

**HOME Rental Investment Partnership Program  
(HOME), South Carolina Housing Trust Fund  
(SCHTF), National Housing Trust Fund (NHTF)  
Neighborhood Stabilization Program (NSP) and  
Small Rental Development Program (SRDP)  
Compliance Manual**

Guidance manual for compliance  
with the applicable laws, rules,  
regulations, and policies that  
govern these programs



## **PURPOSE OF THE MANUAL**

This manual is a training and reference guide for the administration of the HOME Rental Investment Partnership Program (HOME), Small Rental Development Program (SRDP), SC Housing Trust (SCHTF), National Housing Trust Fund (NHTF), and Neighborhood Stabilization Programs (NSP). It is intended to answer questions regarding the procedures, rules, and regulations that govern these programs. The manual should be used in conjunction with, and as a supplement to 24 CFR Part 92. If a determination is made that any provision of this manual is in conflict with 24 CFR Part 92, 24 CFR Part 92 will govern.

This manual may be superseded by changes in the Section 8 program and technical revisions in the HOME, SRDP, SCHTF, NHTF, and NSP program, without notice.

## Table of Contents

<b>Chapter 1: Introduction .....</b>	<b>1</b>
<b>1.1 Rental Program Objective .....</b>	<b>1</b>
<b>1.2 The Affordability Period.....</b>	<b>1</b>
<b>1.3 Compliance Requirements .....</b>	<b>2</b>
<b>1.4 Electronic Signature .....</b>	<b>2</b>
<b>Chapter 2: Responsibilities .....</b>	<b>2</b>
<b>2.1 Owner Responsibilities .....</b>	<b>2</b>
<b>2.2 SC Housing Responsibilities.....</b>	<b>4</b>
<b>2.3 Management Agent Responsibilities .....</b>	<b>4</b>
<b>Chapter 3: Compliance Requirements.....</b>	<b>5</b>
<b>3.1 Affirmative Fair Housing Marketing Plan.....</b>	<b>5</b>
<b>3.2 Tenant Selection Criteria.....</b>	<b>5</b>
<b>3.3 Citizenship Declaration and Verification .....</b>	<b>6</b>
<b>3.4 Fixed and Floating Units .....</b>	<b>6</b>
<b>3.5 Unit Transfers .....</b>	<b>7</b>
<b>3.6 Income Restrictions .....</b>	<b>7</b>
<b>3.7 Income Targeting .....</b>	<b>8</b>

<b>3.8 Rents .....</b>	<b>9</b>
<b>3.9 Annual Rent Increases .....</b>	<b>9</b>
<b>3.10 Rent Decreases .....</b>	<b>10</b>
<b>3.11 HOME/SCHTF/NHTF Rent Approval Process .....</b>	<b>10</b>
<b>Chapter 4: Qualifications of Applicants.....</b>	<b>12</b>
<b>4.1 Change in Household Composition .....</b>	<b>13</b>
<b>4.2 Determining Household Size.....</b>	<b>14</b>
<b>4.3 Student Participation .....</b>	<b>15</b>
<b>4.4 General Income Verification Requirements .....</b>	<b>16</b>
<b>4.5 Timeframe for Conducting Verifications.....</b>	<b>17</b>
<b>4.6 Acceptable Verification Methods for All Programs .....</b>	<b>18</b>
<b>4.7 Documenting Why Third-Party Verification Is Not Available .....</b>	<b>20</b>
<b>4.8 Review of Documents.....</b>	<b>20</b>
<b>Chapter 5: Income.....</b>	<b>23</b>
<b>5.1 Annual Income.....</b>	<b>23</b>
<b>5.2 Annual Income Exclusions .....</b>	<b>23</b>
<b>5.3 Student Financial Assistance Exclusions .....</b>	<b>29</b>
<b>5.4 Income of Adults and Dependents .....</b>	<b>30</b>
<b>5.5 Income of Temporarily Absent Family Members.....</b>	<b>32</b>
<b>5.6 Income of Permanently Confined Family Members .....</b>	<b>32</b>

<b>5.7 Employment Income .....</b>	<b>33</b>
<b>5.8 Determining Adjusted Income.....</b>	<b>33</b>
<b>5.9 Income Terms.....</b>	<b>34</b>
<b>5.10 Unemployed Applicants .....</b>	<b>36</b>
<b>Chapter 6: Assets.....</b>	<b>36</b>
<b>6.1 Asset Exclusions .....</b>	<b>39</b>
<b>Chapter 7: Required Forms .....</b>	<b>40</b>
<b>7.1 Required Language for Consent Forms.....</b>	<b>41</b>
<b>7.2 Refusal to Sign Consent Forms .....</b>	<b>41</b>
<b>7.3 Effective Term of Verifications .....</b>	<b>42</b>
<b>7.4 Recording Inspection of Original Documents.....</b>	<b>42</b>
<b>7.5 Reasonable Accommodation .....</b>	<b>42</b>
<b>7.6 Confidentiality of Applicant and Tenant Information .....</b>	<b>42</b>
<b>Chapter 8: Maintaining Affordability – HIGH and LOW Units .....</b>	<b>43</b>
<b>8.1 Over-Income &amp; Restoring Compliance .....</b>	<b>43</b>
<b>Chapter 9: Small Rental Development Program (SRDP) .....</b>	<b>45</b>
<b>Chapter 10: Utility Allowances.....</b>	<b>45</b>
<b>Chapter 11: Prohibited Fees.....</b>	<b>46</b>
<b>Chapter 12: Leases/Lease Addendum .....</b>	<b>46</b>
<b>Chapter 13: Fair Housing and Equal Opportunity Laws .....</b>	<b>48</b>

<b>Chapter 14: On-Site Manager’s/Courtesy Officer Unit .....</b>	<b>48</b>
<b>Chapter 15: Violence Against Women Act (VAWA) .....</b>	<b>48</b>
<b>Chapter 16: Ownership Entity Occupancy of HOME Units.....</b>	<b>49</b>
<b>Chapter 17: Records Required for Compliance Monitoring Review.....</b>	<b>49</b>
<b>Chapter 18: Record-Keeping Procedures .....</b>	<b>50</b>
<b>18.1 File Organization .....</b>	<b>51</b>
<b>Chapter 19: Program Noncompliance .....</b>	<b>51</b>
<b>Chapter 20: Noncompliance .....</b>	<b>52</b>
<b>Chapter 21: Temporary Uninhabitability of a HOME-Funded Unit.....</b>	<b>52</b>
<b>Chapter 22: HUD Notification .....</b>	<b>52</b>
<b>Chapter 23: Change in Management Company .....</b>	<b>52</b>
<b>Chapter 24: Operating/Replacement RESERVES (for NSP properties only) .</b>	<b>53</b>
<b>Chapter 25: Performance Deficiencies and Misappropriation of Funds .....</b>	<b>53</b>
<b>Chapter 26: Conflict of Interest.....</b>	<b>53</b>

## **Chapter 1: Introduction**

The South Carolina State Housing Finance and Development Authority (SC Housing) will monitor the continuing compliance of all projects that have received HOME, NSP, SCHTF, NHTF, and SRDP funds in accordance with regulations contained in 24 CFR Part 92. It is also SC Housing's responsibility to ensure that project Owners retain the housing units as affordable to low- and very low-income persons throughout the period of affordability. The following procedures apply to all rental projects that have received funds under the HOME, SCHTF, NHTF, and NSP programs.

### **1.1 Rental Program Objective**

The HOME Rental Investment Partnership Program (HOME) (24 CFR Part 92) provides a federal block grant, based on population and housing needs, to state and local Participating Jurisdictions (PJs). The funds can be used to finance the acquisition, construction, and/or rehabilitation of affordable housing.

The Housing Trust Fund (SCHTF) is a South Carolina state-funded program to finance affordable housing. It was created by the General Assembly and is managed by SC Housing.

The National Housing Trust Fund (NHTF) program (24 CFR Part 93) is a federal housing resource, and it is exclusively targeted to help build, preserve, rehabilitate, and operate housing affordable to people with the lowest incomes.

The Neighborhood Stabilization Program (NSP) is a federally funded program administered by SC Housing. NSP was created under Title II of the Housing and Economic Recovery Act (HERA) of 2008 to help respond to rising foreclosures and declining property values.

### **1.2 The Affordability Period**

The affordability period, which is also known as the compliance period, for the HOME and NSP programs, can be for 5, 10, 15, or 20 years, depending on the type of project and the average per-unit investment. The affordability period for the SCHTF and NHTF programs is in effect for 30 years. The property must follow affordability guidelines for the entirety of the affordability period.

**NOTE:** Owners not complying with the affordability requirements will be required to repay all funds extended to that development, or the affordability period could be extended.

### **1.3 Compliance Requirements**

Owners should refer to the *Agreement as to Restrictive Covenants* with SC Housing to determine specific terms and conditions that may govern their project. HOME, NSP, SCHTF, and NHTF program requirements with respect to the occupancy and affordability of the units apply initially and over the duration of the affordability period.

### **1.4 Electronic Signature**

Per HUD Notice H20-4 “Electronic Signature, Transmission and Storage-Guidance for Multifamily Assisted Housing Partners”, an electronic signature is prohibited in the HOME program.

## **Chapter 2: Responsibilities**

### **2.1 Owner Responsibilities**

Project records must be maintained by the Owner for a minimum of five years beyond the project’s required period of affordability.

Tenant leases must be on file, specifying a term of at least one year. Leases may not contain any of the prohibited lease terms referenced in 24 CFR Part 92.253 and must have a HOME tenancy addendum appended to their lease. The HOME tenancy addendum must include the new tenant protections listed in 92.253(b). An Owner may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violations of applicable federal, state, or local laws; for completion of the tenancy period for transitional housing; or for other good cause.

The Owner must verify tenant eligibility at move-in and at least annually thereafter. Tenants must certify to their anticipated income, family size, and composition. Income verifications or other forms of documentation must be obtained by the Owner and kept on file.

A family whose income increases above the HOME income eligibility guidelines should pay not less than 30 percent of their adjusted monthly income or market rent. Once the unit becomes vacant, it must be marketed to eligible tenants.

Projects with Low Income Housing Tax Credits (LIHTC) need not adjust rent to 30 percent of the family’s income if doing so would put the project out of compliance with the LIHTC program.

The Owner must keep all units in compliance with HUD inspection standards (National Standards for Physical Inspection of Real Estate (NSPIRE) and/or any other requirements outlined by HUD) and other pertinent building codes to assure the units are decent, safe, and sanitary at all times. As such, owners must conduct physical inspections of each unit before lease-up and at a minimum annually at renewal/recertification. Owners must also maintain records of repairs made to each unit during the affordability period.

The Owner must adopt written tenant selection policies in accordance with section 24 CFR 92.253 and criteria and ensure the information is available for review as requested.

Families receiving rental assistance must not be refused tenancy in a HOME, SCHTF, NHTF, and NSP assisted unit.

