



**SUPPORTING DOCUMENTATION TO BE
SUBMITTED WITH COMPLETED APPLICATION
AND BANK PRE-QUALIFICATION**

Please note that we cannot accept originals and we cannot make copies for you. We also will not process application without bank pre-qualification.

- Copy of most recent federal tax return for all adult household members (18 years or older)
- Copy of most recent business tax return, if self-employed
- Copy of current profit and loss business statement and balance sheet, if self-employed
- Copy of most recent two months' pay stubs for all adult household members (18 years or older)
- Copy of most recent two months' source documentation of other income (if applicable):
 - SSA/SSI benefits
 - Alimony
 - Unemployment compensation
 - Pension
- Copy of most recent two months' checking account statements
- Copy of most recent two months' savings account statements
- Copy of most recent two months' retirement statements (401(k), IRAs, etc.)

If you have a real estate agent and/or attorney assisting you with the home purchase, please provide their name, telephone number and email address:

Realtor Name: _____

Phone Number: _____

Email Address: _____

Attorney Name: _____

Phone Number: _____

Email Address: _____

Please contact Gina Venegas, Will County Center for Community Concerns at 815-722-0722 Ext. 221, or via email at contactus@wcccc.net if you have any questions regarding the City of Joliet's Downpayment Assistance Program. Completed application and supporting documentation can be submitted by mail or in person to Will County Center for Community Concerns, 2455 Glenwood Avenue, Joliet, IL 60435. **Please call ahead before coming to make sure someone will be available to receive your documents.**





CITY OF JOLIET DOWNPAYMENT ASSISTANCE APPLICATION

BORROWER

Name: _____
 Marital Status: Married Single Separated
 U.S. Citizen: Permanent Resident Alien
 Social Security #: _____
 Date of Birth: ____/____/____
 Home Phone: _____
 Cell Phone: _____
 E-mail: _____
 Present Address: _____
 City _____ State _____ Zip _____

CO-BORROWER

Name: _____
 Marital Status: Married Single Separated
 U.S. Citizen: Permanent Resident Alien
 Social Security #: _____
 Date of Birth: ____/____/____
 Home Phone: _____
 Cell Phone: _____
 E-mail: _____
 Present Address: _____
 City _____ State _____ Zip _____

PLEASE LIST ALL PERSONS WHO RESIDE IN YOUR HOUSEHOLD:

Name	Relationship	Age
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL HOUSEHOLD SIZE: _____

EMPLOYMENT INFORMATION

BORROWER are you self-employed? Yes No
 Employer _____
 Address: _____
 _____ Zip _____
 Phone: _____
 # of years: _____
 Position: _____
 Paid: Weekly every 2 weeks Twice Monthly
 Full Time Part Time

CO-BORROWER are you self-employed? Yes No
 Employer _____
 Address: _____
 _____ Zip _____
 Phone: _____
 # of years: _____
 Position: _____
 Paid: Weekly every 2 weeks Twice Monthly
 Full Time Part Time

IF CURRENT POSITION LESS THAN TWO YEARS, INCLUDE PREVIOUS EMPLOYMENT.

BORROWER

Previous Employer: _____
 Address: _____
 _____ Zip _____
 # of years: _____
 Position: _____

CO-BORROWER

Previous Employer/Company: _____
 Address: _____
 _____ Zip _____
 # of years: _____
 Position: _____

HOUSEHOLD INCOME

	<u>BORROWER</u>	<u>CO-BORROWER</u>
Gross Monthly Income:	\$ _____	\$ _____
Monthly Retirement/Pension Income:	\$ _____	\$ _____
Monthly Social Security/SSI Income:	\$ _____	\$ _____
Monthly Alimony Income:	\$ _____	\$ _____
Other Income (please explain): _____	\$ _____	\$ _____

MONTHLY DEBT

	<u>BALANCE</u>	<u>BORROWER</u>	<u>CO-BORROWER</u>
		Monthly Payment	Monthly Payment
Credit Card: _____	\$ _____	\$ _____	\$ _____
Credit Card: _____	\$ _____	\$ _____	\$ _____
Credit Card: _____	\$ _____	\$ _____	\$ _____
Credit Card: _____	\$ _____	\$ _____	\$ _____
Car Loan: _____	\$ _____	\$ _____	\$ _____
Car Loan: _____	\$ _____	\$ _____	\$ _____
Student Loan: _____	\$ _____	\$ _____	\$ _____
Other Loan: _____	\$ _____	\$ _____	\$ _____

Do you have any open collections, judgments, or legal proceedings against you? Yes No

If yes, explain: _____

Do you pay alimony or child support? Yes No Monthly payment \$ _____

Authorization: By signing below, I/we certify that the above information is true and correct. I/we authorize the City of Joliet to order a Consumer Credit Report to verify credit information. The information obtained will be used by the City of Joliet to determine whether I/we qualify as a prospective homebuyer under the City's Downpayment Assistance Program. I/we fully understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

BORROWER'S SIGNATURE _____ DATE _____

CO-BORROWER'S SIGNATURE _____ DATE _____

INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below.

BORROWER

I do not wish to furnish this information

CO-BORROWER

I do not wish to furnish this information

BORROWER

Race/National Origin

American Indian or Alaskan Native

White

Black/African American

Hispanic

Asian

Native Hawaiian or Other Pacific Islander

OR

American Indian/Alaskan Native & White

Black/African American & White

American Indian/Alaskan Native & Black/Afr. Amer.

