

South Carolina Homeownership & Employment Lending Program (HFA Hardest-Hit Fund)

Proposal for Use of Funds

Background and Program Overview

On March 29, 2010, President Obama announced a second round of HFA Hardest-Hit Fund funding using TARP funds as administered by the U.S. Department of the Treasury (“Treasury”). The purpose of this second round was to address states where the combined impact of high foreclosures and high unemployment continues to put enormous pressure on homeowners and local economies. The South Carolina State Housing Finance and Development Authority (“Authority”) was designated to receive and administer, via an eligible entity, up to \$138 million in funding under this program.

Upon receipt of the announcement, the Authority immediately began working to put the necessary pieces in place to properly request and administer the funds.

- Work to establish the eligible entity as described by Treasury was begun. (The eligible entity, SC Housing Corp., is referred to in this document as “SCHC.”)
- A meeting was held on April 14, 2010 to gather ideas and input from lenders, servicers, counseling agencies, attorneys, other state agencies, and local governments.
- Internal staff members were immediately re-tasked to focus on creating the proposal for Treasury and to begin building the infrastructure required to implement the program.
- Discussion with other interested parties from across the State are still ongoing, with another series of meetings structured around implementation already in the planning stages.

For marketing and other purposes, the funding in South Carolina will be known as the South Carolina Homeownership & Employment Lending Program (SC HELP) and will be referred to generically in this document as “SC HELP”.

Section I.

Based on discussions with Treasury and input from staff and other interested groups, the Authority originally intended to propose a variety of programs, grouped under two separate but cooperative strategies. This two-pronged approach was intended to insure that the funding is used for maximum benefit in South Carolina. The two high-level strategies were **Direct Foreclosure Mitigation** and **Employment Assistance**. However, recent clarifications from Treasury regarding allowable expenditures under EESA have dramatically altered the Authority’s original plan. With these clarifications, the Employment Assistance strategy has been dropped altogether, and two programs have been discarded under the Direct Foreclosure Mitigation strategy. Specifically, the following programs were affected:

Deleted Program	Brief Description
Job Training	Funds would be used to provide financial assistance to qualified homeowners in very-high unemployment areas to assist them in acquiring new job skills. This would be of particular value in counties where entire industries have ceased operations.
Job Creation	By partnering with the SC Department of Commerce, the Authority planned to use Program funds to help recruit new industry and jobs into those counties where unemployment is a chronic problem. By using financial incentives to bring jobs to these areas, SC HELP would be focusing again on long term sustainability and overall economic growth within the State while leveraging the efforts and funds of the Department of Commerce.
Legal Assistance	Many homeowners on the brink foreclosure are not aware of the fact that lenders in South Carolina participating in the Home Affordable Modification Program (“HAMP”) are required to exhaust all HAMP opportunities prior to foreclosure. Furthermore, there are often opportunities for mediation that could potentially avoid foreclosure altogether. The Authority intended to make funds available to provide legal representation to eligible homeowners to insure that each family is treated fairly and equitably.
General Foreclosure Counseling	The Authority acknowledges that virtually all borrowers facing possible foreclosure, not just those eligible for assistance under TARP-funded programs, could benefit from professional counseling by a qualified foreclosure mitigation specialist. With this in mind, funds would be used to ensure that counseling is made available statewide to borrowers who request it.
Funds Recycling	<p>Although not a specific program, the Authority originally intended to make the majority of program awards as repayable loans with minimal interest and an extended term. The intent was that beneficiaries would repay funds over a 15 year term, thus allowing SC HELP to recycle these funds and assist additional citizens over an extended period of time.</p> <p>However, now that a program end-date has been established in 2017, there is no longer an opportunity for prolonged funds recycling. All loans made through SC HELP will therefore be forgivable.</p>

Although these programs are no longer included in this proposal, the Authority respectfully requests that Treasury consider any and all alternatives that may allow these to be included now, or at a later date.

Throughout this proposal, as well as in discussions with potential partners, the Authority uses the term “responsible borrowers” to describe the beneficiary group for SC HELP. Put simply, SC HELP funds will be used to assist those borrowers who are facing possible foreclosure due to circumstances beyond their control, i.e. under/unemployment, death of a spouse, catastrophic medical expenses, and/or divorce. SC HELP is NOT intended to serve borrowers who are facing foreclosure due to poor credit and/or debt management, stripping the equity from their home for non-essential purposes, or overall mismanagement of their personal budget.

The Authority is proposing to partner with counseling agencies and lenders/servicers to identify borrowers who may need additional time to become re-employed at a salary that is sufficient to cover their existing mortgage payments, or to be approved for a mortgage modification. The assistance could come in several different forms, such as monthly payment assistance, payment of outstanding arrearages, or a contribution to make the existing loan eligible for modification.

The Authority intends to leverage and recycle SC HELP funds at every opportunity; leveraging with funds already in the State for counseling, as well as programs offered by loan servicers.

Housing & Employment in South Carolina

The combined impact of record-high foreclosures and unemployment continues to wreak havoc on the housing industry, as well as the general economy, of South Carolina. While the State has not seen the steep declines in housing prices that have affected other states, new growth in housing and construction is critical to overall recovery.

Chart Key:

High Risk/High Count
High Risk/Low Count
Low Risk/High Count
Low Risk/Low Count

County	Estimated Mortgages 06/08	FC Rate 06/08	Price Change 2000-2008	Unemploy- ment 06/08	Unemploy- ment 2009	HUD FC Risk 06/08	Exposed Mortgages
Allendale County	520	9.4%	0.0%	14.6%	21.4%	10.00	76
Calhoun County	1,200	5.2%	0.0%	7.1%	12.6%	4.94	85
Saluda County	1,636	4.0%	0.0%	5.3%	9.9%	4.66	87
Bamberg County	995	9.3%	0.0%	10.9%	16.5%	9.42	109
McCormick County	1,234	4.3%	0.0%	10.0%	16.8%	8.24	124
Lee County	1,346	8.0%	0.0%	9.4%	14.9%	7.72	126
Hampton County	1,487	8.7%	0.0%	8.5%	15.4%	10.00	127
Williamsburg County	1,664	9.3%	0.0%	9.7%	15.1%	6.06	161
Jasper County	3,122	5.3%	0.0%	5.7%	10.6%	8.43	178
Edgefield County	3,226	3.8%	0.0%	6.2%	10.7%	6.45	199
Marlboro County	2,026	7.4%	0.0%	10.8%	19.5%	7.37	219
Barnwell County	2,240	7.3%	0.0%	10.1%	17.5%	9.43	226
Dillon County	2,644	7.3%	0.0%	9.7%	15.7%	7.58	256
Abbeville County	3,223	5.4%	0.0%	8.0%	14.9%	7.76	259
Clarendon County	2,878	5.7%	0.0%	9.2%	15.5%	5.20	265
Fairfield County	2,903	6.7%	0.0%	10.6%	13.4%	6.03	307
Chesterfield County	4,423	4.7%	0.0%	8.3%	17.1%	5.79	367
Colleton County	4,718	6.3%	0.0%	7.8%	13.5%	6.95	370
Union County	3,330	7.7%	0.0%	11.3%	19.9%	6.70	378
Marion County	3,249	8.1%	0.0%	12.2%	20.8%	8.22	397
Newberry County	5,545	5.3%	0.0%	7.3%	11.8%	7.50	406
Chester County	4,702	7.3%	0.0%	10.8%	20.5%	7.61	510
Laurens County	8,060	5.4%	0.0%	6.5%	12.0%	7.25	523
Cherokee County	6,537	6.1%	0.0%	8.3%	16.4%	8.47	545
Darlington County	8,827	5.7%	0.0%	8.2%	13.4%	6.54	720
Kershaw County	12,182	4.3%	0.0%	6.3%	11.0%	5.05	767
Oconee County	11,365	3.8%	0.0%	6.9%	13.7%	6.24	786
Greenwood County	12,562	4.2%	0.0%	7.1%	12.9%	6.97	887
Georgetown County	14,079	3.4%	0.0%	6.9%	12.3%	5.36	972

