

Cook County, IL

Community

Development

Block Grant –

Disaster

Recovery

(CDBG-DR)

Updated – April 2019



Toni Preckwinkle
President

Cook County Board of Commissioners

Housing Construction and
Rehabilitation Program

Policies and Procedures

**COOK COUNTY DEPARTMENT OF
PLANNING AND DEVELOPMENT**

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Introduction

This manual contains Cook County's policies and procedures and guidance on the implementation of the County's CDBG-DR Housing Construction and Rehabilitation Program ("Housing" or "Program"). It is designed to ensure compliance with all applicable federal, state, and local laws, rules, statutes, regulations, and guidelines in the overall administration of the Program. This includes compliance by developers and contractors undertaking any approved CDBG-DR-eligible housing activity and provides the record-keeping and reporting requirements for same. It also establishes policies and procedures for administering a comprehensive monitoring strategy for all Program activities. In addition, the General Policies and Procedures Manual supplements this manual to provide a basic reference source for the operation of all CDBG-DR Programs. These manuals contain the basic program policies, rules, and procedures, but do not and are not intended to contain every detail of policy, rule, or regulation. For full guidance and reference federal standards and regulations, refer to the HUD website or consult with the County's HUD Community Planning and Development (CPD) representative. All CDBG-DR policies and procedures conform to federal and state regulations governing the CDBG-DR activities. Whenever there are conflicts between local, state, and federal requirements, the most restrictive regulation always take precedence. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the General Policies and Procedures. The County reserves the right to supplement, amend, or change policies, procedures, and forms in the manual at any time.

The Department of Planning and Development (DPD) is the division of Cook County government identified to receive federal grant dollars from various grants from HUD. These funds are used to design and administer affordable housing, community development, and economic development programs to improve the quality of life for low- to moderate-income people and/or communities within suburban Cook County. DPD is organized according to three program divisions: Housing, Community Development, and Economic Development. The staff work across numerous HUD program areas, but within their program division. Being a one-time grant, the CDBG-DR grant is being managed with existing County staff, with the assistance of a contractor, CDM Smith. A functional organization chart is included in the CDBG-DR General Policies and Procedures Manual as an attachment which depicts all County and CDM Smith staff designated to assist in some role of implementing and overseeing the CDBG-DR activities. In addition, a table highlighting the responsibilities related to the CDBG-DR grant for each major DPD position, including support staff that work department-wide or who are outside the department is included in Section 1.3 of the CDBG-DR General Policies and Procedures Manual, Section 1.3.

Funding Appropriation/Allocation

Following a federally- declared flooding disaster that occurred between April 16th and May 5th of 2013 (the "Flood"), Cook County was declared eligible for federal assistance under FEMA-4116-DR on May 10, 2013. The County received a CDBG-DR grant in the total amount of \$83,616,000 from HUD, pursuant to the provisions of the Disaster Relief Appropriations Act, 2013 (Public Law 113-2) of which \$21,500,000 has been allocated for Housing, as of Substantial Amendment 4.

Program Purpose

The purpose of the Housing Program is to finance the acquisition/rehabilitation/construction of multi-family and single-family affordable housing located in Suburban Cook County to benefit households impacted directly or indirectly by the Flood which meet CDBG-DR eligibility requirements.

National Objective

The National Objective of the County's CDBG-DR Housing Program is Low to Moderate Income (LMI) based on households. For purposes of CDBG-DR, LMI households are those whose annual gross income does not exceed eighty percent (80%) of AMI, adjusted for family size. National Objectives for individual activities are calculated and reported in DRGR at the time the project is closed out.

"Tie Back" to the Disaster

78 FR 14329, Pg. 14335, allows that "...grantees may also fund new construction or rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster-related impact and is in a disaster-affected area. This impact can be demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of the existing stock to meet post-disaster needs and population demands." Cook County DPD as the grantee must document how an activity is addressing a disaster-related impact and how it serves to restore housing. The County's current updated unmet needs assessment, supported with documented data, identifies post flood housing needs and describes activities the County is undertaking to address these needs. Action Plan Amendments will be issued to include updated unmet needs assessments as conducted.

Eligible Activities

78 FR14329, Pg. 14335 provides that "...grantees may also fund new construction or rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster-related impact and is in a disaster-affected area." Activities of the Housing Program fund construction and rehabilitation of units not damaged by the flood to address unmet needs of affordable housing within the disaster-affected area. The activities eligible for funding under the County's CDBG-DR grant are spelled out in the Action Plan and subsequent Action Plan Amendments available on the County's website. If an activity that is being considered for funding is not part of the programs already outlined in the Action Plan, an amendment and approval of the amendment by HUD, prior to funding the activity, will be necessary.

Duplication of Benefits

The Stafford Act prohibits any person, business, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which such person, business or entity has received assistance under any other program or from insurance or any other source. The County will conduct a duplication of benefits ("DOB") analysis for all Housing projects in accordance with the procedures described in Section 2.4 of the County's CDBG-DR General Policies and Procedures and Federal Register/Vol. 76, No 221, November 16, 2011. The DOB analysis will be documented in each project file.

Definitions

"Affordability Period" means the period of time during which a CDBG-DR financed property must comply with the income and rent restrictions under the Program. The County Program has adopted the HOME affordability period guidelines set forth in 24 CFR Section 92.252(e). In accordance with the HOME guidelines, the affordability period is dictated by the amount of funds committed to each CDBG-DR -assisted unit and the type of housing activity funded. The Applicable Affordable Housing Period is set forth in a Regulatory Agreement or other deed restriction acceptable to the County as a covenant running with the land, which the Borrower has executed and recorded against title to the property as required by 24 CFR

Sections 92.252, 92.254 and 92.504(c)(13). The Affordability Period does not commence until all project information is completed and recorded in DRGR.

“Affordable Rents” means those rents and the continued affordability standards and enforcement mechanisms that are applicable to all Housing, as defined in the County’s CDBG-DR Substantial Amendments 1, 2, and 3. Cook County CDBG-DR Program has adopted the HOME Regulations at 24 CFR Part 92 for the tenant Income requirements. Cook County will provide Owners with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits) in accordance with the written agreement between Cook County and the Owner. Owners must annually provide Cook County with information on rents and occupancy of HOME-assisted units to demonstrate compliance with HOME.

“Developer” or **“Sponsor”** is a for-profit or private not-for-profit entity seeking to borrow CDBG-DR funds from the County for the purpose of financing the acquisition, rehabilitation or construction of residential multifamily rental properties or single-family ownership housing. Developers are Program beneficiaries and thus distinct from subrecipients and contractors. Housing Program Developers receive CDBG-DR funds from the County, acting by and through DPD. Developer-led rehabilitation is undertaken pursuant to 24 CFR 570.202(b)(1). Developer-led new construction is undertaken pursuant to 24 CFR 570.204. HUD regulations treat Developers as private entities entitled to benefit under 570.202(b)(1). Thus in such instances, the developer is not an intermediary acting on behalf of the County but is receiving assistance itself as a beneficiary under the Program. In order to be treated as a developer, the entity must demonstrate ownership or control of the property to be rehabilitated or constructed.

