



ILLINOIS HOUSING DEVELOPMENT AUTHORITY

The Home Repair and Accessibility Program (HRAP) Program Manual

Effective April 13, 2023

For assistance, please contact:
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Introduction

Congratulations! You have been chosen as a grantee under the Illinois Housing Development Authority's (IHDA) Home Repair and Accessibility Program (HRAP). This program is funded through the Illinois Affordable Housing Trust Fund. This program will enable you to assist income-eligible owner-occupied (all project types) and tenant-occupied (Accessibility projects only) households in your community with needed home repairs and/or accessibility modifications. Priority will be given to rehabilitation items addressing health and safety hazards and local code violations.

This Program Manual ("Manual") includes guidance and sample documentation for the various aspects of your program. The purpose of the Manual is to:

- ❖ Assist grantees in running a successful program
- ❖ Establish program rules, procedures, and expectations
- ❖ Develop thoughtful and effective operating procedures for local administrators; and
- ❖ Minimize future program and project problems by identifying best practices and potential solutions.

Section 1: Program Basics

This section explains key high-level concepts about how the program works.

Program Goals

The main goals of the HRAP program are to:

- Improve the health and well-being of occupants
- Help low-income persons/households remain in their homes
- Help low-income persons who are disabled or mobility impaired remain in their homes
- Preserve existing affordable housing stock
- Provide investment in disadvantaged communities

Project Timing

HRAP will operate for two years from the program start date.

- Extensions beyond the two-year grant term are not allowed in accordance with the Illinois Grant Funds Recovery Act, 30 ILCS 705/1 *et seq.*
- All construction work must be completed by the program's expiration date. It is the grantee's responsibility to be aware of the program's expiration date and track their own spending. If you are unsure of your expiration date or amount of dollars available, please consult your Funding Agreement.
- All payout documentation must be submitted to IHDA no later than two weeks after the program end date. Payout packages submitted after that date may not be eligible for payout.

Basic Funding Categories

The chart below explains three overarching funding categories within the HRAP program.

Funding Type	Definition/Usage	Example
Award Amount: A	The total amount of funding your organization has available for use under the program.	\$300,000
Administrative Funds: B	Up to 5% of the award amount is available to the grantee to cover costs such as general management, oversight, coordination, staff, and overhead costs related to administering the grant. Costs that are difficult to tie to one project fall under this category. For example, purchasing cost estimating software would fall under admin costs.	\$15,000
Project Funds: C=A-B	Project funds are the funds left after the maximum administrative funds are subtracted from the award amount. These funds are available to cover the construction costs (hard and soft costs) for each project, as well as the grantee's project delivery costs for each project. See the Eligible Costs section for more information on what these funds cover.	\$285,000

HRAP Project Types

The chart below summarizes the three HRAP project types. Additional details and requirements for each project type is in the section immediately following.

Project Types Summary

Budget Source	Full Rehab	Accessibility	Roof Only
Construction Costs Max (Hard & Soft Costs)	\$ 45,000	\$ 45,000	\$ 21,500
Project Delivery (PD) Max	\$ 6,750	\$ 6,750	\$ 3,225
Max Spend Per House = Construction Costs + PD	\$ 51,750	\$ 51,750	\$ 24,725
PD Max	15% of Hard & Soft Costs	15% of Hard & Soft Costs	15% of Hard & Soft Costs
Rehab Scope of Work:	Remove health and safety hazards. Necessary home repairs. May also include some accessibility improvements.	Accessibility Improvements and remove health and safety hazards. Necessary home repairs.	Roof, Soffit, Fascia, Gutters, Downspouts.
Additional Considerations		30% of construction costs must be utilized for accessibility improvements; Resident who is disabled or mobility impaired	Homes must have no other significant health and safety issues in order to qualify for this component.
Forgivable Loan Affordability Period	5 Years	5 Years	3 Years

Full Rehabilitation Projects

- Income eligible households may utilize up to \$45,000 of funds to repair their home and remove health and safety hazards by replacing costly maintenance items.

Accessibility Projects

- Income eligible owner-occupied or tenant-occupied households with at least one senior or disabled resident, may utilize up to \$45,000 of funds for accessibility modifications and removal of health and safety hazards by replacing costly maintenance items.

Roof Only Projects

- Income eligible households may utilize up to \$21,500 to cover new/repairs for roofs, soffits, gutters, and downspouts. These homes must not have other major health and safety issues.

Eligibility Parameters

Eligible Households

- **All Project Types**
 - Households must be at or below 80% area median income (AMI) for household size. Preference must be given to households at or below 50% AMI.
 - Consult your Participant Selection Plan and Funding Agreement for the number of households you are targeting for your program.
- **Accessibility Projects**
 - Households must have a documented need for accessibility modifications and at least one household resident must be one of the following:
 - Elderly person (with a physical limitation)
 - Person with a disability—defined as a physical and/or mental impairment, which substantially limits one or more of a person’s major life activities.
 - If your organization will be using a partnering agency for referrals, all homeowner referrals must come from an IDHS- or IDoA-funded service provider or agency as identified in your application.

Eligible Properties

- **All Project Types**
 - Only single-family housing is eligible.
 - Property owner must be current on their mortgage with no missed payments.
 - The property value must be within the property value limits as described in Section 4 under Income & Property Value Eligibility.
 - Must be held in fee simple title (no contracts for deed or ownership held in trust)
 - Title must be clear of the following:
 - Property must be clear of all mechanics liens and tax liens
 - If property taxes have been sold to a tax buyer, the property is ineligible
 - Properties with open pre-foreclosure or foreclosure cases are ineligible
 - Must be able to record the IHDA mortgage on the property
 - Condominiums
 - Condominiums may be eligible. Please reach out to your program officer for more information if you are considering moving forward on a condominium project.

