

South Carolina Housing Trust Fund

Owner-Occupied Block Grant Manual

Administered by - The SC State Housing Finance and Development Authority

Effective July 1, 2018

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General Definitions

Annual Income - The gross income of all adult household members eighteen (18) years or older that is anticipated to be received in the upcoming twelve (12) month period.

Application - The completed and most recently released forms, schedules, attachments, and any additional documentation requested in the HTF application package.

Attorney - 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. The Attorney will be required to provide evidence of errors and omission insurance.

Authority - South Carolina State Housing Finance and Development Authority.

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

Change Order – Any change to an Owner-Occupied Rehabilitation project **that has received an approved initial inspection by an Authority inspector**. Such changes include but are not limited to, any change to the Work Write-up, a change in Contractor or Subcontractor, etc.

Complete Project - Project that has submitted an executed Certification of Payment (HTF-4C). A project is considered successfully completed if the final inspection has been approved and the Certification of Payment (HTF-4C) signed by the Contractor has been submitted within three months of the Funding Agreement date.

Compliance Period - The twenty (20) year time period that program restrictions are in effect regarding housing occupancy. The compliance period begins on the date the Restrictive Covenant is executed.

Construction Cost Sheet – Allowable costs and item/material specifications which must be followed for all HTF projects. The Construction Cost Sheet can be found on the Authority's HTF webpage at: <http://www.schousing.com/library/HTF/2018/2018%20ConstrCostSheet.xls> and is updated annually or as necessary.

Consulting Organization - A nonprofit that has more than twelve (12) months of experience in housing development (single- or multi- family) utilizing Housing Trust Fund funding and is currently an Authority approved Nonprofit. For the purposes of HTF, Consulting Organizations are to be used to provide and build capacity for a period not to exceed **one** program year. The Authority must give prior approval for a nonprofit to be a consulting organization.

Contact Person - The primary person with decision-making authority for the Sponsor with whom the Authority will correspond.

Contract Employee – An employee who works under contract for an employer and is hired for a specific job at a specific rate of pay. A contract employee does not become a regular addition to the staff and is not considered a permanent employee. For the purposes of the HTF, contract employees must not work for more than one approved nonprofit. Contract employees may not be an employee (part-time or full time) for one nonprofit and also serve as a contract employee for another nonprofit.

Contractor – An individual or company, properly licensed as a 1) General Contractor with a classification of **Building** (BD, LB, UB); OR 2) Residential Builder, that undertakes a contract to provide materials and/or labor to perform a service or do a construction job. Such Contractor must be licensed by the SC Dept. of Labor, Licensing and Regulation with an “active” status, have an effective \$1 million general liability insurance policy and a worker’s compensation policy. Contractors may not exceed their own LLR dollar limitations or work on more than five (5) emergency repair and four (4) owner-occupied rehabilitation houses, whichever is less.

Deed of Distribution - 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 or the Clerk of Court in the county in which the property is situated.

Funding Agreement - The written contract between the South Carolina State Housing Finance and Development Authority and the Sponsor. It contains the terms and conditions of the Housing Trust Fund award, states the award amount, the project's purpose and the beneficiaries being served.

HTF - The South Carolina Housing Trust Fund as administered by the Authority.

Letter of Commitment - An original letter or contract from a funding source verifying that the Sponsor has a commitment of funds for the project. This letter or contract must be dated within ninety (90) days of the application date and should include the amount of funds, any conditions and the expiration of the commitment, whether funds will be provided as a loan or grant and the loan-to-value (LTV) ratios, terms and interest rate for loans.

Manual - The Housing Trust Fund Owner Occupied Rehabilitation Manual.

Nonprofit - An organization that is 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.

Owner-Occupied Home - A single-family unit in which the owner(s) of the unit lives and has lived for no less than two (2) years as a principal residence. Unit may not contain a commercial business.

Rehabilitation - Improvements that are being made to an existing structure.

Residential Specialty Contractor - an independent contractor, who is not a licensed General Contractor /Residential Builder. The specialty contractor contracts with licensed residential builders, general contractor's, or individual property owners to do construction work, repairs, improvements or re-improvements which requires special skills and involves the use of specialized construction trades or crafts when the total cost of construction (including labor and materials) exceeds two hundred dollars (\$200). Specialty Contractors are not authorized to subcontract. If doing work that exceeds \$5,000 for total cost of construction (labor and materials) a residential Specialty Contractor must have a \$5,000.00 surety bond. Residential Specialty Contractors may not exceed their own LLR dollar limitations or work on more than five (5) emergency repair and four (4) owner-occupied rehabilitation houses, whichever is less.

Restrictive Covenant - A promise in a written contract or a deed of real property that limits what the owner of the land can do with the property. Specifically in the HTF program, if applicable, the Restrictive Covenant ensures those who live on the property comply with HTF requirements, including, but not limited to, income limitations. The HTF's intent is for assisted property to be occupied by low-income individuals for twenty (20) years.

