St. Clair County

Intergovernmental Grants Department / Community Development

HOUSING REHABILITATION PROGRAMS

Policies And Procedures

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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)/ 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.

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.

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.

Code Compliance

Ensuring that rehabilitated homes meet local building and safety codes.

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 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.

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.

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

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

Program Overview & Eligibility Determination

The St. Clair County 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).

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.

Moderate Housing Rehabilitation Forgivable Loan Program

The 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.

Eligibility Requirements:

- Must own and occupy the home for at least one year.
- Must meet income eligibility requirements.
- Must have current property taxes paid and homeowner's insurance.
- Must sign a 5-year forgivable mortgage agreement.

Eligible Repairs:

- Electrical, plumbing, and heating systems
- Roofing and structural repairs
- Windows, doors, and siding
- Interior and exterior repairs necessary to maintain safe living conditions
- Additional necessary repairs to improve home safety and livability

Loan Terms:

- Assistance is provided as a **forgivable loan secured by a 5-year mortgage**.
- Homeowners must maintain ownership and occupancy for the duration of the mortgage term.
- If the homeowner sells, transfers, or vacates the property before the forgivable term expires, repayment may be required.

Program Limitations and Additional Policies

- Due to the overwhelming demand for housing rehabilitation funds, the St. Clair County IGD/CD advertises for the Moderate Housing Program once a year.
- In the event that target areas are selected during the application process, IGD prioritized locations identified as flood-impacted under the Program Year CDBG-DR grant. IGD reviews St. Clair County maps and tax records to determine eligible properties within the designated flood zones. Residents in the targeted areas receive notification letters via mail on three separate occasions. Additionally, IGD engages local mayors to assist with outreach. Interested residents are instructed to contact IGD to request an application. Applicants are required to return the completed application and all necessary documentation by the specified deadline provided in the letter.
- Clients or properties receiving a Moderate Housing Rehabilitation/HOME 0% Deferred Payment Loan will not be eligible for additional Community Development/HOME loans for 15 years after the project completion date. Persons obtaining homebuyer assistance may be eligible for assistance for five years from the date of purchase when the lien is released from IGD. IGD reserves the right to amend this policy on a case-by-case basis.
- The maximum aggregate amount of all housing repair funds received from IGD per client or address may not exceed $50,000. This amount is calculated by combining assistance received from IGD programs (e.g., CSBG, CDBG, LIHEAP, WTX) over the past 15 years. This policy may be reviewed on a case-by-case basis.
- Housing qualifies as affordable only if the estimated value after rehabilitation does not exceed 95% of the median purchase price for the area. The housing must be the principal residence of the owner.

- Only clients who have owned and lived in a single-family, owner-occupied home for a minimum of 1 year and are income-eligible according to HUD standards are eligible. Deed ownership must be established for at least one year before submission of the full application.
- Mobile homes qualify if they are located on land owned by the occupant and are secured with a permanent foundation (i.e., tongue and axles removed).
- Detached garages will only be addressed if the homeowner is in violation of municipal ordinances (e.g., fines, court appearances, or condemnation). A city/village/township representative must make the request.
- No flat roofs, leaking basements, or air conditioner without written statement/ justification from medical professional.

Pre-Application Process

- Advertisements for 0% Deferred Payment Loan applications are accepted annually.
- Specific dates are published in local newspapers, St. Clair County Website, and distributed to municipalities and community entities such as schools, daycares, churches, police, fire and EMT services.
- Pre-applications must be submitted by the specified deadline; late submissions are not accepted. All pre-applications are drawn, and clients are assigned a number (including alternate numbers). Returned pre-applications are categorized as either county, rural or East St Louis. Letters with assigned numbers are forwarded to clients.
- If lottery applicants are denied and funds remain, alternate applications may receive assistance, though this is not guaranteed.
- Lottery numbers are valid for one program year. If not selected for assistance, clients must reapply through the pre-application process.
- In the event that target areas are selected during the application process, IGD prioritized locations identified as flood-impacted under the Program Year CDBG-DR grant. IGD reviews St. Clair County maps and tax records to determine eligible properties within the designated flood zones. Residents in the targeted areas receive notification letters via mail on three separate occasions. Additionally, IGD engages local mayors to assist with outreach. Interested residents are instructed to contact IGD to request an application. Applicants are required to return the completed application and all necessary documentation by the specified deadline provided in the letter.

