

ELIGIBILITY

This chapter provides general background on the property eligibility criteria, including eligible programs and eligible properties.

The authorizing statute of the CDBG program requires that each activity funded must benefit LMI persons. This chapter will discuss consideration for making a decision regarding which eligible program works best for the applicant and the property.

Note

ONLY ACTIVITIES INCLUDED IN THE CDBG GRANT AGREEMENT MAY BE ASSISTED WITH CDBG FUNDS.

In general, to be eligible for a rehabilitation loan, a property must be located within the limits of the distribution area. A property with delinquent taxes, or significant liens or judgments encumbering it, is not eligible for the program. The property must be permitted and/or a conforming use in accordance with the municipal zoning ordinance.

Owner-occupant rehabilitation loans

The underwriting criteria described in this paragraph are the minimum requirements Grantee may use while designing a local program. More details shall be found in the local manuals. The Local Manual must be adopted by the Housing Committee. The CDBG Grant Agreement between the State and the Grantee will also describe general terms of the loan. A mortgage and mortgage note will be issued in the name of the grantee against the borrower's property in the amount of the loan to ensure repayment of the loan.

Loan repayment will be deferred at no interest until the housing unit ceases to be the borrower's principal place of residence or up to 30-year period whichever comes first. Repaid funds will be used to finance other housing rehabilitation project (s) consistent

with the most recent Implementation Manual. Please note the funds that originated as the owner-occupant rehab activity must continue to fund the same activity in the future. Same pertains to other activities.

The Grantee may allow the homeowners to convert their deferred payment loan to 0% - 3% installment loan provided they agree to rent to LMI tenants and to keep the rents affordable for a minimum of 5 years or the terms of the loan whichever is less. The Grantee must include underwriting criteria in the Mortgage Note and in their Policy and Procedures Manual. In addition, Terms and Conditions of the loan shall specify other information such as termination and other pay-off conditions.

Note

The Grantee should consult real estate attorney before finalizing underwriting criteria for the CDBG loans. Please review chapter 893.33, Wis. Stats.

MOBILE HOMES

Mobile homes are excluded from the program except that **“tie downs”** are an eligible CDBG expense. Mobile homes shall be defined as any unit exempted from property taxes as exempted in 70.112(7) of the Wisconsin Statutes and further defined in 66.058(e) of the Statutes. That definition is as follows:

The funds may be used to rehabilitate mobile homes ONLY if the mobile home is taxed as real property.

A mobile home is that which is or was originally constructed or designed to be transported by another motor vehicle upon a public highway and equipped and used for sleeping, eating and living quarters, or is intended to be so used; and includes any additions, attachments, annexes, foundations and appurtenances, except that a house trailer is not deemed a mobile home if the assessable value of such additions, attachments and annexes, foundations and appurtenances equals or exceeds 50% of the assessable value of the house trailer and shall be occupied on a year-round basis.

In order to be eligible for rehabilitation, the mobile home must be owner by the same person who owns the property on which it is located, the mobile home must be located on a permanent foundation and hooked up to public or private utilities.

General project eligibility criteria – single-family

These general criteria must be used while designing underwriting criteria for the CDBG loans:

1. The property must be in need of rehabilitation work as determined by the CDBG Housing Inspector, and the Program Administrator.
2. Eligible repairs are those to bring the property to a decent, safe and sanitary standard.
3. All work must be deemed financially feasible, as determined by the property's FMV, upon completion of work.
4. The properties scheduled for sale, acquisition, demolition or condemned properties are not eligible for rehabilitation.
5. The property must be insured against loss by fire and other perils, in accordance with lending institution standards.
6. The Grantee must be added to the policy as a mortgage holder.
7. Properties located in the floodplain are generally not eligible unless environmental review states otherwise. If CDBG funds assist floodplain property, the owner will be required to purchase flood insurance for at least one year in at least the amount of the CDBG loan. If the owner cannot afford to purchase flood insurance, the cost of one year of flood insurance may be added to the CDBG loan.

Emergency situations

The Grantee may elect to underwrite loans in a way to allow emergency situations to take priority. The emergency is defined as housing condition which represent an imminent threat to health and safety. The maximum limit or emergency project cost is \$10,000. However, exceptions may be granted by the Housing Committee. The emergency loans must have same terms as regular owner-occupied loans. Please note the emergency situations are not same as urgent need (Emergency Assistance Program – EAP) grants.