Site-Specific - The site on which the housing unit(s) to be repaired is located.

Sponsor - An approved nonprofit organization or unit of local government.

Subcontractor - A business/person that is hired by the Contractor to perform a specific task as part of the overall project. Subcontractors may not exceed their own LLR dollar limitations or work on more than five (5) emergency repair and four (4) owner-occupied rehabilitation houses, whichever is less.

Substandard Housing - Housing unit which, by reason of dilapidation, deterioration, age, or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, unsanitary or unsafe conditions, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors, is conducive to ill health, transmission of disease, or has an adverse effect upon the public health, safety, morals, or welfare of its inhabitants.

Very Low-Income – Income that does not exceed fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size. The 50% income limits are updated annually.

Housing Trust Fund Overview

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 HTF 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.

Owner-Occupied Rehabilitation Activity Overview

The Owner-Occupied Rehabilitation (OOR) activity under the HTF program is designed to assist very low-income homeowners in making repairs to their owner-occupied homes. The purpose of the activity is to correct life, health and safety issues, provide accessibility for disabled persons, repair or replace major housing systems and address structural problems. All awards are subject to the HTF statutes and regulations and all other applicable Authority requirements.

Sponsors are encouraged to use other funding sources in conjunction with HTF and must provide a commitment letter from each funding source at the time of application, if applicable.

Rehabilitation Repair Priorities:

When providing funds for rehabilitation, the Sponsor should review any health and safety issues with the house and the major systems listed below.

Sponsors must prioritize the rehabilitation into the following categories:

1. Primary Repairs (health and safety related repairs);
2. Secondary Repairs (associated with health and safety repairs);
3. Supplemental Repairs (those repairs not covered above that are desired by the homeowner)

Eligible HTF OOR Repairs:

Following are repairs that can be made through the HTF OOR program:

- Roofs
- HVAC
- Exterior Doors and Windows
- Handicap Accessibility
- Plumbing
- Electrical
- Structural
- Floors
- Porches
- Exterior Surfaces
- Interior Surfaces

Eligible Sponsors:

Approved nonprofits and Units of Local Governments (cities, towns and counties) are the only eligible Sponsors for this activity. The approval process for nonprofits is contained in the Nonprofit Participation Manual. All nonprofits must be approved by the Authority prior to the submission of any HTF application. Applications submitted by nonprofits which are not approved by the Authority will be returned.

Terms of Financial Assistance:

Maximum Block Grant Funding:	\$109,000 (including the developer fee)
Minimum HTF Rehabilitation Funding per Beneficiary/Property:	\$ 15,000 (plus developer fee)
Maximum HTF Rehabilitation Funding per Beneficiary/Property:	\$ 25,000 (plus developer fee)
Maximum Number of Properties per Grant	Four (4)
Maximum Developer Fee:	\$2,250

Approved nonprofit sponsors are eligible to receive HTF funds in the form of a grant.

Units of Local Government are eligible to receive HTF funds in the form of a **repayable loan** only. Repayable loans are available in the form of a one percent (1%) loan with a twenty (20) year term and amortization period.

Submitting Block Grant Applications:

Applications for OOR Block Grants are accepted during four (4) designated funding cycles. For a list of application deadlines, please visit <http://www.schousing.com/Home/SCHousingTrustFund> .

In order to be considered, applications must be received at the Authority's offices prior to the close of business on the submission deadline date. Applications may be delivered by mail, other shipping service, or by hand delivery as follows:

**SC Housing Authority
Attn: DEVELOPMENT DIVISION
HTF Owner-Occupied Block Grant Application
300-C Outlet Pointe Blvd.
Columbia, SC 29210**

- 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/Home/SCHousingTrustFund

Sponsors must submit one (1) original application, including all pages of the application. **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 quarterly funding cycle.**

Forms:

HTF OOR Applications submitted with **outdated** applications, forms, etc. will not be accepted.

All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from our website at <http://www.schousing.com/Home/SCHousingTrustFund>

Owner-Occupied Rehabilitation Activity Guidelines

General Guidelines:

1. Home must meet the substandard housing definition/guidelines pursuant to South Carolina Code of Laws, Article 4, Section 31-13-410(7).
2. Sponsors must operate within their defined service areas as defined in their Application for Participation and as evidenced in their Charter, Articles of Incorporation or By-Laws.
3. Sponsors are limited to one (1) open OOR Block Grant award, plus a maximum of five (5) open Emergency Repair (ER) applications.
4. Any Sponsor who has an open OOR Block Grant award that is past the 12 month completion deadline is **ineligible** to submit any new HTF requests, including ERs, until the incomplete Block Grant is 100% complete and all funds expended. The completion deadline date 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 funds and **may revoke remaining funds awarded** if the Sponsor does not commit or expend funds according to 12 month timeframe specified in the Funding Agreement.
5. Eligible beneficiaries must be very low-income (at or below 50% percent of the area median income) households and must own and reside in their property being rehabilitated for a minimum of two (2) years before being eligible for funding.
6. **Sponsors** must check the property liens of all potential beneficiaries to ensure that there is not an existing HTF lien.
7. Beneficiaries previously assisted under the ER activity may receive OOR Block Grant funding. The minimum award allowed is \$ 15,000, the maximum award available will be dependent on the amount of the previous ER. The amount of the ER in combination with the proposed OOR award cannot exceed \$ 25,000. Additionally, the OOR **developer fee will be reduced** by the maximum amount of ER developer fee that was available, regardless of the Sponsor who previously received the developer fee under the ER award.
8. Beneficiaries who received funds under the HTF Homeownership activity are ineligible for OOR Block Grant funding for the first ten (10) years of ownership. After ten (10) years, the maximum OOR Block Grant award will be \$ 25,000.
9. Sponsors may be required to attend an implementation workshop. The purpose of this workshop is to prepare Sponsors to fulfill program, construction, and financial requirements.
10. OOR Block Grant awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.
11. HTF Sponsors are required to submit the Project Report (HTF-2E) Form quarterly for a Block Grant award through completion.

12. Beneficiaries will not be reimbursed for the use of water and/or electricity at the home when needed to perform the repairs.

Application Process

1. The Sponsor submits an OOR Block Grant Application in accordance with the schedule posted on the Authority's website here: <http://www.schousing.com/Home/SCHousingTrustFund> .
2. A Sponsor may not apply for a second OOR Block Grant unless the open OOR Block Grant is at least 50% completed and disbursed. Funds will not be drawn from the new Block Grant until the previous Block Grant is fully completed and all funds have been disbursed.
3. Sponsors are limited to one (1) open OOR Block Grant and five (5) open ER applications at any one time.
4. The Authority reviews the application. If the application is complete and meets the general guidelines and eligibility requirements of the program, then the Sponsor's previous performance is reviewed.
5. If the Authority's records indicate the Sponsor's previous performance shows incidences involving substantiated Contractor and/or homeowner complaints, the Sponsor missing scheduled inspections and/or project completion deadlines, or unreasonable Contractor change orders, etc., the OOR Block Grant application will be denied for funding and sent back to the Sponsor.
6. If the Sponsor's previous performance is acceptable and sufficient HTF funding is available, the application will be submitted to the Board of Commissioners for approval.
7. If approved by the Board of Commissioners, funds will be reserved for the Sponsor and a Funding Agreement will be mailed to the Sponsor for execution.
8. **Once the executed OOR Block Grant Funding Agreement is returned to the Authority**, the Sponsor can submit an Owner-Occupied Rehabilitation Beneficiary Application(s) to the Authority's Applications Management staff. These applications can be submitted one at a time or altogether.
9. Staff reviews an application. If the application is complete and meets all the general guidelines and eligibility requirements of the program, the Authority will order an initial inspection.
10. Should the initial inspection be denied and **more than** one (1) revised Work Write-up required there will be a \$25.00 deduction from the Sponsors developer's fee. If a third revised Work Write-up inspection is required then another \$25.00 will be deducted, etc.
11. Upon approval of a Work Write-up by an Authority Inspector, REVISIONS TO THE WORK WRITE-UP ARE NOT ALLOWED EXCEPT THROUGH CHANGE ORDERS.
12. CHANGE ORDERS submitted to request a CHANGE IN CONTRACTOR must be substantiated and involve extenuating circumstances or the Authority will not allow the change.
13. Once the initial inspection approval is given by Authority inspection staff and received by the Applications Management staff, **the Sponsor must submit copies of ALL necessary building permits as well as a copy of the paid invoice/receipt. THERE WILL BE NO EXCEPTIONS.** Generally, the "job value" amount listed on a building permit or a combination of building permits should equal the total Work Write-up amount submitted on HTF-2B. To ensure permits are matched with appropriate projects, Sponsors are to write the HTF project number on the permit and receipts.
14. A Restrictive Covenant and an Agreement for Residential Repair Services will be forwarded to the Sponsor **AFTER** the necessary building permits are received. The Agreement for Residential Repair

Services is for the Sponsor's protection and convenience only. The Authority does not require the Agreement to be submitted back as it is an agreement between the Sponsor and the project Contractor.