Asian & White

Other Multi-Racial

CO-BORROWER

Race/National Origin

American Indian or Alaskan Native

White

Black/African American

Hispanic

Asian

Native Hawaiian or Other Pacific Islander

American Indian/Alaskan Native & White

Black/African American & White

American Indian/Alaskan Native & Black/African American

Asian & White

Other Multi-racial

CITY OF JOLIET DOWN PAYMENT ASSISTANCE PROGRAM

Property checklist for _____

Exterior of Property

- Foundation free of cracks, properly mortared and free of cracked, chipped, or peeling paint.
- Exterior walls, siding or painting is in good condition and free of cracked, chipped, or peeling paint.
- Windows and doors are in good condition and free of cracked, chipped, or peeling paint.
- Stairway, porch and steps are in good condition and free of cracked, chipped, or peeling paint.
- Porches/balconies 30 inches above grade must have guardrails in good condition.
- Garage and storage sheds maintained in good condition and free of cracked, chipped, or peeling paint.
- Roof is weathertight and free of missing or deteriorated shingles.

Interior of Property

- Interior surfaces are in good condition and free of cracked, chipped, or peeling paint.
- No visible water damage.
- Floors structurally sound.
- Windows are operable and will remain open without propping.
- Kitchen cabinets and counter tops in good condition.
- Basement/crawl space dry; foundation structurally sound and free of cracks >1/8".
- No visible mold present.
- Electrical: panel is not over-fused, service is on and properly installed.
- Electrical: outlets and wiring are properly installed and with proper materials.
- Working Ground Fault Circuit Interrupter (GFCI) in bathrooms and laundry areas, kitchen and other applicable areas.
- Plumbing: supply piping and DWV installed properly and with proper materials.
- Plumbing: water service is on, not leaking and water has enough pressure.
- Heating: furnace/boiler operating properly; all gas appliances have a gas shut off.
- Water Heater: operating and properly installed.

Buyer/Agent _____ Phone _____
Signature

Print Name _____

- 301 b) By mailing to the addresses recited herein by regular mail and by certified mail, return receipt requested. Except
 302 as otherwise provided herein, Notice served by certified mail shall be effective on the date of mailing; or
 303 c) By facsimile transmission. Notice shall be effective as of date and time of the transmission, provided that the
 304 Notice transmitted shall be sent on Business Days during Business Hours. In the event Notice is transmitted
 305 during non-business hours, the effective date and time of Notice is the first hour of the next Business Day after
 306 transmission; or
 307 d) By e-mail transmission if an e-mail address has been furnished by the recipient Party or the recipient Party's
 308 attorney to the sending Party or is shown in this Contract. Notice shall be effective as of date and time of e-mail
 309 transmission, provided that, in the event e-mail Notice is transmitted during non-business hours, the effective
 310 date and time of Notice is the first hour of the next Business Day after transmission. An attorney or Party may
 311 opt out of future e-mail Notice by any form of Notice provided by this Contract; or
 312 e) By commercial overnight delivery (e.g., FedEx). Such Notice shall be effective on the next Business Day
 313 following deposit with the overnight delivery company.

314 **28. PERFORMANCE: Time is of the essence of this Contract.** In any action with respect to this Contract, the Parties
 315 are free to pursue any legal remedies at law or in equity and the prevailing party in litigation shall be entitled to
 316 collect reasonable attorney fees and costs from the non-prevailing party as ordered by a court of competent jurisdiction.

317 **29. CHOICE OF LAW AND GOOD FAITH:** All terms and provisions of this Contract including but not limited to the
 318 Attorney Review and Professional Inspection paragraphs shall be governed by the laws of the State of Illinois and
 319 are subject to the covenant of good faith and fair dealing implied in all Illinois contracts.

320 **30. OTHER PROVISIONS:** This Contract is also subject to those OPTIONAL PROVISIONS initialed by the Parties
 321 and the following additional attachments, if any: ADDENDUM NO. 1
 322 _____

323 **OPTIONAL PROVISIONS (Applicable ONLY if initialed by all Parties)**

324 [Initials] _____ 31. **CONFIRMATION OF DUAL AGENCY:** The Parties confirm that they have previously
 325 consented to _____ (Licensee) acting as a Dual Agent in providing
 326 brokerage services on their behalf and specifically consent to Licensee acting as a Dual Agent with regard to the
 327 transaction referred to in this Contract.

328 **32. SALE OF BUYER'S REAL ESTATE:**

- 329 a) **REPRESENTATIONS ABOUT BUYER'S REAL ESTATE:** Buyer represents to Seller as follows:
 330 1) Buyer owns real estate (hereinafter referred to as "Buyer's real estate") with the address of:
 331 _____
 332 Address _____ City _____ State _____ Zip _____
 333 2) Buyer [check one] has has not entered into a contract to sell Buyer's real estate.
 334 If Buyer has entered into a contract to sell Buyer's real estate, that contract:
 335 a) [check one] is is not subject to a mortgage contingency.
 336 b) [check one] is is not subject to a real estate sale contingency.
 337 c) [check one] is is not subject to a real estate closing contingency.
 338 3) Buyer [check one] has has not listed Buyer's real estate for sale with a licensed real estate broker and
 339 in a local multiple listing service.
 340 4) If Buyer's real estate is not listed for sale with a licensed real estate broker and in a local multiple listing
 341 service, Buyer [check one]:

Buyer Initial _____ Buyer Initial _____ Seller Initial _____ Seller Initial _____
 Address: _____

ADDENDUM NO. 1

The following terms and conditions are hereby agreed to be a part of the Residential Sales Contract entered into by and between the Seller, _____ and the Buyer, _____ as if fully set forth in the text of said Contract:

1. Buyer and Seller acknowledge that this Contract is expressly contingent upon the approval by the City of Joliet of this residential property for participation in its Downpayment Assistance Program.

