Property Inspection Automation

Work Write-Up Form

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Purpose

The objective and/or purpose of this assignment is to research the feasibility of designing the Work Write-Up forms used by the Housing Trust Fund and HOME programs in such a manner that all cost related entries associated with new construction, rehabilitation and emergency repairs of multiple and single family residential structures in the State of South Carolina will be automatically audited to determine how reasonable the costs of material, labor and overhead are for any given project. The Housing Trust Fund Program is most susceptible to fraud, waste and abuse because of the lack of enforceable checks and balances and legislative guidance; therefore, this program is the focus of this proposal.

Problem Statement

The Compliance Monitoring/Inspection Division of South Carolina State Housing Finance and Development Authority currently has the responsibility of reviewing Work Write-Ups submitted for the construction, rehabilitation and emergency repair of multiple and single family residential structures eligible for the Housing Trust Fund (HTF) and HOME programs.

While current methodology allows for the calculation of cost related line items, the dollar amounts must be entered and manually calculated prior to submission for review by the appropriate Project Coordinator and, eventually, the construction inspector assigned to that specific property. As part of their administrative function, the Project Coordinator only checks the final package/proposal to ensure that all required documents are submitted and submitted correctly. The Project Coordinator does not check to ensure that the costs associated with workflow for all the proposed projects are reasonable. The
current process is labor intensive, time consuming and does not fully cover all areas needing review or attention. Currently, utilizing three full-time inspectors, more than 250 property inspections are performed each month. This includes both the initial and any follow-up inspections until the property receives a final approval by the inspector. In a perfect inspection world, each property would receive only two inspections: the initial and the final. However, in our situation, over 1/3rd of our inspections required at least one [oftentimes more] interim inspections before a final approval is granted.

Additionally, by manually entering and then manually calculating all costs associated with a particular project, the process is subject to numerous calculation errors. For example, the Exhibit A illustrates that in its present form, this manual process has the potential of up to 100 mathematical calculation errors. And, the Exhibit only relates to ONE property for which participants in the aforementioned properties are seeking rehabilitative and/or emergency repair funding. As a result, the accuracy of the calculations and reliability of the results is suspect.
Data Collection and Analysis

The current process for emergency repairs as outlined in the Housing Trust Fund Emergency Repair manual (SCHTF Emergency Repair Manual, April 2008) is:

1. The Sponsor completes and submits an Emergency Repair Application, along with the items listed on the Emergency Repair Checklist.

2. The Authority personnel review the application and submit it to the Executive Director for approval, if warranted. It should be noted, that while review by the Executive Director is rare, it has occurred primarily when the property owner has expressed concern, directly or indirectly, to the Executive Director. Or, if the Program Director determines a review by the Executive Director is warranted based on individual circumstances (see Inspection Workflow Chart, Exhibit B).

3. The Authority Project Coordinator assigned to the project will review the information provided by the sponsor and order a preliminary inspection.

4. Once the inspection is complete and approved, the Project Coordinator will prepare and forward the Funding Agreement to the sponsor. Work can begin after the Funding Agreement has been properly executed and returned to the Authority.

5. Any changes to the scope or costs in the approved work write-up must be addressed by the sponsor using the Change Order Process as outlined in the Housing Trust Fund Emergency Repair Manual.

6. When work is complete, the sponsor should use the Inspection Draw Request process to request an inspection and payment.
The Housing Trust Fund Manual also outlines what may occur if there are Performance Deficiencies and a Misappropriation of Funds. The Authority has, in place, the ability to determine whether a Sponsor exhibits inadequate program controls, has expend funds improperly, or exhibits non-compliance. If any of the aforementioned are determined, the Authority may take the following actions:

1. Impose limitations on participant’s participation in Housing Trust Fund, which may include suspension from participation in the Housing Trust Fund; or
2. Require the participant to submit additional information to determine the reason for the non-compliance and develop a corrective action plan; or
3. Require the participant to reimburse the Authority for all proceeds improperly expend;
4. Terminate the Funding Agreement and demand full and complete repayment of all proceeds owed to the Housing Trust Fund; or
5. Disqualify the participant and/or other persons or organizations involved in the project from further Housing Trust Fund Participation; or
6. 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.

Any of the above may place the Authority in a position to utilize political support to rebuff the political outcry that may come into play when the possibility of the participant’s funding source is cut-off or participation becomes limited.

