

1839 N Wisconsin Ave, Peoria, IL 61603

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**East Bluff  
Neighborhood Housing Services  
Health and Safety Loan Program**

**June 6, 2014**





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**Revision – 6.6.2014**

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## A. EBNHS Health and Safety Loan Program Highlights

### 1. Funding Source: EBNHS SSD Tax

a. Estimated Annual Tax	\$60,000/Year
b. Estimated EBNHS Operating Expense	\$45,000/Year
c. Annual COP/SSD Loan Fund Contribution	\$15,000/Year
d. Annual EBNHS Loan Fund Contribution	\$15,000/Year

### 2. Recommended Loan Terms

- a. Maximum Loan Amount \$5,000
- b. Maximum loan term 5 years
- c. 0% Interest
- d. Required mortgage security

### 3. Health and Safety Loan Criteria

Eligible loan uses include, but are not limited to:

- a. Safety issues
  - i. Repair to non functioning required exit egress door
  - ii. Required health hazard abatement/remediation for Mold, Asbestos, Lead (required by appropriate health or regulatory/certification authority)
- b. Structural issues
  - i. Potential structural failure (i.e. termite damage)
- c. Sanitary issues
  - i. Sewer blockage, back-up or piping failure
- d. Heating issues (winter)
  - i. Heating plant failure (i.e. boiler/furnace replacement)
- e. Plumbing issues
  - i. Water heater failure
  - ii. Water service line break
  - iii. Flood
  - iv. Frozen water line
- f. Electrical issues
  - i. Unsafe electrical wiring issue (i.e. fire hazard, Fire Department inspection/citation)





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- g. Building envelope failure
  - i. Roof leak
  - ii. Broken/damaged windows

4. East Bluff Health and Safety Loan Eligibility Criteria:

- a. Owner occupied home in East Bluff NHS service area (Exhibit 1)
- b. Eligible recipient must have:
  - i. Acceptable credit rating
  - ii. Verifiable and reliable source of income to repay loan

5. East Bluff Health and Safety Loan Program Vision and Intent:

- a. Maximize all program funds for prospective EBNHS loan program recipients
- b. Program would be a community service offering to help improve the neighborhood, not an EBNHS source of revenue or operating fund.
- c. It is the objective of the program to eventually be self-sustaining, self-sufficient and minimize all loan program costs. Upon establishment of this program, EBNHS will make every effort to reduce costs to borrowers and have EBNHS provide the necessary services and expertise through targeting and recruiting volunteers and/or use of existing staff.

6. East Bluff Health and Safety Loan Program Assumptions:

- a. EBNHS contends that its Health and Safety Loan Program is not subject to the National SAFE (Secure and Fair Enforcement) Mortgage Licensing Act of 2008 and the companion Illinois HB 4011. The Act, which took effect upon being signed on July 31, 2009, defines “mortgage loan originator” as “an individual who for compensation or gain or in the expectation of compensation or gain . . . offers or negotiates terms of a residential mortgage loan.” To clarify - EBNHS’ Health and safety loans are not for compensation or gain.

7. EBNHS Resident Loan Program and Information Strategies

- a. EBNHS to research and direct to other available programs when applicable. i.e.
  - i. Conventional lenders
  - ii. City programs
- b. Monthly Loan Committee Meetings
  - i. Evaluation for potential loans





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## **B. EBNHS Health and Safety Loan Program Plan**

The primary purpose of the EBNHS Health and Safety Loan Program is to preserve and enhance the health and safety of the existing East Bluff housing stock.

The loan program will target lower-income neighborhood residents, some who may not be able to acquire a traditional bank loan due to not having a relationship with a bank, no traditional credit, etc. In addition, all loan processing is handled in the neighborhood, making for easily accessible and friendly loans.

Listed below are the key points to planning and implementing the Health and Safety Loan Program:

1. A volunteer based Loan Committee (hereby named the “EBNHS Loan Officer Committee”) will act as the organization’s ‘Loan Officer’ and perform such work free of charge to the East Bluff Neighborhood Housing Services and future borrowers.
  - a. EBNHS Loan Officer Committee Requirements:
    - a. Qualifications: Experience working as a loan officer at a bank, credit union, mortgage company, etc.
    - b. Attend EBNHS Loan Committee Meetings as non-voting member
    - c. Attend EBNHS Board Meetings
    - d. This position is a critical success factor.
    - e. Five committed members from the local service area and local financial institutions will be engaged to join this committee. All will have lending experience and be familiar with the service area and loan program.
2. Add to EBNHS by-laws:
 

As long as the EBNHS has a loan program and/ or outstanding loans, the EBNHS Board is required to maintain an active, qualified EBNHS Loan Officer Committee
3. Maintain the EBNHS Loan Officer Committee with a minimum of five members; two of the five having bank loan experience.
4. Loan Program Elements:
  - Borrower must be owner-occupant living in the EBNHS SSD service area (Exhibit 1)
  - Borrower eligibility restricted to 80% of latest available government Area Median Income (AMI) information
  - Loans can be used for EBNHS defined health and safety related repairs only
  - Maximum loan amounts are \$5,000
  - Loan interest rate is 0%





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- Loan terms shall generally not exceed 5 years, however, in order to preserve loan fund monies, terms should be made as short as an individual situation will allow.
5. Loan Funds for the EBNHS Health and Safety Loan Program will come from two initial sources:
    - Minimum, \$15,000 annually from EBNHS SSD tax
    - EBNHS funds received through requests up to a maximum match of COP SSD funds
  6. EBNHS Loan Officer Committee will review all existing loan documents, forms, guidelines, etc. and recommend changes. The EBNHS Loan Officer Committee will also develop any other documents and forms needed for the Health and Safety Loan Program.
  7. EBNHS will conduct outreach and publicize the loan program to East Bluff residents.

