PUBLIC NOTICE

As an entitlement community, the City of Aurora, Illinois ("City") receives funding from U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Program and HOME Investment Partnerships Program. In accordance with the City of Aurora's Citizen Participation Plan and the requirements of HUD, a public hearing will be held at 1:00 p.m. on September 4, 2026, City Hall, 5th Floor Conference Room, 44 E. Downer Place, Aurora, IL 60507 to provide the public an opportunity to comment on the Substantial Amendment 2026-#2 proposed funding and policy recommendations.

Please be advised that effective August 16, 2026, Substantial Amendment 2026-#2 will be available for review and public comment at the following locations: City of Aurora-Community Reinvestment Division ("CRD"), 44 E. Downer Place, Aurora, IL; Library-Main, 101 S. River St., Aurora, IL; Library-Eola, 555 S. Eola Rd., Aurora, IL; Library-West, 233 S. Constitution Dr., Aurora, IL; and on the City's website www.aurora.il.us/Property-and-Business/Development/Community-Development.

Upon advance request, the City will provide for translation services to meet the needs of non-English speaking residents. The City will also take whatever actions are appropriate to serve the needs of persons with disabilities. For more information, to make special arrangements, or to provide comments, contact the CRD, 44 E. Downer Place, Aurora, IL 60507, (630) 256-3325 or coacdd@aurora.il.us.

Written and verbal comments will be accepted no later than 4:00 p.m., September 15, 2026. All responses will be addressed by the CRD and submitted to HUD. The City of Aurora's Substantial Amendment 2026-#2 is scheduled for review and adoption at the City Council's September 22, 2026 meeting at 6:00 p.m., City Hall, 2nd Floor Council Chambers, 44 E. Downer Place, Aurora, IL 60507. Please be advised that the public hearing and meeting dates are subject to change.

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Housing & Community Development Block Grant

Consolidated Plan

Program Years 2025-2029

Substantial Amendment 2026-#2

Proposed Substantial Amendments
to
2024, 2025, and 2026 Annual Action Plans

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Community Reinvestment Division ● 44 E. Downer Place ● Aurora, Illinois 60507
(630) 256-3320 ● coacdd@aurora.il.us

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Substantial Amendment 2026-#2 Executive Summary

Substantial Amendment 2026-#2 proposes amendments to the following documents:

- *2024, 2025, and 2026 Annual Action Plans*

As an entitlement community, the City of Aurora, Illinois ("City") receives funding from U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant Program (CDBG-) and HOME Investment Partnerships Program (HOME). In accordance with the City's Citizen Participation Plan and the requirements of HUD, a public hearing will be held at 1:00 p.m. on September 4, 2026, City Hall, 5th Floor Conference Room, 44 E. Downer Place, Aurora, IL 60507 to provide the public an opportunity to comment on new and/or cancelled projects proposed Substantial Amendment 2026-#2.

The Substantial Amendments to the City's AAPs will result in the re/allocation of 2024, 2025, and 2026 HOME funds ($300,000) and the adjustments needed to ensure the integrity of the City's spending obligations and also further address the City's effort to comply with HUD's regulatory requirements in administering the City's HOME Program.

Under this Substantial Amendment, the City is also providing its HOME Maximum Purchase Price Policy and Resale/Recapture Policy for review and comment.

Upon closure of the public comment period and receipt of City Council approval, all proposed amended and new activities together with their proposed funding will be entered into the applicable sections within HUD's e-Con Planning Suite Reporting System.

