

RATING: Moody's: Aaa (negative outlook)  
(See "RATING" herein)

**BOOK-ENTRY ONLY**

Assuming continued compliance with certain covenants, in the opinion of Burr Forman McNair, interest on the Series 2026 B-1 Bonds is excludable from gross income for federal income tax purposes under present law. Interest on the Series 2026 B-2 Bonds is includable in gross income for federal income tax purposes. It is further the opinion of Burr Forman McNair that the Series 2026 B Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments imposed thereon within the State of South Carolina, except inheritance, estate, transfer, and certain franchise taxes. See "TAX MATTERS."

**\$250,000,000\***

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY  
MORTGAGE REVENUE BONDS  
SERIES 2026 B**



**\$150,000,000\* Series 2026 B-1 (Non-AMT)  
\$100,000,000\* Series 2026 B-2 (Federally Taxable)**

**Dated: Date of Delivery**

**Due: As shown on inside cover page**

The South Carolina State Housing Finance and Development Authority (the "Authority") is issuing its \$250,000,000\* Mortgage Revenue Bonds, Series 2026 B (the "Series 2026 B Bonds") pursuant to the General Bond Resolution adopted by the Authority on September 13, 1994, as amended or supplemented (the "Resolution"). The Authority has previously issued and as of April 1, 2026, had outstanding \$1,816,980,000 aggregate principal amount of Mortgage Revenue Bonds pursuant to the Resolution.

The Series 2026 B Bonds are issued only as fully-registered bonds in the denomination of \$5,000 or any multiple thereof and will be initially registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026 B Bonds under a book-entry-only system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not be entitled to receive physical delivery of the Series 2026 B Bonds. For so long as any purchaser is the beneficial owner of a Series 2026 B Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Series 2026 B Bond. The Series 2026 B Bonds mature in each of the years and in the amounts, and bear interest at the rates as set forth on the inside cover page. Interest on the Series 2026 B Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2027. The Bank of New York Mellon Trust Company, N.A., as successor trustee to The Bank of New York (the "Trustee"), is the Trustee under the Resolution and the Registrar and Paying Agent with respect to the Series 2026 B Bonds.

The Series 2026 B Bonds are special obligations of the Authority issued for the purpose of providing funds which, together with other moneys of the Authority, will be used (i) to finance directly or indirectly Mortgage Loans for single family residences in South Carolina pursuant to the Authority's Mortgage Revenue Bond Program including payment of a servicing release premium, (ii) to refund certain Outstanding Mortgage Revenue Bonds of the Authority, (iii) to fund the Bond Reserve Requirement and certain other Funds and Accounts with respect to the Series 2026 B Bonds, and (iv) to pay the costs of issuing the Series 2026 B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2026 B Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2026 B BONDS – Redemption" herein.

**THE SERIES 2026 B BONDS DO NOT CONSTITUTE A DEBT OR GRANT OR LOAN OF CREDIT OF THE STATE OF SOUTH CAROLINA (THE "STATE") OR ANY POLITICAL SUBDIVISION OF THE STATE AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE THEREON. THE SERIES 2026 B BONDS ARE NOT PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE AUTHORITY PLEDGED THEREFOR BY THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. THE SOUTH CAROLINA SUPREME COURT HAS HELD THAT THE STATE MAY NOT USE APPROPRIATED MONEY TO PAY THE INDEBTEDNESS REPRESENTED BY THE AUTHORITY'S BONDS.**

**DAC Bond**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Authority deems the Official Statement to be final as of its date for purposes of SEC Rule 15c2-12, except for information which may be omitted therefrom pursuant to Rule 15c2-12.*

*The Series 2026 B Bonds are offered when, as, and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Burr Forman McNair, Bond Counsel. Additional legal matters will be passed upon for the Authority by its General Counsel, Lee Ann Watson, Esquire. Howell Linkous & Nettles, LLC, is serving as Disclosure Counsel to the Authority, and Parker Poe Adams & Bernstein LLP is serving as Counsel to the Underwriters. Certain financial advisory services have been provided to the Authority by Raymond James & Associates, Inc. It is expected that the Series 2026 B Bonds will be available for delivery through the facilities of DTC on or about June 30, 2026\*.*

**BofA Securities**

**RBC Capital Markets**

**Wells Fargo Securities**

\_\_\_\_\_, 2026

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 B Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

**\$250,000,000\***  
**SOUTH CAROLINA STATE HOUSING FINANCE**  
**AND DEVELOPMENT AUTHORITY**  
**MORTGAGE REVENUE BONDS**  
**SERIES 2026 B**

**MATURITY SCHEDULES**

**\$150,000,000 SERIES 2026 B-1 BONDS**

**\$22,125,000\* Series 2026 B-1 Serial Bonds (Non-AMT)**

<u>Maturity Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>
July 1, 2027	\$ 685,000			
January 1, 2028	700,000			
July 1, 2028	725,000			
January 1, 2029	745,000			
July 1, 2029	770,000			
January 1, 2030	800,000			
July 1, 2030	820,000			
January 1, 2031	850,000			
July 1, 2031	870,000			
January 1, 2032	900,000			
July 1, 2032	930,000			
January 1, 2033	955,000			
July 1, 2033	985,000			
January 1, 2034	1,020,000			
July 1, 2034	1,050,000			
January 1, 2035	1,085,000			
July 1, 2035	1,110,000			
January 1, 2036	1,125,000			
July 1, 2036	1,150,000			
January 1, 2037	1,175,000			
July 1, 2037	1,200,000			
January 1, 2038	1,225,000			
July 1, 2038	1,250,000			

**\$8,125,000\*** \_\_\_\_\_% Series 2026 B-1 Term Bond (Non-AMT) Due July 1, 2041\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$16,420,000\*** \_\_\_\_\_% Series 2026 B-1 Term Bond (Non-AMT) Due July 1, 2046\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$21,120,000\*** \_\_\_\_\_% Series 2026 B-1 Term Bond (Non-AMT) Due July 1, 2051\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$27,280,000\*** \_\_\_\_\_% Series 2026 B-1 Term Bond (Non-AMT) Due July 1, 2056\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$54,930,000\*** \_\_\_\_\_% Series 2026 B-1 Term PAC Bond Due January 1, 2057\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

\* Preliminary, subject to change.

† Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2026 B Bonds and the Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2026 B Bonds.

**\$100,000,000 SERIES 2026 B-2 BONDS**

**\$12,835,000\* Series 2026 B-2 Serial Bonds (Federally Taxable)**

<u>Maturity Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>
July 1, 2027	380,000			
January 1, 2028	390,000			
July 1, 2028	405,000			
January 1, 2029	420,000			
July 1, 2029	435,000			
January 1, 2030	450,000			
July 1, 2030	465,000			
January 1, 2031	480,000			
July 1, 2031	500,000			
January 1, 2032	515,000			
July 1, 2032	535,000			
January 1, 2033	550,000			
July 1, 2033	570,000			
January 1, 2034	585,000			
July 1, 2034	610,000			
January 1, 2035	630,000			
July 1, 2035	645,000			
January 1, 2036	660,000			
July 1, 2036	680,000			
January 1, 2037	700,000			
July 1, 2037	720,000			
January 1, 2038	745,000			
July 1, 2038	765,000			

**\$5,070,000\*** \_\_\_\_\_% Series 2026 B-2 Term Bond (Federally Taxable) Due July 1, 2041\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$10,775,000\*** \_\_\_\_\_% Series 2026 B-2 Term Bond (Federally Taxable) Due July 1, 2046\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$14,660,000\*** \_\_\_\_\_% Series 2026 B-2 Term Bond (Federally Taxable) Due July 1, 2051\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$19,995,000\*** \_\_\_\_\_% Series 2026 B-2 Term Bond (Federally Taxable) Due July 1, 2056\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

**\$36,665,000\*** \_\_\_\_\_% Series 2026 B-2 Term PAC Bond Due January 1, 2057\*, Price of \_\_\_\_\_%, CUSIP† \_\_\_\_\_

\* Preliminary, subject to change.

† Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2026 B Bonds and the Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2026 B Bonds.

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No dealer, broker, salesman, or other person has been authorized by the South Carolina State Housing Finance and Development Authority or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has not been any change in the affairs of the South Carolina State Housing Finance and Development Authority since the date hereof.

Except for information with respect to The Bank of New York Mellon Trust Company, N.A., as successor trustee to The Bank of New York (the "Trustee"), the Trustee has not provided or undertaken to determine the accuracy of any of the information contained in this Official Statement, and the Trustee makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2026 B Bonds, or (iii) the tax status of the interest on the Series 2026 B Bonds.

Reference herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to laws, rules, regulations, agreements, reports, and other documents are qualified in their entirety by reference to the particular laws, rules, regulations, agreements, reports, and other documents, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

#### CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

The factors affecting the Authority's financial position are complex. This Official Statement contains forecasts, projections, and estimates that are based on expectations and assumptions which existed at the time they were prepared. Since many factors may materially affect fiscal and economic conditions of the Authority, the inclusion in this Official Statement of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words "expect," "forecast," "project," "intend," "anticipate," "estimate," "goal," and analogous expressions are intended to identify forward-looking statements in this Official Statement. In particular, any statements, express or implied, concerning future operating results or the ability to generate Revenues, payments of principal and interest of Mortgage Loans or Mortgage Backed Securities, or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Authority's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. A number of important factors affecting the Authority and its Mortgage Revenue Bond Program could cause actual results to differ materially from those stated in the forward looking statements. See "PROGRAM ASSUMPTIONS AND BONDHOLDER RISKS" and "MORTGAGE REVENUE BOND PROGRAM" for a discussion of some of those factors. These forward-looking statements speak only as of the date of this Official Statement and the Authority undertakes no obligation to update any forward-looking statement in this Official Statement to reflect events or circumstances after the date of this Official Statement or to reflect the occurrence of unanticipated events.

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**\$250,000,000\***  
**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY  
MORTGAGE REVENUE BONDS  
SERIES 2026 B**

**\$150,000,000\* Series 2026 B-1 (Non-AMT)**  
**\$100,000,000\* Series 2026 B-2 (Federally Taxable)**

**SUMMARY STATEMENT**

*This Summary Statement is subject in all respects to more complete information contained in this Official Statement. Capitalized terms used in this Summary Statement and not defined herein have the meanings ascribed to them in Appendix A to this Official Statement or in the Resolution.*

**The Authority**

The South Carolina State Housing Finance and Development Authority (the “Authority”) was created in 1971 by an amendment to the Housing Authorities Law of South Carolina. The Authority is a public body corporate and politic and an agency of the State of South Carolina (the “State” or “South Carolina”). The powers of the Authority were expanded through the passage of the South Carolina State Housing Finance and Development Authority Act of 1977 (the “Act”). Pursuant to the Act, the Authority established its Mortgage Revenue Bond Program by a General Resolution adopted on September 13, 1994 (the “General Resolution” and, as amended and supplemented, the “Resolution”), as supplemented by the Series 2026 B Supplemental Resolution adopted by the Authority on June 17, 2026\* (the “Series 2026 B Supplemental Resolution”). The Authority has issued and as of April 1, 2026, had outstanding \$1,816,980,000 aggregate principal amount of Mortgage Revenue Bonds under the Resolution (collectively, the “Outstanding Bonds”), of which \$40,935,000 will be refunded by the Series 2026 B-1 Bonds offered hereby. See “MORTGAGE REVENUE BOND PROGRAM – Outstanding Parity Bonds” herein for a description of the Outstanding Bonds. The Authority’s \$250,000,000\* Mortgage Revenue Bonds, Series 2026 B (the “Series 2026 B Bonds”) will be issued on a parity with the Outstanding Bonds and any additional Mortgage Revenue Bonds issued in the future under the Resolution. The Outstanding Bonds, the Series 2026 B Bonds, and any additional Mortgage Revenue Bonds hereafter issued on a parity therewith pursuant to the Resolution are sometimes collectively referred to herein as the “Bonds.”

**Purpose**

The proceeds of the Series 2026 B Bonds, together with other moneys of the Authority, will be used (i) to finance directly or indirectly Mortgage Loans for single family residences in South Carolina pursuant to the Authority’s Mortgage Revenue Bond Program including payment of a servicing release premium, (ii) to refund certain Outstanding Mortgage Revenue Bonds of the Authority, (iii) to fund the Bond Reserve Requirement and certain other Funds and Accounts with respect to the Series 2026 B Bonds, and (iv) to pay the costs of issuing the Series 2026 B Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

**Nature of the Bonds and Sources of Payment**

The Bonds are special obligations of the Authority secured by the revenues, moneys, and property of the Authority pledged for the payment thereof under the Resolution. The Resolution does not limit the amount of Bonds which may be issued under it. Payment of the principal or redemption price of, and interest on, all Bonds is secured ratably and equally by the assets pledged under the Resolution as described herein under the heading “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Pledge of the Resolution.”

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\* Preliminary, subject to change.

**THE SERIES 2026 B BONDS DO NOT CONSTITUTE A DEBT OR GRANT OR LOAN OF CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE THEREON. THE SERIES 2026 B BONDS ARE NOT PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE AUTHORITY PLEDGED THEREFOR UNDER THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. THE SOUTH CAROLINA SUPREME COURT HAS HELD THAT THE STATE MAY NOT USE APPROPRIATED MONEY TO PAY THE INDEBTEDNESS REPRESENTED BY THE AUTHORITY'S BONDS.** Appropriated money may be used, however, for the payment of the Authority's operating expenses.

**Additional Bonds**

Neither the Act nor the Resolution limits the amount of Bonds which may be issued by the Authority. However, additional Bonds may be issued only upon the satisfaction of certain statutory conditions and certain conditions set forth in the Resolution. See "SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Additional Bonds" herein.

**Redemption**

The Series 2026 B Bonds will be subject to redemption prior to maturity as described herein under "DESCRIPTION OF THE SERIES 2026 B BONDS – Redemption."

**Tax Status**

Assuming continued compliance with certain covenants, in the opinion of Burr Forman McNair, interest on the Series 2026 B-1 Bonds is excludable from gross income for federal income tax purposes under present law. Interest on the Series 2026 B-2 Bonds is includable in gross income for federal income tax purposes. It is further the opinion of Burr Forman McNair that the Series 2026 B Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments imposed thereon within the State of South Carolina, except inheritance, estate, transfer, and certain franchise taxes. See "TAX MATTERS" herein.

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## OFFICIAL STATEMENT

**\$250,000,000\***  
**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY  
MORTGAGE REVENUE BONDS  
SERIES 2026 B**

**\$150,000,000\* Series 2026 B-1 (Non-AMT)**  
**\$100,000,000\* Series 2026 B-2 (Federally Taxable)**

### INTRODUCTORY STATEMENT

The purpose of this Official Statement is to set forth information concerning the South Carolina State Housing Finance and Development Authority (the “Authority”) in connection with the issuance and sale of \$250,000,000\* aggregate principal amount of its Mortgage Revenue Bonds, Series 2026 B, consisting of subseries designated \$150,000,000\* Mortgage Revenue Bonds, Series 2026 B-1 (Non-AMT) (the “Series 2026 B-1 Bonds”) and \$100,000,000\* Mortgage Revenue Bonds, Series 2026 B-2 (Federally Taxable) (the “Series 2026 B-2 Bonds (Federally Taxable)”) and, together with the Series 2026 B-1 Bonds, the “Series 2026 B Bonds”).

Information set forth on the cover page hereof, in the Summary Statement, and in the Appendices hereto is part of this Official Statement. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to them by the General Resolution adopted by the Authority on September 13, 1994 (the “General Resolution”), as amended and supplemented, including as supplemented by the Series 2026 B Supplemental Resolution adopted by the Authority on June 17, 2026\* (the “Series 2026 B Supplemental Resolution”) (the General Resolution, as so amended and supplemented is referred to herein as the “Resolution”). (See Appendix A hereto for the definitions of certain terms used in this Official Statement and in the General Resolution.) The Resolution was adopted pursuant to the provisions of the South Carolina State Housing Finance and Development Authority Act of 1977, Chapter 13, Title 31 of the Code of Laws of South Carolina 1976, as amended (the “Act”).

The Resolution authorizes the issuance from time to time of the Authority’s Mortgage Revenue Bonds in one or more Series. The Bank of New York Mellon Trust Company, N.A., as successor trustee to The Bank of New York, currently serves as trustee (the “Trustee”) under the Resolution. The Authority has heretofore issued and as of April 1, 2026, had outstanding \$1,816,980,000 (of which \$40,935,000 will be refunded by the Series 2026 B-1 Bonds) aggregate principal amount of Mortgage Revenue Bonds under the Resolution (collectively, the “Outstanding Bonds”). See “MORTGAGE REVENUE BOND PROGRAM – Outstanding Parity Bonds” herein for a description of the Outstanding Bonds. The Series 2026 B Bonds are authorized to be issued pursuant to the Act, the Resolution, and the Series 2026 B Supplemental Resolution. The Outstanding Bonds, the Series 2026 B Bonds, and any additional Mortgage Revenue Bonds hereafter issued on a parity therewith pursuant to the Resolution are sometimes collectively referred to herein as the “Bonds.” The Outstanding Bonds, the Series 2026 B Bonds, and all other Bonds are secured ratably and equally by, and are payable from, certain money, rights, and interests described herein under the heading “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY.”

The proceeds of the Series 2026 B Bonds, together with other moneys of the Authority, will be used (i) to finance directly or indirectly Mortgage Loans (as defined in the Resolution and herein under the heading “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Mortgage Loans”) (such Mortgage Loans being referred to herein as the “Series 2026 B Mortgage Loans”), for single family residences in South Carolina pursuant to the Authority’s Mortgage Revenue Bond Program (as defined below), including payment of a servicing release premium, (ii) to refund certain Outstanding Mortgage Revenue Bonds of the Authority, (iii) to fund the Bond Reserve Requirement and certain other Funds and Accounts with respect to the Series 2026 B Bonds, and (iv) to pay the costs of issuing the Series 2026 B Bonds. Specific application of proceeds derived from the sale of the Series 2026 B Bonds is described herein under the heading “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein. See “MORTGAGE REVENUE BOND PROGRAM” herein for a description of the Authority’s Mortgage Revenue Bond Program (the “Mortgage Revenue Bond Program” or the “Program”), including insurance for Mortgage Loans purchased under the Program.

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\* Preliminary, subject to change.

## THE AUTHORITY

### General

The Authority was created in 1971 as a public body corporate and politic and as an agency of the State by an amendment to the Housing Authorities Law of South Carolina. The Authority was vested with the rights, powers, and duties held by local housing authorities within the State, including the right and power, among other things, to investigate housing conditions, to acquire, own, and lease personal property, to construct, reconstruct, and operate housing developments, to borrow money and issue bonds and, generally, to aid in planning and constructing low income rental housing developments. Statutes were enacted in 1974 and 1976 to expand the powers of the Authority. Such statutes, however, were declared unconstitutional by the South Carolina Supreme Court, initially because they permitted the use of State tax revenues for the payment of the Authority's bonds and subsequently because certain provisions requiring legislative approval of the Authority regulations, held unconstitutional, could not be severed from the remaining legislation. The present Act, containing no such provisions, was enacted in 1977. The South Carolina Supreme Court upheld the constitutionality of the present Act on August 10, 1978, in *Bauer v. South Carolina State Housing Authority*, 246 S.E. 2d 869 (S.C. 1978). By Act 538 enacted on May 18, 1988 the Authority's name was changed to South Carolina State Housing Finance and Development Authority.

The Authority's single family homeownership program consists of the Mortgage Revenue Bond Program under which substantially all loans are either privately insured or federally insured or guaranteed mortgage loans which have been purchased from lending institutions authorized to do business in South Carolina and approved by the Authority or under which lenders agree to originate mortgage loans which are sold to its master servicer, in any case upon such terms and conditions as are prescribed in any applicable Supplemental Resolution. See "MORTGAGE REVENUE BOND PROGRAM - Mortgage Insurance Programs" herein for information regarding the mortgage loans in the Mortgage Revenue Bond Program. Since its creation, the Authority has not been in default as to the payment of debt service on any bonds issued by the Authority under the Mortgage Revenue Bond Program. See "MORTGAGE REVENUE BOND PROGRAM – The Master Servicer" herein for information regarding the Master Servicer.

For a description of other programs of the Authority providing single-family homeownership assistance, see "TBA PROGRAM" and "MORTGAGE CREDIT CERTIFICATE PROGRAM" herein.

The Authority also serves as a conduit bond issuer for multifamily housing revenue bonds issued for the benefit of for-profit or non-profit housing sponsors for which the Authority bears no financial responsibility of payment. The Authority is aware of a number of defaults under such conduit bond issues for such multifamily housing for which the Authority served as issuer. Because the Authority is not obligated to pay debt service on such issues except from payments made by the various borrowers under their agreements with the Authority and such defaults in no way impact the Series 2026 B Bonds, nor is the Authority an "obligated person" with respect to such conduit bond issues (within the meaning of SEC Rule 15c2-12), specific disclosures relating to such defaults have not been included in this Official Statement. See "CONTINUING DISCLOSURE" herein.

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## Commissioners and Staff of the Authority

The powers of the Authority are vested in a Board of Commissioners (the “Board of Commissioners”). The Board of Commissioners consists of the Governor and the Director of the South Carolina Department of Public Health or their designees, and seven members, appointed by the Governor, having experience in the fields of mortgage finance, banking, real estate, and home building. The Commissioners appointed by the Governor serve for four-year terms or until their successors have been appointed and qualified. There is currently one vacancy on the Board of Commissioners. The current Commissioners of the Authority are as follows:

<u>Commissioner</u>	<u>Term Expires August 15<sup>1</sup></u>	<u>Occupation</u>
C. Todd Latiff, Chairman	2026	Executive Vice President and Chief Banking Officer Oconee, South Carolina
James G. Fleshman, II	2024	Mortgage Banker Columbia, South Carolina
Karl Haslinger	2025	Developer Gilbert, South Carolina
Brent Mackie	2026	Executive Banker Lexington, South Carolina
Toby Goodlett <sup>2</sup>	Ex Officio	Executive Vice President and Retail Services Executive Columbia, South Carolina
Alisa Mosley	2024	Nonprofit Services; Former Executive Director Affordable Housing Coalition Campobello, South Carolina
Dr. Karla Buru <sup>3</sup>	Ex Officio	Deputy Director of Health Strategy and External Affairs & Chief of Staff, South Carolina Department of Public Health Columbia, South Carolina
Matthew R. Zackon, Esq. <sup>4</sup>	2030	Chief Strategy Officer Tax Credit Marketplace, LLC Columbia, South Carolina

<sup>1</sup> Or when a successor is appointed and qualifies.

<sup>2</sup> Serves as designee of the Governor of South Carolina.

<sup>3</sup> Serves as designee of the Director of the South Carolina Department of Public Health, formerly known as the South Carolina Department of Health and Environmental Control.

<sup>4</sup> Mr. Zackon’s spouse is an employee of Parker Poe Adams & Bernstein LLP, Underwriter’s Counsel, and, therefore, recused himself from voting on the Resolution. He did not participate in the selection of Underwriter’s counsel.

The Authority is currently authorized to fill 147 full-time staff positions. At the present time, 135 persons are employed by the Authority in a full-time capacity and 15 persons are employed by the Authority in a temporary capacity, with the majority employed as program professionals in various fields relating to housing and housing finance. The principal staff officers of the Authority are set forth below.

*Robert Macdonald, CPA, CGFO*, Executive Director of the Authority appointed January 5, 2026, joined the Authority in July, 2024. In his capacity as Executive Director, Mr. Macdonald provides leadership, supervision, and financial guidance for the agency's finance, programs and information technology areas. In this role, Mr. Macdonald leverages his extensive background in finance and State government, ensuring the Authority remains an industrious and innovative leader in affordable housing development across the State. Mr. Macdonald's resume illustrates a strong history of developing, implementing and achieving strategic goals through day-to-day and long-term management. Prior to joining the Authority, Mr. Macdonald served as the Director of the Debt Management Division at the South Carolina Office of State Treasurer, where he oversaw the management and issuance of bonded debt for the State and its agencies. Mr. Macdonald has more than 25 years of accounting-related experience in both public accounting and the private sector. Mr. Macdonald is a native South Carolinian and holds a Bachelor of Science in Accounting from the University of South Carolina. He is a Certified Public Accountant and Certified Government Finance Officer.

*Kelly McMullen, CGFO, CPM*, Chief Financial Officer, joined the Authority in June 2025. In her capacity as the Chief Financial Officer, Ms. McMullen provides strategic leadership, fiduciary oversight, and financial guidance for the agency. In this role, Ms. McMullen draws on her broad experience in finance and government to ensure the Authority maintains strong fiscal stewardship in support of its mission to expand affordable housing across South Carolina. Ms. McMullen has more than 20 years of accounting-related experience spanning both the public and private sectors, with expertise in financial statement preparation, budgeting, grants administration, and payroll. Prior to joining the Authority, she served as the chief financial officer and municipal treasurer for the City of Cayce, South Carolina, where she oversaw all accounting, finance, procurement, bond management, and budget operations. Before that, Ms. McMullen worked for 10 years as the Deputy Treasurer for Lexington County, South Carolina, managing accounting functions and delinquent tax collections for the County Treasurer's Office. Ms. McMullen is a Certified Government Finance Officer and a Certified Public Manager. She holds a Bachelor of Arts in Accounting from Columbia College and a Master of Accounting in Forensic Accounting from Florida Atlantic University.

*Marni Holloway*, Deputy Director of Programs, joined the Authority in November, 2022. In this role, Ms. Holloway provides leadership and oversight for various affordable housing development, rehabilitation, rental compliance and housing assistance programs. She has more than 20 years of professional experience in real estate finance and affordable housing with state and local governments, nonprofits, and for-profit developers. Prior to joining the Authority, Ms. Holloway served as the Consulting Services Director for TDA Consulting, Inc., after having held senior roles at the Texas Department of Housing and Community Affairs, most recently as the multifamily finance director where she oversaw the development and implementation of the State's Qualified Allocation Plan and direct multifamily lending products. Ms. Holloway studied at St. Edward's University and is a HOME Certified Specialist—Regulations, Administration and Rental Housing Compliance.

*Lee Ann Watson*, General Counsel, joined the Authority in October 2022. In this role, Ms. Watson provides legal advice to leadership at the Authority and actively collaborates with various departments and stakeholders to ensure that the agency's programs are administered lawfully. Prior to joining the Authority, Ms. Watson served as the Executive Director for the South Carolina Retail Association, and as General Counsel for the South Carolina Human Affairs Commission. Ms. Watson holds a Bachelor of Arts from Furman University and a Juris Doctorate from the University of South Carolina.

The following officials have primary responsibility for the homeownership programs of the Authority, including the Mortgage Revenue Bond Program.

