**RICHLAND COUNTY GOVERNMENT**

**Richland County Homeownership Assistance Program (RCHAP)**



Policies & Procedures Guide

****

Table of Contents

Purpose of Program3

Eligible Participants3

Application Process4

Buyer Underwriting6

Required Documents 7

Income Eligibility7

Debt-to-Income 8

Grant Amount 8

Loan Mortgage9

Interest Rate9

Other Funding Sources 9

Eligible Property9

Notice to Seller10

Lead-Based Paint 10

Mandatory Classes 10

Environmental Reviews10

Richland County Mortgage Agreement10

Recapture Clause 11

Satisfaction of Mortgage11

Responsible Lending; Senior Loan Expectations12

Refinancing/ Subordination of HOME Funded Liens 12

Responsibilities

* RCHAP Coordinator 13
* Inspector 14
* Applicant 14
* Real Estate Agent15
* Lender15
* Closing Attorney 16

Residential Anti-Displacement and Relocation16

Foreclosures16

Conflict of Interest17

Grievance Procedures17

Exception to Policy18

Appendix A 19

Appendix B 20

***Richland County Government receives funding from the U.S. Department of Housing and Urban Development (HOME funds)***

**Purpose of Program**

* To increase the opportunity of homeownership for low and moderate income persons/families
* To provide down payment and closing cost assistance to potential homebuyers who meet the low to moderate family income limits (as established by HUD) who plan to purchase a home within the County of Richland, as outlined in the program guidelines
* To educate citizens about homeownership, credit repair, and financing

**Eligible Participants**

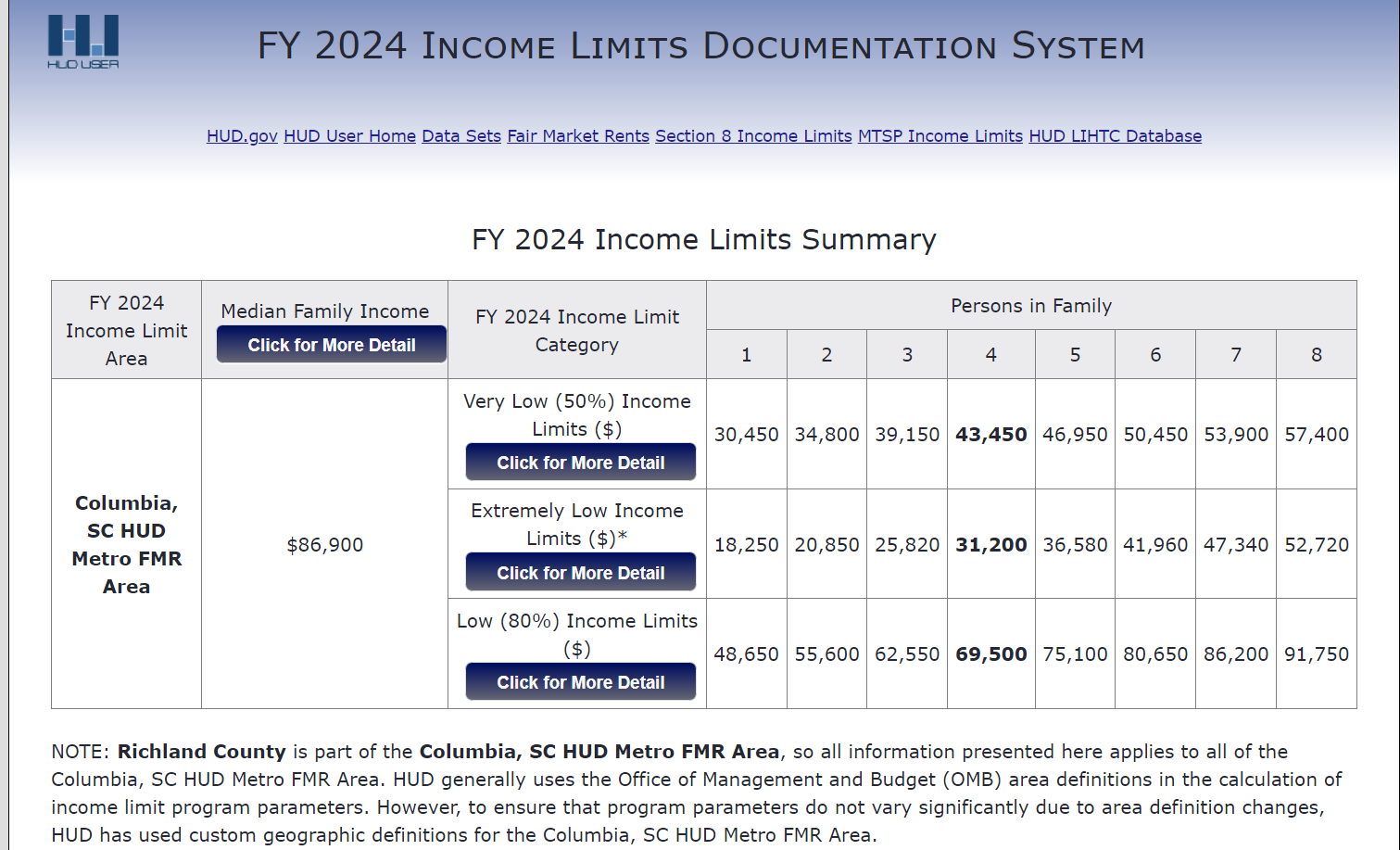
* Must be a resident of South Carolina
* Must show an acceptable form of income for the entire household. The applicant must have income documentation for one of the following:

1. Disability Benefits
2. Social Security Benefits
3. Retirement Benefits
4. Annuity Benefits
5. Veteran Administration
6. Proof of self-employment (3 years of tax return)
7. Child Support
8. Alimony
9. Pay stubs

* The applicant must be a “First-Time Homebuyer” which is defined as under federal regulations as:

1. An individual and his or her spouse who have not owned a home during the three- year period prior to the purchase of a home with assistance under this program, or
2. An individual or family which has been displaced and is transitioning to become a homeowner. The term "displaced " refers to any person who moves from real property as a direct result of acquisition, rehabilitation, or demolition.
3. A person who is a single parent defined as an individual who is unmarried or legally separated from a spouse (documentation must be provided for separation or divorce); and has one or more minor children of whom the individual has custody or joint custody, or is pregnant.