For projects constructed before 1979, the Owner must ensure that all tenants sign a “Lead-Based Paint Notification” and are provided with a copy of the Lead-Based Paint Booklet before signing the lease. Disclose any known information concerning lead-based paint or lead-based paint hazards. The landlord must also disclose information such as the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces. Provide any records and reports on lead-based paint and/or lead-based paint hazards which are available to the landlord (for multi-unit buildings, this requirement includes records and reports concerning common areas and other units, when such information was obtained as a result of a building-wide evaluation). Include an attachment to the lease (or language inserted in the lease itself) which includes a Lead Warning Statement and confirms that the seller or landlord complied with all notification requirements. This attachment is to be provided in the same language used in the rest of the contract. Sellers or landlords, agents, as well as tenants, must sign and date the attachment.

For projects with environmental reviews completed after April 11, 2020 (Projects awarded 2023 and after), any building that has a mitigation system in place because radon levels tested at or above 4.0pCi/L must be tested every two years as part of ongoing maintenance of that system. For buildings that have tested low (below 4.0pCi/L) and don’t have a mitigation system installed, under the current standards, the building should be retested every five years or any time after a qualifying event (major HVAC overhaul, significant weatherization, or other changes to the building’s structure).

Projects that initially tested below 4.0pCi/L but test above during the affordability period must install a mitigation system, and then testing will be required every 2 years.

The Owner should adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts and maintain a file that verifies all efforts as identified by HUD. Owners may solicit applications for vacant units from persons in the housing market least likely to apply without special outreach efforts. The Equal Housing Opportunity logo or statement should be used in all advertising of vacant units as directed by HUD.

The Owner must maintain listings of all tenants residing in each unit at the time of application through the end of the affordability period, using the SRDP-21 SRDP Unit Status Compliance Report, M-51 HOME Unit Status Compliance Report, or the Move-In and Move-Out Report, as appropriate.

## **2.2 SC Housing Responsibilities**

SC Housing staff will conduct on-site compliance reviews every 3 years of all HOME, SCHTF, NHTF, and NSP-funded projects. This visit will include, but is not limited to, the review of a random sampling of tenant files and an inspection of the general physical condition of the associated units utilizing the National Standards for the Physical Inspection of Real Estate (NSPIRE) inspection standards (24 CFR § 5.703). Other on-site visits may be conducted if SC Housing deems them necessary. Other areas may be reviewed for compliance, according to specific written agreements between the owners and SC Housing at the time of commitment.

Owners may check the SC Housing and HUD HOME websites for updated income and rent limits for the HOME, SCHTF, NHTF, and NSP programs. The income and rent limits are updated annually each year.

## **2.3 Management Agent Responsibilities**

The management agent is responsible for properly implementing the program requirements at the property, and must be thoroughly familiar with all federal and state laws, rules, or regulations governing certification and leasing procedures. The management agent provides all necessary and required information and various program compliance reports to SC Housing within specified time frames.

Further, if the management agent determines that the property is not in compliance with program requirements, SC Housing must be immediately notified in writing, directed to the attention of the SC Housing Compliance Monitoring Department, 300 C Outlet Pointe Blvd, Columbia, SC 29210, or by email to [compliancedepartment@schousing.com](mailto:compliancedepartment@schousing.com). A duly executed management certification and management plan are required to be in place at the onset of leasing activity and continually throughout the affordability period.

## Chapter 3: Compliance Requirements

### 3.1 Affirmative Fair Housing Marketing Plan

A current Affirmative Fair Housing Marketing Plan should be established, followed, and made readily available for review by SC Housing staff as directed by HUD.

### 3.2 Tenant Selection Criteria

An owner of rental housing assisted with HOME, SCHTF, NHTF, and NSP funds must comply with the affirmative marketing requirements established by the participating jurisdiction pursuant to [24 CFR § 92.351\(a\)](#) and 24 CFR § 93.303. The owner must adopt and follow written tenant selection policies and criteria that:

- (1) Limit the housing to very low-income and low-income families;
- (2) Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);
- (3) Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the participating jurisdiction (and only if the limitation or preference is described in the participating jurisdiction's consolidated plan).
  - (A) Any limitation or preference must not violate nondiscrimination requirements in [§ 92.350](#). A limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., the Housing Opportunity for Persons with AIDS program under [24 CFR part 574](#), the Shelter Plus Care program under [24 CFR part 582](#), the Supportive Housing program under [24 CFR part 583](#), supportive housing for the elderly or persons with disabilities under [24 CFR part 891](#)), and the limit or preference is tailored to serve that segment of the population.
  - (B) If a project does not receive funding from a federal program that limits eligibility to a particular segment of the population, the project may have a limitation or preference for persons with disabilities who need services offered at a project only if:
    - i. The limitation or preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain housing;
    - ii. Such families will not be able to obtain or maintain themselves in housing without appropriate supportive services; and
    - iii. Such services cannot be provided in a non-segregated setting. The

families must not be required to accept the services offered at the project. In advertising the project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible persons with disabilities who may benefit from the services provided in the project.

- (4) Do not exclude an applicant with a voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher Program ([24 CFR part 982](#)) or an applicant participating in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such voucher or comparable HOME tenant-based assistance document;
- (5) Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
- (6) Give prompt written notification to any rejected applicant of the grounds for any rejection; and
- (7) Comply with the VAWA requirements prescribed in [§ 92.359](#).

**The SC Housing Compliance Staff may request the household selection procedures before or during the compliance audit.**

### **3.3 Citizenship Declaration and Verification**

#### **US Citizen Status (24 CFR 5.508(c))**

Section 214 of the Housing and Community Development Act of 1980, as amended, prohibits the Secretary of HUD from making financial assistance available to persons other than U.S. citizens, nationals, or certain categories of eligible non-citizens in certain HUD programs. The covered programs are as follows: (1) Section 236 properties; (2) Rent Supplement; (3) Rental Assistance Payments (RAP); and (4) Section 8 programs. Notice H95-95 issued by HUD provides the procedures for implementing the requirements of Section 214 and is available on the HUD website at: HUD.gov (HUDCLIPS-HUD Handbooks, Forms, and Publications).

### **3.4 Fixed and Floating Units**

According to 24 CFR 92.252(j), in a property containing HOME-assisted and other units, the PJ may designate fixed or floating HOME units at the time of project commitment. Fixed units remain the same throughout the period of affordability.

**Floating units** are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted units.

**Fixed units** will have specific HOME units that will never change their designation for the entire affordability period, regardless of whether the unit becomes vacant or when an existing tenant becomes over-income. They may, however, change from High to Low status.

NOTE: In a property where 100% of the units have been financed with HOME program funds, the HOME units are considered to be fixed.

In projects with NHTF or SCHTF-assisted units, the units are designated as fixed or floating at the time of the project's commitment in the written agreement, and the actual units must be identified not later than the time of project completion. NHTF and SCHTF-assisted units with LIHTC could be designated as floating units.

### 3.5 Unit Transfers

HUD guidance does not discuss unit transfers; therefore, unit transfers are not allowed in the program. Transfers from one unit to another unit must be treated like a new move-in. All applications, verifications, and tenant income certification procedures and tenant income certifications (TICs) must be completed for the transferring resident(s), including the execution of new income and asset verification to determine continued eligibility for a unit. The effective date of future recertifications will be the date of the anniversary of the new move-in.

For units layered with LIHTC, refer to the LIHTC guidelines for unit transfers.

### 3.6 Income Restrictions

Annually, HUD's Office of Affordable Housing publishes median income listings for all programs for South Carolina by county and metropolitan statistical areas (MSAs) of the state. SC Housing provides the Ownership Entities and Management Companies with a link to the rent and income limits for all programs on our website: [Income & Rent Limits | South Carolina Housing](#)

**IMPORTANT NOTE:** It is the Owner's (or management agent's) responsibility to obtain the income limits as they are published by HUD and to implement the new income limits within 45 days of the effective date published.

### 3.7 Income Targeting

#### HOME Funded Projects

Initial Occupancy – When projects are initially leased up, all HOME-assisted units are to be occupied by households whose incomes are at or below 60 percent of the area median income. This initial income targeting requirement does not apply throughout the period of affordability, unless SC Housing chooses to impose it for the duration of the affordability period. Income restrictions specific to the property are located in the Restrictive Covenant.

Properties with five or more HOME-Assisted Units - HOME requires deeper income targeting to serve a community's needier residents. At least 20 percent of the HOME-assisted rental units must be occupied by families who have annual gross incomes at or below 50 percent of the area median income. This requirement applies throughout the affordability period.

- Properties with fewer than five HOME-assisted units are not required to restrict any units to very low-income tenants or use the Low HOME rent, unless the PJ so requires.

#### NHTF and SHTF Funded Projects

##### 24 CFR §93.250

The NHTF and SHTF programs set income targeting requirements based on the annual amount of funds available.

- In any fiscal year in which the total funds available are less than \$1 billion, the grantee must target 100 percent of its HTF funds for the benefit of Extremely Low Income (ELI) families or families with incomes at or below the poverty line, whichever is greater.
- When the total funds available are equal to or exceed \$1 billion, the grantee must use at least 75 percent of its funds for the benefit of ELI families or families with incomes at or below the poverty line, whichever is greater; and
- Any grant funds not used to serve ELI families must be used for the benefit of Very Low Income (VLI) families.

#### NSP Funded Projects

All households must have incomes at or below 120% of AMI, adjusted for family size. Projects funded under the 25% set-aside must be occupied by households at or below 50% of AMI, adjusted for family size.

### 3.8 Rents

In the event Fair Market Rents decrease for an area, the Owner need not lower rents below those in effect at the time of project commitment.

#### **HOME Funded Projects**

##### **(24 CFR § 92.252)**

In the HOME program, there are two types of rents. In both instances, the maximum gross rent limit includes rent charged plus the utility allowance.

1. **High HOME Rents:** For properties with four units or fewer, the High HOME rent applies. The High HOME rent is the lesser of the Section 8 fair market rent or 30% of the adjusted income of a household whose annual income equals 65% of the area median income. HUD makes the determination annually.
2. **Low HOME Rents:** The HOME program rules specify that if a property contains five or more HOME-assisted units, at least 20% of those units must be rented to families at or below 50% of the area median income. The rent for these units must not exceed 30% of the annual income of a family whose income equals 50% of the median income for the area, or the rent contribution of the family must not be more than 30% of the family's adjusted income. If the unit is a LIHTC unit, the rent must not exceed the LIHTC gross rent amount.

#### **SCHTF and NHTF**

##### **24 CFR § 93.302 (a) and (b)**

NHTF and SCHTF-assisted units must be occupied by income-eligible households. Rents include utilities and are set at 30 percent of the income of a household at either 30 percent or 50 percent of the area median income, adjusted for the number of bedrooms in the unit. If the unit receives a Federal or State project-based rent subsidy, the minimum rent is the rent allowable under that rental subsidy program, as long as the tenant pays no more than 30 percent of the tenant's adjusted income.

NSP rents are updated by county annually and may be obtained from the SC Housing website at [www.schousing.sc.gov](http://www.schousing.sc.gov).

### 3.9 Annual Rent Increases

An Ownership entity of a HOME, SCHTF, or NHTF-funded Project must provide at least 30 days' written notice to the households before implementing any increase in rents to stay in compliance with 24 CFR Part 92/93. A notice to residents of management's intention to submit a rent increase to SC Housing for approval must be made available to all households in HOME/SCHTF/NHTF units at least 30 days prior to submitting the

rent increase request to SC Housing for approval. This notice does not need to include your proposed rent amounts; it serves as a heads-up to your residents that you intend to request an increase, which allows them a chance to talk with management prior to submission of your request for an increase.

