50 percent Market value of the building

The entire NFIP Floodplain Management Requirement guide can be found in full on the FEMA website.

The Department of National Resources (DNR) "Illinois Quick Guide to Floodplain Management" serves as a resource for rehabilitation projects in Illinois that must be brought up to current floodplain management standards.

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 Illinois State Geological Survey. A color copy of 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 listed on the insurance.

Other Environmental Requirements

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

Lead-Based Paint Requirements

Property built 1978 and After

- No lead risk assessment is required.
- Contractors do not need to be Lead-Safe Certified

Property built Pre 1978

- No lead risk assessment is required.
- Contractors must be properly certified (see below) and follow lead safe work practices

For homes built before 1978, lead risk assessments are not required under HAFHR. However, in these homes, the HD and contractors must follow the U.S. EPA's Lead Renovation, Repair and Painting Program ("RRP") rules.

The U.S. EPA publication, "Steps to Lead Safe Renovation, Repair and Painting," is a helpful introductory guide to the rules. Generally, all contractors on these projects must be Lead-Safe Certified by the U.S. EPA or they must be an Illinois Licensed Lead Abatement Contractor.

If a Lead Risk Assessment or a test performed by a certified renovator confirms there is no lead in a specific work area, then RRP rules do not apply for that work and the contractor(s) working in that area do not need to be certified.

A List of RRP certified contractors is available on the U.S. EPA's Website, and a list of Illinois Licensed Lead Abatement Contractors is available on the Illinois Department of Public Health's website.

RRP requires contractors to follow lead safe work practices when completing rehabilitation work in pre-1978 homes. Contractors must assume the presence of lead-based paint (unless a test confirms there is no lead). Assumption will be taken into consideration when drafting our HAFHR scope of work. Additionally, when interior work is completed, RRP requires that contractors perform a cleaning verification procedure or clearance test to ensure that the work site is clean.

In all instances involving pre-1978 construction, owners/participants will be provided with the U.S. EPA pamphlet Protect Your Family from Lead in Your Home. Contractors must provide the homeowners with the required U.S. EPA Notices under the Lead Renovation, Repair and Painting

(RRP) Rule.

Lead-based paint remediation and abatement work and any additional costs related to lead safe work practices are eligible costs under HAFHR.

Additional General Lead Hazard Inspection Procedures

A State Licensed Paint Inspector/Risk Assessor may conduct a Lead Based Paint Hazard Evaluation of the painted surfaces to be disturbed during rehab if appropriate and at the completion of the work a Clearance Test will be conducted to certify that no Lead Based Paint Hazards remain as a result of the work completed under the Program.

Notice of Lead Hazard Assessment or Presumption

This Notice must be placed in a public area where occupants can read no later than 15 days after the lead hazard assessment/presumption report has been received and lead and lead-based paint or lead-based paint hazards found. A notice of presumption is required if the option of presuming lead-based paint exists is chosen. The Notice must be in primary language of the dwelling.

Additional Considerations & Laws Regarding Lead

HD and contractors are required to comply with all federal, state, and local laws/regulations regarding lead. This includes but is not limited to:

- The Environmental Protection Agency's final rule developed under the Toxic Substances and Control Act specifically 40 CFR Part 745, as it relates to the Lead Renovation, Repair, and Painting Program.
- Lead Poisoning Prevention Act (410 ILCS 45/)

Note: This law requires that if a child or pregnant person tests positive for lead exposure then IDPH must conduct a Lead Risk Assessment of the home.