#### Potential Loan Program Scenarios:

If EBNHS started the loan program with \$15,000 and then add \$15,000 to the fund through COP SSD funds, EBNHS will have \$30,000 to use for loans. With a maximum loan time of 5 years,  $\$30,000 / 5 / 12 = \$500$ /month in loan revenue. If EBNHS residents repay their loans on time, every 4 months EBNHS can make a new \$2,000 Health and Safety loan to another needy EBNHS resident.

### **C. EBNHS Health and Safety Loan Program Summary**

- SUMMARY** The Health and Safety Loan program is a zero-interest rate product that has a fixed principal payment for the life of the loan. This program provides assistance to homeowners who need home repairs related to the health and safety of their East Bluff housing stock. Loans are approved by the EBNHS Loan Committee and the EBNHS Loan Officer Committee as defined in the Loan Policies.
- TERM & LIMIT** The term of any loan will not exceed 5 years, however, in order to preserve loan fund monies, terms will be as short as an individual situation will allow.
- INTEREST RATE** Qualified loan applicants will obtain a loan at 0% interest.
- AREA ELIGIBLE** Loans will be considered in the following area: EBNHS service area (Exhibit 1), which is described as all of census tract 16 and part of census tract 25; which is the area bounded





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by Knoxville Ave, Prospect Ave (including East St, Hillcrest Pl, and E Nebraska east of Prospect), McClure Ave, Glen Oak Ave, and Armstrong.

#### **COUNSELING**

The Loan Committee and the EBNHS Loan Officer Committee may require, on a case-by-case basis, homebuyer education counseling, and/or home maintenance education programs to be attended by the homeowner/potential loan beneficiary. Fees associated with these programs will be paid by the beneficiary and reimbursed upon successful completion through private funds acquired by EBNHS.

#### **PROPERTY TYPES**

EBNHS owner occupied single-family homes may be approved by the Loan Committee and the EBNHS Loan Officer Committee.

#### **ADMINISTRATION COSTS**

EBNHS will make every effort to minimize loan origination costs. The EBNHS Loan Officer Committee will underwrite and process all loans free of charge to the borrower. Loan initiation fees include:

- Title Search
- Credit Report > conducted by EBNHS; KCB Info Services charges EBNHS \$x; responsibility of borrower, included in application
- Recording
- If deemed necessary on case by case basis, appraisal report

**ASSUMABILITY** This product is not assumable.

**COLLATERAL** Depending on the value of the loan, a mortgage may be placed on the property.



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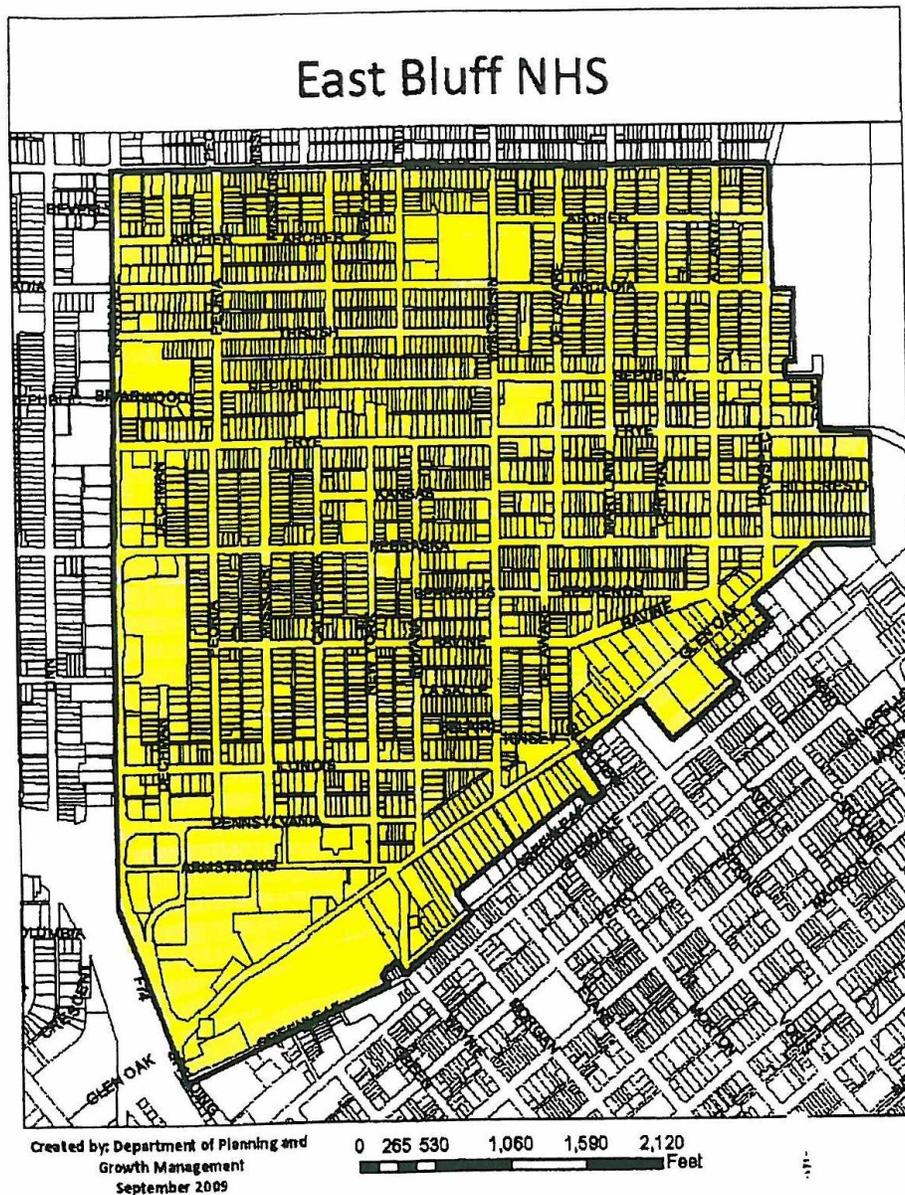
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## Exhibit 1 - East Bluff NHS Service Area

The proposed Special Service Area consisting of the following properties:





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## **D. EBNHS Health and Safety Loan Policies**

### **1.0 LOAN COMMITTEE**

#### **A. STRUCTURE**

A1.1 The EBNHS Loan Committee (EBNHSLC) shall be composed of three members. Committee members shall be Board members of the East Bluff Neighborhood Housing Services (EBNHS).