* Must be qualified as a household of low to moderate income (Richland County will use the Section 8 definition of income- based on 80% of the area median income with adjustments for household size-see below): Note: Income limits are subject to change annually.

****

All information submitted will be treated confidentially and will not be disclosed to any outside parties.

* Please note that knowingly and willfully providing false or misleading information to the Federal government is a Federal violation and can subject one to fines, imprisonment or both.
* Must be able to secure a home mortgage independent of a co-signer
* The applicant must be a homebuyer who agrees that the purchased home will serve as the applicant’s sole place of residency and not serve as a rental or commercial facility. Cannot presently own a home or land, or previously owned a home or land in the last three (3) years
* Cannot have an existing contract on a home at the time of application, nor enter into one until receipt of the letter of eligibility from the County.
* Must complete required homeownership class(s) that will supply a minimum of eight (8) hours class time. For RCHAP purposes, the certificates from any homeownership classes are valid for one year from date of the class.

**Application Process**

Citizens interested in participating in the Richland County Homeownership Assistance Program (RCHAP) can contact Richland County Community Development at (803) 576-2230

* Interested citizens must attend the RCHAP Orientation, (date, time, and locations of future Orientations will be listed in the RCHAP application packets, which will be provided at that time.
* Applicant is required to attend the homebuyer education classes through an accredited housing counseling agency. Classes topics could vary from financing, home selection process, budgeting and credit, and etc. Depending on the agency you choose, there may be a fee. For RCHAP purposes, homebuyer education class certifications dated within one year prior to the RCHAP application submission date are acceptable. However, if the certification is going to expire prior to closing, you will be required to take the classes again. All copies of the certificates must be on file for prior to Written Agreement is signed between the Homeowner and Richland County.

Accredited Housing Counseling Agency

Regenesis Cdc

[RCDC | REGENESIS](https://rcdc.us/)

430 E Main St Ste 1

Spartanburg, SC 29302

(803) 691-4742

Neighborhood Assistance Cooperation of America – (NACA)

[Home | NACA](https://www.naca.com/)

810 Dutch Square Blvd,

Suite 220 Columbia, SC 29210

([803) 255-0223](tel:803-255-0223)

Human Relations Commission of Greenville County

[Greenville Financial Empowerment Center | Financial counseling | Greenville, SC, USA](https://www.greenvillefec.com/)

301 University Rdg,

Ste 1600,

Greenville, SC 29601

(864) 467-7105

* A prequalification or preapproval letter from a reputable financial institution is required to submit the application. The letter must be valid, the expiration date must be 90 days or greater. No application will be accepted without this documentation.
* The RCHAP application, along with $50.00 fee must be submitted to Richland County Government, Community Development Department, and 2020 Hampton St., Suite 3058, Columbia, South Carolina 29204. (This fee is non-refundable.) Upon receipt of the application, the Community Development Department will review the application for income eligibility and will verify employment.
* Incomplete applications will not be processed and will be returned with explanation. The applicant will receive, in writing, the status of the application within 10 business days of receiving the application. If applicant is turned down for any reason, he/she must wait six (6) months before re-submitting an application.

**Note:** Income eligibility is valid for six months from the date of notification, after which household income will need to be re-verified. At which time a current preapproval or prequalification letter will need to be provided to update eligibility. Applicant must meet HUD Income limits in order to be eligible for the program.

* All information submitted will be treated confidentially and will not be disclosed to any outside parties.
* Applicant cannot have a contract on a home prior to submitting the application. There can be no contract to buy a house until after applicant's receipt of the letter of eligibility from the County. The final underwriting will determine if the applicant is eligible for the down payment assistance.
* Applicants will receive written notification of an eligibility and commitment letter to participate in the program. Please note that these letters implicate eligibility only. This notification is not a guarantee of funds and is valid for 6 only months. RCHAP is funded annually and funds are available on a first-come first-served basis upon eligibility and funding availability.
* Once the eligibility and commitment letter are received, applicants should move forward working with their lender and realtor to secure a purchase contract on a home.
* The Real Estate Agent must be notified that RCHAP grant funds will be used in this process.
* The Real Estate Agent will acquire the applicant's, the seller's, and the witnesses' signatures on the "Acknowledgment of Acquisition of Property" form. This can be submitted to the seller when submitting a contract. The '' Acknowledgment of Acquisition of Property" form should be turned in to Richland County with the purchase contract (seller needs sign this prior to signing the contract).
* Once a home is selected for purchase, and has a contract signed by the buyer and the seller, the Real Estate Agent is responsible to get a copy of the contract to Richland County. Remember at this time to also have the agent witness the Acknowledgment of Acquisition of Property form and send it to the Seller.
* Please notify RCHAP staff of your closing attorney name and contact information as soon as one is chosen. RCHAP will send them the documents to be executed with the others at closing and make them aware of what documents we require after closing.
* When the closing is scheduled, RCHAP staff must receive the LOAN CLOSING DISCLOSURE form forty-eight (48) hours prior to the closing date.\*\*
* Prior to closing the applicant will meet with Richland County Community Development staff to discuss and sign the Written Agreement. This agreement provides the terms and conditions of the loan.
* Richland County will then issue a check payable to the closing attorney and the applicant. The applicant will, at closing, sign the RCHAP Deferred Forgivable Mortgage and Promissory Note along with the other closing documents. Be aware that the County requires sufficient time to cut a check, therefore keep staff updated during the home buying process.
* Richland County must receive a copy of closing documents from attorney within 30 days of closing. If document is not received, Richland County will request repayment from the applicant.