IDPH then serves a mitigation notice to the homeowner. If you are performing work in such a circumstance, ensure that your scope of work addresses any lead hazards that IDPH determines must be addressed. Additionally, in these cases, the law Page requires usage of Illinois Licensed Lead Abatement Contractors. RRP certified contractors will not suffice. (Lead Poisoning Prevention Code (77 Ill. Adm. Code, Part 845)

Other Inspections

For HAFHR projects, the entire home will need a termite inspection. In addition, if radon is a concern in your area, we would expect you to address that issue as well. Due diligence regarding health and safety issues, and environmental concerns is a responsibility of publicly funded

programs, whether or not the items are specifically stated

PROCEDURES

Open Application Period posted,

- Client retrieves application from source, web page or office during business hours.
- Client submits completed application during the open application period to HD.
- Housing Staff/Assistant Housing Director obtains applications from clients.
- Client Inquiry List is created (Staff member takes name, number, rehabilitation work requested, and address of interested party and provides information to the Assistant Housing Director of application,
- If Assistant Housing Director is available, she should take calls to discuss specific questions and needs.
- Housing staff evaluates information on applications and advises on potential Eligibility.
- HD/Client Interview conducted
- Owner signs "Homeowner's Expectation Form
- Completed application is submitted to HD from client with all required Affidavits &
- Certifications
- Case number is assigned to Applicant
- Title search is conducted
- All verifications of income/mortgage/income taxes/building/ are requested.
- Housing Staff assess the specific needs of the property keeping the following factors in mind:
 - What critical home repairs need to be addressed?
 - What are the existing health and safety issues present in the home?
 - Are there concerns of lead-based paint?
 - What code violations need to be addressed?


Scope of Work

After completing your inspection of the property, HD will derive scope of work for the project. This will include a general list of items that need to be completed as part of the project. At this point of our process, we will probably also have a good idea if the project can move forward with the amount of funds that we have available.

The initial assessment of the property, preparation of the scope of work, and the cost estimate is prepared by HD staff. HD staff preparing initial assessment and scope of work must be qualified and knowledgeable with state and local building codes.

IHDA requires that we briefly summarize the work to be performed in a Scope of Work Summary. This summary must be in an outline format and on our organization's letterhead. HD will include this document as part of our Pre-approval package.

An example of the proper format is below.

Grantee ABC	
1234 N South St. Anytown, IL 12345	
Scope of Work Summary 555 Oak Lane Anytown, IL 12345	
<ol style="list-style-type: none">1. Exterior<ol style="list-style-type: none">a. Replace all 10 windows – leaking windowsb. Replace roofing – shingles damaged and showing signs of wear; shingles past 25-year ratingc. Tuckpoint chimney – mortar joints are deteriorated d. Replace damaged front porch components – rotting wood2. Kitchen<ol style="list-style-type: none">a. Sink piping – leakingb. Install 3 GFCI outlets – per code3. Basement<ol style="list-style-type: none">a. Repair damaged stairsb. Seal cracks in foundation – address leakage issuec. Mold removal – remove mold resulting from leakage4. Bedroom 1<ol style="list-style-type: none">a. Install light fixture – no current fixture, exposed wiring where previous fixture was located5. Bedroom 2<ol style="list-style-type: none">a. Install new carpeting – old carpeting a trip hazard6. Misc<ol style="list-style-type: none">a. Replace HVAC system – unit no longer operable	

For each item in the scope of work, HD will briefly describe where, what, and why the repair is being made.

Work Write-up/Cost Estimate

A detailed work write-up and cost estimate will be developed. The cost estimate will include detailed specifications and be based on current market costs. HD will derive our own in-house cost estimate prior to bidding the project and establish limits on what we will accept. Work write-up will include our standards and specifications that are specific and measurable and will result in a good quality project.

IHDA requires the use of cost estimating software, such as Housing Developer Pro and RESPEC.

The Town of Cicero uses Neighborly Software for cost estimated.

Bids should be within 10% of the cost estimate.

A detailed budget will be created, and HD will include non-construction costs incurred such as:

- Title, recording, and outside inspection fees.
- Estimated administrative fee (up to 15% of total project costs).

HD will decide to move forward with the project.

Per Home Repair (HAFHR) Manual 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, we would not continue with the project.

PRE-APPROVAL AND CONSTRUCTION MANAGEMENT

This section covers selecting a contractor and the bid process.

Pre-approval Request

Pre-approval from IHDA is required before you conduct the pre-construction conference and begin rehabilitation.

