

South Carolina Housing Trust Fund

Nonprofit Participation Manual

Administered by - The SC State Housing Finance and Development Authority

Effective: March 24, 2017

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Definitions

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

Applicant - An organization exempt from tax under Sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 as amended that is interested in applying for HTF program funds.

Application - The completed forms, schedules, attachments, and any additional documentation requested in the application.

Application Deadline - The deadline for applying for an initial designation to become an approved nonprofit or to re-certify an existing designation.

Authority - South Carolina State Housing Finance and Development Authority.

Board of Directors Resolution - A Board of Directors resolution is often used to facilitate and document decisions that need to be made during the course of the year. The point of a Board Resolution is to address a specific issue that the board needs to decide on. The resolution should be formally documented with the date it was voted on and approved as well as executed by the appropriate board member.

Capacity - A nonprofit's ability to deliver its mission effectively now, and in the future. Capacity building is not a one-time effort to improve short-term effectiveness, but a continuous improvement strategy toward the creation of a sustainable and effective organization.

Community - In urban areas, "community" may include several neighborhoods, the city, county or metropolitan area and is not necessarily limited to a single neighborhood. In rural areas, "community" may also cover a multicounty area but not the entire state.

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.

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. **NOTE:** Consulting Organizations are to be used to provide and build capacity for a period not to exceed one program year. **THE AUTHORITY MUST GIVE PRIOR APPROVAL FOR A NONPROFIT TO BE A CONSULTING ORGANIZATION.**

Contact Person - The primary person with decision-making authority for the 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. Contract employees may not be an employee (part-time or full time) for one nonprofit and also serve as a contract employee for another nonprofit.

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

APPLICATION REVIEW PROCESS:

- Review of Certification Designation Applications will be completed no later than June 30, 2017.
- Qualifying organizations will receive a letter of designation.
- Organizations that fail to qualify will receive a letter noting the deficiencies and will have seven (7) business days in which to submit corrections. There will be only **one** opportunity for organizations to correct deficiencies. If unsuccessful, nonprofits may reapply the following program year.
- The Authority will maintain a list of Approved Nonprofits. All approvals will be for a period of two (2) program years (from the date of approval notice through June 30, 2019).
- Newly approved nonprofits must have an implementation meeting at their office or the Authority's office. Newly approved nonprofits will not be eligible to participate in Owner Occupied Rehabilitation Block Grant activities until successfully completing, as determined by the Authority, five (5) Emergency Repair projects.
- The Authority allows up to five (5) ER projects to be open at any one time. Newly approved nonprofits can submit up to three (3) ER applications upon approval and work up to the maximum of five (5) only with Authority approval.

Nonprofit Requirements for HTF Participation

NONPROFIT APPLICATION

Place the original, completed, and executed [Nonprofit Application for Designation](#), and the [Checklist](#) behind **Tab 1**.

QUALIFYING CRITERIA

1. An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 before being designated by the Authority as a Qualified Nonprofit.

The 501(c) designations permissible are:

- 501(c)(3) status - a charitable, nonprofit corporation; or
- 501(c)(4) status - a community or civic organization

For nonprofit applicants operating in conjunction with the SC Department of Disabilities and Special Needs, a 501(c)(3), 501(c)(4) or IRS nonprofit governmental letter should be provided.

Provide one of the above **designation letters from the IRS** along with **proof of "good standing"** status from the South Carolina Secretary of State behind under **Tab 2**. To show a nonprofit is in Good Standing, visit the Secretary of State's web page at: www.scsos.com; click on "Corporate Search;" once the nonprofit is found, print a paper copy of the webpage showing the organization is currently in "Good Standing."

Organizations that have been debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction developments involving the use of governmental funds, including but not limited to CDBG, RHS, Federal Home Loan Bank, HOME, National HTF, LIHTC, are NOT eligible applicants.

Organizations that have been **in existence less than one (1) year are not eligible to apply** to be a certified nonprofit.