\*\*\* If deemed ineligible for any reason, the applicant must wait six (6) months before reapplying. This waiting period begins on the date of the notification letter specifying the reason for ineligibility.

\*\***Richland County reserves the right to cancel any closings that are not in compliance with the requirements/regulations of RCHAP and the HOME Investment Partnerships Program.**

**Buyer Underwriting**

* Initial intake will conduct an income review to determine that the household is at or below 80% AMI based on the Section 8 Part 5 income definition.
* To ensure that buyers are likely to sustain homeownership, assisted buyers are expected to:

1. Purchase a home for a reasonable price that does not exceed:
   1. The fair market value as determined by a third-party appraisal and
   2. The HOME Program Homeownership Value Limit as determined by HUD for the type (new or existing) and location of the home.

* Obtain a senior mortgage loan that meets the Responsible Lending policy below for which:

1. The monthly housing expenses (i.e., front-end ratio) do not exceed 33% of the buyer’s monthly underwriting income;
2. The total debt burden (i.e., back-end ratio) is not in excess of 43%.

* Home Buyer are required to contribute $500 of the purchase price toward Earnest, Inspections, Taxes and/or Appraisal etc.
* Documented costs (e.g. an appraisal) “paid outside of closing” by the buyer will be credited toward this requirement.

In addition to cash toward purchase, buyers are required to have sufficient cash resources after closing to cover three months of mortgage. For purposes of this requirement, liquid assets are those readily convertible to cash, including but not limited to savings or checking accounts, certificates of deposit, stocks and bonds, etc. Liquid assets, however, exclude life insurance policies and any savings held in a tax -preferred retirement account (e.g. pension, 401(k), IRA, etc.), college savings plan (e.g. 529 account), or health savings account recognized by the Internal Revenue Service.

**Homeowner Underwriting and Funding Process**

All potential homeowners must complete a three-stage underwriting process to determine funding eligibility. Funds are not guaranteed until the final disclosure is received and approved.

**Part I: Initial Underwriting Review**

1. Homeowners must submit all required documents.
2. The buyer(s) gross income vs debt will be used to determine the debt-to-income ratio.
3. The lower of the two calculated ratios will determine the monthly mortgage amount and maximum purchase price. This does include principal, interest, taxes, and insurance (PITI).
4. An eligibility letter will be issued based on this assessment.

**Part II: Second Underwriting Review: Contract Submission and Commitment**

1. The homeowner/realtor must submit a ratified contract.
2. The lender will provide the necessary documents, including the credit report, draft closing disclosure, and loan estimate. This is where actual numbers from the purchase will be used. The lender will provide information on the PITI.
3. The purchase price and maximum mortgage will be verified to ensure it aligns with the mortgage and purchase price requirements provided in the eligibility letter.
4. A commitment letter will be issued, which the homeowner must sign and return.

**Part III: Final Disclosure**

1. The lender will submit the final disclosure.
2. The final numbers will be entered to confirm qualifications.
3. Upon approval, authorization will be granted to proceed with the closing.

**Required Documentations**

* Current tax return
* Provide 3 months of latest bank statements for all accounts.
* Provide 2 months of most recent check stubs.
* Provide proof of current residence (Utility bill or Rental Agreement) If the applicant is living with their parents, the parents must write a letter, and it must be notarized.
* Proof of Additional Income to include: child support, SSI, alimony, etc. If no child support is received for children in the home must provide documentation from child support agency. If child receives child support documentation is required.
* Any legal documentation of separation or divorce.

\*All requested information applies to all adult members in the home where applicable. Income received will determine if the applicant's household meets HUD income limits. For underwriting purposes, only the applicant's income will be used.

Richland County Community Development staff will utilize the Single-Family Underwriting Spreadsheet to calculate compliance with the underwriting standards and calculate the amount of assistance needed to make the unit affordable to the household. Households who are found to require additional funds beyond the $10,000 funds available will need to provide a commitment of the additional funds and the RCCD underwriting will be updated to reflect the added funds prior to the commitment of HOME funds.

**Income Eligibility and Underwriting** **§92.254 (f) (1)**

Eligible Area Median Income (AMI) ranges are defined below:

* Maximum 80% of AMI: The HOME statute and regulations limit HOME assistance to households with incomes at or below 80% AMI as defined annually by HUD and adjusted for household size.
* Minimum 30% of AMI: While the Richland County wants to expand opportunities for low income households, it also recognizes that homeownership assistance is limited, and homeownership requires buyers to have sufficient discretionary income to maintain their homes over time, absorb increases in taxes and insurance, and respond to unexpected expenses. This minimum reflects maximum homebuyer assistance and the required mortgage for a typically priced house.
* Homebuyer income eligibility will be determined using the {Part 5/IRS 1040}3 definition of income. The total household income will be used for determining program eligibility and must be documented with at least two-months of source documentation (e.g. paystubs, benefit records). Income attributable to all household members, whether related by blood or marriage or not, will be included for eligibility purposes.  However, for underwriting purposes only (that is to determine the appropriate level of assistance), the following adjustments to income will be made:
* The income of adults who will not have an ownership interest in the property will be excluded. For example, the income of an elderly parent that is part of the household but is neither being listed on title to the property nor included on the loan documents will not be included in calculations of the income available to make the mortgage payment. This exclusion for “non-purchasing” adults is not intended to optionally exclude the income of a household member with marginal credit. In the case of married couples, the income of both spouses will always be included for underwriting purposes.
* Significant sources of income such as social security benefits, child support payments, or the like that will not continue for three (3) years will be excluded. For example, child support received for a 16 ½ year old is included in the Part 5 definition of income because it will continue over the upcoming 12 months but will not be counted in buyer underwriting as the income will cease when the child turns 18.
* Any *imputed* income from assets will be excluded for underwriting purposes.