- Once one has collected all the documentation listed on the Pre-approval Checklist one will reserve the funds.
- Once entered, one will upload checklist along with all documentation as one PDF document.
- IHDA We will email us a pre-approval or let us know if any additional documentation is needed. If we are not contacted within seven (7) business days, we will email or call to find out the status of our submission.

Rehabilitation Loans: Home Pre-approval

HD must receive a pre-approval from IHDA for each Home (the “Pre-Approval”) before Rehabilitation may begin. HD shall follow the pre-approval process and requirements detailed in the Program Manual. If Rehabilitation of the Home is not completed prior to the Termination Date, HD may not consider that Home as part of the Project and must return any and all Grant proceeds to the Home, in its entirety, to IHDA within thirty (30) days of the Termination Date.

PRE-APPROVAL PACKAGE

The following documentation must be submitted as part of our Pre-approval package:

1. Pre-approval Request Checklist
2. Commitment Confirmation (generated when funds are reserved)

3. Scope of Work Summary (on our letterhead)
4. Community Affairs Income Calculator (signed by HD and applicant)
5. Bid Tabulation (summarizing bids received for project)
6. Cost Estimate (on which the request for funds is based)
7. State Historic Preservation Office Approval Letter
8. FIRMette, floodplain map (in color)
9. Mine map (in color)
10. Copy of Homeowners' Insurance Policies
11. Photos of work to be completed (Before rehabilitation. Must be in color and labeled. One should follow the same order as you used in the Scope of Work Summary.)
12. Title Search (Title insurance is not required)

BID PROCESS AND CONSTRUCTION MANAGEMENT

HD will Bid the Job once if our in-house cost estimate determines that the project should continue. Owners will solicit bids from our pool of contractors, Owners may solicit bids from other contractors, but they must meet the minimum qualifications for Department of Housing Programs.

A minimum of two bids (preferably three) must be obtained on behalf of the homeowners for all projects.

If only one bid is submitted, additional information will be required before the project can be pre-approved.

The submission of more than one bid helps our program in the following ways:

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

The existence of multiple bids supports our program by demonstrating that the costs were reasonable, and that the HD did not force the homeowner to use a contractor. HD will not accept bids that are too low or that are unreliable. HD will make sure that bids are comparable and that one will compare the same line items.

A bid tabulation analysis will be prepared to compare and document that the bid review process was fair and accurate. After receiving bids, HD will check that the project's costs fall within the HAFHR limits or that our organization can leverage other funding to complete the work

Photos are taken before and after the construction period. Photos must be submitted before the work starts to demonstrate the work that needs to be done. Close out photos must show completion of the items specified on the work write-up.

Photos will be taken of the work before replacing furniture or any other items. Photos will reference

the major items in your cost estimate and scope of work summary. All photos must be clear, in color, and labeled. In addition to the required photos, contractors will be required to take photos of completed work before leaving for the day (to avoid conflicts with owner).

Beginning and Managing Construction

If the application is approved a specification write-up and bid package will be prepared. The owner will review and approve these documents. The owner will then call contractors of their choice to bid on the job. A minimum of two sealed bids must be submitted preferably three by the contractors to HD by the due date. If only one bid is submitted, additional information will be required before the project can be pre-approved.

It is the responsibility of the homeowner to obtain a minimum of three bids on their rehabilitation project.

An independent cost estimate based on local cost data will be done prior to the bids. The bids are then compared to each other and to the cost estimate.

Contract will be awarded to the Contractor of the homeowner's choice but must be within 10% of the HD Inspector's cost estimate.

A cost estimating software for developing work write-ups and cost estimates will be utilized.

Obtaining Bids

- If only one bid is received additional information will be required by IHDA.
- If two bids are received and it is not within 10% of the cost estimate, the homeowner will be allowed:
 - a two-week time period to rebid the job (inviting the unsuccessful bidders to rebid)
 - If the homeowner does not receive any bids by the due date, they will be given
 - a two-week extension and then terminated if no more bids are received by the new due date.

PLEASE NOTE HAFHR CHART FLOW WILL BE FOLLOWED TO INSURE APPROVAL FROM IHDA WHEN APPROPRIATE.