*Steve Clements*, Director of Single Family Programs, joined the Authority in October 2014. He is responsible for Mortgage Production. Mr. Clements has over 25 years of experience in mortgage banking, capital markets and risk management. He has held various positions in secondary marketing, capital markets and portfolio risk management with the Fleet Boston Financial Group, AgFirst Farm Credit Bank and Bank of America among others. Mr. Clements received a Bachelor of Science degree in Business Finance from the Darla Moore School of Business at the University of South Carolina.

*Shante' Edmonds*, Director of Mortgage Servicing, joined the Authority in September 2003. Since that time, Ms. Edmonds has had an extensive career in the Bankruptcy and Foreclosure Departments, and served as the Collections and Foreclosure Services Manager for eight years. She began her current position in May 2026. Ms.

Edmonds is responsible for the management and oversight of the Authority's in-house servicing department and her responsibilities include ensuring compliance with federal and private insurer regulations and the restrictions of the indentures and resolutions as they pertain to the servicing of single-family mortgages. Ms. Edmonds has a Bachelor's Degree in Business from the University of Phoenix, and she is a recent graduate of South Carolina's Certified Public Manager program.

The principal office of the Authority is located at 300-C Outlet Pointe Boulevard, Columbia, South Carolina 29210, telephone number (803) 896-9001.

### **Legislative Oversight Review**

Pursuant to the provisions of S.C. Code Sections 2-2-5 through 2-2-120, the South Carolina Senate and House Legislative Oversight Committees each conduct routine reviews of State agencies in what are called legislative oversight studies. In August 2025, the Authority received notice from the Senate Legislative Oversight Committee that it will once again undertake a review of the Authority during the Fiscal Year ending June 30, 2026.

### **Cyber Security**

The Authority relies on computing and other digital networks to conduct its operations. The Authority, like other private and public organizations, faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks. To mitigate the risk of business operations impact or damage from cybersecurity incidents or cyber-attacks, the Authority invests in proactive monitoring and security of its technology systems and limits access to system controls to supervisory level staff.

No assurances can be given that such efforts will ensure against cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the Authority's operation and finances. Further, cybersecurity breaches could expose the Authority to material litigation and other legal risks, which could cause the Authority to incur material costs related to such legal claims or proceedings.

### **Business Disruption Risk**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, national debt ceiling crises, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct its business. A prolonged disruption in the Authority's operations could have an adverse effect on the Authority's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Authority has updated its operations and business continuity plan to (i) provide for the continued execution of the mission-essential functions of the Authority with minimal or no disruption if an emergency threatens, interrupts or incapacitates the Authority's operations, (ii) provide Authority leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operation conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that the Authority's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

## **MORTGAGE REVENUE BOND TAX MATTERS**

The following requirements must be met for interest on the Series 2026 B-1 Bonds to be excludable from gross income for federal income tax purposes. For additional information regarding the tax status of the Series 2026 B Bonds, see the discussion herein under the heading "TAX MATTERS" and in the opinions of Bond Counsel set forth in Appendix B hereto.

### **Mortgage Eligibility Requirements**

Each residence financed must be within the State and the Authority must reasonably expect at the time the Mortgage Loan is executed that the borrower will make the residence his or her principal residence within a reasonable time after the financing is provided. Under the procedures which the Authority has established as

described below, the borrower is required to certify that he or she intends to make the financed residence his or her principal residence within 60 days of the making of the Mortgage Loan.

At least 95% of the net proceeds of an issue must be used to finance residences of borrowers who have not had a present ownership interest in their principal residence during the three-year period prior to the date on which the mortgage is executed. Proceeds used to make Mortgage Loans with respect to residences in Targeted Areas are treated as being so used. If applicable, the Authority requires the borrower to provide information for the Authority to review for evidence of prior ownership of a principal residence, and requires the borrower to certify prior to the closing of the Mortgage Loan that he or she has not had a present ownership interest in his or her principal residence within the preceding three years. Such information may include, but is not limited to, a combination of the following: credit reports, loan applications, affidavits of borrowers, or federal income tax returns (or transcripts) for the preceding three years.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the acquisition cost for each new or existing single family residence must not exceed 90% of the average area purchase prices for new or existing residences, respectively, in the same area (110% in Targeted Areas). The Code permits reliance upon average area purchase prices provided by the United States Internal Revenue Service in determining compliance with the "90% rule." The Authority's sales price limits do not exceed those permissible under Section 143 of the Code. Those sales price limits may be changed by the Authority from time to time in its discretion within the limitations of State law and the Code.

The Code imposes income limitations on borrowers. Generally, a borrower will not be eligible if his or her family income exceeds 115% of the greater of (a) the median family income for the area in which the residence is located or (b) the median family income throughout the State. For residences in Targeted Areas, however, the 115% ceiling need not be complied with if two-thirds of the financing of residences in Targeted Areas is provided to borrowers having family incomes not exceeding 140% of the greater of (a) or (b) above. With respect to Mortgage Loans made to borrowers having a family of fewer than three individuals, the eligibility income limitation percentages are reduced from 115% to 100% in non-Targeted Areas and from 140% to 120% in Targeted Areas. The Authority has adopted income limitations that do not exceed those presently imposed by the Code. Those income limits may be changed by the Authority from time to time in its discretion within the limitations of State law and the Code. See "MORTGAGE REVENUE BOND PROGRAM - Income Limits Under the Program" herein.

An existing mortgage loan of a term greater than 24 months may not be acquired or replaced with proceeds of a Mortgage Loan. The Authority requires a borrower to certify that he or she is not using the proceeds of the Mortgage Loan to replace an existing loan the term of which is in excess of 24 months.

The Code requires that Mortgage Loans not be assumed unless the principal residence, no prior home ownership interest (except for those Mortgage Loans originated in Targeted Areas), borrower income limitations, and purchase price requirements are met at the time of assumption. The Authority requires that each of its Mortgage Loans permit the Authority to accelerate the Mortgage Loan if the mortgage is assumed and all such requirements are not met. FHA and VA allow such a clause provided that the borrower is fully informed and consents in writing to those requirements.

Under the Code, the Series 2026 B-1 Bonds will be treated as meeting the mortgage eligibility requirements of the Code if (i) the Authority in good faith attempts to meet all of the mortgage eligibility requirements applicable to each mortgage before that mortgage is executed, (ii) 95% or more of the Series 2026 B-1 Bond proceeds of the Series 2026 B Program Account used to acquire Mortgage Loans or Mortgage Backed Securities which are backed by Mortgage Loans are devoted to financing residences which meet all such mortgage eligibility requirements at the time the loans are made or assumed, and (iii) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is discovered. In determining whether 95% of the proceeds have been so used, the Code creates a safe harbor whereby the Authority may rely on an affidavit of the borrower and of the seller and on examination of copies of the borrower's federal income tax returns (or transcripts) for the three years preceding the date the mortgage is executed even though the relevant information in those affidavits and returns should ultimately prove to be untrue, unless the Authority or the participating lender knows or has reason to believe that such information is false. The Authority may establish a procedure that utilizes, in addition to the affidavits of the borrower and seller, other documentation that will enable it to conduct a review for evidence of prior ownership of a principal residence within the preceding three years.

The Authority has established certain procedures and requirements, set forth in the guides for origination and other Program documents, which are designed to assure that the mortgage eligibility requirements of the Code are met. Under the terms of the Program, the lender is required to review each application for a proposed Mortgage Loan to assure that the Mortgage Loan will be eligible for financing under the Code. Lenders are required to follow certain interpretations and guidelines set forth in the guides for origination in reviewing the eligibility of the Mortgage Loans, in investigating the proposed borrower's application and in verifying that the proposed Mortgage Loan is so eligible. Each proposed borrower must execute an affidavit attesting to his or her compliance with the Mortgage Loan eligibility requirements. An affidavit is also required from the seller of the property to be mortgaged.

### **Targeted Areas**

The Code requires that 20% of the lendable proceeds of the Series 2026 B-1 Bonds proceeds deposited in the Series 2026 B Program Account be made available for owner financing of residences in Targeted Areas for at least one year after the date on which owner financing is first made available with respect to Targeted Area residences, and that the Authority attempt with reasonable diligence to place those proceeds in qualified Mortgage Loans.

Targeted Areas have been established for the Program as authorized under the Code. Targeted Areas consist of "qualified census tracts" in which 70% or more of the families have income that is 80% or less of the statewide median family income, together with certain areas which the State (with the approval of the Secretaries of Treasury and HUD) has determined to be "areas of chronic economic distress" on the basis of certain characteristics described in the Code. To the extent not theretofore used to purchase Mortgage Loans on residences in Targeted Areas, not less than 20% of the proceeds of the Series 2026 B-1 Bonds deposited in the Series 2026 B Program Account will be held available during a one-year period from the date of their delivery for the purchase of Mortgage Loans on residences located in Targeted Areas. Lenders are required to exercise reasonable diligence in seeking to finance such residences. Of the State's 46 counties, 34 are Targeted Areas. The Authority may purchase Mortgage Loans secured by residential properties in Targeted Areas without regard to whether the purchaser has had an ownership interest in a principal residence at any time during the three-year period prior to the date on which the mortgage is executed.

### **Arbitrage**

The Code provides that the yield on Mortgage Loans financed, directly or indirectly, with the proceeds of the Series 2026 B-1 Bonds may not exceed the yield on the Series 2026 B-1 Bonds by more than 1.125%. The Code provides rules for determining the yield on Mortgage Loans financed, directly or indirectly, from the proceeds of the Series 2026 B-1 Bonds.

The Code also requires that the Authority rebate to the United States Treasury certain investment earnings on non-mortgage investments to the extent such investment earnings exceed the amount that would have been earned on those investments if the investments were earning a return equal to the yield on the Series 2026 B-1 Bonds together with any income attributable to such excess. The Authority has established accounting procedures to determine the amount of excess investment earnings with respect to the Series 2026 B-1 Bonds. That amount, if any, will be deposited into the Earnings Rebate Fund under the Resolution and applied in accordance with Code requirements.

### **Recapture Provisions Applicable to Mortgage Loans**

The Code provides for the recapture from eligible borrowers, under certain circumstances, of all or a portion of the subsidy provided by the Series 2026 B-1 Bonds upon the disposition of the residence which is the subject of a Mortgage Loan financed, directly or indirectly, with proceeds of the Series 2026 B-1 Bonds. Since such provisions may have an adverse effect on the demand for Mortgage Loans to be financed, directly or indirectly, with proceeds of the Series 2026 B-1 Bonds, the Authority has agreed to reimburse from other funds the recapture tax paid by any borrower for mortgages originated on or after July 1, 2006 and meeting the recapture requirements.

## SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY

### Pledge of the Resolution

The Bonds are special obligations of the Authority payable solely from the money, income and receipts of the Authority pledged under the Resolution. Subject to the provisions of the Resolution permitting the application of any of the following as set forth in the Resolution, there are pledged for the payment of the principal or Redemption Price of and interest on the Bonds (i) the proceeds of the Bonds, (ii) the Revenues (as defined below), (iii) all money and investments in the Funds (other than the Revenue Reserve Fund (See “- Revenue Reserve Fund” below) and the Earnings Rebate Fund) established by or pursuant to the Resolution, and (iv) the right, title, and interest of the Authority in and to the Mortgage Loans, the documents evidencing and securing the same and the Mortgage Purchase Agreements and servicing agreements relating thereto. All Bonds are secured on a parity and equally by those pledged assets. Under the Resolution, Revenues include:

- (i) all amounts received by the Authority with respect to Mortgage Loans (other than Escrow Payments and Servicing Fees) including scheduled payments of principal thereof and interest thereon and Prepayments of Mortgage Loans and, to the extent provided in the applicable Supplemental Resolution, Commitment Fees and financing fees charged by the Authority;
- (ii) income received on investments of money held in any Fund (other than the Revenue Reserve Fund and the Earnings Rebate Fund) established pursuant to the Resolution; and
- (iii) penalties paid to the Authority pursuant to Mortgage Purchase Agreements.

For a detailed description of the various Funds securing the Bonds and the applications of Revenues, see “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION” in Appendix A hereto. The pledge of Revenues described above is subject to the respective liens of the Trustee, Depositories, Registrar, and Paying Agent for reasonable compensation and expenses.

If all transfers required or permitted by the Resolution have been made and the Authority has filed with the Trustee a Cash Flow Certificate reflecting such transfers and projecting Revenues sufficient to pay Program Expenses and all Annual Debt Service thereafter to be due in each Bond Year, the Trustee, upon receipt of an Authority Request, and if as of the date of that request the value of the cash and securities in the Revenue Fund exceeds the Minimum Funding Requirement prescribed by all Supplemental Resolutions and if after the transfer the Authority’s assets under the Resolution shall be not less than 102% of its liabilities under the General Resolution plus the principal balance of the DPA Mortgage Loans (as defined under the heading “DESCRIPTION OF THE SERIES 2026 B BONDS – Redemption - *Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” herein), shall transfer to the Authority, free and clear of the lien of the Resolution, the amount of the excess, which may thereupon be applied by the Authority to any lawful purpose.

### Mortgage Loans

The General Resolution currently requires that substantially all of the Mortgage Loans purchased under the Program or backing Mortgage Backed Securities under the Program be (i) insured by a Qualified Private Mortgage Insurer or the U.S. Federal Housing Administration (“FHA”) or guaranteed by the U.S. Veterans Administration (“VA”) or Rural Housing Service of the U.S. Department of Agriculture (“RHS”), in any case upon such terms and conditions as are prescribed in any applicable Supplemental Resolution, or (ii) insured or guaranteed by any other agency or instrumentality of the United States of America (the “United States”) insuring or guaranteeing mortgage loans on terms and conditions at least as favorable to the mortgagee as the FHA insurance or the VA or RHS guarantee terms referred to above. As currently administered by the Authority, approximately 80% of Mortgage Loans (other than DPA Mortgage Loans) purchased under the Mortgage Revenue Bond Program are insured by FHA or guaranteed by the VA or RHS, however, the Authority purchases loans insured by Qualified Private Mortgage Insurers. Since amendments to the General Resolution in 2012, funds available under the Program have also been used to purchase fully modified pass-through mortgage backed securities (the “Mortgage Backed Securities”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“Fannie Mae”), or Federal Home Loan Mortgage Corporation (“Freddie Mac”) and backed by pools of qualifying underlying Mortgage Loans made by certain mortgage lending institutions, lenders, and correspondent lenders to persons or families of low or moderate

income in order to finance single family residences in South Carolina pursuant to the Authority's Mortgage Revenue Bond Program. See "MORTGAGE REVENUE BOND PROGRAM" herein for more information about the Program.

The General Resolution requires that no Mortgage Loan shall be purchased or made by the Authority unless the Mortgage Loan complies, directly or indirectly, with the Act. The Resolution defines the term "Mortgage Loan" to mean an interest bearing loan which is secured by a mortgage, was made for the purchase of an owner-occupied residential housing structure in the State intended for occupancy as his or her principal residence by a member of the Beneficiary Class, and has been purchased or made by the Authority from money or assets, and is made, pursuant to the General Resolution.

In 2012, the term "Mortgage Loan" was amended to include any pass-through certificate securitized, collateralized, or backed by one or more interest bearing loans each of which is secured by a Mortgage, was made for the purchase of an owner-occupied residential housing structure in the State intended for occupancy as his or her principal residence by a member of the Beneficiary Class, and has been purchased by the Authority from money or assets, and is made, pursuant to the General Resolution, but only to the extent the timely payment of principal and interest on such certificate is fully and unconditionally guaranteed by the United States, Fannie Mae, GNMA, Freddie Mac, or other government sponsored enterprise the obligations of which are fully and unconditionally guaranteed by the United States and the terms and conditions of such guarantee of which are at least as favorable as Fannie Mae, Freddie Mac, or GNMA guarantee referred to above and each of such interest bearing loans conforms to all other requirements relating to the Mortgage Loans contained in the General Resolution.

Since June of 2019, the term "Mortgage Loan" also includes DPA Mortgage Loans. Unlike other Mortgage Loans under the Program, DPA Mortgage Loans are used to provide down payment assistance to purchasers of owner-occupied residential housing structures. Currently, DPA Mortgage Loans bear interest at 0% and are secured by a second lien mortgage. The terms and security of future DPA Mortgage Loans may be changed by the Authority from the current program. See "MORTGAGE REVENUE BOND PROGRAM - DPA Mortgage Loan Program" herein for a description of the DPA Mortgage Loan program.

Additionally, the Authority has covenanted in the Resolution that each such Mortgage Loan, directly or indirectly, shall comply with the following conditions, except to the extent, if any, that a variance is required as a condition to obtaining the insurance or guaranty of such Mortgage Loan required by the Act: (i) the Mortgage is duly recorded in the appropriate recording office; (ii) the Mortgage (other than DPA Mortgage Loans) is the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the Mortgage Loan, insuring that the Mortgage constitutes a first lien, subject only to liens for taxes and assessments and Permitted Liens and Encumbrances on the real property with respect to which the Mortgage Loan is secured; as used herein, "Permitted Liens and Encumbrances" means liens, encumbrances, reservations, easements, and other imperfections of title normally acceptable to a Qualified Private Mortgage Insurer, FHA, VA, and RHS or which, in the judgment of the Authority, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Authority, have been taken to secure the interest of the Authority; provided, however, that Permitted Liens and Encumbrances shall not include liens or encumbrances appearing on the index subsequent to the time the recording officer received the Mortgage as established by his or her receipt; (iii) the Mortgage Loan does not exceed the lesser of the cost and the fair market value of the mortgaged property and is secured by the Mortgage; (iv) the Mortgage Loan (other than DPA Mortgage Loans) is insured by a Qualified Private Mortgage Insurer or FHA or guaranteed by VA or RHS, in either case upon such terms and conditions as shall be prescribed therefor in any applicable Supplemental Resolution, or insured or guaranteed by any other agency or instrumentality of the United States insuring Mortgage Loans on terms and conditions at least as favorable to the mortgagee as FHA or insurance referred to above or guaranteed on terms and conditions at least as favorable to the mortgagee as VA or RHS guaranty terms set forth above; provided, however, that the Authority may purchase or make a Mortgage Loan prior to its insurance or guaranty as set forth above so long as (A) there shall have been issued by a Qualified Private Mortgage Insurer, FHA, VA, RHS, or such other agency or instrumentality of the United States a commitment to insure or guarantee such Mortgage Loan to the extent referred to above, (B) the Mortgage Loan satisfies all other requirements of the Resolution, and (C) the Lender selling such Mortgage Loan shall have agreed that, in the event that a certificate of insurance or guaranty shall not have been received within 60 days from the purchase of such Mortgage Loan by the Authority from such Qualified Private Mortgage Insurer, FHA, VA, RHS, or such other federal agency or instrumentality, as the case may be, such Lender shall repurchase the Mortgage Loan for a price which shall at least equal the price paid by the Authority for such Mortgage Loan plus accrued interest to the date of

repurchase, less principal received; (v) the purchase or making of each Mortgage Loan shall comply with, and be in fulfillment of the purposes of, the Act; (vi) either (A) the Mortgage Loan shall require escrow payments with respect to all taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums), and other charges, to the extent actually charged or assessed, and any prior liens now or hereafter assessed which in case of default in the payment thereof when the same shall be due and payable, the Authority may pay the same or any of them and in which event the money paid by the Authority in discharge of taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums), and other charges and prior liens shall be added to the amount of the Mortgage Loan and secured by the Mortgage and shall be payable on demand with interest at the rate applicable under the Mortgage Loan after the maturity date thereof, from time of payment of the same, or (B) reasonable alternative arrangements for the payment of such taxes, assessments, water rates, sewer rents, insurance premiums (including mortgage insurance premiums), or other charges shall be made which are satisfactory to the Authority and acceptable to the Trustee; (vii) the monthly payments of principal and interest on the Mortgage Loan are established at the time of origination; and (viii) the buildings on the premises with respect to which the Mortgage Loan is made are insured against loss by fire and other hazards as required by the Authority to protect its interest, with the Authority designated as the lender's loss payee as its interest may appear; and, except with respect to such insurance provided by the Lender under mortgage protection blanket insurance, the mortgagor agrees to reimburse the Authority for any premiums paid for insurance made by or on behalf of the Authority on the mortgagor's default in so insuring the buildings.

In addition to the requirements set forth above, the Resolution requires that all Mortgage Loans must comply with such requirements set forth in the Authority's Originator's Guide as from time to time may be in force. Notwithstanding any change in the Authority's Originator's Guide subsequent to the date of the Series 2026 B Supplemental Resolution: (i) if a Series 2026 B Mortgage Loan is insured by a Qualified Private Mortgage Insurer, it shall: (A) except for units in a horizontal property regime and manufactured housing units (excluding modular housing units), be the subject of private mortgage insurance of (X) at least equal to the minimum amount required by a Qualified Private Mortgage Insurer with respect to Mortgage Loans not underlying a Mortgage Backed Security throughout the term thereof, or (Y) in an amount required by Fannie Mae, GNMA, or Freddie Mac, as applicable, for Mortgage Loans underlying Mortgage Backed Securities throughout the term thereof, and (B) in the case of units in a horizontal property regime and manufactured housing units (excluding modular housing units), be the subject of private mortgage insurance at least equal to the minimum amount required by a Qualified Private Mortgage Insurer with respect to Mortgage Loans throughout the term thereof; (ii) if a Series 2026 B Mortgage Loan is insured by FHA or guaranteed by VA or RHS, FHA, VA or RHS guaranty, together with the borrower's down payment, if any, shall be not less than 40% of the original principal amount of the Mortgage Loan; (iii) to the extent permitted by the Act or other State or federal statute, the Series 2026 B Supplemental Resolution provides that the mortgage insurance shall be maintained on each Series 2026 B Mortgage Loan (other than DPA Mortgage Loans allocated to the Series 2026 B Bonds) so long as the outstanding principal balance of such Mortgage Loan exceeds 80% of the original appraised value of the property which is the subject to the lien of such Mortgage Loan (as determined by a certified or licensed real estate appraiser); and (iv) the property securing a Mortgage Loan must be the subject of a hazard insurance policy insuring against losses due to various causes, including fire, lightning, windstorms and, if the property is located in a federally designated flood plain, it must be the subject of flood insurance.

The Resolution further requires that the Authority shall take all steps reasonably required, and shall omit all action reasonably required to be omitted, (i) to comply with the provisions of State law applicable to the use of the proceeds of the Series 2026 B Bonds, the finance and administration of Mortgage Loans and the performance of the Authority's obligations under the Resolution, and (ii) to preserve the exclusion of the interest on the Series 2026 B-1 Bonds from gross income for federal tax purposes as currently established under the Code, including without limitation, compliance with the provisions of Sections 143 and 148 of the Code.

## **Bond Reserve Fund**

In order to provide additional security for the Bonds, the Resolution establishes a Bond Reserve Fund. The Bond Reserve Fund is required to be maintained in an amount (the “Bond Reserve Requirement”) equal to the cumulative amounts, if any, established by each of the Supplemental Resolutions. The Series 2026 B Supplemental Resolution requires that an amount equal to 3% of the outstanding Series 2026 B Bonds (the “2026 B Bond Reserve Requirement”) be maintained in the Bond Reserve Fund which, at the time of issuance of the Series 2026 B Bonds, will be \$7,500,000\*. The total Bond Reserve Requirement at the time of issuance of the Series 2026 B Bonds will be \$62,009,400\*, which amount represents the sum of the 2026 B Bond Reserve Requirement plus the requirements established pursuant to the Supplemental Resolutions authorizing the issuance of each series of Outstanding Bonds. As of April 1, 2026, the total Bond Reserve Requirement was satisfied by a combination of cash and investment securities in the amount of \$54,980,395. Upon issuance of the Series 2026 B Bonds, and the expected deposit to the Bond Reserve Fund of \$7,500,000\*, the Bond Reserve Fund will be overfunded at the time of issuance of the Series 2026 B Bonds and will be satisfied by a combination of cash and investment securities in the amount of \$62,480,395\*.

The Authority may use a portion of the proceeds of the Series 2026 B Bonds to fund the Series 2026 B Bond Reserve Requirement. Funds held in the Bond Reserve Fund representing the 2026 B Bond Reserve Requirement will be invested in Authorized Investments.

## **Cash Flow Certificates**

Under the Resolution, the Authority is required to file a Cash Flow Certificate with the Trustee (i) upon the issuance of additional Bonds, (ii) upon the transfer of any funds from the Program Fund to the Revenue Fund, (iii) upon the transfer of excess Revenues from the Revenue Fund, (iv) upon the disposition of Mortgage Loans, (v) in connection with the taking of any action necessary to maintain the tax-exemption of any tax-exempt Bonds, and (vi) in any event, at least annually. The Cash Flow Certificate must set forth projected Revenues, Program Expenses and Debt Service for each Bond Year based upon the reasonable expectations of the Authority in light of current and historical experience at the time the Cash Flow Certificate is filed, and must indicate:

(i) as to projected Revenues, the amounts of Revenues estimated to be available for Principal Installments and interest when due derived from Mortgage Loans (other than DPA Mortgage Loans) purchased and reasonably expected to be purchased either from the proceeds of additional Bonds or from the proceeds of Notes paid or to be paid or other funds to be reimbursed from the proceeds of additional Bonds, and derived from the investment of proceeds of all Bonds and Revenues, which estimate shall give effect to:

(1) estimated amounts of Prepayments of Mortgage Loans as set forth in the Certificate;

(2) scheduled payments of principal and interest (less Servicing Fees) with respect to Mortgage Loans, giving effect to the estimated Prepayments;

(3) estimated income receivable from the investment of amounts held in all Funds (other than the Revenue Reserve Fund and the Earnings Rebate Fund) under the Resolution on the date of the Certificate, at times and in amounts set forth in the Certificate; and

(4) amounts held in the Program Fund, the Revenue Fund, the Bond Reserve Fund, and any other reserve fund created by any Supplemental Resolution on the date of the Certificate which are estimated to be available in accordance with the provisions of the Resolution or any Supplemental Resolution, as applicable, for payment of Principal Installments and interest at times and in amounts set forth in the Certificate (assuming that the aggregate amounts in the Bond Reserve Fund and in any other reserve fund created by any Supplemental Resolution are at no time drawn below the Bond Reserve Requirement, if any, and the Reserve Requirement, if any, respectively);

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\*Preliminary, subject to change.

(ii) as to projected Program Expenses, the amount of Program Expenses due within the current Bond Year based on the Annual Budget on file with the Trustee and the estimated amounts to be incurred in each subsequent Bond Year;

(iii) as to Annual Debt Service, the due dates and amounts of all Principal Installments of and interest on all Bonds expected to be Outstanding on that date including any additional Bonds expected on those dates to be issued and Outstanding and excluding Bonds, if any, which it is reasonably expected will no longer be Outstanding on that date and interest, if any, which will not thereafter be payable from Revenues as a result of defeasance in accordance with the Resolution; and

(iv) the assumptions on which the foregoing estimates are based.