“Green Building Standards” means, for purposes of these CDBG-DR funds, 78 FR 14329 March 5, 2013 provides that the grantee will require that all covered construction meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multifamily High Rise); (ii) Enterprise Green Communities; (iii) LEED (NC, Homes, Midrise, Existing Buildings O&M, or Neighborhood Development); (iv) ICC–700 National Green Building Standard; (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite); or (vi) any other equivalent comprehensive green building program, including regional programs such as those operated by the New York State Energy Research and Development Authority or the New Jersey Clean Energy Program.

“Guarantor” means the Developer/Sponsor which guarantees to the County, the performance by Borrower of all of Borrower's obligations contained in written agreements between the County and Borrower.

“HOME” means HOME Investment Partnerships Program and implementing regulations at 24 CFR Part 92.

“Household” is defined as all persons, whether related or unrelated, living together in a housing unit. For CDBG-DR housing activities, the test of meeting the LMI objective is based on the LMI of households.

“IDHA” means Illinois Housing Development Authority, a body politic and corporate of the State of Illinois.

“LIHTC” means the low-income housing tax credit program at 26 USC Section 42 and implementing regulations which provides tax incentives to encourage developers to build affordable housing.

“Loan” means the CDBG-DR loan to the Owner in the case of Rental housing and to the Homebuyer, in the case of Single-Family housing.

“Loan Documents” means the written agreement and instruments executed by the Borrower and the County to memorialize the terms and conditions of the Loan.

“Owner/Borrower” means the single purpose limited partnership or limited liability company which is owned and operated by the Developer and receives financing from the County under the Program to carry out a Project.

“Project” means a specific proposed or approved multifamily rental housing or single-family home ownership housing which is financed or will be financed with CDBG-DR funds.

“URA” Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD implementing regulations at 24 C.F.R. Part 42.

Project Identification

The County engages in citizen participation activities throughout the CDBG-DR grant life cycle. The original Action Plan and any Substantial amendments detailing the proposed use of CDBG-DR funds were or will be published for public comment and submitted to HUD for approval. Affordable housing stakeholders in affected areas are afforded the opportunity to provide input on how disaster funds are spent in Cook County. Historically, the County has collaborated with IHDA to identify proposed multifamily developments seeking gap financing for affordable housing projects which are financed with LIHTC and commercial lenders, subject to a determination by the County that such projects are CDBG-DR-eligible.

Readiness to Proceed

Readiness to proceed has an immediate impact on the County’s ability to meet the timeliness requirements of the CDBG-DR Program. The Developer must demonstrate Project readiness, to the satisfaction of the County, within its sole discretion, by establishing the following:

- Project is a CDBG-DR eligible project (See General Policies and Procedures).
- All other financing sources are committed, and the terms and conditions of the other financing are satisfactory to the County.
- Project timeline is realistic.
- Plans and Specifications meet applicable Green Building Standards.
- Duplication of Benefits information provided is complete and accurate.

If project requires relocation, URA compliant draft relocation plan is in place. Relocation Plans will be substantially in same form as the sample provided in Exhibit E.

Market Viability

The County determines whether the assisted Project has the potential to be viable in its market area. In making such a determination the County reviews the market study provided by the Developer to evaluate supply and demand in the surrounding area. Market viability may be assessed by asking the following questions:

- Are Developer’s projections for rent, vacancy, and unit quality consistent with a market study or known market information?
- Are market analysis conclusions supported by the evidence presented with regard to area rents and vacancy rates?
- Are there properties used as market comparables truly comparable in location, unit size, and amenities, and/or are differences adequately adjusted for?

Underwriting

The Deputy Director, or his designee, will review the pro formas of IHDA and the LIHTC investor, if applicable, in underwriting the Loan. The underlying debt and operating expenses will be reviewed to determine whether the project is feasible during the Affordability Period and generates income sufficient to cover operating expenses and debt service. The sources and uses will be reviewed to determine the adequacy of the total funding to complete the project on time and within budget. Developer must submit all applicable items described on **EXHIBIT B** (the “Underwriting Checklist”) for review by DPD Deputy Director or his designee.

The County provides gap financing for the acquisition and construction/rehabilitation of CDBG-DR-eligible multifamily developments. The County financing is structured as a construction and permanent Loan to the Borrower, depending upon the structure of the first mortgage loan and other financing and financial needs of the project. The Borrower must execute a loan agreement, a promissory note and mortgage to secure repayment of the County CDBG-DR funds, along with all other and execute all other Loan Documents required by the County. The repayment terms for the County Loan may be structured as deferred payments, cash flow payments or fully amortizing. Interest will be calculated as simple or compounded interest with rates ranging from 0 percent to the established market rate of interest.

- **Interest Rate:** The interest rate on the Loan will vary depending on the underwriting of each transaction and the financial needs of the Project. Factors that will be considered will include without limitation, allowable operating costs and a determination that the interest rate imposed does not result in the undue enrichment of the Developer.
- **Loan Term** (subject to any changes approved by the County in its sole discretion): Rental: thirty (30) years. Single Family Homeownership: twenty (20) years.
- **Program Income:** Rental: Principal and Interest Payments made by the Borrower to the County are deemed Program Income. Single Family Homeownership: Proceeds of sale of home to homebuyer is deemed Program Income.

CDBG-DR Cost Principles and Requirements

As outlined in 2 CFR Part 200 Subpart E, all costs of construction/rehabilitation must meet four criteria:

- **Necessary:** CDBG-DR funding will fill a gap to address an unmet need that cannot be filled by another funding source. This is demonstrated by conducting duplication of benefits analysis and calculation for each activity.
- **Reasonable:** Costs must not exceed what a reasonable developer would incur for a similar project as demonstrated by the market price for comparable goods and services.
- **Allowable:** Costs must be allowable under CDBG-DR rules and regulations.
- **Allocable:** Costs must be clearly allocated, meaning the cost is assigned to a CDBG-eligible activity with a methodology for determining where to attribute costs.

Environmental Review and Clearance

In accordance with 24 CFR Part 8, funding of a CDBG-DR Housing activity is contingent upon satisfactory completion of an environmental review and issuance of an environmental review clearance letter. The County will be responsible for the environmental review process which will be initiated upon the County's receipt of property information including address, front exterior photograph of property and scope of work to be provided by the Developer.

Cook County expects the environmental review to be completed six weeks after initiation. However, the process could be extended as completion is dependent upon receiving responses from consulting agencies, such as the Illinois State Historic Preservation Office (SHPO). Cook County will notify Developers when the site-specific review is complete and provide a copy of the signed documentation. Due to potential delays in the issuance of the environmental clearance letter, the County will initiate the environmental review process during the underwriting process.

The commitment of CDBG-DR funds to a project is conditioned upon the environmental review results demonstrating that the project is not cost prohibitive from an environmental standpoint. In addition to the environmental review under 24 CFR Part 58, funding of a Housing activity may be subject to a Phase 1 Environmental Assessment and any other studies deemed necessary. The Developer will retain a contractor to perform the Phase I, if applicable, and any additional studies deemed necessary. Such report(s) will be paid for by the Developer and reimbursed from the project budget, to the extent the project is approved.