Avoiding Conflicts of Interest

No conflict of interest will exist between contractors and HD. There will be a clear distinction of duties performed by the entity performing the rehabilitation and the parties that develop work write ups/cost estimates, approve progress and final draw requests, resolve disputes, and/or approve funding of individual households.

Unauthorized Compensation

HD may not demand or receive any of the following from the builder, remodeler, contractor, supplier, or borrower:

- Kickbacks
- Commissions
- Rebates
- Other compensation

Prevailing Wage

Currently, the Illinois Prevailing Wage Act does not apply to rehabilitation projects under HAFHR, and the Davis Bacon and Related Acts does not apply to the ARPA funds

Contractor Qualification Criteria

The Town of Cicero's Housing Department (HD) has the following standards for the qualification of Contractors. This section addresses contractor pre-qualification, insurance and licensing requirements, and other contractor concerns. The Housing Department (HD) will review the contractors' insurance information, as well as any required licenses. All insurance and licenses should be current, and a copy will be maintained in the HD files.

- The Contractor must provide HD with information by completing the Contractor Information Form (CIF) and attaching all required documentation. If applicable, copies of all Lead Based Paint Certifications.
- The Contractor must provide proof of adequate liability insurance, worker's compensation coverage and pollution in the form of a Certificate of Insurance to the limits required by HD as listed in the HD Contractor Manual.
- All Contractors, prior to doing work in the Town of Cicero must be licensed and bonded with the Town.
- The Contractor must be capable of securing permits as are required.
- The Contractor must be in good standing with all federal, state and local agencies.
- The Contractor must complete the Statement of Contractor's Qualifications form.

Insurance Requirements Minimum coverage must 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 \$100,000 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 \$500,000 for accidents or injuries, including accidental death, for each occurrence, and not less than \$1,000,000 in the aggregate for the policy term.

PROCESS (PRE-CONSTRUCTION TO CLOSE OUT)

Once the bids have been reviewed and the homeowner and HD have agreed upon the contractor to do the work, it is time to schedule a pre-construction conference.

Contractors must adhere to the minimum quality standards outlined in the IHDA Standards for Architectural Planning and Construction.

Step 1 - Moderate the pre-construction conference and obtain signatures for contractor documentation. All applicable parties should attend the meeting, including the homeowner, the homeowner's advocate (if applicable), the grantee (HD) agency representative, and the contractor. All questions should be addressed at the pre-construction meeting. Keep meeting minutes. Review the work-write up with the homeowner and contractor, and have both parties sign off on the document. HD will be sure to review the communication procedures for handling complaints and problems that may arise during construction. Additionally, all legal documents will be reviewed with the homeowner and contractor. All phases of project will be discussed by HD, owner and contractor, i.e. construction schedule, inspections and payouts. All color/material choices are documented at the pre-construction meeting. HD will encourage the homeowner to ask HD questions and not to interrupt the contractor's work. HD will make sure that the homeowner understands that all contractor disputes, if any, are resolved at the discretion of HD. HD will review in detail the Special Notice, so the homeowner is clear on their actual loan amount versus the "up to" language in the Recapture Agreement and Promissory Note.

HD will remind the homeowner that the final loan amount is included in the Project Completion Certificate. See the "Understanding the Forgivable Loan" section for additional information to explain to the homeowner on this topic.

Step 2 – Also at the pre-construction conference, obtain signatures for the IHDA Promissory Note, Recapture Agreement, and the Special Notice About Your Forgivable Loan. Review all documents in their entirety with the homeowner, placing particular emphasis on the "up to maximum \$60,000" clause language. Also discuss the recapture events. These include refinances as defined in the Recapture Agreement.

Homeowner fully understanding their obligations under the agreements is important. Original copies of the executed Special Notice, Promissory Note, and Recapture Agreement will be placed in our file, and homeowner will be provided with copies.

Note: ALL legal documents should be executed in blue ink and all three of these documents should be signed on the same date (date of pre-construction conference).

Step 3 – Verify all necessary permits have been obtained.