Upon publication of the new HUD rent and income limits, SC Housing must receive a request for a rent approval within 45 days. If a rent approval request is not submitted within 45 days of when the HUD rent and income limits are published, the Owner will not be allowed to submit a rent approval request with an increase in rents until the following year.

Rents cannot be increased without approval from SC Housing. Any rents increased above previously approved rent amounts must be refunded or credited to the affected household(s). The Owner must obtain in writing, from the household, the election to receive a full refund check or to have the entire overpaid amount credited to their household account. In the absence of a tenant election, a full refund check must be presented to the household.

### 3.10 Rent Decreases

If an Ownership Entity must decrease a household's rent due to a decrease in the HUD HOME gross rent limits, the Ownership Entity must follow one of two options:

Decrease all the affected households' rents at the same time, the month following the effective date of the new gross rent limits,

**OR**

Decrease the affected household's rent once each household's lease is completed, and the household signs a new lease.

**Note: Ownership Entities are not required to decrease rents below the initial rents approved by SC Housing at the time of the HOME Project commitment.**

### 3.11 HOME/SCHTF/NHTF Rent Approval Process

HOME and Housing Trust Fund (HTF) regulations require that SC Housing review and approve rents each year. SC Housing is responsible for approving rents in all HOME, SCHTF, or NHTF-assisted units funded through the program currently being administered by SC Housing. This is done to ensure that the rents comply with the appropriate rent limits. Decreases in HOME/SCHTF/NHTF rent limits may also necessitate a change in HOME/SCHTF/NHTF rents; therefore, a review of rents by SC Housing of all HOME/SCHTF/NHTF projects is required annually.

**General Submission Guidelines:**

All properties must report the anticipated rents for their project on the SC Housing required form HOME/SCHTF/NHTF Rent Approval Worksheet and indicate whether they are requesting an increase, reporting a decrease, or are making no changes to their current rent schedules.

If, in addition to HOME/SCHTF/NHTF programs, the project is also either a Section 8 Project-Based project or a Rural Development (RD) project, anticipated rents must still be reported to SC Housing. The most recent rent approval documentation from RD or HUD must be submitted with the worksheet.

The applicable program Unit Status Compliance Report (M-51 for HOME-funded projects, or SRDP-21 for SRDP-funded projects) must be submitted with the HOME/SCHTF/NHTF Rent Approval Worksheet. SC Housing may review the applicable program's current Unit Status Compliance Report to verify income eligibility, gross rents, income, and rent set-asides.

Decreases resulting from lower HOME/SCHTF/NHTF rent limits or increases in utility allowances must be processed immediately and no later than the effective date listed on the approved HOME/SCHTF/NHTF Rent Approval Worksheet.

Any delay in implementing a rent decrease will require repayment to the tenant of the amounts overcharged, and the project will be out of compliance until such time as the rents are repaid.

The HOME/SCHTF/NHTF Rent Approval Worksheet and all other required documentation as listed on the worksheet will be due to SC Housing **within 45 days** after the published date of the HOME/SCHTF/NHTF income and rent limits to minimize the number of projects having to make mid-year adjustments when limits decrease. An email notice will be sent to all owner/management contacts when the limits have been released and all related documents posted on the SC Housing compliance web page.

**Note:** Any requests for rental increases received after the 45 days will be automatically denied, and rent will not be allowed to increase until the next year's HUD published rent limits are available. If a property never received an approved request, the property **will not** be allowed to increase rent based on new HUD published rent limits. Additionally, any project that does not submit the HOME/SCHTF/NHTF Rent Approval Worksheet will be issued a Notice of Noncompliance, which will remain uncorrected until SC Housing receives the required form.

## Chapter 4: Qualifications of Applicants

Applicants for low-income, rent-restricted units shall be advised of the income limits which apply to these units. They shall also be made aware that the anticipated income of all persons expecting to occupy the unit must be verified and included on a Tenant Income Certification (TIC) prior to occupancy and that their financial status will be reviewed annually.

An application for residency is required for each program unit. Ideally, once the interview has been conducted, the applicant(s) should complete the application. The form should be simple but thorough, capturing sufficient information with clarity to enable management to proceed with verification processes.

Questions that can be answered with either “yes” or “no” are recommended, and open-ended questions should be avoided. Questions on the application that typically confuse should be explained (i.e., assets, temporarily absent household members, etc.).

Applicant(s) must complete their own application. In rare instances, when they are unable to do so, the applicant(s) may choose another individual, independent of management, to complete the application on their behalf. The application should be documented to this effect, and the applicant(s) must signify their agreement with the disclosed information.

Whenever possible, management should review the application, at the time submitted, with all adult applicant(s). Any information that is missing should be obtained, and any unclear information should be clarified. Please note that any change to the application must be made and initialed by the applicant, not management. Contact information for verification sources and releases of information should be obtained.

At a minimum, the residency application should include:

- A. The legal name, age, relationship to head of household for each household member, and whether any changes to household composition are anticipated within the twelve (12) month period following certification
- B. An unborn child as self-certified by the mother may be counted as a household member for income-qualification purposes. No verification of the disclosed pregnancy is allowable.
- C. The student status of all household members, past and current, and if any changes are anticipated within the 12 months following certification
- D. Disclosure as to whether the household is assisted through a Section 8 Housing

Choice Voucher

- E. All sources and amounts of current income, earned and unearned, for all household members (including financial aid, if applicable), and if any changes to household income are anticipated within the twelve (12) month period following certification
- F. All currently held household assets and amounts of income anticipated to be generated by assets, and if any changes to assets are anticipated within the twelve (12) month period following certification
- G. All assets disposed of for less than fair market value by any household member during the twenty-four (24) months preceding application
- H. Signature and signature dates of all household members 18 and older

Documents must be dated within six months of the certification effective date.

A fully completed Tenant Income Certification (TIC) is critical to an accurate determination of eligibility. The information furnished on the TIC should be used as a tool to determine all sources of anticipated income and assets. The TIC, income verification, and lease are to be executed prior to move-in.

Before each anniversary date of the tenant's move-in, a subsequent TIC must be completed and all of the resident's anticipated income re-verified to ensure each unit is still occupied by an eligible household.

A unit does not lose its status as a low-income unit solely because of an increase in the household's income. Once a unit qualifies as a low-income unit, it continues to qualify as such until the household's income exceeds the applicable income limit. Even then, the unit remains a low-income unit as long as the tenants pay not less than 30% of their adjusted income towards rent, or market rent, and continue to occupy the same unit. However, once vacated, the unit must be marketed to income-eligible tenants.

#### **4.1 Change in Household Composition**

Under HOTMA, HUD clarifies that foster adults and foster children are no longer considered members of the assisted family and as such, their income will not be counted. **(new under HOTMA)**

All household members must be certified and included on the unit's lease. In the event the tenant in an assisted unit later wishes to have an additional person move into the unit, the following steps must be taken:

- A. The prospective tenant must complete a TIC form and allow for verification of income and assets as required of the initial tenant; and
- B. The prospective tenant must be added to the current tenant's previously certified income, and a determination must be made as to whether the household is still within the income guidelines. If the anticipated household income exceeds the guidelines, the household must pay not less than 30% of their adjusted income for rent or market rent.

The lease must include the legal name(s) of the parties to the agreement and all other occupants, a description of the unit to be rented, the term of the lease, the rental amount, the use of the premises, and the rights and obligations of the parties. The lease shall also inform the tenant that fraudulent statements are grounds for eviction. The tenant file shall be documented when any household member vacates the unit.

Should existing tenant(s) wish to transfer to a different low-income unit, the tenant(s) must be treated exactly as prospective tenants in a new move-in.

#### **4.2 Determining Household Size**

Some households may include persons who are not counted as family members for the purposes of income limits and whose income, if any, is not considered when calculating annual gross income. Therefore, do **not** count the following household members when determining household size for the purpose of comparing annual income to income limits:

- Foster Children/Adults
- Live-in Aides/Children of Live-in Aides
- Children being pursued for legal custody or adoption who are currently not living with the household.
- A child who is subject to a shared-custody agreement in which the child resides with the household at least 50% of the time can be counted.
- Temporarily absent family members who are still considered family members. For example, the owner may consider a family member who is working in another state on assignment to be temporarily absent. Persons on active military duty are considered temporarily absent except if the person is the head, co-head or spouse, or if the spouse or dependents of the person on active military duty reside in the unit, that person's income must be counted in full.
- Family members in the hospital or a rehabilitation facility for periods of limited or fixed duration

- Persons permanently confined to a hospital/nursing home. The household has the right to decide whether or not to include individuals permanently confined to a hospital or nursing home as a household member. If the individual is included as a household member, his/her income must be certified and included.
- Live-in Aides - A person who resides with one or more elderly person(s), near-elderly persons, or persons with disabilities, and who:
  - Is determined to be essential to the care and well-being of the person(s)
  - Is not obligated for the support of the person(s) and will not contribute materially to the household; and
  - Would not be living in the unit except to provide the necessary supportive services
  - A live-in attendant may never be a dependent of the household
- Temporary visitors and/or guests

### 4.3 Student Participation

The 2013 HOME rule excludes certain students from participating independently in the HOME program. The HOME program adopts the Section 8 Housing Choice Voucher (HCV) program restrictions on student participation found at 24 CFR 5.612, which exclude any student who:

- Is enrolled in a higher education institution (part-time or full-time)
- Is under age 24
- Is not a Veteran of the U.S. Military
- Is not married
- Does not have a dependent child(ren)
- Is not a person with disabilities
- Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible based on income.

Excluded students are prohibited from receiving any type of HOME assistance, including renting HOME-assisted rental units, receiving HOME tenant-based rental assistance, or otherwise participating in the HOME program, regardless of whether they are from low- or very-low-income families.

If the answer is “yes” to any of the above questions, then the student must be independent from their parents by qualifying with one of the following:

- A. Must be of legal age to enter a contract under state law and have established a household separate from their parents or guardians for at least one year
- OR**
- B. Meet the US Department of Education’s definition of an independent student,

including being any one of the following below:

- At least 24 years old
  - A veteran of the U.S. Armed Forces
  - Have legal dependents other than a spouse (for example, dependent children or an elderly dependent parent)
  - A graduate or professional student
  - Married
  - An emancipated minor or was one before they became an adult
  - Is or was an orphan or a ward of the State or in foster care at any point since age 13.
  - Has been established this school year to be an unaccompanied homeless child or youth and self-supporting, as defined by:
    1. The McKinney-Vento Act
    2. the Runaway and Homeless Youth Act or
    3. a financial aid administrator
- C. If the student meets the U.S. Department of Education’s definition of independent above, the student qualifies.
- D. If the student does not meet the U.S. Department of Education’s definition of independent above, they must be claimed as a dependent by parents or legal guardians according to IRS Regulations, and the parents must provide a signed certification if financial support will be provided.

If none of the above apply, the student must demonstrate that they are income-qualified AND that the student’s parents or guardian, individually or jointly, are at or below the low-income limit (80%AMI).

**SCHTF/NHTF/NSP** regulations do not specifically address student eligibility. SC Housing follows the HOME program requirements.