Prohibition Against Choice-Limiting Actions

Neither the County nor the Developer may undertake or commit any CDBG-DR funds to finance choice-limiting actions, including without limitation, property acquisition, demolition, rehabilitation, or construction prior to issuance of the environmental clearance letter. This prohibition is set forth in the County's Loan Commitment (defined below).

Board Approval

All proposals for CDBG-DR awards to Housing projects must be presented to the County's Economic Development Advisory Committee ("EDAC") prior to being presented to the Cook County Board of

Commissioners (“Board”) for approval. The Deputy Director of Housing, or his designee, will prepare Board materials, including an underwriting summary (“Underwriting Summary”), sources and uses and a description of the proposed project for presentation to EDAC, and thereafter the Board, assuming EDAC approval.

Commitment Letter

The County will issue a conditional Commitment Letter (“Conditional Commitment”) to Developers whose proposals have been approved by EDAC. The Conditional Commitment provides that the County will offer a loan in an amount which is based on the County’s internal underwriting process, subject to the fulfilment of certain conditions stipulated in the Commitment, including final Board approval. Upon Board approval, the Deputy Director, or his designee will draft a Commitment, based on the Underwriting Summary, using the County’s Commitment template. DPD’s Housing Council will review the Commitment for legal sufficiency and conformance with County policies and provide written edits as needed to the Deputy Director, who will approve the final Commitment for the Director’s signature. Upon the Director’s execution of the Commitment, the County will issue the Commitment to the Developer for review and execution.

Closing Protocol

Upon the County’s receipt of the fully executed Commitment, the DPD’s Analyst assigned to the project prepares a checklist of County closing due diligence listed on EXHIBIT C, attached hereto (the “Closing Checklist”), in consultation with DPD’s Housing Counsel. The Analyst circulates the Closing Checklist along with the County’s insurance requirements set forth on EXHIBIT D, attached hereto (the “Insurance Checklist”) electronically to the Borrower and other stakeholders involved in the project. This includes IHDA, the senior lender, subordinate lenders other than the County and the LIHTC investor along with their respective legal representatives.

Kick-off Call: IHDA takes the lead in scheduling and conducting a project kick-off conference call to introduce the stakeholders to one another and to establish expectations regarding time lines around document submissions and review. DPD’s Deputy Director, Housing Council, and Analyst all participate in the Kick-off call. During the kick-off call each stakeholder summarizes their requirements and any critical timelines which must be met. The parties agree to hold regularly scheduled status calls either weekly or bi-weekly, depending on whether the closing is on a fast track. Each Stakeholder then conducts an overview of their respective due diligence requirements. DPD’s Housing Counsel conducts an overview of the County’s Closing Checklist and responds to questions and comments from the other parties seeking clarification of the County’s Loan documents, closing requirements and funding procedures. The DPD Deputy Director addresses all business or underwriting issues, if any, raised on the Kick-Off Call.

Post Kick-Off: Within two weeks following the Kick-off Call, the DPD Housing Attorney prepares the first draft of the Loan Documents and circulates them to the Borrower and other stakeholders. The County advises all parties that non-substantive and stylistic changes to the County’s Loan Documents are unacceptable. During this two-week period, IHDA, the senior lender, and the investor circulate their respective loan documents and other requirements for review by the County and other stakeholders. DPD’s Housing Council submits written comments to all stakeholder documents and negotiates the terms of such documents (as well as the County’s Loan Documents) via emails and by conference calls, in order to finalize the terms of all documents. The DPD Analyst, in consultation with the DPD Deputy Director, is responsible

for reviewing all proformas provided by IHDA and the investor and verifying that all insurance certificates submitted by the Borrower are in conformance with the Insurance Checklist. The Analyst also reviews organizational documents, resolutions, and other documents under the direction of the Housing Council. Housing Council signs off on all legal documents, subject to approval of business terms by the Deputy Director. Documents which conflict with CDBG-DR policies and procedures, County underwriting criteria or which are not in the best interest of the County will not be accepted.

Status Calls: DPD's Housing Counsel and DPD's Analyst participate in all Status Calls which take place after the Kick-off Call. The DPD Deputy Director participates in Status Calls on an as needed basis. Prior to each Status Call, the Analyst updates the Closing Checklist and circulates it to the parties. On each status call, the parties discuss outstanding issues to ascertain whether the projected closing date is feasible based on final negotiations of documents and submission of due diligence for review and approval by all parties. All financing for the project must be in place and the terms finalized before closing will be authorized by the County. If necessary, due to the status of the outstanding due diligence for either the County Loan or third-party financing, the parties may agree to extend the project closing date.

Internal Staff Meetings: Every other Tuesday the DPD Housing staff participates in a staff meeting led by the DPD Deputy Director. During the staff meetings, staff discuss current pipeline of projects, provide status updates regarding closings and propose solutions to pending closing issues, as well as assess program progress and individual projects to analyze compliance, commitments and expenditures.

Document Collection: The DPD Analyst is responsible for collecting all final, executed closing documents submitted by the parties and storing them on the County's shared drive. The shared drive or "S" drive is deemed to be the official file for each project.

Key County Due Diligence Requirements

Regulatory Agreement: The County's Regulatory Agreement will be recorded against title in connection with the closing of the project financing. The Regulatory Agreement will run with the land and be binding upon each owner and any subsequent Borrower/Owner of the property and will be enforced by the County and its successors and assigns during the Affordability Period.

Guaranty: Each Developer is required to execute a Guaranty, promising to guaranty the Borrower's performance of all of its obligations under the County Loan Documents, including lien-free construction and tenant occupancy in accordance with the requirements of the County CDBG-DR Housing Program.

Appraisal: Developers must submit a current appraisal which was completed within sixty (60) days of the projected closing. Developers may submit an updated appraisal, as necessary.

Certificate Against Lobbying: As a prerequisite to receiving a County Loan, Developers must execute the County's form of Certificate Regarding Lobbying.

Conflict of Interest: The County Loan Agreement contains a section regarding conflicts of interest.

LIHTC Requirements: With respect to projects which have been awarded an allocation of LIHTC as a source of financing, the Developer must obtain an IHDA Tax Credit Reservation Letter evidencing the amount of LIHTC equity financing and submit same to the County and enter into an IHDA Extended Use Agreement which must be recorded against title to the property.

Construction Process

Construction Escrow: The County will fund the CDBG-DR Loan to the Borrower in multiple disbursements through an escrow account, in accordance with the terms and conditions of a joint escrow agreement provided by the senior lender in its role as senior construction and permanent lender. All other lenders providing construction financing, along with the County shall execute the construction escrow agreement and shall sign off on all draw requests during the construction process. A title company approved by the County shall act as escrow agent.

County Form 29A: Disbursements of County funds are subject to Borrower's preparation and submittal to the County of a County Form 29A request for payment detailing any amounts due for construction of the Property, along with all sworn contractor's statements, or owner's statements, and lien waivers, as well as any other requirements of the County. The County will provide the Borrower with the template form of the 29 A.

Pre-Construction Meeting: A preconstruction conference will be held in person upon ten (10) days prior written notice by the County to the Developer and all stakeholders. The conference will be conducted at a mutually agreeable location and shall be attended by the Borrower; the Borrower's architect, if any; the general contractor; and the subcontractors, if required by the County; and County staff (Deputy Director and Analyst), as well as IHDA and all other lenders which shall receive invitations to the conference.

