

South Carolina Housing Trust Fund

Homeownership Manual

**Administered by:
The South Carolina State Housing Finance and Development Authority**

Revised April, 2008

TABLE OF CONTENTS

| | |
|---|-----------|
| Overview of the SC Housing Trust Fund | 3 |
| HTF Staff Listing..... | 3 |
| Overview of the Homeownership Activity..... | 4 |
| Eligible Sponsors..... | 4 |
| Compliance Period | 4 |
| Conflicts of Interest..... | 4 |
| Performance Deficiencies and Misappropriation of Funds..... | 4 |
| Terms of Financial Assistance | 5 |
| Developer Fees | 5 |
| Basic Workflow..... | 6 |
| | |
| Guidelines for Homeownership Activity | |
| General Guidelines..... | 7 |
| Submitting Block Grant Applications | 8 |
| Block Grant Submission Format..... | 8 |
| Forms | 8 |
| Changes to Project after Award | 9 |
| Application Review Process | 9 |
| Minimum Threshold Requirements | 9 |
| | |
| Eligibility Requirements for Properties..... | 10 |
| Manufactured Housing/Mobile Homes | 10 |
| Prohibited Properties..... | 10 |
| | |
| Eligibility Requirements for Beneficiaries | |
| First Mortgage Guidelines | 11 |
| Certification and Verification of Income..... | 11 |
| Computing Income | 11 |
| Zero Income | 12 |
| Homebuyer Counseling..... | 12 |
| | |
| Award Disbursement Procedures..... | 13 |
| Homeownership Acquisition Beneficiary Request Checklist | 13 |
| | |
| General Definitions | 14 |

Overview of the SC Housing Trust Fund

The South Carolina Housing Trust Fund (HTF) is a state funded program designed to provide financial assistance in the development and preservation of safe, decent, sanitary and affordable housing for low-income households within the State of South Carolina. The Housing Trust Fund accelerates the state's response to the production of affordable housing through innovative financing used by the nonprofit and private sectors. It builds partnerships among government, qualified nonprofits, for profits, and those in need of affordable housing. It strives to maximize the utilization of federal, state and/or other housing assistance programs in leveraging other public and private resources.

HTF Staff Listing:

| <u>Staff Members</u> | <u>Phone Number</u> | <u>Fax Number</u> | <u>E-mail Address</u> |
|---|----------------------------|--------------------------|----------------------------------|
| Matt Rivers Director – Housing Trust Fund | (803) 896-8774 | (803) 551-4934 | matt.rivers@schousing.com |
| Delores Edwards Project Coordinator | (803) 896-9345 | (803) 551-4891 | delores.edwards@schousing.com |
| Linda Hough-Hicks Project Coordinator | (803) 896-9338 | (803) 551-4896 | linda.hough-hicks@schousing.com |
| Dorothy Sutton Project Coordinator | (803) 896-9360 | (803) 551-4948 | dorothy.sutton@schousing.com |
| Charles McCullough Project Coordinator | (803) 896-9511 | (803) 551-4918 | charles.mccullough@schousing.com |
| Ava Seidelson Project Coordinator | (803) 896-9069 | (803) 551-4868 | ava.seidelson@schousing.com |
| John Brunke Housing Inspector | (803) 896-9340 | (803) 551-4871 | john.brunke@schousing.com |
| Richard Clark Housing Inspector | (803) 896-9253 | (803) 551-4873 | richard.clark@schousing.com |
| Bill Turner Housing Inspector | (803) 896-9260 | (803) 551-4954 | bill.turner@schousing.com |
| Dennis Cokley Director – Compliance & Inspections | (803) 896-9046 | (803) 551-4972 | dennis.cokley@schousing.com |

Overview of the Homeownership Activity

The Homeownership Activity under the HTF program is designed to assist low-to-moderate income citizens in becoming homeowners. By providing this aid in covering some or all of the expense of down payment and closing costs, more deserving citizens will be able to purchase a home. All funds are subject to the Housing Trust Fund regulations and all other applicable Authority requirements.

Eligible Sponsors:

Units of Local Governments (cities, towns and counties) and Approved Nonprofits are the only eligible Sponsors for this activity.

The approval process for nonprofits is contained in the Housing Trust Fund Application for Nonprofit Participation. All nonprofits must receive approval by the Authority prior to the submission of any Housing Trust Fund application. If a nonprofit is not an approved nonprofit, the application will be returned.