#### **4.4 General Income Verification Requirements**

This paragraph identifies key regulatory citations about the verification of income certifications. The citations and their titles (or topics) are listed below.

- A. 24 part 5, subpart B – Disclosure and Verification of Social Security Numbers and Employer Identification Numbers; Procedures for Obtaining Income Information
- B. 24 CFR §5.659 Family Information and Verification
- C. 24 CFR § 8.24, 8.32, 100.204 (Reasonable accommodation)
- D. 24 CFR § 92.203 HOME Income Determinations
- E. 24 CFR § 93.151 HTF Income Determinations

**Key Requirements:**

- A. Recipients must verify all income, assets, expenses, deductions, family characteristics, and circumstances that affect family eligibility or level of assistance.
- B. Applicants and adult family members must sign consent forms to authorize the recipient to collect information to verify eligibility, income, assets, expenses, and deductions. Applicants and tenants who do not sign the required consent forms will not receive assistance.
- C. Family members 6 years of age and older must provide the recipient with a complete and accurate Social Security number. For any family members who do not have a Social Security number, the applicant or family member must certify that the individual has never received a Social Security number.
- D. The recipient must handle any information obtained to verify eligibility or income in accordance with the Privacy Act.
- E. Recipients must verify all sources of income with source documentation covering at least two consecutive months of activity.
- F. Worker's Compensation Verification-Effective 10/1/2024, workers' compensation will be excluded as long as it is expected to end during the certification year.  
**(new under HOTMA)**

**4.5 Timeframe for Conducting Verifications**

All households that receive assistance must be income eligible at the time the assistance is provided. Income verification documents must be dated no earlier than six (6) months prior to the date of certification for HOME, SCHTF, HTF, and NSP properties. If certifications are completed too early in the process, they may become outdated and have to be completed again. If they are completed too late in the process, it could delay occupancy of the property. Income certifications are required to be conducted at the following times:

- Prior to entering into initial lease agreements and lease renewals
- Each household must be recertified at least annually

Signed consent forms, verification forms, and third-party documentation must be used within a reasonable time after the applicant or tenant has signed them if the applicant's signature is to represent a valid and current authorization by the family. Therefore, HUD has set a (6) six-month limit on the duration of the validity of information collected to determine income for the HOME, SRDP, and NSP programs. Once income has been certified for a rental household, that certification is valid for a period of (1) year from the date of the certification, and the household's income will need to be re-certified annually.

**NOTE:** When HOME is combined with LIHTC, verification must be within 120 days of certification.

#### 4.6 Acceptable Verification Methods for All Programs

Recipients are responsible for determining if the verification documentation is adequate and credible. Under the new HOTMA guidelines, the verification hierarchy of preferred verifications is listed below.

##### “High Level”

The Enterprise Income Verification system (EIV) contains personal information on individual tenants that is covered by the Privacy Act. It must not be used when determining income for the LIHTC program participation.

**Verification provided documents** – Written, third-party verification from the source provided by the tenant, such as pay stubs, payroll summary reports, employer notices/letters of hire/termination.

The required number of paystubs is as follows:

Pay wage cycle:	# of consecutive stubs to cover 2 months
Weekly	9
Bi-weekly	5
Semi-monthly	4
Monthly	2

When annualizing income using pay stubs, you must use the highest amount of the year-to-date or the average gross amount calculated.

Copies of the documentation reviewed must be placed in the applicant's or resident's file. For the documentation to be considered acceptable and valid, the documents copied for the file must be unaltered originals, be current (dated within 180 days prior to the effective date of the certification) and contain sufficient information to include resident/applicant's name, address, employer's name, address and/or cover a sufficient period of time to anticipate income with accuracy. Actual paychecks are not considered acceptable or valid employment verifications since only net income, after deductions, is shown. The pay stubs must be within 180 days of the ending pay period date.

**“Medium Level”**

**Third-Party Verification** – Third-party verifications are sent directly to and from the verifying source. After signing the appropriate release of information, the applicant or resident has no further participation in the completion of the verification. The applicant or resident must not transport the verification to the employer. The following describes the methods for obtaining third-party verifications:

**Written** – The Owner must obtain written third-party verification whenever possible. The Owner must use an acceptable Income Verification form. If the household has no income, the form M-19E, NHTF-19E, NSP-419E, and SC HTF-19E Notarized Affidavit of Zero Income will be the only verification possible.

**Electronic** – Per HUD’s Occupancy Handbook 4350.3 REV-1 Chg. 4, the Owner may now obtain third-party verification by facsimile, e-mail, or Internet, if adequate effort is made to ensure that the sender is a valid third-party source.

**Facsimile** – In order to be considered acceptable verifications, faxes must be completely legible, date-stamped, and must include the signature, signature date, name, job title, fax, and phone numbers of the person making the verification. Due to record retention requirements, faxes received on thermal paper should immediately be copied to plain white bond paper.

**E-mail** – Electronic mail must contain the name of an appropriate individual and firm to be considered reliable.

**Internet** – Computer-generated internet printouts are considered third-party verifications if the Owner is able to view web-based information directly from the employer’s website on the computer screen. A printout should contain pertinent information, including information that identifies the employer source.

**“Lowest Level”**

**Family Certification** – As a last resort, when all other methods of verification prove unsuccessful, a notarized resident self-affidavit may be used as a verification. Notarized resident self-affidavits may also be used to supplement another method of verification.

#### 4.7 Documenting Why Third-Party Verification Is Not Available

When third-party verification is not available, recipients must document in the file efforts made to obtain the required verification and the reason the verification was not obtained. The recipient must include the following documents in the beneficiary file:

- A written note to the file explaining why third-party verification is not possible; **or**
- Written notes or documentation indicating at least two follow-up efforts to reach the third party to obtain verification; **and**
- A written note to the file indicating that the request has been outstanding without a response from the third party.

#### 4.8 Review of Documents

Additionally, due to confidentiality concerns, HUD has restricted the review of the EIV to only HUD-authorized staff persons. SC Housing's LIHTC Compliance Monitoring staff will not review any resident file that contains the EIV Form.

Obtaining accurate verification through a review of documents requires the recipient to consider the following:

- i. Is the document current? Documentation of public assistance may be inaccurate if it is not recent and does not show any changes in the family's benefits or work and training activities.
- ii. Is the documentation complete? Recipients may not accept pay stubs to document employment income unless the applicant or tenant provides the most recent pay stubs (a minimum of 2 consecutive months according to requirements under the method of verification) to illustrate variations in hours worked. Actual paychecks or copies of paychecks should never be used to document income because deductions are not shown on the paycheck.
- iii. Is the document an unaltered original? The greatest shortcoming of documents as a verification source is their susceptibility to undetectable change through the use of high-quality copying equipment. Documents with original signatures are the most reliable.
- iv. Photocopied documents generally cannot be assumed to be reliable.

#### **Employment**

Review of Documents –The preferred verification methodology is for the Owner to obtain the resident's most current, consecutive check stubs that covers two months according to the chart above, or; a copy of the most recent income tax returns signed by the applicant which provides the amount of income, including income from tips and gratuities, or; a copy of the resident's most recent W-2 forms. Should an applicant be relocating from out of state, the most recent tax return and a verification of termination of employment must be obtained.

### **Self-employment**

- a. An accountant's or bookkeeper's statement of anticipated net income and salaries distributed to household members for the 12 months following certification/recertification
- b. Financial statement(s) of the business plus a notarized affidavit from the resident forecasting the anticipated net income for the 12 months following certification
- c. The resident's most recent income tax return, with the appropriate IRS schedules, plus a notarized affidavit from the resident forecasting the anticipated net income for the 12 months following certification

### **Social Security, Pensions, Supplemental Security Income (SSI), Disability**

- a. A Social Security or pension award or benefit notification letter, prepared by the authorizing agency. The Social Security letter is considered valid until a new award or benefit letter is generated by the Social Security Administration, typically in the late fall of each year. Pensions that are noted as unchanging lifetime benefits are valid until a new award or benefit letter is generated. In cases where pensions are subject to a cost-of-living adjustment ("COLA"), please follow additional documentation requirements outlined in Item b.
- b. Since Supplemental Security Income (SSI) benefits and some pension benefits are subject to change, documentation for these sources is valid for 120 days from the printing date. If the documentation is not dated within 120 days prior to the effective date of certification, the most recent award or benefit notification letter should still be obtained, and a notarized resident affidavit that confirms the amount in the award or benefit letter should also be obtained.

### **Unemployment Compensation**

Printout from the unemployment office, dated within 120 days prior to the certification/recertification effective date, stating payment dates and amounts.

### **Alimony or Child Support**

- A. Court-ordered Alimony/Child Support:
  - i. A copy of the complete separation or maintenance agreement, divorce decree for alimony support. A copy of the child support printout, or any subsequent modifications, should include the amount and frequency of payment.
  - ii. If the document above is not dated within 120 days prior to the effective date of the certification, copies of the complete court documentation should still be obtained. In addition, it is necessary to obtain one other document, such as the family court printout or a notarized resident affidavit, which confirms the amount and frequency of payment in the

decree.

- iii. If a copy of the separation or maintenance agreement or divorce decree is not available or the applicant or resident must pay to obtain a copy of the decree, documentation in item ii. above may be used. The file must be documented to this effect.

**B. Voluntary Alimony/Child Support:**

If the support is voluntary, a notarized affidavit should be obtained from the person providing the support that confirms: the amount; frequency of pay; and which indicates if the support will continue during the 12 months following certification/recertification.

**Recurring Gifts and Contributions**

- a. A notarized affidavit, from the person providing the recurring gift or contribution, that states the purpose, amount, frequency, and indicates if the assistance will continue during the 12 months following certification.
- b. A letter from a bank, attorney, or trustee providing the same information outlined in Item a. above.

**4.9 Calculation of Anticipated Annual Household Income**

Owners must project or estimate the annual income that the household expects to receive in the 12 months following certification. Generally, the Owner must use current circumstances to anticipate income. If information is available about reasonably anticipated changes that are expected to occur during the 12 months, this information should be factored into anticipated income. Income that may not last for a full 12 months (e.g., unemployment compensation) should be calculated assuming current circumstances will last a full 12 months. Note that if the calculation of annual income using the year-to-date information disagrees with the anticipated income calculated based on the rate of pay given, management should use the higher of the two

**4.10 Calculating Specific Income Types**

1. **Alimony or Child Support** – Owners must count the alimony amount awarded by the court and child support, the average actual amount received within the last six weeks if received on a weekly/bi-weekly basis, or the last 6 months if receive every month or the total annual amount (do not include court fees) unless the applicant can provide documentation to demonstrate that no payments have been made for the last twelve (12) months; do not count the child support.

**2. Income from a Business** – When calculating annual income, Owners must include the net income from the operation of a business or profession, including self-employment income. Net income is gross income less business expenses, interest on loans, and depreciation computed on a straight-line basis. In addition to net income, Owners must count any salaries or other amounts distributed to family members from the business. If the net income from a business is negative, it must be counted as zero income. A negative amount must not be used to offset other family income.

**3. Regular Cash Contributions and Gifts** – Owners must count as income any regular contributions and gifts from persons not living in the unit. This does not include groceries and/or contributions paid directly to the childcare provider. Temporary, nonrecurring, or sporadic income is not included in annual income

**4. Adjustments for Prior Overpayment of Benefits** – If an agency is reducing a family’s benefits to adjust for a prior overpayment, count only the amount that is actually being provided after the adjustment.