At the request of the Trustee, the Authority is also required to supply a schedule identifying, by maturity and interest rate, the Mortgage Loans from which projected Revenues are expected to be derived.

### **Additional Bonds**

Neither the Act nor the Resolution limits the amount of Bonds which may be issued by the Authority. Additional Bonds may be issued only upon the satisfaction of certain statutory conditions described in the following two paragraphs and certain conditions set forth in the Resolution including delivery of a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Annual Debt Service when due and the deposit to the Bond Reserve Fund of amounts necessary, if any, to maintain the Bond Reserve Requirement established pursuant to the Supplemental Resolution authorizing the issuance of the additional Bonds.

Prior to the issuance of any indebtedness pursuant to the Act, the Authority must obtain approval of the issuance from the State Fiscal Accountability Authority (the "Fiscal Accountability Authority"), which consists by law of the Governor, the State Treasurer, the Comptroller General, the Chairman of the Finance Committee of the State Senate, and the Chairman of the Ways and Means Committee of the State House of Representatives. If the Fiscal Accountability Authority determines that the funds estimated to be available for the repayment of the Authority's bonds, including the proposed bonds, will be sufficient to provide for the payment of the principal and interest on the Authority's bonds thereafter to be outstanding as they become due, the Fiscal Accountability Authority is authorized to give its approval to the issuance, in whole or in part, of the proposed bonds, subject to such conditions, if any, as it may impose.

In addition to the requirement that the Fiscal Accountability Authority authorizes the issuance of any Series of Bonds, the Act also provides that the information described above which is submitted to the Fiscal Accountability Authority must also be submitted to the Joint Bond Review Committee (the "Bond Review Committee"). The Bond Review Committee by law is composed of three members of the Finance Committee of the State Senate and two additional State Senators appointed by the Chairman of the Bond Review Committee and three members of the Ways and Means Committee of the State House of Representatives and two additional State Representatives appointed by the Chairman of the Bond Review Committee. The approval of the Bond Review Committee is not legally required in order for the Authority to sell its bonds.

For further information with respect to the conditions precedent to the issuance of additional Bonds contained in the Resolution, see "Conditions Precedent to Authentication and Delivery of a Series of Bonds; Issuance of Refunding Bonds" in the "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" in Appendix A hereto.

### **No Taxing Power; Bonds Not a Debt of the State**

THE BONDS DO NOT CONSTITUTE A DEBT OR GRANT OR LOAN OF CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE THEREON. THE BONDS ARE NOT PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE AUTHORITY PLEDGED THEREFOR BY THE RESOLUTION. THE AUTHORITY HAS NO TAXING POWER. THE SOUTH CAROLINA SUPREME COURT HAS HELD THAT THE STATE MAY NOT USE APPROPRIATED MONEY TO PAY THE INDEBTEDNESS REPRESENTED BY THE BONDS.

## Agreement of the State

Pursuant to the provisions of Section 12 of the Act, the Authority has included in the Resolution the pledge and agreement of the State that the State will not limit or alter the rights vested in the Authority to fulfil the terms of the Resolution or any other agreements made with the Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with any action or proceedings by or on behalf of the Bondholders, are fully met and discharged.

## Revenue Reserve Fund

The Resolution provides for the establishment of a Revenue Reserve Fund in connection with the Bonds. Pursuant to the terms of the Resolution, neither the Revenue Reserve Fund nor the cash or securities held or deposited therein is pledged to secure the payment of the Bonds, including the Series 2026 B Bonds. The Resolution does not require that the Revenue Reserve Fund be maintained in any amount and allows the Authority to use funds held in the Revenue Reserve Fund and the investment earnings thereon for any lawful purpose of the Authority. In the event the moneys pledged under the Resolution are insufficient to pay the principal or Redemption Price of or interest on the Bonds, the Authority may, but is not required to, use funds held in the Revenue Reserve Fund, if any, to pay the principal, Redemption Price, or interest on the Bonds.

## Equity Account of the Program Fund

By resolution of the Authority dated June 19, 2024, an Account was created within the Program Fund entitled the "Equity Account of the Program Fund." There shall be deposited in the Equity Account of the Program Fund amounts set forth in Authority Certificates and delivered to the Trustee for deposit therein from time to time. Such amounts on deposit in the Equity Account of the Program Fund shall be used to make transfers and deposits to other Accounts under the General Resolution in accordance with a Certificate of the Authority until termination in accordance with an Authority Certificate. Upon termination of the Equity Account of the Program Fund such remaining funds on deposit shall be transferred to the Revenue Account all as directed in a Certificate of the Authority. The Equity Account of the Program Fund is intended to be a commingled Account and shall not be allocable to any particular Series of Bonds but shall be allocable to all Bonds Outstanding under the General Resolution. The balance in the Equity Account of the Program Fund is estimated to be \$1,620,000 on or about June 30, 2026.

## ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the Series 2026 B Bonds are expected to be approximately as set forth below:

### Sources:

Series 2026 B-1 Bond Par Amount <sup>1</sup>	\$ _____
Series 2026 B-1 Bond Original Issue Premium	_____
Series 2026 B-2 Bond (Federally Taxable) Par Amount	_____
Series 2026 B-2 Bond Original Issue Premium	_____
Authority Contribution <sup>2</sup>	_____
Total	\$ _____

### Uses:

Series 2026 B Program Account:	
Mortgage Loans <sup>3</sup>	\$ _____
Servicing Release Premium Subaccount	_____
Bond Reserve Fund	_____
Costs of Issuance	_____
Total	\$ _____

<sup>1</sup> Includes funds in the amount of \$40,935,000 to be used for replacement refunding of prior Bonds.

<sup>2</sup> Includes balance in the Equity Account of the Program Fund of \$1,620,000.

<sup>3</sup> DPA Mortgage Loans may not exceed \$8,500,000\*; Includes funds in the amount of \$40,935,000 released from the prior Bonds as a result of the replacement refunding.

\*Preliminary, subject to change.

## PLAN OF FINANCE

The proceeds of the Series 2026 B Bonds, together with other moneys of the Authority, will be used (i) to finance directly or indirectly the Series 2026 B Mortgage Loans, including payment of a servicing release premium, (ii) to refund certain Outstanding Mortgage Revenue Bonds of the Authority, as described in “- *Plan of Refunding*” below, (iii) to fund the Bond Reserve Requirement and certain other Funds and Accounts with respect to the Series 2026 B Bonds, and (iv) to pay the costs of issuing the Series 2026 B Bonds.

### *Plan of Refunding*

In order to effectuate a replacement refunding, upon closing of the Series 2026 B Bonds, \$40,935,000\* of the proceeds of the Series 2026 B-1 Bonds shall be deposited in the applicable subaccounts of the Revenue Fund and, simultaneously, \$40,935,000\* shall be transferred from the applicable subaccounts of the Revenue Fund to the Series 2026 B Program Account. The Series 2026 B-1 Bond proceeds deposited to the applicable subaccounts of the Revenue Fund shall be used to pay principal of Outstanding Mortgage Revenue Bonds, all as described in an Authority Certificate.

## DESCRIPTION OF THE SERIES 2026 B BONDS

### General

Pursuant to the Act and the Resolution, the Authority (i) adopted the Series 2026 B Supplemental Resolution, which, in addition to other matters, authorized the issuance of \$250,000,000\* principal amount of the Series 2026 B Bonds, consisting of \$150,000,000\* of Series 2026 B-1 Bonds and \$100,000,000\* of Series 2026 B-2 Bonds (Federally Taxable), and (ii) approved the terms of sale of the Series 2026 B Bonds to the Underwriters.

The Series 2026 B Bonds will be issued as fully registered securities in book-entry-only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the Series 2026 B Bonds. The Series 2026 B Bonds will be issued in the denomination of \$5,000 or any multiple thereof. The Series 2026 B Bonds will bear interest from their date of delivery, payable on each January 1 and July 1 (each, a “Bond Payment Date”), commencing January 1, 2027.

The Series 2026 B Bonds will mature on the dates and in the amounts and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) to the maturity (or prior redemption or purchase thereof) at the rates set forth on the inside cover page hereof.

### Book-Entry-Only System

The Series 2026 B Bonds will be available to purchasers under the book-entry-only system maintained by DTC, which will act as securities depository for the Series 2026 B Bonds. Purchasers will not be entitled to receive physical delivery of the Series 2026 B Bonds. For so long as any purchaser is a beneficial owner of a Series 2026 B Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Series 2026 B Bonds. See “Appendix E – DTC AND BOOK-ENTRY-ONLY SYSTEM” herein for a more complete description of the book-entry-only system for the Series 2026 B Bonds.

In the event the Series 2026 B Bonds are no longer held in book-entry-only form, bond certificates registered in the name of DTC or its nominee will be cancelled and the Authority will execute and deliver Series 2026 B Bonds to the Beneficial Owners as shown on the records of the DTC Participants.

### Redemption

The Series 2026 B Bonds will be subject to redemption only as described below.

The Series 2026 B Premium Serial Bonds are only subject to redemption from the unexpended proceeds of the Series 2026 B Program Account.\*

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\*Preliminary, subject to change.

*Mandatory Sinking Fund Redemption*

The Series 2026 B Bonds described below are subject to mandatory sinking fund redemption, and will be redeemed (to the extent not previously redeemed or purchased as described below), at 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, on the dates and in the respective principal amounts specified in the following table:

Series 2026 B-1 (Term) Bonds due July 1, 2041\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2039	\$ 1,275,000	July 1, 2040	\$ 1,370,000
July 1, 2039	1,310,000	January 1, 2041	1,400,000
January 1, 2040	1,340,000	July 1, 2041 <sup>1</sup>	1,430,000

<sup>1</sup> Maturity, not a redemption.

Series 2026 B-1 (Term) Bonds due July 1, 2046\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2042	\$ 1,465,000	July 1, 2044	\$ 1,655,000
July 1, 2042	1,500,000	January 1, 2045	1,700,000
January 1, 2043	1,540,000	July 1, 2045	1,745,000
July 1, 2043	1,580,000	January 1, 2046	1,785,000
January 1, 2044	1,615,000	July 1, 2046 <sup>1</sup>	1,835,000

<sup>1</sup> Maturity, not a redemption.

Series 2026 B-1 (Term) Bonds due July 1, 2051\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2047	\$ 1,880,000	July 1, 2049	\$ 2,135,000
July 1, 2047	1,925,000	January 1, 2050	2,190,000
January 1, 2048	1,975,000	July 1, 2050	2,245,000
July 1, 2048	2,025,000	January 1, 2051	2,305,000
January 1, 2049	2,080,000	July 1, 2051 <sup>1</sup>	2,360,000

<sup>1</sup> Maturity, not a redemption.

Series 2026 B-1 (Term) Bonds due July 1, 2056\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2052	\$ 2,425,000	July 1, 2054	\$ 2,755,000
July 1, 2052	2,485,000	January 1, 2055	2,825,000
January 1, 2053	2,550,000	July 1, 2055	2,900,000
July 1, 2053	2,620,000	January 1, 2056	2,980,000
January 1, 2054	2,685,000	July 1, 2056 <sup>1</sup>	3,055,000

<sup>1</sup> Maturity, not a redemption.

\*Preliminary, subject to change.

Series 2026 B-1 PAC Bonds due January 1, 2057\*<sup>2</sup>

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
July 1, 2027	\$ 300,000	July 1, 2042	\$ 810,000
January 1, 2028	315,000	January 1, 2043	835,000
July 1, 2028	325,000	July 1, 2043	865,000
January 1, 2029	335,000	January 1, 2044	895,000
July 1, 2029	345,000	July 1, 2044	925,000
January 1, 2030	355,000	January 1, 2045	955,000
July 1, 2030	370,000	July 1, 2045	985,000
January 1, 2031	380,000	January 1, 2046	1,020,000
July 1, 2031	395,000	July 1, 2046	1,050,000
January 1, 2032	405,000	January 1, 2047	1,085,000
July 1, 2032	420,000	July 1, 2047	1,125,000
January 1, 2033	435,000	January 1, 2048	1,160,000
July 1, 2033	450,000	July 1, 2048	1,200,000
January 1, 2034	465,000	January 1, 2049	1,240,000
July 1, 2034	480,000	July 1, 2049	1,280,000
January 1, 2035	495,000	January 1, 2050	1,320,000
July 1, 2035	510,000	July 1, 2050	1,365,000
January 1, 2036	530,000	January 1, 2051	1,410,000
July 1, 2036	545,000	July 1, 2051	1,460,000
January 1, 2037	565,000	January 1, 2052	1,505,000
July 1, 2037	585,000	July 1, 2052	1,555,000
January 1, 2038	605,000	January 1, 2053	1,610,000
July 1, 2038	625,000	July 1, 2053	1,660,000
January 1, 2039	645,000	January 1, 2054	1,715,000
July 1, 2039	665,000	July 1, 2054	1,775,000
January 1, 2040	685,000	January 1, 2055	1,835,000
July 1, 2040	710,000	July 1, 2055	1,895,000
January 1, 2041	735,000	January 1, 2056	1,955,000
July 1, 2041	760,000	July 1, 2056	2,020,000
January 1, 2042	785,000	January 1, 2057 <sup>1</sup>	1,200,000

<sup>1</sup> Maturity, not a redemption.

<sup>2</sup> Subject to Planned Amortization Schedule and mandatory sinking fund redemption.

Series 2026 B-2 (Term) Bonds due July 1, 2041\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2039	\$ 785,000	July 1, 2040	\$ 860,000
July 1, 2039	810,000	January 1, 2041	880,000
January 1, 2040	830,000	July 1, 2041 <sup>1</sup>	905,000

<sup>1</sup> Maturity, not a redemption.

\*Preliminary, subject to change.

Series 2026 B-2 (Term) Bonds due July 1, 2046\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2042	\$ 935,000	July 1, 2044	\$ 1,090,000
July 1, 2042	965,000	January 1, 2045	1,125,000
January 1, 2043	990,000	July 1, 2045	1,160,000
July 1, 2043	1,025,000	January 1, 2046	1,195,000
January 1, 2044	1,055,000	July 1, 2046 <sup>1</sup>	1,235,000

<sup>1</sup> Maturity, not a redemption.

Series 2026 B-2 (Term) Bonds due July 1, 2051\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2047	\$ 1,270,000	July 1, 2049	\$ 1,485,000
July 1, 2047	1,310,000	January 1, 2050	1,530,000
January 1, 2048	1,350,000	July 1, 2050	1,580,000
July 1, 2048	1,395,000	January 1, 2051	1,625,000
January 1, 2049	1,435,000	July 1, 2051 <sup>1</sup>	1,680,000

<sup>1</sup> Maturity, not a redemption.

Series 2026 B-2 (Term) Bonds due July 1, 2056\*

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
January 1, 2052	\$ 1,730,000	July 1, 2054	\$ 2,020,000
July 1, 2052	1,785,000	January 1, 2055	2,085,000
January 1, 2053	1,845,000	July 1, 2055	2,155,000
July 1, 2053	1,900,000	January 1, 2056	2,225,000
January 1, 2054	1,960,000	July 1, 2056 <sup>1</sup>	2,290,000

<sup>1</sup> Maturity, not a redemption.

\*Preliminary, subject to change.

Series 2026 B-2 PAC Bonds due January 1, 2057\*<sup>2</sup>

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
July 1, 2027	\$ 180,000	July 1, 2042	\$ 510,000
January 1, 2028	190,000	January 1, 2043	530,000
July 1, 2028	195,000	July 1, 2043	540,000
January 1, 2029	205,000	January 1, 2044	565,000
July 1, 2029	210,000	July 1, 2044	585,000
January 1, 2030	215,000	January 1, 2045	600,000
July 1, 2030	225,000	July 1, 2045	620,000
January 1, 2031	230,000	January 1, 2046	645,000
July 1, 2031	240,000	July 1, 2046	665,000
January 1, 2032	250,000	January 1, 2047	690,000
July 1, 2032	255,000	July 1, 2047	715,000
January 1, 2033	270,000	January 1, 2048	740,000
July 1, 2033	275,000	July 1, 2048	765,000
January 1, 2034	285,000	January 1, 2049	790,000
July 1, 2034	295,000	July 1, 2049	815,000
January 1, 2035	305,000	January 1, 2050	845,000
July 1, 2035	315,000	July 1, 2050	875,000
January 1, 2036	330,000	January 1, 2051	905,000
July 1, 2036	340,000	July 1, 2051	935,000
January 1, 2037	350,000	January 1, 2052	970,000
July 1, 2037	360,000	July 1, 2052	1,005,000
January 1, 2038	370,000	January 1, 2053	1,035,000
July 1, 2038	385,000	July 1, 2053	1,075,000
January 1, 2039	400,000	January 1, 2054	1,115,000
July 1, 2039	410,000	July 1, 2054	1,150,000
January 1, 2040	430,000	January 1, 2055	1,190,000
July 1, 2040	440,000	July 1, 2055	1,230,000
January 1, 2041	460,000	January 1, 2056	1,270,000
July 1, 2041	475,000	July 1, 2056	1,320,000
January 1, 2042	490,000	January 1, 2057 <sup>1</sup>	2,590,000

<sup>1</sup> Maturity, not a redemption.

<sup>2</sup> Subject to Planned Amortization Schedule and mandatory sinking fund redemption.

The Sinking Fund Payments described above shall be reduced to the extent Series 2026 B Bonds have been redeemed pursuant to the provisions described below under “*Optional Redemption*,” “*Special Optional Redemption*,” and “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*,” such reductions to be apportioned among the Sinking Fund Payments applicable to the maturity as the Authority directs, or on a pro rata basis with respect to the Series 2026 B Bonds absent that direction. The Sinking Fund Payments will also be reduced in chronological order through purchases of Series 2026 B Bonds as described under “*Purchases of Series 2026 B Bonds in Lieu of Redemption*” below.

*Optional Redemption*

The Series 2026 B Premium Serial Bonds are not subject to redemption prior to maturity.\*

The Series 2026 B Bonds (except Series 2026 B-1 PAC Bonds, Series 2026 B-2 PAC Bonds (Federally Taxable), and the Series 2026 B Premium Serial Bonds) are subject to redemption prior to maturity at the option of the Authority on and after July 1, 2034\*, on not less than 30 days’ written notice, in whole or in part at any time, from money of the Authority derived from any source, at a Redemption Price equal to 100% of the principal amount thereof, plus interest, if any, accrued thereon to the redemption date.

\*Preliminary, subject to change.

The Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable) are subject to redemption prior to maturity, at the option of the Authority, on and after July 1, 2034\* on not less than 30 days' written notice, in whole or in part at any time, from money of the Authority derived from any source, at a Redemption Prices set forth below (expressed as a percentage of the principal amount to be redeemed) in each case together with interest accrued thereon to the redemption date.

Series 2026 B-1 PAC Bonds <u>Redemption Period</u>	<u>Redemption Price</u>
July 1, 2034 – December 31, 2034	
January 1, 2035 – June 30, 2035	
July 1, 2035 – December 31, 2035	
January 1, 2036 and thereafter	100.000
Series 2026 B-2 PAC Bonds (Federally Taxable) <u>Redemption Period</u>	<u>Redemption Price</u>
July 1, 2034 – December 31, 2034	
January 1, 2035 – June 30, 2035	
July 1, 2035 – December 31, 2035	
January 1, 2036 and thereafter	100.000

*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*

The Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable) are subject to special mandatory redemption on each Bond Payment Date at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued thereon to the Redemption Date, from Prepayments, Repayments and Series 2026 B Excess Revenues to the extent such Prepayments, Repayments and Series 2026 B Excess Revenues are not needed to make regularly scheduled principal payments on the Series 2026 B Bonds or to redeem the Series 2026 B Bonds pursuant to the mandatory sinking fund redemption provisions described above under “*Mandatory Sinking Fund Redemption.*” Specifically, not more than 60 days and not less than 45 days prior to each Bond Payment Date, commencing with the Bond Payment Date on January 1, 2027, the Authority will identify amounts held in the Series 2026 B Revenue Account equal to the Prepayments, Repayments and Series 2026 B Excess Revenues.

For purposes of the Series 2026 B Supplemental Resolution, the terms set forth below have the following meanings:

“DPA Mortgage Loans” means Mortgage Loans for the specific purpose of providing down payment assistance that is secured by a second lien mortgage and otherwise satisfies the requirements and limitations set forth in any Supplemental Resolution.

“Prepayments” means prepayments of principal of Series 2026 B Mortgage Loans.

“Repayments” means regularly scheduled repayments of principal of Series 2026 B Mortgage Loans.

“Series 2026 B Excess Revenues” means, as of each Bond Payment Date and determined on the date specified in the Series 2026 B Supplemental Resolution, the Revenues allocated to the Series 2026 B Bonds, excluding Prepayments and Repayments, on deposit in the Revenue Fund plus, amounts scheduled to be on deposit in the Revenue Fund allocated to the Series 2026 B Bonds on such Bond Payment Date in excess of (i) amounts required for the timely payment of interest from time to time due and payable with respect to the Series 2026 B Bonds on such Bond Payment Date, and (ii) amounts required by the Authority to pay Program Expenses with respect to the Series 2026 B Bonds on or prior to such Bond Payment Date.

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\* Preliminary, subject to change.

“Series 2026 B Mortgage Loans” means the Mortgage Loans originally financed directly or indirectly with proceeds of the Series 2026 B Program Account.

“Series 2026 B-1 PAC Bond” means the Series 2026 B-1 Term Bond maturing January 1, 2057\*

“Series 2026 B-2 PAC Bond (Federally Taxable)” means the Series 2026 B-2 Term Bond (Federally Taxable) maturing January 1, 2057\*

“Series 2026 B Premium Serial Bonds” means the Series 2026 B-1 Bonds maturing in 2027, 2028, 2029, 2030, 2031, 2032, 2033, and 2034, and the Series 2026 B-2 Bonds maturing in 2027, 2028, 2029, 2030, 2031, 2032, 2033, and 2034.\*

“Series 2026 B Premium Term Bonds” means the \$[\_\_\_\_\_] Series 2026 B-1 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], the \$[\_\_\_\_\_] Series 2026 B-1 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], the \$[\_\_\_\_\_] Series 2026 B-2 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], the \$[\_\_\_\_\_] Series 2026 B-2 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], the \$[\_\_\_\_\_] Series 2026 B-2 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], the \$[\_\_\_\_\_] Series 2026 B-2 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_], and the \$[\_\_\_\_\_] Series 2026 B-2 Term Bond due [\_\_\_\_\_] 1, \_\_\_\_],\*

“Series 2026 B Premium Bonds Redemption Price” means a Redemption Price equal to 100% of the principal amount of the Series 2026 B Bonds payable on the redemption date plus interest accrued thereon to such redemption date plus the Series 2026 B Unamortized Premium.\*

“Series 2026 B Unamortized Premium” means the unamortized portion of the Redemption Price for the Series 2026 B Premium Serial Bonds or Series 2026 B Premium Term Bonds payable on the redemption date, as applicable, which shall be a price equal to the excess amount over 100% using the applicable yield of the Series 2026 B Premium Serial Bonds or Series 2026 B Premium Term Bonds, as applicable, payable on the redemption date, semi-annual compounding and a 360-day year consisting of twelve 30-day months, as determined in a Certificate of the Authority.\*

To the extent not required to make regularly scheduled principal payments on the Series 2026 B Bonds or to redeem Series 2026 B Bonds pursuant to the mandatory sinking fund redemption provisions described above under “*Mandatory Sinking Fund Redemption.*” Prepayments, Repayments and Series 2026 B Excess Revenues identified in the Series 2026 B Revenue Account pursuant to the provisions of the foregoing paragraph shall be applied by the Trustee as directed in writing by the Authority to redeem Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable) on the Bond Payment Date as follows:

(i) (A) FIRST, so long as Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable) remain Outstanding, 60.06% of such Prepayments, Repayments and Series 2026 B Excess Revenues shall be applied to redeem Series 2026 B-1 PAC Bonds up to an amount equal to the planned amortization amount (“Planned Amortization Amount”) for the Series 2026 B-1 PAC Bonds as of such date (as set forth in the table below entitled “Planned Amortization Amount for Series 2026 B PAC Bonds (Cumulative),” the “Planned Amortization Schedule”) and 39.94% of such Prepayments, Repayments and Series 2026 B Excess Revenues shall be applied to redeem Series 2026 B-2 PAC Bonds (Federally Taxable) up to an amount equal to the Planned Amortization Amount for the Series 2026 B-2 PAC Bonds (Federally Taxable) as of such date (as set forth in the table below entitled “Planned Amortization Amounts for Series 2026 B PAC Bonds (Cumulative),” the “Planned Amortization Schedule”); and then, subject to the application of the 10-Year Rule as described below under “*Special Mandatory Redemption,*” the remainder may be applied to any purpose permissible under the Series 2026 B Supplemental Resolution, including to redeem any Series 2026 B Bonds, other than the Series 2026 B-1 PAC Bonds or Series 2026 B-2 PAC Bonds (Federally Taxable) except as described in paragraph (ii) below; or to redeem or purchase any other Series of Bonds issued under the General Resolution; and (B) SECOND, if neither the Series 2026 B-1 PAC Bonds nor the Series 2026 B-2 PAC Bonds (Federally Taxable) are Outstanding, then, subject to the application of the 10-Year Rule as described below under “*Special Mandatory Redemption,*” the remainder may be applied to any purpose permissible under the Series 2026 B Supplemental Resolution, including to redeem or purchase any Series of Bonds issued under the General Resolution.

\*Preliminary, subject to change.

(ii) After applying amounts as described in clause (i) above, then, subject to the application of the 10-Year Rule as described below under “*Special Mandatory Redemption*,” the remaining amount of Prepayments, Repayments and Series 2026 B Excess Revenues may be applied to any purpose permissible under the Series 2026 B Supplemental Resolution; provided that, such amounts may not be used to redeem the Series 2026 B-1 PAC Bonds or Series 2026 B-2 PAC Bonds (Federally Taxable) until no other Series 2026 B Bonds remain Outstanding other than the Series 2026 B Premium Serial Bonds.

In addition, the Authority may elect to redeem Series 2026 B Bonds (other than the Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable)) as described below under “*Special Optional Redemption*” on a date other than a Bond Payment Date by identifying to the Trustee amounts in the Series 2026 B Revenue Account representing such Prepayments, Repayments and Series 2026 B Excess Revenues and providing notice of redemption as required under the General Resolution. Any amounts redeemed on a date other than a Bond Payment Date will be taken into account for purposes of determining the amount of Series 2026 B Bonds required to be redeemed by the Authority on the next succeeding Bond Payment Date.

