

Department of Planning and Community Development
SINGLE-FAMILY REHABILITATION LOAN PROGRAM

APPLICATION PACKAGE
AND INSTRUCTIONS



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For information call the Department of Planning and Community Development at:
(847) 368-5200



August 7, 2020

SINGLE-FAMILY REHABILITATION LOAN PROGRAM

Purpose: To assist low and moderate income homeowners with needed home repairs.

Applicant Eligibility

· An applicant's anticipated household income for the next 12 months must be at or below the maximum incomes shown below for the household size. The incomes of all household members is included in the household income irrespective of whether they have an ownership interest in the property. Some forms of non-taxable income, including the non-taxable portion of Social Security Income, are exempt from the income calculation. All forms and amounts of income are to be provided on the program application form, and the Village will calculate the household's annual income based on the Federal definition of income for this program.

Effective July 1, 2020

Household Size	Maximum Household Annual Adjusted Gross Income
1 Person	\$51,000
2 Person	\$58,250
3 Person	\$65,550
4 Person	\$72,800
5 Person	\$78,650
6 Person	\$84,450
7 Person	\$90,300
8 Person	\$96,100

- The home must be within the corporate limits of the Village of Arlington Heights and the homeowner must have owned the home for at least 2 years.
- The Village loan combined with other loans secured against the home may not exceed 85% of the property's appraised value. An appraisal of the home, arranged by the Village, may be

necessary to determine the amount of equity in the home.

- When a homeowner owes money to the Village such as taxes, assessments, water bills, etc. the application will not be approved until such bills are paid or arrangements are made to pay the bills in a timely manner.
- Homeowners who own real estate in addition to the principal residence may not be eligible and other asset limits may apply.

Eligible Repairs

Eligible repairs are those that are needed to bring properties up to minimum standards. Special attention is paid to mechanical, electrical, structural, and plumbing repairs. Some handicapped accessibility improvements; energy conservation measures; basement waterproofing; and sewer backup prevention measures may be eligible. Decorative remodeling and room additions are not eligible.

Terms of Financing

The degree of financial assistance will be determined by the Village. The minimum loan amount per home is \$2,000 and the maximum loan amount per home is \$25,000. The Village loans are paid back upon the sale or transfer of the property or when the owner ceases to be the full-time owner-occupant of the home. The loan may also become due upon refinancing of the home. No interest is charged, and there are no monthly payments. A \$100 Village administrative fee is charged and included in the loan. Each loan is secured by a loan agreement recorded against the title of the property.

The Village reserves the right to update and modify the eligibility requirements provided that they remain consistent with federal laws and regulations.

**CHECKLIST OF ITEMS TO BE INCLUDED
WITH YOUR SINGLE-FAMILY REHABILITATION
LOAN PROGRAM APPLICATION**

- _____ Single-Family Rehabilitation Loan Program Application including the Confidential Financial Statement
- _____ Applicant Demographic Profile
- _____ A copy of the most recent Federal Income Tax Form 1040(s), including W-2 forms, 1099 forms, etc. for all household members who have taxable income.
- _____ Last 60 days paystubs for all household members who receive income from employment
- _____ Documentation verifying any other types of income being received by household members, if applicable. (ex. annual Social Security Awards letter, pension statement, income from self-employment, etc.)
- _____ A copy of the most recent statement from your lender showing your current mortgage balance, if any
- _____ A copy of your Warranty Deed or most recent property tax bill.
- _____ A Plat of Survey (if available)

SINGLE-FAMILY REHABILITATION LOAN PROGRAM

INSTRUCTIONS:

STEP 1: Fill out the Single-Family Rehabilitation Loan Program Application.

STEP 2: Send the Application form and the documentation listed on the page entitled “Checklist of Items to be Included with your Single-Family Rehabilitation Loan Program Application” to the Village of Arlington Heights’ Department of Planning and Community Development.

STEP 3: The Department of Planning and Community Development will determine if you are eligible for the program, and if so, under what conditions. Following receipt of the title search for your property (ordered and paid for by the Village) and income verification, the Housing Planner will inform you whether you have been determined eligible.

STEP 4: If an Equity Value Appraisal is required by the Village, the appraiser will call to make an appointment with you. Please have available a copy of your plat of survey and most recent real estate tax bill.