Step 4 - Issue a Notice to Proceed. This notice informs all parties that a contractor may begin construction on a project.

Step 5 - Perform interim inspections as needed. Document the interim inspections.

Step 6 - Managing Change Orders.

Change Order Form will be completed when appropriate. Additionally, Change order must be submitted to the program inbox for approval if the change is greater than 10% of the original bid amount.

Step 7 – Record the Recapture Agreement and send the original, recorded Recapture Agreement and original IHDA Promissory Note to IHDA via certified mail.

When approximately half the construction work is finished, The Recapture Agreement will be taken to the Recorder’s Office for recording. Taking the Recapture Agreement in person to the Recorder’s Office ensures it does not get lost. The Note and Special Notice are not recorded. Once the Recapture Agreement is recorded, the grantee (HD) will send both the Note and the Recapture Agreement to IHDA together via certified mail. One will not rely on the recorder to send the Recapture Agreement.

Send documents to the following address:

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

Note: The original Note and Recapture Agreement must be received halfway in the construction process. Failure to deliver original notes and recapture agreements to IHDA when due may cause a delay in future preapproval and disbursement requests.

Step 8 - Perform final inspection and confirm the contractor has completed any necessary lead clearance procedures (see lead section). Make sure all permit inspections have been completed. The Project Completion Certificate, indicating the full loan amount, should be signed by all parties.

Step 9 - Obtain sworn statement and lien waivers. Be sure Sworn Statement is fully executed and lists all work performed. Include an invoice, if necessary. Lien waivers must be submitted for the

general contractor and all contractors that completed work on the project. Obtain any applicable warranties.

Step 10 - Provide copies of the above-mentioned documentation to the homeowner and obtain feedback. Homeowner receives copies of warranties and appropriate lead notices. Homeowner is reminded that the final loan amount is included in the Project Completion Certificate. IHDA would like feedback from the homeowner regarding their experience with the program, so one will have the homeowner complete the Assistance Impact Statement.

It's recommended that one also documents any additional feedback from owner on their experience with the program.

Step 11 – All change orders amounts must be included on the Project Completion Certificate. During the construction period, these amounts will need to be reflected in the Project Completion Certificate.

Step 12 - If applicable to our municipality, one will obtain a Certificate of Occupancy for the rehabilitation project from our local government agency or the building department. A Certificate of Occupancy is a document issued by a local government agency or building department certifying a building's compliance with applicable building codes and other laws indicating it to be in a condition suitable for occupancy. One must obtain this document and submit it as part of your close out package if it is a requirement in your municipality.

Step 13 – All close out documents will be uploaded and scanned as in the order that they appear on the Close out checklist in one (1) PDF file.

SPECIAL NOTICE ABOUT YOUR FORGIVABLE LOAN

This document informs the borrower that they will sign a Promissory Note and Recapture Agreement that will not state their actual loan amount, it will instead indicate an "up to" maximum loan amount. The final loan amount will be available once rehabilitation is complete and will be specified in the Project Completion Certificate. The date of the Special Notice should reflect the date of the pre- construction conference. The original executed Special Notice will be placed in the applicant's file for future reference.

Each Loan for Rehabilitation will not exceed Sixty Thousand and 00/100 Dollars (\$60,000.00) bear no interest, and have a term of three (3) years beginning after the Project Completion Certificate is signed. Loans must be a minimum of Five Thousand and 00/100 Dollars (\$5,000.00).

PRE-CLOSING

1. Pre-Construction conference conducted.
2. Contractor/Owner contract signed.
3. Special Notice signed by homeowner informing them that through the HAFHR program they have been awarded up to \$60,000 for home repairs and that their actual loan amount will be included on the Project Completion Certificate.
4. Both parties will execute the documents and keep copies of the executed documents in the client's file.

OWNER AGREEMENT

IHDA provides an Owner Agreement as part of the legal documents for the program. This Agreement is a contract between the grantee (HD) and the homeowner and will be executed during the pre-construction conference, prior to the making of a Loan. This document will be carefully reviewed with the program participant to ensure a mutual understanding of the activities undertaken and the overall program requirements.

