



**City of Champaign
Neighborhood Services Department
Neighborhood Programs Division
102 N. Neil St.
Champaign, Illinois 61820
(217) 403-7070**



Acquisition-Rehabilitation Program

SCOPE	The program is offered to any homebuyer in neighborhoods that are designated as Targeted Neighborhoods for this program.
INCOME LIMIT	To be eligible for assistance, a household must have an annual income that does not exceed 80% of the median family income for the Champaign-Urbana-Rantoul area.
ASSET LIMIT	For elderly/disabled households: \$10,000 For all other households: \$5,000
MAXIMUM AMOUNT	The maximum amount available through this program is \$25,000 for rehabilitation and the lesser of \$14,999 or 10% of the purchase price. The after rehab value of the home cannot exceed \$200,160. As the realtor is helping look for homes, they can provide a median price range for the houses selling in the neighborhood you are interested in living. We can then evaluate the house needs to determine if the house will be under the \$200,160 limit.
PROGRAM DETAILS	Owner-occupancy and a title free of delinquent liens are required. Home improvement funds are available to low- and moderate-income owners of single-family residential properties. The funds are provided in the form of a deferred payment loan.

Guidelines for Participation in the Acquisition-Rehabilitation Program:

The Acquisition-Rehabilitation Program provides forgivable deferred payment loans to eligible Champaign homebuyers to purchase homes and make repairs to deteriorated single-family dwelling units. The property must be vacant (if it is a rental property) or owner occupied at the time the sales contract is signed. Funding shall be used for down payment assistance and to hire contractors to provide labor and materials to make required repairs. Homes renovated through this program will generally be in need of moderate to substantial rehabilitation. The information below provides an overview of the criteria considered by the Neighborhood Programs Division of the Neighborhood Services Department for applicant approval in the Acquisition-Rehabilitation Program. This is only an overview of the program guidelines. A complete set of program guidelines is provided in the Housing Assistance Program Manual, adopted by the Champaign City Council.

1. To qualify for assistance, the applicant must not have any outstanding nuisance violations on the subject property or any other property owned within the City. If nuisance violations become apparent after approval, all rehab work will halt until such violations have been cleared. The City also has the authority to demand accelerated payment on rehab grants and loans if nuisance violations are noted after rehab project close-out.

2. The annual gross income of the household must be equal to or less than eighty percent (80%) of the median family income for the Champaign-Urbana-Rantoul MSA, as determined by the U. S. Department of Housing and Urban Development (Part 5 Income Verification Process). Annual gross income is defined as stable, verifiable income from all sources for all members of the household over the age of 18.
3. The applicant must not have assets in excess of five thousand dollars (\$5,000). Assets include, but are not limited to, savings or checking accounts, savings bonds, stocks, securities, real estate equity (other than the applicant's homestead), or retirement funds. Applicants can only own one home; the other home(s) must be sold as part of real estate transaction. Elderly/disabled households may not have assets in excess of ten thousand dollars (\$10,000).
4. Owner-occupants within the City of Champaign are eligible to receive Acquisition-Rehabilitation or Full Home assistance one time only at a single address. Other assistance that may be provided to a homeowner under the City's Emergency, Home Accessibility, Caulk and Paint, or Senior Home Repair, may still be available.
5. The applicant will need to have a private home inspection completed on the residence prior to closing. The inspection must be conducted by a state licensed home inspector in the State of Illinois.
6. The subject property must be inspected by the City's Building Safety and Property Maintenance Divisions before assistance can be approved. A lead-based paint hazard visual or risk assessment will also be conducted. These inspections will be arranged by the Neighborhood Programs Division as a part of the application process. Work will be limited to building code, weatherization, energy efficiency, and lead based paint hazard repairs only. The rehabilitation will be completed within two years of acquisition. Any life safety issues will be taken care of prior to occupation of the home. Substitutions will not be made to the specifications written by the rehab technician. Life safety issues are defined as: repair actions which are urgently needed to safeguard against imminent danger to human life, health, or safety, or to protect property from further structural damage. The Rehabilitation Technician will make the determination if something meets the life safety threshold.
7. A maximum of twenty-five thousand (\$25,000) may be available for rehabilitation of the property. The maximum down payment assistance will be the lesser of 10% of the purchase price or \$14,999.
8. Attendance in a home buyer seminar is required prior to purchase. The City has the option to deny any loan application based on insufficient equity, excessive debt, poor credit history, inability to demonstrate a stable income pattern, or property maintenance nuisance violations. Credit counseling may be required as needed.
9. The applicant will have the opportunity to select the contractor to do the rehabilitation work from the Approved Neighborhood Programs Division Contractor List.
10. Subordinate position liens will be placed on the property in an amount equal to the cost of the down payment and the rehabilitation and will remain in effect for a period of five years if all conditions of the loan have been satisfied. If the conditions of the promissory note are not met (see Sections 15-17 below), the liens will not be forgiven and will remain in place until the property is sold or transferred. Should the property be sold, converted, or the title transferred at any time during the term of the agreement, the loan will immediately become due and payable to the City.
11. The City will subordinate its lien to a refinanced first mortgage only in certain circumstances. Generally, the City will only subordinate to a refinanced first mortgage with no cash out. In some situations, financing for home improvements may be allowed. Each request will be reviewed on a case-by-case basis.
12. Applicants who do not fully disclose all requested family, income and asset information will be denied assistance. If undisclosed income, asset, or family size information surfaces after the rehab application