- Obtain approval of the condo association, if necessary.
- Mobile homes must be on a permanent foundation
 - Homeowner must own the mobile home and the land underneath the mobile home
 - Must be able to record the IHDA mortgage against the property
 - Must be taxed as real estate, and not personal property
- **Full Rehabilitation & Roof Only Projects**
 - Owner-occupied properties only
 - Must be sole residence of all homeowners
 - For Roof Only:
 - The property must not have significant interior health and safety issues.
- **Accessibility Projects**
 - Owner-occupied OR tenant-occupied
 - If you are considering pursuing a project for a tenant-occupied dwelling, carefully review the Landlord Agreement in Appendix C. **Additionally before beginning to qualify a tenant household or inspecting the property, schedule a call with your Program Officer, so they can explain how the program works in those cases.** There are important differences in how tenant-occupied projects must be handled.
 - Must be the sole residence of all homeowners (N/A for landlords)
 - Main improvement must be for accessibility (30% of construction costs)

Ineligible Properties

- No reverse mortgages
- No investment properties
- No properties with a home equity line of credit
- No ownership in trust or under a contract-for-deed
- No properties primarily used for business (more than 50% of the floorspace is used for business)
- Generally, the IHDA mortgage must be a first or second position lien on the property. The IHDA mortgage may be a third position line on the property if the existing liens are from IHDA or the Federal Home Loan Bank, or if there is an 80/20 mortgage on the property.
- Conflicts of interest between the grantee and homeowner must be avoided. For example, the grantee or third-party admin may not enroll an employee's house in their HRAP program.

Eligible Costs

Full Rehab & Accessibility Projects

- The per unit construction cost limit is \$45,000, and the minimum amount is \$2,000. Projects that do not meet the minimum amount of work may not be pursued under this program. Eligible construction costs include:
 - Soft Costs
 - Title searches, recording fees, termite inspections, third party lead inspections, permits, etc.
 - Hard Costs that address:
 - Health and safety issues in the home
 - Needed replacement and repairs
 - Code violations
 - Significant energy efficiency improvements – this includes new windows and furnaces. Health and safety issues must be prioritized; however, energy efficiency improvements are permissible if funds allow. Please note that this is not a weatherization program. Grantees cannot address only energy efficiency issues. For Full Rehab and Accessibility projects, grantees must complete an interior inspection and address any significant health and safety issues they discover in the home.
 - Needed accessibility improvements, including but not limited to:
 - Accessible showers and toilets
 - Ramps to enter/exit the home
 - Wheelchair lifts/stair lifts inside or outside of the home
 - **NOTE: For Accessibility Projects, accessibility improvements must account for at least 30% of the hard and soft construction costs. If the percentage falls below the threshold, the project can be reclassified as a full rehab project.**
- Project Delivery funds cover the grantee's costs related to the rehabilitation of a specific property. The project delivery max per project is 15% of construction costs. For a \$45,00 project, the max project delivery available is \$6,750. The maximum total funding IHDA will provide per project is \$51,750, including construction costs and project delivery costs. Eligible project delivery costs include:
 - Actual hours worked to manage the project, including time spent on work write-ups, cost estimates, inspections, obtaining permits, client education and qualification, and completing IHDA paperwork for the project.
 - **Note:** You should not “back into” your project delivery (i.e., figure out 15% of your hard and soft costs and complete your project delivery worksheet to reflect that amount.) Your project delivery should reflect the *actual* hourly wage for staff and the *actual* hours worked on the project.

Roof Only Projects

- The per unit construction cost limit is \$21,500, and the minimum amount is \$2,000. Projects that do not meet the minimum amount of work may not be pursued under this program. Eligible construction costs include:
 - Soft Costs
 - Title searches, recording fees, permits, termite inspections, etc.
 - Hard Costs that address:
 - replacement and repairs of roof, including rafters, soffits, gutters, fascia, and downspouts
 - **Note:** Roof only projects must include roof repairs. For example, roof only projects cannot consist of only gutters and downspouts.
- Project Delivery funds cover the grantee's costs related to the rehabilitation of a specific property. The project delivery max per project is 15% of construction costs. For a \$21,500 project, the max project delivery available is \$3,225. The maximum total funding IHDA will provide per project is \$24,725, including construction costs and project delivery costs. Eligible project delivery costs include:
 - Actual hours worked to manage the project, including time spent on work write-ups, cost estimates, inspections, obtaining permits, client education and qualification, and completing IHDA paperwork for the project.
 - **Note:** You should not "back into" your project delivery (i.e., figure out 15% of your hard and soft costs and complete your project delivery worksheet to reflect that amount.) Your project delivery should reflect the *actual* hourly wage for staff and the *actual* hours worked on the project.

Section 2: Setting Up Your Program

This section provides guidance on evaluating your readiness to begin HRAP and on getting started.

Setting up a rehabilitation program that meets both our homeowners' needs and the requirements for a fiscally sound state-funded program requires planning. Time spent now in delineating roles and responsibilities and defining procedures for your program will help efficiently deliver the intended services.

As you review the requirements of operating HRAP, consider how your current procedures may need to be changed and how your current staffing or knowledge may need to be supplemented.

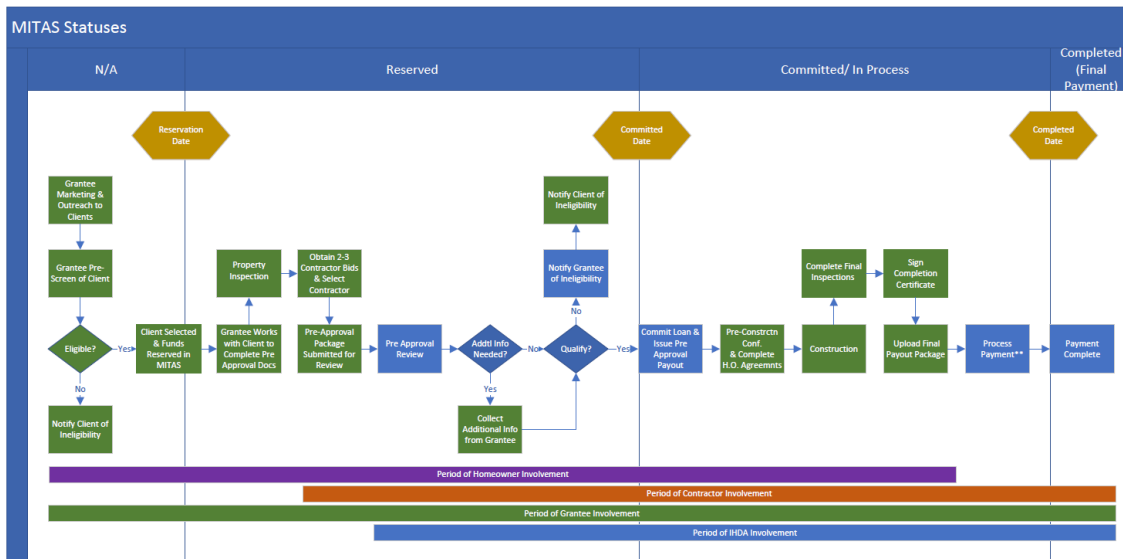
How will roles and responsibilities be assigned within your administrative team? HRAP has the goal of efficiently coordinating resources in assisting low-income households and elderly and disabled households in need of home repairs. It is challenging to set up a new program within an agency, assigning roles and clarifying procedures. As administrators of the program, you will be required to manage both dollars and documents. It may help to start with questions such as:

