



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor, City of Urbana

FROM: Elizabeth H. Tyler, FAICP, Community Development Director

DATE: June 4, 2015

SUBJECT: A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT (Habitat FY 2014-2015)

Description

Included on the agenda of the regular meeting of the Urbana City Council is a resolution approving and authorizing the execution of an Urbana HOME Consortium subrecipient agreement as part of the HOME Investment Partnerships Program.

The proposal will allocate \$150,000 to assist Habitat in constructing three new single-family units and rehabilitating one single-family unit for resale to a low-income buyer. All of the proposed single-family units will be sold to low-income families.

Proposed Projects and Schedule

The attached funding application details the proposed projects. The funding breakdown for each unit to be constructed in Urbana is detailed below:

Project Address	Amount
1403 Eads	\$37,500
903 Eads	\$37,500
1118 W Hill	\$37,500
802 Goodwin	\$37,500

Habitat owns the 1403 and 903 Eads properties and is currently in the acquisition process for the Hill and Goodwin properties. 903 Eads will be rehabilitated and resold. The other three properties are blighted structures that will need to be demolished and replaced with new, single-family units.

The construction project at 903 Eads will begin once funding is approved. Demolition will take place on the remaining three lots in the fall of 2015. All of the projects will be completed within three years based on the progress of families participating in Habitat's Affordable Homeownership Program.

According to the application submitted, two buyers purchasing the homes will be at or below 50% of the Median Family Income. The remaining two buyers' incomes will be at or below the 80% limit. The homes will carry mortgages with zero interest rates, lasting 20 to 25 years. By providing a zero interest mortgage, opportunities for homeownership will be made available to low income families that may not otherwise qualify for traditional private financing. The proposed projects are in line with the City's goals and strategies outlined in the *City of Urbana and Urbana HOME Consortium FY 2010-2014 Consolidated Plan*.

Project Funding

A signed sales contract with the buyer is already in place for 903 Eads, and Habitat is seeking other low-income families for the remaining three homes. An Affirmative Marketing Plan will be relied upon in the decision-making process.

The remaining construction financing needed for the projects is also detailed in the application and is being provided by local churches, through private donations/grants (including a grant from the local Rotary Club), and through the recent Attorney General grant award that Habitat received in 2013. These funds also serve as the match requirement stipulated in the HOME program guidelines of a minimum of 25 percent leverage.

Project Oversight and Applicable Codes/Regulations

The projects will be overseen by Sheila Dodd, Executive Director of Habitat, as well as Gary Pierson, Construction Manager for Habitat. The *Program Manual*, as well as the *Policies and Procedures Manual*, will be followed in carrying out this program. All applicable building codes and requirements will be followed. The selection of families will follow the *Board Approved Family Selection Guidelines*, while the project will also follow all *House Sale Requirements*.

On May 27, 2015, the Community Development Commission forwarded the proposed Resolutions to City Council with a unanimous recommendation for approval, with suggested changes. Unapproved minutes from the CDC meeting are also attached for review.

Options

1. Approve the Resolutions.
2. Approve the Resolutions with changes.
3. Do not approve the Resolutions.

Fiscal Impacts

There will be no change to the City General Fund as a direct result of executing the proposed contracts. The funding proposed for these projects is already incorporated into the FY 2014-2015 Annual Action Plan and City Budget. The proposed contracts will assist in committing Urbana's portion of HOME funds in a timely manner.

The construction of three new, single-family units and the rehabilitation of one single-family unit in Urbana will generate property tax revenue for the City and other taxing bodies once each sale is completed. The HOME entitlement contributed by the City of Urbana will reduce the funds available for the FY 2014-2015 down payment activities. However, the commitment deadline is a priority due to the July 31, 2015 deadline imposed by HUD. Currently, ongoing down payment assistance projects and TBRA leases will not begin generating contracts in a timely enough manner to meet this commitment deadline. As such, allocating funds towards “shovel-ready” projects is an ideal way to meet the commitment requirements as well as to meet the needs of the low-income community.

Programmatic Impacts

The proposed projects are all in keeping with the goals and strategies outlined in the City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014. The proposed contracts will eliminate down payment projects that would have been completed as part of the FY 2014-2015 Annual Action Plan amendment. However, FY 2015-2016 funding will be available for down payment projects. Committing these carryover funds will assist in securing future HOME funding by maintaining the City of Urbana’s commitment obligations as a member of the Urbana HOME Consortium and improving overall program performance.

Recommendations

Staff and the Community Development Commission recommend that the Urbana City Council approve the proposed Resolution.

Memorandum Prepared By:

**Kelly H. Mierkowski, Manager
Grants Management Division**

Attachments:

1. A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT (Habitat FY 2014-2015)
2. *An Urbana HOME Consortium Subrecipient Agreement (Habitat FY 2014-2015)*
3. Application for Funding
4. *Unapproved Community Development Commission minutes from May 27, 2015*

RESOLUTION NO. 2015-06-029R

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT

(Habitat FY 2014-2015)

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that execution of the attached subrecipient agreement is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) FY 2010-2014 Consolidated Plan*.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Urbana City Council hereby approves the amendment to the City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2014-2015 in substantially the same form as attached hereto.

Section 2. That an Agreement providing \$150,000 in HOME Program funds, for the construction of four (4) affordable single family units, between the City of Urbana and Habitat for Humanity of Champaign County, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 3. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

URBANA HOME CONSORTIUM
SUBRECIPIENT AGREEMENT

(Habitat Subrecipient Agreement)

THIS Affordable Homeownership Program Agreement, hereafter referred to as the “**AGREEMENT**”, made and entered into by and between the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “**GRANTOR**”), and HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY, an Illinois Not-For-Profit Organization (hereinafter “**SUBRECIPIENT**”).

WITNESSETH

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter “HUD”) for purposes of receiving HOME Investment Partnerships (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (herein after the “National Affordable Housing Act”); and

WHEREAS, the Urbana HOME Consortium, CFDA #14.239, has received HOME Program funds from HUD for the period beginning **July 1, 2014**, and ending **June 30, 2015**, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2010-2014 (hereinafter the “Consolidated Plan”) and the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2014-2015, in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/ Urbana/ Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 16, 2003 (hereinafter the “Intergovernmental Agreement”); and

WHEREAS, the GRANTOR, as the administrator of a HOME Program, has authority of the under the provisions of the HOME Program to provide financial assistance for the development of an affordable homeownership program; and

WHEREAS, SUBRECIPIENT has applied to the GRANTOR for Urbana HOME Consortium funding for development assistance to provide financial assistance to families participating in SUBRECIPIENT’S Affordable Homeownership Program, for sale to very low-income and low-income households (hereinafter the “Project”); and

WHEREAS, the Consolidated Plan promotes expansion of homeownership opportunities and recommends that the Urbana HOME Consortium expand homeownership opportunities for low-income households; and

WHEREAS, SUBRECIPIENT desires to serve as a project SUBRECIPIENT of an Affordable Homeownership Program (hereinafter the “PROGRAM”) within the City of Champaign, the City of Urbana, and unincorporated Champaign County; and

WHEREAS, the GRANTOR has determined that the PROGRAM is eligible for funding under the HOME Program; and

WHEREAS, the GRANTOR has determined that the SUBRECIPIENT has the ability to provide the required private matching funding to cover the cost of the PROGRAM; and

WHEREAS, the SUBRECIPIENT has been fully informed regarding all requirements or obligations that must be met by SUBRECIPIENT in order to utilize HOME Program funds for the PROGRAM, including but not limited to, the requirement that the assisted housing units must remain affordable to low-income households for a period of five (5) or more years, in accordance with 24 CFR Part 92, Sections 203, 251-253, and

WHEREAS, the SUBRECIPIENT, having been fully informed regarding the requirements of the HOME Program, is committed to starting the PROGRAM with the assistance of HOME Program funds on or before **September 30, 2015** and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROGRAM.

NOW, THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

ARTICLE I: HOME REQUIREMENTS

Section 1: Use of HOME Funds

The GRANTOR agrees to provide the SUBRECIPIENT an amount not to exceed **\$150,000.00 (City of Urbana HOME FY 2014-2015 entitlement)** from its Federal HOME allocations to be used primarily for development subsidy as well as providing down payment assistance to low- to moderate-income households for homeownership opportunities. The SUBRECIPIENT shall use the Funds in accordance with the HOME program guidelines outlined in 24 CFR Part 92 in carrying out the PROGRAM in the manner as described below:

- a.) The SUBRECIPIENT may only request HOME funds to be used for down payment assistance in combination with the development of a property wherein a development subsidy is being provided.
- b.) The SUBRECIPIENT shall comply with the PROGRAM MANUAL prior to commitment of any work pursuant to this agreement. SUBRECIPIENT shall provide GRANTOR a copy of its PROGRAM MANUAL in accordance with the HOME Program regulations for approval by Urbana City staff. The SUBRECIPIENT shall provide the GRANTOR with the budget and financial projection for each home from the preliminary budget for the construction of each of house as provided in “Attachment 3” or in a similar document format as approved by the GRANTOR.

- c.) The SUBRECIPIENT shall own or purchase the real property for the Project in the following locations: **1403 Eads, 903 Eads, 1118 W Hill, and 802 Goodwin in Urbana.**
- d.) The SUBRECIPIENT shall complete the Affordable Homeownership Program in accordance with the homebuyer contract provisions as described in the Program Manual approved by Consortium staff, by reference made a part hereof.
- e.) The SUBRECIPIENT shall incorporate the sample documents for the PROGRAM as part of the PROGRAM MANUAL, which is to be submitted to Urbana City staff prior to commitment of funds.

Section 2: Affordability

The SUBRECIPIENT shall comply with all income determinations and affordability requirements of the HOME Program as set forth in HUD Regulations 24 CFR 92.203 or 92.254, as applicable. The SUBRECIPIENT shall determine each family's income eligibility by determining the family's annual income in accordance with the Part 5 (Section 8) methodology allowed in 24 CFR 92.203. The SUBRECIPIENT is not required to re-examine the family's income at the time the HOME assistance is provided, unless more than six (6) months has elapsed since the SUBRECIPIENT determined that the family qualified as income eligible.

The maximum purchase price shall not exceed **\$190,152**, which is 95% of the median purchase price for the metropolitan area as defined by the Single Family Mortgage Limits under Section 203(b) of the National Housing Act. The project shall be single-family housing, which includes one (1) to four (4) family residence or condominium unit.

The HOME-assisted housing shall be the principal residence of the qualified income eligible homebuyer from the date of initial occupancy (loan closing for purchase of the property) and shall remain the principal residence of the family for a period of ten years from the date of project completion (the Affordability Period). For purposes of this AGREEMENT, project completion means that all necessary title transfer requirements to the SUBRECIPIENT have been performed; construction has been completed; the project complies with the requirements of 24 CFR Part 92 (including the property standards under 24 CFR 92.251); the final drawdown has been disbursed for the project; the SUBRECIPIENT has submitted all necessary demographic and financial information to the GRANTEE in the form of the Activity Completion Report provided in "Attachment 6"; and the project completion information has been entered in the integrated disbursement and information system (IDIS) established by HUD.

The affordability requirements as listed in Section 24 CFR 92.254(a) (4) apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements shall be imposed by deed restrictions, covenants running with the land or other mechanism approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Said restrictions shall include that The GRANTOR may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

Affordability Period

For allotted time period following project completion (hereinafter referred to “the Affordability Period”), the following restrictions shall apply. The SUBRECIPIENT agrees to assist the GRANTOR in restricting the use of the property by recording a Mortgage, and Note (hereinafter the “DOCUMENTS”) in form and with the same content as that executed under even date herewith. DOCUMENTS shall be identical in substantial form as the forms in “Attachment 4” attached hereto and by reference made a part hereof.

In the event the housing does not continue to be the principal residence of the family for the duration of the Period of Affordability, the GRANTOR shall recapture a portion of the HOME Program assistance provided to the homebuyers in accordance with the terms and conditions provided in the loan agreement and note. The HOME Program funds provided under this AGREEMENT will be recaptured in accordance with 24 CFR 92.254(a)(5)(ii) and shall be repaid to the GRANTOR, recorded as CONSORTIUM program income in accordance with 24 CFR 92.503, and used in accordance with the requirements of the HOME Program.

Should the SUBRECIPIENT sell and transfer ownership of property assisted with HOME funds to a homeowner who does not meet the income eligibility of the HOME program, SUBRECIPIENT shall reimburse the CONSORTIUM the amount of HOME funds disbursed on the project by the CONSORTIUM. The CONSORTIUM shall deposit said funds in the local HOME Trust Account to be utilized for other affordable housing activities at the discretion of the CONSORTIUM.

Section 3: HOME Project Requirements

Project Requirements:

The GRANTOR shall provide HOME funds not to exceed **\$150,000.00** in accordance with 24 CFR 92.205(b) for eligible costs as described in 24 CFR 92.206 and 92.207. HOME Program funds will be disbursed on behalf of the SUBRECIPIENT under the following terms and conditions;

HOME funds provided by the SUBRECIPIENT to the eligible homebuyer as down payment assistance shall be in the form of a **Forgivable Loan** at 0% interest.

SUBRECIPIENT shall comply with all HOME project requirements in subpart F of 24 CFR Part 92, including 92.250: Maximum per-unit subsidy amount and layering, which stipulates that the amount of HOME funds that a grantee may invest in affordable housing on a per-unit basis may not exceed the per-unit dollar limits established by HUD under 221.514(b)(1) and (c) of this title for elevator-type projects, involving nonprofit mortgagors, insured under section 221(d)(3) of the National Housing Act that apply to the area in which the housing is located.

The GRANTOR and SUBRECIPIENT agree that the DOCUMENTS will be executed between the GRANTOR and the HOMEBUYER at the initial purchase closing for any housing unit receiving funds under the PROGRAM pursuant to this AGREEMENT. The DOCUMENTS

shall include language to ensure that the affordability period will be honored through the duration of this AGREEMENT and include provision for recapture of the HOME Program funds invested in the housing unit. GRANTOR staff will prepare these DOCUMENTS and the GRANTOR will pay recording fees for the DOCUMENTS.

This period of affordability shall commence the date that all necessary project information is provided to HUD via HUD's Integrated Disbursement and Information System (IDIS). GRANTOR agrees to enter all information provided into IDIS within 30 days of receipt. Should the PROJECT be modified after initial commencement date of the affordability period, a new affordability period may be re-structured.