**Debt-to-Income**

The Debt-to-Income (DTI) ratios cannot exceed 33% front end and 43% back end. These figures are calculated to ensure that the low-income homebuyers we serve have sufficient residual income to meet anticipated and unanticipated expenses. Even when assisted buyers are willing to take on larger monthly payments and a lender is willing to exceed these ratios, Richland County Community Development has determined that low income buyers are less likely to be able to sustain homeownership over the period of affordability and will put the HOME funds at unacceptable risk. The minimum front-end ratio is to avoid over-subsidization of homebuyers with excessive debt and similarly constitute unacceptable risk to the HOME funds.

* The front-end ratio, or housing expense ratio, considers the percentage of gross monthly income the individual homebuyer is expected to pay for monthly housing costs (i.e., mortgage principal and interest, real estate taxes, and homeowner’s insurance, known collectively as PITI, as well as any mortgage insurance premiums, association fees, ground lease fees, and other similar fees as applicable).
* The back-end ratio, or debt-to-income ratio, reflects the percentage of gross income the individual homebuyer is expected to pay for housing debt and expenses plus all recurring consumer debt (i.e., PITI and other fees plus credit card, auto loan, and student loan payments, other installment and revolving debt that appears on a credit report, alimony, child support, etc.)

**Grant Amount**

**Grants are available up to $24,500.** In order to determine the specific amount of down payment assistance needed to ensure that the unit is affordable and sustainable over the long-term, Richland County must examine the following for each homebuyer: debt-to-income ratios;

* whether the property is existing or new construction;
* housing and overall debt;
* purchase price of the home;
* recurring monthly expenses;
* financing terms of the primary mortgage;
* assets or cash reserves; and
* appropriateness of the amount of assistance Funds for eligible applicants will be provided on a first-come, first-serve basis until all available funds are expended.

**Loan Mortgage**

Richland County is not responsible for assisting with or processing mortgage loans. All mortgage loans must be approved through a certified financial institution.

Mortgages will be placed in first position for repayment by a reputable mortgage lending institution and Richland County will take second position for repayment based on the Recapture Agreement. The mortgage will be up to thirty (30) years, at a fixed rate.

**Interest Rate**

Interest rate must be at or below the current Federal Reserve rate. Richland County reserves the right to consider, on a case-by-case basis, approval of assistance if the interest rate exceeds the current rate. Interest rate must be a fixed rate. No adjustable rate mortgages are accepted.

**Other Funding Sources §92.254(f)(1)**

|  |
| --- |
|  |

Other state/federal housing grant or loan assistance programs can be used in conjunction with RCHAP's assistance. These programs, however, cannot interfere with Richland County's program requirement that RCHAP assistance be recorded as a second mortgage. Subsidy layering of federal and state grants and loans assistance is prohibited.

**Eligible Property**

* The property must be located within the Unincorporated Richland County, but not located within the City limits of Columbia
* Property must be the primary residence of the buyer
* Property must pass a home inspection conducted by a Certified SC state licensed home inspector
* Property must appraise for at least the purchase price
* Property must be a new or existing single-family house built after 1978 (see lead-based paint section)
* RCHAP uses actual HUD issued 95% of area median purchase **price (existing property can't exceed $ 228,000, and new construction can't exceed$ 273,000)** if amount exceeds then we will not be able to assist with the purchase of the home. Amounts subject to change, per HUD updates.

**Notice to Seller**

The "Acknowledgement of Acquisition" form allows the Seller to know that the applicant (Buyer) is seeking Federal funds for down payment and/or closing costs to assist with the transaction. In addition, this form outlines the specifics of the voluntary sale. **This form should be signed and witnessed by the seller at the same time the contract is being executed**. **An inspection contingency must be included in all real estate contracts and should be included at the time of the initial offer.** A copy of the signed/witnessed form must be provided to RCHAP. Any questions and/or clarifications about this form should be directed to RCHAP staff.

**Lead-Based Paint**

It is a federal requirement that all homes built prior to 1978 be inspected for lead-based paint. This Regulation requires corrective measures that cannot be avoided. **Richland County has opted not to include in the program houses built prior to 1978 in order to avoid violation of Federal Regulation.** The lead-based paint removal would be considered a rehabilitation expense, which cannot be covered by Richland County Homeownership Assistance Program.

**Mandatory Classes**

It is mandatory for each applicant to attend Homebuyer Education Classes. The vendor/contractor for these classes may vary each year; but must be a minimum of eight (8) hours of class time attended. (RCHAP agrees to the information presented as well as the time schedules provided by the vendor/contractor.) All adult household members who will hold title and be a party of to the senior loan must attend class. Richland County cannot be held responsible for any unforeseen class cancellations. Class participation will be contingent upon initial program eligibility. For RCHAP purposes, certificates from the Homebuyer classes are valid for one year from date of class. Attendance to one post-homeownership class hosted by Richland County is also required. This class will be held twice each year. This class is intended to assure that the home owner is able to maintain the home and the mortgage. It will include many facets of home and loan upkeep.

**Environmental Reviews**

Richland County is required to conduct an Environmental Review for each Activity/Project. This program requires a Categorically Excluded Not Subject to Section 58.5 (Pursuant to 24 CFR Part 58.34(a) and 58.35(b)) or Categorical Excluded Subject to the Federal laws and authorities (CEST) (Pursuant to 24 CFR Part 58.5) level review to be considered for financing. The Environmental Review will evaluate the potential environmental impacts and determine whether the project meets federal, state, and local environmental standards. An environmental review process is required for all HUD-assisted projects to ensure proposed projects do not negatively impact the surrounding environment, and the property site itself will not have an adverse environmental or health effect on end users. Every HUD-assisted project must be in compliance with the National Environmental Policy Act (NEPA) and other related Federal and state environmental laws.

**Richland County Mortgage Agreement**

Richland County will provide down payment and/or closing costs assistance in the form of a deferred forgivable loan. The applicant/homeowner must use the house as their primary residence for a minimum of five (5) years from the date of the closing and complete one (1) post-homeownership class in order for the assistance to be completely forgiven.