A1.2 The EBNHS Loan Officer Committee (EBNHSLOC) shall be composed of five members. Committee members shall be Board approved representatives of the East Bluff Neighborhood Housing Services (EBNHS) service area and representatives of lending institutions.

A1.3 The Chairperson of the EBNHS Loan Officer Committee shall be appointed by the Board President. The Committee Chairperson shall be responsible for recruiting and replacing committee members, subject to Board approval.

A1.4 The EBNHS Loan Committee and the EBNHS Loan Officer Committee shall meet at least monthly and a quorum of three members shall be required for any action relative to EBNHS loans.

#### **B. RESPONSIBILITIES**

B1.1 A majority of the EBNHS Loan Committee present shall have the authority, within these policy guidelines, to decide on all applications for loans from the Health and Safety Loan funds of the Corporation. The EBNHS Loan Committee shall have authority to underwrite and process loans.

B1.2 Actions of the Committee shall be reported to the full Board of Directors by the EBNHS Loan Committee Chairperson at their regularly scheduled meetings.

B1.3 The EBNHS Loan Committee Chairperson or Committee Member is encouraged to appeal controversial cases to the full Board for consideration. This may be done for the purpose of policy clarification, education, the resolution of differences, or for the discussion of possible conflicts of interest.

B1.4 These policies and procedures shall be approved and adopted by the Board of Directors, reviewed at least annually, and amended to meet the changing needs of the EBNHS neighborhood, the Health and Safety Loan funds, EBNHS loan clients, and the EBNHS Loan Committee and the EBNHS Loan Officer Committee.

### **2.0 LENDING**





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- 2.1 The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee will make every effort to maximize private reinvestment in the target neighborhood. The staff shall be encouraged to work closely with Loan Committee and local lenders to foster full or partial participation of private financial institutions.
- 2.2 Determination of loan viability shall be primarily a EBNHS Loan Officer Committee responsibility. Counseling and assistance shall be recommended or provided to those clients submitting applications to participating lenders.

### 3.0 HEALTH AND SAFETY LOAN FUNDS

#### A. GENERAL PURPOSE

A3.1 Health and Safety Loan funds shall be used to assist homeowners with health and safety related repairs within the EBNHS service area. Their primary purpose is to preserve and enhance the health and safety of existing East Bluff housing.

A3.2 Health and Safety Loan funds are also a leveraging tool to be used in combination with conventional funds when private lenders alone cannot fully address a borrower's needs. It is understood that these funds are to be used to make loans which must be repaid, and not to be used for the awarding of grants.

#### B. TYPES OF LOANS

B3.1 Staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee will shall work creatively together in exploring all possible loan packaging techniques in an effort to make loans which facilitate the program objective of health and safety repairs of EBNHS housing.

B3.2 The EBNHS Loan Officer Committee shall consider, but shall not be limited to, the following types of loans:

- Linked loans, where 2 loans are made – one by a private lender, and one by the EBNHS for health and safety repairs
- A Health and Safety Loan coupled with a loan/grant from a public agency
- Any combination of the above





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## C. PERMISSIBLE LOAN USES

C3.1 Health and safety repairs

## D. BORROWER ELIGIBILITY

D3.1 Eligibility for Health and Safety Loan funds shall be limited to applicants as defined in the Loan Program Elements (see page 5). Eligibility is limited to owner-occupants. All mortgages shall contain an added provision stating the following: "This Loan shall become due and payable immediately after said property ceases to be the primary homestead of the Borrower."

D3.2 Income and Credit Criteria: The EBNHS Loan Officer Committee shall base its loan decisions primarily on a careful analysis of income, indebtedness, and credit history. Successful loan applicants must have adequate disposable income to repay the loan and a demonstrated willingness to repay credit obligations. See the Loan Underwriting Guidelines for more detail.

## E. LOAN RATES, TERMS, LIMITS, AND SECURITY

E3.1 Loans will not exceed \$5,000 for health and safety repairs.

E3.2 Terms shall generally not exceed 5 years.

E3.3 Loan interest rate is 0%.

E3.4 All loans exceeding \$1,000 shall be secured by a mortgage. The EBNHS Loan Officer Committee may, at its discretion, secure loans \$1,000 and under with a mortgage or some other form of security. All security documents must be recorded.

E3.5 The outstanding balance of this loan, first and all subsequent mortgages should not exceed 120% of the appraised value of the property. This includes the new proposed health and safety repair loan. In underwriting a loan, the EBNHS Loan Officer Committee shall consider the following factors: loan amount; estimated value after health and safety repair; credit, income, indebtedness of the borrower(s); and whether the scope of proposed work is important to meet program objectives.





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## F. INSURANCE

F3.1 EBNHS requires loan recipients to provide (prior to closing and required annual updates) evidence of casualty insurance fully insuring the security property. Title insurance may be required.

F3.2 Notification shall be provided to the casualty insurance carrier to add the EBNHS to the mortgagee clause.

## G. CLOSING COST, FEES, CONTINGENCIES

G3.1 Refer to Loan Program Summary, Administration Costs, See Page 6.

G3.2 All loan amounts should be based on firm contractor bids. A mandatory 10% contingency fund will be added to firm contractor bids and included in the loan amount. Following final payout, unused contingency money will be used to reduce the principal balance of the loan.

