

# **South Carolina Housing Trust Fund**

## **Owner-Occupied Rehabilitation Manual**

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

**Revised: April, 2008**

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## Overview of the SC Housing Trust Fund

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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:**

<b><u>Staff Members</u></b>	<b><u>Phone Number</u></b>	<b><u>Fax Number</u></b>	<b><u>E-mail Address</u></b>
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## **Overview of the Owner-Occupied Rehabilitation Activity**

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The Owner-Occupied Rehabilitation Activity under the HTF program is designed to assist very low-income homeowners in correcting severe problems with their homes. The purpose of the funds is to correct health, safety and structural problems with the properties, not just to improve the property's cosmetic appearance. All funds are subject to the Housing Trust Fund regulations and all other applicable Authority requirements.

Sponsors are encouraged to use other funding sources in conjunction with Housing Trust Fund and must provide a commitment letter(s) from each funding source at time of application, if applicable.

### **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.
- Restrictive covenants will be utilized for owner-occupied rehabilitation. This eliminates the need for 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:** \$155,750 (including any developer fees)

**Maximum HTF Rehabilitation expense per Beneficiary/Property:** \$20,000 (plus any developer fees)

**Maximum Developer Fee:** Lesser of \$2,250.00 or 15.00% of HTF award

**Maximum Professional Fee per Beneficiary/Property:** \$250.00 (included in the \$20,000 max per unit)

- Sponsors applying for their first Owner-Occupied Rehabilitation Block grant, as well as Sponsors on probationary status with the Authority, will be limited to a maximum block grant of \$66,750, including any developer fees.
- If the Sponsor already has an open Owner-Occupied Block Grant and wishes to apply for a new one, the existing Owner-Occupied Block Grant must be disbursed down to a minimum balance of \$44,500 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) Owner-Occupied 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.

## **Basic Workflow Steps:**

The Activity is administered using a “Block Grant” approach, where Sponsors can reserve a block of funds and then draw against it to complete the rehabilitation of individual homes. The basic workflow of the Activity is outlined below, and each step listed corresponds to more detailed information contained in this manual.

The Sponsor should review this Manual in its entirety and become familiar with all the guidelines and exhibits. Success in Owner-Occupied Rehabilitations is equally dependent on the Sponsor’s ability to perform adequate rehabilitation services and to comply with the processes outlined here by the Housing Trust Fund staff.

1. The Sponsor **completes and submits** an Owner-Occupied Rehabilitation Block Grant Application per the schedule posted on the Authority’s website [www.schousing.com](http://www.schousing.com).
  - a. At the time of block grant application, NO beneficiary or property information is required, nor are any preliminary work write-ups required.
  - b. The Sponsor is simply “reserving” the funds; no money will be disbursed until individual beneficiaries are identified, approved and the rehabilitation work is complete.
  - c. The Authority reviews the application and submits it to the Board of Commissioners for review and approval, if warranted.
  - d. 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.
2. In order to access the funds, the Sponsor must obtain and submit information regarding the individual or family to be assisted (the “**Beneficiary**”). This information is included in the Owner-Occupied Beneficiary Request package. The individual households can be submitted one at a time; they do NOT all have to be submitted at the same time.
3. The Owner-Occupied Beneficiary Request also includes information regarding the **property to be rehabilitated**. This information must be reviewed by the Sponsor and submitted along with the Beneficiary exhibits.
4. Another key component of the Owner-Occupied Beneficiary Request is the **Work Write-Up**. This is the document that the Sponsor uses to describe what work will be performed on the house and how much it will cost. In completing the Work Write-Up, the Sponsor should pay close attention to the Rehabilitation Construction Guidelines contained in this manual. Once the completed Beneficiary Request package is received, the Authority Project Coordinator assigned to the Block Grant will review the information provided by the Sponsor, and order a preliminary inspection. Once the inspection is complete and approved, and the Restrictive Covenants have been executed and recorded, work on the property can begin.
5. When work is 100% complete, the Sponsor should use the **Inspection/Draw Request** process to request inspections and draws.

