



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 3c

Title: Recommendation to approve and execute an amended Service Agreement for the Home Rehabilitation and Accessibility Loan Program

Presenter: Ellen Johnson

Meeting: Planning & Development Committee

Date: February 13, 2017

Proposed Cost: N/A

Budgeted Amount: N/A

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

P&D Committee discussed and recommended approval of two Housing Commission recommendations regarding housing programs at the 1/9/17 meeting. The first was creation of a new First-Time Homebuyer Downpayment Assistance Program. The second was an amendment to the existing Home Rehabilitation Loan Program to remove the single-family only restriction and open the program to townhome and condo units, as well as change the program name to, “Home Rehabilitation and Accessibility Loan Program” to highlight the fact that the program can be used to fund accessibility modifications for physically disabled persons.

The Home Rehabilitation Program is currently administered for the City by Community Contacts, Inc., a non-profit housing provider based in Elgin. Staff has amended the Service Agreement to reflect the changes to the program previously recommended for approval. Community Contacts is agreeable to the amended Service Agreement.

Discussions are ongoing regarding the Service Agreement for the First-Time Homebuyer Downpayment Assistance Program. This agreement will be brought to the Committee for consideration when it is ready.

Attachments *(please list):*

Staff Memo from 1/9/17; Service Agreement for the Home Rehabilitation and Accessibility Loan Program

Recommendation/Suggested Action *(briefly explain):*

Recommendation to Approve and Execute an Amended Service Agreement for the Home Rehabilitation and Accessibility Loan Program

Community and Economic Development
Planning Division

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ST. CHARLES
SINCE 1834

STAFF MEMO

TO: Chairman Todd Bancroft
And the Members of the Planning and Development Committee

FROM: Ellen Johnson, Planner

RE: Proposed Downpayment Assistance Program & Amendment to the Single-Family Home Rehabilitation Loan Program

DATE: January 3, 2017

The Housing Commission has provided two recommendations for the Committee's consideration regarding use of affordable housing fee in-lieu contributions into the City's Housing Trust Fund, in accordance with Ch. 3.50 of the City Code, "Housing Trust Fund". The first is creation of a new First-Time Homebuyer Downpayment Assistance Program and the second is an amendment to the existing Single-Family Home Rehabilitation Loan Program.

I. RECENT HOUSING COMMISSION ACTIVITY

a. Community Land Trust

The P&D Committee last discussed a housing-related program in March 2016 when creation of a Community Land Trust (CLT) was under consideration. At that time, the four communities that partnered on the *Homes for a Changing Region* plan adopted in 2014 – St. Charles, Geneva, Batavia, and North Aurora – were considering working together to create a CLT as recommended in the *Homes* plan. A CLT is an organization that provides affordable housing to a community. At the March P&D Committee meeting, housing policy consultant Betsy Lassar presented a proposed "exploratory process" to look into the feasibility of creating a Fox Valley CLT. Committee members expressed interest in the CLT concept and the proposed exploratory study, but needed to know if the other three communities would also be participating in the feasibility study before making a recommendation to proceed.

Geneva, Batavia, and North Aurora all decided not to pursue the CLT for a variety of reasons, including funding concerns, both for the feasibility study and the future CLT, and lack of political support. The Housing Commission determined that it would not be practical for St. Charles to pursue the CLT on its own. Creating the CLT would require establishment of a stand-alone nonprofit organization and long-term funding sources, which would be difficult for a community of St. Charles' size to take on alone.

b. Purchase/Rehab/Resale Program

The Housing Commission instead decided to look into creating a purchase/rehab/resale program, whereby the City would purchase distressed properties, rehab them, and sell them to income-eligible homebuyers. This is the type of activity the CLT may have taken on. The Commission felt that creating a purchase/rehab/resale program would be a simpler option for the City while still providing the benefit of improving distressed housing stock and providing affordable housing.

Staff conducted research on the purchase/rehab/resale program concept, including speaking to the Kane County Office of Community Reinvestment, which has a Foreclosure Redevelopment Program similar to what the Housing Commission had in mind for St. Charles. The County advised that foreclosed homes available for purchase in St. Charles are in short supply, and those that are available are selling for twice as much as they were a year or so ago, and sell very quickly. Due to these changes in the foreclosure market, the County is moving away from this type of program.

The Housing Commission felt that creating a purchase/rehab/resale program at this time would be attempting to work against market forces. Purchasing a home in today's market, rehabbing it, and selling it at an affordable price would quickly drain the Housing Trust Fund resources. The Commission plans to revisit this idea in the future as the market allows.

II. PROPOSED FIRST-TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM

At the suggestion of Kane County, the Housing Commission looked into creating a downpayment assistance program instead of a purchase/rehab/resale program as another way to make housing affordable to income-eligible families. The idea behind this type of program is that a home which would otherwise be unattainable to a family can be made affordable through providing downpayment assistance. This type of program both removes the downpayment barrier to homeownership, as well as lowers the monthly mortgage payment. The assistance would be in the form of a 0% interest loan, so the funds would return to the Housing Trust Fund upon sale of the home.

a. Existing Kane County Program

Kane County offers downpayment assistance to income-eligible homebuyers, for which St. Charles buyers can apply. The following is a summary of Kane County's First-Time Homebuyer Program:

- \$10,000 in downpayment and closing cost assistance.
- Zero interest, deferred-payment loan; repaid upon sale or transfer of deed.
- First-time homebuyers only (cannot have owned a home in the past three years).
- Annual household income cannot exceed 80% AMI based on household size.
- Buyers must complete a homebuyer education course.
- Buyers must contribute at least 1% of the purchase price.
- Buyers must have lived or worked in the Kane-Elgin Consortium Area for at least 1 year.
- Open to single-family homes, townhomes, and condominiums.
- Homes must pass inspection.

b. Proposed City Program

The Commission determined that the best use of the City's limited resources would be to piggyback on Kane County's First-Time Homebuyer Program, similar to how the City's existing Home Rehab Loan Program is structured. The County's program offers up to \$10,000 per household. An additional \$10,000 will be offered through the City's program for homes purchased in St. Charles if additional downpayment assistance is needed to make purchase of a home affordable for the prospective buyer. The assistance will be in the form of a zero percent interest, deferred payment loan, due back to the City upon sale or transfer of deed. The program is targeted to households at or below 80% Area Median Income (AMI).