**5. Withdrawal of Cash or Assets from an Investment** – The withdrawal of cash or assets from an investment received as periodic payments should be counted as income. Lump sum receipts from pension and retirement funds are counted as assets. If benefits are received through periodic payments, do not count any remaining amounts in the account as an asset.

## Chapter 5: Income

### 5.1 Annual Income

#### **24 CRF 5.609 (new under 2025 HOME Final Rule)**

Annual Household Gross Income is the gross income (with no adjustments or deductions) that the household anticipates it will receive in the 12 months *following* the effective date of the income certification. The combined income of all adult occupants of a unit, whether or not legally related, is compared to the appropriate percentage of the AMGI for a family with the same number of members.

### 5.2 Annual Income Exclusions

Annual income does not include the following:

- Full-time students 18 years of age or older (not head, spouse, or cohead) earned income in excess of the dependent deduction (amount adjusted annually by HUD)

in accordance with the Consumer Price Index for Urban Wage Earners and Clerical Workers) is excluded 24 CFR 5.609 (b) (14)

- Minors (children under 18 years of age) earned income is excluded CFR 5.609 (b)(3)
- Income of a live-in aide, foster child, or foster adult as defined in 24 CFR 5.609 (b)(8)
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- Amounts directly received by the family as a result of federal refundable tax credits and federal tax refunds at the time they are received
- Gifts for holidays, birthdays, or other significant life events or milestones
- Non-monetary, in-kind donations, such as food, clothing, or toiletries, received from a food bank or similar organization
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings
- Income received from any account under a retirement plan recognized as such by the Internal Revenue Service (IRS), including individual retirement arrangements (IRA), employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family.
- Income earned on amounts placed in a family's Self Sufficiency Account, Adoption Assistance Payment in excess of \$480, or (amount adjusted annually by HUD)
- Student Financial Aid (**modified with HOTMA**), see student financial assistance
- Special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- Amounts received under training programs funded by HUD
  - Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
  - Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development.
  - Incremental earnings and benefits resulting from any family member for

participation in training programs funded by HUD or in qualifying Federal, State, Tribal, or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program unless those amounts are excluded under paragraph (b)(9)(i)

- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- Full-time Student Income (**modified with HOTMA**)
  - Earned income of dependent full-time students in excess of the amount of the deduction for a dependent (amount adjusted annually by HUD)
  - Coverdell Savings Accounts, Baby Bonds, ABLE Accounts (**modified with HOTMA**)
    - Income and distributions from any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and income earned by government contributions to, and distributions from, “baby bond” accounts created, authorized, or funded by Federal, State, or local government.
- Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
- State/Local Tax Refunds/Rebates (**formalized with HOTMA**)
  - Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
  - Payments to Enable Disabled Family Member to Reside in unit (**modified with HOTMA**)
  - Payment made by or authorized by a state Medicaid-managed care system or other state agency to a family to enable a family member who cannot reside in the family’s assisted unit.
    - Authorized payments may include payments to a member of the assisted family through the state Medicaid-managed care system or other state agency for caregiving services the family member provides to enable a family member who cannot reside in the family’s assisted unit.
  - FRN exclusions as of 5/20/2014  
<https://www.federalregister.gov/documents/2014/05/20/2014->

[11688/federally-mandated-exclusions-from-income-updated-listing](#)

- Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions outlined in 24 CFR [5.609\(c\)](#) apply. A notice will be published in the *Federal Register* and distributed to PHAs and housing owners, identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.
- The value of the allotment made under the Food Stamp Act of 1977;
- Payments received under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5044; (f)(1), 5058
- Payments received under the Alaskan Native Claims Settlement Act; (43 U.S.C. 1626(c);
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;

- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, state job training programs, and career intern programs, AmeriCorps);
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act;
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998;
- Any amount received under the Richard B Russell School Lunch Act (42 U.S.C. 1760 (e) and the Child Nutrition Act of 1966 (42 U.S.C. 1780 (b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);
- Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990;
- Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts;
- Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act (NSHASDA) (25 U.S.C 4101 et seq) and administered by the Office of Native American Programs;
- Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. 107-110, 42 U.S.C. 604(h)(4);
- Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a));

- Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by states, local governments, and disaster assistance organizations (42 U.S.C. 5155(d));
- GAP Housing Programs (**new with HOTMA**) - Replacement housing “gap” payments made in accordance with 49 CFR part 24 that offset increased out-of-pocket costs of displaced persons who move from one federally subsidized housing unit to another federally subsidized housing unit. Such replacement housing “gap” payments are not excluded from annual income if the increased cost of rent and utilities is subsequently reduced or eliminated and the displaced person retains or continues to receive the replacement housing “gap” payments.
- Nonrecurring Income (**formalized with HOTMA**) - income received in the previous year that will not be repeated based on information provided by the family.

**Nonrecurring income includes:**

- Payments from the U.S Census Bureau for employment (relating to decennial census or the American Community Survey) lasting no longer than 180 days and not culminating in permanent employment
- Direct Federal or State payments intended for economic stimulus or recovery
- Amounts directly received by the family as a result of state refundable tax credits or state tax refunds at the time they are received
- Amount directly received by the family as a result of Federal refundable tax credits and Federal tax refunds at the time they are received
- Gifts for holidays, birthdays, or other significant life events or milestones (e.g., wedding gift, baby showers, anniversaries).
- Non-monetary, in-kind donations such as food, clothing, or toiletries, received from a food bank or similar organization
- Lump-sum additions to net family assets, including but not limited to lottery or other contest winnings
- Civil Rights Settlements (**new with HOTMA**) - Civil rights settlements or judgments, including settlements or judgments for back pay
- Earnings income from a Retirement Plan (**modified with HOTMA**) - Income received from any account under a retirement plan recognized as such by the Internal Revenue Service, including Individual Retirement Accounts (IRAs) employer retirement plans, and retirement plans for self-employed individuals; except that any distribution of periodic payments from such accounts shall be income at the time they are received by the family.
- ABLE Accounts - Income earned on amounts placed in a family’s Family Self-Sufficiency Account

- Self-Employment – Gross Income (**new with HOTMA**) - Gross income a family member receives through self-employment or operation of a business; except that the following shall be considered income to a family member:
  - Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations; and
  - Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family
- Solar Credits (Effective 8/3/2023) - in all foreseeable instances as of the date of notice H 2023-09, if the solar credit is tied to the cost of consumption (i.e., utility allowance is affected), then the credit will not count toward income. If a solar benefit appears on a household's electricity bill as an amount credited from the total cost of the bill, HUD has determined that the credit should be treated as a discount or coupon to achieve a lower energy bill (rather than a cash payment or cash-equivalent payment being made available to a resident). In this case, the credit will not be counted toward income, as discounts on items purchased by a tenant are not viewed as "annual income" to the family. Generally, income is not generated when a family purchases something at a cheaper rate than it otherwise would.

### 5.3 Student Financial Assistance Exclusions

#### **24 CFR 5609(b)(9)(i)** (new under HOTMA)

Any assistance that section 479B of the Higher Education Act of 1965, as amended, requires to be excluded from a family's income, including Bureau of Indian Affairs/Education student assistance programs. All assistance in this category must be excluded from income. (For HCV program participants, amounts in excess of tuition and required fees are not excluded for head of household, co-heads, or their spouses, 23 or under, or who do not have dependent children.)

#### **24 CFR 509(b)(9)(ii)**

Other Student financial assistance. This assistance may be excluded provided it is:

- For the actual costs of tuition, books and supplies (including supplies and equipment to support students with disabilities, room and board, and other fees required and charged to a student by a higher education institute, including the reasonable and actual costs or housing while attending the institution, of higher education and not residing in an assisted unit expressly for a student who is not

head of household or spouse.

- A grant or scholarship received from the federal government; a state, tribal, or local government; a private foundation registered as a nonprofit; a business entity; or an institution of higher education

The student financial assistance exclusion applies to both part-time and full-time students.

**Student financial assistance does not include:**

1. Any assistance that is excluded by regulation
  - a. Money provided through any Coverdell Education Savings Account (ESA) or like ESA;
  - b. For non-Section 8, exclude student financial assistance provided through Section 479B of the Higher Education Act (HEA) of 1965 that exceeds tuition and other covered fees;
2. Financial support provided to the student in the form of a fee for services performed (e.g., work study or teaching fellowship that is not excluded by regulation);
3. Gifts, including gifts from family or friends;
4. Loans

**5.4 Income of Adults and Dependents**

**Adults:** When determining the annual income of a household, all persons living in the household, including non-related individuals, must be counted. Count the annual income of the head, spouse, or co-head, and other adult members of the household. In addition, persons under the age of 18 who have entered into a lease under state law are treated as adults, and their annual income must also be counted. These persons must be either the head, spouse, or co-head; they are sometimes referred to as emancipated minors.

**NOTE:** If an emancipated minor is residing with a family as a member other than the head, spouse, or co-head, the individual would be considered a dependent, and his or her income would be handled in accordance with the paragraph below.

**Dependents:** A dependent is a family member who is under 18 years of age, is disabled, or is a full-time student. The head of the family, spouse, co-head, foster child, or live-in aide is never dependents. Some income received on behalf of family dependents is counted, and some is not.

- a. **Earned** income of minors (family members under 18) is not counted.
- b. Benefits or other **unearned** income of minors are counted.
- c. When more than one family shares custody of a child and both families live in

assisted housing, only one family at a time can claim the dependent deduction. The family that counts the dependent deduction also counts the unearned income of the child. The other family claims neither the dependent deduction nor the unearned income of the child.

- d. When full-time students who are 18 years of age or older are dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 (or the adjusted inflation amount) per year for full-time students, age 18 or older, who are not the head of the family, spouse, or co-head. If the income is less than \$480 (or the adjusted inflation amount) annually, count all income. This amount will be adjusted for inflation each year. **(new under HOTMA)**
- e. The income of full-time students 18 years of age or older who are members of the household but are away at school is counted the same as the income for other full-time students. The income of minors who are members of the household but are away at school is counted the same as the income for other minors.
- f. All income of a full-time student, 18 years of age or older, is counted if that person is the head of the family, spouse, or co-head.
- g. Payments received by the family for the care of foster children or foster adults are *not* counted. This rule applies only to payments made through the official foster care relationships with local welfare agencies.
- h. The adoption assistance payment is excluded. **(new under HOTMA)**

#### Whose Income is Counted:

Household Member	Employment Income	Other Income (including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adults	Yes	Yes
Foster Adults (new under HOTMA)	No	No
<b>Dependents</b>		
Children under 18	No	Yes
Full-time Student over 18	*See Note	Yes
Foster Child under 18	No	No
<b>Nonmembers</b>		
Live-in-aide	No	No
<b>*NOTE: The earned income of a full-time student 18 years old or older who is a dependent is excluded to the extent that it exceeds \$480. This amount will be adjusted for inflation each year.</b>		

### **5.5 Income of Temporarily Absent Family Members**

1. Recipients must count all income of family members approved to reside in the unit, even if some members are temporarily absent.
2. If the recipient determines that an absent person is no longer a family member, the individual must be removed from the lease.
3. A temporarily absent individual on active military duty must be removed from the family, and his or her income must not be counted unless that person is the head of the family, spouse, or co-head.
4. However, if the spouse or a dependent of the person on active military duty resides in the unit, that person's income must be counted in full, even if the military member is not the head of the family or the spouse of the head of the family.
5. The income of the head, spouse, or co-head will be counted even if that person is temporarily absent for active military duty.

