St. Clair County

Intergovernmental Grants Department / Community Development

HOUSING REHABILITATION PROGRAMS

Policies And Procedures

Table of Contents

Key Terms and Common Acronyms

Accessibility Modifications
Improvements that make a home accessible for individuals with disabilities (e.g., ramps, grab bars).

Affordable Housing
Housing that costs no more than 30% of a household's income, including utilities.

Affordability Period
The required period during which a property assisted with HOME funds must remain affordable to low-income households, based on the amount of assistance provided and in accordance with HUD regulations.

Area Median Income (AMI)
The midpoint of a region's income distribution, used to determine eligibility for housing programs.

CDBG (Community Development Block Grant)
A federal program providing funding for community development and housing rehabilitation.

Choice-Limiting Action
Any action that reduces or eliminates alternatives for a project, including contracting, property acquisition, or commitment of funds, which may not occur prior to completion of the environmental review process.

Code Compliance
Ensuring that rehabilitated homes meet local building and safety codes.

Commitment of Funds
A legally binding agreement under which program funds are obligated for a specific project or activity, as defined by HUD regulations, and subject to environmental review requirements

Consolidated Plan (Con Plan)
A strategic plan required by HUD outlining how a jurisdiction will use CDBG and HOME funds.

Davis-Bacon Act
A federal law requiring prevailing wage rates for certain federally funded construction projects.

Deferred Loan
A loan that is repayable upon sale or transfer of the property.

Emergency Repair
Critical repairs addressing immediate health and safety hazards.

Environmental Clearance
Formal approval that a project has completed the required environmental review process and may proceed, including receipt of the Authority to Use Grant Funds (AUGF), where applicable

Environmental Review
An assessment of the environmental impact of a proposed project.

Extremely Low-Income Household
A household earning less than 30% of the Area Median Income (AMI).

Forgivable Loan
A loan that does not require repayment if program conditions are met over a specified period.

HOME (HOME Investment Partnerships Program)
A HUD program that provides funding to state and local governments for affordable housing development and rehabilitation.

Housing Quality Standards (HQS)
Minimum housing standards established by HUD to ensure that housing is safe, sanitary, and habitable, as defined in 24 CFR 5.703.

HUD (U.S. Department of Housing and Urban Development)
The federal agency responsible for housing programs, including CDBG and HOME.

Income Limits
HUD-established thresholds that determine eligibility for assistance programs.

Lead-Based Paint (LBP)
A hazardous substance regulated in rehabilitation projects affecting pre-1978 homes.

Low- and Moderate-Income (LMI)
Low- and moderate-income. A low- and moderate- (L/M) income person is defined as a member of a family having an income equal to or less than the Section 8 Housing Assistance Payments Program low-income limits established by HUD applicable to the size of the person's family. A family is defined as all people living in the same household who are related by blood, marriage, or adoption. An individual living in a housing unit that contains no other person(s) related to him/her is considered to be a one-person family for this purpose. Adult children who continue to live at home with their parent(s) are considered to be part of the family for this purpose and their income must be counted in determining the total family income. A dependent child who is living outside of the home (e.g., students living in a dormitory or other student housing) is considered for these purposes to be part of the family upon which he/she is dependent, even though he/she is living in another housing unit.

Low- and Moderate-Income Area (LMA)
An activity qualifies as an LMA benefit when it provides services or improvements that benefit all residents of a defined geographic area in which at least 51% of the residents are low- and moderate-income (LMI) persons. The service area must be primarily residential and may be supported by HUD-provided Census/ACS data or a methodologically sound income survey. Examples include infrastructure improvements, parks, and community facilities that serve an eligible neighborhood.

Low- and Moderate-Income Limited Clientele (LMC)
An activity qualifies under the LMC category when it benefits a specific group of individuals, at least 51% of whom are low- and moderate-income (LMI). Unlike the area benefit category, LMC eligibility is based on the actual income status of the beneficiaries, not the broader service area. Eligible activities include services or facilities for presumed LMI groups (e.g., homeless persons, seniors, persons with disabilities) or those that verify income eligibility. Examples include shelters, health clinics, or accessibility improvements for the disabled.

Low-Income Household
A household earning less than 80% of the AMI.

Monitoring
HUD's process of reviewing program compliance.

National Objective
A requirement that CDBG-funded activities meet one of HUD's three objectives: benefiting low- and moderate-income persons, preventing or eliminating slums or blight, or addressing urgent needs.

NSPIRE (National Standards for the Physical Inspection of Real Estate)
HUD's updated inspection standards replacing Housing Quality Standards (HQS), establishing uniform criteria for assessing the physical condition of properties.

Rehabilitation
The repair, improvement, or modernization of existing housing.

Very Low-Income Household
A household earning less than 50% of the AMI.

Section 1: Introduction

One of the primary priorities of the U.S. Department of Housing and Urban Development (HUD) is expanding access to affordable housing. HUD administers several federal programs that support state and local governments, nonprofits, and other partners in developing affordable homeownership and rental opportunities for low-income households. Two of the most significant programs in this effort are the HOME Investment Partnerships Program and the CDBG: Community Development Block Grant Programs.

Both HOME and CDBG play a crucial role in local housing and community development. While they share the common goal of improving living conditions for low-income families, each program has distinct eligible activities, requirements, and approaches to addressing housing needs. Given the persistent demand for affordable housing, which often exceeds available resources, state and local governments must make strategic decisions in allocating their HOME and CDBG funds to maximize their impact.

HOME and CDBG are the foundation of HUD's community development initiatives. These programs help communities nationwide by funding the development of new affordable housing, rehabilitating existing homes, and revitalizing distressed neighborhoods. Although they share the overarching mission of strengthening communities, they differ in their specific regulations, eligible activities, and requirements, such as matching fund obligations. When used strategically, these programs enable communities to enhance housing opportunities while effectively leveraging resources.

This Policies and Procedures Manual for the Housing Rehabilitation Programs serves as a guide for St. Clair County Intergovernmental Grants Department (IGD/CD)/ Community Development Division (CD) in the administration of the Moderate Housing Rehabilitation Forgivable Loan Program, 2.5% Housing Rehabilitation Loan Program, Accessibility Modification Assistance Program, and Housing Emergency Rehabilitation Program. It outlines the key operational procedures and requirements necessary for the effective implementation and management of these programs, ensuring compliance with federal regulations and local priorities. Programs funded in whole or in part with HOME funds will be administered in accordance with the HOME Investment Partnerships Program Final Rule, including all applicable updates related to affordability requirements, subsidy limits, and program administration.

Section 2: Program Overview

The St. Clair County IGD/CD Housing Rehabilitation Programs provide financial assistance to eligible homeowners to improve the safety, accessibility, and livability of their homes. These programs are funded in part by the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) Program (24 CFR Part 570) and the HOME Investment Partnerships Program (24 CFR Part 92). Household income eligibility for all programs shall be determined in accordance with HUD income limits, as published annually, and calculated using the Part 5 definition of annual income, consistent with 24 CFR 5.609 and 24 CFR

92.203 (HOME Program requirements). This method is applied across both CDBG- and HOME-funded programs for consistency in income determination.

The application process is determined on a yearly basis, and may involve a lottery drawing, targeted area selection, or alternative application methods depending on community needs and available funding.

2.1 Moderate Housing Rehabilitation Forgivable Loan Program

The St Clair County IGD/CD Moderate Housing Rehabilitation Forgivable Loan Program provides financial assistance to eligible low-income homeowners in participating St. Clair County communities to rehabilitate single-family, owner-occupied properties. Funds must be used to correct deficiencies that pose health or safety hazards to the occupants and to improve their homes to meet minimum housing quality standards.

2.2 Housing Rehabilitation 2.5% Loan Program

The 2.5% Housing Rehabilitation Loan Program provides low- to moderate-income homeowners with financial assistance to rehabilitate single-family, owner-occupied properties in participating St. Clair County communities. This low-interest loan program provides up to $7,000 in financial assistance for home rehabilitation.

2.3 Accessibility Modification Assistance Program

The Accessibility Modification Assistance Program provides funding (maximum $5,000) for home modifications to assist individuals with disabilities in maintaining independence and accessibility in their homes. Funding is provided through 0% deferred payment loans administered by IGD/CD to address housing accessibility issues that may prevent individuals from remaining in their homes

2.4 Housing Emergency Rehabilitation Program

The Housing Emergency Rehabilitation Program provides emergency financial assistance (maximum $5,000) for homeowners facing urgent health and safety hazards in their homes. Funding is provided through 0% deferred payment loans administered by the Community Development Group to address immediate threats to health and safety.

2.5 Program Comparison Matrix

Feature	Moderate Housing Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance	Emergency Housing Rehabilitation
Assistance Type	Forgivable Loan	Repayable Loan	Deferred Payment Loan	Deferred Payment Loan
Maximum Assistance	$20,000 ($24,000 with eligible lead-related costs)	$7,000	$5,000	$5,000

Feature	Moderate Housing Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance	Emergency Housing Rehabilitation
Application Method	Lottery or Target Area Selection	First-Come, First-Served	First-Come, First-Served	First-Come, First-Served
Mortgage/Lien Term	5 Years	5, 7, or 10 Years	3 Years	3 Years
Eligible Activities	General housing rehabilitation, code-related repairs, and health and safety improvements	General housing rehabilitation and habitability repairs	Accessibility modifications, including ramps, doorway widening, and bathroom modifications	Emergency repairs addressing immediate health and safety hazards

Section 3: Applicant Eligibility & Intake

3.1 General Eligibility Requirements

To be eligible for assistance through any St. Clair County IGD/CD Housing Rehabilitation Program, applicants must meet all of the following requirements:

3.1.1 Ownership and Occupancy

- The applicant must own and occupy the property as their principal residence.
- Ownership and occupancy must be established for a minimum of one (1) year prior to submission of a full application.
- Eligible properties must be single-family, owner-occupied residences.
- Mobile homes are eligible only when located on land owned by the occupant and secured to a permanent foundation (e.g., tongue and axles removed).