is approved, the project will be terminated at that time and no additional assistance will be provided to that household. Providing false or incomplete information may result in prosecution.

- 13. At the end of the Deferred Payment Loan term conditions, the lien will be released and the applicant will no longer be obligated to the City, as long as the applicant has complied with all provisions of the rehabilitation agreement. The rehabilitation agreement conditions are summarized below in Sections 14, 15, 16, and 17.
- 14. During the *Affordability Period*, the homeowner agrees to annually provide the City of Champaign either a copy of the borrower(s) credit report *or* a credit report disclosure form.
 - a. The credit report will be reviewed to ensure the borrower(s) do not have any delinquent mortgage payments nor more than two delinquent payments on any other debt.
 - b. Staff will also review the overall debt to income ratio to ensure the borrower's debt load does not exceed 42% of their gross income nor has the debt to income ratio increased more than 5% from the ratio considered during loan origination.

If the borrower(s) do not show slow payments nor excessive debt, then the borrower will not be required to attend additional *Financial Management* workshops.
- 15. During the *Affordability Period*, the homeowner agrees to provide documentation of their *civic involvement*. This could include minutes (showing their attendance) from a PTA meeting, a neighborhood watch, or a neighborhood association meeting. In addition, attendance can be documented by notifying Neighborhood Services staff of attendance at a City of Champaign Council, Board, or Commission meeting. There are additional City functions (i.e. Annual Leaders Meeting, National Night Out, etc) that can also qualify as civic involvement. If this is completed, the homeowner will not be required to attend any additional *Community Involvement* workshops during the *Affordability Period*.
- 16. During the first year of ownership, prior to contact signing for the rehabilitation services, the homeowner agrees to attend a City-sponsored *Home Maintenance* workshop. This workshop will cover maintenance techniques and lead-based paint issues. Alternate arrangements or accommodations may be made for elderly or persons with disabilities.
- 17. During the *Affordability Period*, the homeowner agrees to maintain the HOME-assisted unit as their primary place of residence.

By signing this document, I am acknowledging that each of these points have been read and explained to me to my satisfaction.

Owner

Co-Owner/Applicant

Date

Date

STATE OF ILLINOIS }
COUNTY OF CHAMPAIGN }

I, the undersigned, a Notary Public in and for said County and State aforesaid, do hereby certify that _____ and _____ 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 he signed, sealed and delivered said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and Notarial seal this _____ day of _____, 200____.

Notary Public

Median Family Income Limits 2015
Median=\$71,850*

Family Size	30% MFI	50% MFI	60% MFI	80% MFI	MFI
1 person	15,100	25,150	30,200	40,300	50,350
2 persons	17,250	28,750	34,500	46,000	57,500
3 persons	19,400	32,350	38,800	51,750	64,700
4 persons	21,550	35,900	43,100	57,500	71,850
5 persons	23,300	38,800	46,600	62,100	77,650
6 persons	25,000	41,700	50,000	66,700	83,350
7 persons	26,750	44,600	53,500	71,300	89,150
8 persons	28,450	47,450	56,950	75,900	94,850

*Effective from 6/1/2015
(rounded to the nearest \$50)

Acquisition-Rehabilitation Program Participating Lenders

The City of Champaign has partnered with the following local lenders for assistance with the Acquisition and Rehabilitation Program:

Bank Champaign

Busey Bank

First Federal Savings Bank of Champaign-Urbana

First-Mid Illinois Bank & Trust

Heartland Bank & Trust Co

Hickory Point Bank & Trust