County	Estimated Mortgages 06/08	FC Rate 06/08	Price Change 2000-2008	Unemploy- ment 06/08	Unemploy- ment 2009	HUD FC Risk 06/08	Exposed Mortgages
Orangeburg County	9,729	7.9%	0.0%	10.3%	15.9%	6.64	1,002
Lancaster County	11,668	5.6%	0.0%	10.1%	17.9%	6.69	1,173
Sumter County	15,049	6.0%	-2.3%	7.8%	13.0%	7.27	1,176
Pickens County	22,133	3.7%	0.0%	5.9%	10.8%	5.60	1,298
Aiken County	27,136	3.2%	0.0%	6.0%	9.7%	5.73	1,618
Florence County	24,213	5.2%	0.0%	7.8%	11.8%	6.00	1,891
Beaufort County	52,917	2.2%	0.0%	4.7%	8.8%	4.86	2,470
Dorchester County	43,876	3.9%	0.0%	5.9%	10.2%	4.64	2,596
Anderson County	37,598	4.5%	0.0%	7.9%	12.6%	6.81	2,965
Lexington County	64,447	3.1%	0.0%	4.8%	8.4%	4.31	3,066
Berkeley County	49,123	4.5%	0.0%	6.4%	10.7%	4.24	3,134
Horry County	81,236	4.0%	-3.2%	5.9%	12.2%	5.16	4,774
Spartanburg County	60,929	4.9%	0.0%	8.3%	12.4%	6.45	5,049
York County	72,055	4.1%	0.0%	7.5%	14.2%	4.93	5,412
Charleston County	117,645	2.7%	0.0%	5.4%	9.1%	4.36	6,381
Greenville County	115,720	3.0%	0.0%	5.6%	10.2%	5.62	6,466
Richland County	93,216	5.0%	0.0%	7.6%	9.6%	6.51	7,061

Direct Foreclosure Mitigation

As touched on earlier, the core of the Authority's proposal is providing assistance to responsible borrowers who are facing foreclosure as a result of one or more hardships encountered since purchasing the home. These borrowers were self-sustaining, and our primary goal is to return them to that position as quickly as possible. The specific programs proposed under this strategy are as follows:

Monthly Payment Assistance

Under this program, funding will be provided on a monthly basis to assist eligible homeowners in making all or part of their monthly mortgage payments. The terms and length of this assistance will vary based on the specific circumstance and needs, and will be reviewed monthly during the assistance period.

The goal of this program is to bridge borrowers across a gap in income, thus giving them time to become self-sustaining and avoid delinquency or foreclosure.

Direct Loan Assistance

In some cases borrowers may have fallen behind on their mortgage payments, but have since regained the ability to make the full payment. Under these circumstances, there may be an accrued arrearage owed to the lender which, until paid, places a hardship on the borrower due to a continued accumulation of late fees and collection efforts. Under this program, funding will be provided to bring the loan current. This program also provides for limited principal reductions in order to ensure loan affordability.

This program is intended to give re-established borrowers a "kick-start" by bringing them current on their loan. By avoiding a continuing accrual of capitalized arrearages, the borrowers will be better able to remain current on their loan and avoid delinquency or foreclosure.

HAMP Assistance

The majority of lenders in South Carolina are offering troubled borrowers the opportunity to modify their loans under certain circumstances. The most notable of these programs is the Home Affordable Modification Program ("HAMP"). According to many loan servicers, there are many borrowers whose proposed modifications fail the net-present-value (NPV) test for eligibility by a relatively small amount. Under this program, funding will be provided to bridge the gap so that the mortgage can be modified to an affordable level, thus keeping borrowers out of foreclosure.

Second Mortgage Assistance

Many borrowers find themselves ineligible for HAMP due to the presence of a second lien where the investor holding that lien is unwilling or unable to agree to the modified loan terms. Under this program, funding will be used to provide a financial incentive to the investor, or, in some cases, to acquire (or refinance) the second lien from the current investor, thus making the borrower eligible for first mortgage modification.

Property Disposition Assistance

The Authority recognizes that there will be a segment of borrowers whose situation is unrecoverable, and who need assistance in gracefully exiting homeownership. Funds will be used to facilitate short sales and deeds in lieu of foreclosure, as well as to help provide deposits and other funds needed to transition families from homeownership to renting. The Authority will also make SCHousingSearch.com, the Authority's online affordable rental database, available to these families.

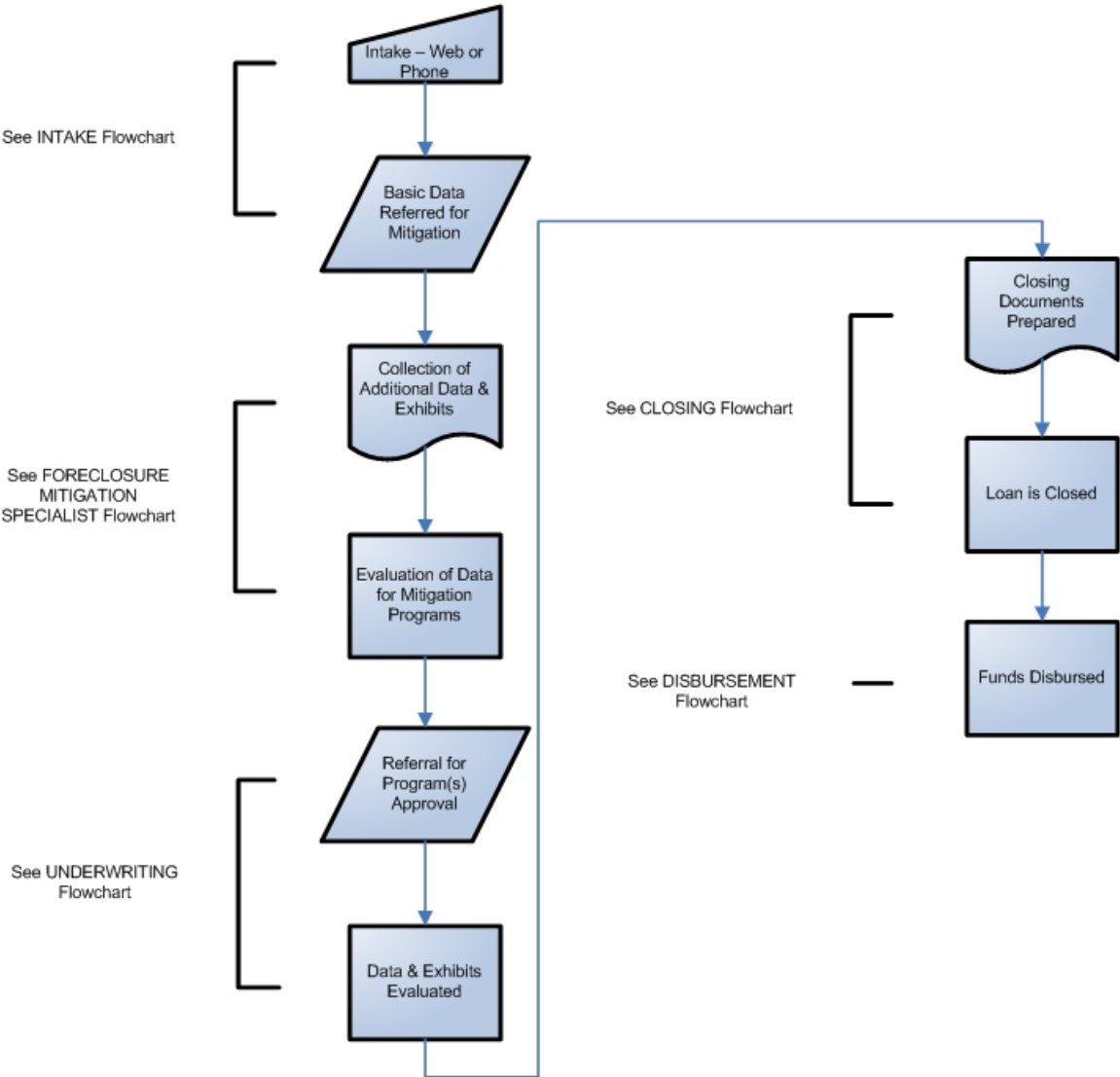
Section II.

In recognition of the fact that each eligible household in South Carolina will bring its own unique needs and challenges, we intend to offer the programs under SC HELP in an integrated, holistic manner. Instead of offering each program in a free-standing "silo", all applicants to SC HELP will be reviewed against the menu of available programs so that a custom solution, often encompassing multiple programs, can be brought to bear.

In order to account for the high level of program integration, this Section will, by necessity, focus on the integrated delivery process, and the shared partners and overall capacity required to make it work. The individual term sheets will outline the key program parameters and specific requirements and goals.

A solid delivery methodology, coupled with statewide partnerships, are the keys to the success of SC HELP. Authority staff is already hard at work building the infrastructure to insure that funds will flow quickly to eligible families across South Carolina. Following is a graphical representation of the primary intake and delivery processes, followed by more detailed descriptions of several key components.