Staff has prepared a Program Description (see attached). Applicants will initially apply for Kane County's program, and then apply for additional funds from the City's program if additional assistance is needed. Only homes to be purchased in St. Charles will be eligible for the City's program. Other than the St. Charles location requirement, the edibility requirements match those of the Kane County program (listed above), since applicants will first need to be approved for the County's program.

Like for the City's existing Home Rehab Loan Program, the intent is for a third-party service organization to administer the program for the City. The third-party organization's role would include processing applications, determining eligibility, performing inspections of the home to be purchased, providing homebuyer education classes, and executing the required legal documents.

Staff has reached out to three non-profit housing providers in the area to solicit interest in administering the program. Neighborhood Housing Services of the Fox Valley (NHS) is an Elgin-based non-profit housing service provider that administers the County's First-Time Homebuyer Program. It is logical for NHS to provide this service to the City as well, since applicants will first need to apply to the County's program and would then be working with the same organization when applying for the City's program. NHS has expressed enthusiasm for working with the City on this program. Community Contacts, Inc. which administers the City's Home Rehab Loan Program, declined to provide a proposal and stated they feel it would be most appropriate to work with NHS since they administer the County's program. Joseph Corporation also did not provide a proposal. Based on these responses, staff has been discussing program administration with NHS. These discussions are ongoing, but should not impact the parameters of the program itself. NHS would receive an administration fee of 1% of the total mortgage loan.

III. AMENDMENT TO SINGLE-FAMILY HOME REHABILITATION LOAN PROGRAM

The Housing Commission also discussed a desire to help senior citizens safely remain in their homes by providing financial assistance for making accessibility modifications such as doorway widening, walk-in showers, ramps, and lowered countertops. The City's existing Single-Family Home Rehabilitation Loan Program, which helps income-eligible homeowners make necessary repairs to their homes, already covers "Improvements and modifications for physically disabled persons". This program is available to income-eligible owners of single-family homes, including seniors.

The Commission has recommended the program be opened up to owner-occupied townhome and condominium units, as well, which may provide opportunities for more senior citizens to be

eligible for the program. The City's current program is supplemental to Kane County's Home Rehab Program. Kane County's program is not restricted to single-family homes.

Staff has amended the Program Description for the Single-Family Home Rehab Loan Program (see attached). The program is now called the Home Rehabilitation and Accessibility Loan Program to highlight the potential to fund accessibility improvements. The language has been changed where necessary to reflect the fact that it is no longer restricted to single-family homes. Under "Eligible Improvements", examples of modifications for disabled persons have been added in order to better communicate that the program may be used for accessibility improvements. The rest of the program remains as-is. The program will continue to be used as a supplemental program to Kane County's program, with up to \$10,000 available per household in the form of a zero percent interest, deferred payment loan.

This program is administered for the City by Community Contacts, Inc., a non-profit housing provider based in Elgin. Staff has spoken with Community Contacts and they are agreeable to the changes to the program.

IV. HOUSING COMMISSION RECOMMENDATION

At its 11/17/16 meeting, Housing Commission unanimously recommended approval of the Program Description for a new First-Time Homebuyer Downpayment Assistance Program and the amended Program Description for the Home Rehabilitation and Accessibility Loan Program.

If P&D Committee provides a positive recommendation on these Program Descriptions, staff will work with NHS to prepare the Service Agreement for the First-Time Homebuyer Downpayment Assistance Program. Staff will also work with Community Contacts on an amended Service Agreement to reflect the changes to the Home Rehabilitation and Accessibility Loan Program.

Staff anticipates the Service Agreements will be brought forward at the February P&D Committee meeting.

V. ATTACHMENTS

- Program Description: First-Time Homebuyer Downpayment Assistance Program
- Amended Program Description: Home Rehabilitation and Accessibility Loan Program (changes marked in red)

DRAFT REVISED PROGRAM DESCRIPTION: HOME REHAB LOAN PROGRAM

Jan. 2017

[Changes from 2010 Program Description marked in red]

THE CITY OF ST. CHARLES SUPPLEMENTAL ~~SINGLE-FAMILY DETACHED~~ HOME REHABILITATION AND ACCESSIBILITY LOAN PROGRAM

PROGRAM OVERVIEW

The City of St. Charles is committed to preserving and maintaining its affordable housing stock. In response to this commitment, the City is initiating a ~~single family detached~~ home rehabilitation program. This program offers no interest loans to qualified households to maintain the quality of the affordable housing stock and help distressed homeowners in need. Funding for this program will be provided from the City of St. Charles Housing Trust Fund.

Program Name	Program Description	Available Funds	Type of Loan
Supplemental Single Family Detached Home Rehabilitation and Accessibility Loan Program (the "Program")	Homeowners will apply to Community Contacts, Inc. for a loan through the City's Program. This loan will only be available to those properties located within the City of St. Charles' corporate limits. The Program is intended to be supplemental to Kane County's Single Family Detached Home Rehabilitation Loan Program; therefore, applicants must initially apply through the Kane County program. Loans through the City's Program will be considered in the following circumstances: (i) the cost of the Eligible Improvement(s) exceeds the maximum amount paid by Kane County or (ii) the homeowner has project costs that are not eligible for reimbursement through Kane County's program, but are Eligible Improvements.	Maximum of \$10,000 per household	0% Interest deferred loan with repayment at the time of sale or transfer of deed.

ELIGIBLE IMPROVEMENTS

- Improvements and modifications for physically disabled persons, **including but not limited to: grab bars and railings; motorized chair lifts; doorway widening; walk-in showers; accessible toilets; shower seats; ramps; bed rails; and lowered countertops.**
- Repairs/improvements to mechanical, heating, plumbing, structural, and electrical systems.
- Exterior painting.
- Improvements to building security.
- Termite damage repair.
- Drainage improvements.
- Yard clean-up.
- Repairs or replacement of roofing.
- Insulation.
- Exterior work that will improve overall neighborhood appearance.
- Windows in need of repair or replacement.