New and/or cancelled projects proposed under Substantial Amendment 2026-#2 are shown on the following tables (proposed are shown as tracked changes):

2024 Annual Action Plan (Third Substantial Amendment to 2024 AAP)	
Project Name	Housing: HOME-Assisted Affordable Housing Projects
Target Area	City of Aurora
Goals Supported	Preserve and Expand the Affordable Housing Stock
Needs Addressed	Affordable Housing
Funding	HOME: ~~$182,540.05~~ $0
Description	Funding will be made available for new affordable housing units, tenant-based rental assistance, and additional resources for homebuyers.
Target Date	12/31/2026
Estimate the number and type of families	Low and moderate income households - TBD

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that will benefit from the proposed activities	
Location Description	TBD
Planned Activities	Activities will be approved via the City's substantial amendment process.
2025 Annual Action Plan (First Substantial Amendment to 2025 AAP)	
Project Name	Housing: HOME-Assisted Affordable Housing Projects
Target Area	City of Aurora
Goals Supported	Preserve and Expand the Affordable Housing Stock
Needs Addressed	Affordable Housing
Funding	HOME: ~~$393,823.18~~ $256,363.23 (Decrease of $137,459.95)
Description	Funding will be made available for new affordable housing units, tenant-based rental assistance, and additional resources for homebuyers.
Target Date	12/31/2026
Estimate the number and type of families that will benefit from the proposed activities	Low and moderate income households - TBD
Location Description	TBD
Planned Activities	Activities will be approved via the City's substantial amendment process.
2026 Annual Action Plan (First Substantial Amendment to 2026 AAP)	
Project Name	The Neighbor Project: Infill Development Project Set-Aside Funds
Target Area	City of Aurora
Goals Supported	Preserve and Expand the Affordable Housing Stock
Needs Addressed	Affordable Housing
Funding	HOME: $320,000
Description	Funding will be made available for ultra-efficient home pilot infill affordable housing development to be with housing units to be sold to income-eligible homebuyers.
Target Date	12/31/2027
Estimate the number and type of families that will benefit from the proposed activities	Low and moderate income households – ~~-~~4 (estimate)
Location Description	TBD
Planned Activities	HOME-2026-01~~XX~~: The Neighbor Project: Infill Housing Development Project ~~-~~– set aside funds in the amount of $32~~00~~,000.

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The following funding adjustments will be made to accommodate the above referenced Amendment 2026-#2 activities under the City's 2024, 2025, and 2026 Annual Action Plans and to also allow the City to expend its funds in a timely manner.

Proposed Amended HOME Activity	Original/ Amended Funding Allocation	Substantial Amendment 2026-#2 Recommended Re/Allocation Amount	HOME Program Year Funding Source(s)	Project Reallocation Comments*
Direct Project Activity Set-Aside	182,540.05	-182,540.05	2024	Unallocated funds
Direct Project Activity Set-Aside	393,823.18	-137,459.95	2025	Unallocated funds
HOME DEOBLIGATED FUNDS		-320,000.00		
Proposed Amended/New HOME Activity	**Original Funding Allocation ($)**	**Substantial Amendment 2026-#2 Recommended Re/Allocation Amount ($)**	**HOME Program Year AAP**	**Project Reallocation Comments***
HOME-2026-01: The Neighbor Project: Infill Development Project Set-Aside Funds	0	**320,000.00**	2026	Set-aside funds for affordable infill housing development
HOME (Re)Allocation Total		**320,000.00**		

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HOME Maximum Purchase Price Policy and Resale/Recapture Policy Update

As part of this Substantial Amendment, the City of Aurora is updating the resale provisions of its HOME Investment Partnerships Program Resale and Recapture Policy to comply with 24 C.F.R. 92.254 and is adopting a maximum purchase price limit determined by the City under 24 C.F.R. 92.254(a)(2)(iv).

