

South Carolina Housing Trust Fund

Owner-Occupied Block Grant Manual

Administered by - The SC State Housing Finance and Development Authority

Effective July 1, 2016

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General Definitions

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

Application - The completed 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.

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.

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.

Contact Person - A person with decision-making authority for the Applicant 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.

Contractor - An individual or company, properly licensed, that undertakes a contract to provide materials and/or labor to perform a service or do a construction job.

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 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 ratios, terms and interest rate for loans.

Manual - The Housing Trust Fund Emergency Repair 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 of the unit lives in as its principal residence.

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

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.

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.

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 activity (OOR) 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.

Eligible Sponsors

Approved nonprofits and Units of Local Governments (cities, towns and counties) are the only eligible Sponsors for this activity. Applications submitted by nonprofits that are not approved by the Authority will be returned. The approval process for nonprofits is contained in the Application for Designation.

Terms of Financial Assistance

Maximum Block Grant Funding:	\$89,000 (including the developer fee)
Minimum HTF Rehabilitation Funding per Beneficiary/Property:	\$14,000 (plus developer fee)
Maximum HTF Rehabilitation Funding per Beneficiary/Property:	\$20,000 (plus developer fee)
Maximum Developer Fee:	\$2,250

When providing funds for rehabilitation, Sponsors should 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)

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/HousingPartners/HousingTrustFund>.

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: HOUSING DEVELOPMENT
HTF Owner-Occupied Rehabilitation 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

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.**

Application Progression:

1. The Sponsor submits an Owner-Occupied Rehabilitation Block Grant Application in accordance with the schedule posted on the Authority's website www.schousing.com.
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 Emergency Repair (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 numerous incidences involving valid contractor and/or homeowner complaints, or the Sponsor missing scheduled inspections and/or project completion deadlines, or an unreasonable number of 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 Owner-Occupied Rehabilitation Beneficiary Applications 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. 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.**
11. A Restrictive Covenant, a Funding Agreement and an Agreement for Residential Repair Services will be forwarded to the Sponsor ***AFTER*** the necessary building permits are received.
12. The homeowner must execute the Covenant 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.
13. Work cannot begin until the properly executed and recorded Restrictive Covenant, and executed Funding Agreement and Agreement for Residential Repair Services have been returned to the Authority.
14. 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.
15. When work is complete, the Sponsor may request a final inspection by submitting the following forms: Inspection Request (HTF-2A), Certification of Work Completed (HTF-2D), the completed Draw Request for Construction Costs (HTF-4A) and Draw Request for Developer Fee (HTF-4A). The Draw

Request for Developer Fee will not be processed until the Certification of Payment (HTF-4C) has been completed and submitted.

- After the first final inspection is completed for a project, should a second final inspection be needed, there will be a \$25.00 deduction from the Sponsor’s developer fee. If a third final inspection is needed then another \$25.00 deduction from the Sponsor’s developer fee will be taken, etc.

Forms

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

Applications Management Staff:

STAFF	PHONE #	FAX #	EMAIL ADDRESS
Laura Nicholson Development Director	(803) 896-9190	(803) 551-4925	laura.nicholson@schousing.com
APPLICATIONS MANAGEMENT DIVISION			
Leanne Johnson Applications Manager	(803) 896-9248	(803) 726-8519	leanne.johnson@schousing.com
Lisa Benfield Program Coordinator	(803) 896-9244	(803) 551-4952	lisa.benfield@schousing.com
Courtney Davis Program Coordinator	(803) 896-9254	(803) 551-4931	courtney.davis@schousing.com
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Dorothy Sutton Program Coordinator	(803) 896-9360	(803) 551-4948	dorothy.sutton@schousing.com
Glynis Thornhill Program Coordinator	(803) 896-9195	(803) 551-4930	glynis.thornhill@schousing.com
INSPECTIONS DIVISION			
John Thompson Inspections Manager	(803) 394-4671	(803) 551-4992	john.thompson@schousing.com
John Brunke Inspector	(803) 413-2454	(803) 551-4871	john.brunke@schousing.com
Phillip Miller Inspector	(803) 862-3998		phillip.miller@schousing.com
Gilbert Smith Inspector	(803) 351-3962	(803) 551-4863	gilbert.smith@schousing.com

Owner-Occupied Rehabilitation Activity Guidelines

General Guidelines:

- Sponsors must operate within their defined service areas as defined in their Application for Designation and as evidenced in their Charter, Articles of Incorporation or By-Laws.

2. Sponsors are limited to one (1) open Owner-Occupied Rehabilitation (OOR) Block Grant award, plus a maximum of five (5) open ERs.
3. 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.
4. 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.
5. **Sponsors** must check the property liens of all potential beneficiaries to ensure that there is not an existing HTF lien.
6. Beneficiaries previously assisted under the ER activity may receive OOR Block Grant funding. The maximum OOR Block Grant funding available will be \$14,000. Additionally, the OOR **developer fee will be reduced** by the amount of ER developer fee already received, regardless of the Sponsor who previously received the developer fee under the ER award.
7. 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 \$20,000.
8. 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.
9. OOR Block Grant awards may be terminated at any time prior to the award expiration date due to documented evidence of unsatisfactory productivity.
10. HTF Sponsors are required to submit the Project Report (HTF-2E) form quarterly for a Block Grant award through completion.