## H. LOAN SERVICING AND COLLECTIONS

H3.1 Loan payments are due on the 1<sup>st</sup> of every month (unless otherwise specified in the Truth in Lending Disclosure). Payments are considered late if received after 15 calendar days from which the payment was due. The first payment and payment schedule on a new loan shall be determined at closing. Loans may be prepaid at any time without penalty. A partial payment on a current loan account will not be accepted unless negotiated and agreed to with the EBNHS Loan Committee and the EBNHS Loan Officer Committee in writing in advance of any partial payments.





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H3.2 An EBNHS Health and Safety Loan shall be deemed delinquent and collection efforts initiated by EBNHS in accordance with the following schedule:

No	Days Overdue	Months Past Due	Recommended Action
1	20-30	0	EBNHS loan staff to make phone call and follow up letter reminding borrower of overdue payment, stressing delinquency. Letter to advise potential future courses of action if overdue payment is not made promptly. Potential actions include: 1. EBNHS exhaust all efforts to collect payment 2. Report to Credit Bureau of delinquency 3. Turn over to collection agency Take appropriate legal action In addition prepare a report to the EBNHS Loan Committee and the EBNHS Loan Officer Committee.
2	31-40	1	EBNHS loan staff request overdue borrower meet in office with loan staff and/or the EBNHS Loan Committee and the EBNHS Loan Officer Committee for interview regarding reasons for non-payment and current borrower financial situation
3	41-60	1.5	The EBNHS Loan Committee and the EBNHS Loan Officer Committee review borrower overdue situation and make recommendation to EBNHS Board.
4	61-70	2	Registered letter informing overdue borrower of Board approved recommended action and request to borrower for response in writing within 72 hours from receipt of registered letter.
5	71-90	2.5	Post 72 hours with no response from overdue borrower, EBNHS Board of Directors to determine and direct appropriate action.
6	91-120	3	EBNHS Board of Directors to direct non-EBNHS collection efforts.
7	120+	6	EBNHS Board of Directors to direct appropriate legal action





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H3.3 The EBNHS Loan Committee and the EBNHS Loan Officer Committee shall be authorized to negotiate payment arrangements with respect to any delinquency.

H3.4 Restructuring of loans may be considered when a borrower's financial situation has changed significantly since the closing of the loan. However careful consideration will be required to review the complete situation and when the borrower notified EBNHDS of the change in situation.

H3.5 The staff shall provide the The EBNHS Loan Committee and the EBNHS Loan Officer Committee with a full delinquency loan report on a monthly basis, which includes a report on the results of any delinquency counseling.

#### I. LOAN PROCEDURES AND DOCUMENTATION

I3.1 The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee have developed a process and loan application form to facilitate loan processing. These procedures and forms shall be reviewed by appropriate legal counsel and approved by the EBNHS Loan Committee and the EBNHS Loan Officer Committee prior to implementation. The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee shall evaluate and modify these procedures or documents prior to implementation as required. Original promissory notes and mortgage documents will be kept in a secure, fireproof place at the EBNHS Bank Safety Deposit Box.

I3.2 The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee shall adhere to all applicable regulations and grant limitations governing the use of monies that are utilized as part of any Health and Safety Loan fund

#### 4.0 USE OF GOVERNMENT GRANT OR LOAN PROGRAMS

4.1 The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee shall propose the use of any available government loan or grant programs when appropriate to expand the range of possible solutions to neighborhood housing health and safety needs. These programs should be used in a way to conserve the Health and Safety Loan fund without compromising either EBNHS program objectives or the interests of the borrower.

4.2 The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee shall review loan packages which combine the use of the Health and Safety Loan fund with government loans or grants in the manner described in Section 3.0.





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## 5.0 CLIENT RELATIONS

5.1 In accordance with provisions of the Equal Credit Opportunity Act, there shall be no discrimination against the credit applicant on the basis of race, color, religion, national origin, sex, marital status, age, handicap, familial status, or the fact that all or part of the applicant's income derives from a public assistance program, or on the fact that the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act.

5.2 All information obtained by the staff and used by the staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee to evaluate a loan application shall be kept confidential by the Committee Members, staff and Board of Directors. The staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee will disclose to the Board of Directors the names, addresses, amount of loan, and type of rehabilitation that will be done. The Board will not be privy to other information regarding applicants such as income, indebtedness, and credit history, except as stated in B1.3 and/or E3.2 of these Loan Policies.

### **E. EBNHS Health and Safety Loan Program Processing & Underwriting Guidelines**

These policies are intended to serve the staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee as a guide for setting terms and approving loans, but flexibility may be allowed. If solutions to some cases require special action not consistent with these policies, the staff and the EBNHS Loan Committee and the EBNHS Loan Officer Committee may refer them to the entire EBNHS Board of Directors for discussion and action.

The Health and Safety Loan Program may have conditions which conflict with our basic underwriting guidelines. Those conditions will supersede these guidelines, if a conflict exists.

#### UNDERWRITING:

The EBNHS Loan Officer Committee shall base its loan decisions primarily on a careful analysis of need, income, indebtedness, and credit history.

In reviewing a loan file, the The EBNHS Loan Officer Committee (hereafter called "underwriter") must be assured that the applicant's income is of a stable nature. The underwriter must be assured that the source of the applicant's funds for minimum required investment is verified and that the credit report demonstrates that the applicant is a good credit risk. Motivation on behalf of the applicant to repay the debt in a timely manner must





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also be established. In reviewing the appraisal report, the underwriter must be able to follow the appraiser's logic, reasoning, judgment, and analysis and to question those areas requiring further clarification to support the final value assigned.

To arrive at a final decision, the underwriter must be assured that all questions in the loan file have been adequately answered and supported. The underwriter must be assured that the applicant represents an over-all good credit risk and that in the event of an unforeseen default, the property could be resold quickly and losses recovered.

**REQUIRED DOCUMENTATION:** The borrower's application package must contain sufficient information for the underwriter to reach an informed decision about whether to approve the mortgage. The application package must also include any other information necessary to verify, clarify, or substantiate information in the borrower's application.