Maximum purchase price. In lieu of the limits published by HUD, the City has determined 95 percent of the median purchase price for its area using the methodology prescribed by HUD, based on actual sales price data for [the City of Aurora / the applicable market area]. Under that determination, the new maximum purchase prices for newly constructed single-family housing by county can be found in the following table:

State	County Name	Metropolitan/FMR Area Name	***1-Unit (existing)**	***1-Unit (new construction)**
IL	Kane County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$321,000**	**$420,850**
IL	DuPage County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$399,000**	**$487,150**
IL	Will County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$321,000**	**$582,120**
IL	Kendall County	Kendall County, IL HUD Metro FMR Area	**$329,000**	**$403,655**
*Revised limits established using local sales data from 5/20/2025 - 5/7/2026				

The initial sales price of each HOME-assisted newly constructed unit may not exceed the limit in effect at the time of sale. [The methodology and supporting data are set forth in Attachment A.]

Proposed Changes to Resale and Recapture Policy (Current policy can be found in Attachment B. Proposed changes to be inserted into policy after public comment)

Applicability of resale and recapture. The resale method applies to all HOME-assisted homebuyer units developed with a HOME development subsidy, including units sold at a price below appraised value. The recapture method applies to direct HOME assistance provided to homebuyers through the City's down payment assistance program and any other direct assistance not associated with a development subsidy. No unit will be subject to both methods.

Resale requirements. For the duration of the affordability period, which for newly constructed units is twenty (20) years, a HOME-assisted unit may be sold only to a household with an annual income at or below eighty percent (80%) of area median income, adjusted for household size, that will occupy the unit as its principal residence, at a price not exceeding the resale price described below, with the City's prior written approval. These requirements are imposed through a resale restriction and land use restriction agreement recorded against each unit at the closing of its sale and enforceable as a covenant running with the land.

Fair return on investment. The resale price is the original purchase price paid by the selling owner plus a fair return on the owner's investment. Fair return on investment means [X]* percent of the market appreciation of the unit, measured as the difference between the appraised value of the unit at the time of the owner's purchase and the appraised value at the time of resale, each determined by an independent appraiser licensed or certified by the State of Illinois, plus the documented cost of capital improvements made by the owner and approved by the City in advance. Notwithstanding the formula, the resale price may not exceed the maximum purchase price limit in effect under 24 C.F.R. 92.254(a)(2) at the time of the resale.

Continued affordability. Housing remains affordable to a reasonable range of low-income homebuyers if the resale price does not exceed the maximum purchase price limit and would result in monthly housing costs not exceeding thirty percent (30%) of the gross monthly income of a household at [X]* percent of area median income, taking into account financing reasonably

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available for the unit. If the resale price necessary to provide the selling owner a fair return would not be affordable to the subsequent eligible buyer, the City may, in its discretion, provide assistance to the subsequent buyer. Any new HOME assistance provided directly to a subsequent buyer is a separate project subject to its own affordability requirements, and the City's recapture provisions apply to that direct assistance. Financing provided to a subsequent buyer by the City's development partner, including a zero percent interest first mortgage and any deferred subordinate loan, is private financing subject to City approval and is not HOME assistance.

*A determination of the percentage is underway; a final number will be adopted after the public comment period.

Citizen Participation Timeline
All public hearing and meeting dates are subject to change.

- **August 10, 2026:** Substantial Amendment 2026-#2 Block Grant Working Committee Review at 6:00 p.m.
- **August 16, 2026**: Public hearing notice for Substantial Amendment 2026-#2 published in *The Beacon News*
- **August 16, 2026**: Public hearing notice for Substantial Amendment 2026-#2 posted on the City's website and distributed to libraries. Public Comment Period Opens
- **September 4, 2026**: Substantial Amendment 2026-#2 Public Hearing at 1:00 p.m.
- **September 10, 2026**: Substantial Amendment 2026-#2 Finance Committee at 3:00 p.m.
- **September 15, 2026**: Substantial Amendment 2026-#2 Committee of the Whole Review at 5:00 p.m.
- **September 15, 2026**: Substantial Amendment 2026-#2 Public Comment Period closes at 4:00 p.m.
- **September 22, 2026**: Substantial Amendment 2026-#2 City Council Review and Approval at 6:00 p.m.
- **September 30, 2026** (on or around): Substantial Amendment 2026-#2 submitted to HUD

Public Notice, Comments, and City of Aurora Responses
Following the close of the public comment period and receipt of City Council approval, all of the above-referenced Consolidated Plan/Annual Action Plan activities and re/allocations will be formally submitted to HUD for approval (via the applicable narrative and tables within their respective reports such as but not limited to the Executive Summary, PR-15, PR-10, AP-12, AP-15, AP-20, AP-38, AP-55).