2. The City of Joliet shall perform an environmental review of the property in question and provide a written determination that purchase of the property by Buyer may proceed. The City of Joliet shall use its best efforts to conclude the environmental review of the property expeditiously.

3. Any earnest money is refundable if the environmental review and /or physical inspection conditions are not met.

4. If the City of Joliet determines the property is ineligible for participation in its Downpayment Assistance Program, this contract shall be null and void.

BUYER:

SELLER:

Date: _____

Date: _____

Exhibit B

CITY OF JOLIET DOWNPAYMENT ASSISTANCE PROGRAM

The City of Joliet utilizes HOME funds in its Down Payment Assistance Program. The program is open to low-income homebuyers purchasing a home. The property being acquired must be located within the Joliet city limits and occupied by the homebuyer as his/her principal residence. The downpayment assistance is provided in the form of a zero interest, deferred payment loan (forgivable) secured by a second mortgage, note and recapture agreement. The City has entered into a subrecipient agreement with Will County Center for Community Concerns (WCCCC) to oversee and manage the day-to-day administration of the program. In its capacity as subrecipient, WCCCC is responsible for buyer intake, underwriting, and buyer counseling of applicants interested in participating in the program. Additionally, WCCCC conducts lead assessments, if necessary.

Any initial buyer intake or underwriting performed by an outside entity (e.g., not the subrecipient) shall not be considered for homebuyer eligibility.

A. INITIAL HOMEBUYER INTAKE

Prospective homebuyers are required to submit the following documentation to WCCCC to be considered for the City of Joliet Down Payment Assistance Program:

1. Homebuyer Application
2. Supporting Income Documentation for all adult household members over 18 years of age to include:
 - a. Copy of most recent federal tax return
 - b. Copy of most recent business tax return, if self-employed
 - c. Copy of current profit and loss business statement and balance sheet, if self-employed
 - d. Copy of most recent two months' pay stubs
 - e. Copy of most recent two months' source documentation of other income (if applicable):
 - SSA/SSI benefits
 - Alimony
 - Unemployment compensation
 - Pension
 - f. Copy of most recent two months' checking account statements
 - g. Copy of most recent two months' savings account statements
 - h. Copy of most recent two months' retirement statements (401(k), IRAs, etc.)
3. Bank pre-qualification/pre-approval

WCCCC intake staff will review documentation with the applicant for completeness and accuracy. Once the WCCCC intake staff is satisfied that the application is complete, they will

advise the prospective homebuyer that a letter will be sent to them within two weeks as to whether they are income-eligible for the program.

If an executed sales contract is submitted with the application, the WCCCC intake staff will verify that:

1. Addendum No. 1 is part of the sales contract and is dated and executed the same day as the sales contract.
2. The applicable statutory disclosures (found on page 2, #9 of the Multi-Board Residential Real Estate Contract 6.1) have been received by the buyer. If no boxes are checked or if the boxes are checked that the buyer has not received the disclosures, WCCCC intake staff will advise the applicant that applicable disclosures should have been provided prior to their signing of the contract.
3. The City of Joliet Down Payment Assistance Program Property Checklist is completed by the Buyer/Agent, and turned into WCCCC. WCCCC will forward the City of Joliet Down Payment Assistance Program Property Checklist to the Property Maintenance Coordinator so the City can consult with the Realtor, if needed.

B. ELIGIBLE PROPERTY TYPE: The following property types are eligible for downpayment assistance under this program:

- Single family detached
- Condominium
- Townhouse
- Manufactured home on fixed foundation

The following properties are ineligible for this program:

- Homes located in the 100-year flood plain
- Homes that are tenant-occupied

C. MAXIMUM PROPERTY VALUE: Under the HOME program, the value of any homebuyer/homeowner-occupied property may not exceed 95 percent of the median purchase price for that type of single family housing for the area, as published by HUD, or as determined locally through market analysis. For its Downpayment Assistance Program, the City utilizes the HUD published limits. HUD publishes two sets of limits that represent 95 percent of the area median purchase price – one for newly constructed single family housing and one for existing single family housing. Values will be updated as per HUD. As of 3/1/2018, the following HOME Homeownership Sales Price Limits are in effect:

	2018 Existing Homes HOME Purchase Price Limit	
	<u>Will County</u>	<u>Kendall County</u>
1 Unit:	\$214,000	\$204,000

	2017 New Homes HOME Purchase Price Limit	
	<u>Will County</u>	<u>Kendall County</u>
1 Unit:	\$297,000	\$241,000

D. PROPERTY STANDARDS: Under the HOME program, existing housing that is acquired for homeownership (downpayment assistance) must be decent, safe, sanitary and in good repair. Housing must meet the following codes adopted by the City of Joliet:

- International Property Maintenance Code (2015)

If the housing does not meet these standards, it is not eligible for the program, unless the items are fixed at the owner's expense prior to closing.

Newly constructed homes and housing rehabilitated within the past twelve months must meet HOME new construction property standards. Other properties must meet HOME rehabilitation property standards. Property inspections are completed by City inspectors and by a contracted lead inspector, if necessary, no earlier than 90 days before the commitment of HOME funds to ensure that the property meets the applicable standards prior to acquisition.