Applicant Eligibility Criteria

The 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. Applicants will receive a request for documentation to determine eligibility. Required documents include:

- Photo IDs for all household members (age 18+)
- Social Security cards for all household members

- Proof of property ownership (deed or warranty deed)
- Household income documentation (Adjusted Gross Income, 2 months of wages, social security, etc.) *Household income also includes any child receiving social security and/ or SSI.
- Federal income tax returns for the current year (completed and signed)
- Proof of mortgage status (all mortgages must be current, no forbearance agreements allowed)
- Homeowner’s insurance and flood insurance (if applicable)
- Proof of paid real estate taxes
- Utility bills (electric and water)
- Separation papers (if applicable)
- Bank statements of everyone in the household, for two consecutive months from all bank accounts
- Proof of current mortgage status (all mortgages must be current; no forbearance agreements allowed).

Review Process

- IGD may consider the number of existing liens on the property. More than one lien may result in denial. Bankruptcies listing the home may also be grounds for denial.
- Failure to provide required documentation by the specified deadline will result in a denial of the application. Extensions may only be granted for extenuating circumstances and must be approved by the CDBG Coordinator.
- IGD reserves the right to request additional information as needed to determine eligibility.
- If other people are listed on bank accounts, mortgages, insurance, or utilities, IGD may request identification and proof of residence for those individuals.
- Eligible applicants will be reviewed by the CD Program Specialist(s) and CD Program Coordinator.
- If denied, applicants must wait one year before reapplying; no exceptions or appeals will be granted for inadequate documentation.

2.5% Housing Rehabilitation 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.

Eligibility Requirements:

- Must own and occupy the home for at least one year.
- Must meet income eligibility requirements.
- Must have current property taxes paid and homeowner’s insurance.
- Must be creditworthy and able to make monthly payments.
- Must sign a mortgage for 5, 7 or 10 years

Eligible Improvements:

- Roofing
- Electrical wiring
- Plumbing
- Heating systems
- Windows, doors, and siding
- Other necessary repairs to ensure habitability

Loan Terms:

- Homeowners must be creditworthy and able to make monthly payments until repaid
- Assistance is secured by a mortgage lien on the property.
- Clients or properties may not apply for another 2.5% Housing Rehabilitation Loan or any other IGD Community Development Loan for 15 years after project completion.
- IGD reserves the right to amend this policy on a case-by-case basis.
- Up to $7,000 available at a 2.5% interest rate.

Loan Amounts & Repayment Terms

Loan Amount	Repayment Period
$1,000 - $2,500	5 years
$2,500 - $5,000	7 years
$5,000 - $7,000	10 years
Over $7,000	Not approved

Program Limitations and Additional Policies

- The maximum aggregate amount of housing repair funds received from IGD per client or address cannot exceed $50,000.
- This cap is calculated based on assistance received from IGD programs over the past 15 years (e.g., CSBG, CDBG, LIHEAP, WTX).
- IGD reserves the right to review this policy on a case-by-case basis.
- Eligible properties must be single-family, owner-occupied homes.
- Deed ownership must be established for at least one year prior to application submission.
- Applicants must meet U.S. Department of Housing and Urban Development (HUD) income eligibility standard (Income Limits | HUD USER).
- Applicants with active bankruptcies are ineligible.
- Mortgage payments must be current; no forbearance agreements are accepted.
- Mobile homes qualify only if they are on land owned by the occupant and secured with a permanent foundation (tongue and axles removed).

- Detached garages will not be addressed unless the homeowner is in violation of municipal ordinances and a request is made by a city/village/township representative.
- No flat roofs, leaking basements, or air conditioner without written statement/ justification from medical professional.