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## **Guidelines for Owner-Occupied Rehabilitation Activity**

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### **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 previously assisted under the Emergency Repair activity may receive Rehabilitation funding, but the maximum Rehabilitation award will be the current Rehabilitation beneficiary limit minus the funds already awarded under the Emergency Repair activity. In addition, if the Emergency Repair funding was paid during the previous two (2) years, the Developer's Fee will be reduced by the amount of Developer's Fee paid on the Emergency Repair.
6. Beneficiaries must own and reside in the subject property for a minimum of two (2) years before a rehabilitation request can be submitted.
7. Beneficiaries who received 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 very low-income (at or below 50% percent area median income) households.
9. Each Owner-Occupied Rehabilitation 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](http://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](http://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](http://www.schousing.com).

### **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. **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 Beneficiaries

### **Owner-Occupied Rehabilitation Beneficiary Request Checklist**

Once an Owner-Occupied Rehabilitation 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 Owner-Occupied Rehabilitation Beneficiary Request
2	Completed Request for Inspection form
2	Site Map & Directions to the Site from the Authority
2	Work Write-Up
2	Photographs of Structure (front, back & area to be rehabilitated
3	Contractors License & Insurance
3	Copy of Deed (review for ownership & legal description)
3	Commitment Letter(s) for other Financing
4	Certification of Household Income
4	Documentation of Household Income

Once the Beneficiary Request package as outlined above has been submitted, reviewed and approved, the following steps will be followed:

- An inspection of the property will be ordered, and any adjustments to the Work Write-Up completed.
- Restrictive Covenants will be prepared by the Authority, executed by the beneficiary and recorded by the Sponsor.
- Rehabilitation work can begin. The Sponsor should request a final inspection when the work is completed.

Beneficiaries must be very low-income with gross annual incomes that do not exceed fifty (50%) of area median income as determined by the HUD (**current AMI limits are available at [www.schousing.com](http://www.schousing.com)**). A Sponsor must determine the household income by examining and verifying source documents evidencing annual income (e.g., wage statement, interest statement, and unemployment compensation statement).

If it is discovered at any time before, during, or after the project has been completed that the beneficiary was not income qualified, the Sponsor will be required to refund the entire Housing Trust Fund award and may be disqualified from further participation in the Housing Trust Fund Program.

### **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 fifty percent (50%) 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.

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

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## **Eligibility Requirements for Properties**

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### **Manufactured Housing/Mobile Homes Owned by Beneficiary:**

Manufactured housing/Mobile Homes are NOT eligible properties under the Owner-Occupied Rehabilitation activity. Please refer to the Emergency Repair manual and application.

### **Property Owned by Beneficiary**

The Sponsor must provide a warranty deed in the name of the beneficiary(ies) for whom the funding is sought. The deed must be a legible deed recorded with the Register of Deeds in the county in which the property is located and must indicate book and page where recorded, date recorded, and office where recorded.

### **Property Owned by Beneficiary and Deceased Person**

The Sponsor must provide a warranty deed in the name of the deceased and the beneficiary(ies) for whom the funding is sought. The Sponsor must also provide a **Deed of Distribution** showing the property has been transferred.

- If the Deed of Distribution transfers the property to more than just the beneficiary(ies) for whom the funding is sought, all owners of the property will be required to agree to restrictive covenants, mortgages, and/or other encumbrances placed on the property. [A Deed of Distribution is the Probate Court form that transfers real property from a deceased person'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.]
- The deed and Deed of Distribution must be legible deeds recorded with the Register of Deeds in the county in which the property is located and must indicate book and page where recorded, date recorded, and office where recorded.

### **Property Owned by Beneficiary as a Life Estate**

The Sponsor must provide a deed indicating a life estate in the name of the beneficiary(ies) for whom funding is sought. The Sponsor must also provide documentation indicating that the beneficiary(ies) have been granted the right by the grantor of the life estate to encumber the property.