The terms of the recapture provision will be such that they reflect the HUD provisions in the HOME Final Rule 24 CFR 92.254. Details of a recapture provision will be provided in the DOCUMENTS. Failure to ensure that the DOCUMENTS are executed at the initial purchase closing will result in withholding HOME Program funds until said item is addressed. SUBRECIPIENT also agrees to reference these required DOCUMENTS in each of their PROGRAM Agreements with the Homebuyers.

List of Documents

The following documents are included as "Attachment 4- Affordable Homeownership Program Sample Documents," have been added to or made a part hereof by reference:

Mortgage
Note

Section 4: Property Standards

The SUBRECIPIENT agrees that all housing purchased with HOME Funds shall meet the property standards, as established by the GRANTOR, as well as all applicable State and local construction codes, rehabilitation standards, and zoning ordinances at the time of project completion.

SUBRECIPIENT will provide homebuyers with a "walk-through" of the house and explain all maintenance concerns that are necessary to ensure the house remains in good repair and provide a bound document that includes information on all aspects of the home, including but not limited to architectural drawings, home warranty, appliance warranty, etc.

Section 5: Other Program Requirements

A. Affirmative Marketing of Vacant Units

SUBRECIPIENT must adopt an affirmative marketing policy and procedure acceptable to HUD for homebuyers of newly renovated/constructed houses per 24 CFR 92.351. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard

to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing requirements and procedures adopted must include:

1. Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the CONSORTIUM's affirmative marketing policy.
2. Requirements and practices SUBRECIPIENT must adhere to in order to carry out the affirmative marketing procedures and requirements.
3. Procedures to be used by SUBRECIPIENT to inform and solicit applications from persons, in the housing market area, who are not likely to apply for the housing without special outreach.
4. Records that will be kept describing actions taken by SUBRECIPIENT to affirmatively market units and records to assess the results of these actions.
5. A description of how the SUBRECIPIENT will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

B. Non-discrimination and Equal Opportunity

SUBRECIPIENT agrees that there shall be no discrimination against any person who is employed in carrying out the PROGRAM, or against any applicant for such employment, because of race, color, religion, sex, age, or national origin, or any other discrimination prohibited by Federal, State, County or local laws, including but not limited to employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SUBRECIPIENT further agrees to the following:

1. It shall be bound by said equal opportunity clause with respect to its own employment practices during the duration of its participation with the GRANTOR and HUD.
2. It shall furnish the GRANTOR and HUD with information as they may require for the supervision of such compliance and will otherwise assist the GRANTOR and HUD in the discharge of primary responsibility for securing compliance.
3. It shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the Secretary of Labor, the GRANTOR, or HUD.
4. It shall abide by the Human Rights Ordinance as set forth in Chapter 12 of the Urbana Code of Ordinances.

C. Displacement, Relocation and Acquisition

If applicable, SUBRECIPIENT agrees to assist the GRANTOR to provide relocation assistance to persons temporarily relocated or permanently displaced at the levels described in and in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C.4201 to 4655) and 49 CFR, Part 24 and Section 104(d) of the Housing and Community Development Act, as applicable.

D. Labor and Contracting Requirements

PROJECT SUBRECIPIENT and its contractors and subcontractors shall comply with the Davis-Bacon Act (40 U.S.C. 276a-276a-5) with regard to all its requirements including wage rates paid pursuant to or as a result of this AGREEMENT. Any contracts executed as a result of this AGREEMENT may also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

E. Disbarment & Suspension

The SUBRECIPIENT certifies that it is not debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. The SUBRECIPIENT shall establish procedures to ensure they do not make any award to grantees and subgrantees (including contractors) at any tier in violation of the nonprocurement debarment and suspension common rule. **The SUBRECIPIENT shall verify and document that none of its grantees, subgrantees or contractors are debarred, suspended or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Non procurement programs (“List”).** The SUBRECIPIENT may request assistance from the GRANTOR to access the List and document results.

F. Conflict of Interest

The SUBRECIPIENT guarantees that no member of, or Delegate to, the Congress of the United States shall be admitted to any share or part of this contract or to any benefit to arise from the same. The SUBRECIPIENT agrees that no members of the governing body of the locality in which the SUBRECIPIENT is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the AGREEMENT 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 services performed under this AGREEMENT. Unless expressly permitted by U.S. Department and Housing and Urban Development (“HUD”), SUBRECIPIENT agrees that no person who is an employee, agent, consultant, officer, or elected or appointed official of the SUBRECIPIENT and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds, or who is in a position to participate in a decision making process to gain inside information with regard to such HOME-assisted activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter. Unless expressly permitted by the GRANTOR, no SUBRECIPIENT, or officer, employee, agent or consultant of the SUBRECIPIENT, may occupy a HOME-assisted affordable housing unit in a project.

G. Air and Water

The SUBRECIPIENT agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

1. Clean Air Act, 42 U.S.C. 7401, *et seq.*;

2. Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

Section 6: Records and Reports

A. Records

SUBRECIPIENT authorizes the GRANTOR and HUD to conduct on-site reviews, examine personnel records, and to conduct any other procedure or practice necessary to assure compliance with this AGREEMENT and applicable HUD regulations. SUBRECIPIENT will ensure that all documents related to this Project shall be kept for a period of five (5) years after project's affordability period has been completed (estimated at 2028). Records to be retained include, but are not limited to timesheets; receipts and invoices for materials, supplies, and services; and documentation used to request reimbursement of expenses.

SUBRECIPIENT shall maintain such records and accounts, including program records, project records; financial records; program administration records; equal opportunity and fair housing records; affirmative marketing and MBE/WBE records; records demonstrating compliance with the income determination and requirements of 24 CFR 92.203; record keeping requirements of 24 CFR 92.508; records demonstrating compliance with the labor requirements of 24 CFR 92.354; records demonstrating compliance with the lead-based paint requirements of 24 CFR 92.355; records supporting exceptions to the conflict of interest prohibition pursuant to 24 CFR 92.356; debarment and suspension certifications required by 24 CFR parts 24 and 91; and any other records as are deemed necessary by the GRANTOR to assure a proper accounting and monitoring of all HOME Funds. In the event the GRANTOR determines that such records are not being adequately maintained by SUBRECIPIENT, the GRANTOR may cancel this AGREEMENT in accordance with Article I Section 7 and Article II herein.

With respect to all matters covered by this AGREEMENT, records will be made available for examination, audit, inspection or copying purposes at any time during normal business hours and as often as the GRANTOR, HUD, representatives of the Comptroller General of the United States or other Federal agency may require. SUBRECIPIENT will permit same to be examined and excerpts or transcriptions made or duplicated from such records, and audits made of all contracts, invoices, materials, records of personnel and of employment and other data relating to all matters covered by this AGREEMENT. The GRANTOR'S right of inspection and audit shall obtain likewise with reference to any audits made by any other agency, whether local, State or Federal.

The SUBRECIPIENT shall retain all records and supporting documentation applicable to this AGREEMENT for the most recent five (5) year period, except as provided below:

- (a) For homeownership housing projects, records shall be retained for five (5) years after the project completion date, except for documents imposing recapture

provisions, which must be retained for five (5) years after the affordability period terminates.

- (b) Written agreements must be retained for five (5) years after the AGREEMENT terminates.
- (c) If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

B. Reports

The SUBRECIPIENT must submit quarterly reports no more than ten (10) days after the end of each quarter. The following table lists the end of the quarter and the corresponding quarterly report due date:

Quarter	Period	Quarterly Report Due Date
1	July 1 – September 30	October 10
2	October 1 – December 31	January 10
3	January 1 – March 31	April 10
4	April 1 – June 30	July 10

The quarterly reports shall be submitted by the SUBRECIPIENT quarterly until the final house has been constructed and transferred to the homebuyer. A sample is attached as “Attachment 5”.

Section 7: Enforcing of Agreement

A default shall consist of any use of HOME Program funds for a purpose other than as authorized by this AGREEMENT, noncompliance with the HOME Program guidelines as outlined in 24 CFR Part 92, any material breach of the AGREEMENT, failure to timely comply with the audit requirements in Article XIII, failure to expend HOME Program funds in a timely manner, or a misrepresentation in the application submission which, if known by GRANTOR and/or HUD, would have resulted in HOME Program funds not being provided. Upon due notice to the SUBRECIPIENT of the occurrence of any such default and the provision of a reasonable opportunity to respond, the GRANTOR may take one or more of the following actions:

- (a) Direct the SUBRECIPIENT to prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables and milestones necessary to implement the affected activities;
- (b) Direct the SUBRECIPIENT to establish and follow a management plan that assigns responsibilities for carrying out the remedial actions;
- (c) Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME Program funds for the activities;
- (d) Reprogram HOME funds that have not yet been expended from affected activities to other eligible activities or withhold HOME Program funds;

- (e) Direct the SUBRECIPIENT to reimburse the GRANTOR's program accounts in any amount not used in accordance with the requirements of 24 CFR Part 92, et al;
- (f) Suspend disbursement of HOME Program funds for affected activities;
- (g) Other appropriate action including, but not limited to, any remedial action legally available, such as litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions, termination of the AGREEMENT and any other available remedies.

For purposes of this AGREEMENT, a reasonable opportunity to respond to any default shall be thirty (30) days from receipt by SUBRECIPIENT of the GRANTOR'S written notice of default. No delay or omission by GRANTOR and/or HUD in exercising any right or remedy available to it under the AGREEMENT shall impair any such right or remedy or constitute a waiver or acquiescence in any SUBRECIPIENT default.

Unless the SUBRECIPIENT'S default is waived, the GRANTOR may, upon twenty-four (24) hour written notice, terminate this AGREEMENT for said default. Waiver by the GRANTOR of SUBRECIPIENT'S default under this AGREEMENT shall not be deemed to be a waiver of any other default nor shall it be termination notice.

Notices required herein, shall be considered received by the SUBRECIPIENT and the GRANTOR if delivered in person, or when deposited in the U.S. Mail, postage prepaid certified mail, return receipt requested.

Section 8: Request for Disbursement of Funds

SUBRECIPIENT shall not request disbursement of HOME Program funds until HOME Program funds are needed to pay eligible costs related to the PROGRAM. The amount of any request for funds shall not exceed the amount needed and shall be supported by appropriate documentation such as a sales contract, invoice, completed property maintenance inspection report, and performance-progress reports, and settlement statements from HOMEBUYER mortgage closings. The GRANTOR shall make payment to SUBRECIPIENT within fourteen (14) calendar days of receipt of a complete and acceptable request by the GRANTOR. The GRANTOR reserves the right to withhold disbursement of funds until appropriate documentation is submitted. All checks shall be made payable to "Habitat For Humanity of Champaign County". All monies granted to SUBRECIPIENT pursuant to this AGREEMENT shall be expended by **June 30, 2018**.

Further, no payments shall be released to SUBRECIPIENT prior to the GRANTOR receiving environmental clearance from the Illinois Historic Preservation Agency stating no historical significance has been identified at the properties being developed with HOME Program funds and a flood plain map has been reviewed to prove the property is not located within a floodplain. GRANTOR will be responsible for obtaining the necessary environmental clearance documentation.

Section 9: Duration of Agreement

This AGREEMENT shall be effective as of the date executed by the Mayor and attested by the City Clerk and shall remain in effect until the latest of the following dates or events: **five years after the termination date of the affordability period, which is the date that a request to destroy confidential client information will be considered by the City of Urbana**; the date that any ongoing investigation is formally concluded in writing regarding the project described herein by the United States Department of Housing and Urban Development or any of its agents.

Section 10: Conditions for Religious Organizations

The SUBRECIPIENT ensures that HOME Program funds shall not be provided to primarily religious organizations, such as churches, for any activity including secular activities. In addition, HOME Program funds shall not be used to rehabilitate or construct housing owned by primarily religious organizations or to assist primarily religious organizations in acquiring housing. However, HOME Program funds may be used by a secular entity to acquire housing from a primarily religious organization, and a primarily religious entity may transfer title to its property to a wholly secular entity and the entity may participate in the HOME Program in accordance with the requirements of this 24 CFR Part 92.257. The entity may be an existing or newly established entity, which may be an entity established by the religious organization. The completed housing project must be used exclusively by the owner entity for secular purposes, available to all persons regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property.

ARTICLE II: COMPLIANCE WITH VISITABILITY STANDARDS

Any residence constructed pursuant to this Agreement within the corporate limits of the City of Urbana and the City of Champaign shall incorporate applicable visitability for the jurisdiction in which the project is located.

ARTICLE III: FINANCIAL RESPONSIBILITY

The allocation of funds by the GRANTOR pursuant to this AGREEMENT shall in no way obligate the GRANTOR for any financial responsibility incurred by the PROGRAM in excess of the funding pledged herein. The GRANTOR reserves the right to withhold pledged funds if the GRANTOR is not satisfied with the SUBRECIPIENT'S compliance with the terms and conditions of performance outlined in this AGREEMENT.

ARTICLE IV: CERTIFICATIONS

SUBRECIPIENT represents the following with respect to this AGREEMENT.

- A. SUBRECIPIENT possesses legal authority to receive HOME Program funds from the GRANTOR and to execute the PROGRAM as described herein.

- B. The governing body of SUBRECIPIENT has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this AGREEMENT including all understandings and assurances contained herein, and directing and designating the authorized representative of SUBRECIPIENT to act in connection with this AGREEMENT and to provide such additional information as may be required.
- C. SUBRECIPIENT, its successors and assigns, agrees to develop and operate the PROJECT in accordance with HOME Program regulations promulgated at 24 CFR Part 92 and with applicable building codes.
- D. SUBRECIPIENT, its successors and assigns, agrees to comply with Section 3 of the Fair Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u), hereinafter referred to as "Section 3", which provides that, to the greatest extent feasible, opportunities for training and employment that arise through the PROGRAM shall be given to low-income residents of the Cities of Champaign, Urbana or Unincorporated Champaign County and that contracts in connection with the PROGRAM be awarded to business concerns located in or owned in substantial part by persons residing in the Cities of Champaign, Urbana or Unincorporated Champaign County. SUBRECIPIENT agrees to comply with provisions of said Section 3 and the regulations as issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of HUD issued there under. SUBRECIPIENT certifies and agrees that it is under no contractual or other disability that would prevent SUBRECIPIENT from complying with these requirements. SUBRECIPIENT'S responsibility to comply with Section 3 regulations includes the following:
1. Including in each subcontract in excess of \$100,000 a requirement that the subcontractor comply with Section 3.
 2. Sending each labor organization or representative of workers with which SUBRECIPIENT has a collective bargaining agreement or other understanding a notice of the SUBRECIPIENT commitment under Section 3.
 3. Posting copies of the notice in conspicuous places at work sites where both employees and applicants for employment positions can see the notice.
 4. Refraining from allowing a subcontractor to postpone filling any vacant employment and training positions after the subcontractor is selected but before the contract with the subcontractor is executed for the purpose of circumventing obligations under Section 3.
 5. Refraining from entering into any contract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of Section 3 regulations.
 6. Directing efforts to award covered contracts to Section 3 business concerns in order of priority.