Richland County will place a second mortgage lien on the property for the five year period (from the date of the loan closing). The lien will be deferred and will require that the funds (down payment and/or closing costs) be repaid if a change in use or a change in ownership occurs during the five year period, such as foreclosure or renting out of the property.

The following restrictions also apply:

1. Third mortgages are not prohibited. If a third mortgage is secured, the County must be notified within thirty (30) days in order to make arrangement for repayment of funds.

**Written Agreement**

A contract is established between Richland County and the first-time homeowner. The Written Agreement provides in details HOME regulations outlined in 24 CFR 92 apply to the implementation of RCHAP and is incorporated into the agreement.

The Homeowner agrees that HOME assistance will be used as gap financing at closing, reducing the amount they need to borrow. The written agreement outlines the guidelines and expectations for the five-year monitoring period. This contract must be signed prior to closing on the property.

**Recapture Clause**

The house must continue to be the principle residence of the homebuyer. **If the Borrower does not maintain principal residency in the property for at least five years from the date of closing, Richland County will recapture all or a portion of the HOME assistance to the homebuyer**. Failure to maintain the original terms of the mortgage will result in recapture of the grant. In the case of sale; RCHAP will require repayment of funds to be distributed from the net proceeds of the sale of the property. A change in the mortgage is triggered by refinancing, selling, or renting the home within the period of affordability. The recaptured amount of the grant is on a prorated basis determined by the amount of time the homeowner has owned and occupied the house and will be measured by the affordability period outlined below.

|  |  |
| --- | --- |
| **HOME OCCUPANCY TIME LIMIT** | **REPAYMENT AMOUNT OF LOAN** |
| 1 Year or less | 100% |
| 2 Years (up to) | 80% |
| 3 Years (up to) | 60% |
| 4 Years (up to) | 40% |
| 5 Years (up to) | 20% |
| 5 Years and over | 0% |

**Satisfaction of Mortgage**

After the five year period, the County will submit a "Release of Lien" document to the Richland County Register of Deeds Office. Once the Register of Deeds Office processes the Release of Lien, a copy of this document will be placed in the applicant's file and a copy will be sent to the applicant. In addition, the applicant will receive a "Satisfaction of Mortgage" letter from the Richland County Community Development Department. This letter, along with the Release of Lien officially releases the applicant from any obligations to the County.

**Responsible Lending: Senior Loan Expectations**

To ensure that buyers receive high quality loans that are sustainable over time, Community Development requires that any buyer receiving HOME assistance towards closing costs, down payment, or a portion of the purchase price receive a senior loan (i.e. first mortgage) meeting the following criteria:

* The loan must be:

1. A “Qualified Mortgage” under the requirements of the Consumer Protection Financial Bureau (CFPB) outlined at 12 CFR 1026.43(e); or

* A mortgage exempt from Qualified Mortgage standards, including:

1. The State Housing Financing Agency
2. USDA Rural Development
3. Habitat or other direct lending nonprofits funded or approved by Community Development

* Interest rates must be competitive and must NOT be a “Higher Priced” loan defined as (on the date of commitment or loan rate lock)

1. More than 2% above the Freddie Mac Primary Mortgage Market Survey index

* The loan will be a fixed rate loan.
* The loan should be fully amortizing over a 30-year term.
* Richland County will only approve reasonable lending charges such as fees, points, other lender charges.
* Loan products used must generally allow loan-to-value (LTV) ratios of at least 95%. While assisted buyers are not required to be approved for loan amounts equal to 95% of the purchase price, buyers who use more restrictive lending products (such as those limiting the LTV to 80%) will not receive HOME assistance toward their purchase if they could otherwise afford the monthly payment on a larger loan consistent with these underwriting guidelines. Buyers are expected to obtain the largest loan they can reasonably afford, and Richland County will not subsidize purchases more deeply just to avoid mortgage insurance on higher LTV lending products.

*Richland County Community Development will approve the senior loan as meeting these responsible lending requirements as part of buyer underwriting.*

**Refinancing/Subordination of HOME Funded Liens §92.254(f)(2)**

Refinancing and subordination will be allowed on a case-by-case basis. If the applicant is seeking refinancing from another lending institution, the Richland County Community Development Division must be contacted in writing. The written request must include the reason for the request, the preliminary CD, and loan estimate. Other documents may be requested by RCCD.

* New loans for the sole purpose of improving the rate and/or extending the term of the existing loan that result in a lowered monthly payment for the homeowner will be permitted.
* The new loan must result in a lower monthly payment for the assisted owner.
* The new loan may allow the assisted homeowner to finance their closing costs without being considered cash out. Nominal cash back at closing of less than $500 resulting from last-minute adjustments to payoff figures, closing costs, tax/insurance escrows and the like will not be considered “cash out.”
* Cash out refinancing – Richland County will not subordinate for “cash out” refinancing.
* Any new loan must meet all requirements in the Primary Loan Expectations section above and be approved by Richland County Community Development.
* Income eligibility is not required for any refinancing. If the owner’s income has risen above 80% AMI, there is no violation of HOME.
* No equity mortgage refinance.

**\*Refinancing loans to which HOME loans are subordinated to ensure that the terms of the new loan are reasonable**.

**Process**

* The lender will provide the subordinate agreement to RCCD.
* Homeowner will write a letter explaining reason for refinance.
* The RCCD staff will review all required documents
* The documents will then be submitted to Legal.
* The Subordination will be sent to County Administrator for signature and notarized.

**Responsibilities of RCHAP Coordinator §92.254(f)**

* Provide general information about RCHAP and answer application questions
* Determine the eligibility of each applicant and affordability of the transaction
* Provide organizations who is a HUD agency to provide housing counseling. (Must complete one on one counseling, Homeownership classes, and orientation)
* Complete the application review process within fifteen (15) days.
* Complete the final underwriting. Situations do arise that cause delays in the timely processing of an application. Some of the typical reasons for delays in processing an application includes the following:

1. Failure of Lender to submit all of the required documents.
2. Failure for the desired property to pass the physical inspection requirement of the program.