15. It is the Sponsor's responsibility to explain to the homeowner the terms of the Restrictive Covenant; i.e. if the property is sold before the 20-year affordability period expires, the homeowner is responsible for paying back the remaining balance. The homeowner must execute the Covenant as well as initial every page and the Sponsor must have it recorded at the Register of Deeds/Clerk of Court's Office in the county in which the property is located.
16. Work cannot begin until the properly executed and **recorded** Restrictive Covenant has been **returned to the Authority**; a copy of the clock-marked, date-stamped Restrictive Covenant is also acceptable.
17. Any changes to the scope or costs of the approved Work Write-up must be addressed by the Sponsor using the Change Order Process as outlined in this Manual.
18. When work is complete, the Sponsor may request a final inspection by submitting the following
 - a. (HTF-2A) Request for Final Inspection
 - b. Approved final inspection from local building department.
 - c. Pictures of demo and roof replacement.
 - d. HVAC Product/Equipment Registration - verification of warranty registration.
 - e. (HTF-2D) Certification of Work Completed
 - f. (HTF-4A) Draw Request for Construction Costs
 - g. (HTF-4A) Draw Request for Payment of Developer Fee (this can be submitted later with the executed HTF-4C Certification of Payment instead).
19. If the first final inspection is denied, there will be a \$25.00 deduction from the Sponsor's developer fee for the second final inspection. If a third final inspection is needed then another \$25.00 deduction from the Sponsor's developer fee will be taken, etc.
20. Authority Inspectors schedule inspections in the most efficient and timely manner possible. Inspectors will do their best to make appointments that satisfy all individuals involved. Inspections are typically scheduled on Mondays and conducted Tuesday – Friday. Ongoing "special requests" will not be honored.
21. The Sponsor and the beneficiary must be present for all inspections.
22. The Sponsor is **REQUIRED** to provide the beneficiary with a copy of **ALL DOCUMENTATION** that the **BENEFICIARY SIGNED** throughout the application process within two weeks of project completion. If copies are not provided after the project has been completed and closed-out, the Sponsor will be suspended for one (1) year.

Work Write-Up:

NOTE: All HTF Work Write-ups must reflect the allowable costs and item/material specifications listed on the Construction Cost Sheet. The Construction Cost Sheet can be found on the Authority's HTF webpage at: <http://www.schousing.com/Home/SCHousingTrustFund> .

Sponsors are required to submit itemized Work Write-ups for the rehabilitation of each property, receive Authority approval, obtain building permits, as well as return recorded Restrictive Covenants prior to beginning any work. Costs for each line item must be reported. The Sponsor must use the Authority's Work Write-up (HTF-2B) form. **Each page** of the Work Write-up **MUST** have original signatures and dates from the Sponsor, Contractor and Homeowner. In addition, the Work Write-up must be **COMPLETE**. This includes completing information regarding the Contractor and Subcontractors.

The Authority will review the Work Write-up submitted and conduct an on-site inspection. If the Authority concludes that the Work Write-up must be revised for any reason, the Sponsor must submit a revised Work Write-up and request another on-site, or desk review inspection. This process will continue until a revised Work Write-up receives approval. The Authority will deduct \$25.00 from the developer fee for each Work Write-up revision beyond revision #1.

Upon approval of a Work Write-up by an Authority Inspector, REVISIONS TO THE WORK WRITE-UP ARE NOT ALLOWED EXCEPT THROUGH CHANGE ORDERS

Change Orders - Changes to Project after Work Write-Up Approval:

Any changes to the scope or cost of the rehabilitation work after the Sponsor receives an approved initial Work Write-up must be submitted in writing and approved by the Authority.

The Sponsor must submit a completed, signed Change Order Request (HTF-2C) form. The Change Order Request form must be signed by the Sponsor, Contractor, and Homeowner. The Authority's inspector will review the proposed Change Order and either approve or deny the request. The Authority will communicate its decision to the Sponsor in writing. The Authority may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

CHANGE ORDERS submitted to request a CHANGE IN CONTRACTOR must be substantiated and involve extenuating circumstances. An Authority inspector will review the requested Contractor change to determine if it will be allowed. If a Contractor change is approved by the Authority, the new Contractor CANNOT submit a revised Work Write-up in place of the already approved Work Write-up. If revisions are needed to the approved Work Write-up, then a change order must be submitted to the Authority for review and approval.

Allowable Costs:

Project hard costs – These costs include the *actual construction costs* needed to meet Authority and local construction standards and/or essential improvements such as the following:

- Electrical, plumbing, structural-related improvements
- Repair or replacement of range hoods
- Improvements for handicapped persons
- Repair or replacement of major housing systems that have failed
- General property improvements that are non-luxury improvements

Related soft costs - These costs are the *reasonable and necessary costs* related to the development hard costs. The following soft costs, based on the Authority's on-site inspection and discretion, will be allowed:

- Building Permit fee(s) - copy of paid invoice/receipt due **BEFORE** construction work begins with the submittal of the building permit copy (see page 7 – Application Process #13).
 - Copy of permit showing scope and amount of job
 - Copy of invoice/receipt clearly showing governmental department that issued the permit and how much was paid for the permit

Receipts and/or paid invoices for all allowed soft costs must have the name and address of the company/city/county charging the fees, must be properly signed and dated, and must have identifying information on the invoice connecting a specific HTF project to the specific fee.

Invoices/receipts not submitted as stated above **WILL NOT BE PROCESSED FOR PAYMENT**. Staff is not responsible for reminding Sponsors to submit invoices/receipts. Once a project is closed out, sponsors may not submit invoices/receipts afterwards for payment.