7. Directing efforts to employ and train Section 3 residents in the order of priority.
 8. Documenting actions taken to comply with Section 3 requirements.
 9. Submitting required Section 3 reports.
- E. SUBRECIPIENT agrees to give maximum feasible priority to very low-income persons when administering the PROGRAM described herein.
- F. SUBRECIPIENT acknowledges it shall match HOME Program funds disbursed by the GRANTOR and pursuant to this AGREEMENT in the amount of **\$37,500** in non-federal funds as defined in 24 CFR Part 92.220.
- G. SUBRECIPIENT shall comply with the regulations, policies, guidelines, and requirements of federal management circulars as they relate to the acceptance and use of Federal funds for the PROGRAM. SUBRECIPIENT agrees to maintain financial records in accordance with applicable Federal guidelines; OMB circulars A-110, A-122, and A-133; the following requirements of 24 CFR Part 84: 84.2, 84.5, 84.13, 84.16, 84.21, 84.22, 84.26 - 84.28, 84.30, 84.31, 84.34 - 84.37, 84.40 - 84.48, 84.51, 84.60 - 84.62, 84.72, and 84.73. SUBRECIPIENT shall separately and accurately identify use of HOME funds pursuant to this AGREEMENT.
- H. SUBRECIPIENT shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which SUBRECIPIENT receives federal financial assistance.
- I. SUBRECIPIENT shall comply with Executive Order 11246, and all regulations issued pursuant thereto, which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally assisted contracts. Such contractors and subcontractors shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
- J. SUBRECIPIENT shall establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- K. No Federal appropriated funds have been paid or will be paid, by or on behalf of SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of any agency including the GRANTOR, a Member of Congress, an officer or employee of Congress, or an employee of a Member of

Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency including the GRANTOR, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, SUBRECIPIENT will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- L. SUBRECIPIENT shall give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the PROGRAM.
- M. SUBRECIPIENT shall at all times observe and comply with all laws, ordinances, or regulations of Federal, State, and local governments which may in any manner affect the performance of this AGREEMENT. SUBRECIPIENT shall be liable to perform all acts to the GRANTOR in the same manner as the GRANTOR performs these functions to the Federal government.
- N. SUBRECIPIENT shall be responsible for any and all claims, costs, causes, actions, and expenses, including, but not limited to, attorneys' fees incurred by reason of a law suit or claim for compensation arising in favor of any person, including the employees, officers, independent contractors, subcontractors, or agents of SUBRECIPIENT, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under this PROGRAM, whether such loss, damage, injury, or liability is contributed to by the negligence of the GRANTOR or its officers, employees, or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that SUBRECIPIENT shall have no liability for damages or the costs incident thereto caused by the sole negligence of the GRANTOR, or its officers, employees, or agents.
- O. SUBRECIPIENT shall have full control of the ways and means of performing the services referred to herein. SUBRECIPIENT acknowledges and agrees that its employees, representatives, subcontractors, and agents may in no respect be considered employees of the GRANTOR.
- P. SUBRECIPIENT agrees that, to the greatest extent feasible, all construction-related expenditures made for the PROGRAM shall be made to City of Champaign, Urbana and Unincorporated Champaign County firms or individuals.

ARTICLE V: PROHIBITION AGAINST LOBBYING

PROJECT SPONSOR acknowledges that no funds disbursed pursuant to this Agreement shall be used to finance lobbying activities. Furthermore, PROJECT SPONSOR acknowledges that no PROJECT SPONSOR employee funded in whole or part pursuant to this Agreement shall engage in lobbying activities at any time during the term of this Agreement. For purposes of this Agreement the term “lobbying activities” shall include the following.

- A. Any activity related to the election or appointment of an individual to public office, including, but not limited to, contributions to campaign funds, solicitation in an attempt to influence the outcome of an election for public office, and preparation and dissemination of campaign materials
- B. Sponsorship of candidate forums
- C. Sponsorship of voter registration drives
- D. Provision of transportation to polling places
- E. Contributing financially to elected or appointed public officials in an attempt to influence legislation
- F. Hiring an individual or individuals to represent an organization and/or its position before elected or appointed public officials.

ARTICLE VI: NOTICES

Notices and communications under this AGREEMENT shall be sent first class, prepaid to the respective parties as follows.

TO THE GRANTOR: Grants Management Division
Attn: Manager
400 South Vine Street
Urbana, Illinois 61801

TO THE SUBRECIPIENT: Habitat for Humanity of Champaign County
Attn: Executive Director
119 E. University Ave
Champaign, IL 61820

ARTICLE VII: CONTINGENCIES

This AGREEMENT, including the provision of funds by the GRANTOR for the PROJECT as described herein, is contingent upon GRANTOR’S receipt of HOME Investment Partnerships Program grant funds from the Department of Housing and Urban Development and the signing of GRANTOR and the SUBRECIPIENT.

ARTICLE VIII: ASSIGNMENT

SUBRECIPIENT shall not assign this AGREEMENT, nor any part thereof, without prior written approval of the GRANTOR.

ARTICLE IX: MODIFICATION

No modification of this AGREEMENT, including modification of the PROGRAM budget in “Attachment 3”, shall be effective unless in writing and executed by the parties hereto.

ARTICLE X: EXECUTION OF AGREEMENT

This AGREEMENT shall be binding upon the GRANTOR and SUBRECIPIENT, their successors and assigns, and shall be effective as of the date executed by the Mayor of Urbana and attested by the City Clerk.

ARTICLE XI: PROJECT PUBLICITY

Any news release or other type of publicity pertaining to the work performed pursuant to this AGREEMENT must recognize GRANTOR as a SUBRECIPIENT, funded by HUD.

ARTICLE XII: MONITORING AND EVALUATING

The GRANTOR shall be responsible for monitoring and/or evaluating all aspects of the services provided by SUBRECIPIENT under this AGREEMENT. The GRANTOR shall have access to and be able to make copies and transcriptions of such records as may be necessary in the determination of the GRANTOR or HUD to accomplish this monitoring and/or evaluation. In order to properly monitor or evaluate the SUBRECIPIENT’S performance under this AGREEMENT, the GRANTOR shall make on-site inspections annually or as often as it deems necessary. Failure by the SUBRECIPIENT to assist the GRANTOR in this effort, including allowing the GRANTOR to conduct the on-site inspections and have access to the SUBRECIPIENT’S records, shall result in the imposition of sanctions as specified in Article I Section 7 herein.

Said evaluation may be accomplished by the GRANTOR through a management evaluation of the services provided under this AGREEMENT during the term of this AGREEMENT.

During the period of affordability, the GRANTOR shall perform on-site inspections to ensure units are the principal residence of the homebuyers and they are maintained to minimum property standards as determined by the code requirements as adopted by the local jurisdiction the Project is located in.

ARTICLE XIII: PROGRAM INCOME

SUBRECIPIENT shall retain any proceeds from the sale of the property in the form of principal and interest on any mortgage issued through the sale, late payment fees, or any other income earned as a result of this PROJECT. Proceeds earned shall be used for expenses related to the furthering of affordable housing in the form of hard and soft costs associated with housing construction, provision of educational services related to homeownership, and operating expenses associated with carrying out affordable housing activities, which includes, but is not limited to: staff salaries, rent and utilities, taxes, marketing, etc. Furthermore, affordable housing initiatives undertaken with the support of proceeds from this PROJECT need not conform to the HOME regulations found at 24 CFR Part 92.

ARTICLE XIV: INDEMNIFICATION

SUBRECIPIENT shall to the fullest extent allowed by law defend, hold harmless and indemnify the GRANTOR from and against any and all liability, injury, loss, claims, damages, costs, attorneys' fees and expenses of whatever kind or nature which the GRANTOR may sustain, suffer or incur or be required to pay by reason of:

- A. The loss of any monies paid to SUBRECIPIENT;
- B. Fraud, defalcation or dishonesty on the part of any person representing, employed by, contracted or subcontracted by SUBRECIPIENT;
- C. Any act, omission, wrongdoing, misconduct, want of care or skill, negligence or default on the part of SUBRECIPIENT or any of its contractors, subcontractors, sub-subcontractors, materialmen, suppliers and laborers in the execution or performance of this AGREEMENT; or

The indemnity hereunder shall survive termination of the AGREEMENT. In the event that any action, suit or proceeding is brought against the GRANTOR upon any liability arising out of the AGREEMENT, or any other matter indemnified against, the GRANTOR at once shall give notice in writing thereof to SUBRECIPIENT by registered or certified mail addressed to SUBRECIPIENT. Upon receipt of such notice, SUBRECIPIENT, at its own expense, shall defend against such action and take all such steps as may be necessary or proper to prevent the obtaining of a judgment against the GRANTOR.

GRANTOR:

SUBRECIPIENT:

Laurel Prussing, Mayor

Signature

Date

Title

Attest

- Attachment 1 - Notice (the State of Illinois Prevailing Wage Act)**
- Attachment 2- Schedule of Program**
- Attachment 3- Sample Budget/ Financial Projections per Property**
- Attachment 4- Affordable Homeownership Program Sample Documents: Land Use Restriction Agreement, Homebuyer Program Agreement, Mortgage, and Note**
- Attachment 5- Sample Quarterly Report Required by the Urbana HOME Consortium**
- Attachment 6- LLL-Disclosure to Report Lobbying Activity**
- Attachment 7- MBE/WBE**

Attachment 1

Notice

The Illinois State Prevailing Wage Act (820 ILCS 130/0.01 et seq.) provides in part as follows: "Not less than the general prevailing rate of hourly wages for work of a similar character on public works in the locality in which the work is performed, and not less than the general prevailing rate of hourly wages for a legal, holiday and overtime work, shall be paid to all laborers, workers and mechanics employed by or on behalf of any public body engaged in the construction of public works." (820 ILCS 130/3, quoted in part).

The Act defines a public body as follows: "'Public body' means the state or any officer, board or commissioner of the state or any political subdivision or department thereof, or any institution supported in whole or part by public funds, authorized by law to construct public works . . ." (820 ILCS 130/2, quoted in part).

The Department of Labor has recently applied this provision to a not-for-profit corporation, indicating that it was the opinion of the Department that the not-for-profit, because of its State funding, was considered a public body for the purposes of the Prevailing Wage Act. You are encouraged to contact the Department of Labor for its guidance with respect to whether or not it considers your organization a "public body" under the Act for the purposes of the Prevailing Wage Act. If the Prevailing Wage Act applies, you are required to compensate all workers on the project, including volunteers, for work done on the project.

Since, by the terms of this agreement you are required to follow all local, State and Federal laws, if the State Prevailing Wage Act is applicable to your organization, then you are required to comply with the Act by the terms of this contract."

SUBRECIPIENT: Habitat for Humanity of Champaign County

Signed by: _____

Title: _____ Date: _____

**Attachment 2
Program Schedule**

HABITAT AFFORDABLE HOMEOWNERSHIP PROGRAM

SCHEDULE OF ACTIVITIES

[see attached]

Attachment 3
Sample Budget/ Financial Projections per Property

[see attached]

Attachment 4
Habitat -Affordable Homeownership Program Sample Documents:
Land Use Regulatory Agreement, Homebuyer Program Agreement, Mortgage, and Note

CITY OF URBANA HOME PROGRAM
REGULATORY AND LAND USE RESTRICTION
AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (the "Agreement") is made and entered into as of this _____ day of _____, 2015, by and between **Habitat for Humanity of Champaign County (the "Owner")**, and the **City of Urbana, Illinois**, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois 61801 (the "Agency").

RECITALS

- A. The Agency receives funds to promote affordable housing from the U.S. Department of Housing and Urban Development ("HUD") through the HOME Investment Partnerships Program (the "HOME Program"), as authorized by Title II of the National Affordable Housing Act of 1990 (P.L. 101-165) (the "Act") and the regulations promulgated thereunder and codified at 24 CFR Part 92 (the "Regulations"), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the Act and the Regulations.
- B. The Owner is the owner of the real property commonly known as _____, Urbana, IL, more particularly described in Exhibit A attached hereto and made a part hereof (the "Property") and has agreed to maintain the property as an Affordable Rental Housing Unit (the "Project") as described in Title 24 of the Code of Federal Regulations at Part 92 for the full ten-year term of affordability, commencing on _____, 2015.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. **RECITALS.** The foregoing recitals are made a part of this Agreement.

2. **GENERAL CONDITIONS.** This Agreement shall be subject to, and Owner agrees to comply with, the terms and conditions of the Act and the Regulations, as amended and supplemented from time to time.
3. **OWNER COVENANTS, REPRESENTATIONS, AND WARRANTIES.** The Owner covenants, represents, and warrants to the Agency as follows.
 - (a) **Title.** The Owner holds fee simple title to the Property.
 - (b) **Rental Property.** The Property is and during the term of this Agreement shall remain a rental housing unit owned by the Owner.
 - (c) **Affordability Requirements.** The Owner shall comply with the occupancy restrictions set forth in Section 6.
4. **ACTS REQUIRING AGENCY APPROVAL.** Owner shall not without the prior written approval of Agency, which may be given or withheld in Agency's sole discretion:
 - (a) **Transfer of Project.** Convey, transfer, or encumber the Project or any part thereof, or permit the conveyance, transfer, or encumbrance of the Project or any part thereof;
 - (b) **Transfer of Rents.** Convey, assign, or transfer any right to manage or receive the rents and profits from the Project;
 - (c) **Security Deposits.** Require, as a condition of the occupancy or leasing of any unit in the Project, any consideration or deposit other than the pre-payment of the first month's rent plus a security deposit in an amount not to exceed one (1) month's rent to guarantee the performance by the Tenant of the covenants of such lease. Any funds collected by Owner as security deposits shall be kept separate and apart from all other funds of the Project; or
5. **PROGRAM & PROJECT REQUIREMENTS.** Owner further covenants, represents, and warrants to the Agency as follows.
 - (a) **Governmental Approvals.** The Owner shall obtain all Federal, State, and local governmental approvals required by law for the Project.
 - (b) **Compliance With Laws.** The Owner shall cause the Project to comply with all local codes, ordinances, zoning ordinances, and HUD Section 8 Housing Quality Standards, as set forth in Section 370.601 of the Rules.
 - (c) **Flood Insurance.** The Owner shall procure flood insurance satisfactory to the Agency if the Property is located within a 100-year flood plain.