We require the following credit documents:

- Completed Loan application
- Current Appraisal report (if underwriter feels it is necessary)
- Copy of most recent tax bill/Proof of paid real estate taxes (usually found in lien search)
- Income verification
- Verification of source of funds/loan payment
- Verification of payment history
- Credit report
- Additional documentation may be required based on the employment situation or property type
- Proof of homeowner's insurance

**AGE OF CREDIT DOCUMENTS:** Credit documents must be no more than 90 days old on the date the loan is approved, and no more than 120 days old on the date the note is signed.

**EMPLOYMENT STABILITY:** Borrowers must establish long-term, stable income from employment or other sources. The lender must verify the borrower's employment for the two full years prior to the mortgage application. If the borrower has an employment history of less than two years and was previously in school or the military, the lender must obtain a copy of his/her diploma or discharge papers.





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The underwriter must determine the probable stability and continuance of employment. The potential for future income can have a positive influence for borrowers who have recently entered the job market. Those borrowers should be considered favorably if adequate future income can be anticipated because their education and training will expand their job opportunities. Borrowers with questionable employment histories must have offset financial strengths to be considered for maximum financing.

**SALARY & INCOME:** The lender must verify employment for two full consecutive years. The lender must pay particular attention to the following areas:

- A. **Employment Gaps:** The borrower must explain any employment gaps that extend beyond one month.
- B. **Employment by a Relative:** When a borrower is employed by a relative or closely held family business, we will require him/her to submit signed federal income tax returns for two years, in addition to the standard documentation.
- C. **Continuation of Employment:** The lender must determine the borrower's probability for continued employment.
- D. **Military Income:** Military personnel may be entitled to different types of pay in addition to their base pay. We will accept flight or hazard pay, rations, clothing allowance and pro-pay as part of stable income as long as its future continuance can be established.
- E. **Past Year & Year-to-Date Earnings:** Earnings for year-to-date and past year must be provided. Any discrepancies in prior income should be explained by the employer.

**COMMISSION INCOME:** If the commission income represents more than 25% of the borrower's total monthly income, income tax returns must be provided by the applicant. The lender must develop an average of the last two years' income to use in evaluating the borrower's income qualifications. Commission income must be supported by signed federal income tax returns for the past two years or by verification of employment income from the employer. Fewer than two years' commission income will be acceptable only if there are significant compensating factors.

**OVERTIME & BONUS INCOME:** Overtime and bonus income can be used to qualify the applicant if the employer verifies that the applicant has received it for the last two years and indicates that the overtime or bonus income will, in all probability, continue.

The lender must develop an average of the last two years' overtime and bonus income to determine the amount of income that can be considered in evaluating the borrower's qualifications. If the bonus or overtime income represents more than 25% of the borrower's total income from the employer, we require signed federal income tax returns for the past two years.





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**FUTURE RAISES:** Future raises may be acceptable under certain circumstances. The raise must be in effect prior to the date of the first payment on the mortgage and must be verified in writing by the employer. The amount of the raise and the effective date must be shown on either a Verification of Employment or in a separate letter by the employer. Future raises should be used on a case-by-case basis only. There must be strong offsetting factors in each case and the housing expense-to-income and total obligations-to-income ratios must conform to the required standards.

**OTHER INCOME:** Other income may come from many different sources. Income from these sources can be considered as qualifying income as long as it is properly documented. This list is not all-inclusive:

- A. **Part-time income:** Part-time or second-job income may be used if it can be verified as having been uninterrupted for the previous two years and if it has a strong likelihood of continuation.
- B. **Retirement income:** Retirement income may be verified by letters from the organization providing the income, copies of the retirement award letters (with photocopies of checks attached), tax returns, or IRS W-2 forms.
- C. **Social Security income:** Acceptable verification includes a photocopy of the Social Security Administration's award letter or copies of the borrower's last 12 bank statements to confirm the regular deposit of payment. Benefits that have defined expiration dates must have a remaining term of at least three years to be considered as income.
- D. **Alimony or Child Support:** In order for alimony or child support to be considered as income, it must continue for at least three years after the date of the mortgage application. We will accept as verification a photocopy of the Divorce Decree or Separation Agreement. The verifying document must specify the amount of the award and the period of time over which it will be received. The borrower must provide evidence that the funds have been received for the last 12 months. Acceptable evidence includes deposit slips, cancelled checks, court records, or tax returns.
- E. **Interest & Dividends:** Interest and dividend income may be used if it is properly documented and has been received for the past two years. Photocopies of tax returns or account statements may be used to verify this income.
- F. **Unemployment & Welfare benefits:** Unemployment and welfare benefits may be considered as acceptable income if they are properly documented by letters or exhibits from the payment agency. The amount, frequency, and duration of the payment must be stated in the verifying letters or exhibits. If an individual receives unemployment as a regular part of his/her income, we require copies of tax returns for the past two years to establish history of receipt.
- G. **Rental income:** Rental income may be considered as acceptable income if it is properly documented and properly calculated. Receipt of rent must be documented by signed lease agreements or signed income tax returns.
- H. If lease agreements are the only source of verification, only 75% of the rental income may be used to offset the payment made on the property.



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- I. Checking & Savings accounts: The Verification of Deposit can be used to verify these accounts. The Verification of Deposit must include an average balance for the last two months. If this space is not completed, the lender must obtain recent bank statements showing what the average balances were. This is not used on every loan, only as a means to strengthen an application.

LIABILITIES: The borrower's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support, and all other debts of a continuing nature. The total monthly obligations are the sum of the monthly housing expense, payments on installment and revolving debt that extend beyond ten months, mortgage payments on any non-income producing real estate, alimony, child support, and maintenance payments.

For each liability, the lender must determine the unpaid balance terms and the borrower's payment history.

The lender must investigate adverse credit such as slow payment, undisclosed debt, judgments, bankruptcy, etc. In many cases, a letter from the borrower may provide sufficient explanation. The lender must review the letter with care to determine that the explanation makes sense and that it is consistent with the other credit information. Because these letters often open new questions, the lender must use careful underwriting judgment in evaluating them. If necessary, the lender may require the borrower to provide additional exhibits.