SC HELP Process Overview



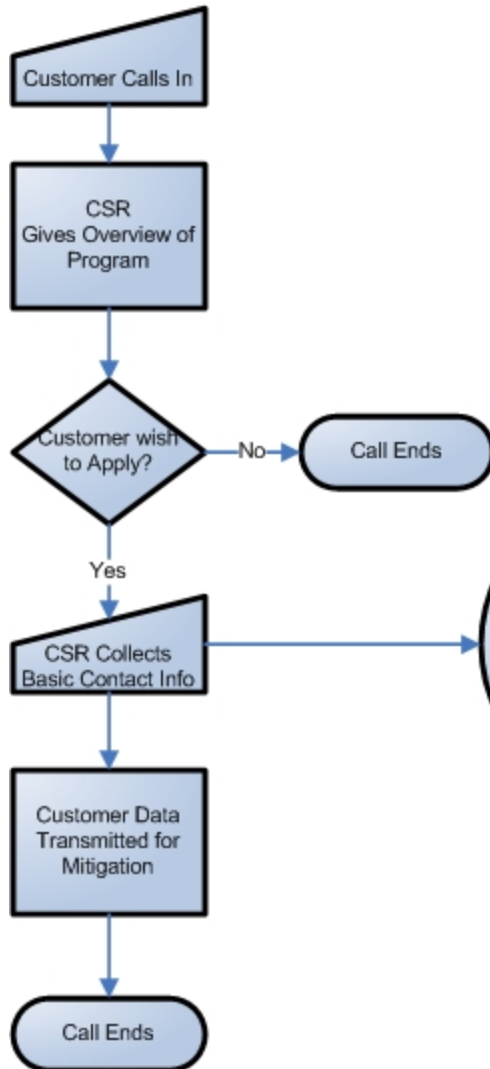
Initial Program Intake

The Authority expects that borrowers will access SC HELP from a multitude of directions, including: counseling agencies, attorneys, lender/servicers, advertising, and referrals from other programs. Given the disparate methods of entry, it is imperative that a central intake point be established where borrowers can start the process via phone or internet. This will allow the Authority to capture some basic information on the front-end, thus insuring reliable reporting and that eligible borrowers don't "slip through the cracks" and get overlooked.

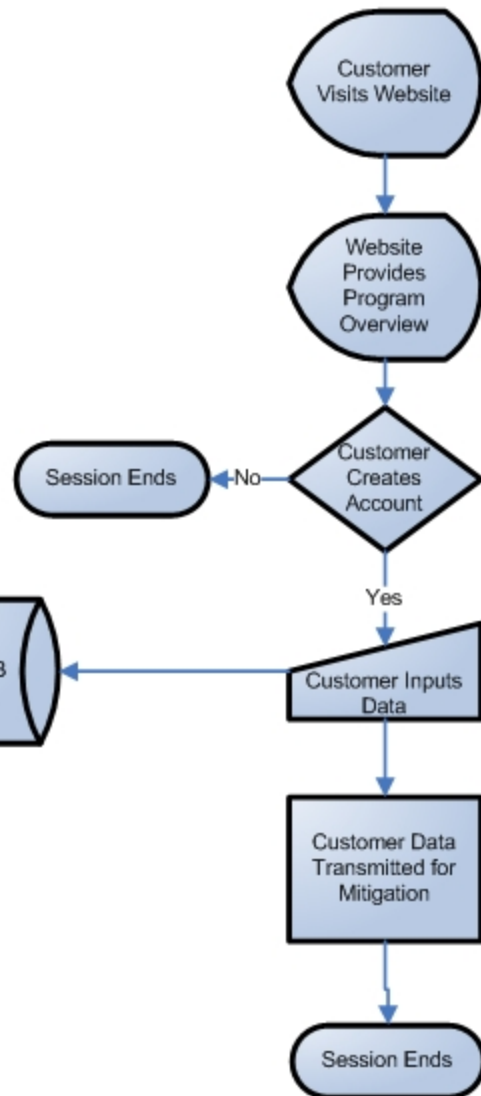
The Authority is proposing that SCHC contract with one outside contractor to provide these intake services, to include staffing a call center, providing a web-enabled front-end presence, and automated client tracking. While the intake provider will not be responsible for any direct counseling, an understanding of the housing market in South Carolina is essential to the success of SC HELP.

INTAKE Flowchart

Via Phone



Via Internet



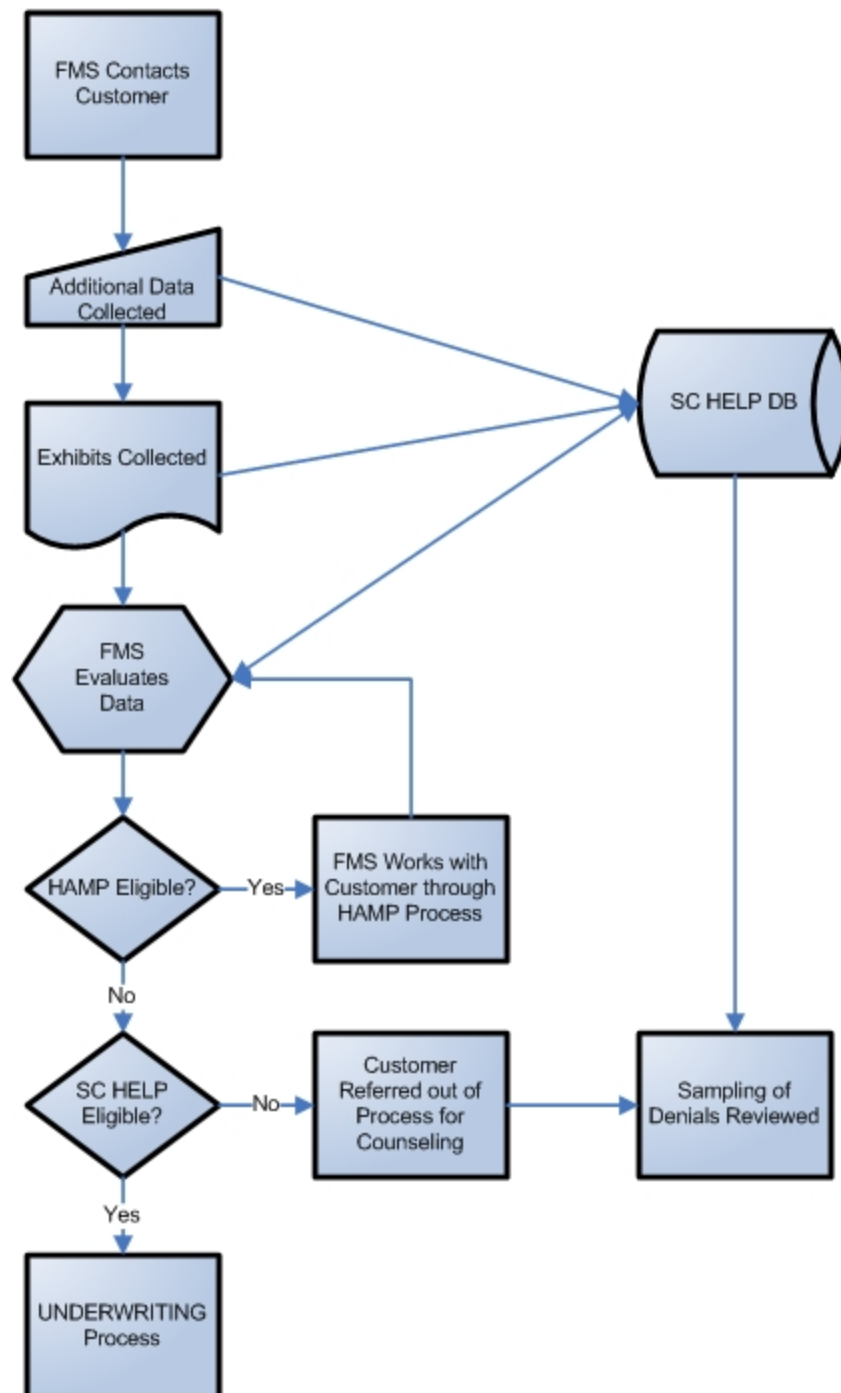
Foreclosure Mitigation Specialists

The Foreclosure Mitigation Specialist (“Mitigation Specialist” or “FMS”) function is the backbone of the entire Program. Providing consistent access and content across the State is critical to ensuring that all eligible borrowers have access to SC HELP in the same manner. The Authority intends to leverage the existing network of counselors in South Carolina by having SCHC contract with these groups to fill the Mitigation Specialist role.