In addition to meeting the property standards outlined above, housing built prior to 1978 must also meet the requirements of the Lead Safe Housing Rule (24 CFR Part 35). For its Downpayment Assistance Program, the City of Joliet is required to meet four notifications:

- **Lead Hazard Information Pamphlet:** Purchasers must receive the EPA/HUD/Consumer Product Safety Commission (CPSC) lead hazard information pamphlet or an EPA-approved equivalent.
- **Disclosure:** Property owners are required to provide purchasers with available information or knowledge regarding the presence of lead-based paint and lead-based paint hazards prior to selling a residence.
- **Notice of Lead Hazard Evaluation or Presumption:** Purchasers must be notified of the results of any lead hazard evaluation work or the presumption of lead-based paint or lead hazards.
- **Notice of Lead Hazard Reduction Activity:** Purchasers must be notified of the results of any lead hazard reduction work.

Lead Hazard Evaluation methods include visual assessment, paint testing and risk assessment. The evaluation activity required is again determined by the nature of the activity funded and the amount of federal funding. For the City's Downpayment Assistance Program, a visual assessment is required and will be conducted by the City of Joliet. If lead-based paint hazards are present, a qualified lead inspector must complete an inspection, and the property owner

must have the hazards remediated to HUD standards in order for the property to be eligible for the program.

- **Addendum 1:** Homebuyers must be provided a copy of Addendum 1. Purchasers are further informed of the purpose of this document and as required as an addendum to the executed sales contract. A sales contract will not be accepted without Addendum 1 as referenced (line 321), attached, and dated the date of the sales contract.

These disclosures shall be provided to homebuyer applicant by the subrecipient at the time of Buyer Intake,

E. ENVIRONMENTAL REVIEW: The City of Joliet is responsible for undertaking the environmental review process for HOME-funded activities.

Upon the completion of the buyer intake, initial underwriting, and submittal of a sales contract to the subrecipient, the subrecipient forwards the initial underwriting, sales contract, and a request for ERR to be performed to the City of Joliet. Downpayment assistance (without rehabilitation) is categorically excluded NOT subject to 58.5 activities, which means the City must show compliance with Airport Clear Zones (buyer disclosure within 2500 feet of airport); Coastal Barriers (not applicable) and Flood Insurance. The satisfactory completion of the environmental review is required prior to the commitment of HOME funds. A written agreement cannot be executed with the qualified homebuyer(s) nor any HOME funds expended until the environmental review process is completed and clearance granted.

At the same time that the City of Joliet is conducting the Environmental Review, WCCC will have the prospective homebuyer sign a release directing the lender to provide the following documentation to them in order to complete the underwriting process and determine gap financing needs:

1. Credit Report (the homebuyer can sign a waiver to use the bank's)
 2. Appraisal – provides the value of the property being purchased
- Mortgage approval letter for the property being purchased

F. APPLICANT INCOME ELIGIBILITY: In order to be eligible for downpayment assistance, the prospective household must be low-income, which is defined as a household whose total income does not exceed 80% of the area median income (AMI) as defined by HUD. The City of Joliet utilizes the IRS 1040 Adjusted Gross Income method to determine the eligibility of applicants for this program. At least two months of source documents are reviewed to determine annual income for all adult members (18 years and older) of the household. Source documentation includes income tax returns, wage statements, interest statements and unemployment compensation statements. Third party verifications of income, such as verification of employment, are also eligible source documents. Eligibility determination is based on anticipated income over the next 12 month period. If HOME assistance is provided

more than six months after the initial income determination, an income re-examination is required prior to funding.

Income eligibility is determined using the IRS Adjusted Gross Income calculation.

The HUD income calculator will be used and documentation of eligibility will be kept in the project file. The income calculator can be found at: <https://www.hudexchange.info/incomecalculator/>

Using the applicant's current income as evidenced by their paystubs and bank statements, WCCCC staff will input the homebuyer's anticipated income for the next 12 months into the HUD income calculator, along with other types of income expected to be received and anticipated deductions made. The same process will be followed for all other household members who file separate returns and will be residing with the applicant.

In addition to being income eligible, the prospective homebuyer is required to receive 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. A closing date will not be scheduled until the City receives a copy of the Homebuyer Counseling Certificate from the prospective homebuyer.

G. OWNERSHIP: Under the City's Downpayment Assistance Program, the homebuyer is required to hold ownership of the property in fee simple title.

H. PRINCIPAL RESIDENCE: The homebuyer is required to occupy the property as his/her personal residence. The principal residency requirement will be reflected in the recapture agreement, the HOME written agreement and other loan documents between the purchaser and the City of Joliet.

I. SUBSIDY LIMITS: The minimum HOME investment is \$1,000.00. The maximum HOME subsidy limit under this City program is based on a maximum of 20% of the purchase price of the home, capped at \$25,000 discussed in this program plan.