Pre-Application Process

- Applications are accepted on a first-come, first-served basis, contingent on funding availability.
- When funding is available, Community Development will announce it on the St. Clair County, IL website St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)

Applicant Eligibility Criteria

Applicants must submit a completed application along with:

- Photo IDs for all household members over 18.
- Social Security cards for all household members.
- Proof of ownership (deed or warranty deed).
- Household income documentation (Adjusted Gross Income per HUD regulation 24 CFR 5.611.). *Household income also includes any child receiving social security and/ or SSI.
- Two consecutive months of wage statements, Social Security, pensions, etc.
- Completed and signed federal income tax returns for the current year.
- Proof of current mortgage status (all mortgages must be current; no forbearance agreements allowed).
- Proof of homeowner's insurance and flood insurance (if in a Special Flood Hazard Area).
- Proof of paid real estate taxes.
- Current electric and water bills.
- Recorded separation papers (if applicable).
- Bank statements of everyone in the household, for two consecutive months from all banks where accounts are held.
- Proof of current mortgage status (all mortgages must be current; no forbearance agreements allowed).

Review Process

- The CD Program Coordinator will order credit reports for applicants.
- Debt-to-income ratio must be 38% or lower; exceptions must be approved by the CD Program Coordinator.
- Eligible applicants will be reviewed by the CD Program Specialist(s) and CD Program Coordinator.
- If required information is not submitted by the deadline, the application will be denied.
- If denied, applicants must wait one year before reapplying; no exceptions or appeals will be granted for inadequate documentation.
- IGD reserves the right to request additional information as needed.

- If other individuals are listed on bank accounts, mortgage, insurance, or utilities, IGD may require identification and proof of residence for those individuals.

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

Eligibility Requirements:

- Must own and occupy the home for at least one year.
- Must meet income eligibility requirements.
- Must have current property taxes paid and homeowner's insurance.
- Must sign a 3-year forgivable mortgage agreement.
- Mobile homes are eligible only if they are on land owned by the occupant and secured on a permanent foundation.

Eligible Accessibility Modifications:

- Installation of ramps
- Widening doorways
- Bathroom modifications (grab bars, roll-in showers, etc.)
- Other necessary modifications for improved accessibility

Loan Terms:

- Assistance is secured by a mortgage lien on the property.
- Loan is deferred and carries 0% interest.
- Loan is repayable only if the property is sold, transferred, or the program's terms are otherwise violated.
- Clients or properties may not apply for another IGD Community Development Loan for 10 years after project completion.
- IGD reserves the right to amend this policy on a case-by-case basis.
- Up to $5,000 available as a 0% Deferred Payment Loan (minimum $1,000), subject to available assistance amount.
- Owner contributions are permitted if project costs exceed the loan limit, but projects requiring over $2,999 in owner contributions will be denied unless waived by IGD.

Program Limitations and Additional Policies

- The maximum aggregate amount of housing repair funds received from IGD/CD per client or address may not exceed $50,000 within a 15-year period. This includes assistance from IGD programs such as CSBG, CDBG, LIHEAP, and WTX. Cases may be reviewed on an individual basis.

- Clients or properties receiving Accessibility Housing Rehabilitation 0% Deferred Payment Loans or other IGD housing assistance will not be eligible for further Community Development loans for ten years after project completion.
- Housing must qualify as affordable, meaning that after rehabilitation, the estimated value must not exceed 95% of the median purchase price in the area and must serve as the applicant's primary residence.
- Only clients who have owned and lived in a single-family, owner-occupied home for a minimum of 1 year and are income-eligible according to HUD standards are eligible. Deed ownership must be established for at least one year before submission of the full application.
- Mobile homes qualify if they are located on land owned by the occupant and are secured with a permanent foundation (i.e., tongue and axles removed).
- Detached garages will only be addressed if there is a municipal violation (e.g., fines, court orders, condemnation) and a request is made by a city, village, or township representative.
- No flat roofs, leaking basements, or air conditioner without written statement/ justification from medical professional.