3.1.2 Income Eligibility

- Applicants must meet the applicable HUD income limits in effect at the time eligibility is determined.
- Household income shall be calculated in accordance with HUD income determination requirements established by the Program.
- Household income includes income received by all household members, including Social Security benefits, Supplemental Security Income (SSI), pensions, wages, and any other applicable sources of income.

3.1.3 Property and Insurance Requirements

- Real estate taxes must be current.
- Mortgage payments must be current.
- Properties subject to mortgage forbearance agreements are not eligible.
- Homeowner's insurance must be maintained throughout the application and rehabilitation process.
- Flood insurance must be maintained when required by federal regulations or property location.

3.1.4 Affordability Requirements

- The property must serve as the applicant's principal residence.
- Housing shall qualify as affordable housing in accordance with applicable HUD and Program requirements.
- The estimated after-rehabilitation value of the property may not exceed ninety-five percent (95%) of the median purchase price for the area.

3.1.5 Aggregate Assistance Limitation

- The maximum aggregate amount of housing rehabilitation assistance provided by IGD/CD to a client or property shall not exceed $50,000 within a fifteen (15) year period.
- Assistance received through applicable IGD/CD-administered programs, including but not limited to CDBG, HOME, CSBG, LIHEAP, Weatherization, and WTX programs, shall be considered when calculating aggregate assistance.
- IGD/CD reserves the right to review and approve exceptions on a case-by-case basis.

3.1.6 Ineligible Repair Activities

The following activities are generally ineligible under all Housing Rehabilitation Programs unless required to address documented health, safety, accessibility, code compliance, or emergency conditions approved by IGD/CD:

- Flat roof repairs or replacement.
- Basement or foundation water infiltration remediation.
- Air conditioning systems.
- Detached garages, unless required to address a documented municipal code violation and approved by IGD/CD.

3.1.7 Additional Eligibility Review Factors

IGD/CD may consider the following during eligibility review:

- Existing liens against the property.
- Bankruptcy proceedings involving the property.

- Other circumstances affecting the applicant's eligibility or ability to comply with Program requirements.

IGD/CD reserves the right to request additional documentation necessary to determine eligibility.

3.2 Program-Specific Eligibility Requirements

In addition to the general eligibility requirements outlined in Section 3.1, applicants must meet the program-specific eligibility requirements applicable to the Housing Rehabilitation Program under which assistance is requested. The table below summarizes the additional eligibility requirements for each program.

Requirement	Moderate Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance Program	Emergency Rehabilitation Program
Mortgage Type	5-Year Forgivable Mortgage	Repayment Mortgage	3-Year Deferred Payment Mortgage	3-Year Deferred Payment Mortgage
Creditworthiness Required	No	Yes	No	No
Ability to Make Payments Required	No	Yes	No	No
Debt-to-Income Ratio Requirement	N/A	38% or less*	N/A	N/A
Accessibility Need Documentation Required	No	No	Yes	No
Emergency Condition Documentation Required	No	No	No	Yes

* Exceptions may be approved by the CD Program Coordinator.

3.3 Pre-Application Procedures

Application procedures vary based on program funding availability, program design, and community needs. Applicants must follow the application process established for the specific Housing Rehabilitation Program for which assistance is being requested. The table below summarizes the pre-application procedures for each program.

Requirement	Moderate Rehabilitation	2.5% Rehabilitation Loan	Accessibility Modification	Emergency Rehabilitation
Application Method	Lottery or Target Area Selection	First-Come, First-Served	First-Come, First-Served	First-Come, First-Served
Funding Availability Announcement	Newspaper, County Website, Municipal & Community Outreach	County Website	County Website	County Website
Additional Documentation Required at Request Stage	None	None	Statement describing accessibility need and supporting documentation, if required	Statement describing emergency condition and photographs
Application Processing	Lottery Selection Process	Order Received	Date-Stamped and Processed Sequentially	Date-Stamped and Processed Sequentially
Funding Limitation Process	Alternates may be selected if funds remain	Funding dependent upon availability	Request period may close when funding capacity is reached	Request period may close when funding capacity is reached

3.4 Required Applicant Documentation

Applicants must submit all required documentation by the deadline established by IGD/CD. Failure to provide requested documentation by the specified deadline may result in denial of the application. Extensions may be granted only for extenuating circumstances and must be approved by the CD Program Coordinator.

Unless otherwise specified, applicants for all Housing Rehabilitation Programs must provide the following documentation:

3.4.1 Required Documentation for All Programs

- Government-issued photo identification for all household members age eighteen (18) and older.
- Social Security cards for all household members.
- Proof of property ownership, such as a recorded deed or warranty deed.
- Household income documentation, including but not limited to wage statements,
  - Social Security benefits, pensions, Supplemental Security Income (SSI), and other sources of income.
- Household income includes income received by minor children, including Social Security benefits and SSI, when applicable.
- Federal income tax returns for the most recent tax year, completed and signed.
- Documentation verifying mortgage status. All mortgages must be current and may not be subject to a forbearance agreement.
- Proof of homeowner's insurance.
- Proof of flood insurance, when applicable.
- Documentation demonstrating that real estate taxes are current.
- Current utility bills, including electric and water service.
- Separation, divorce, or other court-ordered domestic relations documents, when applicable.
- Bank statements for all household members for two consecutive months from all financial institutions where accounts are maintained.

3.4.2 Additional Program-Specific Documentation

Program	Additional Documentation Requirements
Moderate Rehabilitation	No additional documentation requirements beyond those identified in Section 3.4.1.
2.5% Housing Rehabilitation Loan	Authorization for credit review and any additional documentation necessary to evaluate creditworthiness and debt-to-income ratio.
Accessibility Modification Assistance Program	Documentation demonstrating the need for accessibility modifications, which may include verification from a medical professional or other qualified third party, as determined by IGD/CD.

Program	Additional Documentation Requirements
Emergency Rehabilitation Program	Documentation describing the emergency condition and photographs or other evidence supporting the need for emergency repairs.

3.5 Eligibility Review Process

After receipt of all required application materials, IGD/CD shall review the application and supporting documentation to determine program eligibility. Eligibility determinations shall be based on program requirements, documentation submitted by the applicant, and any additional information deemed necessary by IGD/CD.

3.5.1 General Review Procedures

The following review procedures apply to all Housing Rehabilitation Programs:

- Applications will be reviewed by the CD Program Specialist(s) and the CD Program Coordinator.
- IGD/CD reserves the right to request additional documentation or clarification necessary to determine eligibility.
- If individuals other than the applicant are listed on bank accounts, mortgages, insurance policies, utility accounts, or other documentation submitted as part of the application, IGD/CD may require additional identification and proof of residency for those individuals.
- Existing liens, encumbrances, and other property-related obligations may be considered during the eligibility review process.
- Bankruptcies involving the property may be considered when determining eligibility.
- Failure to submit required documentation by the established deadline may result in denial of the application.
- Extensions may be granted only for extenuating circumstances and must be approved by the CD Program Coordinator.

3.5.2 Program-Specific Review Requirement

Program	Additional Review Requirements
Moderate Housing Rehabilitation	IGD/CD may consider the number of existing liens on the property. Multiple liens may result in denial.

Program	Additional Review Requirements
2.5% Housing Rehabilitation Loan	A credit report will be obtained as part of the underwriting process. Applicants must demonstrate creditworthiness and maintain a debt-to-income ratio of 38 percent or less. Exceptions may be approved by the CD Program Coordinator.
Accessibility Modification Assistance Program	IGD/CD will review documentation supporting the need for accessibility modifications and may request additional verification when necessary.
Emergency Rehabilitation Program	IGD/CD will review documentation supporting the existence of an eligible emergency condition and may request additional documentation or photographs as needed.

3.5.3 Reconsideration of Denial

Denial determinations shall be considered final; however, applicants may request reconsideration by submitting additional or clarifying documentation within two (2) weeks of the date of the denial notice.

Acceptable documentation may include, but is not limited to:

- Photographs;
- Contractor estimates;
- Work orders;
- Receipts;
- Inspection reports; or
- Other third-party documentation sufficient to substantiate changes to the original eligibility determination.

Reconsideration requests will be reviewed by IGD/CD, and a final determination will be issued in accordance with Program requirements.

Section 4: Program Assistance Requirements

Program assistance, loan terms, affordability periods, and reapplication restrictions vary by Housing Rehabilitation Program. Applicants shall comply with all requirements applicable to the program under which assistance is awarded.

4.1 Program Assistance and Loan Requirements

Requirement	Moderate Rehabilitation	2.5% Rehabilitation Loan	Accessibility Modification	Emergency Rehabilitation
Assistance Type	Forgivable Loan	Amortized Loan	Deferred Payment Loan	Deferred Payment Loan
Interest Rate	0%	2.5%	0%	0%
Typical Maximum Assistance	$20,000 ($24,000 with lead-related costs, if applicable)	$7,000	$5,000	$5,000
Minimum Assistance Amount	$1,000	$1,000	$1,000	$1,000
Mortgage/Lien Term	5 Years	5, 7, or 10 Years	3 Years	3 Years
Monthly Payments Required	No	Yes	No	No
Repayment Trigger	Sale, transfer, vacancy, or violation of program requirements during affordability period	Loan repayment terms established at closing	Sale, transfer, or violation of program requirements	Sale, transfer, or violation of program requirements
Reapplication Restriction	15 Years	15 Years	10 Years	10 Years
Owner Contribution Permitted	Yes, generally limited to $3,000 unless approved by IGD/CD	Yes, generally limited to $3,000 unless approved by IGD/CD	Yes, generally limited to $2,999 unless approved by IGD/CD	Yes, generally limited to $3,000 unless approved by IGD/CD

4.2 Eligible Activities by Program

Program	Eligible Activities
Moderate Rehabilitation	Electrical, plumbing, and heating systems; roofing and structural repairs; windows, doors, and siding; interior and exterior repairs necessary to maintain safe living conditions; and other eligible improvements that enhance health, safety, and livability.
2.5% Housing Rehabilitation Loan	Roofing; electrical wiring; plumbing; heating systems; windows, doors, and siding; and other eligible repairs necessary to ensure habitability.
Accessibility Modification Assistance Program	Installation of ramps; widening doorways; bathroom modifications; grab bars; roll-in showers; and other accessibility improvements necessary to improve independent living.
Emergency Rehabilitation Program	Roofing; electrical repairs; plumbing repairs; and other repairs necessary to eliminate immediate health and safety hazards.