The Planned Amortization Schedules for the Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable) (which assume a full origination of Series 2026 B Mortgage Loans in accordance with the expected schedule for such origination and is based upon the Series 2026 B Mortgage Loans prepaying at 100%\* of the PSA Prepayment Benchmark (assuming no recovery from DPA Mortgage Loans)) are set forth below. Such cumulative Planned Amortization Schedules include the amounts of the Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable) redeemed pursuant to the redemption provisions described above under “*Mandatory Sinking Fund Redemption*.” See “PROGRAM ASSUMPTIONS AND BONDHOLDER RISKS – Weighted Average Lives of Series 2026 B Bonds” herein.

Planned Amortization Amounts for Series 2026 B PAC Bonds (Cumulative)\*

<u>Date</u>	<u>Series 2026 B-1 PAC Bonds</u>	<u>Series 2026 B-2 PAC Bonds (Federally Taxable)</u>
1/1/2027	\$ 310,000	\$ 210,000
7/1/2027	1,235,000	805,000
1/1/2028	3,070,000	2,025,000
7/1/2028	5,755,000	3,810,000
1/1/2029	9,230,000	6,140,000
7/1/2029	13,360,000	8,905,000
1/1/2030	17,550,000	11,715,000
7/1/2030	21,580,000	14,415,000
1/1/2031	25,430,000	17,000,000
7/1/2031	29,135,000	19,480,000
1/1/2032	32,690,000	21,865,000
7/1/2032	36,105,000	24,150,000
1/1/2033	39,375,000	26,355,000
7/1/2033	42,515,000	28,465,000
1/1/2034	45,525,000	30,490,000
7/1/2034	48,400,000	32,425,000
1/1/2035	51,145,000	34,275,000
7/1/2035	53,775,000	36,050,000
1/1/2036	54,930,000	36,665,000

\*Preliminary, subject to change.

On the date on which all remaining proceeds allocated to the Series 2026 B Bonds in the Series 2026 B Program Account of the Program Fund, if any, are transferred to the Series 2026 B Revenue Account as described below under “*Special Mandatory Redemption*,” the foregoing Planned Amortization Schedules will be revised, as set forth in an Authority Certificate delivered to the Trustee, to reduce the Planned Amortization Amounts for the Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable), as applicable, for each period by the ratio of the aggregate principal amount of all Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable), as applicable, and Series 2026 B Bonds so redeemed or to be redeemed as described below under “*Special Mandatory Redemption*” or “*Special Optional Redemption*” to the aggregate principal amount of all Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable), as applicable, and Series 2026 B Bonds originally issued.

The Authority shall not be required to redeem the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) as described in this subsection “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” except to the extent amounts are identified by the Authority in the Series 2026 B Revenue Account as available to redeem such Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable). Principal is only due with respect to the Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable) on the mandatory sinking fund redemption dates and on the maturity date for such Series 2026 B-1 PAC Bonds and the Series 2026 B-2 PAC Bonds (Federally Taxable).

For a summary of redemption information relating to previously-issued Series of PAC Bonds by the Authority, see “MORTGAGE REVENUE BOND PROGRAM - PAC Bond Redemption Summary” herein.

The Authority may elect to redeem the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) in amounts up to the Planned Amortization Amounts as described above in this subsection “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” on any date by directing the Trustee in writing to provide the appropriate notice to Bondholders in accordance with the General Resolution and identifying the amounts of Prepayments, Repayments and Series 2026 B Excess Revenues available for such redemption. The amount of Series 2026 B-1 PAC Bonds or Series 2026 B-2 PAC Bonds (Federally Taxable) redeemed on a date other than a Bond Payment Date will be taken into account for purposes of determining the amount of Series 2026 B-1 PAC Bonds or Series 2026 B-2 PAC Bonds (Federally Taxable) to be redeemed as described in this subsection “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” on the next Bond Payment Date.

Notwithstanding anything described in this subsection “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” to the contrary, none of the Series 2026 B Premium Serial Bonds shall be subject to redemption pursuant to the provisions described in this subsection.\*

#### *Special Optional Redemption*

The Series 2026 B Bonds are subject to redemption prior to maturity, at the option of the Authority on the first day of each month, on not less than 30 days’ notice, in whole or in part, from (i) the proceeds allocated to the Series 2026 B Bonds not used to finance Mortgage Loans directly or indirectly (other than as described below in paragraph (i) under “*Special Mandatory Redemption*”), (ii) Prepayments, Repayments and Series 2026 B Excess Revenues of Series 2026 B Mortgage Loans which are not directed to the redemption of the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) as described above under “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” or described below in paragraph (ii) under “*Special Mandatory Redemption*,” (iii) the proceeds of prepayments of Mortgage Loans financed directly or indirectly with the proceeds of any Series of Bonds issued under the General Resolution other than the Series 2026 B Bonds or proceeds allocated to the Series 2026 B Bonds which have not been applied to finance new Mortgage Loans directly or indirectly and which are not otherwise restricted by the Code as determined by the Authority (“Cross Calls”), (iv) any amounts in the Bond Reserve Fund constituting proceeds of the Series 2026 B Bonds in excess of the Bond Reserve Requirement after giving effect to such redemption, (v) any Revenues not required under the General Resolution or the Series 2026 B Supplemental Resolution to be applied to any other purpose, and (vi) any Revenues transferred to the Authority free and clear of the lien of the General Resolution pursuant to the provisions thereof; provided, however, the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) shall not be subject to redemption as described in clauses (iii), (iv), (v) and (vi) in this paragraph if such redemption would cause amortization of the Series 2026 B-1 PAC Bonds or the Series 2026 B-2

PAC Bonds (Federally Taxable) to exceed the Planned Amortization Amounts shown in the applicable Planned Amortization Schedule. The date of redemption shall be determined by the Trustee upon the written direction of the Authority, subject to the provisions of and in accordance with the General Resolution. The Series 2026 B Bonds to be so redeemed shall be redeemed at a Redemption Price equal to 100% of the principal amount thereof, plus interest accrued thereon to the redemption date, if applicable; provided, however, the redemption price for the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) in the event of a redemption described in clause (i) in this paragraph shall be the price that maintains the original yield for the Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable) based on the applicable Planned Amortization Amounts described in the above table and the redemption price for the Series 2026 B Premium Bonds shall be the Series 2026 B Premium Bonds Redemption Price as determined in a Certificate of the Authority plus accrued interest to the redemption date. The Series 2026 B Bonds to be so redeemed shall be redeemed pro rata among all maturities then Outstanding and eligible for redemption, unless the Authority shall deliver a Cash Flow Certificate indicating a different selection of Series 2026 B Bonds to be so redeemed; provided, however, in the event of a redemption pursuant to clause (i) of this paragraph, that the proportion of Series 2026 B-1 PAC Bonds or the Series 2026 B-2 PAC Bonds (Federally Taxable), as applicable, to be redeemed bears to all Series 2026 B Bonds to be redeemed may not exceed the proportion that the Outstanding Series 2026 B PAC Bonds bear to all Series 2026 B Bonds then Outstanding.

Except as otherwise described in this subsection “*Special Optional Redemption*” to the contrary, none of the Series 2026 B Premium Serial Bonds shall be subject to redemption pursuant to the provisions described in this Section.\*

*Special Mandatory Redemption.*

(i) Unexpended Proceeds-42 Month Requirement. The Series 2026 B-1 Bonds are subject to mandatory redemption and will be redeemed, on or prior to December 1, 2029 (the “2026 B-1 Non-Origination Redemption Date”), at a redemption price equal to 100% of the principal amount thereof (except for Series 2026 B Premium Serial Bonds and Series 2026 B Premium Term Bonds\*, which shall be redeemed at the redemption price of the Series 2026 B Premium Bonds Redemption Price and the Series 2026 B-1 PAC Bonds which shall be redeemed at a redemption price equal to the amount that maintains the original yield for the Series 2026 B-1 PAC Bonds based on the applicable Planned Amortization Amounts described in the above table as determined in a Certificate of the Authority) plus interest accrued thereon to the redemption date, to the extent that funds are transferred from the Series 2026 B Program Account to the Series 2026 B Revenue Account as described in the remainder of this paragraph. The period of time during which funds allocable to the Series 2026 B-1 Bonds may remain in the Series 2026 B Program Account will end on November 1, 2029 (the “2026 B-1 Transfer Date”). On the 2026 B-1 Transfer Date, or sooner if the Authority shall so direct, if the balance of the Series 2026 B Program Account allocable to the Series 2026 B-1 Bonds (i) is greater than \$250,000, any funds which remain in the Series 2026 B Program Account allocable to the Series 2026 B-1 Bonds shall be transferred to the Series 2026 B Revenue Account and applied to the redemption of Series 2026 B-1 Bonds as soon as practicable, but in no event later than the 2026 B-1 Non-Origination Redemption Date or (ii) is less than or equal to \$250,000, any funds which remain in the Series 2026 B Program Account allocable to the Series 2026 B-1 Bonds shall be transferred to the Series 2026 B Revenue Account and shall be treated as a Prepayment. From and after the date on which the Authority gives notice to the Trustee of a redemption of Series 2026 B-1 Bonds pursuant to the provisions described in this paragraph, the Authority will not use or commit to use funds in the Series 2026 B Program Account allocable to the Series 2026 B-1 Bonds to finance Mortgage Loans directly or indirectly.

The Series 2026 B-2 Bonds are subject to mandatory redemption if the redemptions in the prior paragraph relating to the Series 2026 B-1 Bonds are triggered by the foregoing provisions as directed by the Authority in an Authority Certificate and then such Series 2026 B-2 Bonds shall be redeemed, on or prior to December 1, 2029 (the “2026 B-2 Non-Origination Redemption Date”), at a redemption price equal to 100% of the principal amount thereof (except for the Series 2026 B Premium Serial Bonds and Series 2026 B Premium Term Bonds which shall be redeemed at the redemption price of the Series 2026 B Premium Bonds Redemption Price and the Series 2026 B-2 PAC Bonds (Federally Taxable) which shall be redeemed at a redemption price equal to the amount that maintains the original yield for the Series 2026 B-2 PAC Bonds (Federally Taxable) based on the applicable Planned Amortization Amounts described in the above table as determined in a Certificate of the Authority) plus interest accrued thereon to the redemption date, to the extent that funds are transferred from the Series 2026 B Program Account to the Series 2026 B Revenue Account as described in the remainder of this paragraph. The period of time during which funds allocable to the Series 2026 B-2 Bonds may remain in the Series 2026 B Program Account will

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\* Preliminary, subject to change.

end on November 1, 2029 (the “2026 B-2 Transfer Date”). On the 2026 B-2 Transfer Date, or sooner if the Authority shall so direct, if the balance of the Series 2026 B Program Account allocable to the Series 2026 B-2 Bonds is (i) greater than \$250,000 any funds which remain in the Series 2026 B Program Account allocable to the Series 2026 B-2 Bonds shall be transferred to the Series 2026 B Revenue Account and applied to the redemption of Series 2026 B-2 Bonds as soon as practicable, but in no event later than the 2026 B-2 Non-Origination Redemption Date or (ii) less than or equal to \$250,000 any funds which remain in the Series 2026 B Program Account allocable to the Series 2026 B-2 Bonds shall be transferred to the Series 2026 B Revenue Account and shall be treated as a Prepayment. From and after the date on which the Authority gives notice to the Trustee of a redemption of Series 2026 B-2 Bonds pursuant to the provisions described in this paragraph, the Authority will not use or commit to use funds in the Series 2026 B Program Account allocable to the Series 2026 B-2 Bonds to finance Mortgage Loans directly or indirectly.

(ii) Tax Restricted Prepayments and Repayments. To the extent not required to make regularly scheduled principal payments on the Series 2026 B-1 Bonds, to redeem Series 2026 B-1 Bonds pursuant to the provisions described above under “*Mandatory Sinking Fund Redemption*,” or to redeem Series 2026 B-1 PAC Bonds pursuant to the provisions described above under “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*,” Tax Restricted Prepayments and Repayments shall be applied as the Trustee is directed in writing by the Authority to redeem Series 2026 B-1 Bonds in such principal amounts as are required to satisfy the requirements of the Code and the 10-Year Rule, all as determined by the Authority. The redemption price of the Series 2026 B-1 Bonds to be so redeemed shall be 100% of the principal amount thereof plus interest accrued to the date of the redemption, if applicable. Subject to the special mandatory redemption of the Series 2026 B-1 PAC Bond procedures relating to the Series 2026 B-1 PAC Bonds, described above under “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*,” the Authority shall direct the redemption of the Series 2026 B-1 Bonds pro rata among all maturities then Outstanding and eligible for redemption unless the Authority shall deliver a Cash Flow Certificate indicating a different selection of the Series 2026 B-1 Bonds to be redeemed.

The following table sets forth the respective percentage of the amounts of Tax Restricted Prepayments and Repayments for the respective periods set forth below that will be used to prepay or repay the Series 2026 B-1 Bonds as described above:

Prepayment Period* ( <u>dates inclusive</u> )	Percentage of Amounts of Tax Restricted Prepayments and Repayments Required to be Used for Special Mandatory Redemption <u>of Series 2026 B-1 Bonds*</u>
Delivery Date – 8/1/2026	0.00%
8/2/2026 – 9/6/2027	0.360%
9/7/2027 – 8/13/2028	0.982%
8/14/2028 – 7/1/2029	1.644%
7/2/2029 – 11/13/2029	2.177%
11/14/2029 – 4/29/2030	3.505%
4/30/2030 – 10/7/2030	4.972%
10/8/2030 – 9/8/2031	6.979%
9/9/2031 – 4/25/2032	10.758%
4/26/2032 – 9/14/2032	12.947%
9/15/2032 – 2/13/2034	18.436%
2/14/2034 – 8/21/2034	20.660%
8/22/2034 – 1/29/2035	22.026%
1/30/2035 – 6/11/2035	23.780%
6/12/2035 – 10/28/2035	24.929%
10/29/2035 – 6/29/2036	25.828%
10-year anniversary date after the Delivery Date and thereafter	100.00%

\*Preliminary, subject to change.

*Special Redemption Restrictions for the Series 2026 B Premium Serial Bonds.*

Notwithstanding anything else described in the subsections “*Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*” or “*Special Optional Redemption*” herein to the contrary, none of the Series 2026 B Premium Serial Bonds shall be subject to redemption pursuant to the provisions described in those subsections.\*

*Purchases of Series 2026 B Bonds in Lieu of Redemption*

The Authority may at any time purchase any Series 2026 B Bonds then outstanding with money available to the Authority from any source; provided, however, that the Authority shall not purchase or direct the purchase by the Trustee of any Series 2026 B Bonds at a cost or price which (i) exceeds the then applicable Redemption Price of such Series 2026 B Bonds plus interest accrued to the redemption date, if such Series 2026 B Bonds are then redeemable; or (ii) exceeds the Redemption Price of such Series 2026 B Bonds on the date such Series 2026 B Bonds are first redeemable at the option of the Authority, plus interest accrued to the first applicable redemption date. Upon such purchase, the Resolution requires the Trustee to cancel such Series 2026 B Bonds and, if such Series 2026 B Bonds are of a maturity subject to mandatory sinking fund payments, to credit the principal amount of the Series 2026 B Bonds so cancelled to the mandatory sinking fund payments required for the Series 2026 B Bonds of such maturity in the chronological sequence of the dates prescribed for such mandatory sinking fund payments.

BECAUSE THE SERIES 2026 B BONDS ARE SUBJECT TO REDEMPTION OR PURCHASE AS DESCRIBED ABOVE, A SUBSTANTIAL PORTION OF THE SERIES 2026 B BONDS MAY BE SO REDEEMED OR PURCHASED PRIOR TO THEIR STATED MATURITIES.

*Application of Prepayments and Repayments, and Series 2026 B Excess Revenues*

Money held in the Series 2026 B Revenue Account representing Prepayments, Repayments and Series 2026 B Excess Revenues of the Series 2026 B Mortgage Loans may, subject to the provisions described under the heading “DESCRIPTION OF SERIES 2026 B BONDS – Redemption – *Special Mandatory Redemption of Series 2026 B-1 PAC Bonds and Series 2026 B-2 PAC Bonds (Federally Taxable)*,” “*- Special Optional Redemption,*” and “*- Special Mandatory Redemption,*” (a) be transferred to the Series 2026 B Program Account and used to finance directly or indirectly Mortgage Loans, (b) be used to redeem any Series of Bonds or purchase any Series of Bonds or (c) be used in any combination of the above, all in accordance with the Resolution, all as directed in a Certificate of the Authority.

**PROGRAM ASSUMPTIONS AND BONDHOLDER RISKS**

The ability of the Authority to pay principal of and interest on the Series 2026 B Bonds depends upon the timely payments of principal and interest to become due on the Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities, together with any Prepayments, received by the Authority on the Mortgage Loans, and income expected to be derived from the investment of money pledged under the Resolution. The expectations are based on certain assumptions described below. To the extent there are significant variations in these assumptions, money available in the Revenue Fund may be insufficient to pay Annual Debt Service when due. In that event other money pledged under the Resolution, including, in particular, amounts on deposit in the Bond Reserve Fund, may be available to pay Annual Debt Service. To the extent that significant variations continue, there may not be sufficient amounts available under the Resolution to pay Annual Debt Service when due.

**General Assumptions**

The Authority has made the following assumptions in connection with the Series 2026 B Bonds:

(a) The Cash Flow Certificate has evidenced that there will be sufficient amounts received and available on an annual basis to pay principal and interest on all Bonds to be Outstanding after the issuance of the Series 2026 B Bonds.

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\*Preliminary, subject to change.

(b) The purchase of newly originated Series 2026 B Mortgage Loans, directly or indirectly, will be made on or before February 1, 2027 (provided that such date may be extended upon satisfaction of the conditions to extension set forth in the Resolution).

(c) The Authority has assumed various prepayment scenarios for newly originated Series 2026 B Mortgage Loans financed, directly or indirectly, by any Series of Bonds Outstanding under the Resolution ranging from 0% PSA prepayments to such prepayment percentage which will result in an average life of approximately three years on such Series 2026 B Mortgage Loans.

(d) Payments on the Mortgage Loans due on the first day of the month (assuming no recovery on DPA Mortgage Loans) will be received on the 30<sup>th</sup> day of that month or, for February, the last day of that month.

(e) Servicing fees will be from 0.375% to 1.125% per annum for the Series 2026 B Mortgage Loans (other than DPA Mortgage Loans). For Mortgage Backed Securities, Servicing Fees include both servicing compensation for the servicer and the guaranty fee for GNMA, Fannie Mae, or Freddie Mac, as applicable. Servicing fees are paid on a monthly basis based on the outstanding principal balance of the Series 2026 B Mortgage Loans.

(f) Each newly originated Series 2026 B Mortgage Loan (other than DPA Mortgage Loans) will have a weighted average rate of approximately 5.89%, an original term of 30 years, and will provide for equal monthly installments of principal and interest.

(g) The DPA Mortgage Loans will have the characteristics as described in "MORTGAGE REVENUE BOND PROGRAM - DPA Mortgage Loan Program" herein.

(h) Investment income will be received on the assumptions that the amounts on deposit in the Program Fund, the Revenue Fund, and the Bond Reserve Fund, all with respect to the Series 2026 B Bonds will either be invested as permitted under State law and managed at the direction of the South Carolina State Treasurer as further described herein under "INVESTMENT BY STATE TREASURER," or be invested in Authorized Investments as provided in the Resolution until such Series 2026 B Bonds are fully paid. If the amounts held in the Program Fund, the Revenue Fund, and the Bond Reserve Fund are invested by the State Treasurer on behalf of the Authority, such amounts will not be invested at a guaranteed rate of return. Accordingly, rating agency cash flows have been prepared utilizing an assumed investment rate of 0% per annum for the first three years following the issuance of the Series 2026 B Bonds, 0.5% per annum for the next three years, 1.0% for the next four years, and 1.5% per annum thereafter.

(i) In connection with defaults under Mortgage Loans, the issuer of applicable mortgage insurance will pay, in cash, any and all claims arising from default on such Mortgage Loans in full on a timely basis.

The Authority can give no assurance that the actual receipt of money will be sufficient to pay Program Expenses and Annual Debt Service on the Bonds. The receipt of Revenues from the Mortgage Loans, Mortgage Backed Securities, and investments held in the various Funds may be affected by a number of factors, including, but not limited to, the following:

(i) the Authority may experience Revenue insufficiencies as a result of delinquent or partial mortgage payments;

(ii) investment earnings of the various Funds established under the Resolution may be greater or less than anticipated; and

(iii) the Authority may experience increases in Program Expenses above currently anticipated levels.

Under the current guidelines for origination and servicing of Mortgage Loans adopted by the Authority in connection with the Program, Series 2026 B Mortgage Loans sold to the Authority or the Master Servicer by lenders must permit prepayment prior to maturity at the option of the mortgagor without a penalty or premium. Prepayments may also result from the operation of provisions for mandatory prepayment upon such events as default, sale or condemnation of the property securing a Series 2026 B Mortgage Loan or a casualty loss.

To the extent that any Prepayments occur, the Authority will have money which it must utilize either to finance, directly or indirectly, additional Mortgage Loans or to purchase or redeem Bonds (subject to redemption provisions applicable to Bonds of particular Series and maturities). As discussed under the heading “Revenue Fund” in the summary of certain provisions of the Resolution in Appendix A hereto, Mortgage Loans financed, directly or indirectly, by the Authority from Prepayments must meet certain cash flow requirements set forth in the Resolution. Should interest rates on mortgage loans on South Carolina residential property remain at or near the current rates for a significant period of time, the possibility exists that the Authority might not be able to utilize Prepayments to finance, directly or indirectly, Mortgage Loans meeting such requirements, in which event the Authority will be required to purchase or redeem Bonds.

To the extent that proceeds of the Series 2026 B Program Account are not used to finance Series 2026 B Mortgage Loans, directly or indirectly, in the amounts expected, the unexpended proceeds remaining in the Program Fund may be applied to the redemption of the Series 2026 B Bonds as described herein under the heading “DESCRIPTION OF THE SERIES 2026 B BONDS - Redemption – *Special Mandatory Redemption.*”

As provided for in the Resolution and as specified in each supplemental resolution, all of the Bonds are subject to redemption from prepayments of Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities and regularly scheduled repayments of Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities financed with the proceeds of any Series of Bonds issued under the Resolution which have not been applied to the financing of new Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities and which are not otherwise restricted. The use of such prepayments and repayments allocable to one Series of Bonds to call Bonds of another Series is commonly referred to as “cross-calling” Bonds. The Authority generally uses such prepayments and repayments to pay or redeem Bonds of the related Series. The Authority's cross-calling policy is subject to change, and may be affected by, among other things, the redemption provisions of individual supplemental resolutions and certain applicable federal tax requirements.

#### **Weighted Average Lives of Series 2026 B Bonds**

Although the maturity date of the Series 2026 B Bonds is determined based on the assumption that Prepayments of the Series 2026 B Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities allocated to the Series 2026 B Bonds will occur at 0% PSA (as defined below), Prepayment will very likely occur. There is no reliable statistical base with which to accurately predict the level of Prepayments and the resulting effect on the average life of the Series 2026 B Bonds. It is expected that the Series 2026 B Bond principal will be redeemed (without premium) in substantially greater amounts than would occur if no Prepayments occur. See “DESCRIPTION OF THE SERIES 2026 B BONDS - Redemption.”

Prepayments and repayments identified in the Series 2026 B Revenue Account, which result from payments of principal or prepayments of Series 2026 B Mortgage Loans, and Mortgage Loans underlying Mortgage Backed Securities allocable to the Series 2026 B Bonds, may be deposited in the Series 2026 B Revenue Account and be used to redeem Series 2026 B Bonds prior to maturity in the manner described in “DESCRIPTION OF THE SERIES 2026 B BONDS - Redemption” at 100% of the principal amount thereof.

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average life of the Series 2026 B Bonds will be influenced by the rate at which principal on the Series 2026 B Mortgage Loans, and Mortgage Loans underlying Mortgage Backed Securities allocable to the Series 2026 B Bonds is paid. Principal payments may be in the form of scheduled payments or prepayments (for this purpose, the term “prepayment” includes prepayments and liquidations due to default or other disposition, including payments on any insurance or guaranty) on the underlying Mortgage Loans. Prepayments on single family mortgage loans are commonly measured by a prepayment standard or model. The model used in the following discussion is the model adopted by The Securities Industry and Financial Markets Association (successor to The Bond Market Association, which was previously known as the Public Securities Association) (“PSA”) prepayment standard or model (the “PSA Prepayment Model”). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loan pool. The PSA Prepayment Model assumes an initial prepayment rate of .2% per annum for the first month, increasing by .2% for each month through the next succeeding 29 months of the life of the mortgage loans; thereafter, the PSA Prepayment Model assumes a constant monthly prepayment rate of 6% per annum of the unpaid monthly principal balance for the remaining life of the mortgage loans.

As used in this Official Statement, “0% PSA” assumes no prepayments of principal. “25% PSA” assumes the principal will prepay at a rate .25 times as fast as the prepayment rates for the PSA Prepayment Model. “50% PSA” assumes the principal will prepay at the rate .50 times as fast as the prepayment rates for the PSA Prepayment Model. “75% PSA” assumes the principal will prepay at the rate .75 times as fast as the prepayment rates for the PSA Prepayment Model. “100% PSA” assumes the principal will prepay at a rate equal to the prepayment rates for the PSA Prepayment Model. “200% PSA” assumes the principal will prepay at the rate 2 times as fast as the prepayment rates for the PSA Prepayment Model. “300% PSA” assumes the principal will prepay at the rate 3 times as fast as the prepayment rates for the PSA Prepayment Model. “400% PSA” assumes the principal will prepay at the rate 4 times as fast as the prepayment rates for the PSA Prepayment Model. “500% PSA” assumes the principal will prepay at the rate 5 times as fast as the prepayment rates for the PSA Prepayment Model. “600% PSA” assumes the principal will prepay at the rate 6 times as fast as the prepayment rates for the PSA Prepayment Model. “700% PSA” assumes the principal will prepay at the rate 7 times as fast as the prepayment rates for the PSA Prepayment Model.