The emergency situations may be treated ahead of any other applications, however, the homeowner must agree in writing to participate in the housing rehabilitation program, and correct all existing hazards, as determined by the HQS Inspector.

Grantees may decide not to prioritize emergency situations and use first-come, first served system.

Grants versus loans

The CDBG Housing Program is the Loan Program. The underwriting criteria must evaluate all options, however. Here are some conditions to consider where grants may be acceptable:

1. The funds are used for the rehabilitation of an LMI owner-occupied property AND no more than \$1,000 will be awarded to that property owner during 12-month period. If additional funds are requested and approved within 12-month of grant approval, the entire amount will become a deferred payment, no interest loan.
2. If the presence of asbestos or lead-based paint is documented, you may provide a grant for the cost of removal. The amount that may be granted or forgiven is the amount that exceeds 100% of the loan-to-value ratio under these conditions
 - ✓ there is no “cosmetic” rehab costs included
 - ✓ only lead-based paint and asbestos costs may be granted
 - ✓ the presence of lead and/or asbestos must be tested (not presumed)
 - ✓ the cost of Risk Assessment and clearance, if necessary, are eligible expenses to be taken from the project budget and may be granted or charged to the homeowner’s loan
3. The environmental review standards may require higher quality materials. If there are unusually high and unanticipated costs related to these standards, the Grantee may elect to pay the excess cost from project budget as a grant. In this case prior written authorization from DOH is required.

Rental loans

The underwriting criteria for rental loans must be included in the Regional Policy and Procedures Manual. The Manual must be adopted by the Regional Housing Committee. The CDBG Grant Agreement between the State and the Grantee will also describe general terms of the loan. A mortgage and mortgage note will be issued in the name of the grantee against the landlord’s property in the amount of the loan to ensure repayment of the loan.

The Grantee must follow HUD established rent limits for LMI tenants in units rehabbed with the CDBG funds.

The rental loans may be offered as 0% - 3% installment loans. The repayment period should be negotiated with the property owner. Prior to initiation of a rental

rehabilitation project (including vacant rehab and conversion projects), the property owner must agree, in writing to maintain affordable rents per HUD Rent Limit and keep them current which requires to amend them as often as HUD release of limits.

Note

The affordability period (landlord must rent to LMI tenants during this period) is minimum 5 years or the term of the loan, whichever is less. The Grantees may establish longer affordability period, if necessary.

The rental projects may require additional funding sources, including commercial lending and/or other program(s) funds. The Grantee must specify underwriting criteria in their Policy and Procedure's Manual to determine feasibility of rental projects/developments. Projects in excess of \$30,000 must be submitted to DOH for a review and approval.

The eligible units are those occupied by the LMI tenants. The Grantee may not pay for the work in non-LMI units. If CDBG funds pay for the areas considered as common spaces, for example entry door, roof, plumbing, siding, etc., at least 75% of the units in a structure being rehabilitated must be occupied by LMI families. For example, a six-unit structure being rehabilitated with CDBG funds must have at least five units occupied by LMI families ($6 \times 75\% = 4.5$). Duplexes are exempted from this provision. If one unit is vacant, the other one must be occupied by an LMI tenant. **Because a tenant's income increases and exceeds the current LMI income limits is NOT a reason for eviction.**

General project eligibility criteria – multi-family

These general criteria must be used while designing underwriting criteria for the CDBG loans:

1. The property must be in need of rehabilitation work as determined by the CDBG Housing Inspector, and the Program Administrator.
2. Eligible repairs are those to bring the property to a decent, safe and sanitary standard.
3. All work must be deemed financially feasible, as determined by the property's FMV, upon completion of work.
4. The properties scheduled for sale, acquisition, demolition or condemned properties are not eligible for rehabilitation. Vacant properties may be

rehabilitated, for example conversion of space from single-family use or commercial use to LMI rental project. Please consult with DOH prior to rehabilitating vacant properties.