Eligibility Requirements for Beneficiaries

OOR Beneficiary Applications:

Once an Owner-Occupied Rehabilitation Block Grant has been approved and the Funding Agreement has been executed and returned to the Authority, owner-occupied rehabilitation beneficiary applications may be submitted. Such applications may be submitted one at-a-time or altogether. These applications should **not** be included with the Block Grant Application.

One (1) original and one (1) full-color copy of the Owner-Occupied Rehabilitation 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.** Please, do not use staples within an application.

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.

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. 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 HTF award and may 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(ies). **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.

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.

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. This includes 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 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.
2. A copy of 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 in the application.
3. 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.

Eligibility Requirements for Properties

Manufactured Housing/Mobile Homes Owned by Beneficiary:

Manufactured Housing/Mobile Homes are **not** eligible properties under the OOR Block Grant activity.

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 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 where recorded, the date recorded, and the 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 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 where recorded, the date recorded, and the office where recorded.

If the Deed of Distribution transfers the property to persons in addition to 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.

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 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 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 grantor 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.

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 material and labor costs identified separately by line item. The Authority does not do mold remediation.

Photographs of all demo work and hidden repairs (i.e. crawl spaces, in attics, behind sheetrock, roofing repairs), 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.** 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.

Rehabilitation should be prioritized into the following categories:

- Primary Repairs (health and safety related repairs);
- Secondary 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 of 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 to fix the leak. The damage to the ceiling is repaired and the repaired area is painted.

Secondary Repair

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

Secondary Repair: Repaint entire ceiling.

Supplemental Repair

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

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

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

- **HVAC System** - A replacement system, less than 13 years old, must include a complete evaluation/review of the unit, insulation, duct work and thermostat from an HVAC company. A copy of the evaluation/review must be included in the application. Installation of HVAC systems are eligible under the OOR Block Grant activity.

- **Electrical System** - A system upgrade or update may include GFI circuits as required by the 2012 International Residential Code (IRC).
- **Plumbing System** - To include those not working or existing. Repair and/or installation of water wells will be reviewed on a case-by-case basis. If allowed, work must be done by a licensed well company; a work order from the well company must be submitted and reviewed as part of the initial application submission. Work orders must be detailed with all parts and labor broken out by line item costs.
- **Structural Integrity** - Any part of the foundation, wall, sub-flooring, roof support and other items affecting structural integrity.
- **Roofing** - Roofs that are leaking or have holes or patches **may** be replaced, including the replacement of rotten wood and/or damaged insulation; include new sheathing, new felt, drip edge, step and counter flashings, chimney flashings, valley lining, ridge vent, pipe boots and painting or replacement of any trim if necessary.
- **Exterior Doors and Windows/Panes** - Those that are missing or broken. Any exterior door replacements must include updated locksets and hardware, including deadbolt and peephole. Storm windows may be added if existing windows are sound and operate properly, otherwise replacement windows can be considered.
- **Porches** - All existing railings, steps and ramps should be sturdy and reliable. New installation of railings, steps and ramps should be installed to meet ADA requirements for handicapped or disabled beneficiaries.
- **Exterior surfaces** - Exposed surfaces should be either painted or covered in an acceptable material, such as vinyl.
- **Floors** - Replace or repair missing or damaged areas to include floor joists as necessary.
- **Handicap Accessibility** - Installation or repair of structures must meet requirements for disabled or handicapped beneficiaries to include; exterior ramps, handrails, accessibility to bathrooms including grab bars and wheelchair accessible showers.
- **Weatherization**

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

Repair Prioritization:

In prioritizing the work to be performed on a home, the Sponsor should first review any health and safety issues and the major systems listed above, including areas with obvious damage and/or systems beyond the effective useful life. It is not necessary to bring the entire home up to current code, but any repairs undertaken must meet current code. Hard-wired, inter-connected smoke and carbon dioxide detectors with battery back-up must be installed in every unit as required by the 2012 International Residential Code (IRC).

Secondary repairs may only be included when there is funding available beyond what is needed to perform the required primary repairs. Authority inspectors will verify that there are no other primary repairs and that the secondary repairs requested are associated with primary repairs.

Supplemental repairs may only be included when there is funding available beyond what is needed for the primary and secondary repairs.