4.3 Program Funding Limitations

The following limitations apply to all Housing Rehabilitation Programs unless otherwise approved by IGD/CD:

- The maximum aggregate amount of housing rehabilitation assistance provided to a client or property shall not exceed $50,000 within a fifteen (15) year period.
- Assistance received through applicable IGD/CD-administered programs, including but not limited to CDBG, HOME, CSBG, LIHEAP, Weatherization, and WTX programs, shall be considered when calculating aggregate assistance.
- The property must be the applicant's principal residence.
- Mobile homes are eligible only when located on land owned by the occupant and secured to a permanent foundation.
- Detached garages shall generally not be eligible unless required to address a documented municipal code violation and approved by IGD/CD.
- Repairs to flat roofs, basement water infiltration issues, and air-conditioning systems are generally ineligible unless necessary to address documented health, safety, accessibility, emergency, or code compliance concerns.
- IGD/CD reserves the right to review exceptions on a case-by-case basis.

4.4 2.5% Housing Rehabilitation Loan Repayment Terms

Loan Amount	Repayment Period
$1,000 - $2,500	5 Years
$2,501 - $5,000	7 Years
$5,001 - $7,000	10 Years
Over $7,000	Not Eligible

Section 5: Program Administration

5.1 Housing Inspections

5.1.1 Notification of Inspection Setup

- A staff member will inform the applicant that the eligibility guidelines have been met, and they will be contacted by an inspector(s) to set up a property inspection.
- A memorandum will be forwarded to the inspector(s) to initiate the inspection scheduling.

5.1.2 Initial Inspection Scope

- Inspector gets:
  - Two lead papers signed and provides the "Protect Your Family from Lead in Your Home" brochure
  - Consent for fee
  - Authorization to bid form
  - Section 106 documentation, including photos
  - Photos of possible items to be addressed
- **The following repairs are generally ineligible across all programs unless required to address documented health, safety, or code compliance concerns, as determined by the Housing Inspector and approved by IGD/CD:**
  - Flat roofs: Not eligible for repair or replacement.
  - Basement/foundation waterproofing to prevent water leakage is not eligible.
  - Air conditioners without documentation demonstrating medical necessity, where applicable.

5.1.3 Inspection

A full rehabilitation inspection will be conducted by a license housing inspector to identify all necessary and eligible repairs. Inspections must meet applicable standards under 24 CFR 5.703

Housing Quality Standards (HQS), or any successor inspection standards adopted by HUD, including National Standards for the Physical Inspection of Real Estate (NSPIRE) set forth in Federal Register :: National Standards for the Physical Inspection of Real Estate: Inspection Standards. The program will update its inspection protocols and documentation accordingly to remain in full compliance with HUD regulations. Inspections include:

1) Lead-Based Paint Risk Assessment:
   Performed by an Illinois licensed Lead Risk Assessor in compliance with 24 CFR Part 35
2) Asbestos Survey:
   ASTM E2356-18 Baseline Asbestos Survey conducted by a licensed asbestos inspector in compliance with HUD regulation 24 CFR Part 50
3) Radon Testing:
   Conducted by a licensed Radon Inspector, as applicable, per 24 CFR Part 50 and 24 CFR Part 58.

Note: Lead, asbestos, and radon inspections are standard for the Moderate and 2.5% programs. They are not routinely required for the Accessibility or Emergency programs unless the nature or scope of work triggers environmental review requirements (24 CFR Part 58)

5.1.4 Work Write-Up/Cost Estimate Preparation

- After the inspection is completed, a Work Write-Up/Cost Estimate will be prepared by the Housing Inspector(s) or Risk Assessor(s). This estimate helps determine the feasibility of rehabilitation or modifications.
- The work write-up is then sent to the CDBG/CD Program Specialist for review and release for bid.
- Note: IGD/CD may not place any inspections out to bid if the "in-house estimate" exceeds the minimum allowed by $3,000.00. Based on circumstances, IGD/CD may waive this cut-off.

5.1.5 Inspection Denial and Conditions

- The home may be denied assistance if the Housing Inspector(s) determine it is structurally unsound or cannot be rehabilitated within the maximum allowed cost.
- **Emergency Inspections Only:**
  Homes may be denied if the emergency cannot be addressed within the allowable amount or if the situation is not deemed an actual emergency.

5.1.6 Substandard and Standard Condition Definitions

- Substandard Condition:
  When a property's condition poses a risk to the health, life, or safety of the occupants. This may include severe structural problems, lack of utilities (e.g., water, heat, electricity), lead-based paint hazards, leaking roofs, collapsed sewer systems, and other significant code violations.

- Standard Condition:
  The property does not pose a health, life, or safety risk to occupants and contains only minimal code violations, according to St. Clair County Maintenance Standards.

- Substandard but Suitable for Rehabilitation:
  While the property may have risks to health, life, or safety and contain multiple code violations, the structural integrity of the building is intact, and all hazards and code violations can be remedied.

5.1.7 Denial and Appeal

- In cases where a home is deemed structurally unsound or the costs exceed the maximum limits, the home may be denied assistance.
- Applicants whose properties are deemed structurally unsound or infeasible for rehabilitation may be determined ineligible
  - Applicants may reapply after one (1) year if repairs or improvements have been made to address the conditions that resulted in ineligibility. Applicants must provide documentation, including photographs, to demonstrate that corrective work has been completed. The Program Administrator may review previous inspection reports and require verification by a program inspector prior to proceeding with the application process.

- Any aggrieved party can file an appeal. Refer to Appendix II for instructions.

5.2 Project Budget for Housing Programs

5.2.1 General Budget Guidelines for All Programs

To be released for bid, the "Work Write-Up/Cost Estimate" must be within a reasonable range of the budget available to the client. This budget is determined based on the loan limits for each program, taking into account the client's available assistance amount and specific circumstances such as lead hazard reduction or other prior assistance.

5.2.2 Program Budget Limit Comparison

Budget Item	Moderate Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance Program	Emergency Rehabilitation Program
Loan Limit	Typical limit of $20,000 ($18,000 plus $2,000 contingency). May increase up to $24,000 when lead	Typical maximum loan amount of $7,000.	Typical maximum assistance of $5,000.	Typical maximum assistance of $5,000.

Budget Item	Moderate Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance Program	Emergency Rehabilitation Program
	hazard reduction costs are required.			
Determining Available Assistance	Prior assistance received within the previous fifteen (15) years is deducted from the $50,000 aggregate assistance cap to determine available assistance.	Available assistance is based on eligibility and the applicant's ability to repay the loan. Debt-to-income ratio requirements may reduce the allowable loan amount.	Prior assistance received within the previous fifteen (15) years is deducted from the $50,000 aggregate assistance cap to determine available assistance.	Prior assistance received within the previous fifteen (15) years is deducted from the $50,000 aggregate assistance cap to determine available assistance.
Exceeding Loan Limit	Scope of work may be reduced. Homeowner contributions may be permitted. The homeowner may be eligible for additional assistance through the 2.5% Housing Rehabilitation Loan Program. Projects that cannot be brought within program limits may be denied.	Scope of work may be reduced. Homeowner contributions may be permitted. Projects that cannot be brought within program limits may be denied.	Scope of work may be reduced. Homeowner contributions may be permitted. Projects that cannot be brought within program limits may be denied.	Scope of work may be reduced. Homeowner contributions may be permitted. Projects that cannot be brought within program limits may be denied.

5.2.3 Additional Budget Requirements

- The minimum project expenditure for the Moderate Rehabilitation, Accessibility Modification, and Emergency Rehabilitation Programs is $1,000.
- Owner contributions exceeding program limits must receive IGD/CD approval.

- Housing Inspectors may revise the scope of work when necessary to bring projects within available program funding.
- All loan amounts are subject to funding availability and program requirements.

5.3 Contractor Eligibility and Bidding Process for Housing Rehab Programs

The St. Clair County Community Development Group ensures that all contractors participating in the Housing Rehabilitation Program meet the necessary licensing, insurance, and bonding requirements in compliance with federal regulations, including 24 CFR Part 570 , 24 CFR Part 92 and 2 CFR Part 200. This process maintains a qualified pool of contractors capable of delivering safe and high-quality rehabilitation services to eligible homeowners.

5.3.1 Contractor Eligibility

Contractors are deemed eligible based on:

- Workmanship quality
- Compliance with insurance and licensing requirements
- Attorney General approval
- Registration in the System for Award Management (SAM) to ensure the contractor is not debarred or suspended
- Status of Real Estate Taxes, Liens/Judgments
- Approval to participate in federal programs

Approved contractors from this list are eligible to bid on rehabilitation projects. All subcontractors must have a Unique Entity Identifier (UEI) number. Contractors and subcontractors must comply with federal and state regulations, including CFR Part 570 -- Community Development Block Grants and 24 CFR Part 92 -- Home Investment Partnerships Program.

5.3.2 Contractor License Renewal Process

To maintain compliance with federal and local standards, contractor eligibility is reviewed on a rolling basis. At the beginning of each month, the licensing records are assessed to determine if any contractor insurance policies are set to expire. Contractors must maintain current and approved insurance to remain eligible for project assignments. Any lapse in coverage results in immediate suspension from active participation until updated documentation is received and verified. All eligibility reviews and determinations will be documented and retained.

1) Contractors with approaching expiration dates receive notification in advance, allowing sufficient time for renewal submissions.
2) Upon receipt of updated insurance policies, the documents are forwarded to the Fiscal Department for review and approval.
3) Only after fiscal confirmation can a contractor resume or initiate work under the Housing Rehabilitation Program.

4) All correspondence and approvals are documented to ensure compliance with program oversight and auditing requirements.