Pre-Application Process

- Funding availability will be announced on the St. Clair County, IL website [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)]
- Homeowners must submit an application request, a statement detailing the accessibility issue, and documentation of disability from a physician.
- Applications will be time-stamped, logged, and processed in date-sequential order.
- Application requests will be closed once the number of requests reaches twice the number of projects that can be completed with allocated funds. Homeowners submitting after this point will be notified that funds are no longer available.
- If funds are depleted before an accepted request proceeds to contract signing, the applicant will be informed via mail that the project cannot continue.

Applicant Eligibility Criteria

Applicants must submit all required documents by a specified deadline. Failure to do so will result in denial, with reapplication prohibited for one year. Required documents include:

- Photo IDs for all household members over 18
- Social Security Cards for all household members
- Proof of ownership (deed or warranty deed)
- Household income verification (two months of income statements, Social Security, pensions, etc.) *Household income also includes any child receiving social security and/ or SSI.
- Federal income tax returns for the current year (completed and signed)

- Mortgage status information (all mortgages must be current; no forbearance agreements allowed)
- Current homeowner's and, if applicable, flood insurance
- Proof of paid real estate taxes
- Current electric and water bills
- Separation papers (if applicable)
- Bank statements of everyone in the household, for two consecutive months from all bank accounts
- Proof of current mortgage status (all mortgages must be current; no forbearance agreements allowed).

Review Process

- IGD/CD will assess eligibility, considering existing liens and mortgages. Multiple liens may result in denial.
- Bankruptcies listing the home may be grounds for denial.
- Extensions are granted only for extenuating circumstances with approval from the CDBG Coordinator.
- If additional documentation is required, IGD/CD reserves the right to request further information.
- If other individuals are listed on financial accounts, mortgage, insurance, or utilities, IGD/CD may require their identification and proof of residence.
- Eligible applicants will be reviewed by the CD Program Specialist(s) and CD Program Coordinator.
- If required information is not submitted by the deadline, the application will be denied.
- If denied, applicants must wait one year before reapplying; no exceptions or appeals will be granted for inadequate documentation.

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.

Eligibility Requirements:

- Must own and occupy the home for at least one year.
- Must meet income eligibility requirements.
- Must have current property taxes paid and homeowner's insurance.
- Must sign a 3-year forgivable mortgage agreement.
- Mobile homes are eligible only if they are on land owned by the occupant and secured on a permanent foundation.

Eligible Emergency Repairs:

- Roofing

- Electrical wiring
- Plumbing
- Other items posing imminent health or safety risks

Loan Terms:

- Assistance is provided as a 0% interest Deferred Payment Loan (DPL); no monthly payments are required unless triggered by resale, transfer, or default.
- Loan amounts range from a minimum of $1,000 up to a typical maximum of $5,000, or the client's available assistance amount, whichever is less.
- The loan is secured by a mortgage lien on the property.
- Clients or properties that receive this assistance are not eligible for additional IGD Community Development loans for 10 years from the date of project completion.
- IGD will deduct prior assistance received through Weatherization, Lead Hazard Control, LIHEAP (furnaces), and Community Services (hot water heaters) within the past 15 years when calculating the $50,000 maximum aggregate assistance cap.
- Homeowners must be income-eligible, have owned and occupied the home for at least one year, and be current on taxes, mortgage, and insurance.
- IGD reserves the right to amend this policy on a case-by-case basis.