- The grantor of the life estate and the remainderman (the person(s) to whom the property transfers after the life estate ends) will also be required to agree to restrictive covenants, mortgages, and/or other encumbrances placed on the property.
- The deed must be a legible deed recorded with the Register of Deeds in the county in which the property is located and must indicate book and page where recorded, date recorded, and office where recorded.

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## Rehabilitation Construction Guidelines

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The Authority will perform a “cost reasonableness” evaluation of the proposed rehabilitation and may adjust the Housing Trust Fund amount based on that review and an inspection of the property. Sponsors are strongly encouraged to ensure applications submitted are cost reasonable to prevent such adjustments or rejection of the application. Detailed, itemized information must be submitted and should include material and labor costs identified separately by line item.

Home rehabilitations always provide the challenge of prioritizing and funding three types of repairs:

- Primary Repairs (health and safety related repairs);
- Ancillary Repairs (associated with a health and safety repair);
- Supplemental Repairs (those repairs not covered above that are desired by the homeowner.)

Examples of each type repair would include:

### **Primary Repair**

*Problem:* A leaking roof has resulted in damage to the ceiling in a bedroom.

*Primary Repair:* The roof is repaired or replaced, as warranted, to fix the leak. The damage to the ceiling is repaired and the repaired area is painted.

### **Ancillary Repair**

*Problem:* After repairing the ceiling, as described above, the paint on the repaired area does not match the rest of the ceiling.

*Ancillary Repair:* Repaint entire ceiling.

### **Supplemental Repair**

*Problem:* The homeowner has requested that the walls be painted and the carpet replaced in the bedroom.

*Supplemental Repair:* Repaint walls and install new carpet with pad.

In deciding what repairs to include in rehabilitation, the major systems should be reviewed first. These include:

- Heating and Cooling system  
*A system installation or replacement must include a review of the adequacy of the insulation.*
- Electrical system  
*A system upgrade or update must include GFI circuits in the bathrooms and kitchen, as well as hard-wired smoke detectors with battery back-up.*
- Plumbing system
- Structural integrity (foundation, wall, sub-flooring, roof support and other items affecting structural integrity)
- Roofing  
*Repair if possible as long as remaining life after repair is at least 10 years. Include a drip edge and painting or replacement of any trim if necessary.*
- Doors and windows  
*Add storm windows if existing windows are sound and operate properly, otherwise replacement windows can be considered. Any exterior door replacements must include updated locksets and hardware, including deadbolt and peephole.*
- Porches (all railings, steps and ramps should be sturdy and reliable)
- Exterior surfaces  
*Exposed surfaces should be either painted or covered in an acceptable material, such as vinyl.*
- Weatherization

### **Repair Prioritization**

In prioritizing the work to be performed on a home, the Sponsor should first review the major systems listed above, and any other health and safety issues with the house. It is not necessary to bring all these Primary items up to current code. However, anytime a repair is undertaken, the repair must meet current code.

If there is funding available beyond what is needed to perform the required Primary repairs, then Ancillary repairs may be included on the work write-up. Authority inspectors will verify that there are no other Primary repairs and that the Ancillary repairs requested are associated with Primary repairs.

If there is funding available beyond what is needed for the Primary and Ancillary repairs, then Supplemental repairs may be included on the work write-up. **However, in no case should the cost of Supplemental repairs exceed 15% of the total amount to be funded.**

### **Work Write-Up**

Sponsors are required to submit itemized work write-ups for rehabilitation for each property prior to beginning any work. Sponsors are responsible for ensuring the construction costs are feasible and cost reasonable to alleviate substandard conditions. Labor and material cost for each line item must be reported separately. The Authority has developed acceptable **Work Write-Up** forms. It is acceptable to use other formats but all the information in the Authority provided forms must be included if another Work-Write-Up form is used.

Evaluation will involve a review of the work write-up submitted and an on-site inspection. If the Authority concludes that the costs presented in the Application are not "reasonable," the application will either be returned for corrections or rejected depending upon the circumstances.