Contractor Standards:

Contractors hired to complete owner-occupied rehabilitation repairs with SC HTF funds must be and/or have:

1. Licensed by the SC Dept. of Labor, Licensing and Regulation;

2. A licensed general contractor or licensed residential builder;
3. An "ACTIVE" status with LLR;
4. Eligible to perform the proposed OOR construction work based on their license classification; and
5. An effective \$1 million General Liability insurance policy **AND** a Workmen's Compensation policy. The policy(s) must not expire before the ER 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 general contractors or residential builders performing work on HTF projects must meet items #1 through #5 above. If the general contractor or residential builder employs sub-contractors on HTF projects, the sub-contractors hired must have their own Workers' Compensation insurance policy **OR** may be covered under the general contractor or residential builder's Workers' Compensation insurance. Coverage of sub-contractors must be for the entire time work is being performed on the project. The general contractor or residential builder may not execute a sub-contractual agreement stating that any sub-contractors hired by the general contractor or residential builder is not covered by the general contractor or residential builder's 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 general contractor or residential builder; however, items #1, 3, 4, and 5 above must be met.

The Authority will allow the Sponsor to complete a two-trade repair without the need of a general contractor or residential builder. Items #1, 3, 4, and 5 above are still required for these contractors. Example: HVAC repair and smoke detectors, **OR** roof replacement and smoke detectors.

If the Authority discovers any person working on an HTF project is uninsured, the Authority reserves the right to suspend or debar the contractor, sub-contractor, 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.

Work Write-Up:

Sponsors are required to submit itemized work write-ups for the rehabilitation of each property prior to beginning any work. Labor and material costs for each line item must be reported separately. The Sponsor must use the Authority's Work Write-Up (HTF-2B) form. **Each page** of the work write-up **MUST** be signed and dated by the Sponsor, Contractor and Homeowner.

The Authority will review the work write-up submitted and conduct an on-site inspection. If the Authority concludes that the costs presented in the Application are not reasonable, the Sponsor must re-submit a revised work write-up. Authority inspectors will then conduct another on-site inspection.

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 Sponsor will perform a physical on-site repair assessment and will ensure a physical on-site repair assessment is done by a licensed general contractor, residential builder, or certified home inspector prior to the submission of an application.
- The Sponsor will ensure that an itemized work write-up (HTF-2B) is completed by a licensed general contractor, residential builder, or certified home inspector and submitted as part of the application.
- The Sponsor must contract with a **licensed general contractor or residential builder** meeting the Authority's standards to perform the rehabilitation work. The Sponsor must contract directly with the licensed general contractor or residential builder.
- **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 three (3) months.**
- All work must be in compliance with the 2012 International Residential Code (IRC), and all state and local revisions.
- 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. The unit shall have 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 Section 504. Please refer to CABO/ANSI Section A117.1 for compliance requirements.

Roof Replacement

Photographs must be taken showing the bare sheathing and different phases of the install including new sheathing, new felt, valley lining, step flashings, chimney flashings, roof deck cut out for ridge vent and drip edge. The photos should be taken from a distance that clearly shows the front, rear and side view of the structure, and photos must be submitted with the final inspection request. **ALL submitted photographs MUST BE IN COLOR, MUST BE AT LEAST 3 x 5 INCHES IN SIZE, AND MUST BE ON PAPER.** Replacement of existing metal roofing is allowed.

Allowable Costs:

Development hard costs – These costs include the *actual construction costs* such as the following:

- Costs to meet Authority and local construction standards
- Essential improvements
- 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 will be allowed **1) based on the Authority's on-site inspection and 2) at the Authority's discretion.** Receipts and/or 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.

- 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 #4).
- Landfill fee up to \$400 - original invoice/receipt due with the final inspection request (HTF-2A).
- Portable Toilet fee up to \$150 - original invoice/receipt due with the final inspection request (HTF-2A).
- Dumpster fees up to \$400 - original invoice/receipt due with the final inspection request (HTF-2A).

Invoices/receipts not submitted as stated above **WILL NOT BE PROCESSED FOR PAYMENT**. Staff is not responsible for reminding Sponsors to submit invoices/receipts.

Prohibited Costs -

- With the exception of its Developer Fee, the Sponsor may not pay any of its administrative costs with HTF funds.
- 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.

Changes to Project after Award:

Any changes to the scope or cost of the work after the Sponsor is notified of award approval must be submitted in writing and approved by the Authority. The Authority may revoke a portion or the entire award if a Sponsor makes changes to the project without prior approval.

If it is determined during the course of the rehabilitation work that the scope or costs associated with the work needs to be changed, 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 beneficiary. 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.

Changing contractors after being awarded is not recommended and must be done as a last resort only. Contractor changes must also go through the change order request process and include an explanation of why the change is needed. An Authority inspector will review the requested contractor change to determine if it will be allowed. Another on-site inspection may be necessary before a final determination is made.

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. (HTF-2D) Certification of Work Completed including copies of Landfill Fee receipt(s) , Portable Toilet receipt(s), Dumpster receipt(s), etc.
3. (HTF-4A) Draw Request for Construction Costs
4. (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. 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. 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

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.

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.