Program Limitations and Additional Policies

- The maximum aggregate amount of housing repair funds received from IGD per client or address may not exceed $50,000 within a 15-year period, including assistance from IGD programs such as CSBG, CDBG, LIHEAP, and WTX. Cases may be reviewed on an individual basis.
- Clients or properties receiving Emergency Housing Rehabilitation 0% Deferred Payment Loans or other IGD housing assistance will not be eligible for further Community Development loans for ten years after project completion.
- Housing must qualify as affordable, meaning that after rehabilitation, the estimated value must not exceed 95% of the median purchase price in the area and must serve as the applicant's primary residence.
- Only clients who have owned and lived in a single-family, owner-occupied home for a minimum of 1 year and are income-eligible according to HUD standards are eligible. Deed ownership must be established for at least one year before submission of the full application.
- Mobile homes qualify if they are located on land owned by the occupant and are secured with a permanent foundation (i.e., tongue and axles removed).
- Detached garages will only be addressed if there is a municipal violation (e.g., fines, court orders, condemnation) and a request is made by a city, village, or township representative.

Pre-Application Process

- Funding availability will be announced on the St. Clair County, IL website St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)
- Homeowners must submit an application request, a statement detailing the emergency issue, and photos of the necessary repair.
- Applications will be time-stamped, logged, and processed in date-sequential order.
- Application requests will be closed once the number of requests reaches twice the number of projects that can be completed with allocated funds. Homeowners submitting after this point will be notified that funds are no longer available.
- If funds are depleted before an accepted request proceeds to contract signing, the applicant will be informed via mail that the project cannot continue.

Applicant Eligibility Criteria

Applicants must submit all required documents by a specified deadline. Failure to do so will result in denial, with reapplication prohibited for one year. Required documents include:

- Photo IDs for all household members over 18
- Social Security Cards for all household members
- Proof of ownership (deed or warranty deed)
- Household income verification (two months of income statements, Social Security, pensions, etc.) *Household income also includes any child receiving social security and/ or SSI.
- Federal income tax returns for the current year (completed and signed)
- Mortgage status information (all mortgages must be current; no forbearance agreements allowed)
- Current homeowner's and, if applicable, flood insurance
- Proof of paid real estate taxes
- Current electric and water bills
- Separation papers (if applicable)
- Bank statements of everyone in the household (two consecutive months from all banks where accounts are held)
- Proof of current mortgage status (all mortgages must be current; no forbearance agreements allowed).

Review Process

- IGD/CD will assess eligibility, considering existing liens and mortgages. Multiple liens may result in denial.
- Bankruptcies listing the home may be grounds for denial.
- Extensions are granted only for extenuating circumstances with approval from the CDBG Coordinator.
- If additional documentation is required, IGD/CD reserves the right to request further information.

- If other individuals are listed on financial accounts, mortgage, insurance, or utilities, IGD/CD may require their identification and proof of residence.
- Eligible applicants will be reviewed by the CD Program Specialist(s) and CD Program Coordinator.
- If required information is not submitted by the deadline, the application will be denied.
- If denied, applicants must wait one year before reapplying; no exceptions or appeals will be granted for inadequate documentation.

Program Administration

Housing Inspections

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 memo is forwarded to the inspector(s) to arrange the inspection.

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 photos
  - Photos of possible items to be addressed
- **Ineligible Repairs (All Programs):**
  - Flat roofs: Not eligible for repair or replacement.
  - Basement/foundation waterproofing to prevent water leakage is not eligible.
  - Air conditioners without written statement/ justification from medical professional

Inspection

- A full rehabilitation inspection will be conducted by a license housing inspector to identify all necessary and eligible repairs. In accordance with evolving HUD requirements, inspections may transition to the 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)

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.

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.

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.

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.
- Clients may not reapply if denied due to structural unsoundness or if the costs exceed the allowable amount for rehabilitation.
- Any aggrieved party can file an appeal. Refer to Appendix II for instructions.

Key Program Differences Summary

	Moderate	**2.5%**	**Accessibility**	**Emergency**
Scope	General Rehab	Rehab for LMI	Modifications for accessibility	Urgent health/safety repair
Lead/Asbestos/Radon Testing	Required	Required	Not typically required	Not typically required
Inspector Focus	Full repair scope	Full repair scope	ADA/accessibility compliance	Immediate threat elimination
Eligibility Review Process	Standard	Standard	Accessibility-related	Emergency-related
Denial Reasons (Additional)	Structural or overbudget	Structural or overbudget	Structural or overbudget	Not a qualified emergency

Project Budget for Housing Programs

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.