2. Provide a copy of your organization's **Charter, Certificate or Articles of Incorporation** and a copy of its **By-Laws** and Board Member information behind **Tab 3**. **Each requirement listed below must be highlighted or circled within the copy of the By-Laws or the item will be considered missing.**

- By-Laws must be exclusive to the organization (must be signed and dated);
- By-Laws must include a clear housing purpose, such as a provision to provide safe, sanitary and affordable housing to low and moderate income families;
- How the organization's financial year is set-up must be included in the By-Laws (i.e. calendar year, fiscal year from July 1 to June 30).
- All Applicants must perform services within a **defined service area**. The defined service area is limited to the county in which the organization is headquartered along with up to six (6) nearby/surrounding counties for a total of up to seven (7) counties. Nonprofits wishing to expand their service area up to ten (10) counties may do so **ONLY IF** two (2) of the additional counties are on the [HTF Underserved Counties list](#). A map and description of the Applicant's service area must be included behind **Tab 3**;
- An Applicant must have a minimum of five (5) board members with the majority of its members situated within the defined service area(s). A board term must be included for all board members (See [Attachment A](#)). *A life time board term is not acceptable*;
- **The Board Chairperson cannot also be the organization's Executive Director and/or the organization's Financial Representative.**
- A "no benefit" provision, stating the following must be in the Applicant's Charter, Articles of Incorporation, By-Laws or a Resolution approved by the Board of Directors and placed behind **Tab 3**:

"No employee, agent, consultant, Board member or officer of [the organization] may obtain a financial interest or benefit from [the organization]'s operation of any South Carolina State Housing Finance and Development Authority program, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder during one's tenure, or for one year thereafter. Nor shall an immediate family member or business associate of an employee, agent, consultant, Board member or officer, or any organization which employs or is about to employ such employee, agent, consultant, Board member or officer, obtain a financial interest or benefit from the transaction or contract of [the organization] related to participation in any South Carolina State Housing Finance and Development Authority program."

In the event that a person subject to this provision provides services to the organization in their normal course of business, the organization may apply to the Authority for a waiver to permit such person to provide such services if the fee to be charged for such service or services is reasonable and does not exceed what is regularly and customarily charged for such service or services. The Authority has sole discretion whether to grant such waiver.

It is against the law for an Applicant's net earnings (profits) to benefit any member, founder, contributor or individual.

- Include **meeting minutes** for the last twelve (12) months of Board meetings behind **Tab 3**. Ensure meeting minutes are signed and dated by the appropriate Board officer.

COMMUNITY SUPPORT

Applicants must provide a minimum of **three (3) written community support letters** from third-party sources located in the jurisdiction(s) in which it plans to provide services.

- These letters can be obtained from local municipalities or local community organizations with which the Applicant has worked, preferably completing activities comparable to HTF activities. Letters from local small businesses such as beauty salon owners, funeral home owners, etc. are NOT acceptable;
- The letters must be on the supporting organization's letterhead with original signatures; **and**
- The letters must be dated within six (6) months of this application.

Provide the community support letters behind Tab 4.

EXPERIENCE AND CAPACITY

1. **Experience** – The Applicant must provide documentation that it has at least one year's experience in affordable housing development.

Organizations that have been in existence less than one (1) year do not have at least one year's experience and therefore are not eligible to apply to be a certified nonprofit.

Examples of **documentation of experience** are:

- Pictures documenting rehabilitated projects, neighborhood revitalization or community development;
- A project summary of efforts that the Applicant participated in or completed, including a letter from the funding partner that financed the project; and/or
- List of completed projects from the Annual Report or Board Minutes of the Applicant.

Provide the above documentation behind Tab 5.

An organization that has been incorporated more than one (1) year but has less than one (1) year of **housing experience** may utilize a Consulting Organization to meet the one year's experience requirement. However, the Consulting Organization may not be partnered with more than one (1) newly created nonprofit at a time nor can the partnership exceed more than one (1) HTF program year. THE AUTHORITY MUST GIVE PRIOR APPROVAL FOR A NONPROFIT TO BE A CONSULTING ORGANIZATION.