5. The property must be insured against loss by fire and other perils, in accordance with lending institution standards.
6. The Grantee must be added to the policy as a mortgage holder.
7. Repayment of installment loans must begin within 60 days of the initiation of the rehabilitation project. Loans to landlords and/or developers must be repaid in monthly or quarterly installments.
8. Properties located in the floodplain are generally not eligible unless environmental review states otherwise. If CDBG funds assist floodplain property, the owner will be required to purchase flood insurance for at least one year in at least the amount of the CDBG loan. If the owner cannot afford to purchase flood insurance, the cost of one year of flood insurance may be added to the CDBG loan.
9. No tenants will be permanently displaced as a result of rehab to a renter-occupied property. All tenants will receive:
 - a. Lead-Based Paint Brochures
 - b. General Information Notice
 - c. Notice of Nondisplacement
10. All tenants in rehabbed units must be documented as LMI households. The Grantee must develop and implement an annual verification of LMI occupancy. The Grantee is required to keep this information with each rental project file. The annual verification documents:
 - a. The rents being charged are affordable and comply with the terms of the loan; and
 - b. The original tenant continues to reside in the unit; or
 - c. The new tenant(s) met LMI income levels at the time of occupancy.

Note

It is the landlord's responsibility to verify income at the time of occupancy, but it is the Grantee's responsibility to keep this evidence on file.

Homebuyer loans

The property to be purchased and/or repaired must be either owner-occupied, occupied by the purchasing tenant, or vacant at the time of purchase. Typically,

UNIT MUST BE
AFFORDABLE TO THE
POTENTIAL
HOMEBUYER.

CDBG funds should NOT be used for downpayment and closing costs when the interest rate on the home purchase loan is 2% above the average local lending rate for similar types loans.

CDBG funds may be used to pay eligible closing costs and to provide up to 50% of the required downpayment costs, not to exceed 10% of the purchase price of the home, unless there is a documentation that commercial banker required downpayment in excess of 20% value of the house. A maximum may be imposed on the amount of closing costs paid based on the average local lending costs for similar type loans.

All downpayment loans must be matched 1:1. The matching downpayment may be from other grant funds or the homebuyer's contribution. The matching sources must be documented with the project file.

Every homebuyer applicant must contribute at least \$1,000 of their own funds towards the purchase of the property. This amount may be contributed towards downpayment.

Eligible closing costs include:

- ✓ Loan origination fees
- ✓ Loan discount points
- ✓ Appraisal costs
- ✓ Credit report
- ✓ Title search and preparation charges
- ✓ Title insurance

- ✓ Transfer fees
- ✓ Recording costs
- ✓ Surveyor charges

Every homebuyer applicant must receive pre-purchase education in the following areas:

1. Homebuyer Education
2. Basics of the Home Purchase Process
3. Post-purchase Expectations

Loans should be structured to be affordable for LMI households. ALL HOMEBUYER PROGRAM PROJECT FILES MUST CONTAIN A SIGNED AND COMPLETED “HOMEBUYER LOAN CALCULATION” FORM.

Homebuyer loans (rehab and/or downpayment and closing costs) are intended to be awarded ONLY to LMI tenants. Homebuyer loans may be awarded to LMI households currently owning a house only under exceptional situations. **Grantee must receive written authorization from DOH before awarding homebuyer funds to a current LMI owner-occupant.**

Note

IF A TENANT IS DISPLACED AS A RESULT OF A HOMEBUYER LOAN, THE TENANT MUST RECEIVE APPLICABLE RELOCATION PAYMENTS.

All homes purchased under the Homebuyer Program must meet Section 8 Housing Quality Standards **at the time of purchase** or receive a rehab loan that will bring it up to HQS within six months of purchase. **The program will not help purchase houses in need of major/substantial rehab work.**

IN NO CASE WILL THE GRANTEE ASSIST IN THE PURCHASE OF A HOME LOCATED IN THE FLOODPLAIN.

Acquisition/Demolition loans

Under unusual circumstances, the Grantee may choose to acquire dilapidated dwellings using CDBG funds. CDBG funds may be used to pay all displacement and relocation costs due to the occupants, and to demolish the structures.

Properties must be acquired in accordance with all state and federal requirements: 24 CFR 42, and related portions of Wisconsin Statutes Chapter 32. Copies of these regulations must be available for public review. Appropriate forms and brochures must be made available, as required, and explained to interested persons by the Program Administrator.

In conjunction with the DOH Environmental Desk, units will not be moved or demolished without prior notification and approval of the Historical Society.

Funds from sale of the acquired property will be deposited into the revolving loan fund and may be used to finance other acquisition/demolition projects consistent with the most current Implementation Manual.

Other loans available

The priorities for the CDBG Housing Program are single-family rehabilitation, multi-family rehabilitation and homebuyer activities. However, there are other uses eligible and not described in this book. Grantee must follow their Grant Agreement to determine local priorities. If unforeseen circumstances occur, the amendments may be granted on case-by-case basis. No project may be funded lack of consistent language in the Grant Agreement, Attachment – Scope of Work.