After a borrower has completed the intake process, a handoff will occur whereby responsibility for that borrower passes on to a designated Mitigation Specialist. The Specialist will be responsible for working directly with the borrower and lender to explore all possibilities for preventing foreclosure. The Mitigation Specialists will specifically be responsible for pre-qualifying borrowers for all available TARP-funded programs, including HAMP and SC HELP. The Mitigation Specialist will also gather all necessary documentation for a final determination of eligibility.

It is expected that the Mitigation Specialist will electronically image all borrower documentation leveraging web-enabled technology already in use by the Authority. The Mitigation Specialist will remain the borrower’s primary point of contact throughout the assistance period.

FORECLOSURE MITIGATION SPECIALIST Flowchart

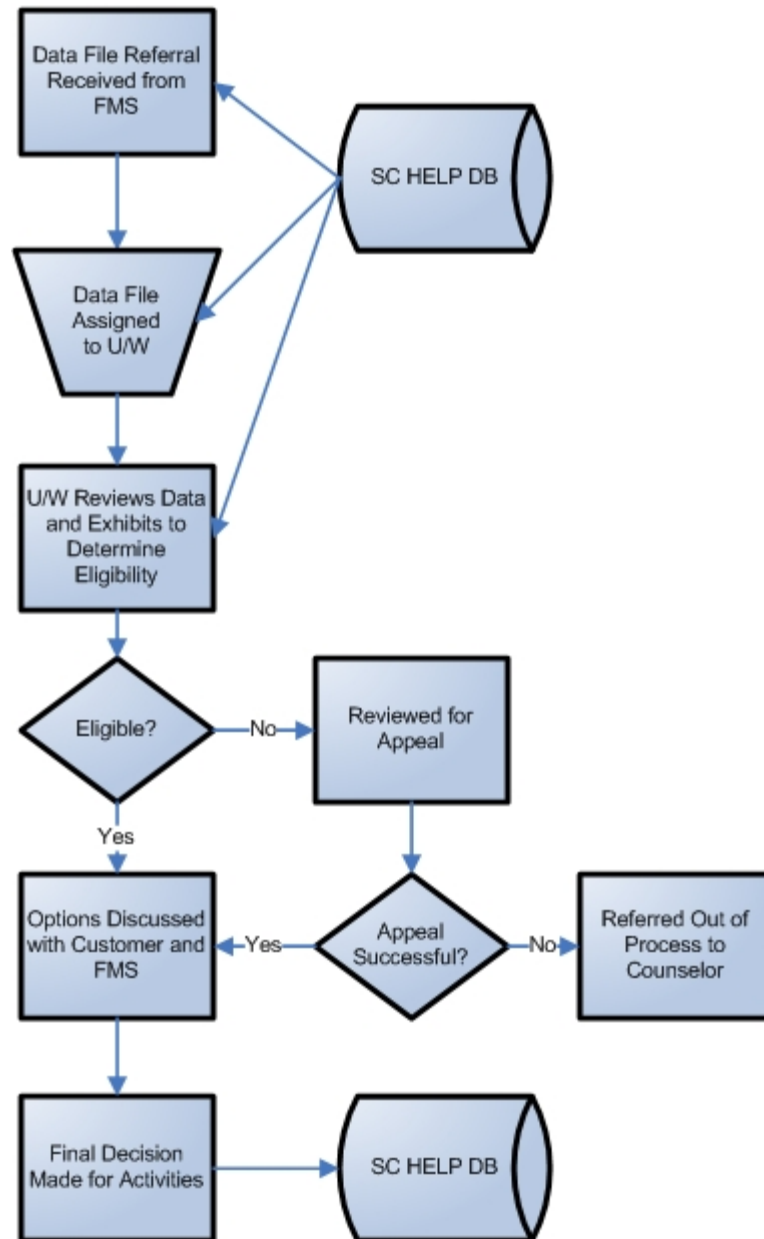


Program Underwriting

Once the Mitigation Specialist has determined that a borrower needs, and is qualified for, the assistance of SC HELP, the data and documents gathered by the agency will be transmitted to SCHC for review and final eligibility determination.

Much like with the counseling agencies, the Authority intends to utilize outside parties to facilitate the underwriting process. By using geographically distributed underwriters, often working from home, the Authority will be able to limit overall administrative expenses. SCHC will provide ongoing training and file review to insure that underwriters are consistent in their decisions. An appeal process for review by Authority or SCHC staff will also be available.

UNDERWRITING Flowchart



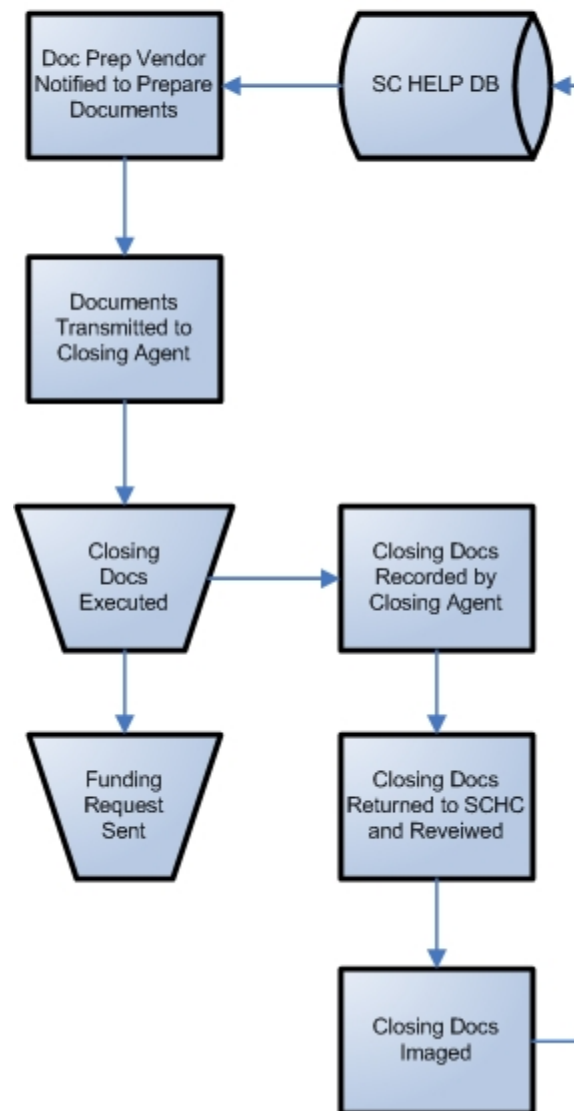
Loan Closing & Funds Disbursement

As stated before, a key component of this proposal is the idea that most direct assistance will be in the form of loans. The terms of these loans will range from forgivable to repayable with minimal interest, depending on the type of assistance provided and characteristics of the request. In every case, however, the funds will be secured by the borrower's home in the form of a subordinate lien.