STEP 5: The Housing Planner will meet with you to discuss the list of items to be repaired, commonly referred to as the “scope of work.” The Building Department may also conduct an inspection of your home for the purpose of identifying any code deficiencies that should be considered in developing the scope of work. The results of this inspection will be part of the Single-Family Rehabilitation Loan Program file only. If your home was constructed prior to 1978, and painted surfaces will be disturbed by the proposed construction work, a lead-based paint risk assessment of your home will be conducted by a State certified lead-based paint inspector. Any lead-based paint hazards found must be addressed as part of the construction project.

STEP 6: After the scope of work is agreed upon by the homeowner and the Village, the Housing Planner will work with you to obtain competitive bids.

STEP 7: Multiple bids are required for each rehabilitation item on the scope of work. The contractor who performs the work will be the one who submits the lowest responsive bid. If you choose to select a contractor other than the contractor submitting the lowest responsive bid (as determined by the Housing Planner), you may be required to pay the difference between the lowest bid and the selected bid from your own funds.

STEP 8: The maximum loan amount under the program is \$25,000. Projects having a total costs of \$10,000 or more must be approved by the Village’s Housing Commission. The

Housing Commission reviews the scope of work and the bids when making its decision. Your application is identified to the Housing Commission only by a case file number.

STEP 9: A contract prepared by the Village will be signed by the homeowner and the contractor. It is important that you are aware that the contract for rehabilitation is between you and the contractor. However, decisions affecting the cost of the project must be authorized by the Village. Changes in the scope of work are to be kept to a minimum. All changes that are made must be approved in writing by you, the contractor and the Village. Do not sign a contract or change order without first receiving written authorization to do so from the Village. Failure to obtain Village approval may result in disqualification from the program.

STEP 10: For larger rehabilitation projects, the Village may pay partial payments to the contractor during the course of the work. Final inspections are performed by the Village Building Department. Final payment by the Village to the contractor must be authorized by the homeowner by signing the final Payment Authorization Form. The homeowner may not unreasonably withhold approval for payment of work that has been completed and has passed the Building Department' final inspection.

Note: The entire process from time of application to work completion will take several months. Typically, when a contractor begins work, he/she is done within two - three weeks, depending on the nature and extent of the work. Weather may also affect the contractor's schedule. The most significant amount of time is spent waiting for the income verification, and in obtaining and evaluating bids from contractors. The Housing Planner will do whatever possible to keep the process moving. Please be patient. If you have any questions, please feel free to call the Department of Planning and Community Development, (847) 368-5200.

SINGLE FAMILY REHABILITATION LOAN PROGRAM APPLICATION

1. Name of homeowner(s): _____

2. Street address: _____

3. Home Phone: _____ Work Phone: _____

Cell Phone: _____ Email Address: _____

4. Year the house was built: _____ (may be an approximation)

Total floor area: _____ (may be an approximation)

General type: Ranch _____ Split level: _____ Two story: _____ Other: _____

5. Year you purchased or occupied the home: _____

6. The number of years you anticipate continuing to own and reside in the home: _____

7. Purchase price: _____ Current mortgage balance: _____

8. Number of persons residing in home: _____

9. Repairs contemplated (check as many as apply): Roof _____ Plumbing _____
Furnace _____ Siding _____ Windows _____ Concrete _____ Electrical _____

Other (specify): _____

10. The applicant certifies that the following terms and conditions of the program are understood:

a) The Village's interest-free loan shall be secured by an Estoppel Agreement in the amount of the construction cost plus the Village's \$100 fee to cover direct administrative expenses. The Estoppel Agreement will be recorded against the title to the property.

b) Payment to the Village will occur at the time of transfer of title, change in occupancy from owner to renter, death of owner, in certain circumstances upon refinancing, or upon other conditions set forth in the Estoppel Agreement.

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c) If a supplementary loan is required, an appraisal of the property will be prepared, the cost of which will be added to the Village's administrative charge included in the Estoppel Agreement. The bank loan may be secured by a lien recorded against the title to the property.

d) The Village may establish documentation by taking before and after pictures.

e) The work to be performed are those items agreed upon by the Village and the homeowner. Any changes to the scope of work are to be authorized by means of written change orders signed by the homeowner, Village, and contractor. The Village is not responsible for financing any work beyond the approved scope of work without a written and signed change order.

f) The maximum loan amount under the program is \$25,000. Projects having a total cost of \$10,000 or more must be approved by the Housing Commission. The Housing Commission reviews the scope of work and the bids and considers the amount of funding available in the current budget when making its decision. The Housing Commission is provided with a case file number. The identity of the homeowner and location of the home are not disclosed to the Housing Commission.