- (d) Inspections. The Agency shall have the right to inspect the Property during the course of the Project and during the Affordability Period (as defined in Section 6) to insure the Project's compliance with the project requirements described in Section 5(b).
6. **OCCUPANCY AND RENTAL RESTRICTIONS.** The Owner further covenants as follows.
- (a) Occupancy Restrictions. The transitional housing unit shall be occupied by persons or households with incomes at or below 60 percent of the Median Family Income as published annually by the Department of Housing and Urban Development for the period described in Paragraph 6(c) below (the "Affordability Period").
- (b) Rental Restrictions. During the Affordability Period the rent for the units in the Project shall comply with the Regulations, including, without limitation, 24 CFR Part 92.252. The initial rent for the unit in the Project is set forth in **Exhibit B**. On an annual basis, the Agency shall review and approve rent proposed by the Owner for the Project unit, and if applicable, the monthly allowances proposed by the Owner for utilities and services to be paid by the tenant. The Agency shall recalculate the maximum monthly rent annually and may change such maximum rent as changes in the applicable gross rent amount, the income adjustments, or the monthly allowances for utilities and services warrant. Any increase in rent for the Project units are subject to the provisions of outstanding leases, and in any event, the Owner must provide tenants of the units not less than thirty (30) days prior written notice before implementing any increase in rent and only at the time of resigning the lease.
- (c) Certification of Income. On forms provided by the Agency, the Owner shall obtain from each Low-Income Family applying for a Project unit, prior to their admission to the Project, a Certification of Income (the "Certification") annually during the Affordability Period, a recertification of such income (the "Recertification") from each such Family. The Owner shall submit such Certifications and Recertifications, and such other certifications as the Agency may require, to the Agency in the manner prescribed by the Agency.
- (d) Occupancy and Rental Restrictions. Subject to termination in the event of foreclosure or transfer in lieu of foreclosure as provided in Section 92.252(a)(5) of the Regulations, the occupancy and rental restriction provisions of this Section 6 shall remain in effect for a period of **ten (10) years** from the date of "project completion" (as such term is defined in the Regulations). The Owner acknowledges and agrees that such Affordability Period shall apply notwithstanding any contrary affordability period set forth in the Rules and Regulations. In the event of foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the Project, the Agency shall have the right, but not the obligation, to acquire the Project prior to such foreclosure or deed in lieu of

foreclosure to preserve the foregoing affordability provisions in Section 92.252 of the Regulations.

7. **RECORDS**. At the request of the Agency, the Owner shall furnish such records and information as required by the Agency in connection with the maintenance, occupancy, and physical condition of the Property.

8. **VIOLATION OF AGREEMENT BY OWNER**. Upon violation of any of the provisions of this Agreement or upon a default (as defined therein) under any of the other Loan Documents by Owner, Agency shall give written notice thereof to the Owner, as provided in Section 13 hereof. If such violation is not corrected to the satisfaction of Agency within thirty (30) days after the date such notice is mailed, or within such further time as the Agency in its sole discretion permits (but if such violation is of a nature that it cannot be cured within such thirty (30) day period, then so long as the Owner commences to cure within such thirty (30) day period and diligently pursues such cure to completion within a reasonable period not to exceed one hundred twenty (120) days from the date of such notice, it shall not be considered a violation), Agency may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to the Owner, and upon such default Agency may:
 - (a) **Collection of Rents**. Collect all rents and charges in connection with the operation of the Project to induce Owner to maintain compliance with the requirements of the Project, and such other obligations of the Owner in connection with the Project and the necessary expenses of preserving and operating the Project;

 - (b) **Possession**. Take possession of the Project, bring any action necessary to enforce any rights of the Owner growing out of the operation of the Project, and operate the Project in accordance with the terms of this Agreement until such time as the Agency, in its sole discretion, determines that the Owner is again in a position to operate the Project in accordance with the terms of this Agreement and in compliance with the requirements of the Project;

 - (c) **Judicial Relief**. Apply to any court, State or Federal, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, or for such other relief as may be appropriate. Because the injury to the Agency arising from a default under any of the terms of this Agreement would be irreparable and the amount of damages would be difficult to ascertain, the Owner acknowledges and agrees that in the event of a violation of this Agreement, the Agency's remedies at law would be inadequate to assure the Agency's public purpose under the Act;

 - (d) **Other Available Remedies**. Exercise such other rights or remedies as may be available to the Agency hereunder, at law or in equity.

The Agency's remedies are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of any other remedy by the Agency. No waiver of any breach of this Agreement by the Agency shall be deemed to be a waiver of any other breach or a subsequent breach. If the Agency fails to exercise, or delays in exercising, any right under this Agreement, such failure or delay shall not be deemed a waiver of such right or any other right.

9. **TERMINATION OF LIABILITIES.**

- (a) **Permitted Assignment.** In the event the Agency, in its sole discretion, consents to a sale or other transfer of the Project, all of the duties, obligations, undertakings, and liabilities of the transferor under the terms of this Agreement shall thereafter cease and terminate as to such transferor, except as to any acts or omissions or obligations to be paid or performed by such transferor that occurred or arose prior to such sale or transfer; provided, however, as a condition precedent to the termination of the liability of the transferor hereunder, the transferee of the Project (a "New Owner") shall assume in writing, on the same terms and conditions as apply hereunder to the transferor, all of the duties and obligations of such transferor arising under this Agreement from and after such sale or transfer. Such assumption shall be in form and substance acceptable to Agency.
- (b) **Assumption By New Owner.** Any New Owner shall be bound by the terms of this Agreement to the same extent and on the same terms as the present Owner is bound hereunder and shall execute an assumption of such obligations in form and substance acceptable to Agency as a condition precedent to such party's admission as a New Owner; provided, however, that any such New Owner shall not be obligated with respect to matters or events which occur or arise prior to such party's admission as a New Owner.

10. **TERMS OF AGREEMENT; COVENANTS RUN WITH PROPERTY.** The covenants, conditions, restrictions, and agreements set forth in this Agreement (collectively, the "Obligations") shall be deemed to run with, bind, and burden the Property and shall be deemed to bind any New Owner and any other future owners of the Property and the holder of any legal, equitable, or beneficial interest therein for the Affordability Period. The Owner shall, if so requested by the Agency, execute a written memorandum prepared by the Agency, which memorandum shall memorialize said date of project completion and the foregoing Affordability Period. Any waiver by the Agency of its right to prepare or record any such memorandum and any failure by the Owner to execute and deliver the same shall not affect the validity or enforceability of the Obligations. In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the Property, the Agency shall have the right, but not the obligation, to acquire the Property prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in Section 92.252 of the Regulations.

It is hereby expressly acknowledged by Owner that the undertaking of the Obligations by Owner is given to induce Agency to make the Loan and that, notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period, the Owner's undertaking to perform the Obligations for the full Affordability Period set forth in the previous paragraph is a condition precedent to the willingness of Agency to make the Loan.

11. **INDEMNIFICATION.**

- (a) The Owner shall indemnify the Agency and the Agency's officers, agents, employees, or servants against, and hold them harmless from, liabilities, claims, damages, losses, and expenses, including, but not limited to, legal defense costs, attorneys' fees, settlements, or judgements, whether by direct suit or from third parties, arising out of the Owner's performance under this Agreement or the work performed by a contractor in connection with the Project, in any claim or suit brought by a person or third party against the Agency or the Agency's officers, agents, employees, or servants.
- (b) If a claim or suit is brought against the Agency or the Agency's officers, agents, employees, or servants, for which the Owner is responsible pursuant to Subsection (a) above, the Owner shall defend, at the Owner's cost and expense, any suit or claim, and shall pay any resulting claims, judgements, damages, losses, costs, expenses, or settlements against the Agency or the Agency's officers, agents, employees, or servants.

12. **AMENDMENT.** This Agreement shall not be altered or amended except in writing signed by the parties hereto.

13. **NOTICES.** Any notice, demand, request, or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing, at the addresses set forth in Exhibit A, by any of the following means: (a) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

The OWNER: Habitat for Humanity
Attn: Executive Director
119 E. University Ave.
Champaign, IL 61820

The AGENCY: City of Urbana
Manager, Grants Management Division
400 South Vine Street
Urbana, IL 61801

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request, or other communication sent pursuant to either Subsection (a) or (b) hereof shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means. Any notice, demand, request, or other communication sent pursuant to Subsection (c) shall be served and effective upon deposit with the overnight courier. Any notice, demand, request, or other communication sent pursuant to Subsection (d) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

14. **SUCCESSORS.** This Agreement shall bind, and the benefits shall inure to, the parties hereto, their legal representatives, successors in office or interest and assigns, provided that the Owner may not assign this Agreement, or any of its obligations hereunder without the prior written approval of the Agency.
15. **SURVIVAL OF OBLIGATIONS.** The Owner's obligations, as set forth in this Agreement, shall survive the sale of the property or foreclosure therein, and the Owner shall continue to cooperate with the Agency and furnish any documents, exhibits, or showings required.
16. **CONSTRUCTION OF AGREEMENT.**
 - (a) **Partial Invalidation.** If any term, covenant, condition, or provision of this Agreement, or the application thereof to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition, and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
 - (b) **Gender.** The use of the plural in this Agreement shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.
 - (c) **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the intent of any provision of the Agreement.
 - (e) **Construction.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois.
17. **COUNTERPARTS.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.

18. **WAIVER OF JURY TRIAL. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR CONTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PROJECT OR THIS AGREEMENT.**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

CITY OF URBANA

BORROWER

BY: _____
Laurel Prussing, Mayor

BY: _____
Sheila Dodd, Executive Director

ATTEST:

Phyllis Clark, City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Sheila Dodd, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed and delivered the said instrument as her free and voluntary act in her capacity as Executive Director of Habitat for Humanity of Champaign County, and as the free and voluntary act of said organization for the purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2015.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

Legal Description:

Common address: _____, Urbana, Illinois 61801

PIN: __-__-__-__-__

HOMEBUYER PROGRAM AGREEMENT

THIS HOMEBUYER PROGRAM AGREEMENT (“Agreement”), made as of this _____ day of _____, 2015, by and between _____ (“Owner”), who will purchase and will reside at _____ Property I.D. _____ (“Residence”), and the City of Urbana, Illinois, an Illinois unit of local government (“City”), having its principal offices at 400 S. Vine Street, Urbana, Illinois 61801.

WITNESSETH

WHEREAS, the City is a recipient of funds from the United States Department of Housing and Urban Development (“HUD”), as administrator of the HOME Investment Partnerships Program (“HOME Program”) pursuant to which HUD has agreed to make a Deferred Loan to the City, the proceeds of which are to be used to make forgivable Deferred Loans (individually, a “Deferred Loan”) to Eligible Homebuyers (as hereinafter defined) for the acquisition of Eligible Residences (as hereinafter defined) under the City’s Homebuyer Program (“Program”); and

WHEREAS, the Owner will be the owner of the fee simple title to the Residence and have applied to the City for a Deferred Loan in connection with the acquisition of the Residence (“Project”); and

WHEREAS, it is a condition of the making of the Deferred Loan that the Owner enter into and be bound by this Agreement.

In consideration of the recitals set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **RECITALS.** The foregoing recitals are made a part of this Agreement.
2. **GENERAL CONDITIONS.** This Agreement and the Deferred Loan shall be subject to the terms and conditions of the HOME Investment Partnership Act, Code of Federal Regulations Title 24, Volume 1 [24CFR92.1 *et seq.*].
3. **OWNER REPRESENTATIONS AND WARRANTIES.** The Owner represents and warrants to the City as follows:
 - a. The Owner’s household has a gross annual income, as adjusted for family size, that is less than or equal to eighty percent (80%) of the median income for the metropolitan statistical area or county in which the Residence is located, as determined by HUD.
 - b. The Owner will hold fee simple title to the Project.
 - c. The Project will be the principal residence of the Owner, as defined by the United States Department of the Treasury, Internal Revenue Service (IRS) regarding the term “main home.”
 - d. The Owner shall escrow property taxes and homeowners insurance.

- e. The Owner will occupy the Project as his principal residence within 30 days after the Deferred Loan is provided.
 - f. Deferred Loan proceeds shall be used to pay only Eligible Costs (as that term is defined in Code of Federal Regulations Title 24, Volume 1 Section 92.205) in the form of downpayment assistance.
 - g. The Owner will adhere to the provisions of the Agreement for the duration of the HOME Affordability Period (as hereinafter defined).
4. **TERMS AND CONDITIONS OF THE DEFERRED LOAN.** The Deferred Loan shall be subject to the following terms and conditions:
- a. **Amount and Interest.** The Deferred Loan shall be in the amount of _____ and 00/100 Dollars (\$ _____), shall bear no interest and be used by the Owner for the Project in form of downpayment assistance.
 - i. The purchase price of the Residence and any improvements purchased in connection therewith, including any attached items such as carpeting, curtain rods and light fixtures, but exclusive of any settlement or financing costs or any amount paid for property which is not real property or a fixture, is \$ _____. The Owner is not purchasing any unattached items from the Seller in connection with the purchase of the Residence, unless identified in Exhibit A attached hereto if necessary.
 - ii. The property value of the Residence, per appraisal dated _____, is \$ _____.
 - iii. The total purchase price, listed in clause i. and the appraised value, listed in clause ii., is less than 95 percent of the area median purchase price as established by the maximum Property Value Limit of \$140,000 for a one-family dwelling, as established annually by HUD.
 - b. **Term and Security.**
 - i. For the purposes of this Agreement, the “HOME Affordability Period” shall mean _____ (_____) years from _____, **2015**; the date the Project is identified as “completed” in HUD’s Integrated Disbursement Information System.
 - ii. The term “Eligible Properties” shall mean single-family residential detached and attached Residences located within the corporate boundaries of the City.
 - c. **Recapture Provisions.** The City has adopted a Recapture Policy based upon the guidance found in Code of Federal Regulations Title 24, Section 92.254.
 - i. The Owner agrees, among other things, within the HOME Affordability Period, to notify the City of any proposed sale of the Residence.
 - ii. In the event of a sale, conveyance or other transfer of the Residence excluding any one or more of the following (each, a “Permitted Transfer”): any sale, conveyance or transfer (A) to a spouse upon a dissolution of marriage, (B) to the surviving spouse upon the death of a joint tenant Owner, (C) by will, or (D) upon foreclosure or deed in lieu of foreclosure, provided however that there are no Net Proceeds (as hereinafter defined) from the foreclosure or deed in lieu of foreclosure or that the City has received all or a portion of the Deferred Loan from the Net Proceeds (as herein below as outlined) from the foreclosure or deed in lieu of foreclosure, then the City shall receive a proportional share of the Deferred Loan (as herein below as outlined) from the Net Proceeds.
 - iii. The portion of Deferred Loan received by the City from the Net Proceeds is based upon the initial investment of the City and the owner, respectively, at the

time of a sale, conveyance or other transfer of the Residence, excluding those Permitted Transfers described in clause ii. The table below describes the portion of the Deferred Loan the City will receive from the Net Proceeds.