5.3.3 Contractor Application Process

Contractors interested in participating in the Housing Rehabilitation Program must submit a completed application to the St. Clair County IGD/CD.

Requirements for Consideration:

- Must be registered in the System for Award Management (SAM).
- Must hold a Renovate Rights Certificate from the Environmental Protection Agency (EPA).
- If applicable, must have a roofing license.
- If applicable, must have a lead license issued by the Illinois Department of Public Health.
- If not personally licensed for roofing or lead, the contractor must subcontract the work to a licensed contractor from the approved St. Clair County IGD/CD list.
- Jobs awarded will require a 7.5% cash-out bond prior to the initiation of the project.
- As part of the qualification process, the County will review:
    - Liens and judgments.
    - Complaints with the Better Business Bureau (BBB).
    - Creditor history.
    - Previous workmanship records.

All contractor licensing, insurance, and bonding requirements must comply with federal regulations under the Code of Federal Regulations (CFR), including but not limited to 2 CFR 25.200, 40 CFR Part 745, 40 CFR Part 745 Subpart L, and 2 CFR 200.326.

5.3.4 Bidding & Contractor Selection

The bidding process ensures that all housing rehabilitation projects are awarded to qualified contractors in compliance with federal regulations. The process maintains transparency, fairness, and cost-effectiveness while adhering to budgetary constraints. This process is governed by 2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), which emphasizes the importance of open and fair competition.

5.3.5 Bid Preparation and Notification

Before putting a project out for bid, the necessary documentation must be gathered and reviewed.

If the project falls under the rehabilitation program, key documents include

- Risk assessment
- Estimated cost breakdown
- Work write-up
- Asbestos report

- Radon report

For emergency and accessibility projects, documentation will be provided by designated program staff.

Once the required documents are compiled, a bid notification package is prepared. The notification must include:

- Project details
- Client information
- Bid submission deadlines
- Any special requirements.

Bid notifications are sent to all eligible contractors, ensuring compliance with 2 CFR 200.320. Contractors are provided a reasonable response period of a minimum of two weeks to submit their bids. If no bids are returned, IGD/CD will send a second request giving a two-week return date. If no bids are returned after a third request giving a two-week return date, then the project will be denied.

5.3.6 Receiving and Opening Bids

All bids must be submitted in sealed envelopes or via email by the specified due date. Late submissions will not be accepted. Upon receipt, each bid is date-stamped and securely stored. Within one week of the bid closing date, the bids are opened in the presence of a witness.

During the bid review, submitted amounts are verified for accuracy. Any discrepancies between the contractor's total and the independently calculated total must be corrected, with appropriate documentation attached. Separate calculations are performed for any lead-related work, as required by 24 CFR Part 35 for properties built before 1978.

5.3.7 Bid Evaluation and Approval

All bids must fall within the applicable program funding limits and be consistent with the approved Work Write-Up/Cost Estimate. Program-specific funding limits are outlined in Sections 4.1 and 5.2 of this policy.

If the lowest responsive and responsible bid exceeds the applicable funding limit, program administrators and the Housing Inspector will review the scope of work to determine whether costs can be reduced while still meeting program requirements and St. Clair County Housing Maintenance Standards.

Where permitted by program guidelines, the homeowner may contribute funds to cover costs exceeding the program limit. Any required homeowner contribution and associated approvals must be documented in the project file.

Once a bid is determined to be acceptable, the project will proceed in accordance with environmental review requirements under 24 CFR Part 58 prior to contract award.

5.3.8 Post-Bid Administrative Actions

For rehabilitation projects, an appraisal may be required as part of underwriting, subsidy determination, or program eligibility review. The homeowner is responsible for obtaining and paying for the appraisal and must provide a copy to IGD/CD (*refer to Appraisal Review section for more detail)*. Housing staff may also require an appraisal for other programmatic reasons, at the expense of the homeowner.

All project documentation is filed systematically, and relevant details are updated in tracking spreadsheets.

A comprehensive project file is assembled, including:
- bid documents
- contractor agreements
- risk assessments/ asbestos/ radon
- necessary approvals

5.3.9 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

A person who is debarred or suspended shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities. Contractors, subcontractors, inspectors, and other vendors participating in this program certify, to the best of their knowledge and belief, that :

- Neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract; and
- It will include the following clause without modification, in all proposals, agreements, contracts, proposals, or other lower-tier covered transactions

Contractors are required to include the following clause, without modification, in all lower-tier covered transactions (e.g., subcontractor agreements):

- The prospective lower-tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department.
- Where the prospective lower-tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

HOME Funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension, or placement of ineligibility status. Prior to entering into any HUD-funded agreement, the County will verify the status of all contractors, subcontractors (including sub-tier contractors), consultants, and subrecipients for registration and UEI numbers in the System for Award Management (SAM.gov).

5.4 Appraisal Review

For the Moderate Housing Rehabilitation Program and the 2.5% Housing Rehabilitation Loan Program, IGD/CD may require an appraisal or other acceptable property valuation method to determine eligibility, subsidy compliance, affordability requirements, or program underwriting needs.

5.4.1 Appraisal Requirements

- Appraisals may be required at the discretion of IGD/CD.
- The homeowner shall be responsible for obtaining and paying for any required appraisal.
- Appraisals must be completed by a State of Illinois licensed appraiser.
- Housing staff shall review appraisals to ensure compliance with applicable HUD and program requirements.
- As an alternative to a formal appraisal, IGD/CD may utilize the fair market value listed on the most current real estate tax bill obtained from St. Clair County records when appropriate.

5.4.2 After-Rehabilitation Value Calculation

Where applicable, IGD/CD shall determine the estimated after-rehabilitation value using the following methodology:

Component	**Description**
Assessed Value	Value obtained from the most current real estate tax bill
Plus 75% of Bid Amount	Seventy-five percent (75%) of the accepted rehabilitation bid
Equals After-Rehabilitation Value	Used to evaluate program eligibility and affordability requirements

5.4.3 Applicability

Program	**Appraisal Review Required**
Moderate Housing Rehabilitation	May be required
2.5% Housing Rehabilitation Loan	May be required

Program	Appraisal Review Required
Accessibility Modification Assistance Program	Generally not required
Emergency Rehabilitation Program	Generally not required

5.5 Environmental Review

An Environmental Review will be completed for each application file prior to any of the following actions:

- Entry into the Department of Housing and Urban Development's (HUD) Integrated Disbursement & Information System (IDIS), or
- Execution of any contracts without an "Environmental Out Clause."

These reviews are conducted to ensure compliance with federal regulations and to protect the health, safety, and environmental quality of the assisted properties.

5.5.1 Review Standards and Procedures

- Reviews will be performed by IGD/CD staff in accordance with St. Clair County's "Environmental Review Procedures for Federally Funded Projects" located at St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)
- All environmental reviews will be conducted in accordance with HUD regulations as outlined in: 24 CFR Part 58 -- Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities

No choice limiting actions (including physical work, contracting, or financial commitment to a project) may occur prior to the completion of the environmental review and receipt of HUD's Authority to Use Grant Funds (AUGF), where applicable.

5.6 Pre-Contract Requirements and Execution Process

5.6.1 Pre-Contract Requirements

Prior to the execution of any rehabilitation contract, St. Clair County IGD/CD Housing Staff must ensure that the following conditions are met:

1) The applicant has been determined eligible based on submission of all required documentation in accordance with 24 CFR 570.3 and 24 CFR 92.203.
2) The proposed rehabilitation scope and costs fall within program guidelines and comply with the applicable limits and requirements set forth in 24 CFR 570.202 and 24 CFR 92.206.

3) A full Environmental Review has been completed and cleared, as required by 24 CFR Part 58, and no project activities have occurred in violation of 24 CFR 58.22 (pre-clearance prohibition).
4) An appraisal or valuation review has been conducted and reviewed for compliance with (HOME resale or recapture provisions) 24 CFR 92.254 , or fair market value substantiated as required for project eligibility.
5) Owner contribution if needed as outlined in Section 5.2 of this policy.

5.6.2 Preparation of Contract Documents

Once these conditions have been satisfied, housing staff will prepare the following for execution:

- Rehabilitation Contract (between homeowner and contractor)
- Mortgage and Promissory Note (where applicable)
- Any other associated program-specific legal documents

All documents will be prepared for signature by the client (homeowner), contractor, and St. Clair County representatives, in compliance with local and federal regulatory requirements.

5.7 Contract Execution and Pre-Construction Requirements

5.7.1 General Procedures for All Housing Rehabilitation Programs

The following steps apply to all housing rehabilitation programs administered by the St. Clair County IGD/CD and funded through Community Development Block Grant (CDBG) and/or HOME Investment Partnerships Program (HOME):

1) File Approval
   All case files must receive final approval from the CD Programs Coordinator and the IGD/CD Director before any contract may be executed (24 CFR 570.503 and 24 CFR 92.504).
2) Contract Execution
   A legally binding Rehabilitation Contract must be signed by the homeowner(s), contractor, and IGD/CD. The contract must include:
   - Total award amount
   - Project start and completion dates (completion expected within 60 days)
   - Compliance with applicable federal regulations and construction standards (24 CFR 570.202 and 24 CFR 92.206)
   - Notice to Proceed is issued at contract signing, after all pre-construction requirements are satisfied, including environmental clearance and permit verification.
3) Permit Verification
   Before work begins, the contractor must submit:
   - A permit from the applicable jurisdiction or

- A letter on official letterhead (signed by authorized staff) confirming a permit is not required.

4) Lead Hazard Protocols
   For projects involving lead hazard reduction, contractors must:
   - Submit a Notice of Commencement and Lead Protection Work Plan to the Illinois Department of Public Health (IDPH) 10–14 days prior to starting work
   - Provide copies to the Housing Inspector(s) and IGD/CD Program Specialist (24 CFR Part 35)

5) Client Documents Provided at Contract Signing. At contract signing, the client will receive:
   - Work Write-Up (without cost)
   - Risk Assessment (if applicable)
   - Copy of the signed contract

5.7.2 Program-Specific Requirements

1) Moderate Housing Rehabilitation Program
   - Lien Requirement: A five (5)year lien is placed on the property, recorded via a signed Rescission Agreement.
   - Post-Project Documentation Provided to Homeowner:
     - Lead clearance report (if applicable)
     - Recorded Rescission Mortgage
     - Any signed change orders
     - After 5 years, the homeowner receives a Deed of Release to be recorded at their own expense.

