

FY 2014 AMENDMENT TO ALL PRIOR SRF LOAN POLICIES

for

DEBT SERVICE RESERVE FUND REQUIREMENTS

CWSRF - DWSRF

by

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

INTRODUCTION

In FY 2012, due to extraordinary changes in the municipal bond market, the South Carolina Water Quality Revolving Fund Authority (Authority) took the unprecedented action of retroactively amending certain provisions of all prior Major Loan Policies for the Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) relating to interest rates and debt service reserve fund requirements. For similar reasons and as an adjunct to that action, the Authority, beginning in FY 2014, is broadening the circumstances under which a debt service reserve fund will no longer be necessary on currently outstanding SRF loans, as further defined in the following.

DEBT SERVICE RESERVE FUND REQUIREMENT

All prior revenue loans may conform to the FY 2014 Debt Service Reserve Fund (DSRF) requirements that are contained in the FY 2014 Major Loan Policies under Section VI.B for the CWSRF and Section V.B for the DWSRF and based on the following.

1. The borrower's governing bond ordinance/resolution must allow usage of the DSRF provisions.
2. Any modification to DSRF requirements contained in an existing Loan Agreement may only occur through a properly executed amendment of such Agreement that is duly authorized by the borrower and Authority.
3. Any change to existing DSRF provisions of a Loan Agreement must be requested by the borrower in a letter submitted to the Office of Local Government.

Note: Inquiries should be directed to the Office of Local Government, SC Budget and Control Board, which administers the SRF Funds for the Authority.