g) The contractor shall be selected by competitive bidding.

h) The Village will be indemnified and held harmless for any damages or loss sustained by any person or property whatsoever connected with or arising out of the work to be performed.

i) Final payment to the contractor shall be processed after the owner signs the Final Payment Authorization Form. The owner may not unreasonably withhold approval for payment of work that has been completed and has passed the Building Department' final inspection

j) Prior to signing a contract to perform the work, the applicant may withdraw from the program at no administrative charge.

k) The applicant has received a copy of "Protect Your Family From Lead In Your Home." Copies are also available (in multiple languages) at:

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Signature(s) of Homeowner(s): _____

Date: ___/___/___

CONFIDENTIAL FINANCIAL STATEMENT

APPLICANT NAME(S): _____

ADDRESS: _____

HOUSEHOLD COMPOSITION, (list each person living in the dwelling including the applicant):

Name	Relationship to Applicant	Age
	Applicant	
1. _____		
2. _____		
3. _____		
4. _____		
5. _____		
6. _____		

INCOME AND ASSETS

A. Annual income through employment for all household members.

1. Employer's

Name: _____

Contact Person: _____

Phone : (____) _____ Annual Income: \$ _____

2. Employer's

Name: _____

Contact Person: _____

Phone : (____) _____ Annual Income: \$ _____

3. Employer's

Name: _____

Contact Person: _____

Phone : (____) _____ Annual Income: \$ _____

B. Annual Child Support/Alimony: \$ _____

Comments: _____

C. Income from Periodic Payments for all household members (social security benefits, disability benefits, retirement funds, pensions etc.):

Source of Payment	Amount (annually)
_____	\$ _____
_____	\$ _____
_____	\$ _____

D. Financial Assets in Bank Accounts, Real Estate, Stocks, Bonds, and other Investments

Provide: Institution, type of account or asset, value or account balance, and approximate annual income from the asset

1. _____

2. _____

3. _____

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4. _____

5. _____

6. _____

E. Other Assets (other than the principal residence and homeowner's personal vehicle) such as second home, land, additional vehicles, etc.

The undersigned applicant for the Single-Family Rehabilitation Loan Program represents that all statements made in the application and on this financial disclosure are true and are made for the purpose of obtaining the loan. Other information deemed necessary may be requested. Verification may be obtained from any source in this application, or supplement thereto.

Homeowner

Date

Homeowner

Date

APPLICANT DEMOGRAPHIC PROFILE
(Optional)

In order that the Village of Arlington Heights may accurately report demographic data concerning this program, the Village asks that you complete this demographic profile.

The Village of Arlington Heights will not discriminate based upon the information provided and completing this form is optional.

If you do not wish to furnish the information, please check below.

I do not wish to furnish this information: _____

1. Household Type (check all that apply)

- Single
- Married
- Elderly
- Single Parent with Child(ren) in the home
- Two Parents with Child(ren) in the home
- Other

2. Race of Homeowner(s) (place the number of homeowners of each race/ethnicity in the blank.

- American Indian or Alaska Native
- White
- Asian
- Black or African American
- Native Hawaiian or Other Pacific Islander
- Asian and White
- Black or African American and White
- American Indian or Alaska Native and Black or African American

3. Is one or more of the homeowners Hispanic? _____ (yes or no)

4. Number of household members _____

6. Is this a female headed household with children in the home? _____ (yes or no)

ESTOPPEL AGREEMENT

THIS AGREEMENT made and entered into this ___ day of _____, 20___, by and between **John Smith and Mary Smith, his wife**, hereinafter referred to as OWNER(S), and the VILLAGE OF ARLINGTON HEIGHTS, an Illinois Municipal Corporation in Cook County, Illinois, hereinafter referred to as the VILLAGE:

WHEREAS, the VILLAGE is an agent for disbursement of funds for the Housing Rehabilitation Loan Program under the authority of Title 24, Part 570, Community Development Block Grants, and, pursuant to the Housing and Community Development Act of 1977 of the United States Congress; as such, renders interest free loans or funds to qualified property owners in the Arlington Heights community which are available to improve the quality of life of its citizens through the maintenance of their homes in conformance with the Arlington Heights Municipal code, subject to certain terms and conditions; and