INELIGIBLE IMPROVEMENTS

- Additions/upgrades to existing structure or component parts, i.e. window upgrades (Bay Window), room additions, etc. (except to provide access to persons with disabilities).
- Purchase or repair of furnishings.
- Purchase of land/real property.
- Construction/repair of swimming pools or hot tubs.
- Appliances
- Improvements to common elements of association owned or managed property.

RESIDENTIAL REHABILITATION PRIORITIES

The following priority system will be used to classify rehabilitation work needed for each property. The following priority system is in descending order of priority. Category A represents the highest priority items, and Category D represents items of lowest priority.

Category A - Health & Safety items

Category A consists of code violations and repair of the major systems that threaten the health and safety of the resident (e.g., basic structural, mechanical, electrical, heating and/or plumbing systems).

Category B - Incipient Code Violations

These items include those elements of the structure which are not in violation of the code but appear to be in a condition that will deteriorate into a code violation if left uncorrected (e.g., hot water heater or boiler of 30 or 40 years of age which may have given some minor problem in the recent past). If sufficient dollars are available to address more than the Category A items, then Category B improvements shall be undertaken to the extent of financial feasibility.

Category C - Energy Conservation Items

These items are directly related to the conservation of energy by upgrading the dwelling's thermal protection such as new windows, new doors, and insulation which may be undertaken if sufficient dollars have been available to address Category A and B items.

Category D - General Property Improvements

These work items constitute improvements which can be made to the property, but are not vital to health and safety of the resident. Examples could include yard maintenance, exterior painting, air conditioning, improvements and modifications for physically disabled persons. These items can be considered property improvements after Categories A through C have been addressed and subject to staff approval.

ELIGIBILITY

The following criteria will determine applicant eligibility:

1. Income: The annual gross household income of the applicant household may not exceed the income limits established below.
2. Location: The subject property must be within the City of St. Charles corporate limits.
3. Home Value: The value of the applicant's home may not exceed \$271,050.
4. Type of Unit: The unit must be an owner-occupied residential property. ~~single family detached residential property.~~
5. Ownership: The person receiving the loan must live within the dwelling unit, and not rent this unit to other persons.

INCOME LIMITS

To be eligible for a deferred loan with repayment at the sale of the property the following income criteria will apply:

The annual gross household income cannot exceed the most recent income limits for a household at 80% Area Median Income based on household size, as published by the Illinois Housing Development Authority (source: <http://www.ihda.org>). The Household Valuation Limitation is set at the most recent FHA Mortgage Limit for Kane County (source: <https://entp.hud.gov/idapp/html/hicostlook.cfm>). The below chart uses 2016 income limits published by IHDA and 2016 Household Value Limitation from HUD.

Owner Occupied Affordability Chart For Chicago Metro Area 80% of Average Area Median Income								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
2016 Income Limits (80% AMI)	\$43,050	\$49,200	55,350	\$61,500	\$66,450	\$71,350	\$76,300	\$81,200
Household Value Limitation	\$ 271,050							

~~Please Note: The above chart uses 2009 income limits published by the Illinois Housing and Development Authority (Source: <http://www.ihda.org>). The Household Valuation Limitation is set to the FHA Mortgage Limit for the City of St. Charles (Source: <https://entp.hud.gov/idapp/html/hicostlook.cfm>).~~

3RD PARTY VENDOR DUTIES

1. The applicants will apply directly to the 3rd Party Vendor.
2. The 3rd Party Vendor will process all applications and review income eligibility.
3. The 3rd Party Vendor will perform onsite inspections of ~~single family detached~~ home.
4. The 3rd Party Vendor will create the scope of work for all necessary repairs.
5. The 3rd Party Vendor will verify ownership of the property in the form of a title insurance policy.
6. The 3rd Party Vendor will send the application, Application information and Information Disclosure (Exhibit E) to City Staff for review and approval once steps 1 through 4 have been completed. No work involving St. Charles Housing Trust Fund money shall begin until the City approves the application.
7. The 3rd Party Vendor will bid the work to 3 separate contractors.
8. The 3rd Party Vendor will award the contract to the lowest responsible bidder and will supervise the work.
9. Prior to commencing work on a project, the 3rd Party Vendor will obtain a promissory note and mortgage agreement, in forms acceptable to the City, from the property owner. The mortgage shall be recorded in the Recorder's Office of the county where the property is located simultaneously with the disbursement of funds by the City.
10. The 3rd Party Vendor will ensure that all work is complete and inspected and approved by the City of St. Charles Building and Code Enforcement Division.
11. Once the work is complete the 3rd Party Vendor will submit lien waivers, cost affidavits, and such other documentation, as the City requires, to the City Staff to receive repayment.

12. City Staff will review Disbursement Request and issue reimbursement for Eligible Improvements and an administrative fee of 10% and all fees associated with recording of the mortgage lien and Title Search to the 3rd Party Vendor. No payment shall be made until the 3rd Party Vendor delivers an ALTA Loan Policy of Title Insurance in favor of the City for the amount of the reimbursement.
13. The 3rd Party Vendor will process any repayments of the mortgage lien on behalf of the City, and send this repayment to the City.

3rd PARTY VENDORS

**SERVICE AGREEMENT
BETWEEN THE CITY OF ST. CHARLES, ILLINOIS
AND
COMMUNITY CONTACTS, INC.**

THIS AGREEMENT is entered into this _____ day of _____, 20__ by and between the City of St. Charles, Kane and DuPage Counties, Illinois, an Illinois municipal corporation (hereinafter “City”) and Community Contacts, Inc., an Illinois not-for-profit corporation (hereinafter “3rd Party Vendor”).