Compliance Period:

The Housing Trust Fund program is designed to increase the supply of permanent affordable housing over an extended period of time. The compliance period is twenty (20) years.

- Forgivable Housing Trust Fund awards are forgiven at a rate of five percent (5%) per year over a twenty (20) year period.
- The compliance period is enforced via the use of a Note and Mortgage. This will require a formal loan closing.

Conflicts of Interest

For a project, or a beneficiary request within a Block Grant project, the Sponsor and/or any Related Parties may NOT provide any other fee-based service on a transaction where the Sponsor has received a Housing Trust Fund award. Failure to require or accept a fee for the service does not make the arrangement acceptable. For example, the Sponsor and/or Related Party may NOT act as real estate sales agent or broker, first mortgage originator, title service or closing agent, property appraiser, etc. Habitat for Humanity affiliates are granted an exemption to this policy for purposes of providing mortgage financing to their clients.

For the purposes of this policy, a Related Party relationship exists when one or more of the officers, directors, stockholders, members, or employees of a Sponsor is also an officer, director, stockholder, member, or employee of the fee-based service provider, or where the Sponsor and fee-based service provider share expenses, income and/or office space.

Any violation of this policy will be dealt with as outlined below in the section titled “**Performance Deficiencies and Misappropriation of Funds.**”

Performance Deficiencies and Misappropriation of Funds

If the Authority determines that a Participant exhibits inadequate program controls, expends funds improperly, or exhibits non-compliance, it may take any or all of the following actions:

- Impose limitations on Participant's participation in Housing Trust Fund which may include suspension from participation in the Housing Trust Fund; or

- Require the Participant to submit additional information to determine the reason for the non-compliance and develop a corrective action plan; or
- Require the Participant to reimburse the Authority for all proceeds improperly expended; or
- Terminate the Funding Agreement and demand full and complete repayment of all proceeds owed to the Housing Trust Fund; or
- Disqualify the Participant and/or any other persons or organizations involved in the project from further Housing Trust Fund participation; or
- Suspend or debar the Participant and/or any other persons or organizations involved in the project from further participation in all Authority programs in accordance with the Authority's Debarment and Suspension Policy.

Terms of Financial Assistance:

Maximum Block Grant Size: \$80,500 (including any developer fees)

Maximum HTF Subsidy per Beneficiary/Property: \$10,000 (plus any developers fees – see **Developer Fee** section below)

Maximum Block Grant Size (Beaufort & Charleston Counties): \$161,000 (including any developer fees)

Maximum HTF Subsidy per Beneficiary/Property (Beaufort & Charleston Counties): \$20,000 (plus any developers fees – see **Developer Fee** section below)

- Sponsors applying for their first Homeownership Block grant, as well as Sponsors on probationary status with the Authority, will be limited to a maximum block grant of \$46,000, including any developer fees.
- If the Sponsor already has an open Homeownership Grant and wishes to apply for a new one, the existing Homeownership Block Grant must be disbursed down to a minimum balance of \$23,000 in order for the new request to be considered. No funds may be drawn from the new Block Grant until the previous Block Grant is fully disbursed.
- In NO CASE may a Sponsor have more than two (2) Homeownership Block Grants open at any time.
- Approved Nonprofits may access the Housing Trust Fund in the form of a deferred forgivable loan. The loan is prorated and forgiven during the compliance period if the housing unit improved with award proceeds is used for the approved purpose during the compliance period.
- Units of Local Government may access the funds in the form of a one percent (1%) loan for a twenty (20) year term and a twenty (20) year amortization.

Developer Fees

The Developer Fee for the Homeownership activity is \$200. Sponsors will be eligible to receive a higher Fee (up to 15% of the subsidy or \$1,500.00, whichever is less) per beneficiary request provided that both of the following conditions are met:

- The Sponsor is, or has contracted with, either a HUD-approved counselor, a NeighborWorks counselor, or an AHECI-approved counselor to provide homeownership counseling to the beneficiary(s).
- The beneficiary(s) received at least 20 hours of **face-to-face** counseling, either one-on-one or in a classroom setting, with the approved counselor, as certified to by the Sponsor and beneficiary(s). Other time, such as online instruction and time spent by the beneficiary(s) studying at home, do NOT count towards the 20 hour requirement.

Basic Workflow:

The Activity is administered using a “Block Grant” approach, where Sponsors can reserve a block of funds and then draw against it for down payment and closing cost assistance. The basic workflow of the Activity is outlined below.