HOME Investment		
HOME investment + Homeowner investment	X Net Proceeds	= Recaptured HOME Investment - Amount to City of Urbana
Homeowner Investment		
HOME investment + Homeowner investment	X Net Proceeds	= Amount to Homeowner

- iv. For the purposes of this Agreement, “Net Proceeds” of a sale are an amount equal to the sales price minus the amount of the loan repayment, other than the HOME Investment, and reasonable closing costs; or, in the event of a foreclosure, the amount stated to be “surplus funds” as indicated in the “Report of Sale” filed with the Court.
 - v. The amount due shall not exceed the total amount of the original HOME investment.
 - vi. As used herein, the term “Permitted Refinancing” shall mean a refinancing to lower the interest rate, decrease the loan term or lower the monthly payment of such first mortgage loan, but not a refinancing that increases the outstanding balance of such first mortgage loan, increases the interest rate or by any other means reduces borrower equity in the Residence or increases borrower obligations. Any Permitted Refinancing must be approved by the City, in writing, in advance.
 - vii. If none of the events described in clauses above occurs prior to the expiration of the HOME Affordability Period, or if any sale, conveyance or transfer of the Residence occurs due to a Permitted Transfer, the provisions of the Agreement and corresponding Deferred Loan Documents (as hereinafter defined) shall be forgiven in their entirety.
- d. Residency Status. In accordance with Section 92.254, Title 24 of the Code of Federal Regulations, the Project shall remain the principal residence of the Owner throughout the HOME Affordability Period regardless of the applicable Recapture Provisions of the Residence described in Section c.
- i. The Owner agrees, among other things, within the HOME Affordability Period, regardless of the applicable Recapture Provision of the Residence: to not vacate and then lease the Residence.
 - ii. Notwithstanding clause I, in the event that the Owner should vacate and then lease the Residence within the HOME Affordability Period, the Owner agrees, upon written demand from the City sent to the Owner’s last known address, to re-occupy the Residence within a reasonable time as determined by the City and remain in the Residence until the expiration of the HOME Affordability Period.
 - iii. If re-occupancy, described in clause (ii), does not occur the Owner agrees to repay the total amount of the Deferred Loan, as set forth in Section a., to the City. The repayment shall become due and payable upon the City’s demand.

- iv. If none of the events described in clauses above occurs prior to the expiration of the HOME Affordability Period, the provisions of the Agreement and corresponding Deferred Loan Documents (as hereinafter defined) shall be forgiven in their entirety.
- e. Deferred Loan Documents. Upon the City's approval of the Project, the Owner shall deliver to the City executed copies of the following documents, in the numbers set forth below, and such other documents as the City may require, in its sole discretion, all executed in the manner indicated therein, and in form and substance acceptable to the City (collectively, including this Agreement, "Deferred Loan Documents"):
 - i. Notice of Use Restriction for Residences; and
 - ii. Any and all other documents and showings requested by the City.
- f. Payment. Any portion of the Deferred Loan required for the Project shall be disbursed at the closing.
- g. Errors and Omissions/Compliance. The Owner agrees, upon request by the City or its representative, to fully cooperate and adjust for clerical errors, any or all Deferred Loan documents if deemed necessary or desirable in the reasonable discretion of the City.

5. **HOME BUYER PROGRAM REQUIREMENTS.**

- a. Governmental Approvals. The Owner shall obtain or cause to be obtained all Federal, State and local governmental approvals required by law for the Project.
- b. Compliance with Laws. The Owner shall cause the Project to comply with all Federal, State and local codes, ordinances, zoning ordinances, including but not limited to, the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 *et seq.*), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 *et seq.*), the Lead-Based Paint Exposure Reduction Act (15 U.S.C. 2601 *et seq.*), and 24 C.F.R. 35), each as respectively amended from time to time, and the housing quality standards set forth in the Agreement and Program Regulations. The Owner shall cause the Project to remain in compliance not only at time of Deferred Loan assistance, but throughout the HOME Affordability Period.
- c. Certification of Income. The Owner shall, upon the City's request, certify as to its household income on the form provided by the City. The Owner shall provide such written evidence substantiating the information on such Certification of Income Eligibility as the City may require.
- d. Certification of Occupancy. Within the HOME Affordability Period, the Owner shall comply with the Annual Certification of Occupancy that is required by the City. The Owner agrees, during the HOME Affordability Period, to sign annually an affidavit certifying that the Residence is still the principal residence of the Owner. The schedule of annual certification shall be provided to the Owner by the City upon closing of the Deferred Loan.
- e. Inspection. The City shall have the right to inspect the Residence during the course of the Project. The Residence shall pass such inspection as determined by the City's inspector.
- f. Insurance Proceeds. If the Owner receives insurance proceeds for any damage or destruction to the Residence occurring during the course of the Project, the Owner shall apply such proceeds to the repair of such damage or destruction, if practicable in the City's judgment.

6. **NON-DISCRIMINATION**. The Owner shall require that all contractors comply with all of the provisions of Paragraph 282 of the HOME Act, and all provisions of Federal, State and local laws relating to non-discrimination, as applicable.
7. **CONFLICTS**. Owner shall not enter into any contract or agreement with any party which is directly or indirectly controlling, controlled by or under common control with an employee, agent, consultant, officer or elected or appointed official of the City, or, in some circumstances, business associates or members of the family of such individuals (an "Affiliate"), except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any Affiliate.
8. **RECORDS**. At the request of the City, the Owner shall furnish such reports, records and information in connection with the Project required by the City, and shall give specific answers to questions from the City from time to time relative to the Owner's income, assets, liabilities, or contracts, all relating to the Project, and the maintenance, occupancy, and physical condition of the Residence.
9. **INDEMNIFICATION**.
 - a. The Owner hereby agrees to indemnify the City and the City's respective officers, agents, employees or servants against and hold them harmless from, liabilities, claims, damages, losses and expenses, including, but not limited to, legal defense costs, attorney's fees, settlements or judgments, whether by direct suit or from third parties, arising out of the Owner's performance under this Agreement or the work performed by a contractor in connection with the Project, in any claim or suit brought by a person or third party against the City or the City's officers, agents, employees or servants.
 - b. If a claim or suit is brought against the City or the City's respective officers, agents, employees or servants, for which the Owner is responsible pursuant to Paragraph 9(a), the Owner shall defend, at the Owner's cost and expense, any suit or claim, and shall pay any resulting claims judgments, damages, losses, costs, expenses or settlements against the City or the City's respective officers, agents, employees or servants.
10. **DEFAULT**. Violation of any of the provisions of this Agreement by the Owner shall be deemed an "Event of Default" hereunder. The City shall give written notice of an Event of Default to the Owner, as provided in Paragraph 12 hereof. If (i) such Event of Default is not corrected to the satisfaction of the City within thirty (30) days after the date such notice is given, or within such further time as the City in its sole discretion permits (but if such Event of Default is of a nature that it cannot be cured within such thirty (30) day period, then so long as the Owner commences to cure within such thirty (30) day period and diligently pursues such cure to completion within a reasonable period not to exceed one hundred twenty (120) days from the date of such notice, it shall not be considered to be an Event of Default), or (ii) if there exists any Default under any other Deferred Loan Document, the City may declare a default under this Agreement ("Default"), effective on the date of such declaration of Default and notice thereof to the Owner, and upon such default the City may:
 - a. Terminate this Agreement;
 - b. Exercise any rights it may have under the Deferred Loan Documents; and
 - c. Exercise such other rights or remedies as may be available to the City, at law or in equity.

The City's remedies are cumulative, and the exercise of one remedy shall not be deemed an election of remedies, nor foreclose the exercise of any other remedy by the City. No waiver of any Event of Default of this Agreement by the City shall be deemed to be a waiver of any other Event of Default or a subsequent Event of Default. If the City fails to exercise, or delays in exercising, any right under this Agreement, such failure or delay shall not be deemed a waiver of such right or any other right.

11. **AMENDMENT**. This Agreement shall not be altered or amended except in a writing signed by the parties hereto.
12. **NOTICES**. Any notice, demand, request or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing, at the addresses set forth in the preliminary paragraph hereof, by any of the following means: (a) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested. Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to either subsection 12(a) or 12(b) hereof shall be served and effective upon such personal service or upon dispatch by such electronic means. Any notice, demand, request or other communication sent pursuant to subsection 12(c) shall be served and effective one business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection 12(d) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.
13. **SUCCESSORS**. This Agreement shall bind, and the benefits shall inure to, the parties hereto, their legal representatives, successors in office or interest and assigns, provided that the Owner may not assign this Agreement, its right to the Deferred Loan proceeds or any of its obligations hereunder without the prior written approval of the City.
14. **SURVIVAL OF OBLIGATIONS**. The Owner's obligations, excluding Recapture Provisions described in Section c. and Section d., as set forth in this Agreement, shall survive the disbursement of the Deferred Loan and HOME Affordability Period, and the Owner shall continue to cooperate with the City and furnish any documents, exhibits or showings required.
15. **CONSTRUCTION OF AGREEMENT**.
 - a. **Partial Invalidity**. If any term, covenant, condition or provision of this Agreement, or the application thereof to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
 - b. **Gender**. The use of the plural in this Agreement shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.
 - c. **Captions**. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of any provision of the Agreement.
 - d. **Construction**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois.

16. **COUNTERPARTS**. This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.
17. **WAIVER OF JURY TRIAL**. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PROGRAM OR THIS AGREEMENT.
18. **LIABILITY OF CITY**. In no event shall the City be liable to the Owner for consequential or incidental damages, including, without limitation, lost profits, whatever the nature of the breach by the City of its obligations under this agreement or the Deferred Loan Documents or in connection herewith or with the Project, and the Owner waives all claims for consequential and incidental damages and for all damages described in Paragraph 19 below.
19. **FUNDING**. The parties acknowledge that the Deferred Loan is to be funded with monies provided by HUD, and that the City is under no obligation to request such funds for any disbursement of Deferred Loan proceeds unless and until all necessary preconditions to disbursement have been satisfied to the City's satisfaction, and that significant time delays might result from the funding of such monies by HUD. Without limiting the generality of Paragraph 18 above, in no event shall the City be liable to the Owner for any damages whatsoever which might result in whole or in part from any delays in funding any proceeds of the Deferred Loan.

[Signatures on Next Page]

**URBANA HOME CONSORTIUM
HOMEBUYER ASSISTANCE
Habitat Affordable Homeownership Program**

MORTGAGE

THIS MORTGAGE (“Mortgage”) is given on < Date,
_____, by <Borrower Name> (the
“Borrower”) to the City of Urbana, Illinois, a unit of local
government having its principal offices at 400 South Vine Street,
Urbana, Illinois 61801, acting as the lead entity for the Urbana
HOME Consortium (the “Grantor”). Borrower conditionally owes
the Grantor a maximum amount of _____ **and**
no /100 [\$ _____]. This debt is evidenced by Borrower’s
promissory note (the “Note”) dated the same date as this Mortgage,
a copy of which is attached hereto as Exhibit “A”, which provides
for a ten year (10) term, hereinafter referred to as the “Affordability
Period,” commencing on _____.

This Mortgage secures to the Grantor: (a) all repayment of the debt evidenced by the
Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other
sums advanced by the Grantor pursuant to paragraph 7 of this Mortgage to protect the security of
this Mortgage; and (c) the performance of Borrower’s covenants and agreements under this
Mortgage and the Note.

For these purposes, Borrower hereby mortgages, grants and conveys to the Grantor, its
successors and assigns, the real property described as:

Legal Description: <INSERT FULL LEGAL DESCRIPTION>;
Common address: < INSERT FULL ADDRESS HERE > ;
PIN: < PARCEL IDENTIFICATION NUMBER >;

located in the County of Champaign, State of Illinois, together with (a) all the improvements
now or hereafter erected on the property and all easements, rights and appurtenances thereto; (b)
all leases and licenses with respect to the property; (c) all rents, royalties and profits thereof; and
(d) all fixtures and equipment now or hereafter in or on the property. All replacements and
additions shall also be covered by this Mortgage. The real property referenced above and all of
the other property subject to this mortgage is hereinafter referred to collectively in this Mortgage
as the “Property”.

Borrower covenants that Borrower is the lawful owner of the Property conveyed
by this Mortgage and has the full right and power to mortgage, grant and convey the Property
and that the Property is unencumbered, except for the encumbrances of record described in
Exhibit “B” hereto acceptable to the Grantor (the “Permitted Encumbrances”). Borrower

warrants and will defend generally the title to the Property against all claims and demands, subject to any Permitted Encumbrances.

Borrower covenants to the Grantor as follows:

1. **Payment Under the Note.** Borrower agrees to promptly pay when due any amounts required to be paid by the Note.
2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by the Grantor under paragraph 1 will be applied to principal due under the Note.
3. **Charges and Liens.** Borrower will pay all taxes, assessments, charges and fines attributable to the Property which may attain priority over this Mortgage. Borrower will pay these obligations on time directly to the person to whom payment is owed.