The work write-up may be submitted for new construction projects, rehabilitation of an existing structure and emergency repairs to an existing structure when the problem
involves health, safety and/or sanitary conditions. The health, safety and sanitary condition must be related to, or be a result of, the deteriorated physical condition of the structure in order to qualify for rehabilitation and/or repair. For each submission type, a cost estimate form, commonly referred to as the Work Write-Up form, must be prepared and submitted to the either the HTF or HOME program for review and subsequent forwarding to the Compliance Monitoring/Inspections Division for review and approval. Since these programs are available to all income qualifying citizens throughout the State of South Carolina, stewardship of Program funds is rivaled only by the need for competent craftsmanship with regard to each project. Therefore, it is imperative that all costs associated with each project be determined to be legitimate, reasonable and necessary.

The Human Factor

Each of these programs was designed to have non-profit organizations, governmental and quasi-governmental organizations function as conduits between the homeowner and the Authority. As such, these organizations have the responsibility of identify and qualifying the property and property owner(s), preparing and submitting the Work Write-up for each property, requesting funds to construct and/or repair each property. This often results in differences in the costs for materials for the same or similar type of rehabilitation/repair work in the same city, town and sometimes on the same street being submitted by the same organization. Costs also vary from county to county and by regions of the state (commonly referred to as the Upstate, Pee Dee and Low Country.) Indicators of some of these variances are associated with the type of work being performed; however, the majority of variance appears to be arbitrary, as each
participant/sponsor is required to inspect each property, determine what work is needed and then determine the cost of the work, (labor and material).

Because projects are limited to a certain dollar amount for work performed, most Work Write-Ups submissions equal the exact amount for the type of project submitted. For example, if the limit for a single family rehabilitation is $20,000.00, then the submitted write-up totals $20,000.00. Subsequently, when the on-site review is conducted, it is often found that the project did not equate with the proposal. In these cases, a request for a revised write-up must be submitted for the project. More often than not, the difference in costs can be attributed to the cost and quantity of materials and/or labor costs associated with that particular project. Additionally, it is very common to see the cost of material and labor projected high in the initial proposal and, frequently, containing mathematical calculation errors.

As previously stated, although current methods allow for the calculation of cost related items each calculation must be performed manually for each submission and for each line item. Without question, this is a time consuming process and is subject to human error as each calculation is manually performed and repeated. A review of Exhibit A will show that in its present state, the current process can contain up to 100 mathematical calculations for a single property, thereby reducing the accuracy of the calculations and reliability of the results. It is important to remember that Authority personnel are not the only entities that must recalculate each entry; the parties submitting the request must calculate each entry, too.

Therefore, if the Work Write-Up form (Exhibit A) was redesigned to be a fillable form that would automatically calculate related line items, the general accuracy of the
calculations would be increased. The reliability of the output is directly correlated to the accuracy and reliability of the input. With this proposal, procedures and processes should be implemented to insure the reliability of the output which, in this case, is the cost of the proposed project. With this procedure, common mathematical errors will be eliminated, entires would be required to be made using standard material identification codes such as square feet (sf), linear feet (lf), bundle (bdl), box (bx), etc., with resulting calculations being made based on the “per identification code.

Implementation Plan

As with any change, there will be resistance. It is imperative that, if implemented, a change in processes be approved and supported by management and participants. One of the most important factors is buy-in and full support from the people in executive management positions with the Authority. If the Authority’s executive management personnel show support, this will go a long way in creating a positive tone which will, in turn, translate into support with subordinate personnel. Without support from the top, this proposal will undoubtedly fail.

Additionally, decisions and plans must be implemented to properly address all costs associated with revising the current forms. This may require selecting and dedicating a specific person to serve as the primary contact and to whom responsibility and authority to implement the pilot program would fall. One such responsibility for this individual would be to ensure the following data is updated at regular intervals and is check for reliability and accuracy:

1. Current market cost for materials
2. Current market cost for labor
3. Current market cost for overhead

These three items which are the most important to ensure the reliability of output figures and must be kept current. This change in the process may necessitate the services of an in-house market monitor or the use of a service such as MEANSCOSTWORKS.COM, which monitors the cost of materials, labor and overhead for construction related activities on a national level.

In essence, the Authority must have the ability to access costs, edit and save cost data (items 1-3 above), and do this on a continual basis in order to have an effective cost management program. By having the ability to access, edit and save cost data, the Authority will have the ability to be use the most current market data, edit the data and use it by regions within the state (Upstate, Pee Dee and Low Country). In turn, this will enable the Authority to develop a historical data base that can be used to monitor and project possible market trends, which, in turn, would allow budgetary adjustments if costs are trending up or down.