Public Comments and City of Aurora Responses
Any comments and the City's response(s) will be included in the City's report submittals to HUD upon the conclusion of the public comment period.

To date, the City has not received any comments.

This document will serve as the City's Substantial Amendment submittal to HUD for the following federal resource:

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The HOME Investment Partnerships (HOME) is to be used for the provision of decent, affordable housing for low- and moderate- income households. The CDD anticipates receiving approximately $500,000 each year.

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ATTACHMENT A

HUD HOME PROGRAM MAXIMUM PURCHASE PRICE LIMITS

§92.254 Qualification as affordable housing: Homeownership.

The participating jurisdiction must set forth the limits for single family housing of one, two, three, and four units, for the jurisdiction. **The participating jurisdiction may determine separate limits for existing housing and newly constructed housing. The City of Aurora, based on local market conditions, is proposing to change the maximum limits for existing housing and newly constructed housing. In order to meet HOME regulations, the city has utilized the following methodology to adhere to the requirement of Per 24 CFR 92.254(a)(2)(iv)(A-C):**

New Construction - Sales must cover the requisite number of months based on volume: For 500 or more sales per month, a 1-month reporting period; for 250 through 499 sales per month, a 2-month reporting period; for less than 250 sales per month, at least a 3-month reporting period – In order to meet this requirement, the city utilized a full year of data. A total of 1,618 of homes were sold between 5/20/2025 and 5/7/2026. Of the 1,618 homes sold, 126 homes were identified as new construction. All homes were then sorted by county which created the following breakdown of homes sold by county:

Kane County – 31 total new construction homes sold between 5/20/2025 and 5/7/2026
DuPage County – 23 total new construction homes sold between 5/20/2025 and 5/7/2026
Will County – 41 total new construction homes sold between 5/20/2025 and 5/7/2026
Kendall County – 26 total new construction homes sold between 5/20/2025 and 5/7/2026

Each list of homes sorted by county was then sorted in ascending value to determine the median value for new construction homes sold by county:

Kane County – $443,000
DuPage County – $512,790
Will County – $612,758
Kendall County – $424,990

While some homes sold for a significantly higher amount than the median values established, no homes were identified as luxury, historical, or waterfront beyond retention ponds which would be deemed ineligible from the review. Each median value was then multiplied by 95% to meet HOME requirements.

New Construction Home Maximum Purchase Price Limits – Kane County – x 95% = $420,850
New Construction Home Maximum Purchase Price Limits – DuPage County – x 95% = $487,150
New Construction Home Maximum Purchase Price Limits – Will County – x 95% = $582,120
New Construction Home Maximum Purchase Price Limits – Kendall County – x 95% = $403,655

Existing Homes – The City will continue to use the current limits established by HUD.

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These limits will remain in effect for the remainder of the 2025-2029 Consolidated Plan unless HUD releases new maximum limits that exceed the limits established in this substantial amendment or the city conducts another study to review the maximum purchase price limits. All supporting documents and calculations can be found in the city's hard file containing the 2025-2029 Consolidated Plan, 2026 Action Plan, and all approved substantial amendments approved.