- Does my agency have the expertise needed to perform all the assigned tasks?
- Should we contract with an outside agency to supplement in-house knowledge?
- Do we currently have sufficient record keeping and financial management practices to be able to maintain the necessary documents, ensure contractors are paid in a timely fashion, and track the staff costs of the program?
- Does my staff have sufficient knowledge of local building codes, accessibility requirements, and lead-based paint requirements to meet the needs of the program?
- Will we be able to keep up with all the compliance procedures and reporting requirements?

Consult the Program Activity Table and the Project Flow Chart on the following pages. These charts will assist you in assigning roles and responsibilities, determining changes needed in your record keeping, and focusing on areas where additional staff or contracting with another entity may be necessary.

Project Flow Chart

The chart below outlines the basic process the grantee must follow for each construction project undertaken. View Appendix A for a larger version of the chart.



Program Activity Table

Indicate which party will be the **primary (P)** decision maker and who will **assist (A)** for each activity.

Activity	Staff Person	Third Party	Other
Interviews applicant			
Determines income eligibility			
Determines program eligibility			
Investigates and documents other homeowner resources			
Reviews compliance with flood and historic requirements			
Prepares work write-ups and cost estimates			
Secures contractors			
Prepares loan documents			
Records documentation			
Inspects work			
Pays contractors			
Submits payouts			
Maintains financial records			
Performs follow-up			

Section 3: Establishing a Contractor Pool

This section addresses contractor pre-qualification, insurance and licensing requirements, and other contractor concerns

Do you have qualified contractors to do the work? Do you know your contractors? Are they going to do the work professionally, efficiently, and even kindly? Are they financially stable and dependable enough to complete the job? Do they have the required licenses and insurances?

Most rehabilitation programs rely on a pool of pre-qualified contractors. The grantee advertises or otherwise seeks out interested contractors. The grantee must have the contractor complete the Statement of Contractor's Qualifications. We have included this form in Appendix F. The grantee will also need to review the contractors' insurance information, as well as any required licenses. All insurance and licenses should be current, and a copy should be maintained in the grantee's files.

Insurance Requirements

Minimum coverage must include the following:

- **Workmen's Compensation and Employee's Liability** - Workmen's compensation of not less than the statutory amount and employer's liability of not less than \$100,000 per person.
- **Auto Insurance** - A minimum combined single limit of not less than \$500,000 for injuries, including accidental death, or damages caused by the contractor's vehicles on the site.
- **Comprehensive Public Liability** – not less than \$500,000 for accidents or injuries, including accidental death, for each occurrence, and not less than \$1,000,000 in the aggregate for the policy term.

Procurement

Grantees should adhere to the following tenets when establishing procurement policies for the program:

- **Maximize Competition**
To ensure that a job is reasonable, open competition should be maximized. At least two, but preferably three, proposals from your pre-qualified list of contractors should be received in order to obtain the best possible price for the work to be done. If only one bid is submitted, additional information will be required before the project can be pre-approved.

- **Ensure Project Costs are Reasonable**
An independent cost estimate based on local cost data should be done prior to the bids. The bids are then compared to each other and to the cost estimate. The accepted bid should be within a reasonable range (usually 10%, sometimes more on smaller projects) of the cost estimate. IHDA requires that you use a cost estimating software for developing work write-ups and cost estimates. If your municipality or agency does not own this software, you may purchase it and utilize administrative funds to cover the cost.

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

- **Unauthorized Compensation**
Grantees may not demand or receive from builder, remodeler, contractor, supplier, or borrower:
 - Kickbacks
 - Commissions
 - Rebates
 - Other compensation

- **Select Contractors that are Responsive and Qualified**
Ensure that contractors submitting bids are qualified to complete the work specified in their proposals and are properly licensed and insured.

Prevailing Wage

Currently, the Illinois Prevailing Wage Act does not apply to rehabilitation projects under HRAP.

Section 4: Marketing and Applicant Intake

This section addresses the requirements of intake procedures as you begin to accept applications for your program, including income verification and eligibility.

Marketing

Marketing your program should be done in an open and informative manner. All potentially eligible applicants should have equal access to the available resources.

The grantee must make appropriate efforts to market the program, and your organization's website should include basic information about the program and how to apply. Flyers should be developed and provided to potential applicants and referral agencies, as well as placed in appropriate public places. Materials should include:

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

Determining Applicants to Serve

You may use a ranking system, first-come first-served basis, or lottery to see which of your applicants can be served with your allocated funding amount. Here are a few tips to assist you:

- **First-Come, First-Served** - Always date-stamp applications. Track required documentation requested from applicants.
- **Ranking Applicants** - Be upfront. Document your rankings and be prepared to justify them.
- **Lottery** - Make it public. Pull several back-ups in case someone drops out of the program or proves to be ineligible.

It may be helpful to put together a list of documents an applicant should bring with them to your initial meeting. This list should include proof of income. This is also a good time to establish expectations with the applicants. Appendix C includes both a sample "Items to Bring to the Interview" and "Homeowner Expectations" but both should be tailored to the type of work to be done under your program.

Complete File Checklist

This document outlines what files you must collect during the course of a homeowner rehabilitation project, from start to finish. The list is broken up into the following sections: Homeowner Eligibility, Loan Settlement, Construction, Close-out. Please refer

to the File Checklist in Appendix B when collecting documents for the homeowner's project.

IHDA maintains the right to monitor these files, either on site or by requesting a copy of all documentation for a desk review at any time.

Determine Eligibility

Utilize your IHDA Participant Selection Plan (PSP). Grantees must follow the approved PSP in determining eligibility.