WHEREAS, the OWNER(S) have, on the ___ day of _____, 20___, applied to the VILLAGE for a loan in the amount of _____. The Village authorities have found the purposes proper and appropriate, and have determined that the OWNER(S) are the holders of record title of the property benefited by said loan and are otherwise qualified to improve and maintain the real property commonly known as: _____, **Arlington Heights, IL 6000X**, and legally described as follows:

Legal Description

P.I.N.: 01-00-000-0000

WHEREAS, the parties desire to memorialize the terms and conditions of their financial agreement to effect said improvements, in order that the interests of the governmental bodies participating in the disbursement of funds can be rendered secure:

NOW, THEREFORE, in consideration of the VILLAGE'S authorizing and disbursing certain funds as described herein to or on behalf of the OWNER(S) for the improvement and maintenance of the property described above, the parties hereto agree as follows:

1. OWNERS(S) will comply with all requirements, regulations, and suggestions of the VILLAGE or any other related governmental body concerning the purpose and terms of the Single-Family Rehabilitation Loan Program.

2. It being the express intent of OWNER(S) to provide the VILLAGE a lien against the subject real property as security for the loan aforesaid, and to serve notice upon future purchasers, assignees, estate representative, mortgagees, and all other interested persons, that a certain amount is due and owing to the VILLAGE, OWNER(S) agree that this agreement shall be a free and voluntary act and its terms shall be binding upon and between the grantees, assignees, representative, executors, administrators, and successors in interest of the OWNER(S) as a covenant running with the land until released by the VILLAGE by appropriately recorded instrument.

3. The OWNER(S) agree that their interest in the subject property will not be assigned, sold, transferred, distributed, deeded, or conveyed in any manner whatsoever, including distribution to heirs or devisees upon the death of all OWNERS, without the written consent of the VILLAGE, given prior to any such transfer and after OWNER(S) have given the VILLAGE written notice thereof. The VILLAGE agrees not to unreasonably withhold its consent. In the event the transfer is of a type that renders the loan due and payable, the VILLAGE will prepare for OWNER(S) a closing statement and consent, indicating thereon the loan balance due, which balance shall include administrative fees but shall not include any interest. Upon payment of the loan balance, the VILLAGE will provide OWNER(S), or their agent, with a written release of the obligation hereunder.

4. This agreement shall be subject to the following additional terms and conditions. The violation of any or all of them shall render the loan, plus administrative fees, legal fees, and all applicable expenses immediately due and payable to the VILLAGE:

a) In the event OWNER(S) desire, after the date of this agreement, to convey the subject property into a land trust for the benefit of OWNER(S), the OWNER(S) shall provide the VILLAGE with a certified copy of the proposed Trust Agreement and conveyance, which shall not be effective until it has been approved, in writing by the VILLAGE, which approval shall not be unreasonably withheld. Any subsequent proposed amendment or modification of the Trust Agreement shall be presented to the VILLAGE by the land trustee, and all beneficiaries of the trust and persons with a power of direction shall be bound by the terms hereof.

b) In the event the subject property is in a land trust at the time of this agreement, the OWNER(S) shall provide the VILLAGE with a certified copy of the existing land trust agreement. The land trustee and all beneficiaries or persons with power of direction shall execute this agreement as parties hereto. The land trustee, all beneficiaries and persons with a power of direction shall be bound by the terms hereof.

c) In the event the subject property becomes the subject of a lease agreement, the prior written consent of the VILLAGE shall be required as provided in paragraph 3 above. The loan, plus all administrative expenses, shall then be immediately due upon the effective date of said lease.

d) In the event the OWNER(S) cease to occupy the subject property as their sole and exclusive residence, the VILLAGE shall be notified immediately by the OWNER(S) in writing. The entire loan amount and administrative expense may, at the VILLAGE'S option, exercised in writing, become due and payable to the VILLAGE upon the date of the OWNER(S) cessation of occupancy of the premises as sole and exclusive residence or thirty (30) days after the VILLAGE mails its written notice to the OWNER(S) by U.S. mail, whichever is later.

e) The VILLAGE will not subordinate this Estoppel Agreement to any security interest in the subject property hereafter created.

5. This agreement constitutes that entire understanding of the parties and no amendment or modification thereof will be effective unless in writing and signed by all parties.

OWNER(S)

VILLAGE OF ARLINGTON HEIGHTS
a Municipal Corporation

DRAFT COPY

John Smith

Village Manager

DRAFT COPY

Mary Smith

Village Clerk