Moderate Housing Rehabilitation 0% Deferred Payment Loan Program

- Loan Limit:
  The typical limit is $20,000 ($18,000 plus a $2,000 contingency), with a minimum expenditure of $1,000. The limit can be adjusted based on available assistance or lead hazard costs.
- Determining Available Assistance:

    - Available assistance is calculated by considering prior assistance (e.g., Weatherization, Lead Hazard Control, LIHEAP) received within the last 15 years.
    - The combined assistance received from these programs is deducted from the maximum aggregate amount of $50,000. The remaining amount is the available assistance.
    - For homes without lead hazards, the loan limit is the full $20,000. If there are deductions due to prior assistance, the loan limit may be lower.
- With Lead Hazards:
    - If lead hazard work is part of the rehabilitation, and the overall project cost exceeds $20,000, the loan limit can be increased up to $24,000 to cover lead-related costs.
    - If lead work is minimal, the loan limit will be adjusted by the cost of lead work but cannot exceed $24,000.
- Exceeding Loan Limit:
    - Housing Inspectors may adjust the scope of work to accommodate the loan limit.
    - If the project costs more than the loan limit, the homeowner may pay the difference out of pocket. If the contribution exceeds $3,000, the project will be denied unless IGD approves the contribution waiver.
    - The homeowner may also borrow additional funds through the 2.5% Housing Rehabilitation Loan Program, provided they meet eligibility criteria.
    - If the homeowner does not qualify for additional funds or does not wish to contribute, the project will be denied.

Housing Rehabilitation 2.5% Loan Program

- Loan Limit:
    - The typical limit for a 2.5% Housing Rehabilitation Loan is $7,000, but this can be adjusted based on the client's available assistance amount and debt-to-income ratio.
- Determining Available Assistance:
    - The loan may need to be reduced if the client's monthly repayment would cause their debt-to-income ratio to exceed 38%. Exceptions to this policy must be approved by the CD Programs Coordinator.
- Exceeding Loan Limit:
    - Housing Inspectors may revise the scope of work to fit the loan amount if the work will still meet St. Clair County Housing Maintenance Standards.
    - If the project exceeds the loan amount, the homeowner may cover the cost difference out of pocket. However, any projects requiring more than a $3,000 owner contribution will be denied, unless IGD grants an exception based on individual circumstances.
    - If neither option is feasible, the project will be denied.

Accessibility Modifications 0% Deferred Payment Loan Program

- Loan Limit:
  The typical loan limit is $5,000, with a minimum expenditure of $1,000. This amount can be adjusted based on the client's available assistance amount.
- Determining Available Assistance:
  - Similar to other programs, available assistance is calculated by factoring in prior assistance received from Weatherization, Lead Hazard Control, LIHEAP, and Community Services within the last 15 years.
  - The total assistance amount is deducted from the $50,000 aggregate limit. The remaining amount is the available assistance, and the loan limit is either $5,000 or the available amount, whichever is less.
- Exceeding Loan Limit:
  - Housing Inspectors may revise the scope of work to stay within the loan limit while ensuring the home meets St. Clair County Maintenance Standards.
  - Homeowners may contribute the difference out of pocket before the contract is signed. Any projects exceeding $3,000 in owner contributions will be denied unless IGD waives this limit.
  - If neither adjustment nor contribution is feasible, the project will be denied, and the homeowner will be notified in writing.