Here are some questions that should be answered in your initial discussion with the applicant. Please keep in mind that you will need to document the responses to these questions:

- Is the applicant's name on the title to the home?
- Is the property the sole residence of all owners?
 - All owners on title must currently reside in the home.
- Is ownership of the home under a trust or contract-for-deed? Ownership in trust or under a contract-for-deed is not eligible under the program. Ownership must be held in fee simple title.
- Are there any documents other than a deed recorded against the property?
- How many persons live in the household and what are their ages?
- What is the annual household income?
- Will the homeowner accept the placement of a lien on the property and agree to the terms of the Owner Agreement, Promissory Note, and Mortgage?
- Does the homeowner have adequate property insurance? Is the property insurance in the homeowner's name?

Confirm Ownership of Property

IHDA requires a Title Search for all properties to ensure the property rightfully belongs to the homeowner(s) and there are no outstanding liens that would put the home at risk. A Limited Title Search is acceptable for substantiating ownership of property.

We recommend running the title search early in the process of qualifying a client for the program. Clients may be unaware of issues that appear on the title search and could affect their eligibility for the program. Additionally, eligibility issues that surface on the title search may be difficult to remedy. Running the search early helps to avoid unfairly raising a client's hopes for the program. It also saves the grantee time by sifting out ineligible clients before significant time and effort is spent on their application. Project Delivery funds will not cover the cost of title searches for properties that do not ultimately qualify for the program; however, Administrative Funds can be used to cover this type of expense. For an initial ownership check that is free, grantees can visit the assessor's website for the county in which the home is located.

If one or more homeowners are appearing in the title search that are not present due to death, IHDA will require additional documentation for review. You will need to produce documentation that proves ownership for the homeowner applying for funding (e.g., coroner's certificate, probate court judgement, divorce documents, or other relevant material).

Income & Property Value Eligibility

Use the IHDA Income Calculator (Appendix C) to determine if the applicant is eligible for the Program. The household income must be at or below 80% area median income and the property value must be below the appropriate limit as well. The Income Calculator will verify the household's qualification for both factors. Additionally, the "Income Calculator Income Limits" provides the limits in a tabular format.

Grantees will use the Community Affairs Income Calculator to certify the gross amount of income of all adult household members that is anticipated to be received during the upcoming 12-month period. Refer to the [HUD Occupancy Handbook](#) for a detailed listing of acceptable forms for verifying income.

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

- 3rd party verification from employers/Social Security Administration
- Copies of pay stubs and/or bank statements of at least three pay periods
- Certified copy of tax returns

Note: Income documentation must be current within 180 days of the pre-approval submission date to be valid.

Reserve Funds in MITAS

Once you have decided to move forward with an applicant from your waitlist, and are actively working on advancing their application, you should reserve funds for their project in MITAS.

MITAS Loan Reservation System

Grantees must reserve funds in MITAS as soon as they feel they have a qualified applicant. You may designate up to three (3) staff members from your agency to be a MITAS Administrator by completing the MITAS System Administrator form (Appendix H). The designated administrator(s) will be given a MITAS username and password so they may input the applicant's information and upload any necessary documentation. See the HRAP Reservation Manual and Uploading Guide (Appendix H) for detailed instructions on reserving funds and uploading documents.

Once you have an eligible household, you can reserve funds in MITAS for this property, up to the maximum allocation for the project type.

Base Income for the Household

You are to use the **Adjusted Household Income** from the **Community Affairs Income Calculator** when determining the household's base income on the **Primary Mortgagor Information** screen. We have taken the guesswork out of calculating this figure. You will simply go to the **Eligibility + Signature** tab of the Income Calculator section entitled **"Income to Enter in MITAS Loan Reservation"** and enter the EXACT amount that is shown. (Adjusted Household Income divided by 12). Enter income in the **Primary Mortgagor** screen only. **Do not enter income into the co-mortgagor screens.**

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

Section 5: Managing Homeowner Expectations

This section addresses best practices in managing homeowner expectations of the rehabilitation of their home.

In homeowner rehabilitation programs, a critical aspect is knowing how to best manage the expectations of the homeowner. The homeowner must be aware that HRAP is not a complete remodel of their home and that the program cannot necessarily address all the homeowner's concerns. Priority will be given to rehabilitation items addressing health and safety hazards, local code violations, and accessibility needs.

While the program was designed to accommodate the needs of the homeowner, this does not mean that you or your contractors need to tolerate abusive, combative, or argumentative behavior, or that you give into demands that go beyond the agreed upon scope of work and the overall program. See below for best practices on how to curb this type of behavior.

Best Practices

1. Thoroughly review the entire application and rehabilitation process with the homeowner. Manage expectations and explain to the homeowner upfront that this program is primarily for health and safety repairs, addressing code violations, and providing accessibility improvements. Improvements that offer energy efficiency savings are also eligible if funds are still available after addressing items in the previously listed repair/improvement categories. Also communicate to the homeowner that this program is not meant to address issues that are solely cosmetic.
2. Utilize a Homeowner's Expectation Form and customize it, if necessary. Have the homeowner sign it. See Appendix C for a sample.
3. Make sure all color/material choices are documented at the pre-construction meeting.
4. Document the pre-construction meeting and have all parties sign the appropriate documents.
5. Review the scope of work in detail.
6. Establish a protocol for resolving disputes between the homeowner and contractor.
7. If necessary, establish timeframes and benchmarks to keep your projects moving ahead.

8. Encourage the homeowner to ask you questions and not interrupt the contractor's work.
9. Make sure that the homeowner understands that all contractor disputes, if any, are resolved at the discretion of the grantee.
10. Review in detail the Special Notice, so the homeowner is clear on their actual loan amount versus the "up to" language in the mortgage/promissory note. Remind the homeowner that the final loan amount is included in the Project Completion Certificate. See the "Understanding the Forgivable Loan" section for additional information to explain to the homeowner on this topic.
11. A Power of Attorney (POA) may be used if a borrower is unable to sign program forms due to extenuating circumstances (incapacitation, military service, etc.). The attorney-in-fact must have specific authority to encumber the property. **A copy of the POA must be included with the pre-approval submission.**

We have funded you as our "on the ground" partner. We rely on your expertise in facilitating your rehabilitation program and believe that you are best suited to handle your homeowner's questions and concerns. As such, we ask that all complaints be handled on the local level by the grantee. For any escalations, please contact your Program Officer, and we will work with you to address the homeowner's concerns.

Explaining the Forgivable Loan

Ensure that the homeowner understands the below information about their forgivable loan.