5.7.3 *Differences Between Programs:*

Contract Requirement	Moderate Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance Program	Emergency Housing Rehabilitation Program
Lien Term	5 Years	5 Years	3 Years	3 Years
Three-Day Waiting Period	Not Required	Yes, Required	Not Required	Not Required
Additional Notes	Client receives additional post-project documentation, including lead	Subject to the Truth in Lending Act (12 CFR 226.23). Client receives change	Client receives change orders and deed	Client receives change orders

Contract Requirement	Moderate Rehabilitation	2.5% Housing Rehabilitation Loan	Accessibility Modification Assistance Program	Emergency Housing Rehabilitation Program
	clearance reports (if applicable), change orders, and deed release documents.	orders and deed release documents.	release documents.	and deed release documents.

Refer to Appendix III *for Program flow of Pre and Post contract signing*

Section 6: Integrated Disbursement And Information System (IDIS) Policy

In accordance with 24 CFR Part 570 (CDBG) and 24 CFR Part 92 (HOME), all projects funded under the Housing Rehabilitation Program must be accurately recorded and reported in the Integrated Disbursement and Information System (IDIS). This ensures compliance with U.S. Department of Housing and Urban Development (HUD) requirements for financial and performance reporting.

6.1 Applicability:

- Moderate Housing Rehabilitation
- Housing Accessibility Modifications
- Emergency Housing Repairs
- 2.5% Housing Loan Program

6.2 Standard Operating Procedure

1) MIP Tracking and Funding Source Selection
   Before initiating IDIS project setup, Program Administrators must consult the Management Information Program (MIP) Report to:
   - Identify the appropriate funding source based on project type and eligibility.
   - Prioritize use of HOME funds for eligible rehabilitation activities.
   - Use the oldest available grant funds first, with the option to split costs between funding years if necessary.
   - Record all funding allocations in the MIP report to support internal reconciliation and HUD audits.

2) IDIS Project Set-Up
   Prior to committing any funds or incurring any costs, each project must be entered into IDIS:
   - A completed IDIS Project Set-Up Form must be prepared by the Program Administrator.
   - This form will be submitted to the Budget Analyst for entry into the IDIS system.

3) Final Inspection and Completion
   Upon the completion of all rehabilitation work and a satisfactory Final Inspection:
   - The Program Administrator will complete an IDIS Project Completion Form.
   - This form will be submitted to the Budget Analyst, who will update the project status in IDIS accordingly.
4) Record Maintenance
   Supporting documentation for all IDIS entries (e.g., setup forms, completion forms, inspection reports) shall be maintained in the project file and made available for HUD monitoring and internal audits. Recordkeeping is set forth by 24 CFR 570.200 - 24 CFR 570.206, 24 CFR 92.502, 24 CFR 92.508 , IDIS for Entitlements CDBG Manual: Entire Manual and CPD Notices - HUD Exchange, as applicable.

All activities must be set up, committed, and completed in IDIS in accordance with HUD reporting and timeliness requirements.

Section 7: Progress & Final Inspections Policy

To ensure compliance with program standards and federal requirements under the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME), all housing rehabilitation projects must undergo rigorous site inspections throughout the duration of the project. Inspections are documented and used to verify compliance, quality of work, and final approval before payment disbursement. This policy aligns with 24 CFR 570.506 and 24 CFR 92.508.

Programs are inspected to ensure compliance with HUD's Housing Quality Standards (HQS) set forth by 24 CFR 5.703. However, these standards are subject to change. In accordance with evolving HUD requirements, inspections may transition to the National Standards for the Physical Inspection of Real Estate (NSPIRE) set forth by Federal Register :: National Standards for the Physical Inspection of Real Estate: Inspection Standards. The program will update its inspection protocols and documentation accordingly to remain in full compliance with HUD regulations.

7.1 Applicability*:*

- Moderate Housing Rehabilitation
- Housing Accessibility Modifications
- Emergency Housing Repairs
- 2.5% Housing Loan Program

7.2 Standard Inspection Procedures

1) Progress Inspections
   - All Programs: Housing Inspector(s) will conduct regular site inspections during project implementation.

- Inspectors will complete written Housing Inspection Reports and photograph the work-in-progress for inclusion in the client file.
- The Broom Clean Clause must be enforced throughout the project, requiring contractors to keep the site orderly and free of debris.
- Inspectors will identify any deficiencies or issues during construction and will instruct the contractor on corrective actions as needed.

2) Change Orders
    - If modifications are necessary, all change orders must be approved in writing by the following parties:
    - Housing Inspector(s)
    - CD/HOME Program Specialist or CD Coordinator
    - Homeowner
    - Contractor

3) Final Inspection
    - Conducted upon the completion of all rehabilitation work.
    - Moderate Rehab and 2.5% Loan Programs Only: If the project included lead hazard reduction work, a licensed lead risk assessor must verify the property has achieved lead clearance before any contractor payments can be made, as required under <u>24 CFR 35.1340</u>
    - Housing Inspector(s) will note any remaining deficiencies in a Punch List and issue it to the contractor.

4) Punch List Follow-Up
    - Contractor must address all items on the punch list before receiving final payment.
    - Housing Inspector(s) must follow up to verify completion of punch list items.
    - Payments to the contractor may be delayed until all items are resolved to the County's satisfaction.

5) Certificate of Final Inspection
    - Upon successful completion and clearance of all final inspection requirements, the Housing Inspector(s) will issue a Certificate of Final Inspection to the Intergovernmental Grants Department (IGD/CD).
    - This certificate verifies that:
        - The home meets the St. Clair County CDBG/HOME Rehabilitation Program Standards.
        - All work has been completed to satisfaction.
        - All trash, construction debris, and materials have been removed.
        - The home has been cleaned to its original condition in compliance with the Broom Clean Clause.

7.3 *Key Differences by Program Type*

Item	Moderate Rehab	2.5% Loan Program	Housing Accessibility	Emergency Rehab
Lead Clearance Required?	Yes (if applicable)	Yes (if applicable)	No	No
Certificate of Final Inspection Issuer	Housing Inspector(s)	Housing Inspector(s)	Housing Inspector(s)	Housing Inspector(s)
Broom Clean Clause Enforced	Yes	Yes	Yes	Yes
Change Order Approval Parties	All four required	All four required	All four required	All four required

Section 8: Contractor Payments Policy

Contractor payments for completed rehabilitation work under the CDBG and HOME programs must comply with federal standards for financial accountability and local program requirements. Payments are contingent upon successful inspections, required documentation, and adherence to contract terms. This policy complies with 24 CFR 570, 24 CFR 92, and 2 CFR 200.

8.1 Applicability

- Moderate Housing Rehabilitation
- Housing Accessibility Modifications
- Emergency Housing Repairs
- 2.5% Housing Loan Program

8.2 Standard Contractor Payment Procedures

1) Verification of Completed Work
    - Payment is only authorized once all Work Write-Up specifications and contractual obligations have been met.
    - Two forms must be completed:
        - Request for Final/Partial Payout Form
        - Certificate of Final Inspections – Pay-Out Construction Report

(a) Required Signatures a. Request for Final/Partial Payout Form must be signed by:

- Housing Inspector(s)
- CD/HOME Program Specialist or CD Coordinator
- Homeowner
- Contractor

Note: This is required for all program types with no exceptions.

(b) Certificate of Final Inspections – Pay-Out Construction Report must be signed by:

- Housing Inspector(s)
- CD/HOME Program Specialist or CD Coordinator
- Homeowner
- The contractor is not required to sign this form.

2) Contractor Retainer Requirement
    - Prior to receiving any payments, the contractor must submit a 7.5% bond or cash equivalent retainer based on the full contract amount.
    - This retainer is deposited into the St. Clair County IGD/CD CDBG/HOME Contractors Escrow Account.
    - The funds are held for one year from the project's successful completion date.
        - If no claims are made against the escrow, the deposit is fully returned to the contractor.
3) Final Documentation
    - The contractor must submit the following before final payment is issued:
        - Executed Lien Waiver
        - Final Invoice

Section 9: Affordability Period Policy

Set forth by 24 CFR 92.254

9.1 Applicability

- Moderate Housing Rehabilitation
- Accessibility Modifications
- Emergency Housing Repairs
- 2.5% Housing Loan Program

9.2 Standard Procedures for All Programs

1) Document Recording
    - After final payout, all applicable loan documents—Rescission Agreement/Contract and Mortgage—are forwarded to the St. Clair County Recorder of Deeds within 30–45 days.
    - Once recorded, copies of these documents are sent to the homeowner for their records.
2) Insurance Requirements
    - The property must be covered by homeowner's insurance that is at minimum the amount of the project cost, and if applicable, flood insurance (as defined by FEMA flood zone maps).

- St. Clair County IGD/CD must be listed as a second mortgage lienholder on all insurance policies for the full affordability period.

Failure to maintain insurance:

- IGD/CD may obtain insurance coverage (with prior notice and opportunity to cure) and charge the homeowner. Costs incurred will become part of the lien and must be repaid immediately.
- These charges are added to the mortgage obligations and secured by the lien.
- IGD/CD may require the homeowner to escrow premiums, taxes, and related charges. Escrow accounts are not trust or interest-bearing accounts.

3) Monitoring & Enforcement
    - Housing staff will monitor compliance with the affordability period and loan terms.
    - In the event of non-compliance, the following steps apply:
        - 30 days: A violation notice letter is sent.
        - 60 days: A second notice letter is issued.
        - 90 days: IGD/CD may resolve the issue directly or refer the case to legal counsel.
            - Legal action is only considered for balances over $3,000.