1. The Sponsor completes and submits a Homeownership Block Grant Application per the schedule posted on the Authority’s website (www.schousing.com).
 - a. At the time of block grant application, NO beneficiary or property information is required.
 - b. The Sponsor is simply “reserving” the funds; no money will be disbursed until individual beneficiaries and properties are identified, approved and closing scheduled.
2. The Authority reviews the application and submits it to the Board of Commissioners for review and approval, if warranted.
3. Upon approval, the Authority staff will notify the Sponsor that the Sponsor can exercise the Funding Agreement and begin utilizing the funds in the Block Grant.
4. In order to access the funds, the Sponsor must submit packages on each individual household and property prior to scheduling a closing. The individual households can be submitted one at a time; they do NOT all have to be submitted at the same time. Each household submission package MUST include all documentation listed in the Homeownership Beneficiary Request.
5. The Authority Project Coordinator assigned to the Block Grant will review the information provided by the Sponsor, and determine if it meets our guidelines.
6. Once the transaction is approved, the Sponsor should insure that funds are requested at least two (2) weeks prior to the scheduled closing date.

Guidelines for Homeownership Activity

General Guidelines:

1. Sponsors must operate within their defined service areas.
2. Participants are limited to five (5) open projects, plus the maximum of five (5) ER's. (NOTE – For this purpose, a Block Grant is considered one (1) project.) Related Parties, as defined below, are presumed to be sufficiently related for them to be treated as a single applicant for the purposes of the maximum. A significant factor in the Authority's evaluation will be whether, based on the facts and circumstances, the primary purpose of the party's involvement in a project appears to be avoidance of the maximum.
 - a. For this purpose a Related Party relationship exists when one or more of the officers, directors, stockholders, members, or employees of a Sponsor or Owner is also an officer, director, stockholder, member, or employee of another Sponsor or Owner, or where two or more Sponsors or Owners share expenses, income and/or office space.
3. Officers, directors, stockholders, members or employees of the Sponsor are ineligible to receive assistance. Family members of officers, directors, stockholders, members or employees of the Sponsor are ineligible to receive assistance.
4. Any Participant who has requested and received an extension on any open project is ineligible to submit any new HTF requests for award until the extended project is 100% complete and closed.
5. Beneficiaries must be first time homebuyers.
6. All beneficiaries under the Homeownership activity MUST be receiving first mortgage funds either from a lender approved under the Authority's MRB program, RHS, or a Habitat for Humanity affiliate. In NO case can the interest rate be more than 1.50% higher than the current MRB program rate.
7. Beneficiaries who receive funds under the HTF Homeownership activity are ineligible for Rehabilitation funding for the first ten (10) years of ownership. After ten years, the maximum Rehabilitation award will be the current Rehabilitation beneficiary limit minus the funds already awarded under Homeownership.
8. The project is limited to low-income (at or below 80% percent area median income) households.
9. Each Homeownership block grant must be completed within 12 months of award approval.
10. The completion deadline will be specified in the Funding Agreement and will be determined in conjunction with the information provided in the application. The Authority will not disburse award proceeds and will revoke remaining awarded authorization if the Participant has not committed or expended funds with the timeframes specified in the Funding Agreement.
11. Sponsors may be required to attend an implementation workshop after the award has been made. The purpose of this workshop is to prepare Sponsor for fulfilling program and construction requirements as well as financial accountability.

12. Housing Trust Fund awards may be terminated at any time prior to the award expiration date, due to documented evidence of unsatisfactory program/project productivity.
13. Housing Trust Fund Participants will be required to submit performance quarterly reports on project status through project completion. The Authority reserves the right to require Project Status Reports, more frequently if it deems they are necessary.

Submitting Block Grant Applications:

Applications for HTF will be accepted in four (4) funding cycles that correspond with Authority Board meetings. For an up-to-date listing of those meetings and application deadlines, please visit our website at: www.schousing.com.

In order to be considered, complete applications must be received in our office prior to close of business on the submission deadline date. Applications may be delivered by mail, other shipping service, or by hand delivery. Applications should be submitted in a package labeled “**Housing Trust Fund Application**” to our address as stated below.

- Facsimile transmissions will NOT be accepted.
- Items postmarked before the deadline, but received in our office after the deadline will NOT be accepted.
- Incomplete applications will NOT be eligible for consideration.