Prohibited Costs -

- With the exception of its Developer Fee, the Sponsor may not pay any of its administrative costs with HTF funds.
- Business License Fee/Renewal Fee.
- Contractor License Fee/Renewal Fee.
- Relocation expenses of residents.
- Costs associated with record keeping.
- Storage Fees.
- Tools and Equipment.
- New Appliances.
- Additions to an existing structure.
- Underpinning.
- Mold assessment, mold sampling, mold treatments, mold prevention, mold abatement, mold remediation, mold removal, etc.
- Landfill Fees, Dumpster, Portable Toilet

Payments

All payment requests for HTF must be submitted on the Authority's Request for Payment (HTF-4A) form. Interim draws are **not** permitted under the OOR activity. Therefore, the Sponsor should not request payment for any construction costs until the project is complete. The following items must be submitted to the Authority with a construction cost payment request:

1. (HTF-2A) Request for Final Inspection
2. Approved final inspection from local building department.
3. Pictures of demo and roof replacement.
4. HVAC Product/Equipment Registration - verification of warranty registration.
5. (HTF-2D) Certification of Work Completed
6. (HTF-4A) Draw Request for Construction Costs
7. (HTF-4A) Draw Request for Payment of Developer Fee (this can be submitted later with the executed HTF-4C Certification of Payment instead).

Construction cost payments will not be disbursed until work has been inspected and approved by an Authority inspector. If the Authority denies the final inspection for any reason, the Sponsor must correct the deficiency(ies) and submit a second inspection request for another on-site final or final desk review inspection. This process will continue until the final inspection receives approval. The Authority will deduct \$25.00 from the developer fee for each final inspection beyond #1. Once the work has been approved, the Authority will request a check for payment of construction costs. Payment requests are typically processed within fourteen (14) days.

Once the Sponsor receives the construction costs payment for a completed project, the Sponsor has fourteen (14) calendar days to deliver payment and obtain the signature of the Contractor using the Final Payment Certification (HTF-4C) form, indicating that the Contractor has received payment in full for construction work performed. Please be aware that \$25.00 deductions for revised work write-ups or re-inspections CANNOT be deducted from the construction costs payment. Contractors must receive payment in-full. Once the Contractor has received payment for the work, the following items must be submitted to the Authority:

1. (HTF-4A) Draw Request for Payment of Developer Fee (unless already submitted); and
2. (HTF-4C) Certification of Payment;
3. Copy of cashed/cancelled check given to the Contractor by the Sponsor, reflecting full payment for all construction costs.

As stated above, payment requests are typically processed within fourteen (14) days.

Please be aware that if an executed HTF-4C form is not returned to the Authority in a timely manner, the nonprofit sponsor will risk debarment from all HTF activities.

Eligibility Requirements for Properties

For purposes of the HTF OOR activity, properties will NOT be considered substandard or eligible for repair if the tax assessor's value (land plus improvements) exceeds the maximum amount per county as listed in Addendum A. The Addendum A home value limits for existing units is 95% of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available for sale of existing housing in standard condition.

Property Owned by Beneficiary:

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

Mortgages are not deeds and are NOT to be submitted as proof that a property is eligible. **Sponsors** are responsible for obtaining the proper deed. It is a service done by the Sponsor as part of the earned developer fee.

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 Death Certificate and Deed of Distribution showing the property has been transferred to the beneficiary. The deed and Deed of Distribution must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page numbers, the date recorded, and the office where recorded. Where a person has acquired full title as the surviving party in a Deed of Joint Tenancy with Right of Survivorship, a copy of the filed deed must be provided along with a death certificate for the deceased co-title holder.

If the deed does not provide survivorship for the surviving property owner, the deceased party's estate must be probated. A copy of the resulting Deed of Distribution must be submitted.

If the Deed of Distribution transfers the property to persons in addition to the beneficiary(s) for whom the funding is sought, all owners of the property will be required to agree to Restrictive Covenants, and/or other encumbrances placed on the property and to sign HTF-1A indicating such.

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 deed must be legible and recorded with the Register of Deeds or Clerk of Court in the county in which the property is located. It must indicate the book and page where recorded, the date recorded, and the office where recorded. 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 holder of the life estate and the person(s) to whom the property transfers after the life estate ends will be required to agree to Restrictive Covenants, mortgages, and/or other encumbrances placed on the property.

Manufactured Housing/Mobile Homes Owned by Beneficiary - INELIGIBLE:

Manufactured Housing/Mobile Homes are **not** eligible properties under the OOR Block Grant activity. Even if the manufactured housing/mobile home has been de-titled, these units are not eligible for the OOR activity.

Property Also Serving as a Business - INELIGIBLE:

Property owned by a beneficiary but also serving as a place of business is **not** an eligible property under any HTF activity.