WHEREAS, the City is a home rule unit as provided in Article VII, Section 6 of the Illinois Constitution, and this Agreement is entered into as an exercise of its powers and performance of its functions pertaining to its government and affairs, as well as the authority provided by Article VII, Section 10 of the Illinois Constitution, 5 ILCS 220/1, *et seq.* and 310 ILCS 67/25; and

WHEREAS, the City, in Chapter 3.50 of the St. Charles Municipal Code, has established a Housing Trust Fund to provide sustainable financial resources to address the Affordable Housing needs of Eligible Households in St. Charles by preserving and producing Affordable Housing, providing housing-related financial support and services to Eligible Households, and providing financial support for not-for-profit organizations that actively address the Affordable Housing needs of Eligible Households; and

WHEREAS, on April 1, 2010 the City entered into a Service Agreement between the City of St. Charles and Community Contacts, Inc. (hereinafter “2010 Agreement”); and

WHEREAS, the 2010 Agreement stated the City’s desire to utilize a portion of the Housing Trust Fund to provide owner-occupied housing rehabilitation services to Eligible Households within the City; and

WHEREAS, the City wishes to continue to utilize a portion of the Housing Trust Fund to provide housing rehabilitation services to Eligible Households within the City, but wishes to provide said services for other types of owner-occupied dwelling units and not solely to owner-occupied single-family dwelling units; and

WHEREAS, the City wishes to continue to engage the services of the 3rd Party Vendor to deliver said services.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

I. 3rd Party Vendor Services. In consideration of the premises, terms and conditions set forth herein, the 3rd Party Vendor shall devote sufficient energies for the provision of a Home Rehabilitation and Accessibility Loan Program to those areas within the City of St. Charles designated by the City Council. Such services shall include the following:

- A. Perform all the duties listed in Exhibit A attached hereto and incorporated herein.
- B. Ensure that all applicants meet the eligibility requirements listed in Exhibit A.
- C. Maintain adequate records and provide for regular inspection by City Staff as detailed within this Agreement.

II. Use of Housing Trust Fund. In consideration of the aforementioned services the City shall reimburse the 3rd Party Vendor an amount not to exceed \$10,000 per household from the Housing Trust Fund for the purposes of individual home repair projects as described herein, for Community Contacts beginning February 20, 2017 and ending at the discretion of the City Council, under the following conditions:

- A. Funds provided herein shall be used specifically in the manner described in Exhibit A. Each application shall include a description of the project, a schedule for completing the tasks, and a project budget.
- B. To be eligible, homeowners must meet the established income guidelines established in Exhibit A.
- C. Home value shall not exceed the criteria established in Exhibit A.

In addition to reimbursing the 3rd Party Vendor for such costs, the City shall pay the 3rd Party Vendor an administrative fee of ten percent (10%), per project.

III. Ineligible Improvements. No Housing Trust Fund money shall be used for any item listed in Exhibit A as an Ineligible Improvement.

IV. Compliance with Codes. Any rehabilitation of property or improvement of property shall comply with all relevant provisions of the City of St. Charles Municipal Code, including, but not limited to, the Building Code.

V. Disbursement of Funds. Upon completion of the all the items listed as 3rd Party Vendor duties in Exhibit A, the 3rd Party Vendor shall submit a Request for Disbursement of Funds in the form attached hereto and incorporated herein as Exhibit B. Disbursement is subject to the following terms and conditions:

- A. Disbursement of funds to the 3rd Party Vendor will follow after verification of work completion, the St. Charles Building and Code Enforcement Division has completed a final inspection and approved all work, the contractors have been paid and submitted all necessary lien waivers, and a mortgage agreement, in a

form acceptable to the City, in the amount of the Eligible Improvements has been recorded with the appropriate County Recorder of Deeds. In addition, no disbursement shall be made until the 3rd Party Vendor delivers an ALTA Loan Policy of Title Insurance in favor of the City for the amount of the reimbursement. The City may, in its discretion, subordinate the mortgage on the property pursuant to the guidelines attached hereto and incorporated herein as Exhibit C.

- B. The 3rd Party Vendor will be paid 10% of the total cost of Eligible Improvements, up to a maximum amount of \$10,000 per household. In consideration of the work performed hereunder, the City will reimburse the 3rd Party Vendor with Housing Trust Funds available under this Agreement for Eligible Improvements described in Exhibit A that have been approved by City staff, as well as the administrative fee described above. Submission of a Request for Disbursement shall be accompanied by the appropriate receipts, invoices, canceled checks, lien waivers and/or other such other documentation required by the City. Advance disbursements of Housing Trust Funds are not permitted under this Agreement.
- C. The 3rd Party Vendor will be reimbursed no more than thirty (30) days after a complete Request for Disbursement, along with all required documentation, has been submitted to the City.

VI. Other Program Requirements.

A. Non-Discrimination and Equal Opportunity

In carrying out this Agreement, the 3rd Party Vendor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, familial status, handicap, or national origin. The 3rd Party Vendor shall take the necessary steps to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, familial status, handicap or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The 3rd Party Vendor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government setting forth the provisions of this non-discrimination clause. The 3rd Party Vendor, upon execution of this Agreement, shall agree that all qualified candidates will receive consideration for employment without regard to race, color, religion, sex, age, familial status, handicap, or national origin.

B. Disclosure Requirements

The 3rd Party Vendor shall maintain and disclose accurate, current, and complete financial results of all activities performed under this Agreement, in accordance with generally accepted business practices. If the 3rd Party Vendor's accounting records are maintained on a cash basis, the 3rd Party Vendor shall develop information of accounts payable and accounts receivable through an analysis of the documents in the file, or on the basis of its best estimates.

C. Drug-Free Workplace

The 3rd Party Vendor will (or will continue to) provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the 3rd Party Vendor's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about:
 - a. The dangers of drug abuse in the workplace;
 - b. The 3rd Party Vendor policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of work under this Agreement be given a copy of the statement required by subparagraph 1.
4. Notifying the employee in the statement required by subparagraph 1 that, as a condition of employment, the employee will:
 - a. Abide by the terms of the statement; and
 - b. Notify the 3rd Party Vendor in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the City in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction;
6. Taking on of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted:

- a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Make good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs 1, 2, 3, 4, 5, and 6.

D. Conflict of Interest

The 3rd Party Vendor agrees that no member of any governing body of any locality in which the 3rd Party Vendor is situated, and no public official of such locality or localities who exercises any function or responsibility with respect to this Agreement during his/her tenure, or for one (1) 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.