Promissory Note and Mortgage Provisions

- The full maximum limit for Full Rehab and Accessibility (\$45,000) or Roof Only (\$21,500) will be reflected in the Promissory Note and Mortgage. The actual loan amount will be the total hard and soft construction costs and the amount will be identified in the Project Completion Certificate, which is completed after all rehabilitation is complete.
- The forgivable loan amortization period begins on the first day of the first calendar month after the final signature date on the Project Completion Certificate. See the Promissory Note for further details.
- Assistance for Full Rehab and Accessibility projects is forgiven monthly over the five-year term (1/60th a month) until completely forgiven after year five.
- Assistance for Roof Only is forgiven monthly over a three-year term (1/36th a month) until completely forgiven after year three.

- The homeowner is required to maintain the home as their primary residence throughout the term.
- If the home is sold before the affordability term ends, the unforgiven balance will be due out of net proceeds.
- If the homeowner moves out & rents the property, the unforgiven amount is due to IHDA. There is no sale and therefore no net proceeds, so the entire unforgiven amount is due.
- The Promissory Note and Mortgage must be executed by the homeowner prior to starting any construction.
- Homeowners should be informed that there is no cash-out refinancing allowed during the respective three- or five-year affordability period.
- The homeowner should thoroughly review the Promissory Note and Mortgage for further information.

Special Notice About Your Forgivable Loan

- This Special Notice informs homeowners that through the HRAP program they have been awarded up to \$21,500 for roof repair or \$45,000 for home repairs.
- The Special Notice informs homeowners that their actual loan amount will be included on the Project Completion Certificate.
- Homeowners must complete and sign this form at the pre-construction conference after they have been pre-approved for construction.

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

Section 6: Environmental and State Administrative Requirements

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

HRAP is supported by funds from the Illinois Affordable Housing Trust Fund. As such, the State of Illinois requirements for rehabilitation projects apply.

Historic Preservation

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

SHPO Approval

Grantees may obtain SHPO Approval through one of two ways.

For properties that are likely non-historic, grantees may submit an Expedited Review Request to SHPO, using the [online form](#). Prior to submission, search the Historic and Architectural Resources Geographic Information System ([HARGIS](#)) to determine if the property is listed as a historical resource. After submission, SHPO will provide you an email response to approve your request or ask for more information.

For properties that are likely historic or in/near to a historic district, follow the below process.

Submit a letter to SHPO requesting the review. A sample letter is provided for you in Appendix D.

Send your letter and attachments to:

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

Include the following documentation for each property to be reviewed:

- Street map showing location of property
- Two current, unobstructed color photographs of the property
- A brief description of the rehabilitation to take place. (**Note:** Simply stating “rehabilitation” will likely raise questions and cause a delay.)
- Include a summary of the work write-up

If your project is located in a historic area, additional documentation will most likely be required. Additional, guidance from SHPO on submitting these requests is in Appendix D under SHPO Guidance.

CLG Approval

A CLG may also review the project and provide the historic review approval for homes under the jurisdiction of the CLG. [A list of CLG’s can be found on SHPO’s website.](#)

Illinois Accessibility Code Guidelines

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

Property Insurance

The homeowner must have a current Homeowners Insurance Policy. Grantee must make sure the insurance is kept current while the home is under construction. Since IHDA will have a financial interest in the property, property insurance coverage must show the “Illinois Housing Development Authority” listed under one of the following designations:

1. Additional Named Insured
2. Additional Insured
3. First Mortgagee
4. Second Mortgagee

These designations ensure that IHDA has certain rights as to notice and termination of the insurance policy. Be sure the Homeowners Insurance Policy lists IHDA’s full name and address as listed below:

Additional Insured: Illinois Housing Development Authority
Address: 111 E. Wacker Dr., Suite 1000
Chicago, IL 60601

Floodplain Requirements

Flood Insurance

Executive Order 2006-05 governs the development and rehabilitation of properties in the floodplain with State dollars. You must document whether each property is located in a 100-year floodplain. If the property is located in the 100-year floodplain, then flood insurance is required before a property can benefit from State-funded assistance. To check if a property is in the 100-year floodplain, you will need to consult the Flood Insurance Rate Map (FIRM) for that address published by FEMA. You can create and print a copy of a “FIRMette” on the [FEMA website](#). There is also a tutorial on the website to assist you. Retain a copy of the FIRM map for your files and submit a color copy to IHDA with your pre-approval package. A copy of Executive Order 2006-05 is included in Appendix D. **For properties located within a 100-year floodplain, the homeowner must have flood insurance and must include IHDA on the insurance.**

Additional NFIP Floodplain Requirements

The National Flood Insurance Program requires that “if the cost of improvements or the cost to repair the damage exceeds 50 percent of the market value of the building, it must be brought up to current floodplain management standards. That means an existing building must meet the requirements for new construction.” (Excerpt from unit 8 (page 3) of “NFIP Floodplain Management Requirements: A Study Guide and Desk Reference for Local Officials”). Unit 8 is located in Appendix D for your reference.

$$\frac{\text{Cost of improvement project}}{\text{Market value of the building}} \geq 50 \text{ percent}$$

The entire NFIP Floodplain Management Requirement guide can be found in full on the [FEMA website](#).

The Department of National Resources (DNR) “Illinois Quick Guide to Floodplain Management” serves as a resource for rehabilitation projects in Illinois that must be brought up to current floodplain management standards. This guide is in Appendix D. This guide and further Illinois specific NFIP information can also be found on the [DNR website](#).

Proximity to an Underground Mine

IHDA requires that a map showing the proximity to underground mines be provided for each project to be funded. A search should be done through the [Illinois State Geological Survey](#). A color copy of the map should be submitted to IHDA as part of the

Pre-approval package. **All properties within the proximity zone will be required to have mine insurance, with IHDA listed on the insurance.**

Other Environmental Requirements

The Trust Fund Rules, Section 360.1101, state that “[t]he Authority may, at its election, commission [additional] environmental assessment[s] . . . The environmental assessment shall, at a minimum, consist of a review of historic activities on the Real Estate and current conditions of the Real Estate which identify potential violations of applicable environmental laws.”

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

Lead-Based Paint

Year Built	Basic Lead Requirements
1978 and After	<ul style="list-style-type: none">• No lead risk assessment is required.• Contractors do not need to be Lead-Safe Certified
Pre 1978	<ul style="list-style-type: none">• No lead risk assessment is required.• Contractors must be properly certified (see below) and follow lead safe work practices

Homes Built in 1978 and After

For homes built in 1978 and after, lead testing is not required. Additionally, contractors do not need to be Lead-Safe Certified.