### **5.6 Income of Permanently Confined Family Members**

1. An individual permanently confined to a nursing home or hospital may not be named as family head, spouse, or co-head but may continue as a family member at the family's discretion. The family's decision on whether or not to include the permanently confined family member as a family member determines if that person's income will be counted.
  - a. Include the individual as a family member, and the income and allowable deductions related to the medical care of the permanently confined individual are counted; or
  - b. Exclude the individual as a family member, and the income and allowances based on the medical care of the permanently confined individual are not counted.
2. If the family elects to include the permanently confined member, the individual is listed as an adult who is not the head, spouse, or co-head, even when the permanently confined family member is married to the person who is or will become the head of the family.

### 5.7 Employment Income

Owners must convert all verified incomes to annual amounts. To annualize full-time employment, multiply:

Hourly	Hourly Rate x Number of Hours worked per Year If full-time, 40 hours per week & no overtime Wages X 2080
Weekly	Wages x 52
Bi-Weekly	Wages x 26
Semi-Monthly	Wages x 24
Monthly	Wages x 12

### 5.8 Determining Adjusted Income

For SC Housing-funded HOME projects, *Adjusted Income* is **ONLY** used under the following circumstances:

- Determining monthly income for **over-income** tenants at recertification, or:
- Receiving TBRA (Tenant-Based Rental Assistance)

#### Key for Determining Adjusted Income (24 CFR § 5.611)

There are five possible deductions that may be subtracted from annual income based on allowable family expenses and family characteristics. The remainder, after these deductions are subtracted, is called *Adjusted Income*. This section focuses on the calculation of annual adjusted income. Before rent is calculated, the annual adjusted income is converted to monthly adjusted income.

Of the five possible deductions, three are available to any assisted family, and two are permitted only for elderly or disabled families.

- The three types of deductions available to any assisted family are:
  - A deduction for dependents;
  - A child care deduction; and
  - A disability assistance deduction.
- The two types of deductions permitted only for families in which the head, spouse, or co-head is elderly or disabled are:
  - An elderly/disabled family (as defined by HUD) deduction; and
  - A deduction for unreimbursed medical expenses.

**NOTE:** A family may not designate a family member as head or co-head solely to become eligible for these additional benefits.

### 5.9 Income Terms

**Alimony and Child Support (new HOTMA Implementation)** – Those who are entitled to child support are no longer required to pursue the full court-ordered amount. Only amounts actually received for child support are counted. A printout or any subsequent modification stating the amount and frequency of payment should be obtained. For alimony, a copy of the complete separation maintenance agreement or divorce decree is required.

**Fixed Income (24 CFR § 982.516)** – Periodic payment at reasonably predictable levels from one or more of the following sources:

- a) Social Security, Supplemental Security Income, Supplemental Disability Insurance
- b) Federal, state, local, or private pension plans
- c) Annuities or other retirement benefit programs, insurance policies, disability or death benefits, or other similar types of periodic receipts
- d) Any other source of income subject to adjustment by a verifiable COLA or current rate of interest

For fixed-income sources, a statement dated within the appropriate benefit year is acceptable documentation.

**Earned Income (24 CFR § 5.100)** - means income or earnings from wages, tips, salaries, other employee compensation, and net income from self-employment. Earned income does not include any pension or annuity income, transfer payments (meaning payments made or income received in which no goods or services are being paid for, such as welfare, social security, and governmental subsidies for certain benefits), or any cash or in-kind benefits.

**Unearned Income (24 CFR § 5.100)** - means any annual income, as calculated under 24 CFR §5.609, that is not earned income.

**Nonrecurring Income** – Income received in the previous year that will not be repeated based on information provided by the family.

**Workers' Compensation (new HOTMA Implementation)** – Insurance payments and settlements for personal or property losses, including but not limited to payments under health insurance, motor vehicle insurance, and workers' compensation, are excluded from annual income. However, periodic payments paid at regular intervals, such as

weekly, monthly, or yearly, for a period of greater than one year that are received in lieu of wages for workers' compensation continue to be included in annual income.

**Day Laborer (24 CFR § 5.603)** - is an individual hired and paid one day at a time without an agreement that the individual will be hired or work again in the future.

**Independent Contractor (24 CFR § 5.603)** - is an individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code federal income tax requirements and whose earnings are consequently subject to the Self-Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

**Seasonal Worker (24 CFR § 5.603)** – An individual who is hired into a short-term position and the employment begins about the same time each year (such as summer or winter). Typically, the individual is hired to address seasonal demands that arise for the particular employer or industry.

- **24 CFR § 5.609(b) (24)** - Income received as an independent contractor, day laborer, or seasonal worker is not excluded from income under this regulation, even if the source, date, or amount of the income varies.

**Foster Adult (24 CFR § 5.603)** - is a member of the household who is 18 years of age or older and meets the definition of a foster adult under state law. In general, a foster adult is a person who is 18 years of age or older, is unable to live independently due to a debilitating physical or mental condition, and is placed with the family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

**Foster Child (24 CFR § 5.603)** - is a member of the household who meets the definition of a foster child under state law. In general, a foster child is placed with the family by an authorized placement agency (e.g., public child welfare agency) or by judgment, decree, or other order of any court of competent jurisdiction.

- **24 CFR § 5.609 (b)(8) 2024 Federal Register/Vol. 88, No. 30** - Although used for occupancy bedroom size standards and utility allowance purposes (if applicable), foster members are no longer counted as household members for income limit purposes, and income and assets belonging to fosters are also not counted.

### 5.10 Unemployed Applicants

The income of unemployed household members with regular income from any source, such as Social Security, pension, recurring gifts, etc., must be verified as covered previously.

If a household member is currently unemployed and claiming zero (0) income, the tenant must provide evidence of anticipated income for the certification year by completing the form HOME-19E, NHTF-19E, NSP-419E, and SC HTF-19E Notarized Affidavit of Zero Income.

## Chapter 6: Assets

### 24 CFR 5.659 (e)

Verification of all assets is required at move-in and throughout the affordability period. The imputed asset threshold has been raised from \$5,000 to \$50,000 (or as adjusted annually for inflation). HOTMA allows for self-certification of assets under \$50,000 (or as adjusted annually for inflation). SC Housing will allow this for HOME, SCHTF, NHTF, and NSP programs after year one. Thereafter, assets can be self-certified at recertification if net family assets do not exceed \$50,000 (or as adjusted annually for inflation). If they exceed \$50,000 or the inflation-adjusted amount annually, the asset values and income are to be verified. If income cannot be verified for a specific asset, it will be imputed because assets exceed \$50,000 or are adjusted annually for inflation.

**NOTE:** Assets must be third-party verified only when assets exceed \$50,000 or the adjusted inflation amount.

**Checking Accounts** - HOTMA implementation Notice H 2023-10, J.5.a.: When verification of assets is required, Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts, including checking accounts (6-month average is no longer required).

**Real Property (24 CFR § 5.100 {2024})** - Real property as used in this part has the same meaning as the meaning provided under the law of the state in which the property is located.

Manufactured homes are treated as real property in some states if affixed to land that the owner of the home also owns. In other states, the land can be rented. Other states simply do not address this issue or treat this as personal property, similar to vehicles. This varies by county in South Carolina.

**Assets Owned Jointly** – If assets are owned by more than one person, prorate the assets according to their percentage of ownership. If no percentage is specified or provided by statute or local law, prorate the assets evenly among all owners.

**Determining the Value of Assets** – In determining income from assets, the owner or management agent must use the cash value of the assets – the amount the applicant or resident would receive if the assets were converted to cash. Cash value is the market value of the asset minus reasonable costs that would be incurred in selling or converting the asset to cash:

- Expenses that may be deducted include the following:
  - Penalties for withdrawing funds before maturity;
  - Broker/legal fees assessed to sell or convert the asset to cash;
  - Settlement costs for real estate transactions; and/or
  - Loans against the asset

Trusts are considered a legal arrangement regulated by state law in which one party holds property for the benefit of another. A trust can contain cash or other liquid assets or real or personal property that could be turned into cash. Trust assets are typically transferred to the beneficiary (i.e., on the beneficiary's 21<sup>st</sup> birthday) upon the death of the grantor. There are three types of trusts:

1. **Revocable Trust:** The grantor of a revocable trust can amend or revoke this type of trust as often as he or she wishes and therefore has access to this asset at any time. The cash value of any revocable trust is available to the household.
2. **Non-revocable Trust:** This is a trust cannot be accessed by the creator once created. If no household member has access to either the principal or the income generated by the trust, it is not considered to be a current held asset
3. **Special Needs Trust:** A trust created under state laws, often by family members, for disabled persons who are not able to make financial decisions for themselves. In most cases, the beneficiary does not have access to the principal trust; therefore, it will not be considered as current held asset.

**Disposed Assets** - Applicants and residents must declare whether an asset has been disposed of for less than fair market value at each certification and recertification. Owners must count assets disposed of for less than fair market value during the twenty-four (24) months preceding certification and recertification. The amount counted as an asset is the difference between the cash value and the amount actually received. This

amount should be added to the cash value of all other household assets for a period of 24 months following the disposal. The rule applies only when the fair market value of all assets disposed of exceeds the gross amount received by more than \$1,000.

Assets, disposed of as a result of foreclosure, bankruptcy, divorce, or separation, are not considered disposed of for less than fair market value. Assets placed in nonrevocable trusts are considered to be assets disposed of for less than fair market value unless the assets were placed in trust and received through settlements or judgments.

**Imputed Asset Income** - HOTMA has changed the imputed asset income rule. When net family assets total \$50,000 (or annual inflation amount) or less, and no actual income from the net family assets can be determined, the imputed income from the asset is excluded.

**NOTE:** After the owner has calculated the actual income and imputed income, both amounts must be combined for income on net family assets when assets exceeds \$50,000 or the annual inflation amount.

Example:

		Asset Status	Cash Value	% income	Income type	Income
<b>Assets Actual</b>	Checking account	Current	\$5,000	5.00	Asset	\$250
	Saving Account	Current	\$13,000	0.47	Asset	\$611
<b>Actual Income from assets</b>			<b>\$18,000</b>			<b>\$861</b>
<b>Assets Imputed</b>	Stock (not part of a retirement account)	Current	\$24,000	unknown	Income	\$0
<b>Imputed Income from assets</b>			<b>\$24,000</b>			<b>\$0</b>
<b>Net Cash Value of Asset &amp; Income from Asset</b>			<b>\$42,000</b>			<b>\$861</b>

### 6.1 Asset Exclusions

Excluded from the calculation of net family assets are:

1. The value of necessary items of personal property
2. The combined value of all non-necessary items of personal property if the combined total value does not exceed \$50,000
3. The value of any account under a retirement plan recognized by the Internal Revenue Service (IRS), including Individual Retirement Accounts (IRAs), employer retirement plans, and retirement plans for self-employed individuals.

