

GENERAL PROGRAM QUESTIONS

1. What is the maximum award amount allowed for an Owner Occupied Repair CDBG/CDBG-D Grant?
\$350,000.

2. What is the maximum per unit subsidy allowed for repairs/rehabilitation under the Owner Occupied Repair CDBG/CDBG-D Program?
\$25,000 of Rehabilitation Costs/ Unit.

3. What counts as income eligible for the CDBG/CDBG-D Owner Occupied Repair programs?
To be income qualified the annual income of the household must be equal to or less than eight (80) percent (%) of the Area Median Income.

4. Are there any restrictions when I am completing the budget for an OOR award regarding the maximum amount allowed for particular line items?
Program Delivery + Administration+ Environmental Review cannot exceed twenty percent (20%) of the CDBG/CDBG-D award amount.

5. Who are the eligible applicants for a CDBG OOR award?
Cities, towns, or counties that are located within Indiana but outside of CDBG entitlement communities are eligible applicants for CDBG Owner Occupied Repair awards. For a complete listing of entitlement communities please refer to IHCD's CDBG policy.

6. Who are eligible applicants for CDBG-D OOR awards?
Due to severe flooding throughout Indiana in 2008, IHCD received CDBG-Disaster funding to help restore infrastructure and promote long term recovery in areas covered by a declaration of a major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Not for profits are allowed to apply for CDBG-D funding, in addition to cities, towns or counties. Applications for CDBG-D are submitted at the same time as CDBG applications, and the "pot of money" that an applicant is funded from will be based on its eligibility.

7. What is a Duplication of Benefits Affidavit and when must it be used?
42 U.S.C. 5155(a) prohibits federal agencies from providing assistance to any person for "any part of such loss" as to which he has received financial assistance under any other program or from insurance or any other source (such as, FEMA, SBA, Insurance, etc.). Each homeowner must execute a Duplication of Benefits Affidavit before he or she is assisted with CDBG-D funds.

8. What repairs can be made to a Home through the CDBG/CDBG- D OOR program?
IHCD has a Rehabilitation Priority List, found in the appendices of the OOR Application Policy, which breaks down the order in which eligible repairs can be made. The first priority is Health and safety improvements, followed by structural improvements, Aging in Place Improvements, and Energy improvements.

9. Are public meetings required for the CDBG/CDBG-D OOR program?
Yes, two (2) public hearings must be conducted. The first public hearing must be held before submission of an application to IHCD. The Second public hearing must be completed prior to close-out of the CDBG award. Please refer to Chapter One (1) in the IHCD CDBG & HOME Program Manual for additional information.

10. Is there a leverage requirement for the CDBG & CDBG-D OOR program?
Yes. There is a ten percent (10%) leveraging requirement for the CDBG and the CDBG-D OOR program. The amount of leveraging funds must equal or exceed ten percent (10%) of the total amount of the CDBG or CDBG-D award minus administration and environmental review costs. For more information on what counts as leverage please refer to chapter twelve (12) of the IHCD CDBG & HOME Program Manual, Funds Management.

11. When does Section 3: Economic Opportunities for Low and Very Low Income Persons apply to my award?
Section 3 applies if the recipient has received \$200,000 in construction/ rehabilitation funding in an aggregate amount or individually from any HUD Community Planning & Development ("CPD") programs during a program year. This includes CDBG, HOME, HOPWA, ESG, NSP, and other Programs. For more information regarding Section 3, please refer to chapter Seven (7) of the IHCD CDBG & HOME Program Manual.

12. How can I determine what the AMI level is for a specific county?
Every year HUD publishes income limits for its programs. IHCD sends out a RED Notice that contains the AMI levels for the year. These can be found on IHCD's website at the following link: <http://www.in.gov/myihcda/rednotices.htm>.

13. Does Davis Bacon apply to my CDBG/CDBG-D OOR project?
Davis Bacon does not apply to OOR projects as each home is owned individually.