Applications may be obtained on the Authority’s website: www.schousing.com

Alternatively, applications may be requested by writing or calling as indicated below:

South Carolina State Housing Finance and Development Authority
ATTN: **HOUSING TRUST FUND**
Application Package Request
300-C Outlet Pointe Blvd.
Columbia, SC 29210
Telephone: (803) 896-9001

Block Grant Submission Format:

Sponsors must submit one (1) original application. **NO exhibits or other documentation are required with the Block Grant Application.**

Complete applications must include all pages of the application form. **All applications must be self-contained. The Authority will not rely on any previously submitted information, written or verbal, to evaluate the applications in any given application period.**

Forms

All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from our website at www.schousing.com.

Changes to Project after Award:

Any changes to a project after notice of award approval must be submitted to the Authority in writing and must be approved by the Authority. The Authority may revoke a portion or the entire award if a Participant makes changes to the project without prior approval.

Application Review Process

The Housing Trust Fund staff will complete an initial review of each application.

1. Applications will be evaluated **first** for compliance with threshold criteria. Applications that are found to meet minimum threshold requirements will then be reviewed to determine if the project is financially feasible, requires subsidy and is consistent with HTF policies. **The Authority staff will exercise sole discretion when deciding to accept, reject, or recommend applications.**
2. Applications not meeting threshold criteria **or** compliance with program requirements will be rejected and returned to the Sponsor.
3. Staff will review applications for completeness. **Incomplete applications will automatically disqualify the application from further review during the application cycle**, unless the Authority staff determines that the deficiency is minor and curable. The Sponsor will have ten (10) calendar days from the date of notification to correct minor, curable deficiency(s). Failure to resolve these issues within ten (10) calendar days will **automatically** disqualify the application from further review during the application cycle. **The Authority staff will exercise sole discretion in determining if a deficiency is minor and curable or warrants immediate disqualification of the application.**
4. Successful applications which are deemed to be financially feasible, requiring subsidy and are consistent with Housing Trust Fund policies may be recommended to the Board of Commissioners for funding approval.
5. Housing Trust Fund awards will be issued not later than a week after the approval of the Board of Commissioners.

Minimum Threshold Requirements:

Sponsors applying for Housing Trust Fund awards must meet the following minimum requirements. Applications that do not meet the minimum requirements will be eliminated from further review.

1. The project meets all application requirements; and
2. Previous Sponsors may not have any outstanding findings of noncompliance with program requirements; and
3. All of the Sponsor's open HTF projects are at a satisfactory level of completion.

Eligibility Requirements for Properties

The property appraisal should be reviewed by the Sponsor, as Authority staff will review it to determine that the property appears to be in good condition per the opinion of the appraiser. **The Authority staff will exercise sole discretion in determining if a property appears to be acceptable for the program. If the Sponsor is the seller of the property, or was involved in the construction or rehabilitation of a new or rehabilitated unit, the Authority reserves the right to inspect the property prior to approving the transaction.**

Eligible properties include the primary residences of a beneficiary, condos, modular and HUD/FHA-Approved manufactured housing. The proposed property should be adequate for the size of the family purchasing it, but should be practical and not have added-cost items such as extra bedrooms, multi-car garages, screened porches, etc. This is especially important on new-construction units. **The Authority staff will exercise sole discretion in determining if a property appears to be acceptable for the program.**

Manufactured Housing/Mobile Homes:

Purchase of manufactured housing is restricted to **NEW UNITS ONLY**. **Eligible improvements must be taxed as real property. Titles must be retired, and both the home and land must be taxed together.** Units will be erected on borrower's own property. New units are required to be constructed to comply with the minimum property standards prescribed by the U. S. Department of Housing and Urban Development. These standards are published as the Manufactured Home Construction and Safety Standards implementing the National Manufactured Housing Construction and Safety Standards Act of 1974 (also known as FHA Medallion Homes).

- New units are required to be sited on a permanent foundation with concrete footings meeting the standards listed in HUD Handbook 4930.3.
- Lenders are required to obtain appropriate certification from an architect, engineer, building inspector, construction company or manufacturer certifying that both the house and the foundation meet the HUD regulations.
- Mortgage insurance must be through FHA.
- Hazard insurance meeting program requirements.

Prohibited Properties

- Mobile homes with wheels and under-carriages
- Mobile homes on non-permanent foundations in accordance with HUD regulations
- Existing manufactured housing
- Manufactured housing on rented property

Eligibility Requirements for Beneficiaries

First Mortgage Guidelines

All beneficiaries under the Homeownership activity MUST be receiving first mortgage funds either from a lender approved under the Authority's MRB program, RHS, or a Habitat for Humanity affiliate. In NO case can the interest rate be more than 1.50% higher than the current MRB program rate. A list of participating lenders can be viewed on the Authority's website at www.schousing.com.