State	County Name	Metropolitan/FMR Area Name	***1-Unit (existing)**	***1-Unit (new construction)**
IL	Kane County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$321,000**	**$420,850**
IL	DuPage County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$399,000**	**$487,150**
IL	Will County	Chicago-Joliet-Naperville, IL HUD Metro FMR Area	**$321,000**	**$582,120**
IL	Kendall County	Kendall County, IL HUD Metro FMR Area	**$329,000**	**$403,655**
*Revised limits established using local sales data from 5/20/2025 - 5/7/2026				

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ATTACHMENT B

CURRENT HUD HOME RESALE/RECAPTURE POLICY (HUD Approved April 25, 2026)

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HUD Approved 4-25-26

City of Aurora – Resale and Recapture Guidelines for HOME Investment Partnership Program – Homeownership Activities

Drafted: March 19, 2025

The City of Aurora will use HOME Investment Partnership Program funds to provide housing for low income persons. A low income household is defined as a household that has an annual gross income that does not exceed 80 percent of area median income. The forms of funding used to assist homebuyers and/or developers may include: down payment assistance, development subsidies, direct loans as second mortgages, or some combination of these methods. The City of Aurora will use the recapture method of insuring affordability for all homebuyers receiving direct assistance. The City of Aurora will use the resale provision of insuring affordability for for-sale housing where the homebuyer does not receive direct assistance. Only one method shall be utilized for each project, the recapture method is only allowed when there is direct HOME assistance to the homebuyer; resale provisions must be used when there is only a development subsidy provided to the project. Development subsidy is defined as the difference between the total development cost of producing the unit and the fair market value of the property.

A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 24 CFR 92.254, is as follows:
Under the resale guideline option, HUD's regulations at 24 CFR 92.254 must be followed when a HOME-assisted unit is transferred during the HOME Program's period of affordability. The regulations require that the property is transferred to another low-income homebuyer; the original homebuyer receives a "fair return" on investment (as defined below); and the property is transferred (or sold) at a price that is "affordable to a reasonable range of low-income buyers" (as defined below).

Fair return on investment definition –
Net proceeds from the sale must provide the original homebuyer, now the home seller, a "fair return" on his/her investment. The City of Aurora will allow all net proceeds, less all liens recorded against the property including the City deferred mortgage and/or down payment assistance, to be returned to the seller.

The basis of the fair return provision –
To calculate a fair return on investment – The city will complete a calculation to determine a change in median sales prices over the period of ownership less investments in capital improvements and a loss on investment can constitute a fair return.

The basis upon which the fair return is calculated for new construction –
A fair return will be calculated based on the following:

- Consideration of original purchase price
- Determine the homeowner's total initial investment
- Add verified *capital improvement costs (+CPI escalator)
- Consideration of the current appraisal or contracted selling price
- Consideration of the fair return calculation agreed upon between the city and homeowner

Sample:

- Purchase Price - $200,000
- Homeowner's initial investment - $10,000
- Verified capital improvement costs - $25,000
- Consideration of the current appraisal or the contracted selling price - $300,000
- Consideration of the fair return percentage calculation agreed upon between the city and homeowner will be evaluated on a case by case basis. In these circumstances the City will consider the amount of funding invested in the property, underwriting conducted to review long term cash flow, as well as the type of client who is being served to ensure low- to moderate- income households have the ability to generate generational wealth, and have are able to prosper and thrive. The City will always advocate providing as much of a return as possible to the homeowner to ensure that as much of the net proceeds remains with the low to moderate income buyer.

Eligible capital improvements must:

- Be permanently affixed to the property
- Add verifiable value to the home
- Be supported by receipts, invoices, or contractor documentation

Examples include:

- Structural additions or renovations
- Roof replacement
- Major system upgrades (HVAC, plumbing, electrical)
- Routine maintenance and cosmetic updates are not eligible.

The basis upon which the fair return is calculated for homebuyer assistance –
The City shall recapture the direct subsidy amount which was provided to the homebuyer upon the sale, transfer, or conveyance of the property. The fair return shall be defined as the original balances of the deferred loan, provided that the net proceeds from the sale are sufficient to cover this amount after the homeowner has recovered their investment (down payment and documented capital improvements.