There is no assurance that prepayment of principal will conform to any level of the PSA Prepayment Model. The rate of principal payments on pools of single-family mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage interest rates and the rate at which homeowners sell their homes or default on their mortgage loans and is likely to vary from month to month. In general, if prevailing interest rates fall significantly, the mortgage loans may be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on the mortgage loans. Conversely, if interest rates rise, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of mortgage loans include changes in mortgagors’ housing needs, job transfers, natural disasters, unemployment and mortgagors’ net equity in the mortgaged properties. In addition, as homeowners move or default on their mortgage loans, the houses are generally sold and the mortgage loans prepaid, although under certain circumstances mortgage loans may be assumed by a new buyer. Defaults on Series 2026 B Mortgage Loans, and Mortgage Loans underlying Mortgage Backed Securities could be significantly higher than the default rates of the past and such defaults will result in the prepayment of such Series 2026 B Mortgage Loans, any related Mortgage Backed Securities and the mandatory redemption of the Series 2026 B Bonds. See “DESCRIPTION OF THE SERIES 2026 B BONDS - Redemption” herein.

Because of the foregoing factors, plus various additional factors (such as the right of the Authority to optionally redeem the Series 2026 B Bonds), redemption of the Series 2026 B Bonds is very likely to occur earlier, and could occur significantly earlier, than the stated maturity dates.

The weighted average lives of the Series 2026 B Bonds in the table that follows are computed using the assumptions described above (under the heading “General Assumptions”) and various additional assumptions, including the assumptions that (i) only the allocable repayments of the principal (assuming no recovery on DPA Mortgage Loans) of the Series 2026 B Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities allocable to the Series 2026 B Bonds will be used to redeem the Series 2026 B Bonds on a timely basis as described herein (see “DESCRIPTION OF THE SERIES 2026 B BONDS - Redemption”) assuming that the phrase “the remainder may be applied to any purpose permissible under the Series 2026 B Supplemental Resolution” shall mean such remainder will be applied to redeem all Series 2026 B Bonds (other than the Series 2026 B Premium Serial Bonds) pro rata and (ii) the Series 2026 B Bonds will not be optionally redeemed in whole or in part. *There can be no assurance that any of the foregoing assumptions will in fact prove to be correct. Furthermore, even if the foregoing assumptions prove to be correct, the average life realized by a Bondholder owning less than the entire amount of one of the Series 2026 B Bonds may differ from the average life in the table that follows.*

Projected Weighted Average Lives (in Years)<sup>1</sup>  
of Term Bonds  
(Assuming Full Origination)\*

<u>PSA Speed</u>	<u>Series 2026 B-1 Bonds due 7/1/2041</u>	<u>Series 2026 B-1 Bonds due 7/1/2046</u>	<u>Series 2026 B-1 Bonds due 7/1/2051</u>	<u>Series 2026 B-1 Bonds due 7/1/2056</u>	<u>Series 2026 B-1 PAC Bonds due 1/1/2057</u>
0%	13.8	17.9	22.9	27.9	20.0
25%	13.8	17.9	22.9	27.8	13.0
50%	13.8	17.8	22.2	25.2	8.3
75%	13.7	17.0	20.1	21.8	6.3
100%	13.2	15.8	18.0	18.9	5.2
200%	9.5	10.5	11.2	11.4	5.2
300%	6.9	7.3	7.6	7.6	5.2
400%	5.2	5.3	5.4	5.4	5.2
500%	3.9	3.9	3.9	3.9	5.2
600%	2.9	2.9	2.9	2.9	5.2
700%	2.6	2.6	2.6	2.6	4.7

<sup>1</sup>The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bond to the related principal payment, (ii) adding the results, and (iii) dividing by the total principal paid on the bond.

Projected Weighted Average Lives (in Years)<sup>1</sup>  
of Term Bonds  
(Assuming Full Origination)\*

<u>PSA Speed</u>	<u>Series 2026 B-2 Bonds due 7/1/2041</u>	<u>Series 2026 B-2 Bonds due 7/1/2046</u>	<u>Series 2026 B-2 Bonds due 7/1/2051</u>	<u>Series 2026 B-2 Bonds due 7/1/2056</u>	<u>Series 2026 B-2 PAC Bonds due 1/1/2057</u>
0%	13.8	17.9	22.9	27.9	20.6
25%	13.8	17.9	22.9	27.8	13.2
50%	13.8	17.8	22.2	25.2	8.3
75%	13.7	17.0	20.1	21.7	6.2
100%	13.2	15.8	18.0	18.9	5.2
200%	9.5	10.5	11.2	11.4	5.2
300%	7.0	7.4	7.6	7.6	5.2
400%	5.2	5.3	5.4	5.4	5.2
500%	3.9	4.0	4.0	4.0	5.2
600%	2.9	2.9	2.9	2.9	5.2
700%	2.6	2.6	2.6	2.6	4.7

<sup>1</sup>The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the date of issuance of the bond to the related principal payment, (ii) adding the results, and (iii) dividing by the total principal paid on the bond.

**Certain Risks**

The Resolution permits the Authority to issue additional Series of Bonds, on a parity basis with the Outstanding Bonds, including the Series 2026 B Bonds. See “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Additional Bonds” herein. Under certain circumstances (including a default in the payment of any other Series of Outstanding Bonds or any other Series of Bonds), amounts otherwise allocable to the payment of the Series 2026 B Bonds may be required to be applied to pay other Bonds.

\*Preliminary, subject to change.

The remedies available to the holders of the Series 2026 B Bonds upon an event of default under the Resolution or other documents described herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions the remedies set forth in the Resolution and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 B Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by the application of equitable principles.

The Authority believes it is reasonable to make the foregoing assumptions. However, the Authority can give no assurance that the actual receipt of money will be sufficient to pay the annual debt service requirements on the Series 2026 B Bonds.

### **Special Considerations Relating to Origination of Mortgage Loans and Mortgage Loans Underlying Mortgage Backed Securities**

All Outstanding Bonds, including the Series 2026 B Bonds when issued, are secured by the pledge of Revenues under the Resolution, which will include amounts received by the Authority with respect to additional Mortgage Loans and Mortgage Loans underlying Mortgage Backed Securities that may be originated at a future date. There are numerous reasons why Mortgage Loans may not be originated. One of the principal factors in originating real estate loans is the availability of funds to make such loans with terms that prospective borrowers can afford and that are more advantageous than comparable loans being offered by other lenders. Mortgage Loan terms are anticipated to be attractive but market rates could decrease, and mortgage loans could become available at rates (and with down payment assistance) that are more attractive than the terms of the Mortgage Loans. If prevailing terms for conventionally funded mortgage loans in the State were to decline significantly, demand for Mortgage Loans could decrease significantly and as a result the Authority might not use available funds for the origination of additional Mortgage Loans.

In addition to declining interest rates, competing loan products could become available through various federal, State, or local government programs (including programs financed by tax-exempt and/or taxable bonds), or programs available in the conventional loan market, including programs sponsored by the federal government, including down payment assistance and first-time homebuyer tax credits program.

Mortgage loans may also be financed or subsidized through other programs of the Authority. The Authority sponsors separate down payment assistance programs using federal, State, or local funds.

The Code imposes numerous requirements as to the qualification of mortgagors for Mortgage Loans, the purchase price of the residences which may become subject to a Mortgage Loan, and mortgage subsidy recapture provisions. These requirements restrict the ability of potential mortgagors and residences to qualify for Mortgage Loans and thereby may materially impair the lenders' ability to originate additional Mortgage Loans. The requirements are subject to change and may become more restrictive, thereby resulting in a decrease in the number of potential mortgagors or residential units eligible for inclusion in the Program. See "MORTGAGE REVENUE BOND TAX MATTERS" herein.

In addition, FHA, VA, RHS, Fannie Mae, GNMA, Freddie Mac, or other governmental agencies could impose restrictions on related single family loan programs which could adversely affect the origination of additional Mortgage Loans.

In addition to the market, business, and economic factors and risks associated with any investment decision, there are other risks and uncertainties such as changes in political and social conditions and changes in legislation, regulations, proceedings and litigation that may directly or indirectly impact the Authority and the Series 2026 B Bonds. Many of these matters are beyond the control of the Authority, but if they came to pass, they may affect the Authority, its operations, its finances, and its programs. While some potential political, legislative and regulatory actions may benefit the Authority and its programs (including the Program), no assurance can be given that the Authority's programs, the Series 2026 B Bonds or the holders of such Series 2026 B Bonds will not be adversely affected by such measures.

The ability of the Authority to pay principal of and interest on the Series 2026 B Bonds depends upon the timely payments of principal and interest to become due on the Mortgage Loans and Mortgage Loans underlying the Mortgage Backed Securities, together with any Prepayments and Series 2026 B Excess Revenues, received by the Authority on the Mortgage Loans and Mortgage Loans underlying the Mortgage Backed Securities, and income expected to be derived from the investment of money pledged under the Resolution. The expectations are based on certain assumptions described below. To the extent there are significant variations in these assumptions, money available in the Revenue Fund may be insufficient to pay Annual Debt Service when due. In that event other money pledged under the Resolution, including, in particular, amounts on deposit in the Bond Reserve Fund, may be available to pay Annual Debt Service. To the extent that significant variations continue, there may not be sufficient amounts available under the Resolution to pay Annual Debt Service when due.

## **GNMA PROGRAM**

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development, with its principal office in Washington, D.C. The GNMA Mortgage-Backed Securities (MBS) Guide 5500.3, Rev. 1 (the “GNMA MBS Guide”) is the current version of GNMA’s comprehensive guide to its mortgage-backed securities program. At [http://www.ginniemae.gov/doing\\_business\\_with\\_ginniemae/issuer\\_resources/Pages/MBSGuideLib.aspx](http://www.ginniemae.gov/doing_business_with_ginniemae/issuer_resources/Pages/MBSGuideLib.aspx), the GNMA MBS Guide is available to interested parties in the section entitled, “Mortgage-Backed Securities (MBS) Guide Chapters.” The Authority takes no responsibility for information contained on the website.

In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the “Treasury”) in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated July 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

More information on the GNMA mortgage-backed securities program may be obtained by calling 202.708.1535 or 202.708.2043, or by writing GNMA at 451 7<sup>th</sup> Street, SW, Room B-133, Washington, DC 20410.

**The Authority has made no representation with respect to the condition, financial or otherwise, of GNMA or its obligations under its mortgage-backed securities program. Neither the Authority, the Underwriters, nor their respective counsels makes any representations with respect to the accuracy or completeness of this summary.**

## **FANNIE MAE PROGRAM**

Fannie Mae, a government-sponsored enterprise, is a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), with its principal office in Washington, D.C. Fannie Mae issues mortgage-backed securities under the terms of its trust documents. Copies of its trust documents may be obtained by contacting Fannie Mae using the contact information in the following paragraph, or from its website at [www.fanniemae.com](http://www.fanniemae.com). Fannie Mae’s Selling and Servicing Guides (the “Guides”) and updates and amendments to the Guides set forth the comprehensive guide to eligibility criteria and policies for Fannie Mae’s mortgage-backed securities program.

Information on Fannie Mae and its financial condition is contained in periodic reports filed with the SEC. Fannie Mae’s filings with the SEC are available on the SEC’s website at [www.sec.gov](http://www.sec.gov). The periodic reports filed by Fannie Mae with the SEC are also available from Fannie Mae at <http://www.fanniemae.com/portal/about-fm/investor-relations/sec-filings.html> or by calling Fannie Mae at 202.752.7115, or by writing Fannie Mae at 3900 Wisconsin Avenue NW, Washington, DC 20016-2892. The Authority takes no responsibility for information contained on the websites.

**The obligations of Fannie Mae under its mortgage backed securities program are obligations solely for Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. The Authority has made no representation with respect to the condition, financial or otherwise, of Fannie Mae or its obligations under its mortgage-backed securities program. Neither the Authority, the Underwriters, nor their respective counsels makes any representations with respect to the accuracy or completeness of this summary.**

### **FREDDIE MAC PROGRAM**

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

Further information on Freddie Mac and its financial condition is contained in Freddie Mac's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC's website at [www.sec.gov](http://www.sec.gov). The periodic reports filed by Freddie Mac with the SEC are also available on Freddie Mac's website at [www.freddiemac.com](http://www.freddiemac.com). The Authority takes no responsibility for information contained on the websites.

**The obligations of Freddie Mac under its mortgage backed securities program are obligations solely for Freddie Mac and are not backed by, nor entitled to, the faith and credit of the United States. The Authority has made no representation with respect to the condition, financial or otherwise, of Freddie Mac or its obligations under its mortgage-backed securities program. Neither the Authority, the Underwriters, nor their respective counsels makes any representations with respect to the accuracy or completeness of this summary.**

### **INVESTMENT BY STATE TREASURER**

Amounts held in the Program Fund, the Revenue Fund, and the Bond Reserve Fund with respect to the Series 2026 B Bonds will be invested as permitted under State law and managed at the direction of the South Carolina State Treasurer, in Authorized Investments, as such term is defined in Appendix A - "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION." Under Section 11-9-660 of the Code of Laws of South Carolina 1976, as amended, the State Treasurer has full power to invest and reinvest all funds of the State or any of its agencies in any of the following:

- (a) obligations of the United States, its agencies and instrumentalities;
- (b) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
- (c) obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;
- (d) certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (a) and (c) above and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;

(e) repurchase agreements, if collateralized by securities of the types described in items (a) and (c) above and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and

(f) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

The State Treasurer may contract to lend securities invested pursuant to Section 11-9-660. South Carolina law prohibits investment by the State Treasurer in obligations issued by any country or corporation principally located in any country which the United States Department of State determines commits major human rights violations based on the Country Reports on Human Rights Practices by the Bureau of Democracy, Human Rights and Labor of the U. S. Department of State.

For the purpose of investing or reinvesting, the State Treasurer may commingle moneys in various funds in order to achieve greater investment income; however, the State Treasurer separately accounts for the amounts so commingled. In computing the amounts held on behalf of any particular accounts or funds, obligations purchased as investments are valued at the cost of the investment, exclusive of accrued interest. The State Treasurer will provide to the Authority and the Trustee periodic valuations of any funds invested on behalf of the Authority.

## **MORTGAGE REVENUE BOND PROGRAM**

### **General**

The Program was established by the Authority under the General Resolution in 1994. The Program initially authorized the Authority to purchase, and enter into commitments to purchase, Mortgage Loans from qualified lending institutions authorized to do business in South Carolina and approved by the Authority or its Master Servicer. Such Mortgage Loans must have been made to persons and families of low and moderate income for owner-occupied single family residences located within the State.

In 2012, the Authority amended the Mortgage Revenue Bond Program for the purpose of financing the acquisition of fully modified pass-through mortgage backed securities (“Mortgage Backed Securities” or “MBS”), guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae, or Freddie Mac and backed by pools of Mortgage Loans in order to finance single family residences in South Carolina (the “MBS Program”).

### **DPA Mortgage Loan Program**

The Authority may provide a down payment assistance second lien loan to qualified borrowers in the Mortgage Revenue Bond Program. Although the Authority has offered down payment assistance (DPA) to its borrowers since 1995, those loans were purchased with the Authority’s funds derived from sources other than Mortgage Revenue Bond proceeds. Pursuant to amendments to the Resolution in June 2019, the Authority intends to use Outstanding Bond proceeds to purchase DPA Mortgage Loans. DPA Mortgage Loans are currently expected to be made on a first-come, first served basis, in the amounts ranging from \$8,000 to \$15,000 (subject to change) per borrower, for the purpose of providing down payment and closing costs assistance to home buyers. The DPA Mortgage Loans are expected to be secured by a second mortgage, with forgivable terms ranging from 10 to 20-years. The interest rate on the DPA Mortgage Loans is expected to be at 0%, with no monthly payments. It is expected that the DPA Mortgage Loans will be forgiven for those borrowers who remain in their home for the full term of the loan. The unpaid balance of the DPA Mortgage Loan will become payable in full in the event of sale, transfer, refinancing, or satisfaction of the first mortgage loan or until such time as the borrower ceases to occupy the home.

### **Income Limits Under the Program**

The Act was amended on March 19, 1990, to permit the Authority to exercise its discretion in determining which persons or families within the Beneficiary Classes will be entitled to obtain Mortgage Loans. The Authority has adopted maximum income limits for persons and families eligible to obtain Mortgage Loans to be financed or

purchased under the Program which vary by county and household size, not to exceed the maximum income permitted under the Code. Although the State income limitations defining Beneficiary Classes are higher than those imposed by the Code, the income limitations adopted by the Authority and described in the preceding sentence do not exceed those presently imposed by the Code. The Authority may change the above-described income limits which it has adopted from time to time in its sole discretion, within the limitations imposed by the Code.

### **Mortgage Loans and Servicing**

The Authority may use a portion of the proceeds of the Series 2026 B Program Account (i) to purchase Mortgage Loans insured by FHA or guaranteed by VA or RHS, (ii) to purchase Mortgage Loans insured by private mortgage insurers with an investment grade rating from S&P Global Ratings, a business unit of S&P Global (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”), or Fitch Ratings, Inc. (“Fitch”), (iii) to purchase Mortgage Backed Securities guaranteed as to timely payment of principal and interest by GNMA, Freddie Mac, or Fannie Mae and backed by pools of qualifying underlying Mortgage Loans made by certain mortgage lending institutions, lenders, and correspondent lenders to persons or families of low or moderate income in order to finance single family residences in South Carolina pursuant to the Authority’s Mortgage Revenue Bond Program, and (iv) to purchase DPA Mortgage Loans. See “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Mortgage Loan” herein for a description of all permitted Mortgage Loans under the Resolution. The Mortgage Loans have been or will be made by lenders authorized to do business in South Carolina and approved by the Authority or, if applicable, its master servicer as described herein under the subheading “Mortgage Purchase Procedures.” The Mortgage Loans expected to be purchased by the Authority with proceeds of the Series 2026 B Program Account will be serviced by the Authority. The Authority currently does not expect to purchase new Mortgage Backed Securities backed by new Mortgage Loans. In the event that the Authority does purchase new Mortgage Backed Securities backed by new Mortgage Loans, such loans are expected to be serviced by its current master servicer. See “The Master Servicer” under this heading for information about the Master Servicer.

### **Current Lending Program**

Currently, new Mortgage Loans in the Mortgage Revenue Bond Program are purchased by the Authority. All Mortgage Loans (other than DPA Mortgage Loans) are fixed rate loans with a maximum loan-to-value of 97% (exclusive of RHS or VA loans, which may have loans with a maximum loan-to-value of 100%) exclusive of financed mortgage insurance premiums. Interest rates are reviewed regularly in order to offer the best rate possible. Changes are posted in a timely manner. The program is further enhanced by a down payment assistance program that allows borrowers to access funds to help cover closing costs and down payment requirements. The Mortgage Loans are offered by over 115 lenders doing business in South Carolina, consisting of large commercial banks, community banks, credit unions and mortgage lenders.

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## Outstanding Parity Bonds

The Authority has heretofore issued the Outstanding Bonds pursuant to the Resolution for the purpose of financing the Program. The following table shows the original and current outstanding principal amounts and interest rates of each Series of Bonds as of April 1, 2026:

<u>Date of Issue</u>	<u>Series†</u>	<u>Original Issue Amount</u>	<u>Outstanding Bond Principal</u>	<u>Interest Rates - Bonds Outstanding</u>
August 2, 2016	Series 2016 B Bonds	\$ 67,000,000	\$ 15,365,000	2.250%-3.150%
September 7, 2017	Series 2017 B Bonds	55,000,000	15,680,000	2.450%-4.000%
August 14, 2018	Series 2018 A Bonds	70,000,000	14,225,000	2.900%-4.500%
July 2, 2019	Series 2019 A Bonds	74,000,000	27,150,000	2.000%-4.000%
November 14, 2019	Series 2019 B Bonds	111,800,000	61,615,000	1.900%-3.750%
April 30, 2020	Series 2020 A Bonds	115,000,000	65,210,000	1.850%-4.000%
October 8, 2020	Series 2020 B Bonds	123,280,000	86,770,000	1.700%-5.000%
September 9, 2021	Series 2021 A Bonds	166,000,000	124,495,000	1.600%-5.000%
April 26, 2022	Series 2022 A Bonds	84,000,000	61,610,000	2.950%-5.000%
September 15, 2022	Series 2022 B Bonds	160,000,000	137,050,000	2.800%-5.000%
June 29, 2023	Series 2023 A Bonds	106,190,000	94,940,000	3.950%-5.750%
September 21, 2023	Series 2023 B Bonds	100,000,000	89,955,000	4.200%-6.000%
February 14, 2024	Series 2024 A Bonds	150,000,000	137,815,000	3.650%-6.250%
August 22, 2024	Series 2024 B Bonds	150,000,000	141,270,000	3.750%-6.000%
January 30, 2025	Series 2025 A Bonds	172,000,000	167,435,000	3.875%-6.500%
June 12, 2025	Series 2025 B Bonds	178,000,000	176,395,000	4.250%-6.500%
October 29, 2025	Series 2025 C Bonds	195,000,000	195,000,000	3.700%-6.250%
March 12, 2026	Series 2026 A Bonds	<u>205,000,000</u>	<u>205,000,000</u>	3.250%-6.000%
	<b>TOTALS</b>	<b>\$2,282,270,000</b>	<b>\$1,816,980,000</b>	

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### PAC Bond Redemption Summary

The following table shows the Outstanding Series of PAC Bonds previously issued by the Authority, along with the cumulative planned amortization amounts and amounts of PAC Bonds redeemed for each Series of PAC Bonds, as of July 1, 2026 after giving effect to the July 1, 2026 redemption:

Bond Series	CUSIP	Amount Issued	Final Maturity Date	PAC Coupon	PAC Cumulative Planned Amortization Amounts	Actual PAC Bonds Redeemed	Cumulative Redemption Ratio
2018A	83712DZR0	\$ 25,500,000	7/1/2048	4.50%	\$ 23,350,000	\$ 23,350,000	100.00%
2019A	83712DC79	30,000,000	1/1/2050	4.00%	21,055,000	21,055,000	100.00%
2019B	83712DG42	51,000,000	1/1/2050	3.75%	34,660,000	34,660,000	100.00%
2020A	83712DK70	43,000,000	7/1/2050	4.00%	28,760,000	28,760,000	100.00%
2020B	83712DP26	42,500,000	1/1/2052	3.25%	27,775,000	27,775,000	100.00%
2021A	83712DS31	57,180,000	1/1/2052	3.00%	30,490,000	30,490,000	100.00%
2022A	83712DV78	34,000,000	1/1/2052	4.00%	14,700,000	14,700,000	100.00%
2022B	83712DY91	62,000,000	1/1/2052	5.00%	20,490,000	20,490,000	100.00%
2023A	83712D2X3	49,000,000	1/1/2054	5.75%	10,400,000	10,400,000	100.00%
2023B	83712D4A1	44,560,000	1/1/2054	6.00%	8,345,000	8,345,000	100.00%
2024A	83712D5F9	63,450,000	7/1/2054	6.25%	8,330,000	8,330,000	100.00%
2024B	83712D6K7	63,400,000	1/1/2055	6.00%	4,670,000	4,670,000	100.00%
2025A	83712D7Q3	75,500,000	7/1/2055	6.50%	3,305,000	3,305,000	100.00%
2025B	83712D8U3	77,000,000	7/1/2055	6.50%	1,775,000	1,775,000	100.00%
2025C	83712GBC2	81,250,000	1/1/2056	6.25%	1,085,000	1,085,000	100.00%
2026A	83712GCG2	<u>75,000,000</u>	7/1/2056	6.00%	<u>-0-</u>	<u>-0-</u>	N.A.
Total / Weighted Average		\$874,340,000		5.29%	\$239,190,000	\$239,190,000	100.00%

### Lendable Proceeds and Mortgage Loans Purchased

The following table shows the amount of initial lendable proceeds for each Series of Bonds issued by the Authority, together with the weighted average loan interest rate, number of loans purchased or transferred, original principal amount of loans purchased or transferred and the outstanding principal amount of Mortgage Loans, all as of March 31, 2026. The following table includes \$63,235,522 DPA Mortgage Loans that had been made as of March 31, 2026.

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Mortgage Loans Purchased					
	Initial Lendable Proceeds	Weighted Average Loan Interest Rate	Number of Loans Purchased/ Transferred	Original Amount Purchased/ Transferred	Outstanding Mortgage Loans
Series 1994 A Bonds	\$ 30,000,000	7.55%	563	\$ 29,998,221	\$ 6,560
Series 1995 A Bonds	25,000,000	6.25	477	24,995,973	8,138
Series 1996 A Bonds	25,000,000	7.30	460	25,003,149	70,312
Series 1997 A Bonds <sup>1</sup>	30,000,000	6.18	502	29,972,711	362,388
Series 1999 A Bonds <sup>1</sup>	37,700,000	6.30	552	37,606,768	696,715
Series 1999 B Bonds <sup>1,2</sup>	137,718,325	6.44	2,308	140,338,387	1,886,323
Series 2000 A Bonds <sup>1,2</sup>	122,150,806	6.38	1,676	105,510,710	1,826,288
Series 2001 A Bonds <sup>1,2</sup>	63,615,400	5.99	882	64,871,560	2,342,985
Series 2002 A Bonds <sup>1</sup>	40,000,000	5.35	498	39,995,939	2,256,062
Series 2003 A Bonds	50,000,000	4.94	864	50,000,000	6,439,907
Series 2004 A Bonds	101,573,178	5.19	1,368	101,573,178	10,213,895
Series 2005 A Bonds <sup>2</sup>	83,070,602	5.45	1,083	86,220,391	6,732,407
Series 2006 A Bonds <sup>5</sup>	100,894,976	5.65	1,010	100,890,475	8,549,654
Series 2006 C Bonds <sup>6</sup>	85,992,500	5.57	839	84,779,089	7,288,379
Series 2007 A Bonds	82,357,475	5.99	815	82,352,760	7,087,095
Series 2008 A Bonds	19,560,250	6.16	203	20,176,570	1,774,670
Series 2008 B Bonds	43,858,550	6.30	437	44,302,748	4,169,861
Series 2014 A Bonds <sup>4</sup>	60,000,000	3.70	518	60,054,159	14,961,124
Series 2016 A Bonds <sup>4</sup>	30,000,000	3.73	255	29,997,455	10,373,936
Series 2016 B Bonds <sup>4</sup>	40,000,000	3.35	337	40,294,410	16,170,928
Series 2017 A Bonds <sup>4</sup>	50,000,000	3.75	320	48,481,331	20,441,350
Series 2017 B Bonds	55,000,000	3.91	43	54,484,161	23,859,470
Series 2018 A Bonds	70,000,000	4.62	543	70,088,493	33,885,086
Series 2019 A Bonds	74,000,000	4.37	529	73,942,835	41,878,049
Series 2019 B Bonds	90,000,000	3.86	612	89,650,341	55,870,779
Series 2020 A Bonds	115,000,000	3.54	693	115,992,961	77,081,318
Series 2020 B Bonds	123,280,000	3.11	743	123,835,031	93,596,223
Series 2021 A Bonds	166,000,000	3.23	893	165,791,083	137,742,325
Series 2022 A Bonds	84,000,000	4.58	422	83,769,755	70,067,578
Series 2022 B Bonds	160,000,000	5.81	788	159,989,478	137,069,637
Series 2023 A Bonds	110,492,543	6.19	518	110,403,890	101,620,616
Series 2023 B Bonds	101,365,000	6.53	487	101,310,868	95,117,933
Series 2024 A Bonds	152,047,500	6.40	702	151,816,229	144,022,498
Series 2024 B Bonds	152,338,500	6.08	676	152,338,500	146,569,890
Series 2025 A Bonds	176,476,038	5.90	758	176,395,084	171,965,969
Series 2025 B Bonds	181,662,876	5.91	754	181,609,637	180,354,407
Series 2025 C Bonds	200,218,720	5.49	826	200,130,224	199,397,845
Series 2026 A Bonds <sup>3</sup>	210,342,194	5.61	306	75,133,337	75,038,075
Capital Revenues <sup>7</sup>	-0-	4.28	325	<u>44,717,049</u>	<u>27,006,100</u>
TOTALS	<u>\$3,480,715,433</u>			<u>\$3,378,814,940</u>	<u>\$1,935,802,775</u>

<sup>1</sup> Portions of these Series of Bonds were refunded by the Series 2012 A Bonds and the Mortgage Loans transferred to the Series 2012 A Bonds.