J. UNDERWRITING THE HOMEBUYER: The initial underwriting shall be conducted by the subrecipient. The City of Joliet reviews and evaluates each homebuyer's ability and willingness to pay and the appropriateness of the proposed amount of HOME subsidy based upon the following criteria:

- **Housing Debt:** The housing debt or front end ratio consists of the principal, interest, taxes, insurance, mortgage insurance and association fee (as applicable) as a percentage of the homebuyer's gross monthly income. Under the City's program, the prospective homebuyer's housing debt ratio must fall within the following range:
 - Minimum Housing Ratio: 15%
 - Maximum Housing Ratio: 45%*

- **Overall Household Debt:** The overall household debt or back end ratio consists of the monthly housing payment, minimum credit card payments, car payments and student loan payments as a percentage of the homebuyer's gross monthly income. Under the City's program, the prospective homebuyer's overall household debt ratio cannot exceed a maximum of 45%.

Estimated maximum purchase price calculation for homebuyer: The Downpayment Assistance Worksheet is used to determine how much assistance the prospective homebuyer qualifies for. When completing the worksheet, WCCCC staff should be mindful of the following:

Yellow highlighted cells will be filled in by WCCCC staff based on information completed on the application and provided by the lender on the mortgage pre-approval letter/form.

Gray highlighted cells are not to be changed. Data in these cells are based on formulas and information provided in the yellow highlighted cells. Changes to the gray highlighted cells will result in computation errors and incorrect subsidy calculations.

STEP 1: DETERMINING THE FRONT END RATIO

1. Lines 1 – 12 of the worksheet contain the information and calculations necessary to determine the homebuyer's housing or front end ratio. The City's program allows a maximum front end ratio of 35%. This maximum percentage is on line 1 of the worksheet and will not change.
2. To calculate the annual income of the homebuyer(s), you will include only the income of those individuals who will be in title to the property and on the loan documents. You will not include the income of other household/family members who will be residing in the home, as was required to determine the household's income eligibility to participate in the program.
3. For real estate taxes and homeowner's insurance, use \$4000.00 for annual real estate taxes and \$600.00 for annual homeowners' insurance unless you have a sales contract on a specific property. The Will and Kendall County websites are provided on the worksheet so that you can look up tax information if you have the property's parcel number.
4. Lines 5 – 9 will autofill based on information provided above.
5. Mortgage term and interest rate will be found on lender's mortgage pre-approval. If information is not available, use a term of 30 years and an interest rate of 4%.
6. The amount on line 12 is the maximum first mortgage that the homebuyer can afford based on their income only.

STEP 2: DETERMINING THE BACK END RATIO

7. Lines A – G of the worksheet contain the information and calculations necessary to determine the homebuyer’s overall housing debt or back end ratio. The annual income that you calculated for line 2 above will be input in line A.
8. The payments that the homebuyer makes on a monthly basis comprise the Monthly Debt Service and are filled in on lines B1 – B4.
9. The homebuyer’s total monthly debts autofill on line B5.
10. The maximum total debt to income ratio for this program is 45%. The percentage on line C will not change.
11. Lines D – G autofill based on information provided above.
12. The amount on line G is the maximum first mortgage that the homebuyer can afford based on their income and existing debt. **PLEASE NOTE: You will want to compare the amount on line G to the amount on line 26 to make certain that the bank’s pre-qualification figure is the same.** If the bank figure is higher, it could be that the bank’s debt to income policy is less restrictive or the bank does not consider escrow for real estate taxes and homeowners’ insurance in their calculation. As noted on the worksheet, the amount on line 26 should not be more than line G.

STEP 3: DETERMINING THE AMOUNT OF DOWNPAYMENT ASSISTANCE

1. To determine the appropriate level of downpayment assistance for each homebuyer, it is necessary to calculate the total costs/uses associated with the home purchase (lines 13 through 24) to the total sources of non-city funding. The difference between these two amounts is the GAP, which autofills on line 31.
2. The maximum amount of assistance is 20% of the purchase price of the home, capped at \$25,000, as outlined in the program manual. This amount autofills on line 32.
3. The amount of downpayment assistance to be provided, which is the lesser of line 31 and line 32, will autofill on line 33.
4. Line 34 will be zero if the GAP is less than or equal to the amount of assistance on line 33. **If line 34 is greater than zero, the homebuyer needs additional sources of funds or a lower purchase price in order to proceed with the purchase.**

STEP 4: DETERMINING THE AMOUNT OF CASH NEEDED

1. Line 35 is the minimum amount (\$2,500.00) that a homebuyer is required to provide of his/her own funds in order to participate in the program.

2. Line 36, which is the amount of closing costs is the amount found on line 24.

3. Line 37 is the sum of the homebuyer's required \$2,500.00 in funds plus the total closing costs. You will want to make sure that homebuyer has the funds to cover these costs.

K. LENDING POLICY: Homebuyers participating in the City's program must be able to secure a first mortgage that is affordable and sustainable over the long-term. The following requirements apply to the first mortgage financing of a home acquired by a homebuyer receiving downpayment assistance from the City of Joliet:

- The CLTV (combined loan to value) of the first mortgage cannot exceed 100% of the appraised value.
- The interest rate can be no higher than 2% above the current conventional rate.
- The first mortgage must be a fixed rate, fully amortizing loan with a term of at least 20 years.
- Interest only loans, ARMs, 80/20 loans or other exotic mortgage products are NOT acceptable under the City's program.

L. MINIMUM CASH INVESTMENT FROM HOMEBUYER: Homebuyer must provide a minimum down payment of \$2,500 from his/her own funds.