Additional information can be found at [IRS.gov](https://www.irs.gov).

**NOTE:** If the holder of the account starts receiving disbursements, the withdrawals will be counted as income. The periodic withdrawals will be counted as income, and the balance will not be counted as an asset.

<b>Asset</b>	<b>Income</b>
Have access to the asset	Periodic withdrawals are being taken
A lump sum that can be cashed in	May or may not have access to the asset
No periodic withdrawals are taken	
<b>Verity:</b>	<b>Verity:</b>
Has access	Periodic withdrawal amount = income
Cash Value	
Interest rate/yield or the increase in value over the previous 12 months	

**Personal Property:**

Items that are not real property are considered personal property

<b>Necessary Personal Property</b>	<b>Non-Necessary Personal Property</b>
Car – vehicles that a family relies on for transportation for personal or business use	Recreational car/vehicle not needed for day-to-day transportation
Furniture, carpets, linens, and kitchenware	Bank accounts and other financial investments
Common appliances	Collectibles
Common electronics (ex. Radio, television, DVD player, gaming system)	Equipment/machinery that is not used to generate income for a business
Clothing	Items such as gems/precious metals, antique cars, artwork, etc.
Personal effects that are not luxury items (toys, books)	
Jewelry such as a wedding ring, necklace, etc.	
Religious and cultural items	
Medical equipment and supplies	
Musical instruments	
Personal computers, phones, tablets, and related equipment	
Educational materials	
Exercise Equipment	

**NOTE: This list is not all-inclusive**

## Chapter 7: Required Forms

### Consent and Verification Forms

Adult members of assisted families must authorize recipients to request independent verification of data required for program participation. To provide recipients with this authorization, adult family members must sign consent forms. Households must sign consent and verification forms at the time of initial certification and annual re-certifications. All adults in each assisted family must sign the required consent forms, or the family must be denied assistance. Recipients must provide the family with a copy of each form signed. Recipients may create their own verification forms to request information from employers, child care providers, medical professionals, and others. However, SC Housing has provided consent and verification forms for HOME and NSP recipients on our website at the following link:

[Compliance Monitoring Resources | South Carolina Housing](#)

SC Housing does permit recipients to use their own consent and verification forms; several SC Housing forms are **MANDATORY** and must be used and kept in each beneficiary file. The following SC Housing forms are mandatory and must be used when certifying income for all HOME, NSP, SCHTF, and NHTF beneficiaries:

- Declaration of Citizenship Status (at move-in)
- Tenant Income Certification Form (TIC)
- Income and Asset Questionnaire

### 7.1 Required Language for Consent Forms

The following statement must appear on all consent forms developed by recipients:

“Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government. HUD and any recipient (or any employee of HUD or the recipient) may be subject to penalties for unauthorized disclosures or improper use of information collected based on the consent form. Use of the information collected based on this verification form is restricted to the purposes cited above. Any person who knowingly or willingly requests, obtains, or discloses any information under false pretenses concerning an applicant or participant may be subject to a misdemeanor and fined not more than \$5,000. Any applicant or participant affected by negligent disclosure of information may bring civil action for damages and seek other relief, as may be appropriate, against the officer or employee of HUD or the recipient responsible for the unauthorized disclosure or improper use. Penalty provisions for misusing the social security number are contained in the \*\*Social Security Act at 208 (a) (6), (7) and (8). Violation of these provisions are cited as violations of 42 U.S.C. 408 (a) (6), (7), and (8).”

### 7.2 Refusal to Sign Consent Forms

If an applicant refuses to sign verification or consent forms, the recipient must deny assistance. If an applicant or tenant is unable to sign the forms due to extenuating circumstances, the recipient must document the reasons for the delay in the file and indicate how and when the household will provide the proper signature(s).

### **7.3 Effective Term of Verifications**

Time limits do not apply to information that does not need to be re-verified, such as:

- Age
- Disability status
- Family membership
- Citizenship status

Time limits also do not apply to the verification of social security numbers; however, at each recertification, any family member who has previously reported having never received a social security number must be asked:

1. To supply verification of a social security number if one has been received.

**or**

2. To certify, again, that he/she has never received a Social Security number.

### **7.4 Recording Inspection of Original Documents**

Original documents should be photocopied, and the photocopy should be placed in the beneficiary file. If the original document cannot be copied, a clear note to the file must describe the type of document, the information contained in the document, the name of the person who reviewed the document, and the date of that review.

### **7.5 Reasonable Accommodation**

If an applicant or tenant cannot read or sign a consent form due to a disability, the recipient must provide a reasonable accommodation.

Examples of reasonable accommodation are the following:

- Provide forms in large print
- Provide readers for persons with visual disabilities
- Allow the use of a designated signatory
- Visit the person's home if the applicant or tenant cannot travel to the office to complete the forms

### **7.6 Confidentiality of Applicant and Tenant Information**

Federal law limits the information recipients can collect about an applicant or tenant to only information that is necessary to determine eligibility and level of assistance. Federal privacy requirements also establish the responsibility of recipients and their employees to use information provided by applicants and tenants only for specified program purposes and to prevent the use or disclosure of this information for other purposes.

1. To help ensure the privacy of applicant and tenant information, recipients and their employees are subject to penalties for unauthorized disclosure of applicant/tenant information. In addition, applicants and tenants may initiate civil action against a recipient for unauthorized disclosure or improper use of the information they provided.
2. HUD encourages recipients to develop their own procedures and internal controls to prevent the improper use or unauthorized disclosure of information about applicants and tenants. Adequate procedures and controls protect not only applicants and tenants, but also recipients.

Recipients must also comply with state privacy laws concerning the information they receive from third-party sources about applicants and tenants. These laws generally require confidentiality and restrict the use of this information.

## Chapter 8: Maintaining Affordability – HIGH and LOW Units

HOME-assisted rental units must be occupied by a household that is low-income. For properties with five or more HOME-assisted units, at least 20% of the units must be occupied by households that are very low-income. The total of tenant rent plus the applicable utility allowance is compared to the HOME rent limits. This requirement applies throughout the affordability period.

### HOME Set-Aside Overview

	Low HOME	High HOME
<b>Tenant Rent + Utility Allowance</b>	<ul style="list-style-type: none"> <li>• Income Limit = 50% AMI (VERY LOW)</li> </ul>	<ul style="list-style-type: none"> <li>• Income Limit = 80% AMI (LOW)</li> </ul>
<b>= HOME Rent</b>	<ul style="list-style-type: none"> <li>• Rent Limit = Low HOME Limit</li> </ul>	<ul style="list-style-type: none"> <li>• Rent Limit = High HOME Limit</li> </ul>

#### 8.1 Over-Income & Restoring Compliance

When the household income increases above the income limit at recertification, the property is temporarily out of compliance.

The owner must take certain steps to restore the property’s compliance. These steps vary depending on whether the property has fixed or floating units and whether the unit is designated High or Low.

### **High HOME- Fixed**

When an over-income household occupies a fixed High HOME rent unit, the property is temporarily out of compliance until the unit is vacated and can be rented to another low-income household.

The owner must raise rent as soon as the lease permits, and it must be the lesser of the following:

- The rent amount payable under state/local law
- Thirty percent of the household's monthly adjusted income, not capped at Fair Market Rent or
- The LIHTC rent, if that is applicable.

You may NOT terminate the lease based on increased income.

### **Low HOME - Fixed**

When an over-income household occupies a fixed Low HOME rent unit, and the income is over the very low-income limit, but not over the low-income limit, the property is temporarily out of compliance until either:

- A High HOME rent unit can be re-designated as a Low HOME rent unit or
- The unit is vacated and can be rented to another very-low-income household

### **High HOME - Floating**

When an over-income household occupies a floating High HOME rent unit, the owner must adjust the over-income household's rent so that it pays 30% of its monthly adjusted income as rent, capped at market rent for the neighborhood.

- The next vacant, comparable, non-assisted unit must be designated as a High HOME rent unit.
- Once the new unit has been designated, the over-income unit becomes a non-assisted unit. At that point, the owner may adjust the household's rent according to HOME requirements, subject to the terms of the lease.

### Low HOME - Floating

When an over-income household occupies a floating Low HOME rent unit, and the household's income exceeds the very-low income limit, but not over the low-income limit, the unit retains its designation as Low HOME until a comparable unit can be substituted. Then:

- The next High HOME is rented as Low HOME, and
- The unit with the over-income tenant becomes a High HOME unit, and rent is adjusted accordingly

For SCHTF, NHTF, and NSP-assisted units, the property continues to qualify as affordable housing despite temporary noncompliance caused by increases in the income of existing tenants. When this occurs, the owner must make every effort to bring the units back into compliance as soon as feasible.

## Chapter 9: Small Rental Development Program (SRDP)

SRDP funds are awarded to “fixed” units, meaning each funding source allocates a specific dollar amount to a specific number of units/bedroom sizes. **The SRDP-14 Unit Designation Form** is used to identify which specific units are designated to the specific fund type, bedroom size, household income served, and to identify Section 504 units. **The SRDP-14 Unit Designation Form** must be submitted with the final plans and specifications so that inspection staff can determine which units are designated as Section 504 units.

## Chapter 10: Utility Allowances

### 24 CFR 92.252(b)

The 2025 HUD Final Rule has restored the option to use the local PHA's utility allowance for HOME-assisted rental projects, to realign utility allowance requirements in both HOME and Project-Based Vouchers (PBVs). The participating jurisdiction may use any of the following methods to determine maximum monthly utility allowances: the HUD Utility Schedule Model, the utility allowance established by the applicable local public housing authority, or another method approved by HUD.

HOME units where residents pay any utilities out of pocket must have utility cost estimates assigned to the units. These are called utility allowances (UAs). Utilities commonly paid by residents include electricity, water, sewer, oil, gas, and trash. Costs for telephone, cable TV, and internet costs, which are not required as part of tenancy,

are considered optional and are excluded from the utility allowance. The rent that a tenant pays plus the utility allowance must not exceed the gross rent limits. When all utilities are included in the household's gross rent and are paid by the project, the utility allowance is zero.

## Chapter 11: Prohibited Fees

Owners/Managers may not charge fees that are not customary, such as laundry room access fees. Listed below are other prohibited fees:

1. Pay-for-third-party verification fee
2. Month-to-month tenancy fee
3. Community room fee
4. Make-ready fee
5. Reservation fee

Owners/managers may charge the following fees:

1. Reasonable application fees
2. Security deposits – must be fully refundable
3. Renter's Insurance – Only acceptable if optional and not a condition of tenancy
4. Pet deposits – assistance animals that help a person with a disability do not qualify as pets and are not legally subject to deposits
5. Late rent fees
6. Maintenance fees

## Chapter 12: Leases/Lease Addendum

All leases must have a term of no less than one year and comply with all applicable state and local laws. SC Housing recommends that leases for the assisted units include an addendum containing specific provisions that obligate the resident to cooperate with the owner and/or management agency. Leases may not contain any of the prohibited terms referenced in 24 CFR Part 92.253 and must have a HOME tenancy addendum appended. The addendum must include the new tenant protections listed in 92.253(b). The lease must incorporate the VAWA lease term/addendum required under [§ 92.359\(e\)](#), except as otherwise provided by [§ 92.359\(b\)](#).