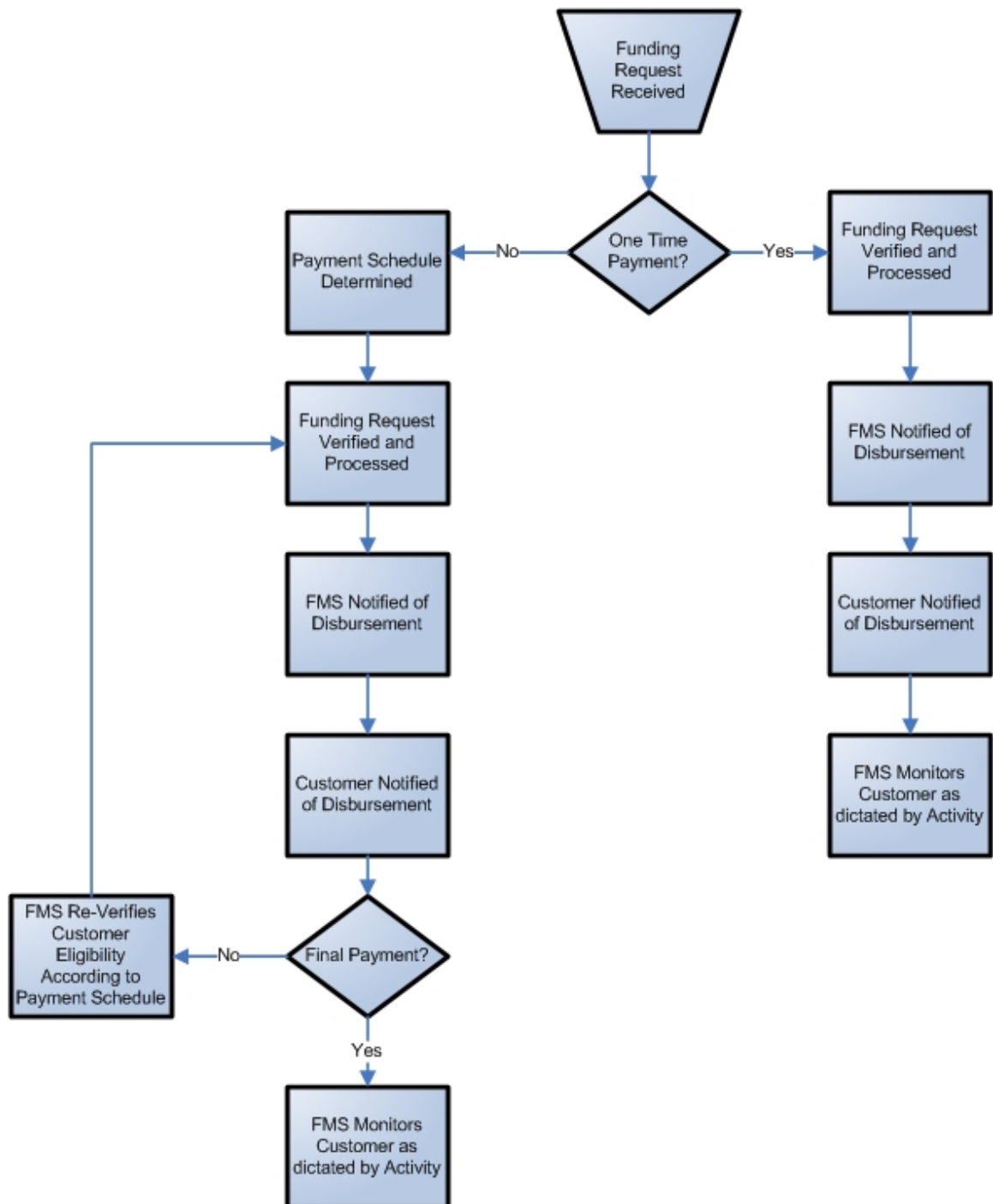
In order to accomplish this, the Authority proposes partnerships between SCHC and closing agents, document preparation companies, and the Authority's Loan Servicing division. Much as with the distributed underwriting model, this allows us to control administrative costs while leveraging the existing capabilities of other organizations.

Once the loan documents are in place, SCHC will utilize the Authority's Finance division to process payment requests for each SC HELP program.

CLOSING Flowchart



DISBURSEMENT Flowchart



SC HELP Dataset (Subject to Revision)

Information Group	Data Element(s)	Mandatory	Data Type
Homeowner Information	Homeowner's First Name	Y	Alphanumeric
	Homeowner's Last Name	Y	Alphanumeric
	Homeowner's SSN	Y	Numeric
	Homeowner's Date of birth		Date
	Homeowner's Primary Phone	Y	Numeric
	Homeowner's Primary Phone Type		Alphanumeric
	Homeowner's Best time to call at Primary phone		Alphanumeric
	Homeowner's Secondary Phone	Y	Numeric
	Homeowner's Secondary Phone Type		Alphanumeric
	Homeowner's Best time to call at Secondary phone		Alphanumeric
	Homeowner's Alternate Phone		Numeric
	Homeowner's Alternate Phone Type		Alphanumeric
	Homeowner's Best time to call at Alternate phone		Alphanumeric
	Mailing Address1	Y	Alphanumeric
	Mailing Address2	Y	Alphanumeric
	Mailing Address3	Y	Alphanumeric
	City	Y	Alphanumeric
	County	Y	Alphanumeric
	State	Y	Alphanumeric
	Zip	Y	Numeric
	Homeowner Email Address		Alphanumeric
	Do you give permission for your mortgage company to contact you via email? Yes No		Alphanumeric
	Total Number of persons living at this address	Y	Numeric
	Number of dependents at this address	Y	Numeric
	Co Homeowner's First Name	Y	Alphanumeric
	Co Homeowner's Last Name	Y	Alphanumeric
	Co Homeowner's SSN	Y	Numeric
	Co Homeowner's Date of birth		Date
	Co Homeowner's Home Phone	Y	Numeric
	Co Homeowner's Best time to call at Home phone		Alphanumeric
	Co Homeowner's Work Phone	Y	Numeric
	Co Homeowner's Best time to call at Work phone		Alphanumeric
	Co Homeowner's Cell Phone		Numeric

	Co Homeowner's Best time to call at Cell phone		Alphanumeric
	Co Homeowner Mailing Address1	Y	Alphanumeric
	Co Homeowner Mailing Address2	Y	Alphanumeric
	Co Homeowner Mailing Address3	Y	Alphanumeric
	Co Homeowner City	Y	Alphanumeric
	Co Homeowner County	Y	Alphanumeric
	Co Homeowner State	Y	Alphanumeric
	Co Homeowner Zip	Y	Numeric
	Co Homeowner Email address		Alphanumeric
	For Co Homeowner - Total Number of persons living at This address		Numeric
	For Co Homeowner – Number of dependents at this address		Numeric
Property Information	Property Address1	Y	Alphanumeric
	Property Address2	Y	Alphanumeric
	Property Address3	Y	Alphanumeric
	City	Y	Alphanumeric
	County	Y	Alphanumeric
	State	Y	Alphanumeric
	Zip	Y	Numeric
Loan Information	Case Type	Y	Alphanumeric
	First Mortgage Company / Servicer /Lien1	Y	Alphanumeric
	First Mortgage Loan Number	Y	Alphanumeric
	Balance		Numeric
	Interest Rate		Numeric
	Second Mortgage Company / Servicer	Y	Alphanumeric
	Second Mortgage Loan Number	Y	Alphanumeric
	Balance	Y	Numeric
	Interest Rate		Numeric
Counselor Information	Are you currently or have you been working with a counselor?	Y	Alphanumeric
	Name of Counseling Agency	Y	Alphanumeric
	Counselor Name		Alphanumeric
	Contact Number of Counseling Agency		Alphanumeric
	Counselor Email		Alphanumeric
	Counselor Reference Number	N	Alphanumeric
Homeowner Employment Information	Are you currently employed?		Alphanumeric
	Homeowner Employer's Name	Y	Alphanumeric
	Homeowner Employer's Address1	Y	Alphanumeric
	Homeowner Employer's Address2	Y	Alphanumeric

	Homeowner Employer's Address3	Y	Alphanumeric
	Homeowner Employer's City	Y	Alphanumeric
	Homeowner Employer's County	Y	Alphanumeric
	Homeowner Employer's State	Y	Alphanumeric
	Homeowner Employer's Zip	Y	Numeric
	Homeowner Employer's Phone #	Y	Numeric
	Homeowner's Employment How long?	Y	Numeric
	If Self Employed, Name of the Company		Alphanumeric
	Co Homeowner Employer's Name	Y	Alphanumeric
	Co Homeowner Employer's Address1	Y	Alphanumeric
	Co Homeowner Employer's Address2	Y	Alphanumeric
	Co Homeowner Employer's Address3	Y	Alphanumeric
	Co Homeowner Employer's City	Y	Alphanumeric
	Co Homeowner Employer's County	Y	Alphanumeric
	Co Homeowner Employer's State	Y	Alphanumeric
	Co Homeowner Employer's Zip	Y	Numeric
	Co Homeowner Employer's Phone #	Y	Numeric
	Co Homeowner's Employment How long?	Y	Numeric
	If Self Employed, Name of the Company		Alphanumeric
Reason for Hardship	Reason #1	Y	Alphanumeric
	Reason #2	Y	Alphanumeric
	Reason #3	Y	Alphanumeric
Hardship Reasons	Abandonment		Alphanumeric
	Business Failure		Alphanumeric
	Casualty Loss		Alphanumeric
	Loss of Income		Alphanumeric
	Death in Family (Not Homeowner)		Alphanumeric
	Death of Homeowner		Alphanumeric
	Distant Employment Transfer		Alphanumeric
	Energy/Environment Cost		Alphanumeric
	Excessive obligation		Alphanumeric
	Fraud		Alphanumeric
	Illness of principal Mortgagor		Alphanumeric
	Illness or injury in the family		Alphanumeric
	Inability to rent a property		Alphanumeric
	Inability to sell property		Alphanumeric
	Incarceration		Alphanumeric
	Marital Difficulties		Alphanumeric
	Military services		Alphanumeric
	Payment Adjustment		Alphanumeric
	Payment Dispute		Alphanumeric
	Property Problem		Alphanumeric