CREDIT HISTORY: The lender should relate the borrower's liabilities to his/her assets and credit history as reported by the credit bureau. Lenders must use an alternate means to develop a credit history for borrowers who normally do not use credit. When adequate credit histories cannot be established by using these techniques, the lender should consider very conservative loan terms only. Without strong offsetting factors, even conservative terms may not be appropriate.

CREDIT REPORT: We require a credit report from an independent credit reporting agency. The credit report should reflect the borrower's overall credit history and a public record search for each locality in which the borrower has lived during the two year period that precedes the report's issuance.

The credit report must provide the terms, balances, and ratings for all debts listed on the credit application. If the credit report does not contain a reference for each significant open debt on the application, the lender must obtain a separate written verification for each debt that was not reported. Accounts listed as "will rate by mail only" or "need written authorization" also require separate verification. We expect all information in the applicant's credit report to be obtained from, or verified by, sources other than the applicant.





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EBNHS1@yahoo.com

**BANKRUPTCY:** A bankruptcy must have been discharged fully and the borrower must have re-established good credit and demonstrated his/her ability to manage financial affairs. We consider an elapsed time of two years between the discharge of the bankruptcy and the mortgage application as sufficient time to re-establish credit. A bankruptcy that was beyond the borrower's control would receive more favorable consideration than one that occurred because of poor financial management. In all cases, the borrower must furnish a satisfactory explanation and copies of the bankruptcy petition, schedules of debts and the discharge showing the schedule of debts that were discharged.

**PREVIOUS MORTGAGE FORECLOSURE:** Generally, we will not approve a loan if the borrower has been a defendant in mortgage foreclosure proceedings that were completed in the past three years. However, if the foreclosure was the result of extenuating circumstances that were beyond the control of an owner-occupant borrower, we may approve the loan as long as the underwriting of the loan confirms that the borrower has since re-established good credit and demonstrated an ability to manage his/her financial affairs.

**REQUIREMENTS OF BEING SELF-EMPLOYED:** We consider any individual who has 25% or greater ownership in a business to be self-employed. We require the following documentation of all self-employed borrowers:

1. Individual income tax returns for the past two years, which include live signatures of the borrowers. These tax returns must include all schedules and statements.
2. A current financial statement (audited, if possible; if not, prepared by an accountant), including a balance sheet and a year-to-date profit & loss statement if more than three months have passed since the end of the last tax year.
3. If the business is a corporation or partnership, copies of signed federal business income tax returns for the last two years with all applicable schedules attached.

**MINIMUM LENGTH OF SELF-EMPLOYMENT:** We consider income from self-employment as stable income if the borrower has been self-employed for two or more years. A person who has been self-employed between one and two years must have had at least two years of previous successful employment in the same occupation in order to be eligible for financing.

**DEBT-TO-INCOME RATIO:** Total debt ratio will be figured as:

$$\frac{\text{Monthly obligations*} + \text{New loan payment}}{\text{Gross Monthly Income}}$$

\*Consists of: credit cards, installment loans, mortgage payments, and monthly time payments on merchandise purchased.





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The total debt ratio should not exceed 32%.

**PROHIBITION AGAINST CREDIT DISCRIMINATION:** In accordance with provisions of the Equal Credit Opportunity Act (and any subsequent legislation), there shall be no discrimination against the credit applicant on the basis of age, source of income, sex, race, marital status, familial status, national origin, religion, creed, handicap, or sexual orientation.

EBNHS does reserve the right to limit the use of the available loan funds to specific properties and/or impact areas in its service area. EBNHS also reserves the right to limit the amount of funds available for specific loan fund programs.

**CLIENT CONFIDENTIALITY:** Staff, Board Members, and/or Committee Members will, to the best of their ability, ensure confidentiality and privacy in regard to history, records, and discussions about the people served by East Bluff NHS and shall comply with all terms of East Bluff NHS Personnel Policies with regard to client confidentiality.





**EAST BLUFF NEIGHBORHOOD HOUSING SERVICES, INC**  
**HEALTH AND SAFETY LOAN APPLICATION**  
**Revised June 6, 2014**

**A. PROGRAM OVERVIEW**

1. Health and Safety Loan Funding contingent upon EBNHS having sufficient funds available in Health and Safety Loan Fund.
2. To be considered for an EBNHS Health and Safety Loan, applicant(s) must have owned and resided at the property address for at least one year.
3. All persons and addresses that have received EBNHS Health and Safety Loan assistance or Down Payment Assistance will not be eligible for further assistance for a period of one (1) calendar year. Policy is effective 6.1.2014
4. No EBNHS Health and Safety Loans will be provided to any address that has a clear environmental code violation on the property. The violation may include any item cited in Chapter 13 of the Peoria City Code and/or the most recently adopted version of the International Property Maintenance Code.

**5.5 All applications must include the following documents:**

1. Proof of income for all persons in the home
  - a. IRS Tax Returns (1040) showing income for the past two years.
  - b. Social Security 1099 (annual income for previous year) and printout of current monthly income.
  - c. Payroll check stubs showing income for the last two months
2. Complete the attached IRS Form 4506-T Request for Transcript of Tax Return for everyone in the household 18 years or older (make additional copies if needed). (This will be faxed by EBNHS to the IRS requesting a transcript of your Income Tax Returns or verification of non-filing for the previous 2 years.)
3. Copy of recorded deed as proof of property ownership
4. Insurance declaration page as proof of property insurance
5. Paid receipts or escrow statement as proof of paid property taxes
6. Return application & all copies of documents to:
 

Executive Director c/o East Bluff Neighborhood Housing Services  
 1839 N Wisconsin Ave.  
 Peoria, IL 61603  
*Any questions – call (309) 685-3066*

**5.6 REQUIRED ENVIRONMENTAL ISSUES PRIOR TO RECEIVING EBNHS HEALTH AND SAFETY ASSISTANCE**

The following items must be resolved prior to housing assistance being made available.