### Prohibited Lease Terms

The lease may not contain any of the following provisions:

- (1) **Agreement to be sued.** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
- (2) **Treatment of property.** Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant, and a court decision on the rights of the parties. This prohibition does not apply to an agreement concerning the disposition of personal property remaining in the housing unit after the tenant has moved out. The owner may dispose of this property in accordance with state law.
- (3) **Excusing the owner from responsibility.** Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
- (4) **Waiver of notice.** Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.
- (5) **Waiver of legal proceedings.** Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- (6) **Waiver of a jury trial.** Agreement by the tenant to waive any right to a trial by jury.
- (7) **Waiver of right to appeal court decision.** Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- (8) **Tenant chargeable with the cost of legal actions regardless of the outcome.** Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding against the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- (9) **Mandatory supportive services.** Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

### Termination of Tenancy

An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds, except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause (which does NOT include an increase in the tenant's income or refusal to purchase the housing). To terminate or refuse to renew tenancy, the owner must serve written notice specifying the grounds for the action **at least 30 days before** the termination of tenancy

## **Chapter 13: Fair Housing and Equal Opportunity Laws**

All Projects must comply with applicable federal, state, and local fair housing and anti-discrimination laws in the marketing and provision of housing.

SC Housing may request written documentation on the Annual Owner's Certification to verify the Ownership Entity's compliance with these laws.

Federal laws that may apply to a project include, but are not limited to, the Fair Housing Act (as amended by the Fair Housing Amendments Act of 1988), the Housing for Older Persons Act of 1995, Section 504 of the Americans with Disabilities Act, and any subsequent amendments to these laws. These laws cover both the construction and design of multifamily projects as well as project management.

## **Chapter 14: On-Site Manager's/Courtesy Officer Unit**

### **Manager's Unit**

In projects with 100% HOME units, if there is a need for an on-site manager to contribute to the stability of the project, one HOME unit may be converted to an on-site manager's unit. Staff units should be reserved for management company staff. Before approval, the Ownership Entity/Management Company must submit the following detailed information:

- Documentation supporting the need for the on-site manager's unit based on marketing, management, or financial difficulties.

### **Courtesy Officer Unit**

A courtesy officer may NOT live in a non-revenue staff unit unless the project has received approval from HUD through SC Housing.

Once approved, if the Ownership Entity decides not to maintain a courtesy officer unit, the unit may be rented to an income-qualified household. This action does not remove the previous courtesy officer approval.

A courtesy officer may, however, live in the project as an income-qualified household.

## **Chapter 15: Violence Against Women Act (VAWA)**

HOME, SCHTF, and NHTF funds are subject to the Violence Against Women Act (VAWA) Final Rule, issued by HUD to support victims of crimes covered by VAWA. The final rule became effective on December 16, 2016, and the regulations can be found at 24 CFR Part 5. The rule states that applicants and tenants may not be denied

assistance or have assistance terminated on the basis, or as a direct result of having been a victim of domestic violence, dating violence, sexual assault, or stalking and allows Recipients to establish a preference for tenants who have been victims of those crimes, and provides guidance on protecting victims from further crimes by establishing emergency transfer plans.

The final rule also establishes confidentiality measures put in place to further protect victims, and lease bifurcation regulations in order to protect members of a household when another household member has presented as an actual and imminent threat to them. VAWA Protections are not limited to women and are available to all, without regard to sex, gender identity, or sexual orientation.

### **Chapter 16: Ownership Entity Occupancy of HOME Units**

No Ownership Entity, Development team member, or sponsor of a project assisted with HOME Funds may occupy a HOME-funded affordable housing unit in a Project during the required HOME Affordability Period. This includes any officer, employee, agent, elected or appointed official, or consultant of the Ownership Entity, Development team members, or sponsor or their immediate family members, whether private, for-profit, or non-profit, including a CHDO when acting as an Ownership Entity, Development team member, or sponsor.

This provision does not apply to employees or agents of the Ownership Entity or Development team members who occupy a staff unit as the project manager or maintenance worker.

### **Chapter 17: Records Required for Compliance Monitoring Review**

1. Current Rent Roll (with list of vacant unit(s) and the date each unit became vacant)
2. Current Waiting List
3. Resident Selection Criteria
4. Current Income and Rent Limits
5. Replacement Reserve Account Balance (if required) NSP only
6. Operating Reserves Account Balance (if required) NSP only
7. Tenant Files (to include qualifying source documents)
8. Verification of Income Source Documentation
9. Unit Inspection Records
10. Utility Allowance Documentation

11. Current Copy of Rent Approval
12. Lead Safe Housing Rule Applicability Form 9-1
13. Receipt of “Protect Your Family from Lead in Your Home” Form 9-3, if applicable
  - a. Lead-Based Paint Evaluation Results Form 9-6 (if applicable)
  - b. Receipt of Lead-Based Paint Clearance Activities Form 9-7 (if applicable)
14. All Required program forms to include the following, but not limited to:
  - a. M-51 HOME Unit Status Compliance Report
  - b. SRDP-21 SRDP Unit Status Compliance Report
15. Narrative indicating whether the project received any Health, Safety, and Building Code violations
16. Narrative indicating whether there have been any confirmed reports of bed bug infestations in any unit or area of the development (copies of pest control inspections may be required)
17. Resident Notification of Inspection
18. Current Ownership and Management Information Form (must be completed and properly executed)

## **Chapter 18: Record-Keeping Procedures**

- A. Recipients must keep the following documents in the beneficiary file:
  1. All original, signed consent and verification forms
  2. Third-party verifications
  3. Mandatory Forms
- B. Recipients must maintain documentation of all income certifications throughout the term of assistance and for at least five years after the tenant moves out or the affordability period ends.
- C. The beneficiary file should be available for review by the household upon request or by a third party who provides signed authorization for access from the household.
- D. Recipients must maintain applicant and tenant information in a way to ensure confidentiality. Any applicant or tenant affected by negligent disclosure or improper use of information may bring civil action for damages and seek other relief, as appropriate, against the employee.
- E. Recipients must dispose of tenant files and records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.
- F. Recipients must keep and maintain the M-51 form for the HOME and SRDP-21 for the Small Rental Development Program.

### 18.1 File Organization

Documentation must be contained in the resident file, which demonstrates household eligibility for all programs. It is strongly recommended that the Owner establish a standardized, consistent file setup that allows Monitoring Officers to more easily follow the trail of documentation in the resident file. Examples of some of the recommended documentation can be found in the Forms Section. Below is the recommended file setup:

Section I	Section II
<b>Leases /Lease Renewals /Lease Addendums/Fee Schedule</b> (in descending order from current to initial) <b>Section 8 Documentation, which provides the assistance payment and the tenant-paid portion *</b> (* if Section 8 Housing Choice Voucher holder)	<b>Certification and Supporting Documentation (in descending order from current to initial, separated by certification years)</b>
	<b>Current Tenant Income Certification</b>
	<b>Verifications of Income</b>
	<b>Verifications of Asset Income:</b> <ul style="list-style-type: none"> <li>• <b>Asset Certification form with worksheet (if the cash value of all household assets does not exceed \$50,000 or the annual inflation amount)</b></li> </ul> <b>3<sup>rd</sup> Party Verification(s) of Assets (if cash value of all household assets exceeds \$50,000 (or the annual inflation amount)</b>  <b>Disposal of Assets (written 3<sup>rd</sup> party, if difference exceeds \$1000)</b>
	<b>Income and Asset Questionnaire</b>
	<b>Student Status</b> <ul style="list-style-type: none"> <li>• <b>Student Status Verification if needed</b></li> <li>• <b>Affidavit of Student Financial Assistance if needed</b></li> </ul>
	<b>VAWA Acknowledgements</b>

## Chapter 19: Program Noncompliance

### Ownership Entity Notification

During a compliance review, if SC Housing finds instances of noncompliance with any section of this manual or the Declaration of the Restrictive Covenants, the initial notice of noncompliance will be sent to the Owner/Management Agent, including a deadline for correcting the violation.

### Correction Period

After receiving a notice of noncompliance, the Ownership Entity shall have a correction period set by SC Housing (normally 30 days) to correct the findings. The Ownership Entity must provide SC Housing with any missing or additional documentation needed to resolve the issues.

The Ownership Entity must address all discrepancies individually and clearly indicate the actions taken to correct each finding. Failure to correct the noncompliance within the timeframe specified in the notice will result in noncompliance with state and federal program requirements.

If the Ownership Entity experiences extenuating circumstances that prevent correction before the original correction period expires, they may request an extension by submitting a request for extension form to the SC Housing Compliance Department.

**WHITE-OUT IS PROHIBITED.** To correct an error on a document, simply draw a line through the incorrect entry and write the correction next to it, including your initials and current date.

### **Chapter 20: Noncompliance**

Compliance with the requirements of the applicable programs is the responsibility of the project Owner. SC Housing's obligation to monitor compliance does NOT make SC Housing liable for the Owner's noncompliance.

### **Chapter 21: Temporary Uninhabitability of a HOME-Funded Unit**

If a unit or building is destroyed or becomes unsuitable for occupancy for any reason, SC Housing must be notified and provided with a written plan detailing when the unit(s) will be ready for occupancy. Additionally, SC Housing must be notified in writing once the unit or building is re-occupied by an income-qualified household(s).

### **Chapter 22: HUD Notification**

SC Housing may notify HUD if a Project receiving HOME funds has a noncompliant issue that remains uncorrected after the correction deadline and any approved extensions have passed.

### **Chapter 23: Change in Management Company**

The SC Housing Community Development Department must approve any change in management company during the term of the HOME Affordability Period. The Current Ownership and Management Information Form (COMIF) needed to request approval can be found on SC Housing's Website.

## **Chapter 24: Operating/Replacement RESERVES (for NSP properties only)**

Operating reserves are initially funded from development costs and must be replenished from operating cash flow when used. These reserves must be maintained at the required level throughout the HOME affordability period, as outlined below:

- Projects with less than ten (10) units: Must maintain reserves equivalent to three (3) months of projected operating expenses
- Projects with ten (10) or more units: Must maintain reserves equal to six (6) months of projected operating expenses

**Note:** The most recent professional audit statement indicating the balances of both the Replacement Reserve and Operating Reserve accounts must be made available to the Compliance Monitoring Officer during the review process.

## **Chapter 25: Performance Deficiencies and Misappropriation of Funds**

If, during the Compliance Monitoring review, SC Housing determines that an Owner/Sub-recipient exhibits inadequate program controls, expends funds improperly, or fails to comply with program requirements, the following actions may be taken:

- Impose limitations on Owner's/Sub-recipient's participation in NSP, or other SC Housing administered programs
- Require the Owner/Sub-recipient to submit additional information to explain the noncompliance and to develop a corrective action plan
- Require the Owner/Sub-recipient to reimburse the SC Housing for all improperly expended funds
- Terminate the Funding Agreement; demand full repayment of all funds owed to the program(s) and disqualify the Owner/Sub-recipient and all related individuals or organizations involved in the development from further participation in all Federal or State programs.

## **Chapter 26: Conflict of Interest**

In the procurement of property and services by grantees and subgrantees, the conflict of interest provisions in 2 CFR 200.318 apply. In all cases not governed by 2 CFR 200.318, the conflict of interest provisions described in this section shall apply.