Affordable to a reasonable range of low-income buyers –
To ensure that a HOME-assisted unit is transferred at a price that is "reasonable to a range of low-income buyers" the City will target properties at a price that is affordable to households earning between 50-80% of area median income. A certified appraisal can be used to determine the market value of the home. City staff on a case by case basis can approve the sale of a property if the sales price is within 10% of the appraisal. The homeowner at their own expense can pay for a 2nd appraisal if they are not in agreement with the results of the original appraisal. The tables below

Table 1 – Affordability Ratios and Factors

Criteria	**Choose Aurora Homebuyer Assistance Forgivable Loan Program**
Appropriateness of Amount of Assistance	In accordance with above stated ratio policy, subsidy will not be given that allows a homebuyer to have a total housing expenses to income ratio less than 25% or more than 35%.
Monthly Expenses of Household	Cannot exceed 43% of income. The monthly expenses of the household may be determined by the senior lender's UUTS or the City of Aurora's financial underwriting. Housing ratio cannot exceed 35% (or go lower than 25% per above policy). The Housing ratio may be determined by the senior lender's UUTS or the City of Aurora's financial underwriting. The City of Aurora can, on a case by case basis, rely on the Compensating Factors as supplied in the HUD 4000.1 handbook to approve homebuyers that do not fit in the guidelines as stated above. These Compensating factors can be found in Appendix Item 1 and can be updated when new information is released from time to time.
Assets Available for the Acquisition	Homebuyer must have at least $1,000 of their own funds invested in the transaction. Borrowers' liquid assets after closing may not exceed $25,000. Gift limits cannot exceed $20,000 within 3 months of the scheduled closing date.
Financial Resources to Sustain Homeownership	Borrowers must have one month of monthly expenses of household in reserve at closing after closing costs are subtracted from available funds. Borrower may also need additional reserves if required by primary lender.
Responsible Lending	Must choose a 30-year fixed-rate FHA or conventional mortgage. The interest rate (with no points) cannot be more than two percentage points above the 30-year fixed rate for the Illinois Housing Development Authority's first-time homebuyer program.

Table 2 – Compensating Factors

Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 or No Credit Score	31/43	Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	31/43	No compensating factors required. Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	37/47	**One** of the following: • verified and documented cash Reserves; • minimal increase in housing payment; or • residual income.
580 and above	40/40	No discretionary debt.
580 and above	40/50	**Two** of the following: • verified and documented cash Reserves; • minimal increase in housing payment; • significant additional income not reflected in Effective Income; and/or • residual income.

Image: Compensating factors for debt ratios in manual underwriting. Source: HUD Handbook 4000.1

*Revisited: HUD Handbook 4000.1 was revised 11/09/2021 on June 6, 2022

-**An Energy Efficient Home** is defined as a home with significant energy efficient components such as solar panels, windows, appliances, and heating and cooling improvements. The Neighborhood Redevelopment Division will utilize the Home Energy Score Report to determine if a home meets the requirements of an Energy Efficient Home.

-**Verified and documented cash reserves** are liquid assets that will be available after a home is purchased. Cash reserves must be equal to or exceed three months of monthly expenses of household and are less than $25,000.

-**A minimal increase in housing payment** is defined as an increase no larger than 10% of the current housing cost the applicant is paying per month. If utilities, association costs, or other fees are included in either the current housing costs or projected housing cost, the Community Development Division will make a final determination.

Recapture Provisions – 92.254(a)(5)(ii)

Subject to recapture are HOME funds that are invested in a HOME assisted unit as a direct subsidy to the homebuyer. This includes down payment assistance and second mortgages that finance the difference between fair market value and the homebuyer's first mortgage. The minimum length of affordability is as follows based on the total direct HOME assistance to the homebuyer:

Affordability Requirements for the HOME Program

Direct Homeownership Assistance HOME Amount Per Unit	Minimum Period of Affordability
Under $25,000	5 Years
$25,000 - $50,000	10 Years
Over $50,000	15 Years
New Construction	20 Years

The recapture provisions are as follows:

- The Affordability Period shall be based on the total direct HOME subsidy to the homebuyer and does not take into account a development subsidy provided on the unit.