14. What procurement method must be used for construction contracts?
All construction contracts must be procured through the competitive sealed bid method.

15. Are Not-For Profits allowed to create their own procurement procedures?
For projects funded after December 26, 2014, not for profits must abide by the same procurement procedures as local units of government. For more information on procurement Procedures please refer to Chapter ten (10) of the IHCD CDBG & HOME Program Manual.

16. What procurement method must be used for professional services such as engineering or consulting?
Professional services over \$25,000 must be procured by the competitive negotiation method if the competitive sealed bid method is not used.

17. When is the environmental review due?
The large area environmental review (Tabs A-F) is due upon submission of the application. Tab G, the site specific environmental review portion is due when at the time each home is identified.

18. Am I allowed to sign contracts before I receive my Release of Funds letter?
No. An environmental review is required for all projects and must be completed in order to receive the release of funds. No obligation of the funding may occur until after the environmental review process is complete and the release of funds is granted, this includes any contract being signed or any physical action to the property. If action is taken or a contract is signed, it will be considered a choice limiting action and you will lose your award.

19. Why am I not able to add relocation costs to my budget in the "budget Tab" of the application forms?
Due to a high volume of modification requests to move the budgeted amounts in the relocation line item to rehabilitation line items IHCD has decided to only allow relocation in the budget when it is necessary. Instead of having it available as a "what if". If you determine later that relocation costs are actually needed, you can request a budget modification to take money from a different line item and add it to the relocation.

20. What are the eligible budget line items and costs associated with an OOR project? How do I complete the necessary set-up and completion forms for my award?
Please refer to the funds management chapter associated with the CDBG funding source, Chapter Ten (10). This chapter contains a step by step guide along with detailed instructions on how to complete your forms. If you have any further questions please contact Becky Richardson (brichardson@ihcda.in.gov).

21. Am I able to extend the expiration date for my award?
There is an option to make a modification request to extend the expiration date (for no more than six months). However, there will be a penalty (a loss of points) on future applications.

AFFORDABILITY PERIOD AND LIENS

1. What is the affordability period for a CDBG/CDBG-D OOR award?

Amount of CDBG/D subsidy per unit:	Affordability Period
Under \$5,000.00	1 year
\$5,000 - \$10,000	2 years
Over \$10,000	3 years

2. When does the affordability period start for OOR Awards?

The affordability period starts at the time that the grantee submits its completion reports for a specific address to IHCD and these reports are approved. Therefore, it is in the homebuyer's interest to submit the completion reports to IHCD as soon as possible.

3. What amounts should be included in CDBG OOR lien?

The eligible CDBG hard costs associated with the rehabilitation of the home.

4. What amounts should be included in CDBG-D OOR lien?

The entire amount of eligible CDBG-D funding associated with the rehabilitation including, Environment Review, Lead and Program Delivery.

5. Can I use an old lien from a previous award, add additional language to IHCD's lien or use another lien that was created by the Local Unit of Government or my organization?

No, the most recent lien that is included in the award package must be utilized. IHCD liens are updated regularly. A fillable version of the lien is available upon request. Please contact the regional Analyst for the most up to date fillable lien.

6. Will IHCD subordinate its OOR lien if the homeowner seeks to refinance its mortgage loan?

Yes. IHCD will subordinate its OOR lien, if the refinance creates better terms for the homeowner and the lender agrees to use IHCD's form of subordination agreement. Provide the regional Analyst with a copy of the lien, the reason for the refinance, and request for a copy of the subordination form.

7. What if the homeowner passes away during the affordability period?

If the homeowner passes away during the affordability period, the lien still must be paid off like any other mortgage or lien, however if the property is sold to another low income family who is willing to maintain a lien on the property for the remainder of the affordability period, no recapture of funds is required. Once the homeowner dies the lien will not be forgiven past that date.

