



LOWCOUNTRY HOUSING TRUST

Gap Financing Application, Funding, and Reporting Process

The Lowcountry Housing Trust (LHT) aims to be a flexible funding source and strives to expedite and streamline the application, review, and funding process. However, we take seriously the need to conscientiously underwrite projects and to follow all legal and administrative procedures deemed necessary to secure our financial interests, including the recording of a mortgage on all funded units or property.

Application Process

1. LHT holds a mandatory application review workshop for all potential applicants at the opening of each funding round.
2. A letter of intent is due from the applicant to LHT within two weeks.
3. LHT sends invitation to the applicant to prepare a full application. LHT makes technical assistance available.
4. The application is completed and submitted by the deadline.
5. LHT's Application Review Committee conducts a site visit and interview with applicant.
6. LHT's Application Review Committee makes award recommendations to LHT Board.
7. LHT's Board of Directors approves award recipients.
8. LHT announces awards.
9. Award recipients participate in an award announcement ceremony.

Funding Process

1. The award recipient and LHT staffs meet within a month of the award to discuss specifications for a Funding Agreement.
2. Within two weeks, the award recipient and LHT sign the Funding Agreement.
3. Award recipient is to provide at least 30 days notice to LHT of each anticipated closing date and contact information for the recipient's closing attorney. *** Note: One project may have multiple closings depending on the use of the funds.*
4. LHT's attorneys, McNair Law Firm, P.A., will provide the following documents, if applicable, to the award recipient's attorney for review and execution by recipient:
 - a. Sign and return the following loan documents
 - i. Restrictive Covenant Agreement
 - ii. Loan Agreement
 - iii. Promissory Note
 - iv. Mortgage
5. Award recipient's attorney will provide the following documents to LHT's attorney prior to closing:
 - a. Land Documents
 - i. Title Insurance Commitment, Copy of exceptions, Legal descriptions, and Deed
 - ii. Title Policy and Endorsements
 - iii. Survey/Plats
 - iv. Certificate of Occupancy
 - b. Closing Documents
 - i. Proof of Insurance (liability, hazard, and flood, where applicable)
 - ii. Recorded Loan Docs
 - iii. Closing Statement
 - c. Corporate Documents
 - i. Certificate of Existence
 - ii. Articles of Incorporation
 - iii. Bylaws
 - iv. Company Resolution Authorizing Transaction
 - v. 501(c)3 Tax Exemption Letter
6. Recipient receives funding disbursement(s)

Reporting Process

1. Recipient to provide LHT with quarterly progress and/or financial reports (Mar, Jun, Sep, and Dec 1st)
2. Recipient to provide LHT with final project close out report

Legal Representation

- McNair Law Firm, P.A.
c/o Brett Bluestein, Esq.
bbluestein@mcnair.net
- P.O. Box 1431 Charleston, SC 29402-1431
Phone: 843.723.7831 Fax: 843.805.6580

Program Administration

- Lowcountry Housing Trust
c/o Michelle Mapp, Program Director
michelle@lowcountryhousingtrust.org
- P.O. Box 21163 Charleston, SC 29413
Phone: 843.973.7285 Fax: 843.973.3598



**** Note: One project may have multiple closings depending on the use of the funds.**

For example, if funds are used by an award recipient for construction costs (\$50,000) and if there are 5 homeowners who will each be assuming a portion (\$10,000) of the award recipient's note (\$50,000) to LHT upon each homeowner purchasing an affordable housing unit, then the following steps will be taken:

1. LHT and the award recipient will enter into a Loan Agreement for the construction loan (\$50,000) with a note and mortgage taken on the designated affordable housing units. A loan closing must be scheduled. (See Funding Process steps 3-5).
2. Once the affordable housing units are completed and sold, LHT and each homeowner will enter into a Restrictive Covenant Agreement along with a note and mortgage to LHT on each affordable housing unit. Every time an affordable housing unit is purchased and \$10,000 is assumed by a homeowner, the award recipient's note of \$50,000 will be reduced by \$10,000. A loan closing must be scheduled for each home. (See Funding Process steps 3-5).
3. When the affordable housing units have been completed and the total construction loan amount has been assumed by 5 homeowners, then the award recipient's loan is designated as Paid in Full.
4. The note (\$10,000) assumed by each homeowner may be forgiven by LHT over a period of time subject to the terms of the Restrictive Covenant Agreement. *See the Affordability Controls section of the LHT Policies and Procedures Manual for further details.*