M. LONG-TERM AFFORDABILITY: One of the purposes of the HOME program is to increase the supply of affordable housing. To ensure the long-term affordability of HOME-assisted properties under the Downpayment Assistance Program, the City of Joliet utilizes a recapture provision. The period of affordability is the length of time the assisted property is considered HOME-assisted and must be the principal residence of a low-income household. The chart below specifies the length of the affordability period for varying amounts of direct assistance to the homebuyer:

HOME Funds Provided as Direct Assistance to Homebuyer	Affordability Period
Under \$15,000	5 Years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

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N. RECAPTURE PROVISIONS: The period of affordability is based on the amount of HOME assistance to the homebuyer that enables him or her to buy the unit. The direct subsidy includes downpayment, closing costs, interest subsidies, or other HOME assistance that reduces the purchase price from fair market value to an affordable price. This means that if HOME funds are used for the cost of developing a property and the unit is sold below fair market value, the difference between the fair market value and the purchase price is considered to be directly attributable to the HOME subsidy and is assistance to the homebuyer.

The recapture provision requires that all or a portion of the direct subsidy provided to the homebuyer be recaptured from the net proceeds of the sale. Net proceeds of a sale are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. Under no circumstances can the City of Joliet recapture more than is available from the net proceeds of the sale. If the homebuyer transfers the property either voluntarily or involuntarily during the period of affordability, the City of Joliet recovers, from available net proceeds, all or a portion of the HOME assistance provided to the homebuyer. Under recapture, there is no requirement that the original HOME-assisted homebuyer sell the unit to another low-income homebuyer. Recapture of the HOME funds releases the original homebuyer from additional HOME affordability obligations. The City of Joliet then uses the recaptured HOME funds for another HOME eligible activity.

The City of Joliet has adopted the “Reduction During the Affordability Period (Forgiveness)” option as its recapture provision for its Downpayment Assistance Program. Under this recapture option, the City of Joliet reduces the amount of direct HOME subsidy on a pro-rata basis for the time the homebuyer has owned and occupied the housing, measured against the required affordability period. The resulting ratio is used to determine how much of the direct HOME subsidy the City recaptures. The pro-rata amount recaptured by the City of Joliet cannot exceed what is available from net proceeds.

For a direct HOME subsidy in an amount less than \$15,000.00, the period of affordability is five years. The City will forgive 1/60th of the HOME subsidy for each complete month that the homebuyer has occupied the property during the period of affordability.

For a direct HOME subsidy in an amount of \$15,000.00 to \$40,000.00, the period of affordability is ten years. The City will forgive 1/120th of the HOME subsidy for each complete month that the homebuyer has occupied the property during the period of affordability.

In the event that there are insufficient net proceeds available at sale to recapture the full pro-rata amount due, the homebuyer is not required to repay the difference between the prorated direct HOME subsidy due and the amount the City of Joliet is able to recapture from available net proceeds. In the event that that ownership of the HOME-assisted housing is conveyed

pursuant to a foreclosure or other involuntary sale, the City of Joliet will attempt to recoup any net proceeds that may be available through the foreclosure sale.

O. NONCOMPLIANCE PROVISION: Noncompliance with the recapture provision means that (1) the homebuyer no longer occupies the HOME-assisted property as his or her principal residence but no transfer has occurred; (2) the property was sold during the period of affordability and the applicable recapture provision was not enforced or (3) the homebuyer refinanced the HOME-assisted property in a manner such that it is not a Permitted Refinancing (as defined in paragraph P). In the event of non-compliance, the prorated reduction included in the recapture provision with respect to a property transfer does not apply and the full amount of the direct HOME subsidy is due and payable. The City of Joliet utilizes all legal means available to recoup the entire direct HOME subsidy in the event of noncompliance by the homebuyer.

P. APPEALS PROCESS:

This process consists of an initial informal conference held by the Executive Director of Will County Center for Community Concerns. This informal conference is designed to ensure that the applicant understands the reason(s) for the action taken by WCCCC.

Any applicant receiving or denied assistance has a right to request an informal conference within **30** calendar days of receipt of a notice of a decision on the applicant's application.

Any applicant requesting an informal conference shall be furnished the reason for the decision on the application and be allowed to review the documents leading to the decision prior to the informal conference.

The informal conference must:

- A) be held at the WCCCC;
- B) be conducted by the Executive Director who was not involved in the original decision.
- C) be held within **15** calendar days of the receipt of request;
- D) afford the applicant an opportunity to bring an interpreter and/or representative;
- E) Allow the applicant to present oral and written testimony on his/her behalf.

The Executive Director will give the applicant a written statement at the end of the conference describing the result of the conference and citing the policy reasons for the decision. A copy of this report must be filed in the applicant's file.

A request for a County/City review must be filed with the city within **30** calendar days after the informal conference. If the request is timely made, the city will appoint a County/City reviewing officer who will review the applicant's file and the informal conference report. A written decision will be made. The request is considered made on the day the request is received by the city (per the date stamp on the correspondence). The city will notify WCCCC that a request for County/City review has been filed. WCCCC must, within **five (5) days** of the request for County review, provide both the city and the applicant with a full copy of the applicant's file.

A County reviewing officer will review the file to determine if the application contains all information required and all testimony presented at the informal conference.

This determination will be made and a letter sent to the applicant and WCCCC within **15** calendar days of the request for County/City review. In the event of finding in support of an applicant, WCCCC shall approve and process the application or modify the assistance granted, and notify the applicant in writing within **15** calendar days of notification of the finding from the County.