	Servicing Problem		Alphanumeric
	Transfer of Ownership		Alphanumeric
	Unemployment		Alphanumeric
	Other		Alphanumeric
Homeowner monthly income	Total Monthly Gross Income	Y	Numeric
	Total Monthly Take Home(Net Income)	Y	Numeric
	Unemployment Income	Y	Numeric
	Child Support / Alimony	Y	Numeric
	Disability Income/SSI	Y	Numeric
	Rent Received	Y	Numeric
	Commissions, bonus and self-employed income	Y	Numeric
	Overtime		Numeric
	Other monthly income from pensions, annuities or retirement plans		Numeric
	Food stamps/Welfare		Numeric
	Other (Investment income, royalties, Interest, dividends etc)		Numeric
Co Homeowner monthly income	Total Monthly Gross Income	Y	Numeric
	Total Monthly Take Home(Net Income)	Y	Numeric
	Unemployment Income	Y	Numeric
	Child Support / Alimony	Y	Numeric
	Disability Income/SSI	Y	Numeric
	Rent Received	Y	Numeric
	Commissions, bonus and self-employed income	Y	Numeric
	Overtime		Numeric
	Other monthly income from pensions, annuities or retirement plans		Numeric
	Food stamps/Welfare		Numeric
	Other (Investment income, royalties, Interest, dividends etc)		Numeric
Expenses	Monthly Mortgage payment(First Mortgage)	Y	Numeric
	Monthly Mortgage payment(Second Mortgage)	Y	Numeric
	Monthly Homeowner's Insurance Payment (If not included in your monthly mortgage payment)	Y	Numeric
	Monthly Property Taxes	Y	Numeric
	Total Monthly Automobile Payment(s)	Y	Numeric
	Total Minimum Monthly Credit Card Payment(s)	Y	Numeric
	Total Monthly Child Support/Care Expenses	Y	Numeric

	Dependent Care	Y	Numeric
	Total Monthly Medical Expenses	Y	Numeric
	Total Monthly Grocery Expenses	Y	Numeric
	Total Monthly Utilities Expenses	Y	Numeric
	Total Monthly Phone/Cable Expenses	Y	Numeric
	Total Monthly Transportation Expenses	Y	Numeric
	Total Monthly insurance Payment	Y	Numeric
	Other Expenses	Y	Numeric
	Federal and State Tax, FICA	Y	Numeric
	Other Deductions (401k, etc)	Y	Numeric
	Rent	Y	Numeric
	Other Mortgage(s)	Y	Numeric
	Personal Loan(s)	Y	Numeric
	HOA Fees/Dues	Y	Numeric
Assets	Home	Y	Numeric
	Checking accounts	Y	Numeric
	Saving / money markets accounts	Y	Numeric
	Stock, Savings Bonds, CDs	Y	Numeric
	IRA/Keogh Accounts	Y	Numeric
	401 k/ESOP Accounts, SEP or other retirement accounts	Y	Numeric
	Other Real Estate	Y	Numeric
	Cars	Y	Numeric
	Life Insurance(Whole life not Term)		Numeric
	Educational savings programs		Numeric
Liability	Other		Numeric
	Alimony/Child support	Y	Numeric
	Dependent Care	Y	Numeric
	Rent	Y	Numeric
	Other Mortgage(s)	Y	Numeric
	Personal Loan(s)	Y	Numeric
	Medical Expenses	Y	Numeric
	HOA Fees/Dues	Y	Numeric
	Other		Numeric
	AUTO LOAN Balance	Y	Numeric
Questions	CREDIT CARD BALANCE	Y	Numeric
	The property is my: Primary Residence Second Home Investment	Y	Alphanumeric
	Is the amount you owe on your first mortgage equal to less Than \$729750?	Y	Alphanumeric
	Are you having trouble paying your mortgage?	Y	Alphanumeric
	Did you get your current mortgage before January 1,2009?	Y	Alphanumeric

Have you received a foreclosure notice from an attorney?	Y	Alphanumeric
Is this property listed for sale?	Y	
Is the property listed for sale? If Yes then provide Agent's name Agent's Phone Number Agent's Email	Y	Alphanumeric
Is it leased?	Y	Alphanumeric
Is Property Damaged?	Y	Alphanumeric
Do you receive, and pay, the Real Estate Tax bill on your Home or does your lender pay it for you? I do with check box Lender does with check box	Y	Alphanumeric
Are the taxes current?	Y	Alphanumeric
Do you pay for a hazard insurance policy?	Y	Alphanumeric
Is the policy current?	Y	Alphanumeric
Have you filed for bankruptcy? Yes/No	Y	Alphanumeric
What is the Bankruptcy chapter ? Chapter 7 Chapter 13	Y	Alphanumeric
What is bankruptcy filed Date?	Y	Alphanumeric
"I believe that my situation is Short term (under 6 months) Long term (over 6 months) Permanent"	Y	Alphanumeric
I want to: Keep the Property [check box] Sell the Property [check box]	Y	Alphanumeric
Have you received a foreclosure notice from an attorney?	Y	Alphanumeric
Is foreclosure sale scheduled ?	Y	Alphanumeric
What is foreclosure sale schedule date ?	Y	Alphanumeric
This property is Owner Occupied Renter Occupied Vacant	Y	Alphanumeric
Have you received an offer on the property? Yes/No If Yes then Date of Offer Amount of Offer\$	Y	Alphanumeric

Condominium or HOA Fee Yes/No \$____ Paid to: _____	Y	Alphanumeric
Who Pays the hazard insurance policy for your property? I do Lender does Paid by Condo or HOA	Y	Alphanumeric
Is the policy current? Yes/No Name of Insurance Co. Insurance Co. Tel#	Y	Alphanumeric

b. Allocation Methodology

Virtually every county in South Carolina is facing unprecedented levels of both foreclosures and unemployment, meaning that no segment of the population has been left untouched by the recent financial crises. In reviewing data on foreclosures and unemployment, the Authority must consider the numbers of impacted citizens on both a percentage and absolute basis. Put another way, there are counties where the unemployment levels are well above 15%, but the absolute number of potentially exposed homeowners is very low. At the same time, due to population distribution, there are counties with unemployment under 12% that have potentially exposed homeowners numbering well over 5,000 per county.

This conflict between the relative and absolute numbers makes a county-by-county allocation largely immaterial. Instead, the Authority is proposing to allocate funds by program, and then adjust assistance caps based on county-level unemployment rates. More detailed information regarding the allocations by program is provided in the program term sheets.

c. Timelines for Implementation

All Foreclosure Mitigation programs will be implemented simultaneously, based on a common infrastructure and timeline. This timeline is outlined as follows:

Major Milestones – Pre-HFA Participation Agreement Execution

Estimated Date	Milestone/Activity
June 1, 2010	Proposal submitted to Treasury
July 31, 2010	SCHC staff positions filled
July 31, 2010	Request of Qualifications (RFQ) for Foreclosure Mitigation Specialists (FMS) posted for submissions
	RFQ for Data Services Provider posted for submissions
	RFQ for Intake Management Provider posted for submissions
July 15, 2010	SCHC incorporation process completed
August 15, 2010	RFQ for underwriters posted for submissions
	RFQ for Closing Document Services posted for submissions
	RFQ for Closing Attorneys posted for submissions
August 31, 2010	Proposal details finalized with Treasury – HFA Participation Agreement issued.
	Marketing campaign design completed
	Participation Agreement(s) for Foreclosure Mitigation Specialists issued
	Participation Agreement for Data Services provider issued
	Participation Agreement for Intake Management provider issued
September 15, 2010	Participation Agreement(s) for Underwriters issued
	Participation Agreement(s) for Closing Document Services issued
	Participation Agreement(s) for Closing Attorneys issued

Major Milestones – Post-HFA Participation Agreement Execution

Relative Date	Milestone/Activity
Day 0	HFA Participation Agreement executed
+45	FMS Participation Agreement(s) executed
	Data Services Provider Participation Agreement executed
	Intake Management Participation Agreement executed
+60	Training begins for FMS providers
	Participation Agreement(s) for Underwriters executed
	Participation Agreement(s) for Closing Document Services executed
	Participation Agreement(s) for Closing Attorneys executed
	Training Begins for Intake Management provider
+75	Training begins for Underwriters
+90	Technology tests conducted
+110	All training efforts completed
+120	Marketing campaign begun – Applications accepted.

Note: Post-Agreement completion dates may be adjusted based on actual Agreement execution date.