CONSTRUCTION CONTRACT

The Construction Contract is an agreement between the owner and the contractor. This document is an exhibit to the Owner Agreement provided by IHDA. HD will review this document carefully with the homeowner as it must be executed prior to the start of any construction.

OWNER AFFIDAVIT

As part of the Owner Agreement, the homeowner is required to execute the Owner Affidavit. This document certifies that the home is the owner's sole residence and the property will remain owner-occupied throughout the loan term.

PROMISSORY NOTE

The IHDA Promissory Note will indicate the maximum loan amount for the program. The Note will not specify the actual loan amount, it will instead indicate \$60,000. The date of the Note should reflect the date of the pre-construction conference. The forgivable loan amortization period begins on the first day of the first calendar month after the final signature date on the Project Completion Certificate.

RECAPTURE AGREEMENT

Similar to the Note, the Recapture Agreement will not specify the actual loan amount; it will instead indicate the \$60,000. The date of the Recapture Agreement should reflect the date of the pre-construction conference. The final loan amount will be reflected on the Project Completion Certificate.

HD PERFORMANCE & REPORTING, ADMINISTRATIVE FUNDS, AND PAYOUTS

Grantee Performance & Reporting

Assigned Program Officer can be reach out to for technical assistance.

Performance Benchmarks

Over the course of the grant cycle, grantees (HD) will be expected to meet two performance benchmarks to participate in the program past December 31, 2024.

- HD must spend at least 25% of their project funds by September 30, 2024, IHDA reserves the right to de-obligate and recapture unspent funds, and not extend your Funding Agreement, if benchmark not met.
- 65 percent of the grant funds must be spent by September 30, 2025, for the grantee to be considered for a 9-month grant renewal.
- IHDA, in its sole discretion, may grant exceptions to these measures.

Quarterly Check In Calls

In lieu of written quarterly progress reports, grantees (HD) are expected to participate in quarterly check in calls with their Program Officer. Our Program Officer will reach out to schedule these at the appropriate intervals. During these calls, one will be prepared to discuss our progress in spending the funds and any difficulties you are experiencing. These calls are also an opportunity to notify our Program Officer of any ideas one might have for improving the program.

Financial Audit Reports

Grantees (HD) will be required to send IHDA a complete updated audit package which must include:

- Fiscal year-end financial statement audit,
- Single Audit,

- Management letter (if applicable) within 180 days of the HD' fiscal year end, after receiving grant funds,
- 180 days after each fiscal year end until the grant is considered closed out.

The financial audit must be submitted to IHDA electronically at HAFrepair@ihda.org.

HD 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.

Sponsor Insurance

The grantee (HD) must obtain and maintain through the term of the grant a fidelity bond coverage or honesty insurance in an amount that is at least equal to the lesser of: (i) the Funds, or (ii) Two Hundred Thousand and No/100 Dollars (\$200,000.00), with the Authority named as an Additional Insured. Email insurance to: HAFrepair@ihda.org

Administrative Funds

HD are eligible to receive up to 15% of the total project costs as administrative funds under HAFHR. Eligible costs for administrative funds include general management, oversight, coordination, staff, and overhead costs related to administering the grant. Admin funds are designed to cover costs that are difficult to tie to one project.

For example, purchasing cost estimating software would fall under admin costs.

Start Up Disbursement

HD will automatically receive a disbursement for 50% of their total grant award at the start of the program. HD need only complete the legal closing and financial set up processes to receive these funds. IHDA will make its best efforts to disburse payment within 30 days of the Legal Closing Date.

If HD does not meet the First Benchmark (spending at least 25% of their project funds by September 30, 2024), IHDA may exercise its discretion to:

1. Recapture unspent award amount

2. De-obligate and not extend your agreement past December 31, 2024.

65 percent of the grant funds must be spent by September 30, 2025, for HD to be considered for a 9-month grant renewal. IHDA, in its sole discretion, may grant exceptions to these measures.