Emergency Housing 0% Deferred Payment Loan Program

- Loan Limit:
  The typical loan limit is $5,000, with a minimum expenditure of $1,000. As with other programs, this can be adjusted based on available assistance.
- Determining Available Assistance:
  - The available assistance amount is calculated by considering prior assistance received within the last 15 years (similar to other programs).
  - The total assistance amount is deducted from the $50,000 aggregate limit, and the loan limit is either $5,000 or the available amount, whichever is less.
- Exceeding Loan Limit:
  - Housing Inspectors may revise the scope of work to stay within the loan limit while ensuring the emergency is addressed and the home meets St. Clair County Maintenance Standards.
  - Homeowners may contribute the difference out of pocket before the contract is signed. If the contribution exceeds $3,000, the project will be denied unless IGD waives this limit.
  - If neither option is practical, the project will be denied, and the homeowner will be notified in writing

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.

Contractors are deemed eligible based on:

- Workmanship quality
- Compliance with insurance and licensing requirements
- Dunn & Bradstreet information
- Attorney General approval
- Registration in the System for Award Management (SAM) to ensure the contractor is not debarred
- 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.

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.

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.

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 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.

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.

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 be sent to all eligible contractors, ensuring compliance with 2 CFR 200.320 . Contractors are given a minimum of two weeks to submit their bids, in compliance with 2 CFR 200.318. If no bids are returned, IGD 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.

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.

Bid Evaluation and Approval
Bids must remain within the allowable funding limits; if bids exceed the allotted grant amount by $3000.00, they are denied:

- **Rehabilitation Projects**: Maximum of $19,000, plus up to $4,000 for lead remediation, as per 24 CFR Part 35 for lead hazard control.
- **Emergency/Accessibility Projects**: Maximum of $5,000.

If the lowest bid exceeds the funding limit, the bid is reviewed by program administrators and inspector to determine whether costs can be reduced. Clients may also be required to contribute funds to cover the overage.
Once a bid is deemed acceptable, it is forwarded for the environmental review approval before a contract is awarded.

Post-Bid Administrative Actions
For rehabilitation projects, an appraisal request is submitted following bid approval if an environmental review is deemed necessary, in accordance with 24 CFR Part 58 . The homeowner is responsible for obtaining and paying for the appraisal and must provide a copy to IGD (*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

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. The undersigned representatives of the **BORROWER** 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:

"Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction:

- 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).

Appraisal Review

Moderate Housing Rehabilitation & 2.5% Housing Rehabilitation Loans

Housing staff may require a property appraisal to determine eligibility for both Moderate Housing Rehabilitation and 2.5% Housing Rehabilitation Loan programs. The following guidelines apply:

- The appraisal is at the homeowner's expense.
- Appraisals must be performed by a state-licensed appraiser.
- Appraisals will be reviewed by housing staff to ensure compliance with HUD program regulations 92.250 and 92.252.
- Staff may alternatively use the fair market value listed on the most current real estate tax bill, retrieved from the St. Clair County website (St. Clair County Illinois > Home (RC Version: 9.13.3.0)_
- The after-rehabilitation value will be calculated using the following formula:

Component	Description
Assessed Value	Taken from the most recent real estate tax bill
+ 75% of Bid	75% of the actual rehabilitation bid amount
= After-Rehab Value	Used to determine program eligibility

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.

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 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.

Pre-Contract Requirements and Execution Process

Prior to the execution of any rehabilitation contract, St. Clair County IGD 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 24 CFR 92.254 (HOME resale or recapture provisions), or fair market value substantiated as required for project eligibility.

5) Owner contribution if needed as outlined by 24 CFR 92.254

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.

Contract Execution and Pre-Construction Requirements

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 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. 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

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. (24 CFR 570.502 and 24 CFR 92.504).

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

Program-Specific Requirements

1) Moderate Housing Rehabilitation Program
   - Lien Requirement: A 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.