Construction Labor and Completion: Contracts for construction, or rehabilitation work to be performed must be entered only on such forms as approved or required by the County. Payment and performance bonds are required naming the County as co-obligee in the amount to be paid to the general contractor, with each bond having a Dual Oblige Rider showing the County's interest attached to it. In addition, payment and performance bonds must be in an amount of not less than the amount of the County Loan. The form and content of the payment and performance must be approved by the County prior to closing.

In the event the Project is to rehabilitate or construct eight (8) or more units, all tradesmen must be paid a rate as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a-276a-5).

In the event that the Project is to rehabilitate or construct eight (8) or more units, all tradesmen will be subject to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

The Borrower must make an affirmative effort to utilize minority and women owned businesses ("MBE-WBE") for contract and subcontract work in accordance with the County's MBE-WBE policy set forth on the County's website. Developers may use the County's Directory of Minority Women and Disadvantaged Owned Businesses.

Upon Project completion, any undisbursed Loan Funds from the construction escrow account will be reprogrammed at the County's discretion, provided, however, Loan Funds not disbursed but subject to a claim or dispute shall not be so reprogrammed until the resolution of each such claim or dispute.

Construction Management: Plans, specifications and drawings ("Plans and Specifications") of eligible work to be done must be submitted to the County for prior review and approval to ensure compliance with

County and IHDA requirements, including IDHA Green Building Standards. The DPD Deputy Director shall review the Plans and Specifications to verify such compliance.

The Plans and Specifications and scope of work must reflect CDBG-DR Green Building Standards described in 78 FR 14329 March 5, 2013 and set forth in **EXHIBIT A**, attached hereto and incorporated herein. The County is in the process of amending all CDBG-DR Loan Agreements to include a list of the CDBG-DR Green Building Standards as an attachment. Per technical advice provided by HUD to County staff who attended a CDBG-DR Problem solving Clinic in December of 2018, Energy Star is the minimum requirement for compliance with the Green Building Standards. The County must ensure that the Project is constructed or rehabilitated in accordance with one or more options set forth in the Green Building guidelines.

Notwithstanding the foregoing, it should be noted that the standard County Loan model is one in which the County participates as a subordinate lender in rental housing projects where IHDA serves as the lead stakeholder in the design of a Project. Under this project model, the County provides the gap financing for rental projects, In the case of the rental housing projects funded in partnership with IHDA, projects must comply with IHDA's green building standards ("IHDA Green Building Standards") as described in Section 14.02 of the Illinois Housing Development Authority's Standards for Architectural Planning and Construction ("IHDA Standards") found at <https://www.ihda.org/wp-content/uploads/2015/07/IHDA-Standards-for-Architectural-Planning-and-Construction-2018.pdf>. The IHDA Standards are set forth in IHDA's annual Qualified Allocation Plan and the IHDA Green Building Standards constitute industry recognized standards cited in the federal register as meeting minimum HUD Green Building requirements. The standard applied depends upon the construction or rehabilitation year. The County will verify that all Housing Projects funded in cooperation with IHDA meet the minimum HUD Green Standards. No Loan Funds shall be disbursed until the County has completed its review and approval process.

Davis-Bacon

The U.S. Department of Housing and Urban Development (HUD). Under section 110(a) of the Housing and Community Development Act of 1974, the Davis-Bacon Act (40 U.S.C. 3141 et seq.) applies to construction work over \$2,000, "financed in whole or in part" with CDBG assistance. The CDBG-DR appropriation law has applied the Davis Bacon Act to the CDBG-DR funds. The Act requires that workers receive no less than the prevailing wages being paid for similar work in the same area. The Davis-Bacon Act does not apply to the rehabilitation, reconstruction, and demolition of single-family owner-occupied housing comprised of fewer than eight units, multi-family housing comprised of fewer than eight units, and commercial buildings.

For activities that must comply with Davis-Bacon, the DPD must:

- Review payroll reports.
- Conduct interviews of both the prime contractor and subcontractors.
- Resolve any discrepancies.

Where underpayments of wages have occurred, the employer will be required to pay wage restitution to the affected employees. The employer is required to report the restitution paid on a correction certified payroll. A signed Statement of Compliance must be attached to the corrected payroll form and each

employee who has received restitution should sign the corrected payroll as evidence of their receipt of the payments.

For a period of five years following the provision of CDBG-DR assistance, the DPD (or its subrecipient/developer/contractor) must maintain documentation to demonstrate compliance with the labor standards requirements including, but not limited to:

- Bid and contract documents with the labor standards clause and wage decision.
- Payroll forms from the contractor and subcontractors, including signed statements of compliance.
- Documentation of on-site job interviews and review of the corresponding payroll to detect any discrepancies.
- Documentation of investigations and resolutions to issues that may have arisen (e.g., payments to workers for underpayments of wages or overtime).
- Enforcement reports.

DPD's Compliance Officer provides HUD with the Semi-Annual Labor Standards Enforcement Report (HUD Form 4710i).

Section 3

Section 3 applies when a housing construction, housing rehabilitation, or other public construction project or activity exceeds certain thresholds. Contractors and subcontractors providing services on projects for which the total amount of the housing and community development assistance exceeds \$200,000 and the amount of the contract or subcontract exceeds \$100,000 are required to comply with Section 3. If a grantee or subrecipient/developer/contractor receives housing or community development assistance for a covered project that is funded in part with CDBG-DR funds, Section 3 requirements apply to the entire project or activity.

Section 3 residents are public housing residents or persons who live in the area where a HUD-assisted project is located and who have a household income that falls below HUD's income limits. Low income is defined as 80 percent or below the median income of that area. Very low income is defined as 50 percent or below the median income of that area.

A Section 3 business concern is a business that: is 51 percent or more owned by Section 3 residents; employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or, provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

Developers must document efforts made to comply with Section 3 through recordkeeping. Files should contain memoranda, correspondence, advertisements, etc., illustrating contractor and subcontractor attempts to hire low income residents and business concerns. The data to be maintained in the files includes:

- Section 3 Plan.
- Section 3 Summary Report (CAPER).
- Section 3 Reporting by Contractors.

All direct recipients of HUD funding covered by Section 3 must submit Form 60002 annually. All reports must be submitted in the Section 3 Performance Evaluation and Registry System (SPEARS). DPD's Compliance Officer is responsible for this annual reporting for all applicable HUD programs.

Lead-Based Paint

For all housing built prior to 1978, the Borrower shall conduct or cause to be conducted all necessary inspections pursuant to the Lead-Based Paint Poisoning Prevention Act, as amended, (42 U.S.C. 4821 et seq.), and the regulations promulgated at 24 CFR Part 35 and 24 CFR 570.608. The Borrower shall use the forms provided by the County and make all required written notifications. If applicable, in the event that it is necessary to remove lead-based paint, the Borrower shall do so in compliance with federal law and regulation. The Borrower shall keep all necessary documentation for the required length of time under the County Loan Agreement.