A firm written COMMITMENT from the lender, with a locked-in/guaranteed interest rate, must be provided with the Beneficiary package. Pre-approvals or pre-qualifications are NOT acceptable.

The first mortgage loan MUST be a fixed interest, fixed-term, fully amortizing loan with a minimum 30 year amortization. Interest-only, adjustable rate, balloon payment, and graduated payment loans will NOT be accepted.

Sponsors must demonstrate that the beneficiary has maximized their first mortgage amount. Potential beneficiaries must be approved for a primary loan amount prior to determining the subsidy required from the HTF or other secondary financing sources.

Certification and Verification of Income:

Sponsors must identify and verify all sources of income for each individual household member. The "Certification of Total Household Income" and "Verification of Employment" forms must be completed by the Sponsors; beneficiary income must not be older than six (6) months old. These forms must be submitted with the application. **The total anticipated annual household income must not exceed eighty percent (80%) of the area median income for the county.** Sponsors are responsible for ensuring all forms of income are identified and documented.

Third-party income verification is required for all income earned. Income tax returns will be accepted but only in situations where no other income information is available. Additionally, the tax returns must have all pertinent information correctly identified and all schedules included.

Computing Income:

Annual income is determined by taking the total anticipated income from all sources for the twelve-month period preceding the date of certification of income.

Annual income includes, but is not limited to:

- gross income, the full amount before any payroll deductions, of wages and salaries;
- overtime pay;
- commissions;
- fees;
- tips;
- bonuses, and other compensation for personal services;
- the net income from the operation of a business or profession;
- interest, dividends, and other net income of any kind from real or personal property;
- the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment other than Supplemental Security Income;
- payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; welfare assistance;

- periodic and determinable allowances, such as alimony and child support payments;
- regular contributions or gifts received from persons not residing in the dwelling;
- all regular pay, special pay and allowances of a member of the Armed Forces (other than pay for hazardous duty).

Zero Income:

Beneficiaries who report zero income must certify to such on the “Certification of Zero Income” form. Additionally, any household member that is eighteen (18) years of age or older and reports \$0 income for the twelve (12) months preceding the date of application submission must certify to such on the “Certification of Zero Income” form.

NOTE: Block Grant Sponsors are NOT required to identify or provide any information regarding the income of beneficiaries at the time of Block Grant application.

Homebuyer Counseling

Homebuyer counseling is required by the Authority when using HTF as a subsidy. The Authority expects Sponsors to exercise sound, reasonable judgment along with proper homebuyer counseling to determine whether or not a household is ready for the responsibility of homeownership.

The potential beneficiary (homeowner) must have attended a homebuyer education class and must provide a copy of the homebuyer education certification. If the homebuyer does not have such certification at the time of application submission, the appropriate documentation must be provided to the Authority before HTFs will be released for the closing. At a minimum, homebuyer counseling must ensure potential homebuyers understand the following:

- The importance of establishing and maintaining good credit
- Budgeting
- How to apply for financing and how it works
- What takes place at closing, closing costs, and closing documents
- What their rights are as a homebuyer
- Home maintenance after purchase

The Developer Fee for the Homeownership activity is \$200. Sponsors will be eligible to receive a higher Fee (up to 15% of the subsidy or \$1,500.00, whichever is less) per beneficiary request provided that both of the following conditions are met:

- The Sponsor is, or has contracted with, either a HUD-approved counselor, a NeighborWorks counselor, or an AHECI-approved counselor to provide homeownership counseling to the beneficiary(s).
- The beneficiary(s) received at least 20 hours of **face-to-face** counseling, either one-on-one or in a classroom setting, with the approved counselor, as certified to by the Sponsor and beneficiary(s). Other time, such as online instruction and time spent by the beneficiary(s) studying at home, does NOT count towards the 20 hour requirement.

Award Disbursement Procedures

HTF awards will only be disbursed after proper documentation has been provided that supports the costs to be reimbursed. Participants are required to draw down HTF monies in proportion to the other sources of financing. Requests for payment are processed within (14) days upon receipt of all required documents and information. Before any HTF award will be disbursed, a properly executed Funding Agreement must be submitted to the Authority.

