



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 South Carolina Department of Environmental Services (SCDES) and the South Carolina Rural Infrastructure Authority (RIA). SCDES 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 low SRF interest rates, compared to the municipal bond market 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. An incentive rate is available for any loan that can be closed by June 30, 2026.

Loan Closing Fee

A loan closing fee is charged to support SRF operating costs. Currently 0.50% in FY25, 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 up to 18 months.
- No debt service reserve for borrowers with at least an underlying 'A' credit rating.



Interest Rates for FY 2026 Loans

- 2.90% Standard Rate
- 2.60% Incentive Rate
- 2.40% Small System Rate
- 2.40% Green Rate



"We have utilized SRF funding for our major projects for several years in a row and plan to continue to do so. Notwithstanding the very low interest rates, the folks in the SRF program are easy to work with and make the process of obtaining a loan clear and straightforward."

Joey Jaco
Executive Director
East Richland County Public Service
District

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 SCDES 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 SCDES (Contact SCDES or download form at <https://des.sc.gov/programs/bureau-water/state-revolving-fund-srf-program/srf-forms>).
- Submit to OLG preliminary financial information, if project is selected in Intended Use Plan.
- Consult with SCDES 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 SCDES.

Application Timetable

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

Federal Requirements

Federal requirements are those that generally apply to federally-funded construction projects, including Davis-Bacon, American Iron & Steel, and for certain equivalency projects Build America, Buy America. Some projects will require an environmental review, but SCDES obtains the agency responses for the borrower after receiving a preliminary engineering report.



SC DEPARTMENT of
**ENVIRONMENTAL
SERVICES**

TO



RIA South Carolina
Rural Infrastructure Authority

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DID YOU KNOW?

Since 1989, South Carolina has closed more than \$2.3 billion in loans, ranging in size from under \$1 million to \$55 million.