Additionally, and equally important, this information would allow the Authority the ability to verify the legitimacy of costs entered on each write-up submitted since the data submitted will be a reflection of the U. S. market at a specific point in time. The work write-up form currently in use can be easily converted to usable format by utilizing software already in use by the Authority, thereby keeping cost to a minimum. The greatest issue will be identifying an organization to participate in a pilot program. It is recommended that a small organization, with a computer literate staff, be selected to participate in a pilot program to determine the effectiveness of using a fillable Work Write-Up form.
It would be beneficial if the organization selected be an organization with adequate resources and staff (full-time) to participate in the trial, and one that has historical data that can be utilized in a pre- and post-pilot program study to determine effectiveness. Furthermore, it would be necessary for the selected organization to have computer access to the Internet and with personnel who have the expertise to utilize Microsoft Excel software in order to complete the reworked Work Write-Up.

The Work Write-Up form itself should be reworked specifically in Excel format with controls established by the Authority to prevent the cost data from being adjusted by any participant (the form would be protected). The revised form must allow for the input of material quantities in accordance with established market definitions (e.g.; square feet, linear feet, gallon, bundle, square, etc.). Having data in this format would facilitate auto-calculation and make it easier for Authority personnel to compare oranges to oranges rather than apples to oranges. In order to streamline the process, the Authority will need to disseminate current market trend information to program participants or potential participants. It is suggested that this be done quarterly or semi-annually.

**Evaluation Method**

Once approved and implemented, it is recommended that, at minimum, a six month trial be performed before evaluating the effectiveness of the changes. This evaluation should compare:

a. Pre and post turn-around time for submitted write-ups;

b. The number of pre and post requests for revisions to write-ups that are requested;
c. Customer response to the “ease of use” factor for the revised fillable write-up form.

*Pre and Post Turn-Around Time*

Comparison should be made to determine if established cost limits are affecting the completion time of the work. It is possible that this could be a factor if cost adjustments were not required.

*The Number of Revisions*

Comparisons should also be made in this category to determine if the number of requests for revisions has decreased because of established cost limits.
Customer Responses – Ease of Use

Solicitation of customer responses to changes should occur to effectively determine if the Authority’s customers deem the proposed change to be more or less effective. However, it should be noted that since many of the Authority’s customers have been able to get more money under the current plan (thus bilking the system), most would provide unfavorable feedback.

Resulting data from an adequate test period should provide Authority personnel with enough data to determine whether this change would be a viable tool which should be implemented or whether the wheel was working well and should not be further rounded.
GLOSSARY

**Emergency Repair(s):** means required repairs to owner-occupied units that are necessary to eliminate clear and present danger(s) to the occupant(s). In order to be classified as an emergency, the deficiency(s) to the unit must be the result of a recent event, such as a fire or flood and not accumulated or deferred maintenance or covered by existing insurance.

**HOME Program:** The HOME Investment Partnerships Program is designed to promote partnerships between the U.S. Department of Housing and Urban Development (HUD), state and local governments, and those in the nonprofit and for-profit sectors who build, own, manage, finance, and support low income housing initiatives. HOME provides the flexibility needed to fund a wide range of low income housing initiatives through creative and unique housing partnerships. The HOME Program was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990.

**Housing Trust Fund Program:** 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 states 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.

**Participant/Sponsor:** 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.

**Project Coordinator:** is/are Housing Trust Fund (HTF) staff assigned to the project to review the information provided by the Participant/Sponsor, and order inspections.
# Work Write-Up (Single Family Units)

**GENERAL INFORMATION:**
1. Enter information in yellow highlighted cells only.
2. Rows may be added within highlighted areas without changing subtotal formulas.

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<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
<th>COLUMN F</th>
<th>COLUMN G</th>
<th>COLUMN H</th>
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<td>Enter Quantity</td>
<td>Material costs</td>
<td>Enter volunteer and paid labor costs</td>
<td>Total cost</td>
<td>For HTF use only</td>
<td>List only volunteer labor costs</td>
<td>Enter cost per piece</td>
<td>Net costs</td>
<td>Standard 10% for waste and overage</td>
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| Description of work to be completed: |
| 1) |
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### Exhibit A

#### Exterior

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**Tax (included)**

**Total**

Description of work to be completed:

1)  
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#### Roofing

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**Tax (Included)**

**Total**

Description of work to be completed:

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### Exhibit A

**Kitchen/Dining Area HTF Sources Complete**

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**Description of work to be completed:**

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**Tax (Included)**

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**Description of work to be completed:**

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3) 

**Subtotal**

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### Exhibit A

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Description of work to be completed:
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Description of work to be completed:
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Tax (Included)  
Total  

**Digitized by South Carolina State Library**
### Exhibit A

#### Bedroom 2 HTF Sources Complete

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2) 
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### Exhibit A

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Description of work to be completed:

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3)  

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### Exhibit A

#### Heating & Air

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Digitized by South Carolina State Library
### Insulation HTF Sources Complete

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**Description of work to be completed:**

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**Description of work to be completed:**

1.
2.
3.
## Exhibit A

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### Tax (Included)

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**Description of work to be completed:**

1.

2.

3.

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**Subtotal**

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**Total**

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The undersigned gives approval of the work listed above:

---

**Contractors Name:**

---

**Address:**

---

**City, State, Zip:**

---

**Contractors License #:**

---

**Telephone #:**

---

**Contractors Insurance:**

---

The undersigned certifies that the work write-up submitted is complete for work to be performed:

---

**Contractors Signature**

---

**Date**

---

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EXHIBIT B

HOME/HOUSING TRUST FUND IN
(Home Ownership/Rehabilitation/Emergency Repairs/)

1

Initial Inspection Request date and time stamped
by submitting Program Coordinator and forwarded
to Compliance Monitoring Admin (Melissa)
Date received entered on spreadsheet maintained by
Compliance Monitoring Admin (Inspection request
Reviewed by Director prior to assignment)

2

Assigned to inspector by area. Inspector contacts designated
person to establish the appointment time.

3

Initial inspection
conducted, copy of
results left w/contact
original documents
returned to Compliance Admin

4

Approved

5

Returned to Admin, date &
results entered on spreadsheet,
coordinator notified via email.
wait for next inspection request

6

Inspection request
date received entered
on spreadsheet, given to
appropriate inspector

7

Inspection conducted
by same inspector that
performed initial inspec:

Denied

If denied, copy of inspection results given to contact
Original returned to Admin for processing.
NOTE: Program Coordinator submits revised inspection
request. Process is repeated until Approval is received or
other disposition made.

↓ Designed for directional flow
(1, 2, 3) Indicates Steps in workflow
South Carolina Housing Trust Fund

Emergency Repair 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

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:

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

Emergency Repair means required repairs to owner-occupied units that are necessary to eliminate clear and present danger(s) to the occupant(s). In order to be classified as an emergency, the deficiency(s) to the unit must:

- Be the result of a recent event, such as a fire or flood;
- Not be the result of accumulated deferred maintenance (see Owner-Occupied Rehabilitation activity);
- Not be covered by existing insurance.

Other conditions that will be considered in determining qualification as an emergency for purposes of this program include:

- Units occupied by children under the age of 12;
- Units occupied by disabled individuals of any age;
- Conditions that, if not repaired immediately, would cause further or irreparable damage;
- Units where the heating, cooling, electrical, or plumbing systems are not functioning or do not exist.

Basic Workflow:
Emergency Repair applications can be submitted at any time, and are not subject to the application cycles used in the other HTF Activities.

1. The Sponsor completes and submits an Emergency Repair Application, along with the items listed on the Emergency Repair Checklist.

2. The Authority reviews the application and submits it to the Executive Director for approval, if warranted.

3. The Authority Project Coordinator assigned to the project will review the information provided by the sponsor, and order a preliminary inspection.

4. Once the inspection is complete and approved, the Project Coordinator will prepare and forward the Funding Agreement to the sponsor. Work can begin after the Funding Agreement has been properly executed and returned to the Authority.

5. Any changes to the scope or costs in the approved work write-up must be addressed by the sponsor using the Change Order Process as outlined in this manual.

6. When work is complete, the sponsor should use the Inspection/Draw Request process to request an inspection and payment.
Guidelines for Emergency Repair 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 that were previously served with Housing Trust Funds are not eligible for additional benefits under this activity. Sponsors must check the property liens of all potential beneficiaries to ensure that there is not an existing Housing Trust Fund lien.

6. Beneficiaries who received funds under the HTF Homeownership activity are ineligible for Emergency Repair funding for the first ten (10) years of ownership. After ten years, the maximum award will be the current beneficiary limit minus the funds already awarded under Homeownership.

7. Beneficiaries must own and reside in the subject property for a minimum of two (2) years before an Emergency Repair request can be submitted.