Project feasibility and other considerations

If a project exceeds the \$30,000 cost limit and there are special considerations, a special may be granted to accommodate unusual conditions. All of the projects at and above \$30,000 must be submitted to DOH for further review and approval. A detailed explanation of the project must be submitted, including financial considerations and other information necessary to exempt the project from this limit.

As a general rule, dwellings will not be rehabilitated if they are structurally unsound or if the combined total of the present value of the structure and the cost of rehabilitating the structure exceed the after-rehab FMV of the property. Dependent on available funding, such structures may be demolished and the sites prepared for alternative use with as little disturbance to the site as practicable.

FLOODPLAINS

The Grantee must be a participant in the National Flood Insurance Program before homes in the floodplain may receive CDBG rehabilitation assistance. FEMA has more information available at <http://www.fema.gov/national-flood-insurance-program>

Loan applications received for housing units located within the boundaries of a designated floodplain, as shown on the FEMA floodplain maps, shall be reviewed and approved or denied on a case-by-case basis.

The Program Administrator must notify the property owner and occupants that the unit is located in the floodplain, and flood insurance must be obtained for at least one year from the date of assistance in at least the amount needed to cover the CDBG loan.

Housing rehabilitation activities for properties located within a designated floodplain may include “structural repairs” and ordinary maintenance repairs” that are necessary to ensure the health and safety of the occupants.

Structural repairs are definite as alterations, modification, rebuilding, or replacement that affect the structural integrity of the building.

Ordinary maintenance repairs are non-structural in nature and include, but are not limited to, activities such as interior and exterior painting; reroofing; repairs to heating, plumbing, and electrical systems; installing or replacing insulation the replacement of doors and windows; repair or replacement of private sewage systems, water supply systems, or connections to public utilities.

In all cases the amount of assistance may not exceed either 50% of the before-rehab value of the property, or 50% of the value before flood damage occurred without initiating the 8-step decision-making process found in 24 CFR Part 55, Subpart C. The 8-step process is required for all projects classified as substantial rehabilitation (those exceeding the 50% threshold).

If a property is located in a floodplain, it is recommended that all structural repairs or modifications of structures be floodproofed. Floodproofing of structures should extend to a point at least two (2) feet above the elevation of the regional flood. Floodproofing should be completed prior to, or as a part of, the housing rehabilitation activities. Property owners are permitted to include the cost of floodproofing and other costs associated with securing the proper permits in the rehabilitation loan.

Note

The funds cannot be used to make the same repairs in the future. The Grantee will keep a permanent record of the work done on the property.

Program Administrator must contact the DOH Environmental Review Desk prior to beginning the rehabilitation.

PROPERTY TAXES

Property taxes must be paid up to date before any rehabilitation work can begin. The unit owner must have adequate insurance coverage to cover the property improvements after rehabilitation. No CDBG funds may be used to pay for the cost of tax and insurance (one-year floodplain insurance may be exempted from this policy).

LIENS

A letter report shall be obtained to provide evidence to the Program Administrator of title and the amounts of mortgages or liens on the property. The Program Administrator shall review the evidence of title and the mortgage and lien amounts to determine if the title is proper and that there is sufficient mortgage-free investment by the owner to insure payment of the loan. The cost of this report shall be added to the loan amount. A property is not eligible unless all liens have been paid and/or satisfied.

Note

No work undertaken, whether completed or incomplete, no materials ordered, and no contracts entered into prior to the approval of the loan application by the Grantee, will be eligible for payment with CDBG funds.

SUBORDINATION

The Grantee shall establish subordination policy. The subordination policy shall be signed by the applicant at the time of mortgage closing. Grantees may include their subordination policy in Terms & Conditions document. Generally, Grantees refuse to subordinate unless unusual circumstances take place, such as foreclosure proceedings.

LOAN SECURITY

It is the Grantees' responsibility to ensure that CDBG housing loans are as secure as reasonably possible. To do this you must, at a minimum, do the following:

1. Document ownership of the property through, at a minimum, a letter report from an accredited title company.
2. Review outstanding mortgages to ensure that there is adequate equity in the property to cover the CDBG loan.
3. Verify that taxes and utility bills are paid.
4. Require the borrower to sign a mortgage and note for the amount of the loan.
5. Record the mortgage immediately after the mortgage and contract documents have been signed and the three-day rescission waiting period has expired.
6. Contact the borrower's insurance company to verify adequate insurance and to be listed as a mortgage holder of the property (obtain Certificate of Insurance to document this).