Capacity to Implement

As has been noted numerous times, the Authority, using SCHC as the contracting vehicle, intends to use partnerships to leverage the existing capabilities of other organizations for many key components of SC HELP. However, even with those partnerships, the Authority is ultimately responsible for SC HELP and ensuring its operation within guidelines as established by Treasury. The Authority is perfectly situated for this purpose.

As the State's housing finance and development authority, the Authority has a decades-long history of providing financing for affordable housing and for managing programs that are key to the development and retention of affordable housing in South Carolina. Much like with this proposal, many of the Authority's goals are accomplished in cooperation with other organizations including for-profits, non-profits, and governmental entities. Partnership activities include:

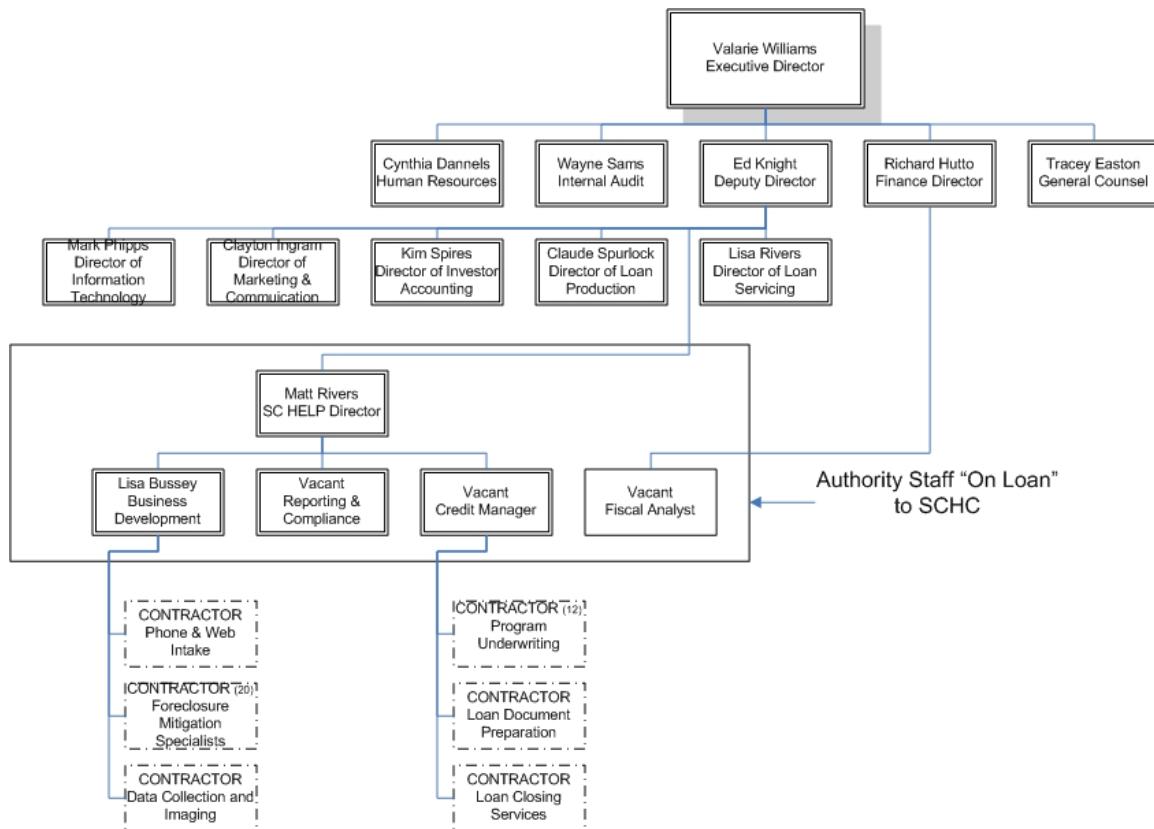
- Providing mortgage loan financing and down payment assistance through participating lenders and mortgage brokers;
- Providing funding to non-profit organizations to rehabilitate owner-occupied single family homes;
- Working with larger, multi-family developers through the Low Income Housing Tax Credit Program;
- Providing training to lenders, Realtors, and loan counselors to insure that citizens of the State have access to the Authority's programs;
- Financing the acquisition, construction, and rehabilitation of affordable rental units through both for-profit and non-profit developers;
- Coordinating and managing the efforts of all sub-recipients in the Neighborhood Stabilization program;
- Working with property owners in seven counties as the administrator for the Section 8 Housing Choice Voucher program.
- Administering funds through the National Foreclosure Mitigation Counseling ("NFMC") program. The NFMC program was awarded through a competitive application process by NeighborWorks® America, within guidelines defined by federal legislation. In the last round of funding, the Authority was awarded \$1,968,818.00, the fourth highest amount among HFAs in the nation.
- Administering consumer counseling and education efforts as required by the South Carolina High Cost and Consumer Home Loan Act. The Authority certified over 70 counselors and maintains activity records and invoices from each counselor that are submitted on a quarterly basis. The counselors also participate in semi-annual trainings each year.

In addition to these “partnership” programs, the Authority also participates in the following activities:

- Actively services a portfolio of approximately 16,000 first and subordinate mortgage loans;
- Under a contractual relationship with HUD, acts as the Administrator for HUD’s portfolio of subsidized rental units in South Carolina;
- The Authority is also one of the leading tax-exempt bond issuers in South Carolina, issuing bonds for both single and multi-family housing.

Key Program Staff

As stated earlier, there are several key Authority staff members who are heavily involved in the creation and implementation of SC HELP, and some who are dedicated fully to the program and are “on loan” to SCHC for the duration of the program. The staff involved is represented in the attached chart, with more detailed information below.



Valarie M. Williams, Executive Director, joined the Authority on May 4, 1992, began serving as Acting Executive Director on May 1, 2007, and was appointed Executive Director on December 11, 2007. In her previous position as Deputy Director for Programs, she provided managerial oversight for the program areas of the Authority. Prior to joining the Authority, Ms. Williams worked for the Governor's Office, Division of Economic Opportunity with the Community Services Block Grant and Emergency Shelter Programs. Ms. Williams holds a Bachelor of Science degree in Economics from the University of South Carolina and a Master of Arts degree in Business Management from Webster University. With regard to SC HELP, Ms. Williams will continue to provide overall guidance and insure that staff is executing against the proposal and implementation schedules.

Edwin R. Knight, Deputy Director for Administration, joined the Authority in May 1984. Mr. Knight has worked in most of the Authority's programs during his tenure at the Authority. In his current capacity with the Authority, he is responsible for Information Technology, Procurement, Public Information, Mortgage Production, Mortgage Servicing and Special Projects. Mr. Knight holds a BA degree in History from the University of South Carolina. Mr. Knight will have direct oversight of all SC HELP staff.

Tracey C. Easton, General Counsel, is responsible for supervising the legal aspects of the Authority's programs. She joined the Authority on September 7, 2004. Prior to joining the Authority, she was engaged in the general practice of law and was employed by the South Carolina Office of the Attorney General. Ms. Easton received a BA in History and Political Science from Newberry College and a JD from the University of South Carolina School of Law. Ms. Easton will provide ongoing legal support and guidance for SC HELP, and will provide oversight for all external legal services.

Richard Hutto, CPA, Director of Finance. Since joining the Authority in 1986, Mr. Hutto has, among other duties, held positions as the Chief Multifamily Underwriter and as the Director of Contract Administration. Mr. Hutto is a Certified Public Accountant and is a member of the Governmental Finance Officers Association of South Carolina and the South Carolina Association of Certified Public Accountants. Mr. Hutto obtained his Bachelor of Science degree from the University of South Carolina. Mr. Hutto will manage all facets of funds disbursement and administrative cost tracking and reporting for SC HELP.

Wayne Sams, CPA, Director of Internal Audit. Mr. Sams was previously employed as an audit manager for the South Carolina State Auditor's Office where he was primarily responsible for the Statewide Single Audit of federal programs. Mr. Sams is a Certified Public Accountant and is an instructor for the Government Finance Officers Association of South Carolina. Mr. Sams obtained his Bachelor of Science degree from Florida State University. Mr. Sams will provide ongoing assistance in the creation and operation of all compliance monitoring and fraud prevention processes within SC HELP.

Matt Rivers, Director of SC HELP, is responsible for the design, implementation, and day-to-day management of all SC HELP functions. Since joining the Authority in 2002, Mr. Rivers has held a variety of positions including Director of the SC State Housing Trust Fund, Director of Planning & Communications, and Director of Homeownership. Prior to joining the Authority, Mr. Rivers worked as an executive for several nationwide banks in the mortgage production, technology, and servicing areas. Mr. Rivers obtained his Bachelor of Science degree in Finance from the University of South Carolina.