* Assure compliance with the applicable federal rules, regulations, policies and procedures in the administration and management of the Down-payment Assistance Program.
* Convey in writing to the lender whether or not an application has been approved for assistance.
* Provide down payment check for closing. Processing of check can take up to 30 days.
* To avoid confusion and to expedite the application review process, RCCD staff will only discuss the status of an application, and underwriting with the homeowner and lender. Department staff will not discuss the status or contents of an application package with realtors, the seller and/or the potential homebuyer. We will discuss the inspection with the Realtor.
* The Housing Project Coordinator is responsible to making sure the buyer and realtor receives a copy of the inspection report.
* The Coordinator will schedule time for homeowner to come and discuss the Home Written Agreement.
* Completed the necessary environmental review under 24 CFR Part 58.
* Determined the amount of Homeowner (S)'s Assistance to be reasonable and in compliance with the HOME Program requirements and underwriting policy.
* Record the Mortgage/Deed of Trust and retain this Agreement and the Note for the Agreement Term.
* Monitor the property over the course of 5 years.
* If the Homeowner violates the contract between the Owner and Richland County a violation will be issued and the owner will have 30 days to remedy, however if an extension is needed Richland County may give up to 90 day to cure. If violation continues the primary residency criteria of Section 5, he or she will be compelled to refund the whole HOME investment in the Property.

**Responsibilities of Inspector**

* The Housing Inspector is required to inspect all homes as requests are made, as the property purchase must meet code compliance.
* The Housing Inspector is responsible for contacting the real estate agent to get access to the house for inspection, and any additional information about the house in question.
* The Housing Inspector is responsible for making sure the inspection report is provided to the Housing Project Coordinator.
* The home must pass this inspection without any major immediate problems.
* \*\*If home does not pass initial inspection, there must be a follow-up inspection must be schedule. The Housing Inspector will only complete one follow-up inspection. If additional inspection is needed a **$25 fee will be charged**.
* After careful review of the Residential Inspection Report, the RCHAP coordinator will make the determination if and what items should be repaired before closing. The following items (but not limited to) must be addressed before a DPA check will be provided: Electrical, Plumbing, HVAC, Foundation, Termite, and Roof.

**Responsibilities of Applicant**

* Keep in contact with RCHAP Coordinator throughout the process
* Add Richland County Government as a loss payee on the homeowner’s insurance policy. A copy of the declarations page MUST BE provided to the RCHAP Coordinator.
* RCCD does not specifically state that flood insurance is a required coverage, **unless the property is located in a flood plain**, as determined by the Federal Governments National Flood Insurance Program (NFIP)
* Ensure that all necessary program requirements are met
* Attend mandatory HUD classes.
* Ensure the home is located in unincorporated Richland County, excluding the City limits of Columbia, Town of Irmo, Blythewood, and Forest Acres.
* Inform lender and realtor that you are working with Richland County down payment assistance program.
* A Commitment Letter must be signed and returned to participate in the program. A commitment letter is an informative document with Richland County Community Development indicating the home buyer down payment amount and future procedures to adhere during the programs process.

* Provide the Realtors, Lender, and closing attorney contact information. If the closing attorney changes during the process, the applicant must notify the Housing Project Coordinator immediately. All checks are cut to closing attorney and applicant.
* The Homebuyer Written Agreement must be singed in order for a check to be issued.

* Coordinate with Housing Project Coordinator to schedule RC Housing inspector to conduct HUD inspection.
* Provide RCHAP Coordinator with a copy of the with a SC licensed inspection report including the invoice for the inspection.
* Provide RCHAP staff with a copy of the loan pre-approval letter, heat/air letter, termite letter, the appraisal, and a copy of the consumers credit report (All information submitted will be treated confidentially and will not be disclosed to any outside parties)
* The applicant must maintain the property as their primary residence for five years. In the event of breach, a repayment will be required if determined the property is not the primary residence of the applicant.

\*\*\*\*Please note that knowingly and willfully providing false or misleading information to or for Federal government is a Federal violation and can subject one to fines, imprisonment or both.

**Responsibilities of Real Estate Agent §92.254(e)**

* Be familiar with the Richland County Homeownership Program guidelines
* Assist the applicant with the selection of a house that is located in unincorporated Richland County, to exclude the City limits of Columbia
* Help the buyer enter a 'bid'/ purchase contract on a house
* Assist buyer with home inspection, HVAC letter, CL-l00 report, or any other necessary inspections or paperwork
* Provide '' Acknowledgment of Acquisition of Property" form regarding buyer's intent to the seller, and the signed and witnessed form back to RHCAP. This must be submitted along with the purchase contract.
* Ensure that RCCD receives a copy of the LOAN CLOSING DISCLOSURE, which must be provided to Richland County within three business days prior to the scheduled closing date.

**Responsibilities of Private Lender**

* Assist RCHAP applicant with loan information.
* Provide Richland County with a copy of the homebuyer’s credit report (prior to closing).
* Provide a copy of the Preliminary Closing Disclosure.
* Lender is responsible for making sure the pre-approval letter is provided to the applicant who in turn will provide a copy to RCHAP staff.
* Lender is responsible for making sure the appraisal is provided to the applicant who in turn will provide a copy to RCHAP staff.
* Be aware that no money can go to the buyer at closing. If all funds aren’t needed for closing costs, they should go towards down payment, used as principal reduction, or be refunded to Richland County.

**NOTE:** The LOAN CLOSING DISCLOSURE must include the amount needed from Richland County for the down payment and/or closing cost. The Richland County Homeownership Program must be indicated as a separate line item, along with the amount.. Also, be aware that no funds may be issued to the buyer at the time of closing. Any funds not needed for closing costs should be put towards down payment or closing costs, or refunded to Richland County.