Homes Built Before 1978

For homes built before 1978, lead risk assessments are not required under HRAP. However in these homes, the grantee and contractors must follow the [EPA’s Lead Renovation, Repair and Painting Program \(“RRP”\)](#) rules. The EPA publication, [“Steps to Lead Safe Renovation, Repair and Painting,”](#) is a helpful introductory guide to the rules. Generally, all contractors on these projects must be Lead-Safe Certified by the EPA or they must be an Illinois Licensed Lead Abatement Contractor. If a Lead Risk Assessment or a test performed by a certified renovator confirms there is no lead in a specific work area, then RRP rules do not apply for that work and the contractor(s) working in that area do not need to be certified. A List of [RRP certified contractors](#) is available on the EPA’s Website, and a list of [Illinois Licensed Lead Abatement Contractors](#) is available on the Illinois Department of Public Health’s website.

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

In all instances involving pre-1978 construction, provide owners/participants with the EPA pamphlet [Protect Your Family from Lead in Your Home](#). Contractors must provide the homeowners with the required EPA Notices under the Lead Renovation, Repair and Painting (RRP) Rule ([See Appendix A](#)).

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

Additional Considerations & Laws Regarding Lead

Please note that in addition to program rules, the grantee and contractors are required to comply with all federal, state, and local laws/regulations regarding lead. This includes but is not limited to:

- The Environmental Protection Agency's final rule developed under the Toxic Substances and Control Act specifically 40 CFR Part 745, as it relates to the Lead Renovation, Repair, and Painting Program.
- Lead Poisoning Prevention Act (410 ILCS 45/)
 - Note: This law requires that if a child or pregnant person tests positive for lead exposure then IDPH must conduct a Lead Risk Assessment of the home. IDPH then serves a mitigation notice to the homeowner. If you are performing work in such a circumstance, ensure that your scope of work addresses any lead hazards that IDPH determines must be addressed. Additionally in these cases, the law requires usage of Illinois Licensed Lead Abatement Contractors. RRP certified contractors will not suffice.
- Lead Poisoning Prevention Code (77 Ill. Adm. Code, Part 845)

Other Inspections

For full HRAP projects, the entire home will need a termite inspection. For HRAP Roof Only projects, only the areas affected by rehab work (roof, soffit, fascia, etc.) need to be inspected. In addition, if radon is a concern in your area, we would expect you to address that issue as well. Due diligence regarding health and safety issues, and environmental concerns is a responsibility of publicly funded programs, whether or not the items are specifically stated.

Section 7: Home Evaluation and Contractor Bids

This section provides information on how to evaluate the feasibility of rehabilitating the property, as well as how to obtain pre-approval from IHDA.

At this point in the project, you have found a household that is eligible for HRAP. You now need to assess the specific needs of the property keeping the following factors in mind:


- What are the existing health and safety issues present in the home?
- Are there concerns of lead-based paint?
- What code violations need to be addressed?
- What energy efficient improvements can be included in this project?

Scope of Work

After completing your inspection of the property, you will derive your scope of work for the project. This is your general list of items that need to be completed as part of the project. At this point in your process, you will probably also have a good idea if the project can move forward with the amount of funds that you have available. The person performing the initial assessment of the property prepares the scope of work and the cost estimate. They must be qualified and knowledgeable with state and local building codes, including accessibility requirements and energy efficiency standards. Specific requirements for typical home repairs are included in Section 6 and Appendix D.

Scope of Work Summary

Now that you have prepared a Scope of Work for the project, IHDA requires that you briefly summarize the work to be performed in a Scope of Work Summary. This summary must be in an outline format and on your organization's letterhead. You will include this document as part of your Pre-approval package. An example of the proper format is below. For each item in the scope of work, briefly describe where, what, and why the repair is being made.

<h1>Grantee ABC</h1> <hr/> <p>1234 N South St. Anytown, IL 12345</p> <p style="text-align: right;"></p> <p style="text-align: center;">Scope of Work Summary 555 Oak Lane Anytown, IL 12345</p> <ol style="list-style-type: none">1. Exterior<ol style="list-style-type: none">a. Replace all 10 windows – leaking windowsb. Replace roofing – shingles damaged and showing signs of wear; shingles past 25-year ratingc. Tuckpoint chimney – mortar joints are deteriorated d. Replace damaged front porch components – rotting wood2. Kitchen<ol style="list-style-type: none">a. Sink piping – leakingb. Install 3 GFCI outlets – per code3. Basement<ol style="list-style-type: none">a. Repair damaged stairsb. Seal cracks in foundation – address leakage issuec. Mold removal – remove mold resulting from leakage4. Bedroom 1<ol style="list-style-type: none">a. Install light fixture – no current fixture, exposed wiring where previous fixture was located5. Bedroom 2<ol style="list-style-type: none">a. Install new carpeting – old carpeting a trip hazard6. Misc<ol style="list-style-type: none">a. Replace HVAC system – unit no longer operable

Work Write-up/Cost Estimate

A detailed work write-up and cost estimate should now be developed. The cost estimate should include detailed specifications and be based on current market costs. You should derive your own in-house cost estimate prior to bidding the project and establish limits on what you will accept. Your work write-up should include your standards and specifications that are specific and measurable and will result in a good quality project. IHDA requires the use of cost estimating software, such as Housing Developer Pro and RESPEC. Best practices generally require that bids be within 10% of the cost estimate.

The next step is to consider project feasibility. Do you have sufficient funds for the rehabilitation (hard and soft construction costs) needed to complete the project? Make a detailed budget, and do not forget to include soft costs incurred: title, recording, and outside inspection fees. Also, include your estimated project delivery (up to 15% of hard and soft construction costs). Review the project type chart for funding limits. If there are insufficient funds to complete the project and additional funds from other sources are unavailable, you will have to decide whether to move forward with the project and how the additional costs will be funded. As you consider this, keep in mind

that the purpose of this program is to leave the recipients in safe and functional homes. If there are insufficient funds available to correct existing health and safety issues in the home, you should not continue with the project.

Bid the Job

Once your in-house cost estimate determines that the project should continue, you should solicit bids from your pool of contractors. Contractor forms are in Appendix F. You must take pictures before and after the construction period. Pictures must be submitted before the work starts to demonstrate the work that needs to be done. Final payout pictures must show completion of the items specified on the work write-up. Please take pictures of the work before replacing furniture or any other items. Make sure pictures reference the major items in your cost estimate and scope of work summary. All pictures must be clear, in color, and labeled.