Q. ONGOING MONITORING: The City is responsible for verifying that the homebuyer continues to occupy the HOME-assisted property throughout the affordability period. Annually, the City will send the homebuyer a certification form requiring his/her signature that he/she continues to occupy the property as his/her principal residence. In addition, the homebuyer is responsible to furnish a copy of the current year's insurance policy, verifying the property is insured and the homebuyer is listed as the property owner and the City is named as additional insured.

R. SUBORDINATION OF CITY OF JOLIET MORTGAGE: In order for a subordination agreement to be provided in the event of a refinance of the Borrower's first mortgage, the refinance must meet the following conditions of a Permitted Refinancing:

- a. Reduces the interest rate of the first mortgage loan on the Residence, which must be a fixed rate for the life of the loan.
- b. Reduces the loan term or reduces the monthly payment of the loan.

Permitted Refinancing does **NOT** include a refinancing that:

- a. Increases the outstanding principal balance of the first mortgage loan.
- b. Increases the interest rate on the loan.
- c. Allows the Borrower to receive money as a result of the refinancing.

Any Permitted Refinancing must be approved by the City, in writing, in advance. Failure to obtain such approval will result in such refinancing not being deemed to be an eligible Permitted Refinancing.

S. ATTACHMENTS:

1. City of Joliet Affirmative marketing and Minority Outreach Plan
2. Monthly Progress Report
3. Compliance Monitoring Report
4. Recapture Agreement, Second Mortgage and Note samples
5. Addendum 1

T. DOCUMENTATION TO BE MAINTAINED:

- Evidence of Affirmative Marketing
- Evidence of Income Eligibility

- Evidence of Principal Ownership
- Evidence of Purchase Price Compliance
- Evidence of Compliance with Property Standards

At Project/Program Completion: Executed recapture agreement and 2nd mortgage loan documents

During Affordability Period: Certification of principal residency and copy of homeowner's insurance with City of Joliet named as an additional insured.

U. PROGRAM OVERSIGHT: Monthly progress reports are due the 5th of every month. Invoices are to include documentation of sufficient detail to ensure the eligibility of costs incurred and must correspond to the proposed budget. Changes to the scope or budget must be pre-approved in writing.

V. CONFLICT OF INTEREST: (SEE ATTACHMENT 1)

ATTACHMENT I: EXHIBIT B(V) -- City of Joliet Down Payment Assistance Program		
Category Program Administration	Policy Number A1	Review/Revision Date 3/16
Policy ATTACHMENT I: EXHIBIT B(V): HOME/CDBG Conflict of Interest Provisions		
Regulation(s): 2 CFR Part 200 (24 CFR 85.36(b), 24 CFR 84.42), 24 CFR 92.356(a)-(e), 24 CFR 92.356(f), 24 CFR 570.611		

Conflict of Interest: 2 CFR Part 200 Section 200.112 requires HUD to establish conflict of interest policies for Federal awards and requires non-Federal entities to disclose in writing any potential conflict of interest to HUD or the pass-through entity in accordance with HUD’s policy. The general procurement standards in §200.318 require non-Federal entities to maintain written standards of conduct covering conflicts of interest, including organizational conflicts of interest. “Organizational conflicts of interest” means that, because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

**HOME & CDBG Conflict of Interest Provisions
Procurement of Property and Services by PJs and Subrecipients -**

Regulatory citation: 24 CFR 85.36(b) - Local Governments

Regulatory citation: 24 CFR 84.42 - Subrecipients

Local Governments (PJs, State recipients and consortia members) - When procuring property or services with HOME funds, local governments must use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 85.36(b).

Local governments administering HOME funds are required to maintain a written code of standards governing the performance of their employees engaged in the award and administration of contracts. At a minimum, these standards must:

1. Require that no employee, officer or agent of the PJ may participate in the selection, award or administration of a contract supported by HOME if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for award:
 - employee, agent or officer of the PJ;
 - any member of an employee's, agent's or officer's immediate family;
 - an employee's, agent's or officer's partner; or
 - an organization that employs or is about to employ any of the above.

2. Require that the employees, agents and officers of the PJ or subrecipient not solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to subagreements. However, the local government may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value; and

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3. Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of such standards, to the extent permitted by State or local law.

Subrecipients - A nonprofit organization designated as subrecipient for the purposes of administering HOME funds (including a community housing development organization (CHDO) when acting as a subrecipient) must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

1. Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:
 - the employee, officer, or agent of the subrecipient;
 - any member of an employee's, officer's or agent's immediate family;
 - an employee's, agent's, or officer's partner; or
 - an organization which employs or is about to employ any of the above.
2. Require that employees, agents, and officers of the subrecipient neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to subagreements. However, subrecipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
3. Provide for disciplinary actions to be applied for any violations of such standards by employees, agents or officers of the subrecipient.

CPD 98-9

Scenario: A PJ wants to contract with a real estate appraisal firm to provide qualified appraisals of properties to be acquired with HOME funds. The selection will be made through a competitive bidding process. The husband of the PJ's Housing Division Manager is employed by a local appraisal firm which plans to bid on the contract. Can the Housing Division Manager participate in this procurement?

The Housing Division Manager may not participate in the procurement of a contract upon which her husband's firm plans to bid. However, selection of the husband's firm is permitted, if made in accordance with the requirements of 24 CFR Part 85 and the local government's procurement procedures.

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Regulation(s): 2 CFR Part 200 (24 CFR 85.36(b), 24 CFR 84.42), 24 CFR 92.356(a)-(e), 24 CFR 92.356(f), 24 CFR 570.611		

HOME Conflict of Interest Provisions

A. Financial Interest or Benefit from a HOME-Assisted Activity

HOME Regulatory citation: 24 CFR 92.356(a)-(e)

Persons covered: Any person who is an employee, agent, consultant, officer or elected or appointed official of the PJ, State recipient or subrecipient which is receiving HOME funds.