**Responsibilities of the Closing Attorney**

* Loan Closing Disclosure must include the total down payment and or closing cost amount required from Richland County. The Richland County Homeownership Program must be indicated as a separate line item, along with the amount
* The RCHAP Deferred Forgivable Mortgage and Promissory Note must be filled out, signed, and witnessed at the time of closing and filed with the other closing documents. These forms will be provided to the closing attorney on or before the day of the closing
* Closing attorney will provide RCCD with a copy of all closing documents within twenty-four hours of the loan closing.
* If a closing attorney or law firm fails to furnish copies of the closing documents in a timely manner on two separate occasions, a guarantee of funds letter will be issued in lieu of a check for all subsequent closings. In such cases, RCCD will then issue a check after receiving copies of the closing documents.

**Residential Anti-Displacement and Relocation**

Richland County will be undertaking a homeownership activity. This activity is not anticipated to result in any person or persons being displaced from their home(s). If Richland County must conduct any relocation activities funded in whole or in part with grant funds or conducted in conjunction with grant funded activities, it will be done in compliance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, its amendments and implementing regulations.

**Foreclosures**

Foreclosures could seriously affect your ability to qualify for credit in the future.

***TIPS ON WHAT YOU SHOULD DO:***

1. DO NOT IGNORE THE LETTERS FROM YOUR LENDER. If you are having problems making your payments, call or write to your lender's Loss Mitigation Department without delay. Explain your situation. Be prepared to provide them with financial information, such as your monthly income and expenses. Without this information, they may not be able to help.
2. Stay in your home. You may not qualify for assistance if you abandon your property.
3. Contact a HUD-approved **housing counseling agency by calling 877-LOAN CLOSING DISCLOSURE515 or TDD (800) 877-8339** for the housing counseling agency nearest you. These agencies are valuable resources. They frequently have information on services and programs offered by Government agencies as well as private and community organizations that could help you. Housing counseling agencies may also offer credit counseling. These services are usually free of charge. Mortgage Default and Foreclosure Counseling Program information can be found at [www.foreclosurehelpforSC.org.](http://www.foreclosurehelpforSC.org/) or by calling 1-888-320-0350.
4. In the event of foreclosure, full or partial repayment of the RCHAP HOME assistance will be required from the net proceeds. If there are no net proceeds or insufficient proceeds to recapture the amount of investment due, the amount subject to recapture must be limited to what is available from the net proceeds.

**Conflict of Interest**

It has been determined that employees of Richland County Government may be eligible, based on income, to participate in the Homeownership Program, with the exception of members and employees of:

* County Council
* County Administration Department
* Finance Department
* Community Development Department
* County Attorney's Office,
* And any other employee who exercises functions or responsibilities with respect to the activities assisted with this program.

All participants in the program must meet eligibility and program requirements.

Persons with questions or comments concerning this issue may submit in writing, to Richland County Community Development at 2020 Hampton Street, Suite 3058, Columbia, South Carolina 29204, or by calling (803) 576-2089.

Richland County Government does not discriminate on the basis of age, color, religion, sex, national origin, familial status, or disability in the admission or access to, or treatment of employees in its federally assisted programs or activities. Dwight Hanna, Human Resource Director, 2020 Hampton Street, 576-2110, has been designated to coordinate compliance with the discrimination requirements contained in the US Department of Housing and Urban Development's regulations implementing Section 504 (24 CFR Part 8, dated June 2, 1988).

**Grievance Procedures**

The purpose of these procedures is to set forth guidelines for processing appeals from the Community Development Division as to the regulation of grievances filed by participants in Richland County's Homeownership Assistance Program. Any participant (i.e. property owner, applicant, or contractor) may appeal decisions made by the Community Development Office if he/she believes these decisions are egregious or impinge on his/her rights. A written grievance must be submitted to the Community Development Division Manager, 2020 Hampton St., Suite 3058**,** Columbia, SC 29204.

The appeals process for property owners, applicants, or contractors is as follows:

1. Community Development Staff
2. Housing Advisory Committee

**Level 1: Community Development Staff**

After receiving a written complaint every effort will be made to resolve disputes at the staff level. The appropriate staff person will meet with the aggrieved parties and with others who may be involved to resolve disputes fairly and quickly. The staff will respond to written complaints within (30) thirty days. If the grievance is not resolved to the satisfaction of the program participant at staff level, the aggrieved party can submit a written request for a hearing before the Housing Advisory Committee within (10) ten days from date of the staff response. This request should be sent to the Community Development Division Manager, 2020 Hampton Street, Columbia, SC 29204.

**Level 2: Housing Advisory Committee**

The Housing Advisory Committee consists of representatives of Richland County. The Housing Advisory Committee will respond to written appeals within (15) fifteen business days after receiving the request. If the grievance is not resolved to the satisfaction of the program participant at this level, the aggrieved party can submit a written request for a hearing before Richland County Administration within (10) ten days from date of the Housing Advisory Committee response. This request should be sent to the Richland County Administrator, 2020 Hampton Street, Columbia, SC 29204.

**Exception to Policy**

Richland County Community Development reserves the right to make an exception to policy for any of the above requirements that are not directly tied to a federal rule or regulation. Formal requests for an ETP must be made to the RCCD Division Manager and include mitigating factors in support of the requested exception.

**Appendix A**

**RCHAP Workflow Chart**

**Appendix B**

**GLOSSARY**

**Adjustable-Rate Mortgage (ARM):** a mortgage loan that does not have a fixed interest rate. During the life of the loan the interest rate will change based on the index rate. Also referred to as adjustable mortgage loans (AMLs) or variable-rate mortgages (VRMs). For all RCHAP applicants, fixed rate mortgages are required.

**Amortization:** a payment plan that enables you to reduce your debt gradually through monthly payments. The payments may be principal and interest, or interest-only. The monthly amount is based on the schedule for the entire term or length of the loan.

**Annual Percentage Rate (APR):** a measure of the cost of credit, expressed as a yearly rate. It includes interest as well as other charges. Because all lenders, by federal law, follow the same rules to ensure the accuracy of the annual percentage rate, it provides consumers with a good basis for comparing the cost of loans, including mortgage plans. APR is a higher rate than the simple interest of the mortgage.