Events of Default and Notice of Default

Events of Default

The failure of the Borrower to observe and perform the terms, covenants, promises, and agreements on its part to be observed and performed under the Loan Documents after the passage of any applicable notice and cure periods constitutes an Event of Default. Events of Default include but are not limited to:

- Discovery by the County of any material omission, misrepresentation or falsity in any representation, statement, affidavit, certificate, exhibit, instrument or document, including this Agreement, given or delivered by the Borrower to the County in connection with the application for Loan Funds.
- The failure of the Borrower to pay, when due, any payments of principal and interest, if applicable, or other charges under the Loan Documents, subject to the notice and cure provisions provided therein.
- Except as consented to by the County, the bankruptcy, reorganization, dissolution or liquidation of the Borrower or the Developer, as Guarantor of the Loan, or the exchange, sale, disposition, refinancing, or sale under foreclosure of the Property, or the sale, exchange, disposition or change in ownership of whatever nature of the Borrower or Guarantor.
- Other than permitted in the Loan Documents, the acquisition, in whole or in part, either voluntary or involuntary, of any legal or equitable interest in the Property by anyone other than the Borrower without prior written approval of the County;
- The failure of the Borrower to complete the Project within the specified time period, subject to *force majeure*.

- The balance of a loan secured by the Property becoming due or being declared due and payable due to an Event of Default for any reason whatsoever.
- The failure to keep the rents of the CDBG-DR assisted units of the Project, if the Project includes rental housing, at the affordable rents for LMI for the Affordability Period.
- The failure to rent a minimum of 51 percent of a rental Project to LMI households.

Notice of Default

Monetary Default: If the Borrower is in default, the County must send a written notice telling Borrower that if Borrower does not pay the overdue amount by a certain date, the County may require Borrower to pay immediately the full amount of principal that has not been paid. That date must be at least thirty (30) days after the date on which the notice is delivered or mailed to the Borrower.

Non-Monetary Default: If the default is non-monetary, Borrower will have thirty (30) days from the date the written notice of default is delivered or mailed to the Borrower to cure such default. However, if the non-monetary default is not reasonably capable of cure within thirty (30) days, Borrower shall have such additional time as is reasonably necessary, as determined by the County, so long as Borrower has commenced to cure within thirty (30) days and is proceeding diligently to effect a cure. The notice shall inform Borrower of the right to reinstate, if applicable, after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. Borrower's limited partner shall have the right to cure any defaults within the applicable cure period, and the County shall accept a cure made by Borrower's limited partner as if made by Borrower.

Remedies

In the Event of Default, the County may immediately upon written notice to Borrower:

- Withhold further disbursements.
- Demand and receive the entire balance of the outstanding principal, sums advanced, and unpaid accrued interest on the Loan ("**Acceleration**") if the default is not cured within thirty (30) days of the County's written notice of the default and the acceleration.
- Terminate or suspend, in whole or in part, the Loan.
- Institute a suit to recover any Loan Funds paid out and any interest due thereon, to enforce the Borrower's obligations hereunder, and/or to obtain specific performance of any of the provisions of the accompanying Loan Documents.
- Declare the Borrower ineligible for any further participation in the programs under which the County administers programs as a grantee of the United States Department of Housing and Urban Development.
- Withhold fifteen percent (15%) of the Loan Funds if the County reasonably believes that the Borrower is noncompliant with any applicable laws, rules or regulations, and, may withhold said

Loan Funds until such time as the Borrower is found to be in compliance by the County or is otherwise adjudicated to be in compliance.

- Avail itself of any other remedy available to the County under law, equity, statute, or this Agreement and the Loan Documents.

Termination for Convenience

The Loan may be terminated for convenience, in whole or in part at any time, by the County upon written notification to the Borrower if HUD determines not to fund the Project that is the subject of this Agreement.

Subsequent Rents During Applicable Affordability Period

Cook County CDBG-DR Program has adopted the HOME regulations at 24 CFR Part 92 for the Affordability Period and Tenant Income requirements. HUD imposes income rent limits for HOME-assisted units. Cook County will provide owners with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits) in accordance with written agreements between the County and the owner. Upon final lease-up, owners must annually provide Cook County with information on rents and occupancy of HOME-assisted units to demonstrate compliance with this section.

Any increase in rents for HOME-assisted units is subject to the provisions of outstanding leases and, in any event, the owner must provide tenants of such units not less than thirty (30) days prior written notice before implementing any increase in rents.

Tenant Income

The income of each tenant must be determined initially in accordance with 24 CFR 92.203(a)(1)(i) of the HOME "Final Rule." In addition, every other year during the Affordability Period the Project owner must re-examine each tenant's annual income in accordance with 24 CFR 92.203(a)(1)(i) of the Final Rule. During the years that the Project owner does not have to verify the source documentation of income, the owner may re-examine tenant's annual income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii). An owner may examine the income of tenants in a multifamily project in accordance with 24 CFR 92.203(a)(1)(i) if there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

Monitoring

Housing Monitoring entails review of program or project performance and compliance. There are several types of monitoring:

- Internal audit monitoring.
- Project implementation monitoring.
- Long-term compliance monitoring.

Monitoring fosters:

- Productivity/accountability.

- Compliance with requirements.

Monitoring ensures:

- Responsiveness to community needs.
- Effective use of resources.
- Good organizational performance.

DPD monitors its own files (i.e., self-monitoring); subrecipients; for-profit contractors and beneficiaries; nonprofit and for-profit developers.

For Housing activities, the verification of LMI National Objective is conducted by the County upon full lease-up of the Project. Initial and annual income determinations. All activities funded under the Program are designated to benefit households whose annual gross income does not exceed eighty percent (80%) of AMI, adjusted for family size. Verification of meeting the National Objective will be completed upon full lease up of a development and the Developer's submittal of required reports that will be used for review and to report beneficiary data in DRGR. Monitoring will be performed by the County for each of these rental housing activities annually after initial rental is complete, in accordance with the County's CDBG-DR Monitoring Policy set forth in a separate Housing Construction and Rehabilitation Compliance Monitoring Manual.

Maintenance and Inspection of Records

Borrower must maintain all books, records, and other documents relating to the following:

- The receipt, disbursement and repayment of the Loan.
- The actual rental charged for each rental unit assisted by the Program.
- The total family income of each tenant or household.
- The size of each tenant household.
- The sex of the head of each household.
- The rental assistance received by each household.
- Records of affirmative marketing efforts.
- The race/ethnic make-up of each household.
- All records required to be maintained under the CDBG-DR Program, as amended, and other records as may be required from time to time by the County CDBG-DR Program.

These records must establish continuing compliance with HOME Program requirements. These records include, if applicable, substantiation of compliance with the rental limitations under Section 92.252 of the Home Program which sets forth restrictions on the maximum amount of annual chargeable rent, annual tenant-income requirements, etc., Section 92.508 as amended, and Section 92.253 of the Home Program

which sets forth limitations on lease terms such as the length of the lease, prohibited lease terms, tenant selection, etc.

These books, records, and other documents shall be maintained by the Borrower for the period from the date of this Agreement until five (5) years after the later of the following: (a) completion of all close-out procedures respecting County loan documents, where said close-out is determined by the County in its sole discretion; or, (b) the final settlement and conclusion of all issues arising out of the County loan documents (which includes the Applicable Affordable Housing Period), and the rehabilitation, repair, replacement, or construction work; or, (c) resolution of all litigation, claims, negotiations, audits, or other actions in relation to any of the foregoing.