9.3 *Program-Specific Differences*

Item	Moderate Rehab	2.5% Loan Program	Accessibility Modifications	Emergency Repairs
Affordability Period Length	5 years	5, 7, or 10 years (based on loan amount)	3 years	3 years
Documents Recorded	Rescission & Mortgage	Contract & Mortgage	Rescission & Mortgage	Rescission & Mortgage
Release of Deed Process	Homeowner receives Release of Deed after term ends; responsible for recording and paying any fees	Same as Moderate	Same as Moderate	Same as Moderate
Additional Procedure	—	Amortization schedule sent to Fiscal Division and client	—	—

Section 10: Subordination Procedures

St. Clair County Community Development Block Grant (CDBG) Programs will consider subordination requests on a case-by-case basis. The County uses the following guidelines across all programs, while reserving the right to make exceptions under special circumstances.

Subordination requests are evaluated in accordance with applicable CDBG program requirements under 24 CFR Part 570 and established County policies, with consideration for protection of the County's financial interest.

10.1 Eligibility Guidelines (Applies to All Programs)

1) Housing Cost Impacts
    - Includes interest rate reduction and/or a change in mortgage loan product (e.g., when a balloon or adjustable-rate mortgage (ARM) matures and the borrower moves to a fixed-rate product).
    - Only fixed-rate mortgages will be considered for subordination.
    - Reverse mortgages and home equity loans are not eligible.
2) Home Value Improvements
    - Subordination may be considered to fund repairs or renovations that increase the home's value.
    - Contractor bids must be submitted with the request.
    - Cash-out is allowed only for home repairs/renovations.
3) Medical Necessity
    - Requests related to verified medical needs are allowed.
    - Documentation required: medical bills and statements from healthcare providers.
    - Debt consolidation is not eligible.

10.2 Streamline Refinancing Requirements

(Applies to requests involving financing for rate or product change only)

1) Timing
    - Subordination not allowed within the first year after financing.
    - Thereafter, allowed only once every two years.
2) Loan Limits
    - New loan balance must not exceed the current balance, except for reasonable lender fees.
    - Lender fees may be rolled into the new loan.
3) Loan-to-Value Ratio (LTV)
    - LTV must not exceed 95%.
    - Equity stripping is strictly prohibited.

10.3 Required Documentation (All Programs)

At the time of request, the following must be submitted:

a) Non-refundable check for $100.00 payable to:
St. Clair County IGD/CD Community Development Block Grant

b) Client Letter requesting subordination, including:
- Reason for refinancing (e.g., better interest rate or loan product).
- Acknowledgment of total loan amount, interest rate, and new loan terms.

c) Lender Documentation:
- Mortgage commitment with terms (loan amount, interest rate, loan type).
- Written confirmation that:
  - County will retain **second lien position**.
  - **Escrow account** is established for taxes and insurance.
  - Exception: escrow may be waived if borrower retains at least **20% equity** post-refinance.

d) Title and Closing Documents:
- Title commitment
- HUD-1 settlement statement or equivalent list of charges
- New appraisal report

Note: If the new appraised value increases more than 5% annually, the County reserves the right to order an appraisal review at the borrower's expense.

e) Review Timeframe:
- The County requires a minimum of ten (10) working days to review all documents and issue a decision.

10.4 ***Key Differences Between Programs***

Program	Key Differences/Notes
Moderate	No major variation; emphasizes fixed product requirement and general housing cost savings.
Accessibility	Same as Moderate; tailored to improve accessibility-related home improvements.
Emergency	Emphasizes urgent needs (e.g., medical) but **same review process and documentation applies**.
2.5	Similar requirements; slightly different formatting but **no change in substance**.

Section 11: Cash-Out Refinancing

St. Clair County will consider subordination requests related to cash-out refinancing on a case-by-case basis across all programs (Moderate, Accessibility, Emergency, 2.5). These requests are subject to program-specific guidelines, with the County reserving the right to require additional documentation or deny subordination based on federal compliance under 24 CFR 92.254 for HOME and 24 CFR 570.202 for CDBG.

11.1 General Guidelines for All Programs

1) Timing Restriction:
   - Subordination is not allowed within the first year of the original financing.
   - Thereafter, subordination may be permitted only once every two (2) years.
2) Loan Structure:
   - Lender fees may be rolled into the new loan.
   - Loan-to-value (LTV) ratio must not exceed 98%; equity stripping is strictly prohibited.
3) Use of Cash-Out Proceeds:
   - Proceeds must be used solely for eligible housing repairs/renovations.
   - Requests must be supported by contractor bids or relevant repair documentation.
   - Debt consolidation is not permitted as an eligible use.

11.2 Required Documentation for Subordination Review

At the time of request, the following documents must be submitted:

a) A non-refundable check for $100.00, payable to:
   - *St. Clair County IGD/CD Community Development Block Grant/HOME*

b) A letter from the client explaining:
   - The reason for refinance (e.g., lower interest rate, fixed product).
   - Acknowledgment and understanding of the new loan amount, interest rate, and loan product.

c) A mortgage commitment from the lender detailing:
   - Loan amount, interest rate, and product terms.
   - Confirmation that St. Clair County remains in second lien position.
   - Escrow for taxes and insurance must be included (exceptions may apply if 20% equity remains).

d) A copy of the following:
   - Title commitment
   - HUD-1 settlement statement or itemized list of charges
   - Current appraisal

   Note: If the appraised value has increased more than 5% annually, the County reserves the right to request an appraisal review at the client's expense.

e) Review Timeline:
   - St. Clair County CDBG/HOME will require a minimum of ten (10) business days to review and respond to the subordination request.

11.3 *Program-Specific Notes*

Program Type	Notes
Moderate	Focuses on housing stability through interest rate reduction or fixed-rate conversion. Prioritizes maintaining affordability.
2.5 Program	Generally mirrors Moderate guidelines. May be used for repairs consistent with local housing standards.
Accessibility	Allows for subordination where refinancing supports critical accessibility improvements. Proceeds may be used for eligible accessibility repairs. Documentation (e.g., medical provider letter or disability verification) required.
Emergency	Supports urgent health/safety-related repairs or medically necessary modifications. Documentation (e.g., medical provider letter) required.

Section 12: Defaults Policy

12.1 Applicability

This policy applies to loan recipients under the following housing rehabilitation programs:

- Moderate Rehabilitation
- Accessibility Improvements
- Emergency Repairs
- 2.5% Interest Loan Program

In accordance with the federal requirements of 24 CFR 570.506 (CDBG) and 24 CFR 92.508. (HOME), St. Clair County reserves the right to pursue the recovery of funds in the event of loan default through legal or administrative means.

12.2 Loan Default Procedures

A loan is considered in default if any of the following occurs:

- Bankruptcy
- Foreclosure
- Non-payment or failure to meet loan terms
- Transfer or sale of property during the affordability period without County authorization

12.3 Default Handling Based on Outstanding Balance

Loan Balance	Action
Over $10,000.00	Forwarded to the **St. Clair County IGD/CD attorney** for legal action to attempt **recapture of funds**.

Loan Balance	Action
$3,500.00 or Less	Considered **uncollectible**. These will be **written off** by IGD/CD.
Between $3,501.00 and $9,999.99	Evaluated by IGD/CD staff for potential recovery. Decision made by **CDBG coordinator** and designated team.

12.4 Insurance Claim Proceeds (When Applicable)

For loans where the borrower receives insurance funds due to damage, and where the remaining balance exceeds $3,500.00, the following must be provided before the County will endorse an insurance check:

- Insurance claim documentation
- Repair/replacement contractor bids
- Contracts for work to be performed
- Proof of payment for completed repairs

This ensures that insurance proceeds are used to protect the County's financial interest in the property and maintain the housing investment.

12.5 *Program-Specific Considerations*

Program	Key Considerations
Moderate Rehabilitation	Emphasizes preservation of housing affordability and rehabilitation outcomes. Defaults typically arise from sale or refinance without permission.
2.5% Interest Program	Treated similarly to Moderate program but may involve larger loan amounts; default policies mirror moderate program procedures.
Accessibility Improvements	Focus is on long-term habitability for disabled or elderly occupants. Consideration may be given if the homeowner becomes incapacitated or transfers the home to a caregiver.
Emergency Repairs	Designed for urgent situations; staff will evaluate defaults more leniently if repairs addressed life-threatening or code issues.

12.6 Administrative Discretion

Note: At the discretion of the CDBG coordinator, these policies may be revised, waived, or applied on a case-by-case basis depending on the circumstances of the default and funding source compliance.

12.7 2.5% Payment Monitoring and Defaults

1) Payment Delinquency Monitoring
   Clients are required to make monthly payments in accordance with their rehabilitation loan agreement. If a client becomes delinquent, the following progressive actions will be taken:

a) **15 Days Delinquent**
A written notice will be sent to the homeowner, outlining the delinquency and providing steps to bring the account current.

b) **30 Days Delinquent**
A second notice will be issued. Housing staff will also attempt to contact the homeowner by phone to discuss the delinquency and possible resolutions.

c) **60 Days Delinquent**
A third and final written notice will be sent, advising that continued non-compliance may result in legal action and possible reporting to credit agencies.

d) **90 Days Delinquent**
If the outstanding balance exceeds $3,000, the account may be referred to legal counsel for advice and/or initiation of legal proceedings.

2) Defaults Unrelated to Payment
If a client defaults on the terms of the agreement for reasons unrelated to payment (e.g., unauthorized property transfer, failure to maintain insurance, or violation of occupancy requirements), the following procedures apply:

a) 30 Days Non-Compliance
A written notice will be sent to the homeowner, identifying the specific violation and outlining corrective actions required.

b) 60 Days Non-Compliance
A second written notice will be issued if the violation remains unresolved.

c) 90 Days Non-Compliance
The County's Community Development office (IGD/CD) may either resolve the issue internally or refer the matter to legal counsel for further action.