**Area Median Income (AMI):** a household earning 80% or less of the median income for the metropolitan area.

**Buy Down:** the seller pays an amount to the lender so the lender provides a lower rate and lower payments many times for an ARM. The seller may increase the sales price to cover the cost of the buy down.

**Certificate of Title:** a document provided by a qualified source, such as a title company, that shows the property legally belongs to the current owner; before the title is transferred at closing, it should be clear and free of all liens or other claims.

**Certified Housing Inspector:** a professional who evaluates residential properties to ensure they meet safety, structural, and habitability standards as required by local, state, or federal regulations. These inspectors are often employed by government agencies, housing authorities, or private companies, and their primary role is to assess various aspects of housing conditions to ensure compliance with applicable codes and standards.

**Clear Title:** a property title that has no defects. Properties with clear titles are marketable for sale

**Closing Costs:** fees for final property transfer not included in the price of the property. Typical closing costs include charges for the mortgage loan such as origination fees, discount points, appraisal fee, survey, title insurance, legal fees, real estate professional fees, prepayment of taxes and insurance, and real estate transfer taxes. A common estimate of a Buyer's closing costs is 2 to 4 percent of the purchase price of the home. A common estimate for Seller's closing costs is 3 to 9 percent.

**Closing Disclosure:** A Closing Disclosure is a five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your projected monthly payments, and how much you will pay in fees and other costs to get your mortgage (closing costs).

**Covenants:** legally enforceable terms that govern the use of property. These terms are transferred with the property deed. Discriminatory covenants are illegal and unenforceable. Also known as a condition, restriction, deed restriction or restrictive covenant.

**Credit Report:** a report generated by the credit bureau that contains the borrower's credit history for the past seven years. Lenders use this information to determine if a loan will be granted.

**Debt-to-Income Ratio:** a comparison or ratio of gross income to housing and non-housing expenses; With the FHA, the-monthly mortgage payment should be no more than 31% of monthly gross income (before taxes) and the mortgage payment combined with non-housing debts should not exceed 43% of income.

**Default:** the inability to make timely monthly mortgage payments or otherwise comply with mortgage terms. A loan is considered in default when payment has not been paid after 60 to 90 days. Once in default the lender can exercise legal rights defined in the contract to begin foreclosure proceedings

**Deposit (Earnest Money):** money put down by a potential buyer to show that they are serious about purchasing the home; it becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, or is forfeited if the buyer pulls out of the deal. During the contingency period the money may be returned to the buyer if the contingencies are not met to the buyer's satisfaction.

**DPA:** Down Payment Assistance

**Escrow:** funds held in an account to be used by the lender to pay for home insurance and property taxes. The funds may also be held by a third party until contractual conditions are met and then paid out.

**Fixed-Rate Mortgage:** a mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change.

**Foreclosure:** a legal process in which mortgaged property is sold to pay the loan of the defaulting borrower. Foreclosure laws are based on the statutes of each state.

**Home Warranty:** offers protection for mechanical systems and attached appliances against unexpected repairs not covered by homeowner's insurance; coverage extends over a specific time period and does not cover the home's structure.

**Homeowner's Insurance:** an insurance policy, also called hazard insurance, that combines protection against damage to a dwelling and its contents including fire, storms or other damages with protection against claims of negligence or inappropriate action that result in someone's injury or property damage. Most lenders require homeowners insurance and may escrow the cost. Flood insurance is generally not included in standard policies and must be purchased separately.

**Imputed Income:** benefits employees receive that aren’t part of their salary or wages (like access to a company car or a gym membership) but still get taxed as part of their income. The employee may not have to pay for those benefits, but they are responsible for paying the tax on the value of them. In the example of the company car, employees would have to pay taxes on the amount it would cost to lease that same car. Some benefits employees receive are excluded and tax-exempt, such as health insurance or meals.

**Interest Rate:** the amount of interest charged on a monthly loan payment, expressed as a percentage.

**Lien:** a legal claim against property that must be satisfied when the property is sold. A claim of money against a property, wherein the value of the property is used as security in repayment of a debt. Examples include a mechanic's lien, which might be for the unpaid cost of building supplies, or a tax lien for unpaid property taxes. A lien is a defect on the title and needs to be settled before transfer of ownership. A lien release is a written report of the settlement of a lien and is recorded in the public record as evidence of payment.

**Loan Origination Fee:** a charge by the lender to cover the administrative costs of making the mortgage. This charge is paid at the closing and varies with the lender and type of loan. A loan origination fee of 1 to 2 percent of the mortgage amount is common.

**Loan to Value (LTV) Ratio:** a percentage calculated by dividing the amount borrowed by the price or appraised value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.

**Lock-In: s**ince interest rates can change frequently, many lenders offer an interest rate lock-in that guarantees a specific interest rate if the loan is closed within a specific time.

**Market Value:** the amount a willing buyer would pay a willing seller for a home. An appraised value is an estimate of the current fair market value.

**Maximum 80% of AMI:** households earning not greater than eight percent of the area median income.

**Minimum 30% of AMI:** Household with a total gross annual household income equal to 30 percent or less of the median household income.

**Mortgage:** a lien on the property that secures the Promise to repay a loan. A security agreement between the lender and the buyer in which the property is collateral for the loan. The mortgage gives the lender the right to collect payment on the loan and to foreclose if the loan obligations are not met.

**Mortgage Insurance:** a policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan; mortgage insurance is required primarily for borrowers with a down payment of less than 20% of the home's purchase price. Insurance purchased by the buyer to protect the lender in the event of default. Typically purchased for loans with less than 20 percent down payment. The cost of mortgage insurance is usually added to the monthly payment. Mortgage insurance is maintained on conventional loans until the outstanding amount of the loan is less than 80 percent of the value of the house or for a set period of time (7 years is common). Mortgage insurance also is available through a government agency, such as the Federal Housing Administration (FHA) or through companies (Private Mortgage Insurance or PMI).