Second Disbursement

So long as HD has performed satisfactorily under the Funding Agreement and there is not currently a default under the Funding Agreement, IHDA will fund the remaining 50% percent of the Grant Amount when HD has expended 85% of their first disbursement and requests a disbursement of the remaining 50% of the Grant Amount.

PAYOUTS

A maximum of two payouts will be allowed. When the contractor requires a payout, the following takes place:

- The contractor contacts Risk Assessor to perform lead-based paint clearance testing if required in process pending specific regulations mention under Lead Hazard procedures.
- Test results must pass before construction payout is scheduled.
- Test results are forwarded to HD.
- Housing staff contacts the homeowner to schedule a payout inspection after approval received from IHDA.
- HD staff contacts the homeowner to schedule a payout inspection.
- Payout inspections take place approximately on the 10th and the 25th of every month.
- Notarized lien waivers (partial or final), warranty/guarantee's, copy of building permit, passed inspection, compliance certificate and all required documents under HAFHR manual must be submitted directly to HD. If the lien waiver, warranty/guarantee's and building permit are not received prior to the inspection, it will be cancelled and rescheduled after the lien waiver is received.
- Reduction Completion Notice is posted 15 days after work is completed.
- Certification of Lead-Based Compliance is given to owner.
- An inspection is scheduled and performed by the DH Inspector and Town Departments, if applicable.
- The IHDA approve the work. Homeowner and HD also approve the work and sign off on the Certification of Inspection Form.
- Payment is sent directly to the contractor within 30 days.

Refer to Close out Package Section for a detail step process to close out project.

Grievance Procedure

If a dispute (related to the work) arises between the homeowner and the contractor, it shall be handled according to the following steps:

- Contractor and owner must attempt to resolve dispute on their own.
- If not resolved contractor and owner meet with HD to resolve dispute. (The HD Department will make an effort to resolve the dispute in a timely fashion.)
- If both parties are still uncooperative, the contractor and owner shall submit all disputes or claims, regardless of the extent of the works progress to an arbitrator from the American Arbitration Association. The award rendered by the arbitrator shall be final and judgement may be entered upon it in accordance with applicable law in any court having jurisdiction.

INELIGIBILITY DEFINITIONS AND APPEALS PROCESS

If the applicant is denied, he may appeal the denial by requesting a meeting with the Housing Program Administrator. At this meeting the following will occur:

Income < 150% of AMI

If household income is above 150% of AMI applicant is denied. The only situation where an applicant can appeal ineligibility is if applicant feels income documentation is in error. If applicant(s) believe documentation to be in error and that with correction, they would be eligible, they will be instructed to provide corrected verifiable documentation. Once received and verified, eligibility and application process will be reinstated and/or applicant will resume his place on waiting list, if applicable.

NOTE: Verification Forms may be verbally reviewed with applicant. No viewing or copying of these forms will be allowed.

CLOSE OUT PACKAGES

HD must submit a Close out package within 45 days of project completion.

To have the file complete, upload the documents below as one PDF file in the order of the Checklist.

1. Close out Request Checklist
2. Scope of Work Summary (if different due to change orders)
3. Payout Request Summary
4. Request for Payment & Certification
5. Project Delivery Worksheet (must reflect actual hours worked by staff)
6. Soft Cost Invoices
7. Contractor Payment Request and Proof of Payment
8. Contractor Sworn Statement (name and address of all contractors and completed work must be listed. Include invoice, if necessary.)
9. Change Order(s)
10. Contractor Lien Waiver (including material lien waivers. Each contractor must submit a final lien waiver for completed work.)
11. Project Completion Certificate (reflects final hard costs amount)
12. Assistance Impact Statement (include photo of homeowner in the rehabilitated area, if possible)
13. Special Notice About Your Forgivable Loan
14. IHDA Promissory Note
15. IHDA Recapture Agreement
16. Photos of Completed Work (in color and labeled)
17. Certificate of Occupancy (if applicable to your municipality)

Note: Our project is not considered complete until IHDA has approved the Close Out Package which includes original recorded Recapture Agreement and Note.

HAFrepair@ihda.org can be contacted for any further assistance.