

# Best Practices Q & A



## SC Housing Mortgage Production Program Eligibility and Post Closing Deficiencies

February 2026

To support timely eligibility determinations and purchase decisions, SC Housing will provide this bulletin on a quarterly basis. The bulletin serves as a best-practice question-and-answer resource to address common deficiencies and offer guidance on corrective actions to facilitate more efficient cure and determination results.

<p><b>Tax Returns or Transcripts</b> <b>(ELIGIBILITY)</b></p>	<p>Transcripts for the previous tax year are generally not available from the IRS until 60 days after the date of filing. If a loan application is received by SC Housing after June 15th, but before the transcript is available from the IRS, SC Housing will accept a copy of the previous year's federal tax return along with evidence that the return has been filed and evidence provided that the tax transcript for that year is not yet available. This applies to both the borrower(s) and any other person(s) who is expected both to live in the residence being financed and to be secondarily liable on the mortgage.</p> <p>In all cases, SC Housing reserves the right to request federal tax returns in addition to transcripts or vice versa.</p>
<p><b>Does a borrower qualify if they are on an IRS payment plan or is the debt required to be repaid?</b> <b>(ELIGIBILITY)</b></p>	<p>SC Housing will require ONE of the following to evidence payment of a tax liability;</p> <ul style="list-style-type: none"><li>• SC Housing will accept established IRS installment agreement on files with A CUMULATIVE TOTAL of unpaid tax liability for all tax years, up to \$5,000.00, with evidence of at least a three-month timely payment history made in the month due and in accordance with insurer requirements.</li><li>• Payoff statement from the IRS for the total amount due (including all interest and penalties) through the closing date and paid on the Final Closing Disclosure. In the event that the IRS payoff statement cannot be obtained, a screenshot from IRS.gov reflecting the cumulative balances dues may be provided in lieu. Funds sent directly from the borrower account to satisfy will require evidence the funds have been accepted and cleared the borrower's account.</li></ul> <p>Statement of account obtained from the IRS reflecting a ZERO balance for the applicable tax year(s).</p> <p>No portion of any payment for IRS debt can come from DPA proceeds, must come from borrower(s) own funds or a gift from an acceptable source.</p>
<p><b>Our borrower is not a US citizen yet, do they qualify?</b> <b>(ELIGIBILITY)</b></p>	<p>The bond program requires all borrowers and occupants have an active green card and be permanent US citizens.</p>

**Can an exception be made to DTI requirements?**

**(ELIGIBILITY)**

No, Maximum Debt to income (DTI) ratio for all programs offered under the SC Housing Homebuyer program is the lesser of 45.00% or AUS approval.

**If our borrower previously received a one-time bonus or no longer qualifies for overtime can this income be excluded for household compliance income?**

**(ELIGIBILITY)**

Yes, income can be excluded with employer documentation. See other examples below-

**The following types of income can be excluded when determining Household Income:**

- Educational scholarships paid directly to the student or to the educational institution
- Amounts paid by the federal government to a Veteran for use in meeting the costs of tuition, fees, books and equipment
- Amounts that are specifically for reimbursement of business and/or educational expenses
- One-time sign-on bonuses
- Lump sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains, and settlement for personal or property losses
- Payments received for the care of foster children
- Sporadic or irregular gifts
- Amounts that are specifically for, or in reimbursement of, medical expenses

Temporary or one-time income may be excluded if the income was earned during the current year only, there is no prior history of the earnings and the earnings will not continue after loan closing. A statement must be obtained from the employer confirming that the income will not continue.

**Is the borrower eligible if they have a new employment contact, but have not yet started?**

**(ELIGIBILITY)**

Yes, if a borrower has accepted future employment that is scheduled to begin after the loan closing, the income should be verified and included in Household Income. All future income must begin within 60 days of closing.

**SC Housing will require that the lender obtain from the borrower; post- closing and prior to prior to purchase from the lender, a verbal verification that the borrower has started employment and any required document requested per insurer and AUS.**

Examples:

- A teacher who has received a contract and will begin employment in the new school year (or who has accepted a teaching position mid-year)
- A full-time student not employed at the time of application, but who has received and accepted an offer of employment.
- A physician who will begin residency after the date of loan closing.

**Can names vary on the warranty deed, mortgage, note or reservation?**

**(POST CLOSE)**

All files using SCH loan programs must close in the exact name shown on the Warranty Deed. Per SCH guidelines, the buyer's name must be typed exactly the same on the Warranty Deed, Note, Mortgage documents, and Title Commitment.

Name affidavits do **not** satisfy this requirement.

The first page of the Note may be corrected and re-uploaded, as it does not require signatures. However, **all Mortgage documents must be corrected and re-recorded.** Affidavits are not acceptable.

**CL-100/Soil Treatment Deficiencies**

**(POST CLOSE)**

The CL100 pest inspection is missing moisture content percentages, and damages are noted on the report without an inspector comment stating that repairs are not required.

**Remedy:**

All CL100 inspections must include moisture testing and report the moisture content percentage, **regardless of whether readings are below 25%**.

Any damages listed and/or moisture readings **over 28%** require completion of all necessary repairs. Documentation evidencing the repairs or corrective action must be provided in the file, **regardless of the appraiser's findings or comments**. Evidence includes invoice from a licensed contractor reflecting repairs made and that they have completed. All repairs must be made by a licensed contractor.

**FHA 92900A – Addendum to Uniform Residential Loan Application (FINAL)**

**(POST CLOSE)**

The HUD-92900A is missing required signatures, or contains only typed names for the Underwriter and/or Lender on pages 3 and 4 (Lender Responsibilities).

**Remedy:**

Per SCH guidelines, electronic signatures are permitted on a limited number of documents (refer to the Lender Program Guide for the approved list). For pages 3 and 4 of the HUD-92900A, either:

- Acceptable electronic signature evidence must be provided, **or**
- The document must be wet signed.

Buyer signatures must **always** be wet signed on all closing documents.

**How do you handle tax payment documentation on New-construction?**

**(POST CLOSE)**

SC Housing requires evidence that current-year property taxes have been paid. If the builder has paid the taxes under the parent parcel, a statement from the title company must be provided indicating this. The statement should confirm that the builder has paid (or will pay) the current tax bill for the applicable tax year on the parent parcel.

This documentation is required to clear the condition.

**Why do I have to provide a Tax Information Sheet/Certification completed by Title when I have provided a paid receipt?**

**(POST CLOSE)**

Title and the Lender are responsible for documenting the most recent tax year paid and the amount paid. If property taxes are outstanding, the loan file is not eligible for purchase by SCH until satisfactory evidence of payment is provided.

A Tax Certificate and proof of tax payment are required for all loans. The Title Commitment must clearly reflect accurate tax payment comments. Files should not indicate “taxes paid by seller at closing” when taxes were, in fact, paid prior to closing. In such cases, the tax receipt must align with the Title Commitment and clearly show payment was made in advance of closing.

## SC Housing Contact Information

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### SC Housing ID's

FHA – 4723009993      VA – 679535      USDA – 591585639      MERS - 1008745      SC Housing EIN 59-1585639