<sup>2</sup> These Series of Bonds involved optional redemptions of prior Homeownership Mortgage Purchase Bonds. The Initial Lendable Proceeds includes the amount necessary to redeem the prior Bonds, the Number of Loans includes the number of loans transferred from the prior Series and the Original Amount Purchased/Transferred includes the original loan amount purchased from the prior Bonds.

<sup>3</sup> Mortgage Loans are still being financed with Series 2026 A Bond proceeds.

<sup>4</sup> Consists of purchased Mortgage Loans and MBS.

<sup>5</sup> Portions of these Series of Bonds were refunded by the Series 2015 A Bonds and the Mortgage Loans transferred to the Series 2015 A Bonds.

<sup>6</sup> Portions of these Series of Bonds were refunded by the Series 2016 B Bonds and the Mortgage Loans transferred to the Series 2016 B Bonds.

<sup>7</sup> Capital Revenues are surplus Revenues which, after satisfying all other deposit obligations under the Resolution, are transferred to the Program Fund to make additional Mortgage Loans or to redeem Bonds. Capital Revenues are not associated with any particular Series of Bonds.

The following table shows delinquencies and foreclosures of Mortgage Loans (not MBS) originated with proceeds of Mortgage Revenue Bonds on a quarterly basis for the periods ended March 31, 2025, through March 31, 2026. The following table includes no DPA Mortgage Loans.

	<u>03/31/2025</u>	<u>06/30/2025</u>	<u>09/30/2025</u>	<u>12/31/2025</u>	<u>03/31/2026</u>
Total Active Mortgage Loans	10,063	10,441	11,026	11,410	11,968
Number Mortgage Loans 60 Days Delinquent	63	129	126	195	148
% of Mortgage Loans 60 Days Delinquent of Total Number Outstanding	0.63%	1.24%	1.14%	1.71%	1.24%
Number Mortgage Loans 90 Days Delinquent	173	195	208	266	229
% of Mortgage Loans 90 Days Delinquent of Total Number Outstanding	1.72%	1.87%	1.89%	2.33%	1.91%
Number Mortgage Loans in Foreclosure	66	54	115	117	104
% of Mortgage Loans in Foreclosure of Total Number Outstanding	0.66%	0.52%	1.04%	1.03%	0.87%
Number Mortgage Loans Real Estate Owned <sup>1</sup>	0	0	0	0	0

<sup>1</sup>Number of Mortgage Loans where the Authority has taken title to the property upon foreclosure and has not yet resold the property. All proceeds, if any, received from the sale of the property will be pledged as provided under the Resolution.

### **Authorized Investments**

The interest income from the investment of funds held by the Trustee may change from time to time and may be less than or greater than the interest payable on the Bonds. If and to the extent the interest income from Authorized Investments is less than the interest payable on the Bonds, the Trustee may be unable to pay the debt service on the Bonds. If and to the extent amounts earned from investment of the proceeds from the Bonds exceed amounts which would have been earned if such proceeds were invested at a rate equal to the yield on such Bonds, such excess may be subject to rebate to the United States Department of Treasury. Each Authorized Investment, including any investment agreements, will evidence the obligation of the issuer thereof to pay principal of and interest on such moneys to the Trustee at certain times for use in accordance with the Resolution. There can be no assurance that the issuer of any Authorized Investment will be able to pay principal of and interest on such moneys at such rates on a timely basis. Under certain Authorized Investments, the Authority may have the ability to withdraw funds under certain specified circumstances. If the Authority does withdraw such funds, no assurance can be given that the Authority will be able to reinvest the amounts withdrawn at rates equal to those it was receiving under such Authorized Investment. If the issuer of any Authorized Investment fails to pay principal of or interest on any such moneys at such rates on a timely basis, or if the Authority has to reinvest amounts currently held under an Authorized Investment at rates lower than the then current rates under such Authorized Investment, the Authority may be unable to pay the principal of and interest on the Bonds.

### **Mortgage Purchase Procedures and Conditions**

The following is a summary of certain provisions contained in the current guides for origination and servicing of Mortgage Loans of the Authority and Mortgage Loans underlying Mortgage Backed Securities utilized with respect to the Program. All capitalized terms used under this caption and not otherwise defined herein or in the Resolution have the meanings ascribed to them in such guides. The Authority purchases Mortgage Loans pursuant to the terms of Mortgage Purchase Agreements with lenders. Mortgage Loans underlying Mortgage Backed Securities are purchased by the Master Servicer (as defined herein under the heading “The Master Servicer” below) to back Mortgage Backed Securities pursuant to terms of agreements between the Master Servicer and lenders. The

Mortgage Purchase Agreements and the agreements between the Master Servicer and lenders are referred to herein as the "Agreements." The current guides and forms of Agreements are subject to amendment or revision so long as such amendments or revisions are consistent with the Act and the Resolution.

All Mortgage Loans are originated and underwritten by the lenders or an approved Mortgage Insurance Company and receive an underwriting review by the Authority to ensure accuracy and compliance to Program requirements. Following the review, certificates of eligibility are issued for all first and second mortgages. A recapture notice is also issued to each lender for all first mortgages approved to close. Specific delivery instructions are furnished for Mortgage Loans scheduled for purchase by the Authority or Master Servicer, as applicable. Approved Mortgage Loans are funded by the lenders and delivered, as applicable, to the Authority or the Master Servicer for purchase.

The Authority completes its processing of properly submitted Mortgage Loans as promptly as practicable. Mortgage Loans are usually reviewed within 48 hours of receipt and certificates issued within 72 hours. Lender funded Mortgage Loans will be sent to the Authority or the Master Servicer by the lender for purchase. Neither the Authority nor the Master Servicer will purchase any Mortgage Loan for which a delinquency or default has occurred and is continuing on the date of purchase. Lenders will retain all payments of principal or interest received by the lender prior to the date such Mortgage Loan is purchased.

To be purchased under the Program, a Mortgage Loan (other than a DPA Mortgage Loan) must constitute an interest-bearing obligation payable in substantially equal monthly installments and be secured by a mortgage which is a first lien on the real property financed by the Mortgage Loan (or a second lien on such property for DPA Mortgage Loans). Each Mortgage Loan must also require certain escrow payments in respect of taxes, assessments, insurance premiums and other items. The Mortgage Loans must be insured as described in "Mortgage Insurance Programs" under this heading. The property that is the subject of each Mortgage Loan must also have the benefit of a homeowner's hazard insurance policy insuring the improvements constituting part of the mortgaged property from damage from certain specified events, and, other than DPA Mortgage Loans, a title insurance policy in an amount at least equal to the outstanding principal amount of such Mortgage Loan insuring that the mortgage securing such Mortgage Loan constitutes a first lien on the mortgaged property subject only to liens for taxes and assessments and exceptions normally acceptable to the primary mortgage insurer and prudent mortgage lenders. Mortgage Loans must be scheduled to mature in not more than 30 years. In addition to customary fees and charges for real estate closings, the lender may charge the borrower an origination fee in an amount that is usual and customary for such a fee if the loan is insured by FHA, RHS, VA, or an origination fee in an amount that is usual and customary along with a discount fee as determined by Fannie Mae or Freddie Mac (to cover any applicable loan level pricing adjustment) if insured by a Qualified Private Mortgage Insurer.

The Code imposes income limitations on borrowers. See "MORTGAGE REVENUE BOND TAX MATTERS" herein.

No Mortgage Loan is eligible for purchase by the Authority or the Master Servicer under the MBS Program unless the borrower has first completed the Authority's Borrower's Affidavit and the seller of the property to be mortgaged or the seller's agent has first completed the Seller/Builder Affidavit. The Borrower's Affidavit and the Seller/Builder Affidavit are required to assure compliance with the provisions of the Code. A perjured statement contained in either of the two affidavits or a misrepresentation as to any statement contained in either the Mortgage Loan or the Mortgage will cause the Mortgage Loan to be accelerated or repurchased by the originating lender or the mortgage insurance company's underwriting company.

Each Agreement contains certain representations and warranties by the lender to the Authority or Master Servicer, as applicable, concerning each Mortgage Loan to be sold to the Authority or Master Servicer thereunder, including, among others, that at the time of delivery of such Mortgage Loan to the Authority or Master Servicer (i) there is no default or delinquency under the Mortgage Loan, (ii) the Mortgage Loan (other than a DPA Mortgage Loan) is secured by a valid and existing first lien on the mortgaged property, and (iii) the mortgage securing the Mortgage Loan has been filed for record.

Each Agreement further provides that the lender or the mortgage insurance company's underwriting company will repurchase any Mortgage Loan sold to the Authority or the Master Servicer upon written notice by the

Authority or the Master Servicer, as applicable, of a breach of a representation or warranty by the lender and other customary repurchase criteria in the secondary market.

### **The Master Servicer**

Until June 12, 2021, the Master Servicer for Mortgage Loans underlying Mortgage Backed Securities (the “Master Servicer”) purchased under the Mortgage Revenue Bond Program was U.S. Bank, National Association (“U.S. Bank”). Although U.S. Bank no longer purchases new Mortgage Loans, U.S. Bank will continue to provide servicing services for the Authority with respect to those Mortgage Loans originally acquired and serviced by U.S. Bank as long as they remain outstanding. U.S. Bank currently services approximately 0.4% of the Authority’s outstanding Mortgage Loans in the Mortgage Revenue Bond Program.

The Master Servicer for Mortgage Loans underlying Mortgage Backed Securities that are purchased under the Mortgage Revenue Bond Program in the future will be Lakeview Loan Servicing LLC (“Lakeview”). The current servicing agreement (the “Lakeview Servicing Agreement”) between the Authority and Lakeview, dated as of November 5, 2025, has a stated maximum term of five years. The Authority currently does not expect to purchase new Mortgage Backed Securities backed by new Mortgage Loans under the Mortgage Revenue Bond Program. If it does not make any such purchases, Lakeview will not be involved in the purchase, pooling, or servicing of Mortgage Loans. In the event that the Authority does purchase Mortgage Backed Securities backed by new Mortgage Loans, such Mortgage Loans are expected to be purchased from lenders, pooled, and serviced by Lakeview. In such event, Lakeview would serve as the Master Servicer of those Mortgage Loans.

The Master Servicer under the Mortgage Revenue Bond Program is required to service any Mortgage Loans underlying Mortgage Backed Securities in compliance with the terms of the applicable servicing agreement (the “Servicing Agreement”). Pursuant to each Servicing Agreement, the Master Servicer must be (i) an FHA-approved and a VA-approved lender and, to the extent the Master Servicer is servicing a Pool which includes RHS-guaranteed mortgage loans, a RHS-approved lender; (ii) a GNMA-approved servicer of mortgage loans and an approved issuer of mortgage backed securities guaranteed by GNMA; (iii) a Fannie Mae-approved servicer of mortgage loans; and (iv) a Freddie Mac-approved servicer of mortgage loans.

The Lakeview Servicing Agreement establishes certain obligations between the Authority and Lakeview with respect to the servicing of Mortgage Loans underlying Mortgage Backed Securities (and subject to the applicable servicing manuals) for which Lakeview is the Master Servicer. Lakeview has agreed to comply with the terms of the applicable GNMA, Fannie Mae, and Freddie Mac agreements regarding the Mortgage Backed Securities and acquire Mortgage Loans for securitization into Mortgage Backed Securities in accordance with the Lakeview Servicing Agreement and the guidelines of GNMA, Fannie Mae, and Freddie Mac, as applicable, and to pool Mortgage Loans into Mortgage Backed Securities for sale to the Trustee or to another purchaser as directed by the Authority. Lakeview has agreed to acquire the Mortgage Loans and cause the aggregation of Mortgage Loans to occur in order to enable the formation of pools of Mortgage Loans as expeditiously as possible.

The specifics regarding the timing, pool size, and procedures relating thereto will be governed by the guidelines of GNMA, Fannie Mae, and Freddie Mac, as applicable. The total principal amount of any issue of Mortgage Backed Securities will not be less than the aggregate unpaid principal balances of the Mortgage Loans in a pool as of the issue date of the related Mortgage Backed Security.

### **Origination and Purchase of Mortgage Loans Backing Mortgage Backed Securities**

Although the Authority currently expects to use proceeds of the Series 2026 B Program Account to finance only Mortgage Loans purchased by the Authority, any new Mortgage Loans underlying Mortgage Backed Securities to be financed by the Series 2026 B Bonds will be originated by lenders authorized to do business in South Carolina and approved by the Authority and/or the Master Servicer. To qualify under the Program, Mortgage Loans underlying Mortgage Backed Securities and mortgagors must have complied with certain requirements of the Code and certain other conditions of the Authority, GNMA, Fannie Mae, or Freddie Mac, and the Master Servicer, all as further described in the applicable Servicing Agreement with the applicable Master Servicer and government-sponsored enterprise.

The Master Servicer has general responsibility for the purchase and servicing of, and compliance reviews of, Mortgage Loans underlying Mortgage Backed Securities under the MBS Program. Upon delivery from a lender, the Master Servicer is authorized to review the Mortgage Loan to ensure that it is eligible for inclusion in a Fannie Mae, Freddie Mac, or GNMA Mortgage Backed Security. The Master Servicer is also authorized to review the pertinent documents necessary to ensure such Mortgage Loan meets secondary marketing guidelines. The Master Servicer's Agreements with the lenders contain customary representations and warranties by the lender relating to the eligibility of the Mortgage Loans and documents, and the Master Servicer may rely on such representations and warranties by the lender regarding those matters, regardless of whether it performed such reviews. Upon approval by the Master Servicer, the Master Servicer will purchase such Mortgage Loan for securitization into a Mortgage Backed Security. The Master Servicer does not intend to purchase non-qualifying Mortgage Loans. The Master Servicer has agreed with Fannie Mae, Freddie Mac, or GNMA not to deliver non-qualifying Mortgage Loans to back Mortgage Backed Securities. If the Master Servicer purchases non-qualifying Mortgage Loans, it will have customary repurchase and/or indemnification remedies against the applicable lender based on the representations and warranties discussed above.

The Master Servicer has agreed to diligently enforce all terms, covenants, and conditions of such Mortgage Loans, including the prompt payment of all such Mortgage Loan principal and interest payments, consistent with and subject to the requirements of GNMA, Fannie Mae, or Freddie Mac, and applicable law and regulations. The Master Servicer is expected to perform all loan servicing duties, as applicable.

With respect to lenders participating in the Program as related to Mortgage Backed Securities after such lender's application is pre-approved by the Authority, the Master Servicer will review such lender's application to determine such lender's eligibility to participate in the Program. The Master Servicer will also conduct an annual recertification of all such lenders participating in the Program, including a review of the lender's financial information to assure that the lender continues to be qualified to participate in the Program.

### **Transfer and Assumption of Mortgage Loans**

In any case in which property subject to a Mortgage Loan (including a DPA Mortgage Loan) has been or is about to be conveyed by the Mortgagor to his or her successor in interest, the Authority or the Master Servicer, as applicable, is authorized to consent to the assumption of the Mortgage Loan. The Master Servicer is authorized to consent to the assumption of the Mortgage Loan upon establishing compliance with FHA guidelines for any loans it services. When the Authority is the servicer of the loan, the Authority is authorized to consent to the assumption of the Mortgage Loan, but only if the following conditions are met: (1) the Authority has determined that all requirements of the agreements relating to the Mortgage Loan origination and mortgage and residence eligibility are met with respect to such assumption, based upon the facts as they exist at the time of the assumption as if the Mortgage Loan were being made for the first time; (2) the Authority has determined that: (i) the person to whom such property has been or is about to be conveyed is a First Time Homebuyer (except with respect to qualified rehabilitation loans, Qualified Refinance Loans, loans to Qualified Veterans, and residences located in Targeted Areas) whose family income does not exceed certain income limits set forth in the Code and who intends to occupy the residence as his or her principal place of residence within 60 days after the assumption, and (ii) the acquisition cost of the residence does not exceed the maximum acquisition cost; (3) the Authority has received from the transferor an executed seller's affidavit and from the person to whom such property has been or is about to be conveyed an executed affidavit of the Mortgagor; (4) FHA, RHS, or VA, as applicable, have approved the conveyance if such approval is required; (5) the Authority has received the assumption charge plus the other charges permitted by the Agreements; (6) the Mortgage Loan, the residence and the new Mortgagor meet all of the requirements of the Program; and (7) in the case of Mortgage Loans underlying Mortgage Backed Securities, the Master Servicer shall have delivered a Participant's Certificate with applicable exhibits to the Authority together with evidence of FHA, VA, or RHS, approval of such assumption and the Authority shall have approved such transfer and assumption.

Under no circumstances shall the Authority consent to the conveyance of a property subject to a Mortgage Loan unless conditions (1) through (7) above have been met or unless the Authority shall have received an opinion of counsel of its choice, recognized to be expert in such matters, that permitting the conveyance without having met such conditions would not affect the validity of the Series 2026 B Bonds and the Authority shall have so notified the Master Servicer. If the Master Servicer believes that some action other than foreclosure (such as re-conveyance under circumstances meeting the above conditions) can be taken so as to enable it to consent to the transfer of the

Residence, it shall so advise the Authority and cause such action to be taken or not, as the case may be, at the direction of the Authority. If no such action can be taken or if the Master Servicer fails to cause such action to be taken, the Master Servicer shall so advise the Authority, shall take any and all steps necessary to secure all benefits payable under the FHA insurance, VA guaranty or RHS guaranty, as applicable, and shall commence foreclosure proceedings unless otherwise directed by the Authority within 15 days after such notice, and subject to the requirements of GNMA, Fannie Mae, or Freddie Mac, and applicable law and regulations.

### **Mortgage Insurance Programs**

The Resolution currently requires that each Mortgage Loan (other than DPA Mortgage Loans) purchased under the Program or backing Mortgage Backed Securities under the Program be (i) insured by a Qualified Private Mortgage Insurer or FHA or guaranteed by the VA or RHS, in any case upon such terms and conditions as are prescribed in any applicable Supplemental Resolution, or (ii) insured or guaranteed by any other agency or instrumentality of the United States insuring or guaranteeing mortgage loans on terms and conditions at least as favorable to the mortgagee as the FHA insurance or the VA or RHS guarantee terms referred to above. To the extent permitted by the Act or other State or federal statute, including the Homeowners Protection Act of 1998, as amended, the Series 2026 B Supplemental Resolution provides that the above-described mortgage insurance shall be maintained on each Series 2026 B Mortgage Loan (other than DPA Mortgage Loans) so long as the outstanding principal balance of such Mortgage Loan exceeds 80% of the original appraised value of the property which is the subject of the Mortgage Loan. Mortgage insurance will only be terminated in accordance with applicable law.

In the event that a mortgagor defaults on the payments on a Mortgage Loan, the Authority's procedures under the Program require the applicable mortgage insurance provider to pay all claims arising from default on such Mortgage Loan. Under the Program, all Mortgage Loans (other than DPA Mortgage Loans) (i) must be backed by private mortgage insurance and underlying a Fannie Mae, GNMA, or Freddie Mac Mortgage Backed Security, or (ii) must be insured by FHA, RHS, or VA, or (iii) must be backed by private mortgage insurance with an investment grade rating from S&P, Moody's or Fitch.

The following table shows the breakdown of types of provider and private insurance providers for all Mortgage Loans securing Bonds, directly or indirectly, under the Resolution outstanding as of March 31, 2026:

<u>Insurer</u>	<u>Principal</u>	<u>Percent of Principal Balance Outstanding</u>	<u>Number of Loans</u>	<u>Percent of Total Number of Loans Outstanding</u>
FHA	\$1,282,309,103	68.48%	8,256	69.98%
RHS	80,715,141	4.31%	419	3.50%
VA	120,457,002	6.43%	450	3.76%
Subtotal	\$1,483,481,246	79.22%	9,125	
Arch/UGI	64,201,347	3.43%	405	3.38%
MGIC	64,194,738	3.43%	383	3.20%
RADIAN	77,646,492	4.15%	401	3.35%
GEMICO	68,262,977	3.65%	375	3.13%
RMIC	-0-	0.00%	-0-	0.00%
ESSENT	52,855,489	2.82%	266	2.22%
National MI	544,546	0.03%	3	0.03%
Subtotal	\$327,705,589	17.50%	1,833	
Uninsured 1 <sup>st</sup> Mortgage Loans	61,380,418	3.28%	1,010	8.44%
Total	\$1,872,567,253	100.00%	11,968	100.00%
Uninsured DPA Loans	63,235,522		7,512	
Grand Total	\$1,935,802,775		19,480	

The following table sets forth the amount of outstanding Mortgage Loans which back Mortgage Backed Securities which are serviced by U.S. Bank as of March 31, 2026:

<u>Guarantor</u>	<u>Principal</u>	<u>Percent of Principal Balance Outstanding</u>
GNMA	\$7,811,710	96.75%
Fannie Mae	262,540	3.25%
Total	<u>\$8,074,250</u>	<u>100.00%</u>

### **Homeowner’s Hazard Insurance Policies**

Each borrower on a Mortgage Loan is required at his or her expense to maintain insurance for the mortgaged property as described in “SECURITY FOR THE BONDS AND OTHER FUNDS OF THE AUTHORITY – Mortgage Loans.”

The required homeowner’s hazard insurance policy insures against physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike, and civil commotion, under the conditions and exclusions particularized in each policy. Policies typically exclude physical damage resulting from the following: war, revolution, governmental action, floods and other water-related causes, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft, and, in certain cases, vandalism. However, the Authority requires the owner of any residence located in a federally designated flood plain to carry, at the owner’s expense, flood insurance.

### **TBA PROGRAM**

In 2018, the Authority began a program to finance mortgage loans through the sale of mortgage backed securities, which are not pledged as security for the Bonds, into the secondary market and hedge the interest rate risk in the “to be announced” (“TBA”) market. This program provides alternative financing for the purchase of mortgage loans. No assurance can be given that the availability of loans under the TBA program will not adversely affect the amount and timing of originations of Series 2026 B Mortgage Loans under the Program. To the extent that the TBA program results in less than the entire amount deposited in the Series 2026 B Program Account being used to finance Series 2026 B Mortgage Loans, Series 2026 B Bonds would be redeemed prior to maturity as described under the heading “DESCRIPTION OF THE SERIES 2026 B BONDS – Redemption – *Special Mandatory Redemption – Unexpended Proceeds – 42 Month Requirement*” herein.

### **MORTGAGE CREDIT CERTIFICATE PROGRAM**

In 2012, the Authority began a mortgage credit certificate (“MCC”) program which offers a tax credit to eligible borrowers who do not utilize the Authority’s bond-financed homeownership programs. The Authority utilizes volume cap for private activity bonds for its MCC program that would otherwise be available for the Authority’s single family bond issues. The Authority intends to sunset this program on or around June 30, 2026 so that it may conserve its volume cap for use in the Mortgage Revenue Bond Program.

### **LEGALITY FOR INVESTMENT**

South Carolina law provides that the Series 2026 B Bonds are eligible for investment in South Carolina by all public officers, public bodies, and political subdivisions of South Carolina, banks, savings banks and institutions, building and loan associations, savings and loan associations, trust companies, investment companies, and insurance companies and all executors, administrators, trustees, and other fiduciaries of funds in their control or belonging to them.

## TAX MATTERS

### Tax Matters Relating to the Series 2026 B-1 Bonds

#### *Opinion of Bond Counsel*

In the opinion of Burr Forman McNair (“Bond Counsel”), under existing law and assuming continuing compliance with certain tax covenants, representations and certifications made by the Authority described herein, (i) interest on the Series 2026 B-1 Bonds (collectively, the “Tax-Exempt Bonds”) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code; however, for tax years beginning after December 31, 2022, interest on the Tax-Exempt Bonds is taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax imposed under Section 55 of the Code.

In addition, in the opinion of Bond Counsel, under existing law, interest on the Tax-Exempt Bonds is exempt from all state, county, municipal, school district, and all other taxes or assessments provided by the laws of the State of South Carolina except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise and certain franchise taxes. Interest paid on the Tax-Exempt Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

#### *Certain Ongoing Federal Tax Requirements and Covenants*

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that requires certain excess earnings on gross proceeds to be rebated to the federal government. Noncompliance with such requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. The Authority, pursuant to the Resolution and the Federal Tax Certificate has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority has made certain representations and certifications in the Resolution and the Federal Tax Certificate on which Bond Counsel will rely. Bond Counsel will not independently verify the accuracy of those representations and certifications.

#### *Ancillary Tax Matters*

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a holder’s federal, state, local, foreign or other tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the holder or the holder’s other items of income or deduction. Prospective owners, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the tax consequences of owning and disposing of the Tax-Exempt Bonds. Bond Counsel expresses no opinion regarding any such other tax consequences.

#### *Mortgage Revenue Bond Code Provisions*

Section 143 of the Code imposes significant limitations on the financing of single-family home mortgages that are applicable to the Tax-Exempt Bonds. The Authority will require that all Mortgage Loans financed by the Tax-Exempt Bonds satisfy these requirements, including, but not limited to, the borrower income and purchase price limitations of Section 143 of the Code.