E. Employees not Eligible

No person in the employment of the 3rd Party Vendor or contractors used for rehabilitation work shall be eligible to benefit from the City's program administered by this Agreement.

VI. Records, Inspections, Retention, and Reports:

A. Records

The 3rd Party Vendor shall maintain such records and accounts, including:

1. Applications
2. Reasons for approval/disapproval of applications
3. Records demonstrating compliance with the income determination requirements Exhibit A
4. Project Budgets
5. Contracts
6. Contractor's affidavit, material costs, and payments to contractors.
7. Building Permits/Inspections.
8. Recorded Mortgage
9. Any other records as are deemed necessary by the City to assure a proper accounting and monitoring of all Housing Trust Funds.

In the event the City determines that the 3rd Party Vendor is not adequately maintaining such records, the City may terminate this Agreement as specified herein.

B. Inspections

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 City deems necessary. The 3rd Party Vendor 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 City's right of inspection and audit shall pertain likewise with reference to any audits made by any other agency, whether local, State, or Federal. Failure to provide access to records will be considered default of this Agreement.

C. Retention

The 3rd Party Vendor shall retain all records and supporting documentation applicable to this Agreement for the most recent five (5) year period, except as provided below:

1. For homeownership housing projects, records shall be retained for five (5) years after the project completion date, except for mortgage lien documentation, which must be retained until the debt is paid in full.
2. Written agreements must be retained for five (5) years after the agreement terminates.
3. 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.

D. Reports

If requested by the City, the 3rd Party Vendor shall submit to the City performance reports on no more than a quarterly basis in substantially the form attached hereto and incorporated herein as Exhibit D.

VII. Insurance and Bonding. The 3rd Party Vendor shall carry sufficient insurance coverage to protect the improvements financed through the City's program from loss due to theft, fraud, and/or physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to payments from the City. The 3rd Party Vendor

shall ensure that Workers' Compensation Insurance coverage is provided for all employees involved in the performance of work under this Agreement.

VIII. Evaluation. The City shall be responsible for monitoring and evaluating all aspects of the services provided by the 3rd Party Vendor under this Agreement. The City shall have access to and be able to make copies and transcriptions of such records as may be necessary in the determination of the City to accomplish this evaluation. In order to properly monitor and evaluate the 3rd Party Vendor's performance under this Agreement, the City shall make on-site inspections as often as it deems necessary. Failure by the 3rd Party Vendor to assist the City in this effort, including allowing the City to conduct on-site inspections and have access to the 3rd Party Vendor's records, shall constitute a default and result in the termination of this Agreement.

IX. Indemnification. The 3rd Party Vendor shall indemnify, defend, and hold harmless the City, its officers, employees and agents, from and against any and all liability, injury, loss, claims, damages, costs, attorneys' fees, and expenses of any kind or nature, which the City, its officers, employees and agents may sustain, suffer, or incur or be required to pay, including reasonable attorney's fees, arising from the execution or implementation of this Agreement, including, but not limited to, the following:

- A. The loss of any monies paid to the 3rd Party Vendor;
- B. Fraud, defalcation, or dishonesty on the part of any person representing, employed by, contracted, or subcontracted by the 3rd Party Vendor;
- C. Any act, omission, wrongdoing, misconduct, want of care or skill, negligence, or default on the part of the 3rd Party Vendor or any of its contractors, subcontractors, sub-subcontractors, material/men, suppliers, and laborers in the execution or performance of this Agreement; or
- D. Any judgment, regardless of whether such judgment is covered by the insurance required under this Agreement.

X. Assignability. The 3rd Party Vendor may not assign or transfer any of its rights, duties, or obligations under this Agreement without the City's express written consent. The 3rd Party Vendor may, however, subcontract the development, construction, and/or rehabilitation of housing units to properly licensed contractors.

XI. Cumulative Remedies/Successors and Assigns. The rights and remedies herein expressed are cumulative and not exclusive of any other rights, which the City may otherwise have at law or in equity. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

XII. Jurisdiction/Interpretation. This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois. Venue shall be in Kane County, Illinois. In the event any legal proceeding arises as a result of the performance of this Agreement, the 3rd Party Vendor waives any and all right it may have to a jury trial.

XIII. Survival of Provisions. All provisions of this Agreement intended to survive or to be performed subsequent to the end of the period of this Agreement shall survive the termination of this Agreement.

XIV. Notices. The City and the 3rd Party Vendor agree that all notices required herein shall be in writing and delivered by mail or hand delivered to the following representatives:

City: Rita Tungare, Director of Community and Economic Development
City of St. Charles Community and Economic Development
Department
2 E. Main Street
St. Charles, IL 60174

3rd Party Vendor: Lowell Tosch, Executive Director
Community Contacts, Inc.
100 South Hawthorne Street
Elgin IL 60123

XV. Relationship of the Parties/Disclaimer. The 3rd Party Vendor agrees not to enter into any relationship, contractual or otherwise, which will subject the City to any liability. The 3rd Party Vendor agrees that it is an independent agency contracting with the City to provide the services set forth in this Agreement, and has no authority to bind the City in any matter. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by third persons, to create any relationship of third party beneficiary, or of principal or agent, or of limited or general partnership, or of joint venture, or of any association or relationship involving the City or the 3rd Party Vendor.

XVI. Termination of Agreement. In addition to all other remedies available, in the event of a default by either party under this Agreement, the other party may elect to terminate the Agreement by serving thirty (30) days written notice upon the other party.

XVII. Integration. This Agreement, together with all Exhibits and attachments hereto, constitutes the entire understanding and agreement made by and between the parties hereto. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

XVIII. Amendments. Any amendment to this Agreement shall be effective only if evidenced by a written instrument executed by the parties hereto.

XIX. Governing Law. The laws of the State of Illinois shall govern the interpretation and enforcement of this Agreement.

XX. Paragraph Headings. The paragraph headings and references are for the convenience of the parties and are not intended to limit, vary, define or expand the terms and provisions contained in this Agreement, and shall not be used to interpret or construe the terms and provisions of this Agreement.