These books, records, and other documents shall be subject to the right of access, upon prior reasonable notice, by any duly authorized representative of the County or HUD for the purposes of inspection, copying and auditing.

Borrower will further keep and maintain, and will cause each General Partner or Managing Member, as applicable, to keep and maintain, full and accurate books and records administered in accordance with sound accounting principles, consistently applied, showing in detail the earnings and expenses of the Property and the operation thereof. Borrower will keep and maintain its books and records, including recorded data of any kind and regardless of the medium of recording, at the address of Borrower. Borrower shall permit the County, or any person authorized by the County, to inspect and examine such books and records (regardless of where maintained) and all supporting vouchers and data and to make copies and extracts therefrom at all reasonable times and as often as may be requested by the County. Borrower will furnish or cause to be furnished to the County: (a) annual financial statements, including balance sheets and income statements, for Borrower, the General Partner or Managing Member, as applicable, and each Guarantor and the Property, within one hundred twenty (120) days after each fiscal year end for the respective reporting party (but in the case of Borrower and Guarantor, not later than thirty (30) days after the filing of such Person's federal income tax or information return; (b) copies of federal income tax returns (including all Schedule K-1s and any information returns) filed by Borrower, the General Partner or Managing Member of Borrower and each Guarantor, within thirty (30) days after the filing of such income tax or information return; and, (c) monthly operating statements and rent rolls for the Property within ten (10) days after the end of each month through and including the first month in which 95 percent of the net rentable area of the Improvements located on the Property is occupied by third party tenants paying rent under signed leases, and thereafter, quarterly operating statements and rent rolls for the Property within thirty (30) days after each fiscal quarter end. In addition, Borrower will furnish or cause to be furnished to the County, with reasonable promptness, such interim financial statements of Borrower, the General Partner or Managing Member, each Guarantor, and the Property, together with such additional information, reports or statements in connection therewith, as the County may from time to time request. All audited financial statements required to be delivered to the County shall be reviewed by a Certified Public Accountant ("CPA") acceptable to the County. All financial statements must be in form and detail acceptable to the County, must be certified as to material accuracy by Borrower or the respective Guarantor, as the case may be. Borrower shall provide, upon the County's request, convenient facilities for the audit and verification of any such statement. All certifications and signatures on behalf of corporations, partnerships, limited liability companies and other entities shall be by a representative of the reporting

party satisfactory to the County. All financial statements for individuals shall be on the County's then-current personal financial statement form or in another form satisfactory to the County.

Access to Property

Any duly authorized representative of the County or HUD shall have access to the Property at all reasonable times upon prior reasonable notice during the term of this Agreement.

EXHIBIT A

CDBG-DR GREEN BUILDING STANDARDS

HUD's Green Building Standards have been established as a construction criterion for rehabilitation and newly constructed affordable housing developments funded in part, or in full, with HUD program funding. These Standards list nationally recognized standards and codes which grantees and subrecipients may comply with to be considered in compliance with this code. CDBG-Disaster Recovery (CDBG-DR) Program federal regulations recognize these industry applications and direct grantees of CDBG-DR funding to identify one or more of the following treatments as compliance with sustainable design. The following language amends the previous federal notices speaking to this requirement and are provided as guidance to program staff as part of Cook County's Policies and Procedures for Housing Construction – new and rehabilitation funded with CDBG-DR, HOME and CDBG money.

Clarification of February 9, 2018 Notice (FR-6066-N-01)

a. Green Building Standard for Replacement and New Construction of Residential Housing. (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (i.e., demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

b. Meaning of Green Building Standard. For purposes of this notice, the Green Building Standard means the grantee will require that all construction covered by subparagraph a, above, meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multifamily High-Rise), (ii) Enterprise Green Communities, (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite), or (vi) any other equivalent comprehensive green building program acceptable to HUD. Grantees must identify which Green Building Standard will be used in the program policies and procedures.

c. Standards for rehabilitation of non-substantially damaged residential buildings. For rehabilitation other than that described in subparagraph a, above, grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist,

HUD Clarification of VI.B.32.b: Grantees need not pick one standard to apply to all their projects/programs, but they must indicate in the file for each project which standard they have selected for that specific project.

HUD CPD Green Building Retrofit Checklist

- For properties undergoing more limited retrofits than described in the notice above, review this guidance and checklist to guide property upgrade activities:
<https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>

ENERGY STAR (Certified Homes or Multifamily High-Rise)

- ENERGY STAR-labeled products save energy and money while protecting the environment. Above and beyond installing ENERGY STAR-labeled products, the blue ENERGY STAR label on a home means

it was designed and built to standards well above most other homes on the market today. When ENERGY STAR's rigorous requirements are applied to new home construction, the result is a home built better from the ground up, delivering better durability, better comfort, and reduced utility and maintenance costs. Improving energy efficiency in HUD-financed and HUD-assisted housing can generate significant savings for property owners and building residents.

- ❑ New Homes: <https://www.energystar.gov/newhomesrequirements>
- ❑ Multifamily High-Rise: https://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_mfhr_prgm_reqs

Enterprise Green Communities

- ❑ Since 2004, Enterprise Green Communities has led a national effort to integrate green practices into the affordable housing development sector, investing \$3.9 billion to create or preserve more than 127,000 affordable green, healthy homes.
- ❑ Criteria: <https://www.enterprisecommunity.org/sites/default/files/media-library/financing-and-development/grants/2015-green-criteria-2015-2-11.pdf>
- ❑ Checklist: <https://www.enterprisecommunity.org/sites/default/files/media-library/solutions-and-innovation/green/ecp-2015-criteria-checklist-11-15.pdf>
- ❑ Certification guidelines: <https://www.enterprisecommunity.org/solutions-and-innovation/green-communities/certification>
- ❑ Tools: <https://www.enterprisecommunity.org/solutions-and-innovation/tools#green>

LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development)

- ❑ Leadership in Energy and Environmental Design (LEED) is one of the most popular green building certification programs. It was developed by the non-profit U.S. Green Building Council (USGBC) and includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, homes, and neighborhoods that aims to help building owners and operators be environmentally responsible and use resources efficiently
- ❑ About LEED: <https://new.usgbc.org/>
- ❑ Guide to certification – homes: <https://new.usgbc.org/cert-guide/homes>
- ❑ Homes: <https://www.usgbc.org/resources/leed-v4-homes-design-and-construction-checklist>
- ❑ Home & Midrise multifamily: <https://www.usgbc.org/resources/leed-v4-homes-and-multifamily-midrise-current-version>

EPA Indoor AirPlus (ENERGY STAR a Prerequisite)

- ❑ The home must be designed to earn the ENERGY STAR Certified Home label. To earn the Indoor airPLUS label, additional home design and construction features must be included to help protect qualified homes from moisture and mold, pests, combustion gases and other airborne pollutants. Before the home officially earns the Indoor airPLUS label, it is inspected by an independent third-party to ensure compliance with EPA's rigorous guidelines and specifications.
- ❑ Guidelines: <https://www.epa.gov/indoorairplus/indoor-airplus-program-documents>
- ❑ Program checklists: <https://www.epa.gov/indoorairplus/indoor-airplus-technical-guidance>

ICC-700 National Green Building Standard

- A rating and certification system that aims to encourage increased environmental and health performance in residences and residential portions of buildings. Its criteria apply to the design and construction of homes and subdivisions.
- Guidance: <https://www.epa.gov/smartgrowth/icc-700-2012-2012-national-green-building-standard-icc-700>
- Tools: <https://www.epa.gov/smartgrowth/smart-growth-tools#General>

Other Equivalent Comprehensive Green Building Program Acceptable to HUD

- Grantee must seek HUD approval in advance of use. This includes regional and state-sponsored energy efficiency and green building programs.