Land Contracts

For the purpose of the Program the term "land sales contract" refers to any transaction, regardless of the nomenclature, in which the purchaser obtains fee simple title to the property only by completing a series of installment payments over a period of years. In order for a purchaser under a land sales contract to be eligible for a housing rehabilitation loan, the following requirements must be met:

1. The contract must be a written, legally binding, properly recorded instrument relating to the property to be rehabilitated.
2. The seller of the property must hold fee simple title to the property and, while the contract is in good standing, must be unable to use the property for collateral or to convey the property to any other party unless such use for collateral or conveyance of fee simple title is subject to the contract.
3. Under the contract, the seller and any subsequent holder of the fee simple title to the property must be obligated, without qualification, to deliver to the purchaser fee simple title and a deed to the property upon full payment of the contract price, or some lesser amount.
4. Under the terms of the contract, the purchaser must have full use, possession and quiet enjoyment of the property; equitable title to the

property; and full rights of redemption for a period of not less than 60 days.

5. The purchaser must be legally able to mortgage, pledge or assign equitable title to the property to the Grantee, as required by the loan security provisions as set forth in this handbook. If, under the terms of the contract, the purchaser may only make such mortgage, pledge or assignment with the seller's consent, the purchaser must obtain such consent from the seller in a written and recordable form.

Life Estate

Persons occupying a dwelling unit under a life estate agreement are eligible for a CDBG rehab loan under the following conditions:

1. The person(s) occupying the dwelling to receive CDBG rehab must be LMI.
2. The life estate agreement terms must be written, signed and recorded.
3. The owners of the dwelling must agree, in writing, prior to the initiation of the rehabilitation, to repay the loan when the dwelling ceases to be the principal place of occupancy of the current occupant.
4. ALL parties of the life estate (occupants AND owners) must sign the mortgage and the note.
5. The CDBG loan is treated as an owner-occupied loan.

Eligible Work

The eligible activities include repairs that bring the unit to safe, sanitary and decent condition using HQS Inspection/Evaluation of property. The property must be owner-occupied and be the primary residence. Rental properties may be vacant at the time of application.

All units must have an adequate number of functioning, properly placed smoke and carbon monoxide detectors.

Ineligible Work

- CDBG funds may not be used to pay for the same work twice
- Repairs to unoccupied buildings
- Repairs to outbuilding, exception detached garage causing LBP hazard.
- Central AC, exception for health purposes or to eliminate mold issues
- New construction, expansion of the size of the structure, the rehabilitation of uninhabited space, or the finishing of unfinished spaces, except as required to eliminate overcrowding of bedrooms (per Housing Code), to floodproof the home, or for handicap accessibility.
- Cosmetic only landscaping, furnishings, appliances, and repairs to accessory buildings, freestanding garages or sheds are typically considered to be ineligible housing rehab activities.
- Typically, CDBG funds should not be used on a structure that has been determined to be “unsuitable for rehabilitation.” A unit is unsuitable for rehabilitation if it would cost more than 50% of the after-rehab value of the property to carry out all needed rehab activities. In any case prior consultation and written approval from DOH is necessary.
- CDBG funds may NOT be used to reimburse property owners for work which has been contracted for or completed prior to the property owner signing agreements with the grantee. CDBG funds may not be used for the labor costs of any household member, of any non-insured person/contractor, of any non-licensed person/contractor, or of any person/contractor that does not submit a bid.
- Rehabilitation work that was completed and not submitted for environmental review, but would otherwise have required additional ERR compliance, will be identified as “ineligible” and the funds will be reimbursed to the program by the Grantee.
- Materials, fixtures, equipment or landscaping of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated.
- Appliances, except as required for handicapped accessibility.
- Purchase, installation or repair of furnishings.
- Automatic garage door opener unless required for handicapped accessibility.
- Payment for previous repairs (except emergencies)
- Accessory buildings, garages or sheds unless prior approval from DOH is received.
- CDBG funds may not be used for rehab work on properties in a floodplain unless the municipality participates in the National Flood

Insurance Program. A permanent record of the work done on the property must be maintained by the grantee. CDBG funds may not be used to make the same flood-related repairs in the future.