Section 13: Affordable Housing – Homeownership

This section outlines how St. Clair County ensures compliance with the U.S. Department of Housing and Urban Development (HUD) standards for affordable housing under the HOME Investment Partnerships Program. It applies to both acquisition and rehabilitation activities involving homeownership. (per 24 CFR Part 92)

1) General Eligibility Criteria
To qualify as affordable housing under HOME for homeownership, a property must:
   - Be single-family housing
   - Be modest, with value or purchase price not exceeding 95% of the median area purchase price (limits provided by HUD or determined locally via market analysis)
   - Be owned and occupied by a low-income household as their principal residence
   - Be subject to a period of affordability based on the amount of HOME assistance provided

2) Modest Housing Limits
Modest housing must meet one of the following criteria:

- New or standard housing: Purchase price must be ≤ 95% of median area purchase price
- Rehabilitation with acquisition: Estimated after-rehab value must be ≤ 95% of median area purchase price

St. Clair County will use HUD's annually published HOME homeownership limits.

3) Income Eligibility
    - Buyers must be **low-income** (≤80% AMI) at the time of commitment
    - Income of **all household members** must be considered
    - Buyers must complete **housing counseling** prior to purchase
4) Affordability Period Requirements

HOME Assistance Per Unit	Minimum Affordability Period
<$15,000	5 years
$15,000 – $40,000	10 years
>$40,000	15 years

5) Recapture Requirements
St. Clair County **utilizes recapture**, not resale provisions.
If the home is sold or transferred before the affordability period ends:
    - The HOME subsidy is recaptured up to the amount of net proceeds
    - Net proceeds = Sales price − (primary mortgage payoff + closing costs)
    - Applies to standard sales, short sales, and foreclosures

    Recapture is enforced through:
    - A mortgage
    - A promissory note
    - A recapture agreement, all recorded with the County Recorder of Deeds

    Upon repayment, a release will be filed.
6) Prohibited Activities
St. Clair County does not permit the following under HOME:
    - Lease-purchase programs
    - Contracts to purchase (e.g., land contracts)
7) Special Ownership Situations
The County may assist owner-occupants in unique ownership arrangements:

Ownership Type	Eligible?	Conditions
Inherited property (multiple owners)	Yes	Occupant must be low-income, principal resident, pay all ownership costs
Life estate	Yes	Must be low-income and occupy the property
Living (inter vivos) trust	Yes	All beneficiaries must be low-income and reside at the property
Beneficiary deed	Yes	Owner must be low-income and reside at the property

8) Rehabilitation-Only Projects
For owner-occupied rehab (no acquisition), the home qualifies if:
   - After-rehab value ≤ 95% of area median purchase price
   - Owner is low-income at the time of commitment
   - Owner must live in the home as a principal residence

9) New Construction on Owner-Owned Land
A newly built home on land already owned by a low-income family qualifies if:
   - The family will occupy the home as a principal residence
   - All other 24 CFR 92.254 requirements are met

10) Working with Lenders
HOME assistance can be provided through lenders if:
   - There's a written agreement between the County and lender
   - The County verifies income eligibility and property standards
   - No HOME-related fees (e.g., points) are charged to the buyer
   - Lender fees must be reasonable
   - Reasonable admin costs may be charged to the HOME program

11) Homebuyer Program Policies
The County maintains written policies on:
   - Underwriting standards (evaluating housing/debt ratio, need for assistance, monthly expenses, available assets)
   - Responsible lending standards
   - Refinancing oversight for HOME-assisted loans

Section 14: Conflict of Interest

No employee, officer, or agent of the owner/developer shall participate in the selection or in the award or administration of a contract supported by CDBG/HOME funds if a conflict of interest, real or apparent, would be involved. Such a conflict could arise if the employee, officer or agent; any member of his/her immediate family; his/her partner; or an organization which employs or is about to employ any of the above, has a financial or other interest in the firm selected for award.

No officer, employee or agent of the owner/developer shall solicit or accept gratuities, favors or anything of monetary value from contractors or firms, potential contractors or firms, or parties to sub-agreements, except where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

No member, officer, or employee of the municipality, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any function or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the Grant, and that it shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this certification.

Any alleged violations of these standards of conduct shall be immediately referred to St. Clair County Intergovernmental Grants Department. Where violations appear to have occurred, the offending employee, officer or agent shall be subject to disciplinary action, including but not limited to dismissal or transfer; where violations or infractions appear to be substantial in nature, the matter may be referred to the appropriate officials for criminal investigation and possible prosecution.

This Conflict of Interest policy is established in accordance with 24 CFR 92.356, 24 CFR 570.611, and 2 CFR Part 200.

Section 15: Self-Monitoring

The St Clair County Intergovernmental Grants Department (IGD/CD)/ Community Development Group (CD) is responsible for ensuring that HOME funds are used in accordance with 24 CFR Part 92, CPD Monitoring Handbook (Chapter 7: Exhibit 7-26), (HUD) U.S. Department of Housing and Urban Development , and all program requirements and written agreements. The IGD/CD shall take appropriate action when performance problems arise. Compliance monitoring will be conducted by the St. Clair County Intergovernmental Grants' Department Group's Community Development Group. Through self-monitoring, the Community Development Group can regularly assess its operations, identify areas for improvement, and address deficiencies proactively, well before external monitoring or reviews take place. The goal is to uphold the highest standards of compliance, efficiency, and effectiveness, ensuring all activities align with HUD's policies and the applicable regulations. Details of compliance monitoring are outlined in the Policy and Procedure Manual for Compliance Monitoring, available on St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0).

Appendix I
Flow Of Rehab Files

Send app's out w/deadline	CDBG Program Specialist	
Accept/Deny files	CDBG Program Specialist	
If denied send letter	CDBG Program Specialist	
Set up file	CDBG Program Specialist	
File eligibility verification	CDBG Program Specialist & HRC/CDBG Program Assistant II	
Forward to coordinator for review	HRC/CDBG Program Assistant II	
Out to Inspector	HRC/CDBG Program Assistant II	
R/A & W/U -Estimate	Inspector	(Contractual)
Lead Base Paint Statement	Inspector	(Contractual)
Pictures for Historical	Inspector	(Contractual)
Environmental	Housing Inspector/ Budget Analyst	
Historical Letter	Housing Inspector/ Budget Analyst	
Flood Map	Housing Inspector/ Budget Analyst	
RA/WU/EST Back file to IGD/CD insp.	HRC/CDBG Program Assistant II	
Mail Risk Assmt. To Client	HRC/CDBG Program Assistant II	
Out to bid	HRC/CDBG Program Assistant II	
Award bid	CDBG Program Specialist & HRC/CDBG Program Assistant II	open sealed bids together
Prepare/send award ltrs	HRC/CDBG Program Assistant II	
Prepare Appraisal request	HRC/CDBG Program Assistant II	
Check Cert of Exmp. Or Environmental	HRC/CDBG Program Assistant II	
Set up in IDIS w/ description of work	HRC/CDBG Program Assistant II	(set up form to SS)
Verify file content	HRC/CDBG Program Assistant II	
Lead Base Paint Statement	HRC/CDBG Program Assistant II	
Signing of contracts/Ltr of Approval	HRC/CDBG Program Assistant II	
Progress Inspec/wksite comp	Housing Inspector/ Budget Analyst and/ or inspector	
Final Inspection	Inspector and/or Housing Inspector/ Budget Analyst	
Final Payout	HRC/CDBG Program Assistant II	
Collect Bond Checks	HRC/CDBG Program Assistant II	
Close out in IDIS	CDBG Program Specialist	
Update Redbook Bi-Weekly	CDBG Program Specialist	.
Complete job in OneRoof	CDBG Program Specialist	

Send report of clearance/completion to client	HRC/CDBG Program Assistant II	
Final file check	HRC/CDBG Program Assistant II	
Verify final file check	CDBG Program Specialist	
File Confirmation	CDBG Program Specialist and/ or HRC/CDBG Program Assistant II and/ or Coordinator	

Appendix II
Appeals Process Form

St. Clair County Intergovernmental Grants Department
Community Development Group

APPEALS PROCESS

Procedures to address client complaints regarding work performed under a Community Development Group project.

Step 1 Client dissatisfied. (Complaint must be filed within 30 days of completion of work).

Step 2 Within ten (10) days of the initial complaint, an informal conference will be arranged between Community Development staff and the Contractor regarding the complaint.

Step 3 Within five (5) days, a meeting with the client will be arranged to discuss alternatives and / or solutions. If the client is still not satisfied, she/he will be asked to complete the attached Housing Appeals form.

Step 4 Within ten (10) days after the form is completed, a conference between the client and Community Development staff will be arranged to discuss the complaint.

Step 5 Within thirty (30) days of Step 4, if no resolution has been agreed upon, a formal conference between the client, the Community Development Coordinator, and the Department Director will be arranged. The Department Director will act as the final arbiter of the dispute.

____
Date Rcvd

Client	Contractor
REHABILITATION SPECIALIST	SCC IGD SUPERVISOR

Notes:

Appendix III
Contract Execution & Contract Signing Workflow

THINGS TO DO AFTER FILES ARE VERIFIED

1) **Label the File**
   - Place the "National Objective" sticker on the front of the file

2) **Complete Memo to Inspector**	**Rehabilitation Files**	**Emergency & Accessibility Files**
	• Go to the Share Drive, under the Housing Rehab • Open “Memo to ATC” form located in Memos & Correspondence folder • Update name, address, phone - Print & scan to self • Email to Contractual Inspector with subject "[Client Last Name], [Address]" • Print sent email and File both memo and email in client folder	• Go to the Share Drive, under the Housing Rehab • Open “Memo to Housing Inspector” form located in Memos & Correspondence folder • Update all 3 pages with name, address, phone • Print all pages - Copy the three memo pages plus client letter
3) **Schedule Inspection**	• Contractual Inspector receives memo via email	• Call IGD/CD Inspector to schedule inspection • Provide memos and client letter • Add appointment to Outlook Share Calendar
4) **Track in Rehab Spreadsheets**	• Go to the Share Drive under Housing Rehab and locate Rehab Spreadsheet • Enter client info under correct year tab - Complete all fields - Highlight row in blue • Log entry in Redbook	• Go to the Share Drive under Housing Rehab and locate Rehab Spreadsheet • Enter client info under correct year tab - Complete all fields - Highlight row in blue • Log entry in Redbook
5) **File Placement**	• File folder in drawer labeled “Out to Inspection.”	• File folder in drawer labeled “Out to Inspection.”

