Below Market Financing Available for Qualified Borrowers

The State Revolving Funds (SRF) offer long-term, low-interest loans for public drinking water and wastewater facilities.

The programs are jointly administered by the SC Department of Health and Environmental Control (DHEC) and the SC Rural Infrastructure Authority (RIA). DHEC handles the technical portions of the programs, while the RIA’s Office of Local Government (OLG) makes the loans and manages the financial aspects of the SRF.

Financial Requirements

Each sponsor must establish a dedicated repayment source with enough revenues to operate and maintain the system and pay debt service over the life of the loan. Primary sources are user charges, special assessments, and general taxes.

A debt service reserve fund (DSRF), equal to one year of principal and interest, is required for loans secured by system revenues unless the borrower has current underlying revenue ratings in at least the "A" category from S&P/Moody’s. Also, no DSRF is required for any general obligation loan secured by taxes.

Cost Savings

The very low SRF interest rates significantly reduce annual debt service costs, as well as the total amount paid over the life of the loan. Such savings directly benefit the rate paying customers and the system.

Loan Closing Fee

A loan closing fee is charged to support SRF operating costs. Currently 0.35% in FY22, the fee is calculated as a percent of the amount borrowed. This closing fee, which is not eligible for inclusion in the loan, is much less than the total costs involved in issuing revenue bonds.

Benefits of an SRF Loan

- Below market interest rates & low closing costs.
- Fixed rate financing. Extended terms up to 30 years.
- Up to 100% financing of all eligible costs.
- Availability of deferral periods on principal and interest through construction.
- No debt service reserve for borrowers with at least an underlying ‘A’ credit rating.

Interest Rates for FY 2022 Loans*

- 1.50% Standard Rate
- 1.20% Small System Rate
- 1.20% Green Rate
- 1.20% Nonpoint Source
- 1.00% Hardship Rate
- 1.00% Take-over Rate

*Subject to change on March 1, 2022

“The SRF Loan program gives us financial opportunities to construct critical capital projects while providing affordable, sustainable water service to our customers.”

Fred Richardson
Chief Executive Officer
Grand Strand Water & Sewer Authority

www.scdhec.gov/srf  •  www.ria.sc.gov/loans/
## Clean Water SRF Program Specifics

### Eligible Sponsors
Municipalities, counties and special purpose districts.

### Eligible Activities
Wastewater treatment plants, interceptors, collection systems and related facilities, relocation of sewer lines for highway widening and non-point source projects.

## Drinking Water SRF Program Specifics

### Eligible Sponsors
Municipalities, counties and special purpose districts.

### Eligible Activities
Water supply/distribution facilities needed to achieve or maintain compliance with the Safe Drinking Water Act and relocation of water lines for highway widening projects.

## ADDITIONAL INFORMATION

### Priority List
All projects must be on either the Clean Water or Drinking Water DHEC Priority List to be eligible for a loan. Projects may be added at any time by submitting a project questionnaire. Readiness to proceed and water quality are primary factors when determining priority.

### How to Obtain a Loan
- Submit project questionnaire to DHEC (Contact DHEC or download form at [www.scdhec.gov/srf](http://www.scdhec.gov/srf)).
- Submit to OLG preliminary financial information, if project is selected in Intended Use Plan.
- Consult with DHEC for guidance on preparing a Preliminary Engineering Report as well as the plans and specifications. Submit loan application to OLG about 30 to 60 days prior to sending plans and specs to DHEC.

### Application Timetable
From October 1 through July 31 of each fiscal year, OLG will accept loan applications for DHEC approved projects.

### Federal Requirements
Federal requirements are those that generally apply to federally-funded construction projects, including Davis-Bacon and American Iron & Steel. Some projects will require an environmental review, but DHEC obtains the agency responses for the borrower after receiving a preliminary engineering report. Some federal requirements may not be required for smaller loans or borrowers that qualify for a small system or hardship interest rate.

## TO LEARN MORE...

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## DID YOU KNOW?

Since 1989, South Carolina has closed more than $1.9 billion in loans, ranging in size from under $1 million to $48 million.