Borrower will promptly discharge any lien which may attain priority over this Mortgage unless Borrower: (a) agrees in writing to pay the obligation secured by the lien in a manner acceptable to the Grantor; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the Grantor's opinion, operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to the Grantor subordinating the lien to this Mortgage. If the Grantor determines that any part of the Property is subject to a lien which may attain priority over this Mortgage, the Grantor may give Borrower a notice identifying the lien. Borrower will satisfy the lien or take one or more of the actions set forth above within ten (10) days of the Grantor's giving of such notice.

4. **Hazard Insurance.** Borrower will keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and any other hazards for which the Grantor requires insurance. All policies of insurance hereunder will be from such companies and in such form and amounts as may be satisfactory to the Grantor, will name the Grantor as a loss payee and will include a provision requiring 30 days advance written notice to the Grantor prior to the termination or modification of such policy.

All insurance policies and renewals must be acceptable to the Grantor and must include a standard mortgage clause. The Grantor may hold the policies and renewals and, if the Grantor requires, Borrower will promptly give to the Grantor all receipts of paid premiums and renewal notices. Upon the occurrence of a loss covered by insurance, Borrower will give prompt notice to the insurance carrier and the Grantor. The Grantor may make proof of loss if not made promptly by Borrower.

Insurance proceeds will be applied to restoration or repair of the Property damaged if the Grantor determines that the restoration or repair is economically feasible and the Grantor's security is not lessened by such restoration or repair. In such event, the Grantor has the right to collect and hold the insurance proceeds and make the proceeds available to Borrower from time to time for the payment of the cost and expense of repair and restoration upon receipt of satisfactory evidence that such cost or expense has been incurred. If the Grantor determines that the restoration or repair is not economically feasible or the Grantor's security would be lessened,

the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property or does not answer within 30 days a notice from the Grantor that the insurance carrier has offered to settle a claim, then the Grantor may settle the claim with the insurance carrier and collect the insurance proceeds from the insurance carrier and may use the proceeds to repair or restore the Property or to pay sums secured by this Mortgage, whether or not then due.

If under paragraph 19 the Property is acquired by the Grantor, Borrower's right to any insurance policies and all insurance proceeds resulting from damage to the Property prior to the Grantor's acquisition shall pass to the Grantor to the extent of the sums secured by this Mortgage immediately prior to such acquisition.

5. **Preservation and Maintenance of Property.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate, or commit waste. Borrower shall cause the Property to comply with all local codes, ordinances, zoning ordinances, the Model Energy Code and the United States Department of Housing and Urban Development's ("HUD") Section 8 Housing Quality Standards, as set forth in Section 370.601 of the Rules.

6. **Occupancy and Resale Restrictions.** Borrower covenants that during the Affordability Period, the property shall be occupied and maintained as the principal residence of the Borrower.

Any sale or use of the Property for a purpose other than the principal residence of the Borrower within the Affordability Period, shall be considered a default of this agreement, and shall initiate repayment of the loan as required by the Note.

In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the Property, the Grantor shall have the right, but not the obligation, to acquire the Property prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in 24 CFR Part 92.254 (a)(4) of the Regulations.

7. **Protection of the Grantor's Rights in the Property: Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Mortgage or there is a legal proceeding that might significantly affect the Grantor's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then the Grantor may do and pay for whatever is necessary to protect the value of the Property and the Grantor's rights in the Property. The Grantor's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although the Grantor may take action under this paragraph 7, the Grantor does not have to do so. Any amount disbursed by the Grantor under this paragraph 7 shall become additional debt of Borrower secured by this Mortgage.

8. **Inspection.** The Grantor or its agents may make reasonable entries upon and inspections of the Property. The Grantor shall give Borrower notice prior to the time of an inspection specifying reasonable cause for the inspection.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property or for conveyance in lieu of condemnation are hereby assigned and shall be paid to the Grantor and shall be applied to the sums secured by this Mortgage as if the Note had been prepaid on the date the condemnation award is approved, whether or not then due, with any excess paid to Borrower. If the Property is abandoned by Borrower or if, after notice by the Grantor to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to the Grantor within 30 days after the date the notice is given, the Grantor is authorized to accept such award or settlement and to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Mortgage, whether or not then due.

10. **Borrower Not Released; Forbearance Not a Waiver.** Extension of the time for payment or modification of payment of the sums secured by this Mortgage granted by the Grantor to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. The Grantor shall not be required to commence proceedings against any successor in interest and may refuse to extend time for payment or otherwise modify payment of the sums secured by this Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by the Grantor in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Successors and Assigns Bound.** The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of the Grantor and Borrower and shall be covenants running with, binding and burdening the Property, subject to the provisions of paragraphs 17 and 21.

12. **Loan Charges.** If the loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Grantor may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note. Notwithstanding anything to the contrary set forth in this paragraph 12, no interest or prepayment charge is payable under the Note.

13. **Legislation Affecting the Grantor's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, the Grantor, at its option, may require immediate payment in full of all sums secured by this Mortgage and may invoke any remedies permitted by paragraph 19. If the Grantor exercises this option, the Grantor shall take the steps specified in paragraph 19.

14. **Notices.** Any notices, demand, request or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing at the addresses set forth below by any of the following means: (a) overnight courier; or (b) registered or certified United States mail, postage prepaid, return receipt requested.

The Borrower:

<Borrower name>

<Address >

<Contact Number>

The Grantor:

Urbana HOME Consortium

C/O City of Urbana – Administrative Agent

ATTN: Grants Management Division Manager

400 S. Vine Street

Urbana, IL 61801

217-384-2447

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

15. **Governing Law; Severability.** This Mortgage shall be governed by the laws of the State of Illinois (without giving effect to Illinois choice of law principles). In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or Note, as the case may be, which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and this Mortgage.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** In the event of (a) a default by Borrower, beyond any applicable cure period, of its obligations under the Note or this Mortgage, or (b) a sale, conveyance or other transfer of the Property for consideration, excluding, however, if Borrower are individuals, any sale, conveyance or transfer to a spouse upon a dissolution of marriage, or to a surviving spouse upon the death of a Borrower, then Borrower shall repay to the Grantor the Loan, or such portion of the Loan as may be due and payable under the terms of the Note.

Upon the occurrence of either of the foregoing events, the Grantor shall give Borrower notice of acceleration. This notice shall provide a period of not less than 30 days from the date the notice is given within which Borrower must pay all sums required by this paragraph 17. If Borrower fails to pay these sums prior to the expiration of this period, the Grantor may invoke any remedies permitted by this Mortgage without further notice or demand on Borrower.

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower will have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) five (5) days (or such other period as applicable law may specify for

reinstatement) before sale of the Property pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Borrower: (w) pays the Grantor all sums which then would be due under this Mortgage and the Note had no acceleration occurred; (x) cures any default of any other covenants or agreements; (y) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (z) takes such action as the Grantor may reasonably require to assure that the lien of this Mortgage, the Grantor's rights in the Property and Borrower's obligations to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Borrower, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

19. **Acceleration; Remedies.** Prior to any acceleration of the amounts owed to the Grantor under the Note or this Mortgage (other than an acceleration under paragraphs 13 and 17 unless applicable law provides otherwise) the Grantor shall give notice to Borrower following Borrower's breach of any covenant or agreement in this Mortgage (the "Default"). The notice shall specify: (a) the Default; (b) the action required to cure the Default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the Default must be cured; and (d) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert, in the foreclosure proceeding, the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the Default is not cured on or before the date specified in the notice, the Grantor at its option may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. The Grantor shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence, and such sums shall be immediately due and payable and shall be secured by this Mortgage. Upon any sale of the Property made by virtue of judicial proceedings or a decree of foreclosure and sale, the Grantor may bid for and acquire the Property and in lieu of paying cash therefore may make settlement for the purchase price by crediting upon Borrower's indebtedness secured by this Mortgage, the sale price, after first deducting from the sale price the expenses of the sale and the cost of the foreclosure. The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order of priority: first, on account of all costs and expenses of the foreclosure proceedings; second, to repayment of the indebtedness of Borrower secured by this Mortgage; and third, any excess to Borrower, its successors and assigns.

20. **Possession.** Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, the Grantor (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by the Grantor or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage.

EXHIBIT "A" (to mortgage)

PROMISSORY NOTE

U.S. \$ _____

FOR VALUE RECEIVED, the undersigned, <Borrower Name >, ("Borrower") covenants and promise(s) to pay to the order of the City of Urbana (the "Payee"), a unit of local government, the principal sum of _____ and 00/100 Dollars (\$ _____), with interest in the amount of zero percent (0%) ("HOME Investment").

If, during the Affordability Period, as defined in the Mortgage, the subject property is sold, the amount due and payable under the Note shall be a proportional share of the net proceeds of the sale determined as set forth below. For the purposes of this Note, the net proceeds are defined as the sale price minus:

- (a) (Sale in other than foreclosure proceeding) the amount of the loan repayment, other than the HOME Investment, the verified cost of any capital improvements made by the Borrower since purchase and reasonable closing costs, or
- (b) (Sale in foreclosure proceeding) the amount stated to be "surplus funds" as indicated in the "Report of Sale" filed with the Court.

The net proceeds shall be divided proportionately as set forth in the following mathematical formulas:

$$\frac{\text{HOME Investment}}{\text{HOME investment} + \text{Homeowner investment}} \times \text{Net Proceeds} = \text{Recaptured HOME Investment}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME investment} + \text{Homeowner investment}} \times \text{Net Proceeds} = \text{Amount to Homeowner}$$

The amount due shall not exceed the total amount of the original HOME investment. The period from the date of this Promissory Note to the date that is ten (10) years after the date of the execution of the sales contract for the property between Buyer and Urban League of Champaign County which is _____ is referred to herein as the "Affordability Period". This note will be forgiven in its full amount upon expiration of the Affordability Period.

Borrower agrees to repay to the Payee, and the Payee shall have the right to accelerate payment of, the outstanding principal balance upon the earliest to occur, within the Affordability Period, of the following:

- (i) a default by the Borrower, beyond any applicable cure period, under the Mortgage or any other document evidencing or securing the Loan; or

EXHIBIT “B” (to mortgage)

PERMITTED ENCUMBRANCES:

First mortgage in the amount of \$ <Amount of First Mortgage>__ with < Insert Name of First Mortgage Holder>.

Prepared by and Return to:

City of Urbana -Grants Management Division

Attn: Manager

400 South Vine Street

Urbana, Illinois 61801

(217) 384-2447

Attachment 5
Sample Quarterly Report Required By the Urbana HOME Consortium

Habitat Affordable Homeownership Program

Quarterly Progress Report

Month: _____

Completed By: _____ Date _____

I. Property & Planning

Site Preparation Status:

IN PROGRESS Date: _____

COMPLETE Date: _____

If not complete, explain how this goal is being accomplished: _____

II. Design Documents:

Development Completion Date _____

Review Completion Date _____

Approved By Building Safety Date _____ Permit Issued _____

Have there been changes to the design documents? _____

III. Homebuyer Outreach

Outreach: List the agencies and/or activities which you have undertaken this month toward the goal of identifying homebuyers: _____

Potential Homebuyers Identified: _____

Income Verification Process For Potential Homebuyer

In Progress _____

Not Approved _____ Reason _____

Approved _____ Income at _____% MFI

Approval by Financial Institution Lender

In Progress _____

Not Approved _____ Reason _____

Approved _____

IV. Contractor/Construction

Bidding Process:

Trade	BID ANNOUNCED	# BIDS RECEIVED	BIDS OPENED/ REVIEWED	BID ACCEPTED	CONTRACT SIGNED

CONTRACTOR	Name Address Phone #	Permit Issued	Start Date	Schedule # days to complete	Status In Progress / Delayed, etc	Final Inspection	Complete
General							
Foundation/ Concrete							
Structural							
Plumbing							
Electrical							
Mechanical							
Insulation							
Drywall							

V. Overall Project Progress

Is the project proceeding according to the Projected Schedule of Activities submitted? _____

If not, please explain. _____

Is the project staying within the budget established? _____

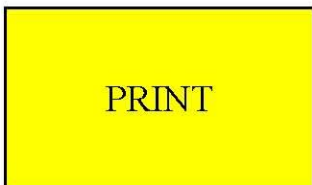
If not, please explain: _____

VI. NOTES MISC

Attachment 6
Sample Standard Form –LLL, Disclosure Form to Report Lobbying

DISCLOSURE OF LOBBYING ACTIVITIES Approved by OMB Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352 0348-0046 (See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known: 4c	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, if applicable: _____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$ _____	
10. a. Name and Address of Lobbying Registrant <i>(if individual, last name, first name, MI):</i>	b. Individuals Performing Services <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i>	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)



INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a follow up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zipcode of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

. According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503



400 South Vine St.
Urbana, IL 61801
(217) 384-2447

jmgonzalez@urbanaininois.us

City of Urbana

City of Champaign

Champaign County

City of Urbana & Urbana HOME Consortium HOME Funding Application

Name of Organization: Habitat for Humanity of Champaign County

HOME Funds Requested: \$ 150,000

Project Address: 1403 Eads, 903 Eads, 1118 W Hill and 802 Goodwin, Urbana, IL

General Application Information

The Urbana HOME Consortium currently relies on a rolling application process for qualified Community Housing Development Organizations. Questions regarding the application or application process should be directed to Jen Gonzalez at 217-384-2335 or Kelly Mierkowski at 217-384-2447.

The City of Urbana Consolidated Plan for Program Years 2010-2014 is available online at www.urbanaininois.us or in the Community Development Office of the City of Urbana. The Consolidated Plan outlines the funding priorities for the City of Urbana and of the Urbana HOME Consortium.

Application Review

All complete applications submitted will be reviewed and evaluated by Grants Management Division Staff. The review process is designed to ensure that HOME funds are allocated to proposals that demonstrate need for financial assistance, an ability to carry out well-designed projects, and are consistent with the City of Urbana and the HOME Consortium's affordable housing goals.

A. Applicant Information

Legal Applicant

Name of Organization	Habitat for Humanity of Champaign County
Executive Director	Sheila Dodd
Street Address	119 E University Ave, Champaign, IL
Telephone Number	217-819-5111
Federal ID Number	37-1277094

B. Executive Summary

Please provide a short summary of your proposed project:

903 Eads is a purchase, rehabilitation, resell property which will be sold to a low income family. The other three properties have blighted structures that need to be demolished and then new construction single family homes will be built to be sold to low income families. The Eads projects are owned by Habitat and are in the acquisition process for the Goodwin and Hill properties. All properties will be sold to a low income family to be used for owner occupied housing. Habitat will seek additional funding partners to assist with the projects.