Lisa A. Bussey, Business Development Manager, joined the Authority in 2006. She has worked as a Special Projects Coordinator and Marketing and Events Manager in the Authority's Marketing and Communications Department and began her current position with the Authority's SC Homeownership and Employment Lending Program (SC HELP) in May 2010. She has over 12 years of experience working in state government and the SC State Legislature. Ms. Bussey holds a Bachelor of Arts Degree in Political Science and a Master of Public Administration Degree from the University of South Carolina. Ms. Bussey will be responsible for recruiting, training and monitoring all Foreclosure Mitigation Specialists working with SC HELP, as well as all marketing and outreach efforts.

Claude Spurlock, Director of Mortgage Production, joined the Authority on February 1, 2005. Mr. Spurlock has over 28 years of mortgage banking experience. His career has included a full range of mortgage lending operations, originations and servicing experience with companies such as Standard Federal Saving Bank, Fleet Mortgage and AgFirst Farm Credit Bank. In his current capacity with the Authority, he is responsible for Mortgage Production, New Product Development, Underwriting and Post Closing Operations. Mr. Spurlock holds a Bachelor of Science degree in Business Administration - Accounting from the University of South Carolina. Mr. Spurlock will work closely with SC HELP in designing and implementing all credit underwriting standards.

Lisa E. Rivers, Director of Mortgage Servicing, joined the Authority in 1987. Since joining the Authority, she has served in many capacities throughout the Homeownership area including Quality Control Officer, Director of Loan Administration and Director of Homeownership. Ms. Rivers' current responsibilities include the management and oversight for all aspects of residential mortgage loan servicing. Ms. Rivers will provide ongoing support and guidance to SC HELP with respect to loss mitigation and foreclosure prevention. She and her staff will also be responsible for servicing all loans originated by SC HELP.

Kimberly G. Spires, Director of Investor Services, joined the Authority in December 1993. Ms. Spires was previously employed with the South Carolina State Budget and Control Board's Division of Insurance Services. Since joining the Authority, she has worked in all areas of the Single-Family Division. Her current responsibilities include managing the quality control process in order to ensure compliance with federal and private insurer regulations and compliance with the restrictions of the indentures and resolutions as they pertain to the production and servicing of single-family mortgages.

She also manages the Real Estate Owned department where Authority owned properties are maintained and marketed efficiently in an effort to limit the Authority's losses.

Mark Phipps, Director of Information Technology, joined the Authority in 2007. Mr. Phipps has over 20 years of IT experience in Software Development, Project Management and IT Management, primarily in the Textile, Automotive and Medical Device Industries. He has a Bachelor of Science degree in Computer Science and a Master's Degree in Business Administration, both from the University of North Carolina – Charlotte. Mr. Phipps will provide both implementation and operational information technology support to SC HELP and SCHC.

Clayton Ingram, Director of Marketing & Communications, joined the Authority in 2008. In this role, Mr. Ingram oversees the agency's internal and external communications, legislative affairs, and educational initiatives. Mr. Ingram previously served on the executive staff of the South Carolina Department of Insurance. Other state service includes South Carolina's State Budget and Control Board in the State's Office of Insurance Services. Mr. Ingram has a Bachelor's Degree in Journalism and a Masters in Public Administration, both from the University of South Carolina. Mr. Ingram will provide start-up and ongoing support to SC HELP in marketing and press relations.

Key Partners

Partnerships and contractual services will play a critical role in the success of SC HELP. Although no contracts have been executed pending approval of this proposal, discussions are underway with a number of organizations to fulfill key roles in the process. These are described generically as follows:

Intake Phone Support

A contract will be issued for one organization to provide real-time phone and web support to homeowners accessing SC HELP. This will provide homeowners the ability to be quickly registered into the process and have their pertinent data transferred to a Foreclosure Mitigation Specialist for one-on-one follow-up regarding SC HELP and other applicable TARP-funded options.

Foreclosure Mitigation Specialists

A Request for Qualifications (RFQ) process will be used to identify organizations with the desire and ability to participate in the program. Responsibilities, in regard to SC HELP and other TARP-funded programs, will include accepting and processing homeowner applications, assisting the homeowner in navigating the process, acting as the primary contact point between SCHC and the homeowner, and providing follow-up monitoring with homeowners who are actively receiving assistance.

Contract Underwriters

A RFQ process will be used to identify organizations and/or individuals with the desire and ability to provide off-site credit underwriting for all SC HELP applications. Responsibilities will include reviewing all documentation for applicability to SC HELP programs, gauging credit risk, and making final funding and approval decisions.

Loan Document Preparation/Post Closing Services

A contract will be issued for one organization to provide ongoing document preparation services for all loans made under SC HELP. Responsibilities will include preparing the note and mortgage, along with all required disclosure documents, and insuring that the closing attorney(s) receive the documents. After closing, the organization will be responsible for receiving the executed documents, following up with closing attorneys for any missing items, and then scanning the final documents in to a central storage repository.

Closing Attorneys

SC law requires that mortgages must be closed by licensed attorneys. A RFQ process will be used to identify law firms and/or individual attorneys with the desire and ability to provide loan closing services.

Data Services

A contract will be issued for one organization to provide real-time access to a web-enabled platform that is capable of capturing all required household data elements, as well as scanned versions of related documentation.

Section III.

Reporting

For reporting purposes, data will be collected on three separate systems: a borrower-level transactional system as provided by the Data Services provider, and a financial reporting and transactional system as provided by existing Authority infrastructure, and a loan servicing platform as provided by existing Authority infrastructure. The borrower-level and financial transactional systems will be integrated for purposes of requesting and processing programmatic and administrative disbursements.

Reporting for SC HELP will be broken down into three distinct categories: Operational Reporting, Financial Reporting, and Performance Reporting.

Operational Reporting

Using the data provided by the Data Services provider, tracking will be put in place that monitors key timelines and other elements that are critical in processing homeowner applications and requests. The purpose of this reporting is to ensure that all processes are operating in an efficient and customer service-oriented manner. Data will be reported and monitored on a weekly basis so that any operational deficiencies can be identified and resolved quickly.

Transaction-level data will be reported on a monthly basis to ensure that all Foreclosure Mitigation Specialists and Underwriters are consistent in their decisions and processes across multiple organizations.

Financial Reporting

Expenditures, both programmatic and administrative, will be aggregated and reported on a monthly, quarterly, and fiscal-year basis to ensure that all budgets are being adhered to. Any variances will be explained and addressed operationally, and budget adjustments requested and negotiated as required.

Performance Reporting

Key elements from the Operational and Financial Reporting processes will be integrated on a monthly, quarterly, and fiscal-year basis to measure actual performance against performance targets for households served and disbursements made by program, timeliness of service, administrative disbursements, and budget management. Reporting will be provided to Treasury and Bank of NY as prescribed by Treasury.

Compliance Monitoring and Risk Management

Compliance Monitoring and Risk Management will be monitored from both a macro and micro level. At the macro level, the Authority will insure that all proposed uses of funds are EESA-eligible prior to implementation, that all necessary records and communications regarding the program are captured and stored for possible review, and that proper operational controls are in place to identify and mitigate known risks. The systems used to capture this information will be reviewed and tested by the Authority's Internal Audit and Legal Divisions prior to implementation, and every six months after implementation. External reviews will be conducted as warranted and required by Treasury.

From a micro, or transactional perspective, active transactions will be monitored for compliance, efficiency, and fraud on an ongoing basis using an acceptable sampling model. This will allow the Authority and SCHC to constantly monitor all phases of the various processes as well as the third-party service providers. In addition to the ongoing monitoring, specific policies regarding conflicts of interest and fraud will be included in all agreements executed by the Authority or SCHC.

Budget and Administrative Expenses

Please see detailed budgets on following pages.

Appendix – Exhibits

NONE

Program Activity Allocations

	ESTIMATED		
Program	Average \$ per Household	Households Served	Allocation
Monthly Payment Assistance	\$15,000	5,320	\$79,800,000
Direct Loan Assistance	\$5,000	2,342	\$11,710,000
HAMP Assistance	\$4,000	1,250	\$5,000,000
Second Mortgage Assistance	\$6,000	1,667	\$10,002,000
Property Disposition Assistance	\$4,000	1,625	\$6,500,000
Counseling (Non-Program Assistance)		15,000	<i>Included in Admin</i>
TOTAL		27,204	\$113,012,000