THINGS TO DO TO PUT A JOB OUT TO BID

1) **Bid Packet Contents and Preparation**

Rehabilitation Files	**Emergency or Accessibility Files**
• Print the email from contractual inspector confirming inspection completion. • Print three copies of the Risk Assessment (double-sided). • Print photos. • Print two blank Work Write-Ups (one to go in the front of the client file). • Print the Estimated Cost Sheet. • Print the completed Work Write-Up (single-sided). • If applicable, print the email from IGD/CD inspector stating he has reviewed and approves the project.	• IGD/CD inspector will provide a bid packet including: o Photos o Blank Work Write-Up o Estimated Cost Sheet o Completed Work Write-Up o "OK to Hand Out" clearance

2) **Prepare Bid Notification**
   - Go to Share Drive under Housing Rehab and locate **Bid Documents and Contracts**, then **Bid Notification Email Forms**.
   - Select the correct form and fill in client info on all 3 pages (name, address, phone, due dates).
   - Print, scan, and email the forms and blank bid document to all contractors with subject: "[Client Last Name], [Address]" and body: "Please see attached for a new bid."
   - Print the sent email.
3) **Update Rehab Spreadsheet**
   - Go to the Share Drive under Housing Rehab and locate **Rehab Spreadsheet**
   - Enter client info, fill in dates, and highlight row in gray.
4) **Prepare Lead Letter**
   - Go to Share Drive under Housing Rehab locating Forms, then **Lead Forms.**
   - Select the appropriate lead letter based on the risk assessment page 3.
   - Customize letter with current date, client info, and risk assessment date; print on letterhead.
   - File letter and risk assessment copies in client file and envelopes labeled "client" and "contractor" at the front of the folder.
5) **Prepare Document Checklist and File**
   - Go to Share Drive under Housing Rehab locating Forms, then **Document Checklist.**

- Update client name, file number, address, application date on all 6 pages; print.
- Log the information in RedBook
- Organize the file in order and place it in your pending drawer.

THINGS TO DO AFTER THE BIDS ARE RETURNED

1) **Receive & Open Bids**
   - Ensure sealed bids are received by the due date and date-stamped.
   - Within one week, open bids with a witness and complete bid opening form from:
     - Go to the Share Drive under Housing Rehab and locate **Bid Documents and Contracts,** then **Bid Opening Forms**
   - Enter client info, estimated cost, bid details, opening date/time, and sign.

2) **Calculate Total Project Costs**
   - Review all cost estimates for the project, including the total cost and any soft costs associated with the project.
   - Evaluate bids against funding caps

3) **Determine Funding Source**
   - **Consult MIP Reports** to determine which funding source to use.
     - Use **HOME** funds for rehab files first.
     - Use the **oldest grant funds first**, with the possibility of splitting between two years.
     - Record funding allocations in the MIP report for tracking.

4) **Environmental Review Documentation**
   - Complete the **Environmental Review for Activity** form:
     - Grant number.
     - HUD Program number (e.g., “B15UC17005”, “M18DC170215”).
     - Total funding amount, including contract amount and soft costs.
     - Estimated total HUD and non-HUD amounts.

THINGS TO DO AT THE CONTRACT SIGNING

1) **Prepare Contract Documents**
   - Separate the contract into two groups:
     - **Group A**: Items that need to be discussed with the client.
     - **Group B**: Items that remain in the file.

2) **Prepare for the Meeting**

- Take the file, pens, and a blank sheet of paper to the signing.

3) **Introduce the Parties**
   - Introduce yourself to the client.
   - Introduce the contractor to the client (*note that the contractor may not be available to attend meeting)*
4) **Explain the Process**
   - Inform the client and contractor that the purpose of the meeting is to go over the contract, after which the contractor will review the work write-up detailing the tasks to be completed per inspector's instructions.
5) **Contract Review**
   - Review the contract page by page with the client. Highlight important sections that require attention.
6) **Post-Signing Instructions**
   - After both client and contractor have signed the documents, tell the client: *"Now, the contractor and/ or IGD/CD staff will go over the work write-up. This includes everything the inspectors outlined. We can't make changes to this at this stage, but if you have questions, I will take note and follow up with the inspectors."*
7) **Distribute Documents**
   - Provide the client with the blank work write-up.
   - Give the contractor a copy of their bid.
8) **Obtain Contractor's Estimated Start Date**
   - Ask the contractor for an approximate start date, fill it in on the contract, and date all necessary pages.
9) **Contractor Review**
   - Allow the contractor to review the work write-up with the client, without interruption or comment from you.
   - Take notes if necessary.
10) **Notarization**
    - After the contractor finishes, take the signed contract to staff notary for notarization (if required).
    - Make a copy of the notarized contract for your records.

11. **Complete Document Distribution**
    - Place a copy of the contract and work write-up into an envelope with the client's risk assessment and hand it over to the client.
12. **Closing the Meeting**
    - Thank the client and contractor for their time and remind them to contact you if they have any further questions.
    - Write your contact details on the envelope for reference.
13. **Proceed to Post-Signing Activities**

- Transition to the **Things to Do After Signing the Contract** section.

THINGS TO DO AFTER CONTRACT SIGNING

1) **File Set-Up**
   - Go to the **Share Drive**, under the **Housing Rehab** folder.
   - Choose the correct **File Set Up Form** (either Homeowner Rehab – Home Program Setup or CDBG Programs Setup Form).
   - Print the form and set aside for further processing.
2) **Budget Adjustment & Draw-Down Sheets**
   - Access the **New Cash Request Budget and Expense** form from the Share Drive.
   - Complete the **Request for New and/or Adjustment to Budget Form**:
     - Mark the MIP report, contract number, and relevant details.
     - Adjust the budget based on changes and enter the new budget values.
   - After completing the budget adjustment, go to the **Drawn Down Sheet** for further action:
     - Input program year, drawdown amount, client description, and other relevant details.
3) **Process Invoices for Contractual Inspector and Radon**
   - Process invoices submitted by the contractor (Inspector, Radon Mitigation, Radon Measurement and Appraiser):
     - Access the **Disbursement Authorization** form from the Share Drive and complete details as per the invoices.
     - Ensure the invoice amount, due date, and descriptions match the submitted invoices.
     - Staple the disbursement authorization form and invoice together for filing.
4) **Send Memorandums**
   - **Contractual Inspector**: Send the rehab-only memorandums, including project dates and awarded bid details.
   - **IGD/CD Inspector**: Send the full set of memorandums, including start and completion dates.
5) **Email Notification to CDBG Program Specialist**
   - Use the **Memo and Correspondence Form** from the Share Drive to notify that the contract has been signed.
   - Ensure all relevant information is filled out and the email is sent and filed.
6) **Update the Rehab Spreadsheet**
   - Access the **Rehab Spreadsheet** on the Share Drive and update the following:
     - Client's risk assessment status.
     - Contract sign date.
     - Contractor’s name and contract amount.
     - Other relevant details like flood insurance and MBE status.

7) **Update Contractor List and Status**
    - Access contractor list of files and status in the Share Drive
        - Update under the contractor who won bid with client name, address, date of contact and start date

8) **Complete the Checklist**
    - Update the **Documentation Checklist** in the Share Drive. Ensure all forms are filled out and filed, including name, file number, and address.

9) **Verify Insurance**
    - Check that the contractor's insurance is up to date and consistent with the spreadsheet.
    - Make necessary adjustments to the sheet and file the information under the contract section.

10) **SAMS Compliance**
    - Print out **SAMS** information for each contractor from **SAM.gov** and file it under the contract section.

11) **Lead-Safe Housing Requirements**
    - Complete the **Lead-Safe Housing Screening Worksheet** by checking all applicable boxes and filling in the necessary details related to lead-based paint.

12) **Final File Organization**
    - Organize all paperwork in the correct order and file them in the appropriate sections of the client's file.

13) **IDIS Number Assignment**
    - Once you receive the **IDIS number** from Budget Analyst, print it out and file it behind the file set-up form.

BEFORE WORK CAN BEGIN

1) **Permit Verification**
    - **Required before any work begins**.
    - A permit from the local municipality must be in the file.
        - Must include: client address, contractor name, and be signed by a village official.
        - Print emailed permits and file in the correct folder section.

2) **Lead Notification – Notice of Commencement**
    - **Must be on file before any lead-related work begins**.
    - Contractor submits a "Notice of Commencement" to the State and will email you a copy.
    - Verify scheduled work dates and ensure IGD/CD Inspector is informed.

3) **IGD/CD Inspector In-Progress Review**
    - Inspector must conduct a pre-start or in-progress review for every file.

    - Emergency projects may be harder to schedule but should still be attempted.
- IGD/CD Inspector will email you reports and may also print them**.**

Required Documentation:

- **For Regular Work:**
    - Field Report
    - Photos
- **For Lead Work:**
    - Unit On-Site Monitoring Checklist
    - Photos
    - Lead Protection Work Plan

4) Update Rehab Spreadsheet

- Go to the Share Drive under Housing Rehab and locate **Rehab Spreadsheet**
- Update the field **“Return of needed permits”** once documentation is received.

Revision History

Date	Update Summary
7/9/2023	Increased the maximum aggregate amount.
11/15/2023	Added “basement/foundation repairs” under Housing Inspections #3; increased balance amount under Defaults.
3/8/2024	Added requirement for ASTM E2356-18 Baseline Asbestos Survey.
3/8/2024	Added requirement for radon testing if applicable.
1/9/2025	Updated language regarding debarment, suspension, and SAM.gov.
1/25/2025	Clarified that IGD/CD may purchase insurance/flood coverage for the homeowner if not maintained.
5/27/2025	Full review and revision
9/12/2025	Adopted Revisions- updated conflict of interest section
6/29/2026	Annual review and revision
7/20/2026	Formatting change