- Activity Types - HOME funds as direct buyer assistance may be provided for new construction or acquisition/rehab/resale projects as a direct subsidy as a deferred second mortgage that reduces the need for buyer equity or senior debt financing.

- The buyer must be purchasing the home to use as a principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not purchasing the home for any other purpose, such as investment or rental property. Should the buyer vacate the home before the affordability period has elapsed, 100% of the direct buyer assistance will be due. The City reserves the right to review buyer situations on a case by case basis.

Enforcement Mechanisms - Recapture provisions shall be detailed within each written Home Investment Partnership Agreement between the City of Aurora and the Subrecipient or Developer as well as within each written Homebuyer Agreement between the homebuyer and The City of Aurora and enforced through a zero-interest, deferred payment mortgage on the property, filed with the proper County Recorder's Office where the property is located and also enforced through a Homebuyer Agreement that runs for the entire term of the affordability period. The deferred loan term will continue after the completion of the required affordability

period, with the loan not due until the home is sold, the title is transferred, or the household no longer occupies the home as their primary residence. The full amount of the loan will be due at that time, out of net proceeds. For projects including new construction and for sale acquisition rehabilitation programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and

- list the City of Aurora as an additional insured during the period of affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer.

- Methods- The recapture option allows the City of Aurora to recapture all or a portion of the HOME subsidy if the property is sold or transferred during the affordability period. All HOME assisted property sales under the recapture option shall meet the following criteria:

    1. The homebuyer may sell the property to any willing buyer.
    2. The transfer of the property during the period of affordability triggers repayment of the direct HOME subsidy to the City of Aurora in accordance with the promissory note the buyer entered into with the City of Aurora when he/she originally purchased the home.

In the event of recapture, the amount subject to recapture is as follows and will be further detailed within a promissory note signed by the buyer and by an agreement with the homebuyer that runs for the entire affordability period:

    1. Direct loans as a deferred second mortgage that reduces the need for buyer equity or senior debt financing are deferred until the property is sold, title is transferred or the buyer ceases to occupy the property as their principal residence, then the loan is due in full.

The amount of recapture is subject to the availability of net proceeds available from the sale of the property. Net proceeds is defined as the sales price minus superior loan repayment (other than HOME funds) and any other closing costs. This recapture is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary, and also including foreclosure or deed in lieu of foreclosure) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, the City of Aurora can only recapture the net proceeds, if any.

If the property is no longer occupied during the affordability period by the HOME-eligible household that originally purchased the property, the entire amount of the HOME investment becomes due. The buyer, so long as any sums remain unpaid to the City of Aurora and/or the period of affordability is still in effect, whichever is longer, must personally occupy the premises as his/her sole principal residence. Any lease or rental of subject premises even after the expiration of the affordability period shall constitute an event of non-compliance and the full loan amount shall become due and payable immediately.

- Mortgage Release – Upon receipt of recaptured funds, the City of Aurora will record a Release Deed with the proper County Recorder's Office to release to original HOME assisted property.
- Repayments – Repayment of recaptured funds will be deposited in the HOME account and used for other HOME-eligible activities.