1. All garbage, debris, old appliances, and dilapidated furniture must be removed from the exterior.
2. Garbage and debris within the structure must be removed.
3. Motor vehicle parts (including batteries and tires) must be removed.
4. All grass and weeds must be less than 10 inches high.
5. All bushes, shrubs, or trees blocking the public way must be cut back.
6. All unlicensed vehicles must be removed from the property or properly licensed.
7. **All ineligible Applications will be denied.**



**B. APPLICATION:**

Applications are for Single-Family, Owner-Occupied Structures within the EBNHS SSD Boundary area **only**. To be considered for the Health and Safety Program, applicant(s) must have owned and resided at the property address for at least one year.

Name of Applicant: \_\_\_\_\_  
Address: \_\_\_\_\_ ZIP Code \_\_\_\_\_  
Primary Phone Number: \_\_\_\_\_  
Social Security # \_\_\_\_\_ Age: \_\_\_\_\_  
Gender: Male \_\_\_ Race: White \_\_\_ AfrAm \_\_\_ Asian \_\_\_ Amer Ind \_\_\_ Native Female \_\_\_ Amer Ind & White \_\_\_ Asian & White \_\_\_ AfrAm & White \_\_\_  
Hispanic Ethnicity: Yes No Amer Ind & AfrAm \_\_\_ Other Multi Racial \_\_\_  
Disabled: Yes No  
# Bedrooms in Home \_\_\_\_\_  
Are you an EBNHS employee or Board Member, or related to an EBNHS employee or Board Member?: Yes No

**C. INCOME ELIGIBILITY**

- Borrower must be owner-occupant living in the EBNHS SSD service area
- Borrower must have an acceptable credit rating
- Borrower must have verifiable and reliable source of income to repay loan
- Borrower eligibility restricted to 80% of latest available government Area Median Income (AMI) information
- Loans can be used for EBNHS defined health and safety related repairs only
- Maximum loan amounts are \$5,000
- Loan interest rate is 0%

List all other persons living in home: (use additional paper if necessary)

Name	Age	Race	Relationship	Is this person disabled?	Social Security # 18 & over

Single Parent Household: Yes No  
Female Head of Household: Yes No  
What is the Total Annual Gross Income for all persons living in the home from all sources? (Sources include, but are not limited to, wages, Social Security, Unemployment, Public Aid, pensions, interest and dividends).  
\$ \_\_\_\_\_  
Source: \_\_\_\_\_

Have you received assistance through an EBNHS Loan in the past year?  
Yes \_\_\_ No \_\_\_





Approval Signatures To be confirmed : (All appropriate EBNHS Officers must sign):

_____	Date: _____

**C. EBNHS Health and Safety Loan Application Checklist (EBNHS Office Use Only)**

**Date Initials**

- 1. All documents checked and approved \_\_\_\_\_**
- 2. Past assistance checked \_\_\_\_\_**
- 3. Lien search complete (online) \_\_\_\_\_**
- 4. Application Approved or Denied \_\_\_\_\_**
- 5. Environmental Review Completed \_\_\_\_\_**
- 6. Case Assigned \_\_\_\_\_**
- 7. Loan**