Tax and Lien Verification:

To ensure that HTF funds are not committed to properties in the process of being foreclosed, the following documentation is required to be submitted with each OOR Beneficiary Application:

1. Documentation from the tax assessor that the property taxes are current.
2. Written verification from all entities with liens on the property stating that the account is in good standing and that foreclosure proceedings have not been initiated.

Eligibility Requirements for Beneficiaries

PLEASE NOTE, **Approved Nonprofit Sponsors** and their employees (voluntary or paid), are **NOT** ELIGIBLE BENEFCIARIES.

OOR Beneficiary Applications:

Once an OOR Block Grant has been approved and the Funding Agreement has been executed and returned to the Authority, OOR Beneficiary Applications may be submitted. Such applications may be submitted one at-a-time or altogether. These applications should **not** be included with the OOR Block Grant Application.

One (1) original and one (1) full-color copy of the OOR Beneficiary Application and **all** items identified on its checklist **must** be submitted for **each** beneficiary. **The Beneficiary Application package as well as final inspection request requires the submittal of photographs. ALL submitted photographs MUST BE IN COLOR, MUST BE AT LEAST 3 x 5 INCHES IN SIZE, AND MUST BE ON PAPER or printed on paper.** Please, do not use staples within an application.

Certification and Verification of Income:

Beneficiaries must be very low-income with gross annual incomes that do not exceed fifty percent (50%) of area median income. Current income limits are available at www.schousing.com/Home/PartnerIncomeLimits. 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 Sponsor did not
2019 HTF OOR Manual

properly and lawfully verify a beneficiary's complete household income, the **Sponsor** will be required to refund the entire HTF award and will be disqualified from further participation in the HTF Program.

Sponsors must identify and verify **all sources** of income for each household member. The Certification of Total Household Income (HTF-3A) and Verification of Employment (HTF-3B) forms must be completed by the Sponsor and signed by the beneficiary(s). **Third Party** income verification documentation is required for all anticipated annual income, must not be older than six (6) months and must be submitted with the application. Sponsors are responsible for ensuring all forms of income are identified and documented. 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; all schedules included and must not be more than one (1) year old or from the prior tax year.

Grandchildren or non-related minors claimed as household members must have proof of residency; this includes but may not be limited to copies of current child support payments, school records, daycare/childcare receipts, court or placement agency records, or law enforcement reports. **Do not submit an application without the appropriate documentation or it will be returned.** The Authority reserves the right to contact any person or organization that provides proof of residency documents or information.

Computing Annual 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 for every member of the household that is 18-years old and older.

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,
- 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 (This includes a lump-sum payment for the delayed start of a periodic payment other than Supplemental Security Income), received from:
 - social security,
 - annuities,
 - insurance policies,
 - retirement funds,
 - pensions,
 - disability benefits,
 - death benefits,
 - and other similar types of periodic receipts.
- payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay and 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 as well as any household member that is eighteen (18) years of age or older and reports zero income for the twelve (12) months preceding the date of application submission must each provide **all** of the following documentation:

1. Certification of Zero Income (HTF-3C) form – In addition to certifying, a narrative explaining the circumstances resulting in a zero income must be provided on HTF-3C; the Sponsor must also certify that the individual has zero income; and the HTF-3C must be notarized.
2. A copy of federal income tax returns that are not more than one (1) year old or from the prior tax year. The tax returns must have all pertinent information correctly identified and all schedules included. If tax returns do not exist, please indicate such on HTF-3C Certification of Zero Income Form.
3. If the entire household has zero income, there must be documentation showing how utility bills are being paid. An example would include copies of cancelled checks showing who paid the bills.

The Authority reserves the right to perform a detailed review of all zero income certifications. Additionally, the Authority reserves the right to request a completed and executed IRS Form 8821 for each household member over the age of 18. This form will authorize SC Housing to inspect or receive confidential income information from the IRS verbally or in writing for the current year's filed taxes. This will be in addition to current HTF income certification forms and will be requested as needed.

Rehabilitation Construction Guidelines

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

Construction Standards:

Sponsors must adhere to any written standards developed by the Authority and to all federal, state, and local standards. The Authority's standards include the following:

- The Authority does not fund mold remediation.
- The Sponsor will perform a physical on-site repair assessment and will ensure a physical on-site repair assessment is done by their Contractor prior to the submission of an application.
- The Sponsor will ensure that an itemized Work Write-up (HTF-2B) is completed by their Contractor, and submitted as part of the application.
- The Construction Cost Sheet must be utilized. It contains allowable costs and item/material specifications which must be followed for all HTF projects.
- The Sponsor must contract with a **Contractor** meeting the Authority's standards to perform the rehabilitation work. The Sponsor must contract directly with the Contractor.
- **The Contractor must contact the building code enforcement agency within the locality in which the proposed construction is to be undertaken and obtain any required permits. The locality's building inspector must review the Work Write-ups or plans and specifications PRIOR to submission of the application to the Authority to ensure local requirements are met.**

- **All permits must be posted on-site and easily visible. If any construction work is done on a HTF project PRIOR to permits being pulled, the Sponsor and Contractor will be debarred from the HTF program for a minimum of one (1) full year.**
- All work must be in compliance with the 2015 International Residential Code (IRC), all state and local revisions, and all Authority standards.
- All work shall be performed and completed in a manner supported by the manufacturer's specifications; standard construction practices, and/or recognized building codes.
- All work performed shall be "finished" work. 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, and a lockset installed.
- All materials used shall be new, in good condition and of standard grade.
- All work regarding handicapped accessibility must meet the requirements of ANSI Section A117.1.