8. What should I do if I receive a foreclosure complaint?

If you receive a foreclosure complaint you must send a copy of it and the corresponding lien to your analyst immediately so that IHCD can assert an interest in the foreclosure action.

9. What should I do if I receive a payoff request?

Contact the regional Analyst immediately and send him or her a copy of the lien so that IHCD can calculate the payoff.

10. What amount will the homeowner owe if the property is sold during the affordability period?

The homeowner will owe the total lien amount. However, this amount will begin to reduce monthly after the completion date. The completion date is the date that the completion forms are submitted to IHCD and approved. This amount is payable from the net proceeds of the sale, which means the seller will not be required to bring a check to closing to payoff the lien but he/she cannot receive a check from the closing to the extent that our lien is not paid off.

11. What if the homeowner wants to sell the property to another low income family who is willing to maintain a lien on the property for the remainder of the affordability period?

The new homebuyer will need to sign a new lien for the remainder of the affordability period and provide income documentation to IHCD's compliance department for approval.

12. Am I allowed to release a lien from an OOR client's property?

No. Pursuant to the terms of the lien, any grantee that executes the lien does it for the benefit of IHCD and IHCD is the only entity that can legally enforce or release the lien.

HOMEOWNER OOR PROGRAM ELIGIBILITY

1. Are land contracts an acceptable form of ownership?

No.

2. What if there is a life estate?

Assistance can be provided in some cases, if the person who has the life estate has the right to live in the housing for the remainder of his or her life, does not pay rent and occupies the housing as his or her principle residence. In these cases, send a copy of the deed to your analyst so we can verify what form of ownership has actually been granted.

3. Is there a requirement to remove joint-tenants or persons listed for the purposes of survivorship from the deed?

No. However, all individuals listed on deed must be income qualified unless he or she provides at least three (3) months of recent documentation that shows that he or she is not living at the home (i.e., utility bill in his or her name for another address, homeowner's insurance policy for another address); and

- must agree to the repairs by signing the construction contract; and
- must sign the lien to be recorded

***If one tenant, whose name is on the deed, refuses to complete one of the steps listed above, this household is considered ineligible.*

4. If there is a deceased person listed on the deed, do you have to remove them from the deed?

No, but to ensure the lien is legal and accurate, submit a copy of the death certificate.

5. If a divorced individual owns their home through a divorce decree, but the former spouse is still listed on the deed, will their income be counted as part of the household income?

Yes unless documentation is provided showing his/her primary residence is at another location to exclude income. (I.E. utility bills at another residential location); and

- He/she must agree to the repairs by signing the construction contract; and
- He/she must sign the lien to be recorded
- If the first option cannot be completed, homeowner would need to remove former spouse from the deed in a legal manner to be considered for the program.

6. Can a person who owns a home, but rents it out to another individual or family be considered eligible for the OOR program?

No, to be eligible for owner occupied rehabilitation (OOR), the homeowner beneficiary must be low-income and must occupy the property as a principle residence for the duration of the affordability period.

7. How long is an income verification valid?

An income verification is good for six (6) months from the time of the verification. If more than six (6) months lapse, the household income must be re-certified.

8. When must a household qualify as low income?

Household must be considered income eligible at the time of contract execution.

9. Can a home that has previously received CDBG OOR assistance receive additional assistance?

A home that has previously received CDBG OOR assistance cannot receive additional assistance during the affordability period associated with the CDBG OOR assistance. A home can receive additional assistance after the expiration of the affordability period associated with any OOR assistance received from IHCDA.

10. What does duplication of benefits mean?

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), prohibits any person, business concern, or other entity from receiving CDBG-D assistance with respect to any part of a loss as to which he has received financial assistance under any other program or from insurance or any other source. A Duplication of Benefits situation would occur if a beneficiary received funds from FEMA, Insurance, SBA, or another source to fix damage to its home and then also received funding through the CDBG-D funds for the same purpose.