XXI. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date and year first written above.

CITY OF ST. CHARLES, an Illinois
municipal corporation

By: _____
Mayor

ATTEST:

City Clerk

COMMUNITY CONTACTS, INC., an Illinois not-
for-profit corporation

By: _____

ATTEST:

Secretary

Exhibit A

THE CITY OF ST. CHARLES SUPPLEMENTAL HOME REHABILITATION AND ACCESSIBILITY LOAN PROGRAM

PROGRAM OVERVIEW

The City of St. Charles is committed to preserving and maintaining its affordable housing stock. In response to this commitment, the City is initiating a home rehabilitation program. This program offers no interest loans to qualified households to maintain the quality of the affordable housing stock and help distressed homeowners in need. Funding for this program will be provided from the City of St. Charles Housing Trust Fund.

Program Name	Program Description	Available Funds	Type of Loan
Supplemental Home Rehabilitation and Accessibility Loan Program (the "Program")	Homeowners will apply to Community Contacts, Inc. for a loan through the City's Program. This loan will only be available to those properties located within the City of St. Charles' corporate limits. The Program is intended to be supplemental to Kane County's Home Rehabilitation Loan Program; therefore, applicants must initially apply through the Kane County program. Loans through the City's Program will be considered in the following circumstances: (i) the cost of the Eligible Improvement(s) exceeds the maximum amount paid by Kane County or (ii) the homeowner has project costs that are not eligible for reimbursement through Kane County's program, but are Eligible Improvements.	Maximum of \$10,000 per household	0% Interest deferred loan with repayment at the time of sale or transfer of deed.

ELIGIBLE IMPROVEMENTS

- Improvements and modifications for physically disabled persons, including but not limited to: grab bars and railings; motorized chair lifts; doorway widening; walk-in showers; accessible toilets; shower seats; ramps; bed rails; and lowered countertops.
- Repairs/improvements to mechanical, heating, plumbing, structural, and electrical systems.
- Exterior painting.
- Improvements to building security.
- Termite damage repair.
- Drainage improvements.
- Yard clean-up.
- Repairs or replacement of roofing.
- Insulation.
- Exterior work that will improve overall neighborhood appearance.
- Windows in need of repair or replacement.

INELIGIBLE IMPROVEMENTS

- Additions/upgrades to existing structure or component parts, i.e. window upgrades (Bay Window), room additions, etc. (except to provide access to persons with disabilities).
- Purchase or repair of furnishings.
- Purchase of land/real property.
- Construction/repair of swimming pools or hot tubs.
- Appliances
- Improvements to common elements of association owned or managed property.

RESIDENTIAL REHABILITATION PRIORITIES

The following priority system will be used to classify rehabilitation work needed for each property. The following priority system is in descending order of priority. Category A represents the highest priority items, and Category D represents items of lowest priority.

Category A - Health & Safety items

Category A consists of code violations and repair of the major systems that threaten the health and safety of the resident (e.g., basic structural, mechanical, electrical, heating and/or plumbing systems).

Category B - Incipient Code Violations

These items include those elements of the structure which are not in violation of the code but appear to be in a condition that will deteriorate into a code violation if left uncorrected (e.g., hot water heater or boiler of 30 or 40 years of age which may have given some minor problem in the recent past). If sufficient dollars are available to address more than the Category A items, then Category B improvements shall be undertaken to the extent of financial feasibility.

Category C - Energy Conservation Items

These items are directly related to the conservation of energy by upgrading the dwelling's thermal protection such as new windows, new doors, and insulation which may be undertaken if sufficient dollars have been available to address Category A and B items.

Category D - General Property Improvements

These work items constitute improvements which can be made to the property, but are not vital to health and safety of the resident. Examples could include yard maintenance, exterior painting, air conditioning, improvements and modifications for physically disabled persons. These items can be considered property improvements after Categories A through C have been addressed and subject to staff approval.

ELIGIBILITY

The following criteria will determine applicant eligibility:

1. Income: The annual gross household income of the applicant household may not exceed the income limits established below.
2. Location: The subject property must be within the City of St. Charles corporate limits.
3. Home Value: The value of the applicant's home may not exceed \$271,050.
4. Type of Unit: The unit must be an owner-occupied residential property.
5. Ownership: The person receiving the loan must live within the dwelling unit, and not rent this unit to other persons.

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INCOME LIMITS

To be eligible for a deferred loan with repayment at the sale of the property the following income criteria will apply:

The annual gross household income cannot exceed the most recent income limits for a household at 80% Area Median Income based on household size, as published by the Illinois Housing Development Authority (source: <http://www.ihda.org>). The Household Valuation Limitation is set at the most recent FHA Mortgage Limit for Kane County (source: <https://entp.hud.gov/idapp/html/hicostlook.cfm>). The below chart uses 2016 income limits published by IHDA and 2016 Household Value Limitation from HUD.

Owner Occupied Affordability Chart For Chicago Metro Area 80% of Area Median Income								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
2016 Income Limits (80% AMI)	\$43,050	\$49,200	55,350	\$61,500	\$66,450	\$71,350	\$76,300	\$81,200
Household Value Limitation	\$ 271,050							

3RD PARTY VENDOR DUTIES

1. The applicants will apply directly to the 3rd Party Vendor.
2. The 3rd Party Vendor will process all applications and review income eligibility.
3. The 3rd Party Vendor will perform onsite inspections of home.
4. The 3rd Party Vendor will create the scope of work for all necessary repairs.
5. The 3rd Party Vendor will verify ownership of the property in the form of a title insurance policy.
6. The 3rd Party Vendor will send the application, Application information and Information Disclosure (Exhibit E) to City Staff for review and approval once steps 1 through 4 have been completed. No work involving St. Charles Housing Trust Fund money shall begin until the City approves the application.
7. The 3rd Party Vendor will bid the work to 3 separate contractors.
8. The 3rd Party Vendor will award the contract to the lowest responsible bidder and will supervise the work.
9. Prior to commencing work on a project, the 3rd Party Vendor will obtain a promissory note and mortgage agreement, in forms acceptable to the City, from the property owner. The mortgage shall be recorded in the Recorder’s Office of the county where the property is located simultaneously with the disbursement of funds by the City.
10. The 3rd Party Vendor will ensure that all work is complete and inspected and approved by the City of St. Charles Building and Code Enforcement Division.
11. Once the work is complete the 3rd Party Vendor will submit lien waivers, cost affidavits, and such other documentation, as the City requires, to the City Staff to receive repayment.
12. City Staff will review Disbursement Request and issue reimbursement for Eligible Improvements and an administrative fee of 10% and all fees associated with recording of the mortgage lien and Title Search to the 3rd Party Vendor. No payment shall be made until the 3rd Party Vendor

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delivers an ALTA Loan Policy of Title Insurance in favor of the City for the amount of the reimbursement.