Under the Code, the following requirements must be met with respect to each Mortgage Loan financed with the Tax-Exempt Bond proceeds of an issue: (i) the residence being financed must be located in South Carolina and must reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided, must not be intended primarily or expected to be used in a trade or business and may not be used as an investment property or as a recreational home; (ii) at least 95% of the lendable proceeds of the Series 2026 B Program Account derived from the Tax-Exempt Bonds, after deducting such proceeds used to make Mortgage Loans in “targeted areas” and for qualified rehabilitation or home improvement, must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence during the three-year period prior to the date on which the mortgage is executed; (iii) the acquisition cost of the residence must not exceed certain limitations; (iv) all Mortgage Loans must be made to borrowers whose incomes do not exceed certain limitations; (v) proceeds may not be applied to acquire or replace an existing mortgage, except under limited circumstances; and (vi) a mortgage may not be assumed unless requirements (i)-(iv) above are met.

The Tax-Exempt Bonds are treated as meeting the mortgage eligibility requirements of the Code only if the Authority in good faith attempts to meet all of the mortgage eligibility requirements before the mortgages are executed and any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered. In addition, 95% or more of the proceeds of the Series 2026 B Program Account derived from Tax-Exempt Bonds used to make Mortgage Loans must be used to finance residences which met all such requirements at the time the Mortgage Loans were executed. In determining whether 95% of the proceeds have been so used, the Authority is entitled to rely on an affidavit of the mortgagor and of the seller and on the mortgagor's income tax returns filed with the Internal Revenue Service (the “IRS”) for the three years preceding the date the mortgage is executed even though the relevant information in such affidavits and returns should ultimately prove to be untrue, unless the Authority or its agent knows or has reason to believe that such information is false. If the relevant information in the affidavits obtained in connection with any Mortgage Loan is discovered to be untrue, however, the correction still must be made within a reasonable period. The Tax-Exempt Bonds are treated as meeting the arbitrage and targeting requirements of the Code if (i) the Authority in good faith attempted to meet all these requirements and (ii) any failure to meet such requirements is due to inadvertent error after taking reasonable steps to comply with the requirements.

The Authority has included provisions in the relevant documents and has established procedures (including receipt of certain affidavits and warranties from lenders, borrowers and others respecting the mortgage eligibility requirements) in an effort to ensure compliance with the mortgage eligibility requirements and other requirements relating to non-mortgage investments which must be met subsequent to the date of issuance of the Tax-Exempt Bonds. The Authority has covenanted in the Resolution to do and perform all acts and things necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds shall be excludable from gross income for federal income tax purposes. Under the Code, certain requirements must be met subsequent to the delivery of the Tax-Exempt Bonds to ensure that the interest thereon be excluded from gross income for federal income tax purposes.

The Authority believes that the procedures and documentation requirements established for the purpose of fulfilling its covenant are sufficient to ensure that the proceeds of the Tax-Exempt Bonds deposited in the Series 2026 B Program Account will be applied in accordance with the Code.

The transaction documents also provide or will provide that the participating lenders are to supply to the Authority certain information pertaining to the mortgagors required by the Code. The Authority is required to file a report in accordance with applicable revenue procedures. Failure by the lenders or the Authority to comply with these requirements may result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

#### *Original Issue Discount*

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in

the capacity of underwriters, placement agents or wholesalers). Any prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Tax-Exempt Bonds were ultimately sold to the public.

In general, the original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Tax-Exempt Bond even though there will not be a corresponding cash payment. Holders of Tax-Exempt Bonds having original issue discount, and especially any holder who is not an original owner of such a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the tax consequences of acquiring, holding, and disposing of Tax-Exempt Bonds with original issue discount.

#### *Original Issue Premium*

Tax-Exempt Bonds purchased, whether at original issue or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such holder. As a consequence of reducing a holder’s basis in a Premium Bond, under certain circumstances a holder of a Tax-Exempt Bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such holder’s original cost of acquiring the bond. Holders of any Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium with respect to the tax consequences of acquiring, holding, and disposing of Premium Bonds.

#### *Changes in Law and Post Issuance Events*

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel’s judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. Such opinions are not binding on the IRS or the courts. Furthermore, legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal or state income tax purposes and thus on the value or marketability of the Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Bonds may affect the tax status of interest on the Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

#### *IRS Examination*

Bond Counsel’s engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the beneficial owners, would have

little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to, selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

#### *Information Reporting and Backup Withholding*

Interest on federally tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any holder of the Tax-Exempt Bonds who fails to provide certain required information and who is not an exempt person. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

### **Tax Matters Relating to the Series 2026 B-2 Bonds**

#### *Opinion of Bond Counsel*

In the opinion of Bond Counsel, under existing law, interest on the Series 2026 B-2 Bonds (the “Taxable Bonds”) is exempt from all state, county, municipal, school district, and all other taxes or assessments provided by the laws of the State of South Carolina except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise and certain franchise taxes. Interest paid on the Taxable Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

#### *Certain United States Federal Income Tax Matters*

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Taxable Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including, but not limited to, financial institutions, insurance companies, dealers and traders in securities or currencies, persons holding such Taxable Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies, certain United States expatriates, REITs, RICs, partnerships, S corporations, trusts, estates, tax exempt organizations or persons whose functional currency is not the United States dollar. In addition, this summary does not address (i) alternative minimum tax issues, (ii) the net investment income tax imposed (3.8% surtax) under Section 1411 of the Code, (iii) the indirect effects on person who hold equity interests in a holder, or (iv) holders other than original purchasers that acquire Taxable Bonds pursuant to this offering at their initial issue price except where otherwise specifically noted. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Taxable Bonds.

The Authority has not sought and will not seek any rulings from the IRS with respect to any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

### *U.S. Holders*

As used herein, the term “U.S. Holder” means a beneficial owner of Taxable Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Taxable Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Taxable Bonds.

### *Taxation of Interest Generally*

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. Subject to the discussions below addressing original issue discount and bond premium, interest paid on the Taxable Bonds generally will be treated as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for United States federal income tax purposes.

### *Original Issue Discount*

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount (“Discount Taxable Bonds”). A Taxable Bond generally will be treated as having been issued with an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Taxable Bond’s “stated redemption price at maturity” is the total of all payments provided by the Taxable Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the Authority) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Taxable Bond is the sum of the “daily portions” of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Taxable Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments

on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

#### *Bond Premium*

A holder of a Taxable Bond who purchases such Taxable Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Taxable Bonds held by the holder on the first day of the taxable year to which the election applies and to all Taxable Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Taxable Bonds who acquire such Taxable Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Taxable Bonds.

#### *Sale or Redemption of Bonds*

A bondholder's adjusted tax basis for a Taxable Bond is the price such holder pays for the Taxable Bond plus the amount of original issue discount previously included in income and reduced on account of any payments received on such Taxable Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, generally will give rise to capital gain or loss if the Taxable Bond is held as a capital asset.

If the terms of a Taxable Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued," or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Taxable Bond under the defeasance provisions of the Resolution could result in a deemed sale or exchange of such Taxable Bond.

Each potential holder of Taxable Bonds should consult its own tax advisor concerning (i) the treatment of gain or loss on sale, redemption or defeasance of the Taxable Bonds, and (ii) the circumstances in which Taxable Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

#### *Non-U.S. Holders*

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Authority or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (i) does not own (actually or constructively) 10% or more of the voting equity interests of the Authority, (ii) is not a controlled foreign corporation for United States tax purposes that is related to the Authority (directly or indirectly) through stock ownership, and (iii) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (i) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Authority, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must

provide its name and address, or (ii) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Taxable Bonds must certify to the Authority or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing United States federal income tax treaty, if any, in force between the United States and the resident country of the Non-U.S. Holder. The United States has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Authority or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Taxable Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Taxable Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (i) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (ii) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments, certain "passthru" payments, and gross proceeds of the sale of the Taxable Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, holders or beneficial owners of the Taxable Bonds shall have no recourse against the Authority, nor will the Authority be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Taxable Bonds. However, it should be noted that, under current guidance, FATCA withholding does not apply to gross proceeds, and will apply to certain "passthru" payment no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payment."

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Taxable Bonds.

#### *Information Reporting and Backup Withholding*

For each calendar year in which the Taxable Bonds are outstanding, the Authority, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders,

including corporations, tax-exempt organizations, qualified pension and profit-sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Authority, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Taxable Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Authority, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Taxable Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Taxable Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding United States federal income tax discussion is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

#### *Changes in Law and Post Issuance Events*

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel’s judgment as to the proper treatment of the Taxable Bonds for federal income tax purposes. Such opinions are not binding on the IRS or the courts. Furthermore, legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Taxable Bonds for federal or state income tax purposes, and thus on the value or marketability of the Taxable Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Taxable Bonds. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Taxable Bonds.

#### **Bond Counsel Opinions**

The opinions of Bond Counsel are limited to the laws of the State and federal income tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Tax-Exempt Bonds, Taxable Bonds or the interest thereon under the laws of any other jurisdiction. The forms of the approving opinions of Bond Counsel are attached to this Official Statement as APPENDIX B – “Forms of Opinions of Bond Counsel to be Delivered in Connection With Issuance of Series 2026 B Bonds.” Bond Counsel is not rendering any opinions as to any federal and state tax

matters other than those described in the opinions attached as APPENDIX B – “Forms of Opinions of Bond Counsel to be Delivered in Connection With Issuance of Series 2026 B Bonds” to this Official Statement. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds and Taxable Bonds, as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction.

### **LITIGATION**

There is no controversy or litigation of any nature now pending or threatened, in any way contesting or affecting the validity of either the Series 2026 B Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of either the Series 2026 B Bonds or the existence or powers of the Authority, or contesting or affecting the exclusion from gross income for federal income tax purposes of interest on the Series 2026 B-1 Bonds, or the Authority’s ability to operate its Mortgage Revenue Bond Program as described herein.

### **RATING**

Moody’s has assigned a rating of “Aaa” (negative outlook) to the Series 2026 B Bonds. Any explanation of the significance of such rating should be obtained directly from Moody’s. There is no assurance that a particular rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely, if, in the judgment of the rating service, circumstances so warrant. Any downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Series 2026 B Bonds. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time.

### **UNDERWRITING**

The Authority may elect to accept: (1) the offer of an underwriting group for whom BofA Securities, Inc. (“BofA Securities”) is Manager (the “Underwriters”) to purchase the Series 2026 B-1 Bonds; or (2) the offer of the Underwriters to purchase the Series 2026 B-2 Bonds; or (3) both the offer of the Underwriters to purchase the Series 2026 B-1 Bonds and the offer of the Underwriters to purchase the Series 2026 B-2 Bonds.

The Series 2026 B-1 Bonds are being sold by the Authority to the Underwriters, which have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Series 2026 B-1 Bonds at a price which is equal to the aggregate of the initial public offering prices set forth on the inside cover page. The Underwriters will be paid an underwriting fee equal to \$\_\_\_\_\_ in connection with the issuance of the Series 2026 B-1 Bonds. The initial public offering prices may be changed from time to time by the Underwriters.

The Series 2026 B-2 Bonds are also being sold by the Authority to the Underwriters, which have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Series 2026 B-2 Bonds at a price which is equal to the aggregate of the initial public offering prices set forth on the inside cover page. The Underwriters will be paid an underwriting fee equal to \$\_\_\_\_\_ in connection with the issuance of the Series 2026 B-2 Bonds. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing, market making, and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors, and employees may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers (which may include persons or entities with relationships with the issuer) and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. The

Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 B Bonds.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Series 2026 B Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2026 B Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2026 B Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2026 B Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934, as amended.

RBC Capital Markets, LLC (“RBCCM”), an underwriter of the Series 2026 B Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (“RBC Securities”) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Series 2026 B Bonds.

#### **FINANCIAL ADVISOR**

The Authority has retained Raymond James & Associates, Inc., St. Petersburg, Florida, as financial advisor in connection with the issuance of the Series 2026 B Bonds. Although Raymond James & Associates, Inc. has assisted the Authority in its preparation of this Official Statement, Raymond James & Associates, Inc. was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

#### **APPROVAL OF LEGALITY**

The approving opinions of Burr Forman McNair, Bond Counsel, as to the authorization, issuance, sale, and delivery of the Series 2026 B Bonds will be printed thereon in substantially the forms attached to this Official Statement as Appendix B. Additional legal matters will be passed upon for the Authority by its General Counsel, Lee Ann Watson, Esq. Howell Linkous & Nettles, LLC is serving as Disclosure Counsel to the Authority, and Parker Poe Adams & Bernstein LLP is serving as Counsel to the Underwriters.

#### **FINANCIAL STATEMENTS**

The Authority’s audited financial statements for the Fiscal Year ended June 30, 2025 (the “2025 Financial Statements”), are included in this Official Statement as Appendix C. The 2025 Financial Statements have been audited by CliftonLarsonAllen LLP, Baltimore, Maryland as set forth in its report dated September 26, 2025. CliftonLarsonAllen LLP has not been engaged to perform, and has not performed, since the date of its report

included in Appendix C, any procedures on the 2025 Financial Statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

With respect to evaluating the ability of the Authority to make timely payment of debt service on the Series 2026 B Bonds based on information contained in the 2025 Financial Statements, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance. The 2025 Financial Statements represent a comprehensive report of the Authority's finances, including funds, accounts, and revenues that are not pledged to the payment of debt service on the Series 2026 B Bonds. This Official Statement should be considered in its entirety and no one factor considered more or less important than any other solely by reason of its location herein. The revenues shown in Appendix C do not reflect the amount of revenues pledged for payment of the Bonds, including the Series 2026 B Bonds, but show total revenues of the Authority for the year ended June 30, 2025.

### **CONTINUING DISCLOSURE**

*Rule 15c2-12.* Pursuant to the requirements of Section (b)(5)(i)(c) and (d)(3) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, Section 240.15c2-12) (the "Rule"), the Authority has agreed, in a Disclosure Dissemination Agent Agreement (the "Disclosure Dissemination Agreement") with Digital Assurance Certification, L.L.C. ("DAC"), under which the Authority has designated DAC as Disclosure Dissemination Agent, to provide to the MSRB through its Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://www.emma.msrb.org) for the benefit of the Holders of the Series 2026 B Bonds (i) annually certain financial information and operating data, including its audited financial statements, prepared in accordance with accounting principles generally accepted in the United States and (ii) notice of the occurrence of certain enumerated events as provided in the Rule and within the time frame provided by the Rule. The Disclosure Dissemination Agreement will be executed and delivered substantially in the form attached to this Official Statement as Appendix D. Currently, the only "obligated person" (within the meaning of the Rule) with respect to the Series 2026 B Bonds is the Authority. No other person or entity is obligated to provide, or is expected to provide, any continuing disclosure information with respect to the Rule. On December 2, 2025, the Authority filed a notice of partial redemption on EMMA related to a portion of its Mortgage Revenue Bonds, Series 2016 B identified by 8 CUSIP numbers, but subsequently determined that the notice had not been linked to all of the impacted CUSIP numbers. As of February 6, 2026, the error was corrected. The impacted bonds have been redeemed.

*State Law Requirement.* Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Authority has covenanted to file with a central repository for availability in the secondary bond market, when requested, an annual independent audit, within 30 days of its receipt of the audit, and event specific information within 30 days of an event adversely affecting more than five (5%) percent of the revenues of the Authority.

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**MISCELLANEOUS**

All quotations from, and summaries and explanations of the Act, the Resolution, and the Series 2026 B Supplemental Resolution contained herein do not purport to be complete, and reference is made to the Act, the Resolution, and the Series 2026 B Supplemental Resolution for full and complete statements of the provisions thereof. Copies of the Act, the Resolution, and the Series 2026 B Supplemental Resolution may be obtained upon request directed to the Authority, 300-C Outlet Pointe Boulevard, Columbia, South Carolina 29210 or during the offering period, to BofA Securities, Inc., 620 S. Tryon Street, 25<sup>th</sup> Floor, Charlotte, North Carolina 28255.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Holders of any of the Series 2026 B Bonds.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Executive Director

\_\_\_\_\_, 2026

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**APPENDIX A**

**DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF  
CERTAIN PROVISIONS OF THE GENERAL RESOLUTION**

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DEFINITIONS OF CERTAIN TERMS AND  
SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a summary of definitions of certain terms used in this Official Statement and in the General Resolution.

**“Account”** means any of the special accounts created and established pursuant to the authorizations of the General Resolution or any Supplemental Resolution (collectively, the “Accounts”).

**“Accountant”** means an accountant or firm of accountants of suitable standing (who may be employees of the State) who audit the books, records, and accounts of the Authority.

**“Act”** means Act Number 76 of the Acts of the General Assembly of South Carolina for the year 1977, as it may be amended from time to time. Such Act is codified as Chapter 13 of Title 31, Code of Laws of South Carolina 1976, as amended.

**“Amortized Value,”** when used with respect to securities purchased at a premium above, or at a discount below, par means the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity of such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase, and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

**“Annual Budget”** means the budget or amended budget of the Authority in effect as provided in or adopted pursuant to the General Resolution.

**“Annual Debt Service”** means those sums becoming due by way of principal and interest on the Bonds during any Bond Year, including required Sinking Fund Payments or other mandatory redemption payments required by any Supplemental Resolution.

**“Authority”** means the South Carolina State Housing Finance and Development Authority, a public body corporate and politic and an agency of the State of South Carolina created by Act Number 500 of the Acts of the General Assembly of South Carolina for the year 1971 (codified as Article 3 of Chapter 1 of Title 31, Code of Laws of South Carolina, 1976) and any body, authority, agency, or other entity which may succeed to the powers, duties, and functions thereof.

**“Authority Request”** means a written request of the Authority signed by an Authorized Officer.

**“Authorized Investments”** mean and include any of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

- (i) Direct obligations of or obligations guaranteed by the United States of America;
- (ii) Obligations, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following: the Federal Farm Credit System; Federal Intermediate Credit Banks; the Federal Home Loan Bank System; the Export-Import Bank of the United States; FNMA (to the extent guaranteed by GNMA); the Federal Home Loan Mortgage Corporation; Rural Housing Service; the Tennessee Valley Authority; or GNMA;
- (iii) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or

contracts with the United States of America; or temporary notes, preliminary loan notes, or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) Demand and time deposits in, certificates of deposit of, and bankers' acceptances issued by, any depository institution or trust company (including the Trustee or any agent of the Trustee acting in its commercial capacity) incorporated under the laws of the United States of America, or any state or the District of Columbia and subject to examination and supervision of a federal or state banking authority, so long as (a) amounts so invested are fully insured by the FDIC and are not required for use under the General Resolution for at least seven (7) days after the maturity of such investment, (b) at the time of such investment or contractual commitment providing for such investment, the commercial paper or other short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution which is a principal subsidiary of a holding company, the commercial paper or other short-term debt obligations of such holding company) have a rating of "Prime-1" or its equivalent by the Rating Agency, and (c) the maturity of such obligations is not more than three hundred sixty-five (365) days from the date of purchase thereof;

(v) Repurchase agreements with banks which are members of the FDIC, the underlying securities of which are obligations of the type described in (i) and (ii) above and which are fully collateralized by obligations of the same type;

(vi) A guaranteed investment contract between the Authority and any financial institution or other corporation whose long-term unsecured debt rating is at least "Aa3/P1" or its equivalent by the Rating Agency relating to obligations of the type specified in (i), (ii), (iii), or (iv) above; provided, that prior to the Trustee's entering into any such guaranteed investment contract, the Authority shall have delivered to the Trustee written confirmation from the Rating Agency that entering into such contract will not result in a lowering of its rating of the Bonds;

(vii) shares in a money market or other fund rated in the highest rating category by the Rating Agency and which are fully collateralized by obligations of the type described in (i) and (ii) above; and

(viii) any other investment which is legal under the laws of the State; provided that prior to the Trustee's entering into such investment, the Authority shall have delivered to the Trustee written confirmation from the Rating Agency to the effect that entering into such investment will not result in a lowering of its rating of the Bonds.

**"Authorized Officer"** means the Chairman, Vice-Chairman, or Executive Director of the Authority and any other officer or employee of the Authority designated from time to time as an Authorized Officer by resolution of the Authority, and when used with reference to any act or document also means any other Person authorized by resolution of the Authority to perform such act or sign such document.

**"Beneficiary Classes"** means the class consisting of persons and families of low income and the class consisting of persons and families of moderate to low income as defined by the Act.

**"Bond"** means any of the Bonds of the Authority authorized by the General Resolution and issued pursuant to a Supplemental Resolution (collectively, "Bonds").

**"Bond Counsel"** means a firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by resolution of the Authority.

**"Bond Payment Date"** means each January 1 and July 1 (or such other dates as shall be prescribed by any applicable Supplemental Resolution) on which interest on any of the Bonds shall be payable or on which both Principal Installments and interest shall be payable on any of the Bonds according to their respective terms.

“**Bond Reserve Fund**” means the Fund so designated which is created and established pursuant to the General Resolution.

“**Bond Reserve Requirement**” means, as of any date of calculation, the cumulative amounts, if any, established as such by Supplemental Resolution(s) and required by the provisions of such Supplemental Resolution(s), to be maintained in the Bond Reserve Fund.

“**Bond Year**” means the twelve (12) month period, beginning on July 2 in any year and ending on the following July 1, during which any Bond, by its terms, shall be Outstanding.

“**Bondholder**” or “**Owner**” or similar term means, when used with respect to a Bond or Bonds, any person who shall be the registered owner of any Bond Outstanding.

“**Business Day**” means a day (i) other than a day on which banks located in the States of New York, South Carolina, and the state in which the Corporate Trust Office of the Trustee is located are authorized or required by law to close, and (ii) on which The New York Stock Exchange is not closed.

“**Cash Flow Certificate**” means a Certificate of the Authority which complies with the requirements of Section 6.09 of the General Resolution (which pertains to Cash Flow Certificates).

“**Certificate**” means, as the case may be, either (i) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) a signed document setting forth matters which are required to be determined by an Authorized Officer pursuant to the General Resolution.

“**Code**” means the Internal Revenue Code of 1986, as amended, or any successor thereto. Reference to any specific provision of the Code shall be deemed to include a reference to any successor provision or provisions to such provision and to any Regulations, rulings, announcements, notices, procedures, and determinations pertinent to such provision or successor provision or provisions.

“**Commitment Fees**” means fees paid to the Authority in connection with a commitment to sell and deliver Mortgage Loans to the Authority.

“**Corporate Trust Office,**” when used with respect to any Fiduciary, means the office of such Fiduciary at which its principal corporate trust business shall be administered.

“**Costs of Issuance**” means the items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale, and issuance of Bonds, which items of expense may include printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and Paying Agents, bond discounts, legal fees and charges, professional consultants’ fees, costs of credit ratings, and fees and charges for execution, transportation, and safekeeping of Bonds.

“**Counsel’s Opinion**” means an opinion signed by any attorney or firm of attorneys (who may be counsel to the Authority or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he, she or it maintains an office, selected by the Authority.

“**Depository**” means any bank, trust company, or national banking association selected by the Authority as a depository of money, securities, or other assets held under the provisions of the General Resolution, and its successor or successors.

“**DPA Mortgage Loan**” means a Mortgage Loan for the specific purpose of providing down payment assistance that is secured by second lien Mortgage and that otherwise satisfies the requirements and limitations set forth in any Supplemental Resolution.

**“Earnings Rebate Fund”** means the Fund so designated which is created and established pursuant to the General Resolution in order to comply with the rebate requirements of the Code.

**“Escrow Payment”** means any payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans, and any payments required to be made with respect to Mortgage Loans for taxes, other governmental charges, and other similar charges customarily required to be escrowed.

**“Event of Default”** means any of those events defined as Events of Default by the General Resolution, which are separately described herein under the heading “Events of Default”.

**“FHA”** means the Federal Housing Administration of the United States Department of Agriculture, and its lawful successor or successors.

**“FHLMC”** means the Federal Home Loan Mortgage Corporation, and its lawful successor or successors.

**“FNMA”** means the Federal National Mortgage Association, and its lawful successor or successors.

**“Fiduciary”**, means the Trustee, any successor Trustee, any Registrar, any Paying Agent, or any other agent of the Trustee appointed pursuant to the authorizations of the General Resolution, or any Depository (collectively, the “Fiduciaries”).

**“Fiscal Year”** means any successive twelve (12) months adopted by the Authority for such purpose. Until changed by the Authority, the Fiscal Year shall begin July 1 of the calendar year and shall end on June 30 in the succeeding calendar year.

**“Fund”** means any of the special trust funds created and established pursuant to the General Resolution or a Supplemental Resolution (collectively, “Funds”).

**“GNMA”** means the Government National Mortgage Association, and its lawful successor or successors.

**“General Resolution”** means the resolution adopted by the Authority on September 13, 1994, entitled “A General Resolution Providing for the Issuance and Sale of South Carolina State Housing Finance and Development Authority Mortgage Revenue Bonds and Other Matters Relating Thereto.”

**“Government Obligations”** means and includes direct general obligations of the United States of America or obligations the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

**“Lender”** means any bank or trust company, mortgage banker approved by FNMA, national banking association, savings bank, savings and loan association, or any other financial institution or governmental agency, provided such entity is authorized to make Mortgage Loans satisfying the requirements of the General Resolution.

**“Majority of the Bondholders”** means the registered owners of more than fifty percent (50%) of the aggregate principal amount of Bonds then Outstanding.

**“Minimum Funding Requirement”** means the minimum balance required by the most recent Supplemental Resolution adopted by the Authority to be maintained in the Revenue Fund.

**“Moody’s”** means Moody’s Investors Service, Inc., and its successor or successors.

**“Mortgage”** means a mortgage or other instrument creating a first lien (or second lien with respect to a mortgage or other instrument securing a DPA Mortgage Loan) on a fee simple interest in real property located within the State.

**“Mortgage Loan”** means an interest bearing loan which is secured by a Mortgage, was made for the purchase of an owner-occupied residential housing structure in the State intended for occupancy as his or her principal residence by a member of the Beneficiary Class, and has been purchased or made by the Authority from money or assets, and is made, pursuant to the General Resolution. The term “Mortgage Loan” shall also include any pass-through certificate securitized, collateralized, or backed by one or more interest bearing loans each of which is secured by a Mortgage, was made for the purchase of an owner-occupied residential housing structure in the State intended for occupancy as his or her principal residence by a member of the Beneficiary Class, and has been purchased or made by the Authority from money or assets, and is made, pursuant to the General Resolution, but only to the extent that the timely payment of principal and interest on such certificate is fully and unconditionally guaranteed by the United States of America, FHLMC, FNMA, GNMA, or other government sponsored enterprise the obligations of which are fully and unconditionally guaranteed by the United States of America and the terms and conditions of the guarantees of which are at least as favorable as the FHLMC, FNMA or GNMA guarantee referred to above and each of such interest bearing loans conforms to all other requirements relating to Mortgage Loans contained in the General Resolution.

**“Mortgage Purchase Agreement”** means a written agreement between a Lender and the Authority providing for the purchase of Mortgage Loans by the Authority.