Signature Date: \_\_\_\_\_

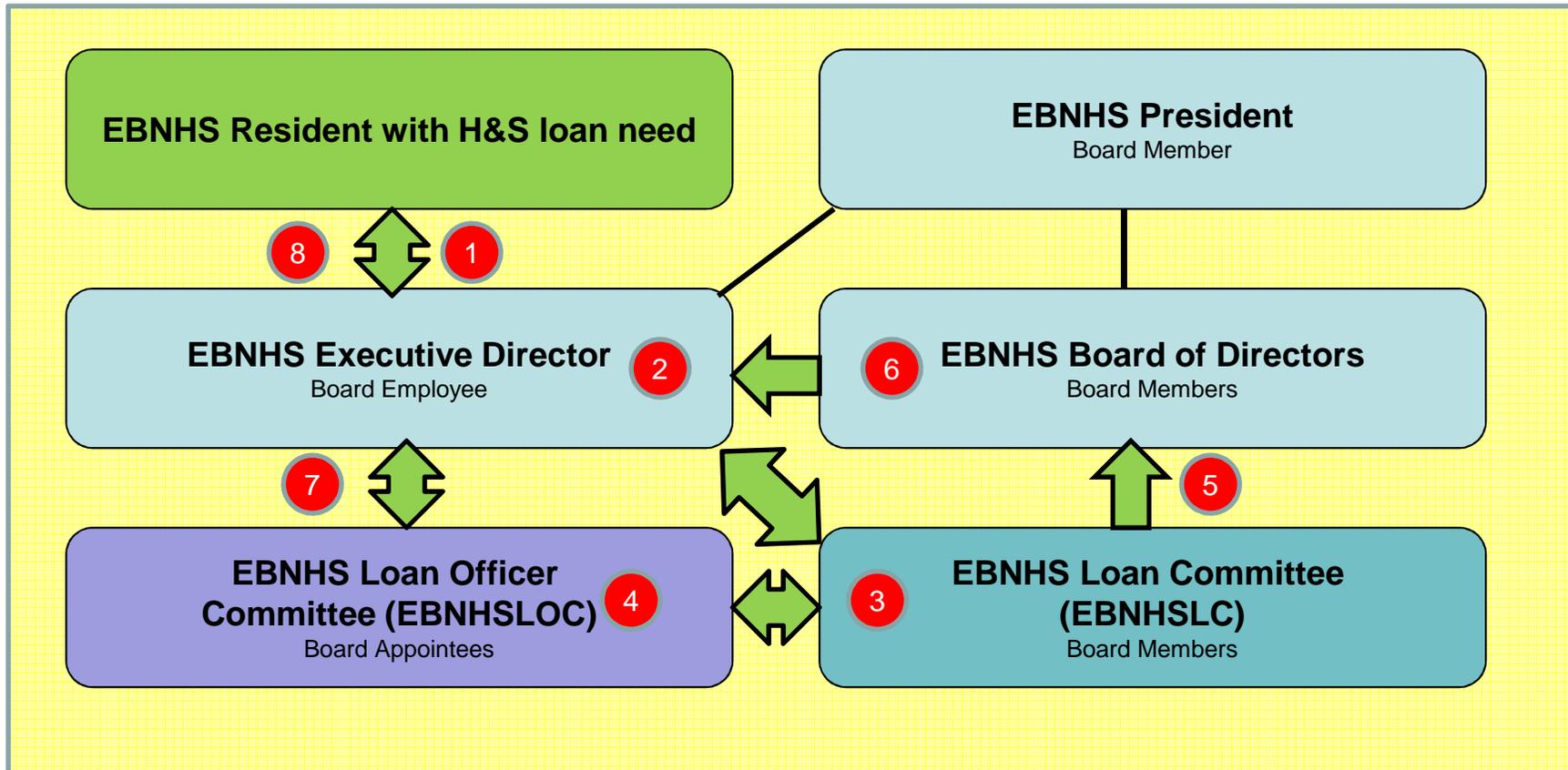
Date Property inspected; \_\_\_\_\_

Inspector: \_\_\_\_\_

Updated: 6.6.2014



# East Bluff Neighborhood Housing Services Health and Safety Loan Program Organization & Process Chart September 18, 2014





# East Bluff Neighborhood Housing Services Health and Safety Loan Program Organization & Process Chart June 6, 2014

## Notes on Health and Safety Loan Program Process Chart

1. EBNHS resident submits loan application to Executive Director
2. Executive Director vets applications for minimum requirements & forwards to EBNHSLC
3. EBNHSLC priority ranks loan applications and forwards to EBNHSLOC
4. EBNHSLOC conducts due diligence & processes loans & forwards to EBNHSLC
5. EBNHSLC prepares EBNHS Board submission & submits for Board approval
6. EBNHS Board approves loans & forwards to Executive Director for finalization with EBNHSLOC
7. Executive Director notifies loan requestor
8. Executive Director implements loan process, and disburses funds



# East Bluff Neighborhood Housing Services Health and Safety Loan Program Loan Officer Committee September 18, 2014

## **EBNHS LOAN OFFICER COMMITTEE (EBNHSLOC)**

The EBNHS Loan Officer Committee shall be composed of five members. The EBNHS Loan Officer Committee members shall be EBNHS Board solicited and approved representatives of the East Bluff Neighborhood Housing Services (EBNHS) service area and be representatives of lending institution. This committee shall be approved annually by the EBNHS Board. The following inaugural committee have agreed to serve on this committee as the EBNHS Loan Officer Committee

**1. Erik Reader, Chairperson**  
Assistant Program Officer  
Greater Peoria LISC

Erik has an extensive background in residential mortgage lending, having previously worked with Regions Bank and Countrywide Home Loans. His primary role with LISC is lending and underwriting in the realm of affordable housing development. Erik has worked with EBNHS since joining LISC in early 2014.

**2. Reggie Gibbs, Committee Member**  
Underwriter, Middle Market, Commercial Banking  
Chase Bank, Peoria, IL

Reggie graduated from the University of Illinois with a degree in finance in 2002. He began working for Bank One/Chase in 2003 and was promoted to an Underwriter in 2005, his current title.

**3. Victor Gonzalez, Committee Member**  
Branch Manager, Downtown Peoria  
PNC Bank, Peoria, IL

**4. Lee Cleary, Committee Member**  
Heartland Bank

**5. Tanya Carter, Committee Member**  
EBNHS service area resident

Ms. Carter is the former manager of the Peoria Journal Star Credit Union.



# East Bluff Neighborhood Housing Services Health and Safety Loan Program Loan Committee September 18, 2014

## EBNHS LOAN COMMITTEE (EBNHSLC)

### A LOAN COMMITTEE

A1.1. The Loan Committee shall be **composed of five members**. Committee members shall be Board approved representatives of the East Bluff Neighborhood Housing Services (EBNHS) service area and representatives of lending institutions.

A1.2 The Chairperson of the Loan Committee shall be appointed by the Board President. The Committee Chairperson shall be responsible for recruiting and replacing committee members, subject to Board approval.

A1.3 The Loan Committee shall meet at least monthly and a quorum of three members shall be required for any action relative to EBNHS loans.

### B. RESPONSIBILITIES

B1.1 A majority of the Committee Members present shall have the authority, within these policy guidelines, to decide on all applications for loans from the Health and Safety Loan funds of the Corporation. The Loan Committee shall have authority to underwrite and process loans.

B1.2 Actions of the Committee shall be reported to the full Board of Directors by the Chairperson at their regularly scheduled meetings.

B1.3 The Committee Chairperson or Committee Member is encouraged to appeal controversial cases to the full Board for consideration. This may be done for the purpose of policy clarification, education, the resolution of differences, or for the discussion of possible conflicts of interest.

B1.4 These policies and procedures shall be approved and adopted by the Board of Directors, reviewed at least annually, and amended to meet the changing needs of the EBNHS neighborhood, the Health and Safety Loan funds, EBNHS loan clients, and the Loan Committee.



East Bluff Neighborhood Housing Services  
Health and Safety Loan Program  
Loan Committee  
September 18, 2014

**EBNHS LOAN COMMITTEE (EBNHSLC)**

<b>EBNHSLC</b>	<b>Name</b>
Chairman:	David Gill
Committee Member 1	Lisa Fisher
Committee Member 2	Kent Reynolds
Committee Member 3	Vacant
Committee Member 4	Vacant



# East Bluff Neighborhood Housing Services Health and Safety Loan Program Loan Process September 18, 2014