C. Goals & Objectives

Indicate which HOME Objective this project meets. Please check all that apply.

<input type="checkbox"/>	
<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	Provision of affordable housing
<input type="checkbox"/>	Expansion of capacity of non-profit housing developers
<input type="checkbox"/>	Strengthening public housing agency housing programs
<input type="checkbox"/>	Leveraging private sector participation



Please indicate below one strategy or activity that this project will address as identified in the “Goals, Strategies, and Activities to Address,” excerpted from *City of Urbana and the Urbana HOME Consortium (Champaign/Urbana/Champaign County) FY 2010-2014 Consolidated Plan* (See Attachment A):

Habitat will construct the houses and sell to low income buyers and will carry a zero interest mortgage on the properties. Mortgages are generally 20 – 25 years. By providing a zero interest mortgage, buyers who otherwise would not qualify for a conventional mortgage are offered the opportunity to homeownership.

D. Targeted Population

Indicate the **number of households** that will be assisted by income range of Median Family Income.

#	Income Level
	0-30%
2	31-50%
2	51-80%

If special needs populations will be *targeted*, please check what specific populations will be served by the proposed activity:

<input checked="" type="checkbox"/>	<i>Please check all that apply</i>	
	Homeless	Developmentally Disabled
	Chronically Homeless	Elderly
	Seriously Mentally Ill	Frail Elderly
	Chronic Substance Abuse	Veterans
	Physically Disabled	Persons with HIV/AIDS
	Victims of Domestic Violence	Other

Please specify ‘Other’ Special Needs Populations, if applicable:



E. Project Schedule

Please attach a separate project schedule to this section, describing the steps or phases necessary to complete the project. Note: you must be able to begin the project within 12 months of contract execution.

Habitat currently owns the Eads projects and will be using the Attorney General grant and private donations to fund the projects. Signed purchased contracts are in place for 903 Eads and the other three lots will be marketed as partner families are approved. Construction and rehabilitation is scheduled to begin as follows:

903 Eads will begin once CHDO funding is approved.

1403 Eads is scheduled to begin construction in Fall of 2016. Demolition will take place prior and Habitat will maintain the property.

1118 Hill and 802 Goodwin will be purchased and demolition completed by Fall of 2015. Habitat will maintain the property until construction begins in Spring of 2017.

F. Matching Funds

Applicants are required to provide *at least 25% of the total project cost*. Match is defined as any funds or resources, **other than federal funds**, dedicated by the applicant toward the successful completion of the proposed project. Please list all sources of matching funds. Use a separate sheet if necessary and attach it to this section of the application.

Source	Amount	Secured or Requested
Attorney General Grant	\$185,978	Secured
Fund for Humanity	\$163,600	Secured
HOME	\$150,000	Requested
Rotary Grant	\$30,000	Requested
Private Donations/Grants	\$171,000	Requested



G. Project Management & Capacity

Please indicate the person(s) responsible for the on-going management of the project to ensure compliance with the HOME regulations throughout the affordability period? Please also note any prior experience your staff has with HUD requirements and regulations in a narrative below. Be sure to include the names of each specific grant and/or HUD program.

Affordable Housing Experience

Sheila Dodd, Executive Director	24 years of affordable housing experience working with CDBG, HOME, NSP, IHDA and other grant funding on Community Development projects in Champaign County
Gary Pierson, Construction Manager	16 years construction experience with rehabilitation and new construction. Gary has worked with CHDO and HOME projects in the past two years

H. Program and Procedures

Include a copy of a *Program Manual* and a *Policies & Procedures Manual* that will be followed in carrying out this program.

Families have been selected following the Board Approved Family Selection guidelines. All construction and rehabilitation projects will be completed according to code requirements. The House sales and Family Selection policies are attached.

I. Affirmative Marketing Plan

Include a copy of the *Affirmative Marketing Plan* that will be followed in carrying out this program.

J. Tenant Selection Plan



Include a copy of the Tenant Selection Plan that will be followed in carrying out this program. (Note: This only applies to rental projects.)

K. Board Resolution

All not-for-profit organizations must include a copy of a Board Resolution indicating the Board's approval of this application in its final form. A copy of the minutes from the meeting must also be attached.

Board will be voting on 5/14 – draft resolution is attached.

L. Applicant Certification and Commitment of Responsibility

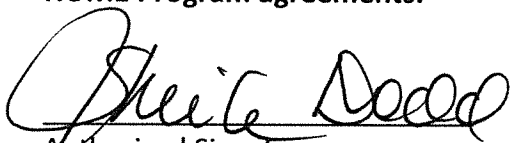
As the official designated by the governing body, I hereby certify that if approved by the Urbana HOME Consortium, the City of Urbana, the City of Champaign, or Champaign County for a HOME funding allocation, the Habitat for Humanity of Champaign County (applicant name) assumes the responsibilities specified in the HOME regulations at 24 CFR Part 92 and certifies that:

- A. It possesses the legal authority to apply for the allocation and to execute the proposed activity;
- B. It has resolved any audit findings for the prior fiscal year to the satisfaction of the Urbana HOME Consortium, the City of Urbana, the City of Champaign, Champaign County or any other federal agency by which the finding was made;
- C. It is not currently suspended or debarred from receiving federal funds;
- D. Before committing funds to a project, it will evaluate the project in accordance with the guidelines it adopts for the purpose and will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing;
- E. If a CHDO, its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
- F. It will comply with all statutes and regulations governing the HOME program;

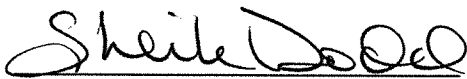


- G. The information, statements and attachments contained in support of this application are given for the purpose of obtaining financial assistance from the Urbana HOME Consortium, the City of Urbana, the City of Champaign, and Champaign County are true and correct to the best of my knowledge and belief. Representations made in the application will be the basis of the written HOME agreement if funding is awarded. All information contained in this application is acknowledged to be public information;
- H. The applicant understands and agrees that if false information provided in this application has the effect of increasing the applicant's competitive advantage, the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County will disqualify the applicant and may hold the applicant ineligible to apply for HOME funds until any issue of restitution is resolved;
- I. If false information is discovered after the award of HOME funds, the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County may terminate the applicant's written agreement and recapture all HOME funds expended;
- J. The applicant shall not, in the provision of services or in any other manner, discriminate against any person on the basis of race, religion, sex, national origin, familial status, or handicap;
- K. The applicant agrees that verification of any of the information contained in this application may be obtained from any source named herein;
- L. The applicant will at all times indemnify and hold the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County harmless against all losses, costs, damages, expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County's acceptance, consideration, approval, or disapproval of this request and the issuance or non-issuance of HOME funds herewith.

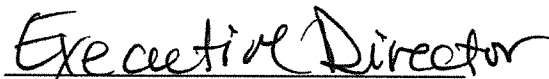
This certification must be signed by the individual authorized to submit the application as determined by applicant's governing Board of Directors and who will be authorized to execute HOME Program agreements.



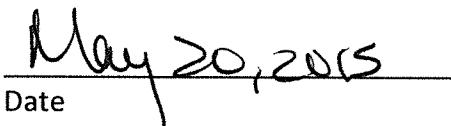
Authorized Signature



Print Name



Title



Date



Attachment A

Consolidated Plan 2010-2014 Goals, Strategies and Activities to Address Local Funding Priorities and Community Need

Goal 1: Provide decent affordable housing opportunities for low- and moderate-income households

Strategy: Increase supply of affordable housing available to low and moderate income households.

Activity: Provide Tenant Based Rental Assistance to households with incomes at or below 60% of the area median, targeting those at or below 125% of the poverty level.

Activity: Support new construction for homeownership sponsored by CHDOs and other nonprofits.

Activity: Support new construction of affordable rental units sponsored by CHDOs and other nonprofits.

Activity: Support and provide guidance for for-profit developers building new affordable renter and owner units.

Activity: Support construction of new affordable rental units through LIHTC, in compatible areas.

Activity: Encourage the development of non-profit housing development organizations eligible for CHDO status.

Strategy: Expand homeownership opportunities for low and moderate income households.

Activity: Support and encourage homeownership education programs.

Activity: Support the Housing Authority of Champaign County's Section 8 Homeownership program.

Activity: Support the development of local Lease Purchase Programs.

Activity: Directly encourage homeownership through downpayment assistance programs such as programs funded with Private activity bond funds.

Activity: Develop new downpayment assistance programs for low-income buyers.

Goal 2: Address barriers to obtaining affordable housing

Strategy: Address issues faced by certain special populations, such as seniors and individuals in need of supportive service/ substance abuse treatment.

Strategy: Partner with other municipalities and agencies in the Consortium area to complete a housing needs study that will identify gaps in the housing stock, including an analysis of current housing availability and a projection of future housing needs.

Strategy: Provide assistance for affordable permanent housing for persons with targeted disabilities.

Strategy: Support efforts to increase accessible and visitable housing units for persons with disabilities.

Activity: Encourage housing developers to include visitability/accessibility measures in new construction efforts.

Activity: Access Grants: Provide grants for approximately 25 low-income residents over a five-year period to increase the supply of accessible and visitable housing.



Strategy: The Urbana Human Relations Division will promote community awareness of the Urbana Human Rights Ordinance and will provide fair housing training for landlords and tenants.

Activity: Education and training opportunities, which focus on eliminating barriers to affordable housing, will be encouraged.

Activity: Encourage the Urbana Human Relations Division, the Building Safety Division, and Persons Assuming Control of their Environment, Inc. (PACE) to join forces in an effort to acquaint developers with local codes and fair housing laws to insure that handicapped units are produced when new housing is constructed.

Activity: Support tenant advocacy and educational efforts by agencies such as the C-U Tenant Union.

Activity: Encourage landlord and community group distribution of information in multiple languages to help overcome language and/or cultural barriers.

Activity: The City could consider undertaking a discrimination testing program to obtain preliminary results to determine if further programs are necessary.

Goal 3: Preserve and improve supply of affordable housing as a community resource.

Strategy: Continue and expand city's repair and rehabilitation programs.

Activity: Senior Repair: Provide home repair service for approximately 175 very low-income elderly households over a five-year period to help maintain those households in their homes longer thus reducing demand for higher levels of sheltered care. In addition to home repair, the service would provide referrals to other home-care programs such as Meals on Wheels.

Activity: Emergency Grants: Provide emergency repair service for approximately 55 low-income residents over a five-year period to help maintain those households in their homes longer thus reducing demand for higher levels of sheltered care.

Activity: Whole House Rehabilitation: Provide loans and grants for major home improvements for low-income homeowners to approximately 25 households over the next five years.

Activity: GLO (if funding is available): Provide lead hazard reduction for approximately 22 single family residences over the next five years, in coordination with the Champaign-Urbana Public Health District and the Illinois Department of Public Health.

Activity: Purchase Rehabilitation Resale: Purchase housing that is structurally sound but in need of major code-related renovation, and rehabilitate property for sale as affordable housing to income-qualified households.

Activity: Acquisition-Rehabilitation: Provide funds for downpayment and rehabilitation to low-income homebuyers to purchase and rehabilitate properties that may be in need of repair.

Activity: Rental Rehabilitation: Provide HOME funds for rehabilitation of rental housing units to rent to households with incomes at or below 60% of the area median.

Strategy: Support and encourage home maintenance programs.

Activity: Encourage counseling and educational opportunities and resources, which teach homeownership maintenance skills.

Goal 4: Work with Housing Authority of Champaign County (HACC) to improve conditions for residents of public housing.

Strategy: Promote substantial upgrading of the living environment for residents of Urbana public housing, particularly family units.



Activity: Assist in developing a plan, which partners with the private sector to use private dollars to leverage HOPE VI or other Federal funds, to redevelop units and to replace demolished units with a combination of new on-site units, scattered-site units and Section 8 rent subsidies.

Strategy: Encourage the Housing Authority of Champaign County to increase the number of affordable housing units available to extremely low-income households. Seek additional means of subsidizing very low-income households with rental assistance.

Strategy: Encourage the Housing Authority of Champaign County to increase the earning potential of extremely low-income households.

Strategy: Strongly encourage the Housing Authority of Champaign County to rehabilitate existing units and develop new units, which would be accessible to families, which include persons with disabilities.

Strategy: Encourage the Housing Authority of Champaign County to follow a similar process and design as the Burch Village and Lakeside Terrace redevelopment projects for the demolition or redevelopment of any other Public Housing units.

Goal 5: Support community efforts to provide services and training for low- and moderate-income residents.

Strategy: Encourage and support appropriate area social service agencies to provide additional economic assistance for persons who pay out-of-pocket expenses for medical and psychological services, perhaps by developing a centralized process to contact pharmaceutical companies with requests for donations of medicines.

Strategy: Encourage appropriate area social service agencies to expand recreational, educational, and cultural opportunities and alternatives for very low-income youth and young adults

Strategy: Support expansion of job-training programs for low-income individuals by area social service agencies, and encourage them to conduct a review of all available programs to determine if they meet current need.

Strategy: Support area providers such as the Senior Services Division of Champaign County Regional Planning Commission and Family Service of Champaign County in their efforts to provide supportive services to low-income elderly persons residing in Urbana.

Strategy: Support efforts by local service providers to area youth to increase supportive services available to at-risk youth.

Strategy: Encourage existing childcare facilities to expand services to late night/overnight and weekend hours.

Strategy: Support development of a program(s) by area agencies to provide transitional housing services and/or foster care to teen parents of young children.

Strategy: Encourage current and newly created companies to hire low-income persons by providing public incentives linked directly to hiring local residents.

Strategy: Support agencies that provide services to victims of domestic violence

Goal 6: Provide Support for existing agencies delivering services to homeless individuals and families and encourage the expansion of local services to meet community homeless needs.

Strategy: Support the existing network of local homeless services.

Activity: Continue to provide leadership and support of Continuum of Care.

Activity: Provide support to emergency and transitional shelters through Consolidated Social Service Pool fund allocations.

Strategy: Improve and expand the existing network of local homeless services.



Activity: Support and encourage local efforts to acquire additional grant funding.

Activity: Support accurate and comprehensive data management through the Homeless Management Information System (HMIS) and annual surveys.

Activity: Encourage and support the expansion of transitional housing for women and children.

Activity: Encourage development of emergency shelter services or transitional housing for homeless two-parent households with children.

Activity: Encourage development of transitional living facilities for adults and youth with substance abuse issues.

Activity: Encourage the development of a shelter facility to provide emergency services for elderly persons who are victims of domestic violence.