Homeownership Acquisition Beneficiary Request Checklist

Once a Homeownership Acquisition Block Grant has been approved, each beneficiary request should be submitted as needed. **Two (2)** copies of the following information **MUST** be submitted for each beneficiary. **This information should NOT be included with the Block Grant Application.**

| Tab # | Item Description |
|-------|--|
| 1 | Original Homeownership Beneficiary Request Form |
| 2 | Completed Request for Inspection form & Payment Request form |
| 2 | Site Map & Directions to the Site from the Authority |
| 2 | Copy of Full Appraisal |
| 2 | Photographs of Structure (Front & Back) |
| 3 | Copy of Sales Contract for Property |
| 3 | Commitment Letter(s) for other Financing |
| 3 | Housing Counseling Certificate or Letter |
| 3 | Closing Attorney Information Sheet |
| 4 | Certification of Household Income |
| 4 | Documentation of Household Income |

The Authority staff will exercise sole discretion in determining if a property appears to be acceptable for the program.

If the Sponsor is the seller of the property, or was involved in the construction or rehabilitation of a new or rehabilitated unit, the Authority reserves the right to inspect the property prior to approving the transaction.

Once these documents have been reviewed and approved, the following information must be provided to the assigned Project Coordinator at least **three (3) weeks** prior to the closing:

- Date of the closing
- The name, address, and telephone number of the closing attorney
- The amount that will be needed at closing

The following documents must be submitted to the Authority within a reasonable amount of time following closing:

- Settlement statement
- Executed and recorded loan documents to include the Mortgage, Promissory note, Truth and lending, Payment and performance bond or Letter of credit (if applicable) Title insurance, and HUD 1 statement.

General Definitions

Annual Income means the total anticipated income from all sources received by the household, including all net income to be received from assets.

Application means the completed forms, schedules, attachments, and any additional documentation requested in the Housing Trust Fund Application package.

Attorney means an individual licensed to practice before the courts of the State of South Carolina. A portion of the practice must relate to real estate matters, and the Attorney will be required to provide evidence of errors and omission insurance.

Audit means complete and current financial statements that have been audited by a Certified Public Accountant (CPA) licensed by the South Carolina Board of Accountancy. Current means not more than twelve (12) months from date the audit was performed.

Authority means the South Carolina State Housing Finance and Development Authority.

Board means the Board of Commissioners of the South Carolina State Housing Finance and Development Authority.

Commitment Period means the time period beginning with the date on which the Board approves an award and ending as defined in each individual Funding Agreement.

Compliance Period means the time period that program restrictions are in effect regarding housing occupancy. The compliance period begins on the date the note and mortgage or restrictive covenants, as applicable, are executed. If the house is sold prior to the end of the compliance period, the amount of the Housing Trust Fund award, as evidenced and defined in the note or restrictive covenants, as applicable, becomes due and payable.

Deed of Distribution means the Probate Court Form that transfers real property from a decedent's estate to those who inherit it. The form must be recorded with the Register of Deeds in the county in which the property is situated.

Project means the one or more residential buildings, the site on which the building(s) are located, and any functionally related facilities.

Funding Agreement means the written contract between the South Carolina State Housing Finance and Development Authority and the Participant, the terms and conditions of the Housing Trust Fund award, states the award amount, the development's purpose, and the targeted income population the development will serve.

HUD means the United States Department of Housing and Urban Development.

Letter of Commitment means an original letter or contract from the funding source verifying that the Sponsor has a commitment of funds for the project. This letter or contract must be dated within ninety days of the application date. This letter should include the amount of funds, any conditions and their expiration, whether funds will be provided as a loan or grant, loan to value ratios, terms and interest rate for loans.

Low-Income means income, at or below 80% of the median income for the area, as determined by HUD, with adjustments for family size.

Manual means the Housing Trust Fund Owner-Occupied Rehabilitation Manual.

Nonprofit means a corporation exempt from income tax under section 501 (c)(3) or 501 (c)(4) of the Internal Revenue Code of 1986, as amended, and registered with the South Carolina Secretary of State.

Owners mean the low-income beneficiaries of a Housing Trust Fund award who execute the Housing Trust Fund's restrictive covenants or promissory note and mortgage, when necessary.

Owner-Occupied Housing means a single-family unit in which the owner of the unit lives in as its principal residence.

Recipient means a Sponsor whose application has received Board approval.

Rehabilitation means the improvement made to an existing structure.

Site-Specific means the individual site on which the housing unit(s) to be built or repaired is located.

Sponsor means an approved nonprofit organization or unit of local government.

Very Low-Income Household means income at or below fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.