Prohibited Conflict: No covered person who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who is in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family ties, during their tenure and for one year thereafter.

Occupancy of a HOME-assisted unit by a covered person constitutes a financial interest or benefit and is a prohibited conflict.

Exceptions: A PJ may request from HUD an exception to these provisions in writing. The PJ's request must include:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made;
2. An opinion of the PJ's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law.

The HUD Field Office may grant an exception to the provisions on a case-by-case basis when it determines that the exception will serve to further:

- the purposes of the HOME Program; and
- the effective and efficient administration of the PJ's program or project.

In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met these criteria, the HUD Field Office will consider the cumulative effect of the following factors, where applicable:

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Regulation(s): 2 CFR Part 200 (24 CFR 85.36(b), 24 CFR 84.42), 24 CFR 92.356(a)-(e), 24 CFR 92.356(f), 24 CFR 570.611		

- Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program which would otherwise not be available;
- Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;
- Whether the affected person has withdrawn from his or her function or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- Whether the interest or benefit was present before the affected person was in a position constituting the conflict of interest.
- Whether undue hardship will result either to the PJ or the person affected when weighed against the public interest served by avoiding the prohibited conflict.
- Any other relevant considerations.

CPD 98-9

Scenario 1: A development firm is applying to the PJ for HOME funds to rehabilitate a property it owns. The mayor has a financial interest in the firm. Can HOME funds be awarded to this project?

No. Because the Mayor is in a position to make decisions with respect to the use of HOME funds, award of funds to a firm in which he has a financial interest would constitute a conflict of interest.

Scenario 2: A PJ operates a HOME-funded owner-occupied rehabilitation program. Can a secretary with the Housing and Community Development Department receive assistance under this program?

No. The secretary is a covered person under the regulations and would be prohibited from receiving assistance. However, in this instance, the PJ might consider requesting an exception to the conflict of interest provisions from HUD.

Scenario 3: A maintenance worker employed by the PJ applies to rent a unit in a HOME-assisted project. Can the employee be permitted to lease a HOME-assisted unit?

Yes. While the maintenance worker is a covered person under the regulations, he does not exercise any functions or responsibilities with respect to HOME funds.

B. Occupancy of HOME-Assisted Units

Regulatory citation: 24 CFR 92.356(f)

Persons Covered: Owner, developer or sponsor of a HOME-assisted project or an officer, employee, agent or elected or appointed official or consultant of the owner, developer or sponsor whether private, for profit or nonprofit including a CHDO when acting as an owner, developer or sponsor of housing).

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Regulation(s): 2 CFR Part 200 (24 CFR 85.36(b), 24 CFR 84.42), 24 CFR 92.356(a)-(e), 24 CFR 92.356(f), 24 CFR 570.611		

Prohibited Conflict: No covered person may occupy a HOME-assisted unit. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

Exceptions: An owner or developer may request an exception to these provisions in writing. The PJ may grant an exception to the provisions on a case-by-case basis when it determines that the exception will serve to further:

- the purposes of the HOME Program; and
- the effective and efficient administration of the HOME-assisted project.
- In determining whether to grant an exception that meets the above criteria, the PJ must consider the cumulative effect of the following factors, where applicable:
- Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;
- Whether the affected person has withdrawn from his or her function or responsibilities, or the decision making process with respect to the specific assisted housing in question;
- Whether the tenant protection requirements of §92.253 are being observed;
- Whether the affirmative marketing requirements of §92.351 are being observed and followed; and
- Any other factor relevant to the PJ's determination, including the timing of the requested exception.

Exceptions to the conflict of interest provisions that are granted are to be publicly disclosed.

CPD 98-9

Scenario: A CHDO develops a 6-unit rental project with HOME funds that it will own and manage. Can the employees of the CHDO rent units in this building?

No. The employees of the CHDO are covered persons under Section 92.356(f) of the regulations and, thus, are prohibited from occupying a HOME-assisted housing unit in the development owned by the CHDO. Further, these units must be affirmatively marketed. However, on a case-by-case basis, the PJ could consider granting an exception to the prohibition as permitted by the HOME regulations.

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Regulation(s): 2 CFR Part 200 (24 CFR 85.36(b), 24 CFR 84.42), 24 CFR 92.356(a)-(e), 24 CFR 92.356(f), 24 CFR 570.611		

CDBG Conflict of Interest Provisions

Regulatory citation: § 570.611

A. In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

B. In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

Conflicts prohibited: The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

Persons covered: The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

Exceptions: Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

Threshold requirements. HUD will consider an exception only after the recipient has provided the following documentation:

- A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

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actors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of the thresholds identified, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- Whether an opportunity was provided for open competitive bidding or negotiation;
- Whether the person affected is a member of a group or class of low- or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- Whether the interest or benefit was present before the affected person was in a position as described in *Conflicts Prohibited* of this section;
- Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- Any other relevant considerations.

I, the undersigned chief elected official of the _____ (Village, City, Township, Agency), do hereby acknowledge and understand the above Conflict of Interest Provisions. Furthermore, we certify that no one employed by this entity, nor anyone currently on our governing board has or will have a conflict as described in the above cited Conflict of Interest Provisions.

Witness/attest Date

Official's Signature Date