✅ **Shared Across All Programs:**

- Final approval by CD Programs Coordinator & IGD Director
- Contract signed by homeowner, contractor, and IGD
- Includes project start/end dates
- 60-day timeline to complete work
- Rescission Agreement signed and lien recorded
- Permit or letter required before Notice to Proceed
- Lead-safe procedures (if applicable)
- Documents given to homeowner at and after contract signing

❗ ***Differences Between Programs:***

Program	**Lien Term**	**Three-Day Waiting Period**	**Additional Notes**
Moderate Rehab	5 years	Not specified	Client receives additional documents post-project (e.g., clearance report, change orders, deed release)
2.5% Housing Rehab Loan	5 years	✅ Yes – Required	Subject to Truth in Lending Act (12 CFR 226.23.)
Accessibility Modifications	3 years	Not specified	—
Emergency Housing Rehab	3 years	Not specified	—

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

Integrated Disbursement And Information System (IDIS) Policy

In accordance with 24 CFR Part 91 , 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.

***Applicability*:**

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

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 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.

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 4 CFR 92.508.

Programs are inspected to ensure compliance with HUD's Housing Quality Standards (HQS) set forth by 24 CFR 982.401 . 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.

Applicability:

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

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 24 CFR 35.1340
- 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).
   - 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.

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

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 570.502 and 24 CFR 92.206.

Applicability:

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

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
2) (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.
3) 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 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.
4) Final Documentation
    - The contractor must submit the following before final payment is issued:
        - Executed Lien Waiver

- Final Invoice

Program-Specific Requirements Summary

Item	Moderate Rehab	2.5% Loan Program	Accessibility Modifications	Emergency Rehab
Form Requirements	Same for all programs: Payout Request + Final Inspection Certificate			
Signature Requirements	Same across programs (Inspector, CD Staff, Homeowner, Contractor for Payout Request only)			
Contractor Signature Required on Final Inspection?	No	No	No	No
Escrow Retainer Required?	Yes (7.5%)	Yes (7.5%)	Yes (7.5%)	Yes (7.5%)
Lien Waiver and Contractor Invoice	Signed copies required before final payout across all programs			

Affordability Period Policy

Set forth by 24 CFR 92.254, 24 CFR 570.503, and 2 CFR Part 200

Applicability

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

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 must be listed as a second mortgage lienholder on all insurance policies for the full affordability period.

Failure to maintain insurance:

- IGD 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 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 may resolve the issue directly or refer the case to legal counsel.
       - Legal action is only considered for balances over $3,000.

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	—	—

Item	Moderate Rehab	2.5% Loan Program	Accessibility Modifications	Emergency Repairs
		sent to Fiscal Division and client		

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.

For compliance and federal regulatory backing, reference: 24 CFR 570.202, 24 CFR 570.506, 2 CFR Part 200.

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.

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.

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 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 10 working days to review all documents and issue a decision.

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**.

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.

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 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.

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 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 10 business days to review and respond to the subordination request.

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.

Defaults Policy

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.

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

Default Handling Based on Outstanding Balance:

Loan Balance	Action
Over $10,000.00	Forwarded to the **St. Clair County IGD attorney** for legal action to attempt **recapture of funds**.
$3,500.00 or Less	Considered **uncollectible**. These will be **written off** by IGD.
Between $3,501.00 and $9,999.99	Evaluated by IGD staff for potential recovery. Decision made by **CDBG coordinator** and designated team.

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.

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.

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.

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) may either resolve the issue internally or refer the matter to legal counsel for further action.

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)	✅	Occupant must be low-income, principal resident, pay all ownership costs
Life estate	✅	Must be low-income and occupy the property
Living (inter vivos) trust	✅	All beneficiaries must be low-income and reside at the property
Beneficiary deed	✅	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

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.

Self-Monitoring

The St Clair County Intergovernmental Grants Department (IGD)/ 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 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 Jobtracker Weekly	CDBG Program Specialist & HRC/CDBG Program Assistant II	All will input in job tracker

Data entry of info into 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

	Rehabilitation Files	Emergency & Accessibility Files
2) **Complete Memo to Inspector**	• 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 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

- 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 inspector stating he has reviewed and approves the project.

Emergency or Accessibility Files

- IGD inspector will provide a bid packet including:
  - Photos
  - Blank Work Write-Up
  - Estimated Cost Sheet
  - Completed Work Write-Up
  - "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 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 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 Inspector is informed.
3) **IGD 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 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 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