Resale Provisions – (92.254(a)(5)(i)

Under the resale guideline option, HUD's regulations at 24(CFR)92.254 must be followed when a HOME-assisted unit is transferred during the HOME Program's period of affordability. The regulations require that the property is transferred to another low-income homebuyer; the original homebuyer receives a "fair return" on investment (as defined below); and the property is transferred (or sold) at a price that is "affordable to a reasonable range of low-income buyers" (as defined below). The minimum length of affordability is as follows based on the total HOME subsidy to the property:

Affordability Requirements for the HOME Program

Development Subsidies and Direct Assistance HOME Amount Per Unit	Minimum Period of Affordability
Less Than $15,000	5 Years
$15,000 - $40,000	10 Years
More than $40,000	15 Years
New Construction	20 Years

The resale provisions are as follows:

- The affordability period is based on the total amount of HOME funds invested in the housing including down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price and development subsidies.

- Contract Price – The contract price for resale cannot vary more than 10% either above or below the value determined from a certified appraiser. The seller or buyer may request a second appraisal, but the negotiated price may not exceed the highest of the two completed appraisals or the lower of the two completed appraisals. The City of Aurora may approve a sales price that does not fit the definition above on a case by case basis.

- Activity Types – Resale provisions for Homeownership shall be used when there is no direct assistance provided to the homebuyer or in a market where it is questionable that the unit will maintain affordability on its own. City of Aurora HOME assisted activities which may use Resale provisions include Single Family New Construction or Acquisition/Rehabilitation/Resale activities.

- Principal Residency – The buyer must be purchasing the home to use as their sole principal residence. In other words, the buyer must intend to live in the home for the entire affordability period and not for any other purpose, such as investment or rental property.

Enforcement Mechanisms – Resale requirements shall be detailed within each program written Homebuyer Agreement between the homebuyer and City of Aurora and enforced through a Regulatory and Land Use Restriction Agreement filed with the proper County Recorder's Office where the property is located and the requirements within shall be triggered upon sale or transfer of the HOME assisted property. For homebuyer projects including new construction and acquisition/rehabilitation/resale programs, the HOME assisted property owners will be required to maintain property insurance coverage in an amount sufficient to cover the amount of HOME assistance and list the City of Aurora as an additional insured during the Period of Affordability. Monitoring of insurance policies will assist in identifying properties that are no longer occupied by the assisted buyer. In the event of non-compliance, the full loan amount shall become due and payable immediately.

- Methods – The resale option ensures that the HOME assisted unit remains affordable over the entire period of affordability. Resale provisions must be used where there is no direct assistance to the homebuyer which may include down payment assistance, direct loans as second mortgages, the difference between fair market value at the time of sale and sales price. All designated HOME-assisted property sales or transfers under the resale provision during the period of affordability shall meet the following criteria:

  1. The new purchaser must meet the criteria of low income, defined as having annual household income at or below 80% of the area median income (as defined by HUD) for the Chicago-Joliet-Naperville, IL HUD Metro FMR Area, and occupy the property as the family's principal residence.

  2. The sales price must be "affordable" to a reasonable range of low income buyers based on their income and underwriting. Affordability is further defined in Table 1 above. To ensure affordability in the event that the sales price exceeds what is affordable to its target population of homebuyers the City of Aurora can provide direct assistance to the subsequent income-eligible buyer.

  3. The housing purchase price may not exceed 95 percent of the median purchase price for the type of housing for the area as determined and published by the U.S. Department of Housing and Urban Development (HUD) from time to time. The City of Aurora also reserves the right to determine the 95 percent limit following HUD approved methodology, with such newly determined limits to be approved by HUD.

  4. Net proceeds from the sale must provide the original homebuyer, now the home seller, a "fair return" on his/her investment. The City of Aurora will allow all net proceeds, less all liens recorded against the property including the City's deferred mortgage and/or down payment assistance, to be returned to the seller.

- Resale Provision Release – Upon completion of the affordability period, The City of Aurora will file a release of the Regulatory and Land Use Restrictions Agreement document filed with the proper County Recorder's Office to release the original HOME assisted property from the obligations of the affordability period. The deferred loan term

will continue, with the loan not due until the home is sold, the title is transferred, or the household no longer occupies the home as their primary residence. The full amount of the loan will be due at that time, out of net proceeds.