13. The 3rd Party Vendor will process any repayments of the mortgage lien on behalf of the City, and send this repayment to the City.

Exhibit B

**CITY OF ST. CHARLES SUPPLEMENTAL HOME REHABILITATION AND ACCESSIBILITY
LOAN PROGRAM**

DISBURSEMENT REQUEST

SECTION I: REQUEST FOR PAYMENT

3rd Party Vendor Name: Community Contacts, Inc.

Project Name: Affordable Housing Rehabilitation Loan Program

Dollar Amount Requested: \$ _____ Payment Request # _____

SECTION II: CERTIFICATION

I, the undersigned representative of the 3rd Party Vendor, certify that this Request for Payment has been prepared in accordance with the terms and conditions of the Agreement between City of St. Charles and the 3rd Party Vendor. I also certify that the amount of this Request for Payment is not in excess of the funding necessary to satisfy current project expenses.

Date Received:
Date Approved:
Approved By:
Payment Date:
Check Number(s):

Signature of 3rd Party Vendor Representative

Title

Date: _____

HOUSING REHABILITATION SUMMARY FORM			
HOUSEHOLD INFORMATION:			
Homeowner's Last Name: Street Address: City, State, Zip:			
Property Type:	Number of Bedrooms: 0 1 2 3 4 5		
Is the property insured by FHA? YES NO	After-Rehab Value of Property: \$		
Household Type: SINGLE NON-ELDERLY ELDERLY SINGLE-PARENT TWO PARENTS OTHER			
Applicant Income	Household Size: 1 2 3 4 5 6 7 8		
Race (check one):			
<input type="checkbox"/> White	<input type="checkbox"/> Native Hawaiian/Other Pacific Islander	<input type="checkbox"/> Black/African Amer. & White	
<input type="checkbox"/> Black/African Amer.	<input type="checkbox"/> Amer. Indian/Alaskan	<input type="checkbox"/> Amer. Indian/Alaskan Native & Black/African Amer.	
<input type="checkbox"/> Asian	<input type="checkbox"/> Native & White	<input type="checkbox"/> Other Multi-Racial	
<input type="checkbox"/> Amer. Indian/Alaskan Native	<input type="checkbox"/> Asian & White		
REHABILITATION INFORMATION:			
Type of Expense	Amount	Performance Measurement Questions	
Rehabilitation Hard Costs (Briefly Describe Improvements)		Was the unit brought up to local Code? <input type="checkbox"/> YES <input type="checkbox"/> NO	Were accessibility improvements made to the unit? <input type="checkbox"/> YES <input type="checkbox"/> NO
Soft Costs Title Search Recording Fee			
Project Delivery Costs (Up to ___% of above costs)			
Grand Total			
CONTRACTOR INFORMATION:			
Company Name: Street Address: City, State, Zip:			
Employer Identification Number: _____ - _____			

Exhibit C

CITY OF ST. CHARLES SUPPLEMENTAL HOME REHABILITATION AND ACCESSIBILITY LOAN PROGRAM

Subordination Guidelines

The City may, in its sole discretion, subordinate loans issued for housing rehabilitation assistance under its Home Rehabilitation and Accessibility Loan Program. Such subordinations, however, must comply with the following guidelines:

1. The borrower may not take any cash out. (The payment of credit card debt is considered cash.)
2. The borrower may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing. (This does not include points paid to buy-down the interest rate, but does include expenses such as the appraisal, credit report, and title charges.)
3. The new first mortgage principal balance cannot exceed the original first mortgage existing principal.
4. The borrower may refinance into a 15-year mortgage provided that they have the capacity to handle the additional payment. (Such situations will be reviewed on a case-by-case basis.)
5. The borrower must refinance into a fixed-rate mortgage.
6. The first mortgage lender must escrow taxes and insurance, if the lender had been doing so prior to refinancing.
7. The City will not subordinate to home equity or reverse mortgage loans.
8. The City will subordinate to home improvement loans if the homeowner provides written documentation of the improvement to the City's satisfaction.

Exhibit E

Application Information Sheet and Information Disclosure Statement

HOUSING REHABILITATION SUMMARY FORM	
HOUSEHOLD INFORMATION:	
Homeowner's Last Name: Street Address: City, State, Zip:	
Property Type:	Number of Bedrooms: 0 1 2 3 4 5
Is the property insured by FHA? YES NO	
Household Type: SINGLE NON-ELDERLY ELDERLY SINGLE-PARENT TWO PARENTS OTHER	
Applicant Income	Household Size: 1 2 3 4 5 6 7 8
REHABILITATION INFORMATION:	
Expected Renovation	Project Repair /Cost Amount

Information Disclosure

Affiant(s) hereby authorize(s) City of St. Charles., or its designated agent to obtain and receive all records and information pertaining to eligibility for the rehabilitation program, including employment, income (including IRS returns), credit, residency, and banking information from all persons, companies or firms holding or having access to such information.

This authorization hereby gives City of St. Charles, the right to request all information that can be obtained from any person, company or firm on any matter referred to above. It also gives City of St. Charles, the right to provide information about affiant(s) eligibility and status with any State, Federal, Local agency providing funding for the rehabilitation program. I (we) agree to have no claim for defamation, violation of privacy, or otherwise against any person or firm or corporation by reason of any statement or information released by them to Community Contacts Inc., for the purposes of the program. The term of this authorization shall commence on the date of signature and be in force for a period of two (2) years.