8. The application must be site-specific; this activity is NOT available as a block grant.

9. The project is limited to very low-income (at or below 50% percent area median income) households.

10. Each emergency repair project must be completed within six (6) months of award approval.

11. 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.

12. 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.
13. 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.

14. 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.

**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 from the Authority prior to the submission of any HTF application. If a nonprofit is not an approved nonprofit, the application will be returned.

**Terms of Financial Assistance:**

| Maximum Subsidy per Beneficiary/Property: | $6,000 (plus any developer fees) |
| Maximum Developer Fee: | $500 |
| Required Match: | NONE |

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.

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.

**Submitting Applications:**
Applications for this activity can be submitted at any time, and are NOT subject to individual approval by the Authority’s Board of Commissioners.

Applications may be delivered by mail, other shipping service, or by hand delivery. Applications should be submitted in a package labeled “Housing Trust Fund Emergency Repair Application” to our address as stated below.
- Facsimile transmissions 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

Submission Format:
Sponsors must submit one (1) original application and one (1) copy application. Applications should NOT be bound. Applications must include the application and any required documentation.

Complete applications must include all pages of the application and all items identified in the Emergency Repair Application Checklist below. Applications must include all supporting documentation under the appropriate tabs and must be submitted in the order listed. 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.

Emergency Repair Application Checklist

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<tr>
<th>Tab #</th>
<th>Item Description</th>
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<td>1</td>
<td>Original Emergency Repair Application</td>
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<tr>
<td>2</td>
<td>Completed Request for Inspection form</td>
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<td>2</td>
<td>Site Map &amp; Directions to the Site from the Authority</td>
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<tr>
<td>2</td>
<td>Work Write-Up</td>
</tr>
<tr>
<td>2</td>
<td>Photographs of Structure (front, back &amp; area to be rehabilitated)</td>
</tr>
<tr>
<td>3</td>
<td>Contractors License &amp; Insurance</td>
</tr>
<tr>
<td>3</td>
<td>Copy of Deed (review for ownership &amp; legal description)</td>
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<tr>
<td>3</td>
<td>Commitment Letter(s) for other Financing</td>
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<td>4</td>
<td>Documentation Verifying Emergency (if available)</td>
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<tr>
<td>4</td>
<td>Documentation of Insurance Coverage</td>
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<td>4</td>
<td>Certification of Household Income</td>
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<td>Documentation of Household Income</td>
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Forms
All necessary forms for applications, change orders, draws, inspections, etc. can be downloaded from our website at www.schousing.com.
Application Review Process

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 with program requirements will be rejected and returned to the Sponsor.

3. Sponsors will be notified of any deficiencies in their applications and will be given the opportunity to correct any correctable items. A list of missing and/or incomplete documents will be provided to the Sponsor. Sponsors will be given a deadline to provide the missing and/or incomplete documents to the Authority. Failure to return all information within the deadline will result in the return of the application.

4. Successful applications which are deemed to require subsidy and are consistent with HTF policies will be recommended to the Executive Director for funding and approval.

Once an application has been approved for funding, the Authority will mail the Funding Agreement to the Sponsor. The Funding Agreement must be executed and the original returned to the Authority.

Housing Trust Funds can only be expended to accomplish the work described in the application. No portion of the HTF award may be used for any other purpose.

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

Manufactured Housing/Mobile Homes Owned by Beneficiary:
Beneficiaries for whom funding is sought must own manufactured housing/mobile homes and must have a title to both the home and the land. The Sponsor also must provide a warranty deed to the property 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.
- Manufactured housing/mobile homes must have been built after 1976. To demonstrate the age of a unit, the Sponsor must provide a copy of the Tax Assessment for the manufactured housing/mobile home.

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 remaindeeman (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.
Eligibility Requirements for Beneficiaries

Beneficiaries must be very low-income with gross annual incomes that do not exceed fifty (50%) of area median income as indicated by the Housing Trust Fund incomes. Current income limits can be found on our website at 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.
Rehabilitation Construction Guidelines

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 Funding Agreement amount. As an example, if the amount of rehabilitation is $6,000 and the developer fee is $500, the Funding Agreement will be in the amount of $6,500.

**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.
Inspection/Draw Process

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.

Conflicts of Interest and Performance Deficiencies

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.

### Housing Trust Fund 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.

- For Emergency Repair projects, a Funding Agreement will be utilized instead of restrictive covenants or notes and mortgages. This eliminates the need for document recording or a formal loan closing.
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.

**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.