Strategy: Regularly review and evaluate the needs of the community for homeless and homeless prevention service, and encourage local agencies to match service provided to community needs.

Activity: Encourage and support area agencies to develop services such as Supportive Housing and Safe Havens for targeted populations such as homeless teens, teen parents, families, persons with disabilities, etc.

Activity: Participate in the Urbana-Champaign Continuum of Care, Council of Service Providers to the Homeless, Supportive Housing Program.

Strategy: Take steps to stabilize households at risk of homelessness.

Activity: Develop and support rental assistance programs (such as Tenant Based Rental Assistance, the No Limits Program, and Shelter Plus Care) with and without supportive services for extremely low and very low income persons.

Activity: Work with regional group to provide information and a support network in the case of a need for emergency relocation of residents of multifamily apartments when utilities are disconnected.

Activity: Support programs offering permanent housing solutions for low and extremely low income households (see Goal 1)

Activity: Support educational services including financial literacy, homeowner education and debt management.

Goal 7: Support efforts to reduce the exposure of young children to lead-based paint hazards in their homes

Strategy: Coordinate public and private efforts to reduce lead poisoning hazards and protect young children

Activity: Encourage Private Funding

Activity: Expand Childhood Testing

Activity: Prevention Education

Strategy: Reduce lead-based paint hazards in residential housing, particularly homes occupied by young children

Activity: Lead Assessment in Housing Assistance Programs

Activity: Preserve and Expand Funding for Lead Hazard Reduction Activities

Activity: Temporary Relocation of Occupants during Lead Hazard Work

Activity: Lead Contractor Incentives

Activity: Distribution of Lead Contractor List

Goal 8: Support infrastructure improvements in Urbana's Community Development Target Area



Strategy: The majority of CDBG funds will be targeted toward improvements in and services to the City's Community Development Target Area.

Strategy: The City shall allocate to its designated Community Development Target Area its proportionate share of City capital improvement funds for upgrading infrastructure. CDBG funds may be set aside during one fiscal year for infrastructure projects scheduled in another fiscal year in order to fulfill a commitment to a scheduled project.

Goal 9: Preserve and support Urbana's neighborhoods as vibrant places to live.

Strategy: Identify and encourage or assist in removal of blighting and deteriorated structures from neighborhoods.

Activity: Perform regular surveys of City to identify deteriorated housing and accessory structures that need to be addressed either through repair or removal.

Activity: Using CDBG funds, clear dilapidated accessory structures such as sheds and garages from income qualified owner-occupied properties

Strategy: Acquire and clear deteriorated housing and vacant lots for donation to non-profit home construction programs. Acquisition and clearance efforts may be implemented in the CD Target areas and will be focused on the King Park Neighborhood in accordance with the King Park Neighborhood Plan.

Activity: Using HOME and/or CDBG funds to acquire vacant properties and deteriorated and/or substandard structures that will be cleared as necessary, for donation to a non-profit housing developer for the purpose of new construction of affordable housing. The City will properly maintain such properties until transfer of ownership occurs.

Strategy: Explore the creation of a Neighborhood Revitalization Strategy for low-income Urbana neighborhoods.

Strategy: Clearly identify and document designated Brownfields and seek additional funding sources to alleviate same.

Strategy: Through its Neighborhood Organizations, the City will support resident involvement in neighborhood housing development projects.

Activity: Encourage the creation and development of local groups concerned with furthering the interests of their neighborhood. Specifically, encourage such groups to accomplish non-profit status by obtaining a 501(c)3 designation, thus making them eligible for grant funding.





**UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, May 27, 2015, City Council Chambers
400 South Vine Street, Urbana, IL 61801**

Call to Order: Chairperson called the meeting to order at 7:05 p.m.

Roll Call: Kelly H. Mierkowski called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Brian Cunningham, Janice Bengtson, Chris Diana., Lisabeth Searing, and Jerry Moreland.

Commission Members Excused/Absent: Lauren Karplus, Anne Heinze Silvis

Others Present: Kelly H. Mierkowski and Jenna Gonzalez, Community Development Services.

Approval of Minutes: *Chairperson Cobb asked for approval or modifications to the April 28, 2015 minutes. It was noted that there was a typo under Commissioners Present and the Staff Report. Commissioner Cunningham moved to approve the minutes as corrected and Commissioner Searing seconded the motion. The motion carried unanimously.*

Petitions and Communications: Chairperson Cobb asked if there was any written communication to the Commission; there were none.

Audience Participation: Chairperson Cobb asked if there was anyone in the audience who wished to speak, there were none.

Staff Report: Kelly H. Mierkowski, Grants Management Division Manager, provided a brief overview of the staff report provided to the Commissioners that evening. Ms. Mierkowski noted that the HUD activity included the City receiving an email and letters from HUD regarding the Monitoring of the HOME Program during the week of May 19-22, 2015. Noted on the staff report were activities that staff completed and meetings staff attended since the last meeting. Ms. Mierkowski noted that Rachel Buchler, CD Associate, had resigned to pursue more direct service work vs. grant administration; Matt Rejc, Planning Intern, will be stepping in as Community Development Associate. Jenna Gonzalez, HOME Coordinator, also announced her resignation and that she had taken a position in Kane Co. with the local WIA agency to be nearer to family and friends.

Old Business:

Chairperson Cobb asked about the status of the FY 2015-2019 Consolidated Plan and FY 2015-2016 Annual Action Plan. Ms. Mierkowski gave an update regarding the submission of both Plans to HUD.

New Business:

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT (Habitat FY 2014-2015)

Ms. Mierkowski explained that Jenna Gonzalez would present the staff report regarding this agenda item. Ms. Gonzalez handed out the agreement, which was inadvertently omitted from the packet sent out, explained that the issue before the Commission was a resolution approving and authorizing the execution of an Urbana HOME Consortium subrecipient agreement with Habitat for Humanity.

As part our HOME Monitoring visit from the Dept. of Housing and Urban Development (HUD) and in looking at our commitments to make that our commitments are met for the upcoming fiscal year, HUD is changing how the Urbana HOME Consortium operates. There are some technical issues, which includes how the TBRA (Tenant Based Rental Assistance) contracts are currently structured. An \$80,000 TBRA amendment was done earlier this year, it was a subrecipient agreement to CCRPC for them to continue their No Limits Program to augment the funding they already have for the program. HUD stated that because CCRPC is a Consortium member, they view the contract differently and do not consider it a commitment until there are actual signed leases from the tenants. This is different than how the program has been structured over the last 5-6 years; it has been structured as a two year program.

The funds were to extend the current contracts for a second year, but it would not occur right away until tenant's leases were renewed. There was a \$72,000 shortfall as far as commitments for the HOME program; we have two years to sign contracts and make amendments, etc. At the two-year mark, HUD wants to make sure the commitments are met and contracts are signed, etc. The TBRA Amendment was done to make sure the deadline was met, as part of our commitment. Habitat for Humanity had already contacted the City for additional funds for new construction builds, in the amount of \$150,000. The original plan was to fund half of their request, but HUD came with the change, so after reviewing and approving Habitat's application, it was decided that we would move forward with funding the full amount, believing that this will satisfy HUD and our commitments for the last portion of our funding that we need to commit. The \$80,000 contract still stands, however it does not count towards commitments in IDIS system, same one used for our Consolidated Plan and Annual Action Plan submission. It will not be reflected in HUD's reporting system as a commitment until the leases are signed, which only one has been signed so far; the remainder will be coming in over the next 9 months to a year.

The four (4) builds that Habitat has proposed, the addresses of which are listed on the first page of the memo, are all located in the northern part of the City, where most of Habitat's building activities are occurring. This is conjunction with the IL Attorney General's grant that Habitat received, in the target area of the City for the grant where funds are focused. The funds were originally to be used for down payment assistance for FY 1415, but are now reallocated to Habitat projects. This will assist staff, as they move forward to determine how the down payment activity will look in the future, who will run it, etc. This will greatly assist Habitat for Humanity with their projects, to deliver affordable housing to low income households in the community.

The down payment assistance program is still an option and funds will be available in FY 1516, as down payment assistance is listed in our Annual Action Plan as an eligible activity. We still have one slot available for the funds we received from the Federal Home Loan Bank of Chicago, however, the funding is only available from Busey Bank; it is available for 60% and below MFI. This is the only Urbana Dream down payment assistance grant available from the City for first time homebuyers.

Habitat for Humanity has request \$150,000; the application was reviewed, as well as the underwriting, and a market study and assessment was done with regards to the area they plan to build in, i.e. what are the other builds that are occurring in the area, what are the sales, what do prices look like. Staff is recommending that \$37,500 be given per house, which is around the amount normally given to Habitat per build (\$35,000 - \$40,000 per unit).

The individual structuring of the program might be a little different, as HUD is actually pushing towards Participating Jurisdictions (PJs) paying Developer Fees vs. CHDO operating funds. Some other PJs were using CHDO operating funds and calling it a Developer Fee, which is wrong. There is a specific definition for operating funds vs. developer fee, with different backup documentation needed for each; invoices have to reflect the allowable expenses. The Consortium is moving away from doing the CHDO operating funds, as the HOME grant allocation keeps getting cut, and so it is difficult justifying the setting aside of those funds, when it could be incorporated as a developer fee with the CHDO development funds we already have.

This contract is not a CHDO contract, it is a Subrecipient contract with the City of Urbana, which is the entity that is contributing to the shortfall as far as commitments. At different times, it has been different members of the Consortium, but this time it is the City of Urbana who is behind on commitments and signing contracts. This is an Urbana activity, which is why all the addresses are located in Urbana and Urbana staff will be managing these projects internally, and Habitat will be the developer.

Commissioner Searing asked a question regarding the memo and the confusion with regard to Habitat owning some of the properties and is looking to acquire others. To clarify, the properties are not owned yet, but will be purchased by Habitat; acquisition of all the properties is included as part of the pro forma for these projects. This is different from our normal procedure, as properties are purchased with CDBG funds and then donated to Habitat or other not for profit entity for affordable housing. Also, as HUD foreclosures become available, they are only opened to governmental bodies or not for profits, so Habitat can obtain properties faster and not go through process that the City goes through.

Commissioner Diana asked that the properties be clarified regarding ownership by Habitat, specifically with regard to the Eads properties, which will be done before the item goes to Council for approval. The other question involved what the affordability period is. Ms Gonzalez stated that this may also change, per HUD. Previously, with a CHDO activity, the HOME program allows the CHDO to incorporate down payment assistance as part of a developer subsidy, so a portion is set aside for direct homebuyer assistance. If the assistance is below \$15,000, then the affordability period is five years; traditionally that is what has been done. When monitoring our files, HUD stated that most jurisdictions, because it is Habitat and they are already maintaining the units for at least the 10 year affordability period (they manage the mortgage for these properties), will do resale.

The HOME program allows for two ways of restricting the use of a property, through either recapture or resale. Recapture is when there is direct homebuyer assistance, resale has a different set of provisions and a different way of calculating how much subsidy is put into the unit, which generally increases the amount and number of years you have to monitor the property for principal residency. HUD has recommended that we do resale rather than recapture, mainly because of the way we were doing the underwriting and how we were justifying the amount of direct homebuyer assistance was given. Basically, a flat amount was given, however the amount should be based upon the buyer's need. Habitat for Humanity already does this internally, as they are the ones who set the mortgage amount based on the buyer's income. How do we justify the need when Habitat for Humanity is doing the same thing?

This is why most jurisdictions will use the resale provisions, so no calculations, as far as for direct buyers assistance, have to be done. The affordability period is based on the amount of HOME funds placed in a project. If the HOME investment is below \$40,000, then the affordability period is for 10 years. This is what HUD is recommending that we move towards with future Habitat builds, so we will be looking at using a land use restriction rather than a mortgage. This is all new, as the information came to us during our HOME Monitoring visit. The land use restriction agreement will be added as an attachment, we already have a template for the land use agreement that we will use moving forward. A provision will be added that states, "based on whether the City of Urbana is imposing resale or recapture provisions, this contract will have to be recorded against the property."

Commission Diana commented stated that was what he was wondering about, as he knew things were changing other places and that he assumed that some of the dates or time periods may need to be changed as well, particularly with affordability periods changing. The recapture is five years after the closing date of the project and Ms. Gonzalez agreed. There was a question with regard to the agreement being in place when it is executed by the Mayor, found on page 11 of the agreement. It is possible that this section does not need to be changed with regard to the five years. It should be five years after the termination of the affordability period. Some of the language may have gotten lost in the document, as there are normally three provisions not two., so the document will have to be reviewed.

Chairperson Cobb asked when resale would occur and for further explanation. The City has never used resale, however, if at any time during the affordability period and the homeowner chooses to sell the property, money is not paid back. Instead, there would be a restriction on the sale to the next buyer, i.e. they would have to be a low income household. That is why it is called resale, because we are dictating who is the next homebuyer and when, so we have avoided that provision of HOME. The question involves the definition of a low income household and the sale price, which may difficult for the future market. However, we will be consulting with other jurisdictions to see how they handle this provision, as the sale price has to be accounted for as well as the actual income level, with a justification for it. We have used resale for rental projects, but in a different context.

Commissioner Diana noted that capital gains are also included, as you cannot make a profit if you have not fulfilled your obligations. Recapture is also the same, where a person cannot make money off the money they were given, even if shared proceeds. Most of these projects will involve demolition; the projects will all begin this year, but construction could be later. When families are ready to build and are through the application process, having done all the homebuyer education, this will determine how quickly they are able to turn over the properties and begin the new construction side of the project.

The Division and staff will have time to review and update the provisions needed to move forward, hopefully obtaining information from other colleagues from around the state that have been using good agreements and templates, with language that we could borrow.

Chairperson Cobb entertained a motion to either forward the resolution to City Council with a recommendation for approval, forward it with a recommendation for approval with changes, or not recommend for approval. Commissioner Diana recommended that it be forwarded to the City Council for approval, subject to the detail changes previously stated. Commissioner Searing seconded. Chairperson Cobb noted, per the Fiscal Impacts, that there would be no change to the City General Fund and that the funding proposed for these projects is already included in the FY 2014-2015 Annual Action Plan; motion carried.

Study Session: No items for this agenda.

Adjournment: Seeing no further business, Chairperson Cobb asked for a motion to adjourn the meeting, which was adjourned at 7:34pm.

Recorded by
Kelly H. Mierkowski
Manager, Grants Management Division

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