Contractor Standards:

Contractors and or Subcontractors may not work on more than five (5) emergency repair and four (4) owner-occupied rehabilitation units or exceed their LLR dollar limitations, whichever is less.

Contractors hired to complete OOR repairs with SC HTF funds must be and/or have:

1. Licensed by the SC Dept. of Labor, Licensing and Regulation;
2. A licensed:
 - a. Residential Builder; or
 - b. General Contractor with a classification of Building (BD, LB, UB);
 - c. ;
3. An "ACTIVE" status with LLR;
4. Surety Bond on File with LLR;
5. An effective \$1 million General Liability insurance policy **AND**
6. A Worker's Compensation policy.

Subcontractors hired by the Residential Builder or the General Contractor must be listed on the Work Write Up and be and/or have:

1. Licensed by the SC Dept. of Labor Licensing and Regulation and/or DHEC;
2. Appropriately licensed for the trade;
3. An "ACTIVE" status with LLR or DHEC;
4. Surety Bond on File with LLR;
5. An effective \$1 million General Liability insurance policy: **AND**
6. A Worker's Compensation policy

All licenses, bonds, and policy(s) must be current and not expire before the OOR project is completed.

Copies of the current LLR Contractor license, LLR status, and insurance must be submitted as part of the application package. The Authority reserves the right to verify Workers' Compensation insurance coverage, including, but not limited to, verifying coverage on the Workers' Compensation Commission's website or contacting the insurer. The Authority reserves the right to require additional information not listed above at its discretion, including but not limited to, quarterly or yearly Workers' Compensation insurance audits.

All Contractors and Subcontractors performing work on HTF projects must meet items #1 through #6 above.

If the Contractor employs Subcontractors on HTF projects, the Subcontractors hired must have their own General Liability insurance and Workers' Compensation insurance policy ***OR*** may be covered under the Contractor's Workers' Compensation insurance, but still must have their own General Liability insurance. Coverage of Subcontractors must be for the entire time work is being performed on the project. The Contractor may not execute a sub-contractual agreement stating that any Subcontractors hired by the Contractor is not covered by the Contractor Workers' Compensation insurance policy. Ghost policies will not be permitted; all policies must be in effect for the entire term of the project and must not lapse for non-payment during the term of the project.

The Authority will allow well and septic companies to be used without the need of a Contractor; however, items #1, 3, 4, and 5 above must be met.

If the Authority discovers any person working on an HTF project is unlicensed, uninsured, or not listed as a Subcontractor, the Authority reserves the right to suspend or debar the Contractor, Subcontractor, etc. from any other work on HTF projects. In addition, any Sponsor who attempts to circumvent, falsify, manufacture, or otherwise attempts to avoid these requirements may be suspended or debarred.

The Authority reserves the right to limit or deny the type of work to be performed by a Contractor and/or Subcontractor. For example, although a Contractor and/or Subcontractor may be able to perform multiple services for a project, the Authority may approve all, some, or none of the services by the Contractor and/or Subcontractor.

Construction Photograph Requirements:

1. All photographs should be taken from a distance that clearly identifies the home.
2. Photographs must be submitted with the final inspection request. Photographs must be provided in order to ensure full payment.

Roofing - Roofing photographs taken during the different phases of the roof install must include:

- Bare sheathing
- New sheathing
- Felt
- Valley lining
- Step and counter flashings
- Chimney flashings
- Roof deck cut out for ridge vent
- Drip edge

1. All photographs should be taken from a distance that clearly identifies the home;
2. Photographs must be submitted with the final inspection request. Photographs must be provided in order to ensure full payment for roof installation.

Demo and Hidden Repairs-

Photographs of all demo work and hidden repairs including but not limited to:

- Crawl space
- Attic
- Ceiling joist
- Rafters
- Walls behind sheetrock

- Behind and below showers and bathtubs
- Floor joist
- Sills
- Footers
- Subflooring
- Underlayment

Photographs must be submitted with the request for final inspection. **ALL submitted photographs MUST BE IN COLOR, MUST BE AT LEAST 3 x 5 INCHES IN SIZE, AND MUST BE ON PAPER or printed on paper.**

Failure to submit photographs or failure to submit photographs as described above can and will result in a developer fee reduction in an amount determined by the Authority and commensurate with work costs.