Signature _____

Signature Date: _____

(The above Space For Recorder's Use Only)

MORTGAGE AGREEMENT
(City of St. Charles Home Rehabilitation Loan Up to 80% of AMI)

THIS MORTGAGE AGREEMENT ("the Agreement"), dated as of the ____ day of _____, 20__, by and between _____ (the "Owner(s)") and the **CITY OF ST. CHARLES, ILLINOIS**, (the "Sponsor") having its principal office at 2 E. Main Street St. Charles, Illinois 60174

WITNESSETH:

WHEREAS, the Owner is the holder of legal title to certain real estate on which a single-family residence (the "Residence") is located, with a street address of _____, St. Charles, Illinois (the "Property"). The Property is legally described in **Exhibit A** attached hereto and by this reference made a part hereof; and

WHEREAS, the Sponsor has agreed to make a zero interest loan to the Owner, as evidenced by that certain Note dated as of the date hereof in the amount of _____ (\$_____) (the Loan") to be used with such other monies as Owner may provide, if any, to rehabilitate the Property; and

WHEREAS, the funds constituting the Loan have been paid to Community Contacts, Inc. to reimburse it for costs it paid on behalf of the Owner in connection with the rehabilitation of the Property; and

WHEREAS, as an inducement to the Sponsor to make the Loan, the Owner has agreed to enter into this Agreement in accordance with the terms, conditions and covenants set forth below.

NOW, THEREFORE, the parties hereto covenant and agree as follows;

1. Incorporation. The foregoing recitals are made a part of this Agreement as fully and with the same force and effect as repeated herein at length.

2. Restrictions. As a condition of the Loan, the Owner(s) agree to repay the Loan to the Sponsor if (a) a sale, conveyance or transfer of the Property occurs, other than a transfer as may be approved by the Sponsor in its sole discretion, or (b) the Property is no longer the principal residence of the Owner. When either of the preceding events occurs, the full amount of \$ _____ will be immediately due and payable without the necessity of written notice by the Sponsor or Community Contacts, Inc. No interest or other charges will be made and the payment of the aforementioned \$ _____ shall constitute full payment of the Loan.

3. Maintenance of the Property. The Owner(s) shall:

- (a) Keep the Property and Residence in good condition and repair, without waste, and free from mechanic's liens or claims for lien not expressly subordinated to the lien hereof.
- (b) Pay, when due, any indebtedness which may be secured by a lien or charge on the Property superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Sponsor.
- (c) Pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, electric utility charges, and other charges against the Property when due.
- (d) Keep all buildings and improvements now or hereafter situated on the Property insured against loss or damage by fire, lightning, windstorm and, where required by law, flood damage, under policies providing for payment by the insurance companies of moneys sufficient either to pay the cost of replacing or repairing the same or to pay in full the Loan.

4. Violation of Agreement by Owner(s). Upon violation of any of the provisions of Section 3, Community Contacts, Inc. or the Sponsor shall give written notice thereof to the Owner by registered or certified mail, addressed to the address of the Property, or such other designated by the Owner. If such violation is not cured within such time as the Sponsor in its sole discretion permits, but not less than thirty (30) days after such notice, the Sponsor may declare a default under this Agreement effective on the date of such declaration of default and written notice thereof to the Owner. Upon such default the Sponsor may:

- (a) Declare the Loan immediately due and payable; and/or
- (b) Exercise such other rights or remedies as may be available to the Sponsor hereunder, at law or in equity. The Sponsor's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of the Sponsor's other remedies.

5. Repayment. **Community Contact, Inc.** will be responsible for the processing of, and is the primary contact, for repayment of this Agreement/Loan.

6. Amendment. This Agreement shall not be altered or amended except in writing signed by the parties hereto.

7. Partial Invalidity. The invalidity of any clause, part of provision of this Agreement shall not affect the validity of the remaining portions thereof.

8. 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.

9. 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 or the intent of the Agreement.

10. **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 IN ANY WAY CONNECTED WITH THE LOAN OR THIS AGREEMENT.**

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

OWNER:

SIGNATURE

SIGNATURE

PRINT NAME

PRINT NAME

CITY OF ST. CHARLES:

Mayor

Attest:

City Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF KANE)

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT _____ and _____ who are personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she/they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ____ day of _____, 20__

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF KANE)

I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Don DeWitte, Mayor of the City of St. Charles, and Nancy Garrison, City Clerk of the City of St. Charles, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said City, for the uses and purposes therein set forth; and said City Clerk then and there acknowledged that she, as custodian of the corporate seal of the City of St. Charles, did affix the corporate seal of said City to said instrument, as her own free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal, this ____ day of _____, 20__.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION

**THIS INSTRUMENT WAS
PREPARED BY AND AFTER**

Property Index

**# _____
RECORDING RETURN TO:**

Community Contacts, Inc.
100 South Hawthorne
Elgin, Illinois 60123
Attn.: Lowell Tosch

Property Address

_____, Illinois

PROMISSORY NOTE

U.S. \$ _____, 20__

FOR VALUE RECEIVED, the undersigned (the "Owner") covenants and promise(s) to pay to the order of CITY OF ST CHARLES, ILLINOIS (the "Sponsor"), the principal sum of _____ and No/100 Dollars (\$_____). Absent the occurrence of certain events (the "Mortgage Events") set forth in Paragraphs 2 and 3 of that certain Mortgage Agreement dated _____, 20__ between Sponsor and Owner and incorporated herein by this reference (the "Mortgage Agreement"), no principal payments shall be due or payable. Upon the occurrence of a Mortgage Event, this Note shall become due and payable according to the terms set forth in the Mortgage Agreement.

If suit is brought to collect the sums due under this Note, the Sponsor shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Owner(s) provided for in this Note shall be given as set forth in the Mortgage Agreement.

This Note is governed by the Mortgage Agreement and evidences money borrowed by the Owner(s) for the rehabilitation of the property described in the Mortgage Agreement.

(signature of homeowner)

_____, Illinois
Property address

(signature of homeowner)