In addition to the required pictures, contractors may find it helpful to take photos of completed work before leaving for the day when dealing with a difficult homeowner.

A minimum of two bids (preferably three) must be obtained on behalf of the homeowners for all projects. If only one bid is submitted, additional information will be required before the project can be pre-approved.

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

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

Most complaints received by IHDA regarding rehabilitation projects are contractor related. Complaints of unreasonable charges for supplies or labor are among the most prevalent. The existence of multiple bids supports your program by demonstrating that the costs were reasonable and that the homeowner was not forced to use a contractor by the grantee.

Do not accept bids that are too low or that are unreliable. **Do** make sure that bids are comparable and that you are comparing the same line items. Perform a bid tabulation analysis to compare and document that the bid review process was fair and accurate. After receiving bids, again check that the project's costs fall within the HRAP limits or that your organization can leverage other funding to complete the work.

Section 8: Pre-approval and Construction Management

This section covers selecting a contractor and the bid process.

Pre-approval Request

Pre-approval from IHDA is required before you conduct the pre-construction conference and begin rehabilitation. Once you have collected all the documentation listed on the Pre-approval Checklist (Appendix B), you will upload the checklist along with all documentation into MITAS as one PDF document. You will then inform the Community Affairs Department via email at HRAPinfo@ihda.org that you have a project ready for pre-approval. Use the subject line below in your email submission:

- Pre-Approval: Client Last Name Loan Number Grantee Name
- EX: Pre-Approval: Smith 1F001212 City of Anywhere

We will email you a pre-approval or let you know if any additional documentation is needed. If you are not contacted within five (5) business days, please email or call to find out the status of your submission.

The following documentation must be submitted to HRAPinfo@ihda.org as part of your **Pre-approval** package:

1. Pre-approval Request Checklist
 - a. Be sure to select the applicable component (Full Rehab, Accessibility, or Roof only) on the top of the form
2. MITAS Commitment Confirmation (generated when funds are reserved)
3. Scope of Work Summary (on agency letterhead)
4. Referral Letter from IDoA or IDHS funded agency (if applicable, Accessibility)
5. Community Affairs Income Calculator (signed by grantee and applicant)
6. Bid Tabulation (summarizing bids received for project)
7. Cost Estimate (on which the request for funds is based)
8. State Historic Preservation Office Approval Letter
9. FIRMette, floodplain map (in color)
10. Mine map (in color)
11. Copy of Homeowners' Insurance Policies (listing "Illinois Housing Development Authority" as "Additional Insured")

12. Pictures of work to be completed (before rehabilitation. Must be in color and labeled. You should follow the same order as you used in the Scope of Work Summary.)
13. Title Search (Title insurance is not required)

Beginning and Managing Construction

Once the bids have been reviewed and the homeowner and grantee have agreed upon the contractor to do the work, it is time to schedule a pre-construction conference. Contractors must adhere to the minimum quality standards outlined in the [IHDA Standards for Architectural Planning and Construction](#).

Step 1 - Moderate the pre-construction conference, and obtain signatures for contractor documentation. All applicable parties should attend the meeting, including the homeowner, the homeowner's advocate (if applicable), the grantee agency representative, and the contractor. All questions should be addressed at the pre-construction meeting. Keep meeting minutes. Review the work-write up with the homeowner and contractor, and have both parties sign off on the document. Be sure to review the communication procedures for handling complaints and problems that may arise during construction. Additionally, review the legal documents below (found in Appendix C) with the homeowner and contractor. **Have the parties execute the documents and keep copies of the executed documents in the client's file.**

Owner Agreement

IHDA provides an Owner Agreement as part of the legal documents for the program. This Agreement is a contract between the grantee and the homeowner and should be executed during the pre-construction conference. Review this document carefully with the program participant to ensure a mutual understanding of the activities undertaken and the overall program requirements.

Construction Contract

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

Owner Affidavit

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

Step 2 – Also at the pre-construction conference, obtain signatures for the IHDA Promissory Note, Mortgage, and the Special Notice About Your Forgivable Loan.

Review all documents in their entirety with the homeowner, placing particular emphasis on the “up to maximum \$45,000” clause or “up to maximum \$21,500” language. Also discuss the recapture events. These include refinances as defined in the Mortgage.

Make sure the homeowner fully understands their obligations under the agreements. **Retain the original copies of the executed Special Notice, Promissory Note, and Mortgage in your file, and provide copies to the homeowner.** These documents are found in Appendix I, and additional information on them is below.

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

Special Notice About Your Forgivable Loan

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

Promissory Note

The IHDA Promissory Note will indicate the maximum loan amount for the program. The Note will not specify the actual loan amount, it will instead indicate \$45,000 for the Full Rehab and Accessibility projects, and \$21,500 for the Roof Only projects. The date of the Note should reflect the date of the pre-construction conference. The forgivable loan amortization period begins on the first day of the first calendar month after the final signature date on the Project Completion Certificate.

Mortgage

Similar to the Note, the IHDA Mortgage will not specify the actual loan amount; it will instead indicate the \$45,000 maximum loan amount for Full Rehab and Accessibility projects and \$21,500 for Roof Only. The date of the Mortgage should reflect the date of the pre-construction conference. The final loan amount will be reflected on the Project Completion Certificate.

Step 3 - Are permits required? Make sure all necessary permits have been obtained.

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

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

Step 6 - Manage Change Orders. If there is a change order, fill out the Change Order Form. Additionally, submit the form to the program inbox for approval if the change is greater than 10% of the original bid amount.

Step 7 – Record the Mortgage, and send the original, recorded Mortgage and original IHDA Promissory Note to IHDA via certified mail. When approximately half the construction work is finished, take the Mortgage to the Recorder’s Office for recording. It is recommended that you take the mortgage in person to the Recorder’s Office to ensure it does not get lost. The Note and Special Notice are not recorded. Once the Mortgage is recorded, the grantee should send both the Note and the Mortgage to IHDA together via certified mail. Do not rely on the recorder to send the Mortgage.

Send documents to the following address:

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

Note: The final project payout may be withheld until the original Note and Mortgage are received.

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

Step 9 - Obtain sworn statement and lien waivers. Be sure Sworn Statement is fully executed and lists all work performed. Include an invoice, if necessary. Lien waivers must be submitted for the general contractor and all contractors that completed work on the project. Obtain any applicable warranties.