EXHIBIT B

COOK COUNTY UNDERWRITING CHECKLIST

COOK COUNTY UNDERWRITING CHECKLIST	N/A	Completed	Date	NOTES
Developer Documentation				
1) Application and Proforma – http://hudnsphelp.info/index.cfm?do=viewResource&ResourceID=649				
2) Project Narrative (Including description of development team experience)				
3) Evidence of Site Control				
4) IHDA Application (if project includes LIHTC)				
5) Appraisal (“As is” value for all properties – See Attachment E from RFP; “As built” value also required unless another lender provides first mortgage financing)				
6) Market Study				
7) Evidence of Zoning (Building permit or letter from local zoning administrator)				
8) If real estate will be acquired post-application, (URA voluntary sale notice)				
9) For mixed income properties: evidence that 50% of AMI units distributed throughout the development				
10) Commitments for Non-County Funds				
11) If any existing building was completed prior to 01-01-1978, lead based paint				
12) Relocation Plan, including: a) Current tenant profile b) Current rent and utility schedule c) Relocation process and budget				
13) Preliminary Plans and Specifications				
14) Statement re: Demolition (See RFP VI.B.10)				
15) Resilience Building Standards				
16) Affirmative Marketing Plan				
17) Tenant Selection Plan				
18) Minority and Women’s Business Enterprise Outreach/Participation Plan				

COOK COUNTY UNDERWRITING CHECKLIST	N/A	Completed	Date	NOTES
19) Section 3 Plan				
20) Organizational Documents / Ownership structure				
21) Plan for Special Needs Services for residents (if applicable; otherwise note N/A)				
22) Audited corporate or partnership financial statements				
Underwriting Requirements Considerations				
23) Rents for affordable units are 95% to 100% of the income-limit rent, but not more than 95% of the concluded market rent				
24) Rent loss 7.0%				
25) Initial DSCR between 1.15 and 1.40 (RFP VIII.G.2). If above 1.40, an explanation is required.				
26) Inflation 2.0% for revenues and 3.0% for expenses				
27) First mortgage business terms must agree with the commitment (RFP VIII.G.1)				
28) Developer Fee within 12% cap				
29) Cost reasonableness review				
30) Architectural Drawings (renderings) - One of the below depending on complexity of project: a) CD b) Full size c) 11X17				
31) Determination of Eligible Activity				
32) Project abstract				
33) Director of DPD approval				
34) Obligation of funds approval form				
35) County Award Letter (Commitment Letter)				
36) DRGR Set-up (date record initiated)				
Property/Acquisition				
37) Environmental review record/clearance				
38) Purchase contract				
39) Appraisal (within 60 days of final offer)				
40) Documentation if property is a) foreclosed				

COOK COUNTY UNDERWRITING CHECKLIST	N/A	Completed	Date	NOTES
b) abandoned c) vacant d) residential				
41) Notice to Owner (Voluntary Acquisition Letter)				
42) General Information Notice				
43) Tenant relocation notices/documents (if applicable)				
Closing/Settlement Statement				
Inspection/Work Scope				
44) Initial inspection				
45) Property standards inspection				
46) Risk assessment (if pre-1978)				
47) Notice of Evaluation/Presumption of LBP				
48) Asbestos inspection report				
49) Work write up and cost estimate				
Construction/Rehabilitation (if applicable)				
50) Building Permit issued by municipality				
51) Davis Bacon (8 or more total units)				
52) Section 504 provisions included in work write up: Applicable for any new construction project of 5 + units; for substantial rehabilitation projects of 15 + units or more (if > 75% of replacement cost in rehabilitation)				
53) Contractor bid documents (n/a if County entered into Developer Agreement)				
54) Contractor eligibility (debarment check)				
55) Procurement review documents (n/a if County entered into Developer Agreement)				
56) Form A –Labor standards certification: (for jobs with Davis Bacon wages)				
57) Construction/rehabilitation contract				
58) Pre-construction conference report				
59) Notice to proceed				
60) Progress payment documentation a) Invoice from contractor				

COOK COUNTY UNDERWRITING CHECKLIST	N/A	Completed	Date	NOTES
b) Lien waiver from contractor c) Inspection conducted by County / or agent d) 29 A form e) 29A tracking sheet f) Check received				
61) Change orders (if applicable)				
62) LBP clearance report (if applicable)				
63) Notice of Lead Hazard Reduction Activities (if applicable)				
64) Abatement report (if applicable)				
65) Final inspection report				
66) Final invoice from contractor				
67) Waiver of liens from general contractor, subcontractors, and suppliers				
68) Warranties (if applicable)				
69) Receipt of final payment form				
70) Occupancy permit				
71) Project Completion Form				
Initial Occupancy				
72) Rents provided to owner (per project pro forma)				
73) Utility allowances provided to owner (per project pro forma)				
74) Income guide provided to owner				
75) Income calculation sheet provided to owner				
76) Lease				
77) LBP Pamphlet (Protect Your Family from Lead)				
78) Income certification & verification				
79) Lead-Based Paint disclosures to tenants (if appl.)				
80) Beneficiary Data				
81) Source documentation collected (specify tax forms, third party, etc.)				
82) Initial Occupancy Compliance form				

EXHIBIT C

COOK COUNTY LOAN CLOSING CHECKLIST

Project: Name Here
Amount: \$0,000,000
Projected Closing Date: 01/01/20xx

COOK = Cook County
B = Borrower Items
TITLE = Title Company

B= Borrower Items which must be submitted to Cook County Department of Planning, Legal Affairs:
Attention: Eva L. Garrett, Esq., T. 312.603.1067, email: eva.garrett@cookcountyil.gov

1. COUNTY DOCUMENTS

	PREPARED BY	DOCUMENT	DRAFT	FINAL SIGNED	COMMENTS
1	COOK	Commitment Letter			
2	COOK	Loan Agreement			
3	COOK	Promissory Note			
4	COOK	Mortgage			
5	COOK	Security Agreement			
6	COOK	Assignment of Rents and Leases			
7	COOK	Declaration of Covenants, Conditions, Restrictions			
8	COOK	Guaranty			
9	COOK	Environmental Indemnity			
10	COOK	Ground Lease Agreement (if applicable)			
11	COOK	Subordination of Management Agreement (if app.)			
12	COOK	Subordination to County Agreement (if applicable)			
14	COOK	Intercreditor Agreement (if applicable)			
15	COOK	Lobbying Certificate			
16	COOK	County Escrow Instructions			
17	COOK	UCC Financing Statements-County and State			