If utilizing a Consulting Organization, the following information must be submitted behind Tab 5:

1. **Executed Contract** for Services between the newly formed nonprofit and the Consulting

Organization stating:

- a. exactly what services will be provided by the Consulting Organization;
 - b. a description of each of the organizations' responsibilities;
 - c. the length of time the contract will be in place (not to exceed one year); and
 - d. any additional terms of the contract.
2. A detailed **Training Plan** created by the Consulting Organization that will be used to train the newly formed nonprofits key staff members or its principal officers.
 2. [Attachment F](#) (completed and executed); **and**
 3. **Resume(s)** of the Consulting Organization's key contact person(s).

Based on the experience of a newly created nonprofit, the Authority reserves the right to restrict participation in program activities until such time there is demonstrated successful work completed.

2. **Staff Capacity** – An Applicant must demonstrate the capacity of its key staff to carry out HTF activities.

To demonstrate capacity, the following must be provided behind Tab 6:

- [Attachment E](#); and
- **Resumes** of all key staff members and principal officers associated with implementing the activities of the HTF program noting experience relative to housing programs.

All Applicants must have a minimum of one (1) full-time staff person, who can be a volunteer. All Applicants must have an office telephone with a large voice mail, a computer with internet access and a working e-mail address.

The organization's Executive Director cannot also serve as the organization's Financial Representative or its Board Chairperson.

3. **Financial Capacity** – An Applicant must demonstrate that it is financially viable and has a financial management system in place that provides proper controls and reporting of the organization's activities. The Applicant must have minimum unrestricted liquid assets of ten thousand dollars (\$10,000) as evidenced by the balance sheet (Statement of Financial Position) of its financial statements as outlined below.

An Applicant may be denied participation in the HTF program if major weaknesses or negative financial conditions are noted in the financial or bank statements. The Authority reserves the right to verify all financial information as it deems necessary.

The organization's Financial Representative cannot also serve as the organization's Executive Director or its Board Chairperson.

The following financial requirements must be provided behind Tab 7:

1. **Financial statements** that have been compiled, reviewed, or audited by an independent CPA licensed by the South Carolina Board of Accountancy. Financial statements must include an Income Statement (Statement of Activities) documenting one full year of activities and a Balance Sheet (Statement of Financial Position) dated on or after April 30, 2015. All financial statements must include notes and any footnotes to the financial statements. In instances where the Applicant has been in existence more than twelve (12) months but for less than fifteen (15) months, the Income Statement (Statement of Activities) submitted should cover the period since the inception of the organization and monthly bank statements from each month the organization has been in existence must also be provided.

2. The **most recent (2015 or 2016) income tax return** or **IRS Form 990** (must also provide evidence of delivery to the IRS.). Board members must be appropriately documented in the IRS Form 990. 3. **Attachment C** completed and executed by an individual independent of those compiling the organization's financial statements. The individual should have a connection to the nonprofit such as the Board Treasurer, or Chief Financial Officer. Attachment C must be notarized.

PROGRAM SUSPENSION/ DEBARMENT

1. Any of the following actions may result in an up to six (6) month suspension from participating in all Authority administered programs:
 - Failure to complete a project by the completion deadline specified in the HTF Funding Agreement.
 - Failure to provide legally executed HTF Forms and/or documents (HTF-2B, HTF-2C, etc.) or providing a false or inaccurate certification that a project meets the standards and requirements as stated in the body of the certification when, in fact, it does not, will result in the disqualification of the nonprofit.
 - The Authority may also file a complaint against the contractor with the S.C. Department of Labor, Licensing and Regulation.
2. Any of the following actions may result in the permanent debarment from participating in all Authority administered programs:
 - Any Applicant who provides false or misleading information to the Authority with regard to a project seeking HTF funds, in any capacity whatsoever, regardless of when such false or misleading information is discovered. Any award received on the basis of such false or misleading information shall become void. Each Applicant will be given written notice by the Development Director stating the reason for which the sanction of debarment was imposed.
 - An Applicant who provides agreements, written or otherwise, that attempt to circumvent Authority requirements regardless of when the violation is discovered.

The Authority, in its sole discretion, may determine other acts to be infractions of the program that require suspension or debarment; those suspensions and debarments are conducted as outlined in the Authority's Debarment and Program Suspension Policy which can be found on the Authority's website.