Step 10 - Provide copies of the above-mentioned documentation to the homeowner and obtain feedback. Be sure the homeowner receives copies of warranties and appropriate lead notices. Remind the homeowner that the final loan amount is included in the Project Completion Certificate. We would like feedback from the homeowner regarding their experience with the program, so you should

have the homeowner to complete the Assistance Impact Statement. This form can be found in Appendix F. We recommend that you also document any additional feedback from owner on their experience with the program.

Step 11 - Include all change order amounts on the Project Completion Certificate. If there were change orders (see Appendix F) during the construction period, this amount will need to be reflected in the Project Completion Certificate.

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

Step 13 - Upload all disbursement documents as one (1) PDF file in MITAS, as outlined on the Payout Checklist. All necessary documents are listed on the Final Payout Request Checklist found in Appendix B. Scan documents in the order that they appear on the Final Payout Request checklist. Email the IHDA Community Affairs team at HRAPinfo@ihda.org, notifying them that your disbursement request has been uploaded into MITAS and is ready for review.

Section 8: Grantee Performance & Reporting, Administrative Funds, and Payouts

This section outlines performance and reporting requirements, as well as the payout process and required documentation.

Grantee Performance & Reporting

We want all our grantees to be successful, and we are committed to assisting grantees in understanding the program and in troubleshooting difficulties that arise. Your assigned Program Officer is your resource, and we encourage you to reach out to them for technical assistance at any time.

Performance Benchmarks

Over the course of the grant cycle, grantees will be expected to meet four performance benchmarks to stay on track spending the funds. These benchmarks are indicated below. If a grantee does not spend at least 30% of their project funds by the end of Year 1, IHDA reserves the right to de-obligate unspent funds, and recapture a proportional amount of the initial administrative funds payment (see the Administrative Funds section below for more details). For the exact dates for each of these benchmarks, please see the Program Calendar.

Timeframe (Note: Years and Quarters pertain to the grant cycle and not the calendar year.)		Benchmark: Percent of Project Funds Disbursed by End of the Period	Notes
Year 1	Q1		
	Q2	10%	
	Q3		
	Q4	30%	*Less than 30% IHDA reserves the right to de-obligate unspent funds; *High performers may be eligible for an additional award of program funds; subject to available funds.
Year 2	Q1		
	Q2	50%	
	Q3		
	Q4	85%+	

Quarterly Check In Calls

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

Financial Audit Reports

Grantees will be required to send IHDA a complete updated audit package which must include fiscal year-end financial statement audit, Single Audit, and management letter (if applicable) within 180 days of the Grantees' fiscal year end, after receiving grant funds, as well as, 180 days after each fiscal year end until the grant is considered closed out. The financial audit must be submitted to IHDA **electronically** to CAgeneralinquiries@ihda.org. The grantee will maintain separate records for this grant and will identify these funds by source grant number in their audited financial statements. Failure to submit the audited financial statements may delay payment of pending projects.

Sponsor Insurance

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

Administrative Funds

Grantees are eligible to receive up to 5% of the total grant amount as administrative funds under HRAP. Eligible costs for administrative funds include, general management, oversight, coordination, staff, and overhead costs related to administering the grant. Admin funds are designed to cover costs that are difficult to tie to one project. For example, purchasing cost estimating software would fall under admin costs.

Start Up Admin Payment

All grantees will automatically receive a payment for 50% of their Administrative Funds at the start of the program. Grantees need only complete the legal closing and financial set up processes to receive these funds. The payment will be made within 45 calendar days of the Legal Closing Date.

If the grantee does not meet the Year 1 Benchmark (spending at least 30% of their project funds by the end of the first year of the program), IHDA may exercise its discretion to:

1. Recapture a proportional amount of admin funds
2. De-obligate the unspent portion of the grant award

Second Admin Payment

So long as the grantee has performed satisfactorily under the Funding Agreement and there is not currently a default under the Funding Agreement, IHDA will fund the remaining 50% percent of the Administrative Funds to the grantee on or within 45 calendar days of the one-year anniversary of the start of the program.

Administrative Funding Reconciliation at Program Closeout

Grantees that meet the final program benchmark of spending at least 85% of funds will be considered successful grantees, and IHDA will not recapture any of the administrative funding.

For grantees that spend less than 85% of project funds, recapture of administrative funds at the end of the program will be prorated according to the percentage of project funds the grantee spent by the end of the program. For example, if a grantee spent 60% of their project funds, they will be allowed to keep 60% of their admin funds. The remaining 40% will be due to IHDA. To account for that difference, IHDA will adjust the grantee's last payout accordingly at the end of the program. Alternatively, if there is no payment coming through to the grantee at the end of the program, the grantee will be required to reimburse IHDA the remaining administrative funds.

Note: While IHDA will make these payments automatically based on the percentage of project funds expended, back up documentation may be requested at IHDA's discretion.

Pre-Approval Payout Requests

To request an initial payment for a project after receiving pre-approval, the grantee must indicate the request on the pre-approval checklist. If requested, IHDA will make an initial payment of 20% of the winning bid amount when the project receives pre-approval. This payment is for construction costs, and not project delivery. Project delivery funds will only be paid once per project as part of the Final Payout. The purpose of this initial payment is to make the program more feasible for smaller contractors, with more limited cash flow. **If IHDA makes an initial pre-approval payment and the project is not completed by the program termination date, the grantee will be required to return the entire pre-payment amount to IHDA.**

Final Payout Requests

Grantees must submit a Final Payout package within 45 days of project completion. Payout requests submitted after this period may not be eligible for payment, subject to IHDA's discretion. These funds will cover the construction costs, as well as project delivery. Once received, IHDA will aim to complete an initial review of the payout within 20 business days; however, we will work to turn requests around quicker.

To request payment, upload the documents below into MITAS as one PDF file in the order of the Checklist. Additionally, email HRAPinfo@ihda.org to notify IHDA that the package is ready for review.

Use the following format for your email subject:

Final Payout: Client Last Name Loan Number Grantee Name

EX: Final Payout: Smith 1F001212 City of Anywhere

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

17. Certificate of Occupancy (if applicable to your municipality)

Congratulations! You are now familiar with the steps needed to successfully implement HRAP. Please contact us at any time with any questions at HRAPinfo@ihda.org.