2. ORGANIZATIONAL DOCUMENTS DATED WITHIN 30 DAYS OF CLOSING

	PREPARED BY:	DOCUMENT/ITEM	DRAFT	FINAL SIGNED	COMMENTS
1	B	Corporate Structure Flowchart			
2	B	Operating/Partnership Agreement (certified)			
3A	B	Financial Statement of Developer Entity that applied for funding (for 2 most recent years-audited)			
3B	B	Evidence of Guarantor's net worth (n/a for nonprofit entities)			
4	B	Tax Returns			
5a	B	501(c)(3) Letter, if applicable			
5b	B	Articles of Organization/Incorporation/Bylaws (and all amendments) –General Partner or Managing Member			
5c	B	Certificate of Good Standing GP/Managing Member			
5d	B	Certified Resolutions GP/Managing Member			
5e	B	W-9 Form –GP/Managing Member			
5f	B	UCC, Judgment, Bankruptcy and Federal and State Tax Lien Searches GP/Managing Member			
6a	B	Articles of Organization/Incorporation/Bylaws (and all amendments)-Borrower			
6b	B	Certificate of Good Standing -Borrower			
6c	B	Certified Resolutions -Borrower			
6d	B	W-9 Form-Borrower			
6e	B	UCC, Judgment, Bankruptcy and Federal and State Tax Lien Searches-Borrower			

3. LAND AND CONSTRUCTION DOCUMENTS

	PREPARED BY:	DOCUMENT/ITEM	DRAFT	FINAL SIGNED	COMMENTS
1	B	Phase I Environmental Assessment			
2	B	Soils Report			
3	B	Any Phase II assessment or additional tests and audits recommended in Phase I or required by Cook County			
4	B	Environmental Professional's Certification (Reliance Letter)			
5					
6a	B	Deed			
6b	B	Easement (if applicable) May be under 6A Deeds?			
7	B	Ground Lease (if applicable)			
8	B	(updated) Appraisal (dated within 3 months) if app.			
9a	B	Construction Contract			
9b	B	Architect's Agreement			
9c	B	Plans and Specifications			
9d	B	Subcontracts			
9e					
9f	B	Construction Schedule			
9g	B	Construction Budget/Contractor's Sworn Statement			
9h	B	Owner's Sworn Statement			
9i	B	Performance Bonds/Dual Obligee Rider			
9k		Zoning Permit/Clearance (Part of Title Policy)			
9l	B	Evidence of Contractor License			
9m	B	Building Permit			
9n					
10	B	Form of Tenant Lease for Project			
11a	B	Management Plan			
11b	B	Management Agreement			
12	B	Settlement Statement for Purchase (if land acquisition in advance of Closing)			
13		Purchase Agreement or Ownership Document (if not purchase, contract to purchase)			
14a	B	Collateral Assignment of Construction Documents			
14b	B	Consent to Assignment - Architect			
14c	B	Consent to Assignment-General Contractor			
15	B	Plat of survey of Project, dated after the date of Commitment Letter, certified to COUNTY OF COOK, in accordance with the current requirements for ALTA			

4. TITLE DOCUMENTS AND PRE-PAID INSURANCE POLICIES, CERTIFICATES, BINDERS

	PREPARED BY:	DOCUMENT/ITEM	DRAFT	FINAL SIGNED	COMMENTS
1	B	Builders' All Risk Insurance			
2	B	Workers' Compensation Insurance			
3	B	Fire and Extended Coverage Insurance			
4	B	Public Liability and Property Coverage			
5	B	Property Manager's Insurance			
6	B	Contractor's Insurance			
7	B	Architect's Insurance			
8					
9	TITLE	Title Indemnity, if applicable			
10					
11	B	Joint Construction Escrow Agreement, if applicable			
13	B	Owner's Title Commitment/Pro Forma Policy			
14	B	County's Loan Pro Forma			
15	TITLE	Title Policy-Post Closing			

5. FINANCING

	PREPARED BY:	DOCUMENT/ITEM	DRAFT	FINAL SIGNED	COMMENTS
1	B	Senior Lender Loan Documents			
		Subordination Agreement to Lender, if applicable			
2	B	Junior Lender Loan Documents			
3		Subordination Agreement to Lender, if applicable			
4	B				
5	B	Energy Grant, if applicable			
6	B	IHDA Tax Credit Reservation Letter			
6a	B	Low Income Housing Tax Credit Extended Use Agreement			
6b	B	Tax Credit Regulatory Agreement			
7	B	Development Fee Agreement			
8	B	Investor Pro Forma			
9	B	Sources and Uses Affidavit (County Form)			

6. OTHER

	PREPARED BY:	DOCUMENT/ITEM	DRAFT	FINAL SIGNED	COMMENTS
1	B	Preliminary Davis Bacon Determination			
2	B	WBE/MBE Outreach Plan			
3	B	Section 3 Outreach Plan			
4	B	Affirmative Fair Housing Marketing Plan			
5	B	HUD/ERR Clearance and Release of Funds			
6	B	Tenant Selection Plan			
7	B	Project Budget (minimum 30 years)			
8	B	Relocation Plan, if applicable			
9	B	Closing Draw Package-if applicable (copies of backup documents to support the expenditures of all items listed on final Sworn Owner's Statement that will be paid out or reimbursed at the Loan Closing)			
10	B	Child Support Affidavits, if applicable			

EXHIBIT D

INSURANCE REQUIREMENTS

- A. The Property must be insured by replacement cost casualty insurance, issued by a company licensed and authorized to do business in Illinois and acceptable to the County with a minimum A.M. Best Rating of A-VII in an amount equal to the full replacement value of the buildings, structures and equipment. The deductible shall not exceed one percent (1%) of the post construction appraised value of the Property, excluding land. The insurance policy shall name the ***County of Cook, a body politic and corporate of the State of Illinois** as insured, as second mortgagee, if applicable, and as loss payee.
- B. The Borrower shall maintain throughout the term of County Loan general public liability insurance, issued by a company licensed and authorized to do business in Illinois and acceptable to the County with a minimum A.M. Best Rating of A-VII with coverage in an amount of not less than Two Million Dollars (\$2,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate with a deductible of not more than Ten Thousand Dollars (\$10,000.00). The policy shall name the ***County of Cook, a body politic and corporate of the State of Illinois** as an additional insured.
- C. The Borrower shall maintain or cause to be maintained from the date of the construction loan escrow agreement through the date of the final disbursement of loan funds and completion of all rehabilitation or construction, builder's risk insurance issued by a company acceptable to the County, with an A.M. Best Rating of A-VII, in an amount equal to the full replacement value of the building structures and improvements including one hundred percent (100%) of the insurable value of the work to be done and incorporated in the buildings. The deductible shall not exceed one percent (1%) of the appraised value of the post-construction Property. The insurance policy shall name the ***County of Cook, a body politic and corporate of the State of Illinois** as insured, as second mortgagee, if applicable, and as loss payee.
- D. The insurance required in Section C of shall be kept in effect not only during the rehabilitation or construction funded by this County Loan but also during any subsequent construction or rehabilitation on the Property during the term of the County Loan.

*Address: c/o Department of Planning and Development, 29th Floor
Chicago, IL 60602

EXHIBIT E

SAMPLE RELOCATION PLAN