Construction Requirements and Guidelines:

- Hard-wired, inter-connected smoke and carbon dioxide detectors with battery back-up **must be installed** in every unit as required by the 2015 International Residential Code (IRC). An electrical permit is REQUIRED for hardwired smoke detectors. **Use of wireless smoke and carbon dioxide detectors must be approved by Authority Inspectors.**
- **Roofing** - Roofs that are leaking or have holes or patches may be replaced. Roof replacement must include:
 - Complete tear off down to bare roof deck.
 - Replacement of damaged sheathing.
 - New felt.
 - Drip edge.
 - Step and counter flashings.
 - Chimney flashings.
 - Valley lining.
 - Ridge vent.
 - Pipe boots.
 - Roof penetration flashing. Example range hood vent, gas vent.
 - Replacement and /or painting of any siding or trim if necessary.

Additional roofing requirements;

1. Racking application of shingles is prohibited.
 2. Documented water damage to ceilings and walls may be repaired as part of the roof replacement.
 3. Replacement of existing metal roofing is allowed. Metal roofing must be installed per manufacturer's recommendations including all trims.
 4. Townhomes, duplexes or other owner-occupied homes that have shared wall(s) are not eligible for roofing replacement unless all shared wall(s) households are income eligible; or have a parapet wall in place on the roof line.
- **HVAC System** – HVAC systems must have minimum rating of 14 seers.
 1. HVAC equipment repair or replacement must include a complete evaluation/review of the unit, insulation, duct work and thermostat from a licensed HVAC company.
 2. A copy of the evaluation/review must be included in the application.
 3. HVAC equipment may be repaired if less than 13 years old.
 4. HVAC equipment may be replaced.
 5. New first time HVAC system may be installed.

6. Duct work may be repaired or replaced.
 7. Duct work must be appropriately sized and insulated.
 8. HVAC equipment must be registered thru the manufacture for the warranty by the Contractor. A copy of said warranty registration must be provided with request for final inspection.
 9. Attic insulation must be upgraded or installed to R-30 minimum.
 10. It is the Sponsor's responsibility to inform beneficiaries of increased utility rates and the impact of inadequate insulation.
- **Exterior Doors and Windows** - Those that are missing or broken may be repaired or replaced. Broken glass will be repaired if possible. Exterior door replacements must include new locksets and hardware, including thumb latch deadbolt. Windows will not be installed for weatherization.
 - **Handicap Accessibility** - Installation or repair for disabled or handicapped beneficiaries must meet ADA requirements for; exterior ramps, handrails, accessibility to bathrooms including grab bars and wheelchair accessible showers. Sponsor may be required to provide documentation demonstrating need for installation/repairs.
 - **Plumbing System** - Systems or fixtures that are nonfunctioning or malfunctioning may be repaired or replaced.
 - **Sewer/Septic Systems** - Existing systems that are nonfunctioning or malfunctioning may be repaired or replaced. Existing systems that have been cited by DHEC for raw sewage containment issues can be repaired and replaced. A detailed quote from DEHEC licensed septic tank contractor is required.
 - **Water Wells** - Existing water wells with broken pumps can be repaired or replaced. In the event existing water wells have gone dry, ER funds can be used to dig the well deeper or install new water lines. A detailed quote from LLR licensed well driller contractor is required.
 - **Electrical** - Exposed wiring may be repaired or replaced throughout the house. GFI's will only be replaced in the kitchen or bathroom if electrical repairs are being conducted in these rooms. Electrical upgrades are allowable when there is a safety hazard present.
 - **Structural** - Any part of the foundation, floor system, sub-flooring, wall, ceiling joist, rafters and other items affecting structural integrity may be repaired or replaced.
 - **Flooring** - May be repaired or replaced but only if repairs to the floor system resulted in the need or there are extenuating health issues. Sagging floors or damaged flooring may be repaired or replaced if the sagging or damage presents a tripping hazard to the handicapped or disabled.
 - **Porches** - All existing railings, steps, landings and ramps should be sturdy and reliable. New installation or repair of railings, steps, landings and ramps must be installed to meet code requirements. For handicap or disabled beneficiaries they must be installed to meet ADA requirements.
 - **Exterior surfaces** - Exposed surfaces should be either painted or covered in an acceptable material, such as vinyl. Damaged exterior surfaces may be repaired or replaced.
 - **Weatherization** - Insulation, caulking, and/or weather-stripping.

It is not necessary to bring the entire home up to current code, but any repairs undertaken must meet current code.

Compliance Period

The Housing Trust Fund program is designed to increase the supply of permanent affordable housing. **The compliance period is twenty (20) years.** For OOR projects, a Restrictive Covenant is utilized to enforce the compliance period by restricting the occupancy of the owner-occupied home to very low or lower income households. The Restrictive Covenant will set forth the total amount of HTF funds to be utilized to rehabilitate the home, including the Developer Fee.