Work by Applicant

Homes built before 1978

The Wisconsin Department of Administration, does not recommend that CDBG pay for materials for a homeowner to do his/her work on any home, but especially on homes built before 1978. If extenuating circumstances make this a preferred option, the following **MUST** be observed if ANY work will break a painted surface on a house built before 1978:

- ALL workers on the site must have completed at least the lead-safe worker training course.
- The homeowner must pay for the course himself/herself. CDBG Housing funds may not be used.

If the applicant elects to act as his or her own contractor, the applicant must demonstrate to the satisfaction of the Administrator that he or she is capable of performing the work and will complete the work in a timely fashion.

If accepted, the applicant will sign **the Borrower Labor Agreement**. The agreement must contain a bid for each subcontracted item. The homeowner will not be reimbursed for his/her labor.

The Borrower-Labor Agreement MUST include:

- An itemized list of the necessary materials for the repair. The list must include product name(s), store of purchase, and cost of each item necessary for the repair. Payments to the homeowner will be made after the work is completed and inspected.
- An identification of all paint hazards.

- A clear statement that no untrained persons can be within 10 feet of the work site until it has passed clearance for lead-based paint.
- A Breach of Condition clause that instantly terminates the Borrower-Labor Agreement if:
 - Any untrained persons are within 10 feet of the work site
 - Any applicable permits or lead-safe work practices are violated
 - A statement that if the Borrower-Labor Agreement is terminated:
 - All work must cease immediately upon notification.
 - The Grantee will hire a trained contractor to complete the work and add that amount to the homeowner's mortgage.
- The CDBG Administrator or the Grantee must document daily, unannounced site visits to verify compliance with lead-safe work practices and the Borrower-Labor Agreement. It is recommended that the original mortgage include enough funds to hire a contractor to finish the project if it becomes necessary. If the homeowner completes the work satisfactorily, the mortgage can be adjusted to reflect the lesser amount.

WORK PERFORMANCE

NOTE: All work will be performed in accordance with “A Working Guide to Lead-Based Paint Regulations in Wisconsin.”

All work will be performed in accordance with local municipal housing codes and other standards of acceptable performance.

In all pre-1978 units where the rehabilitation activities will disturb painted surfaces, the rehab must be designed to prevent lead dust from being disbursed to other areas of the unit.

In any unit where rehabilitation activities will remove a product suspected to contain asbestos the work must comply with state and federal asbestos removal requirements. Please refer to DHS web site for more information.

Only contractors certified by the Wisconsin Department of Health Services may remove asbestos-containing products. The rehab will be designed to limit release of asbestos fibers and ensure disposal in an approved landfill. Performance specifications will be provided by the community development office for the rehabilitation work.

Reuse of funds

The procedure for use of the repaid CDBG funds differs depending on whether or not the Grantee has an ongoing Community Development Block Grant Program. No more than 15% of repaid funds can be used for administrative expenses.

The funds shall be deposited into the Revolving Loan Fund account and will be used for housing rehabilitation in a manner consistent with the current Implementation Manual and active CDBG contract. Repaid money shall be used prior to drawing down from the current contract budget. The Revolving Loan Fund Account shall be audited and managed in the same manner and at the same time as regular CDBG funds.

Inactive CDBG Grant

The Program Administrator shall maintain the rehab account records, including the Revolving Loan Fund Accounting Journal.

All repaid funds shall be deposited into the working account and recorded in the Program Beneficiaries Data sheet and the rehabilitation obligation tracking journal. Fifteen percent (15%) of repaid funds may be used for administration.

Interest earned on repaid funds shall be recorded in the Working Account. Program earnings from non-rehabilitation activities (e.g., acquisition/resale) may be used for any contracted housing activity.

Non-rehabilitation funds and administration funds shall be tracked separately.

The Working Account Journal will show payments as they are made for all rehabilitation activities. An annual report of all rehab account expenditures (the Housing Revolving Loan Fund Activity Report) shall be submitted to the Division of Housing.

Discontinued Housing Program

If the housing rehabilitation program is discontinued, the funds shall be temporarily deposited in the Grantee's general account and repaid to the State of Wisconsin, Department of Administration, Division of Housing, as provided in the CDBG contract.

The multi-jurisdictional applications must establish criteria of member withdrawal process. The withdrawing UGLG is prevented from administering their portion of the grant after withdrawal from the application. The CDBG funds will stay with lead entity or the Department will ask for repayment of funds directly to the State, depending on the circumstances of withdrawal.