**The Work Write-Up MUST be signed by the Sponsor, Contractor and Homeowner.**

### **Construction Standards**

Sponsors must adhere to any written standards developed by the Authority and to all local standards in order to utilize Housing Trust Fund for any activity. Those standards are:

- All work must be in compliance with the International Code Series for residential, plumbing, mechanical, fuel gas, energy conservation, fire, and electrical codes. In addition all work must meet any local code restrictions.
- All work performed, whether specified or not, shall be performed and completed in a manner supportable by the manufacturer's specifications, standard construction practices, and/or recognized building codes.
- All work performed shall be "finished" work whether expressed or not. For example, if a door unit is specified for a bedroom then that unit shall be finished to match an existing unit whether it is stained/finished or painted. The unit shall have a lockset installed.
- All materials shall be new, in good condition, and of standard grade.
- The Sponsor must contact the building code enforcement agency within the locality in which the proposed construction is to be undertaken and have the agency's building inspector review the work write-ups or plans and specifications prior to submission of the application to insure that the Sponsor has met locality requirements.
- A physical on-site repair assessment must be performed prior to the submission of application (if applicable)
- The Sponsor must solicit and procure a **licensed general contractor** when applying for individual beneficiaries.
- The Sponsor is required to provide a detailed work-write up from the contractor regarding rehabilitation (if applicable). Accurate, detailed work write-ups must be provided for the work to be performed.

- The Sponsor is required to provide a preliminary work-write up from the contractor regarding rehabilitation (if applicable). Accurate, detailed work write-ups must be provided for the work to be performed.
- All work regarding handicapped accessibility must meet the requirements of Section 504. Please refer to CABO/ANSI Section A117.1 for compliance requirements.

### **Allowable Construction Costs**

#### **Development hard costs -- *The actual construction costs including:***

- Costs to meet Authority construction standards and local code construction standards
- Essential improvements
- Electrical, plumbing, structural-related improvements
- Improvements for handicapped persons
- Repair or replacement of major housing systems in danger of failure
- General property improvements that are non-luxury improvements

#### **Related soft costs -- *Reasonable and necessary costs, including:***

- Building Permit Fees
- Building Inspection Fees
- Professional Fees to include related services to prepare work write-ups. Professional Services must be third party. The maximum expense for professional fee is \$250. An invoice must be provided.
- The Developer Fee is included in determining the Restrictive Covenant amount. As an example if the amount of rehabilitation is \$20,000 and the developer fee is \$2,250 a recorded restrictive covenant will be in the amount of \$22,250.

#### **Prohibited Costs:**

- Participants may not pay any administrative costs with Housing Trust Fund awards.
- Housing Trust Fund awards may not be used for relocation expenses of residents, costs associated with record keeping, storage, tools and equipment, and other such related items.
- Charging the homeowner a fee related to using Housing Trust Fund for owner-occupied repairs.
- Additions to an existing structure.
- Funding for new appliances.

### **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.

### **Change Order Process**

If, during the course of the rehabilitation work, it is determined that the scope or costs associated with the work needs to be changed, the Sponsor must submit a completed, signed **Change Order Request** form. The Change Order Request form should be signed by the Sponsor, contractor, and beneficiary. The Authority's inspector will review the proposed Change Order and either approve or deny the request. The Project Coordinator will communicate the decision to the Sponsor in writing.

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## Award Disbursement Procedures

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### **Payments:**

All requests for HTF must be submitted on the Authority's "Request for Payment" form. No payments will be disbursed until the property has been inspected by the Authority, and the work is 100% complete. No interim draws are permitted under this activity. The Authority will contact the Participant upon receipt of the following documents:

1. Request for Inspection form
2. Request for Payment form
3. Directions to the property
4. Signed completion certification form.

Payment requests are processed within fourteen (14) days.

The Authority will conduct site inspections to confirm work completion and evaluate the Participant's performance. The Authority will notify the Participant, in writing, of any deficiencies.

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## General Definitions

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**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.