**“Outstanding,”** when used with respect to Bonds, means, as of any date, all Bonds theretofore authenticated and delivered pursuant to the General Resolution except:

- (i) any Bond cancelled or delivered to the Trustee for cancellation on or before such date;
- (ii) any Bond (or any portion of any Bond) (A) for the payment or redemption of which there shall be held in trust under the General Resolution and set aside for such payment or redemption, money and/or non-callable Government Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Government Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (B) in the case of any Bond (or any portion of any Bond) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the General Resolution or provided for in a manner satisfactory to the Trustee;
- (iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the General Resolution; and
- (iv) Bonds deemed to have been paid as provided in the General Resolution.

**“Paying Agent”** means the Trustee or any bank, trust company, or national banking association which is authorized to pay the principal or Redemption Price of or interest on any Bonds and having the duties, responsibilities, and rights provided for in the General Resolution and any Supplemental Resolution, its successor or successors, and any other corporation or association which at any time may be substituted in its place pursuant to the General Resolution.

**“Person”** means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

**“Prepayment”** means any money received or recovered by the Authority from any payment of, or with respect to, principal (including any penalty, fee, premium, or other additional charge for prepayment of principal which may be provided by the terms of a Mortgage Loan) of any Mortgage Loan other than the scheduled payments of principal called for by such Mortgage Loan, whether (i) by voluntary prepayment made by the mortgagor, or (ii) as a consequence of damage to, or destruction or condemnation of the applicable mortgaged property or any part thereof, or (iii) by the sale, assignment, endorsement, or other disposition of such Mortgage Loan by the Authority, or (iv) in the event of a default thereon by the mortgagor, by the acceleration, sale, assignment, endorsement, or other disposition of such Mortgage Loan by the Authority or by any other proceedings taken by the Authority.

**“Principal Installment”** means, as of any date of calculation, (i) the principal amount of all Bonds due on a specified date with respect to which no Sinking Fund Payments have been provided, plus (ii) any Bonds subject to sinking fund or other mandatory redemption requirements on such specified date.

**“Program”** means the Authority’s Mortgage Revenue Bond Program pursuant to which the Authority has determined to acquire and make Mortgage Loans in accordance with the Act and the General Resolution.

**“Program Expenses”** means all the Authority’s expenses of administering the Program pursuant to the General Resolution and the Act and shall include without limiting the generality of the foregoing: salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums, legal, accounting, management, consulting and banking expenses; the fees and expenses of the Trustee, any Depositories and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Authority under the provisions of the General Resolution and any Supplemental Resolution all to the extent properly allocable to the Program.

**“Program Fund”** means the Fund so designated which is created and established pursuant to the General Resolution.

**“Qualified Private Mortgage Insurer”** means a private mortgage insurance company licensed to do business in the State, which has been accepted by the Authority to provide either primary mortgage insurance for individual Mortgage Loans proposed to be purchased or made by the Authority pursuant to the Program, or to provide mortgage pool insurance for the entire portfolio of Mortgage Loans to be purchased or made by the Authority pursuant to the Program.

**“Rating Agency”** means Moody’s or the nationally recognized securities rating agency, if any, appointed by the Authority to provide a rating for the Bonds as a replacement for Moody’s.

**“Record Date”** means the fifteenth (15th) day of the month immediately preceding each Bond Payment Date (or such other time or times as may be prescribed by any applicable Supplemental Resolution).

**“Redemption Price,”** when used with respect to a Bond or portion thereof to be redeemed, means the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the General Resolution and the applicable Supplemental Resolution.

**“Refunding Bonds”** means Bonds of any Series issued to refund Bonds of any other Series pursuant to the General Resolution.

**“Registrar”** means any bank, trust company, or national banking association which is authorized by the Trustee to maintain a list of those who from time to time shall be the Owners of the Bonds and which shall effect the transfer of Bonds in accordance with the provisions of the General Resolution and have the duties, responsibilities, and rights provided for in the General Resolution and any Supplemental Resolution, its successor or successors, and any other corporation or association which at any time may be substituted in its place pursuant to the General Resolution.

**“Regulations”** means the applicable Treasury Regulations under §§103, 143, and 148 (or any successor provisions) of the Code whether at the time proposed, temporary, final, or otherwise.

**“Reserve Requirement”** means, as of any date of calculation, the cumulative amounts, if any, established as such by Supplemental Resolution(s) and required by the provisions of such Supplemental Resolution(s) to be maintained in any reserve fund (other than the Bond Reserve Fund) established by Supplemental Resolution(s).

**“Revenue Fund”** means the Fund so designated which is created and established pursuant to the General Resolution.

**“Revenue Reserve Fund”** means the Fund so designated which is created and established pursuant to the General Resolution.

**“Revenues”** means (i) all amounts received with respect to Mortgage Loans representing scheduled payments of principal thereof and interest thereon, (ii) Prepayments, (iii) interest or income received on investments of money held in any Fund, other than the Earnings Rebate Fund and any unpledged portion of the Revenue Reserve Fund, pursuant to the General Resolution, (iv) penalties paid to the Authority pursuant to Mortgage Purchase Agreements, and (v) all other payments and receipts received by the Authority with respect to Mortgage Loans, but shall not include Escrow Payments, Servicing Fees, or, unless otherwise provided in a supplemental Resolution, Commitment Fees and financing fees charged by the Authority.

**“Rural Housing Services”** means the U.S. Department of Agriculture, Rural Housing service (formerly the Farmers Home Administration).

**“Serial Bonds”** means the Bonds of any Series so designated in a Supplemental Resolution.

**“Series of Bonds”** or **“Bonds of a Series”** means any Series of Bonds authorized by a Supplemental Resolution.

**“Servicing Fees”** means any fees paid to or retained by the Authority or an independent third party servicing Mortgage Loans owned by the Authority.

**“Sinking Fund Payments”** means, as of any particular date of calculation and with respect to any Series of Bonds, the amount of money required to be applied, on any Bond Payment Date, as the Redemption Price of Bonds prior to maturity pursuant to the Supplemental Resolution for such Series, as such payment shall have been previously reduced by the principal amount of any Bonds of such Series of the maturity with respect to which such Sinking Fund Payment is payable which (i) are purchased by the Trustee in accordance with the provisions of the General Resolution, or (ii) are purchased or redeemed by the Trustee at least forty-five (45) days prior to such Bond Payment Date.

**“State”** means the State of South Carolina.

**“Supplemental Resolution”** means any Supplemental Resolution adopted by the Authority in accordance with the General Resolution amending or supplementing the General Resolution or any Supplemental Resolution.

**“Term Bonds”** means one or more maturities of Bonds of any Series as designated in a Supplemental Resolution.

**“Trustee”** means The Bank of New York, as the trustee appointed in accordance with the General Resolution and having the duties, responsibilities and rights provided for in the General Resolution and its successor or successors, and any other corporation or association which may at any time be substituted in the place of the Trustee or any successor Trustee pursuant to the General Resolution.

The General Resolution contains various covenants and security provisions, some of which are summarized below. For convenience of reference, the relevant section number of the General Resolution appears following the respective captions in this summary. Wherever particular provisions of the General Resolution are referred to, such provisions are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the General Resolution for a full and complete statement of its provisions.

#### **Conditions Precedent to Authentication and Delivery of a Series of Bonds (Section 2.16)**

Bonds of each Series, other than Refunding Bonds, may be authenticated by the Trustee and delivered to or upon the order of the Authority only upon delivery to the Trustee of:

(i) A copy of the General Resolution and the applicable Supplemental Resolution, each certified by an Authorized Officer of the Authority; provided, however that a certified copy of the General Resolution need only be delivered to the Trustee upon the delivery of the initial Series of Bonds pursuant to the General Resolution;

(ii) The written order of the Authority to the Trustee as to the delivery of such Bonds signed by an Authorized Officer describing such Bonds to be authenticated and delivered, designating the purchaser or purchasers to whom such Bonds are to be delivered, and stating the purchase price of such Bonds;

(iii) The amount, if any, necessary for deposit in the Bond Reserve Fund or any other reserve fund created with respect thereto under the applicable Supplemental Resolution so that the amount in the Bond Reserve Fund shall at least equal the Bond Reserve Requirement, if any, and the amounts in the other reserve funds, if any, shall at least equal the Reserve Requirement, if any, both calculated immediately after the delivery of such Series of Bonds;

(iv) A Certificate of an Authorized Officer stating that, upon the issuance of such Series of Bonds, no Event of Default under the General Resolution nor an event which with notice or lapse of time or both would become an Event of Default thereunder has occurred and is continuing;

(v) An opinion of Bond Counsel to the effect that the General Resolution and the Supplemental Resolution authorizing the Series of Bonds have been duly and lawfully adopted by the Authority; that the General Resolution and such Supplemental Resolution are valid and binding upon the Authority and enforceable in accordance with their terms, subject to State and federal laws affecting the enforcement of creditors' rights, that no other authorization for the General Resolution or the Supplemental Resolution is required; that the General Resolution creates the valid pledge it purports to create; that the Bonds of such Series have been duly and validly authorized and issued and constitute valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the General Resolution, subject to State and federal laws affecting the enforcement of creditors' rights, and are entitled to the benefits of the General Resolution and such Supplemental Resolution and the Act, as amended to the date of such opinion;

(vi) A Cash Flow Certificate taking into account the issuance of the Bonds and the Mortgage Loans reasonably expected to be purchased or made with the proceeds of such Bonds and projecting Revenues sufficient to pay Program Expenses and Annual Debt Service when due in each Bond Year; and

(vii) Such further documents and money as may be required by the provisions of the applicable Supplemental Resolution.

### **Issuance of Refunding Bonds (Section 2.17)**

The General Resolution provides that Bonds of one or more Series may be issued to refund outstanding Bonds of one or more Series, and a Series of Refunding Bonds may be authenticated by the Trustee and delivered to or upon the order of the Authority, only upon receipt by the Trustee of the documents referred to in the preceding paragraph and irrevocable instructions to the Trustee to pay when due or to redeem all the Bonds to be refunded on such date or dates specified in such instructions. In addition, there must be deposited with the Trustee either (i) money in an amount sufficient to pay the principal or Redemption Price of the Bonds to be refunded, together with accrued interest thereon to the maturity date or redemption date, which money shall be held by the Trustee or by one or more Paying Agents in a separate account irrevocably in trust for the Owners of the Bonds being refunded, or (ii) non-callable Government Obligations, the principal and interest on which when due, together with any money deposited with the Trustee or Paying Agent, will be sufficient to pay the principal or Redemption Price of the Bonds to be refunded, together with accrued interest. Government Obligations include direct obligations of or obligations guaranteed by the United States.

### **Purchases of Bonds Outstanding (Sections 3.08 and 6.14)**

Under the General Resolution, the Authority may purchase Bonds Outstanding at any time with money available to it from any source. Upon any such purchase the Authority must deliver such Bonds to the Trustee or the Registrar for cancellation and thereupon, if the Bonds are of a maturity subject to sinking fund or other mandatory redemption provisions, the Trustee is required to credit the principal amount of the Bonds so cancelled to the Sinking Fund Payments or mandatory redemption payments required for the Bonds of such maturity in the chronological sequence of the dates prescribed for such Sinking Fund Payments or mandatory redemption payments; provided, however, the Authority may not purchase or redeem or direct the purchase or redemption by the Trustee of any Bonds at a cost or price (including any brokerage fee or commission and other charges) which (i) exceeds the then applicable Redemption Price of such Bonds plus interest accrued to the redemption date, if such Bonds are then redeemable; or (ii) exceeds the Redemption Price of such Bonds on the date such Bonds are first redeemable at the option of the Authority, plus interest accrued to the first applicable redemption date.

### **Application of Bond Proceeds and Other Money (Sections 4.01 and 4.02)**

Under the General Resolution, the proceeds of the sale of a Series of Bonds are to be applied as follows:

- (i) the amount, if any, received upon the delivery of such Series of Bonds as accrued interest will be deposited in the Revenue Fund;
- (ii) the amount necessary to cause the amount on deposit in the Bond Reserve Fund and/or any other reserve fund created with respect to the Bonds to equal the Bond Reserve Requirement, if any, and the Reserve Requirement, if any, respectively, both calculated after giving effect to the issuance of such Series of Bonds, under the applicable Supplemental Resolution will be deposited in such fund(s);
- (iii) the amounts, if any, specified in the Supplemental Resolution to be deposited in the Program Fund to pay Costs of Issuance will be deposited in such Fund;
- (iv) the amounts, if any, specified in the Supplemental Resolution to be deposited as a reserve for capitalized interest on Bonds of such Series will be deposited in the Revenue Fund;
- (v) the amount, if any, received upon delivery of the Bonds of a Series as a premium above the aggregate principal amount of the Bonds of such Series or as the proceeds attributable to Refunding Bonds, constituting all or part of the Bonds of such Series, will be applied as provided in the applicable Supplemental Resolution; and
- (vi) the balance of the proceeds of such Series of Bonds will be deposited in the Program Fund.

### **Funds Established by the General Resolution (Section 5.01)**

The General Resolution establishes the following Funds to be held by the Trustee in trust for application in accordance with the General Resolution (the brief parenthetical descriptions of such Funds being for convenience of reference only, with more complete summaries being contained elsewhere herein and complete definitions in the General Resolution):

- (i) Program Fund (money in this Fund is to be applied primarily to purchase Mortgage Loans);
- (ii) Revenue Fund (money in this Fund is to be applied primarily to pay interest, principal, Redemption Price, and monthly operating expenses of the Authority);
- (iii) Revenue Reserve Fund (money in this Fund constitutes a reserve for Annual Debt Service payments but may be used by the Authority for the payment of interest, principal, Redemption Price, and

monthly operating expenses of the Authority and for any other corporate purpose required or permitted under the laws of the State);

(iv) Earnings Rebate Fund (money in this Fund constitutes certain excess earnings required by the Code to be remitted to the United States); and

(v) Bond Reserve Fund (money in this Fund constitutes a reserve for Annual Debt Service payments).

The Authority will maintain or establish such Accounts and subaccounts, if any, for or within each Fund which are deemed necessary or desirable by the Authority to establish compliance with §§143 and 148 (or any successor provision or provisions) of the Code or for any other purpose.

### **Program Fund (Section 5.02)**

Money for the Costs of Issuance of each Series of Bonds must be paid into the Program Fund as provided in the Supplemental Resolution for such Series of Bonds. Such money is to be withdrawn when needed to make payment of such Costs of Issuance. In the event money deposited in the Program Fund is insufficient to pay all applicable Costs of Issuance of a Series of Bonds, Costs of Issuance may be paid from any available funds of the Authority.

Money in the Program Fund may be withdrawn to purchase Mortgage Loans pursuant to the General Resolution. Money paid into the Program Fund pursuant to any Supplemental Resolution must be withdrawn in accordance with such Supplemental Resolution. Money in the Program Fund may also be transferred to the Revenue Fund for the purchase or the redemption of Bonds or to pay debt service. Prior to such a transfer to purchase or redeem Bonds, the Authority must file with the Trustee a Certificate stating that such purchase or redemption, if effected, would not cause a deficiency in any Bond Year should the Cash Flow Certificate be currently updated by taking into account such transfer.

### **Revenue Fund (Sections 5.03 and 5.04)**

All Revenues must be paid into the Revenue Fund. Revenues include all amounts received with respect to a Mortgage Loan representing scheduled payments of principal thereof and interest thereon, Prepayments, interest, or income received on investments of money held in any Fund (other than the Earnings Rebate Fund and any unpledged portion of the Revenue Reserve Fund) pursuant to the General Resolution, penalties paid to the Authority pursuant to Mortgage Purchase Agreements and all other payments and receipts received by the Authority with respect to Mortgage Loans (not including Escrow Payments, Servicing Fees, Commitment Fees, or certain financing fees charged by the Authority).

As of the last day of any Bond Year, funds in the Bond Reserve Fund in excess of the Bond Reserve Requirement may be paid into the Revenue Fund.

Any money received as a consequence of damage, destruction, or condemnation of any property securing a Mortgage Loan (unless used to repair or restore such property, if the Mortgage Loan shall continue to be insured or guaranteed as required by the General Resolution) may be deposited into the Revenue Fund. Any money received by the Authority from any other source outside the lien created by the General Resolution may be deposited into the Revenue Fund.

Money in the Revenue Fund must be withdrawn to pay certified Program Expenses of the Authority if as of the date of such withdrawal there are funds on hand plus accrued income sufficient to cover that portion of Annual Debt Service accrued to such date. Money in the Revenue Fund must also be withdrawn to pay certified taxes, insurance, foreclosure costs (including appraisal and legal fees), repairs to the mortgaged premises, and other expenses incurred by the Authority in connection with any protection and enforcement of its rights with respect to any Mortgage Loan.

Money in the Revenue Fund must be withdrawn to pay all Fiduciaries reasonable compensation for all services, expenses, and charges rendered under the General Resolution. Funds must be transferred to the Bond Reserve Fund in accordance with the General Resolution and as described herein under the heading “Bond Reserve Fund” whenever a deficiency in the Bond Reserve Requirement exists.

Money held in the Revenue Fund representing Prepayments of the Mortgage Loans may, pursuant to an Authority Request and a Certificate stating that the use of such money would not cause a deficiency in any Bond Year should the Cash Flow Certificate be currently updated inclusive of such use, be (i) transferred to the Program Fund for the purchase of Mortgage Loans having rates and terms substantially equivalent to those of the Mortgage Loans resulting in the Prepayments; (ii) used to redeem or to purchase Bonds on terms not less favorable than those available on the first redemption date following such purchase on which such Bonds are redeemable; (iii) used in any combination of (i) and (ii) above.

If all transfers required by the General Resolution have been made and the Authority has filed with the Trustee a Cash Flow Certificate inclusive of the transfers permitted by the preceding paragraph projecting Revenues sufficient to pay Program Expenses and all Annual Debt Service thereafter to be due in each Bond Year, the Trustee will, upon receipt of an Authority Request, and if, as of the date of such request, the value of the cash and securities in the Revenue Fund exceeds the Minimum Funding Requirement prescribed by each Supplemental Resolution, transfer such excess (i) to the Program Fund for the purpose of making Mortgage Loans having substantially equivalent rates and terms to those resulting in the Prepayments, (ii) to redeem Bonds or purchase Bonds on terms not less favorable than those available on the first redemption date following such purchase on which Bonds are redeemable, (iii) for any combination of (i) or (ii), or (iv) to the Authority free of the lien of the General Resolution for any lawful purpose, unless after such transfer, the assets of the Authority under the General Resolution (excluding the value of any money or securities included in the Revenue Reserve Fund which are not part of the Trust Estate) shall be not less than one hundred two percent (102%) of the liabilities of the Authority under the General Resolution plus the principal balance of the DPA Mortgage Loans, all as shown by the balance sheet of the Authority relating to the Program.

#### **Revenue Reserve Fund (Sections 5.05 and 5.06)**

The General Resolution authorizes the Authority to deposit in the Revenue Reserve Fund (i) funds transferred to the Authority pursuant to the provisions thereof summarized in clause (iv) of the immediately preceding paragraph, and (ii) at the option of the Authority, cash, securities, and other assets received by the Authority from any other source outside the lien of the General Resolution.

Except as may be limited by the provisions of any Supplemental Resolution, funds may be withdrawn from the Revenue Reserve Fund by the Authority at any time upon the submission of an Authority Request to the Trustee (i) to pay Program Expenses; (ii) to pay taxes, insurance, foreclosure costs (including appraisal and legal fees), repairs to the mortgaged property, and other expenses incurred by the Authority in connection with any protection and enforcement of its rights with respect to any Mortgage Loan; (iii) to pay Annual Debt Service due on the Bonds Outstanding; (iv) to pay to all Fiduciaries reasonable compensation for all services rendered pursuant to the General Resolution; (v) to be transferred to any fund created under the General Resolution or any Supplemental Resolution; and (vi) to be used by the Authority for any other corporate purpose required or permitted under the laws of the State.

Except as may be limited by the provisions of any Supplemental Resolution, funds held in the Revenue Reserve Fund may be invested at the direction of the Authority in any investment which is legal under the laws of the State without restriction as to type, rating, quality, or maturity. Investments held by the Trustee in the Revenue Reserve Fund shall be deemed at all times to be a part of such Fund.

#### **Earnings Rebate Fund (Section 5.07)**

There may be deposited in the Earnings Rebate Fund any earnings or other moneys of the Authority deemed necessary by the Authority to enable it to comply with the rebate provisions of §§143 and 148 (or any successor provision or provisions) of the Code.

All earnings net of investment losses, commissions, and fees derived from Authorized Investments in the Earnings Rebate Fund will remain in such Fund and be continuously reinvested and credited to the Fund until applied for rebates provided in the immediately preceding paragraph.

#### **Bond Reserve Fund; Other Reserve Funds (Section 5.08)**

Upon the issuance of each Series of Bonds, the Trustee must deposit from the proceeds thereof or from any other source provided by the Authority, the amount, if any, required to be paid into the Bond Reserve Fund or any other reserve fund created by the provisions of the Supplemental Resolution authorizing such Series of Bonds or by the provisions of any prior Supplemental Resolution(s).

On the last day of each Bond Year, the Trustee will (i) calculate the amount of the Bond Reserve Requirement, if any, and the Reserve Requirement, if any, as of the first day of the next succeeding Bond Year and will determine the amount, if any, which would then be in excess of such Bond Reserve Requirement and/or Reserve Requirement, and (ii) upon receipt of an Authority Request, transfer all or a specified portion of such excess(es) to the Revenue Fund. If, on the last day of the Bond Year, there exists a deficiency in the Bond Reserve Fund or any other reserve fund created by the provisions of any Supplemental Resolution, available funds shall be transferred from the Revenue Fund to restore the Bond Reserve Requirement and/or Reserve Requirement.

In lieu of the deposit of moneys into the Bond Reserve Fund, the Authority may cause to be so credited a surety bond or an insurance policy payable to the Trustee for the benefit of the Bondholders or a letter of credit in an amount which together with other moneys on deposit in the Bond Reserve Fund are equal to the Bond Reserve Requirement on the Bonds.

#### **Withdrawals from Funds (Section 5.09)**

Notwithstanding any other provision of the General Resolution, if on any Bond Payment Date money in the Revenue Fund is less than the amount of Annual Debt Service becoming due and payable on such Bond Payment Date on all Bonds Outstanding, the Trustee must transfer from the following Funds in the following order the amount of such deficiency and apply such amount to pay Annual Debt Service, as necessary:

- (i) from the Program Fund;
- (ii) from any other special reserve fund established by any Supplemental Resolution; and
- (iii) from the Bond Reserve Fund.

However, money in the Program Fund which is to be used to purchase Mortgage Loans with respect to which the Authority has entered into commitments and Mortgage Loans credited to the Program Fund may not be applied toward Annual Debt Service payments.

Prior to withdrawing any amounts from the Program Fund, the Authority must file with the Trustee a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Annual Debt Service when due after giving effect to the withdrawal of cash from the fund balance in the Program Fund.

#### **Redemption of Bonds (Sections 3.02 and 5.02)**

Bonds of any Series may be subject to redemption at the option of the Authority prior to maturity pursuant to the provisions of the applicable Supplemental Resolution.

Money in the Revenue Fund may be withdrawn for such redemption of Bonds. In addition, money in the Program Fund which is not expended to purchase or make Mortgage Loans must be transferred to the Revenue Fund for such redemption; prior to such transfer the Authority must file with the Trustee a Certificate stating that such

transfer, if effected, would not cause a deficiency in any Bond Year should the Cash Flow Certificate be currently updated by taking into account such transfer.

### **Redemption Procedures (Article III)**

Not less than thirty (30) days, or any shorter period acceptable to the Trustee, before any date upon which Bonds may be redeemed at the option of the Authority, the Authority must give written notice to the Trustee of the date fixed for redemption, the Series of Bonds from which Bonds are to be redeemed, and the aggregate principal amount of the Bonds of each maturity of such Series to be redeemed. If less than all of the Bonds of like maturity of any Series are to be redeemed, the particular Bonds or portions of Bonds to be redeemed will be selected by the Trustee in the manner required by the applicable Supplemental Resolution or, if not so required, at random or in such other manner as the Trustee deems fair and appropriate.

Not less than twenty-five (25) days before the redemption date, the Trustee or Registrar must mail notice of the redemption to the registered Owners of any Bonds or portions thereof to be redeemed at their last addresses which appear upon the registry books, and to at least two nationally recognized called bond services. Failure to mail such notice shall not affect the validity of the proceedings for the redemption of the Bonds held by registered Owners to whom written notice has been mailed. The notice must state (i) the Series of Bonds and maturities to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the Bonds to be redeemed (unless all of the Bonds Outstanding of such Series are to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; (vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed; (vii) the original date of issue of the Bonds to be redeemed; (viii) the interest rate borne by the Bonds to be redeemed; (ix) the CUSIP number of the Bonds to be redeemed; (x) the name and telephone number of the person whom the Owner may contact for any further information concerning such redemption; (xi) the date of such notice; and (xii) in the instance of a redemption of Bonds at the election of the Authority, that the Authority may rescind the call for redemption by written notice to the Owners of Bonds to which such rescission applies mailed not later than the seventh (7th) Business Day prior to the applicable redemption date. Such notice must further state that on such date there shall become due and payable on each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Such notice by mail is sufficient and published notice of the call for redemption need not be given.

Notice having been given as provided above, the Bonds designated in the notice will become due and payable at the applicable Redemption Price, plus interest accrued and unpaid on such Bonds to the redemption date. On and after the redemption date such Bonds will cease to bear interest, shall no longer be secured by the General Resolution, and such Bonds will no longer be considered as Outstanding under the General Resolution. If money sufficient to pay the Redemption Price and accrued interest have not been made available by the Authority to the Trustee or appropriate Paying Agent on the redemption date, such Bonds will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption until the same shall have been paid.

If any Bond which shall have been selected for redemption shall not have been presented for payment on the date which is sixty (60) days after the redemption date therefor, a second notice of redemption shall be sent to the Owner of such Bond which notice shall be given in the identical manner and contain the identical information as the first such notice. Such second notice of redemption will be mailed not more than seventy-five (75) days after the redemption date. Failure to mail any such second notice to any Owner of any Bond shall not affect the validity of the proceedings for the redemption of such Bond.

### **Investment of Money Held by the Trustee (Section 5.11)**

All money held by the Trustee or any successor Trustee in Funds under the General Resolution are to be immediately invested by the Trustee upon direction of the Authority in Authorized Investments. The maturity dates of such Authorized Investments (or the dates on which such Authorized Investments may be redeemed at the option of the holder thereof) must coincide as nearly as practicable with the times at which money in those Funds will be required for the purposes provided in the General Resolution. All Funds, other than the Revenue Reserve Fund as to which there are

no restrictions under the General Resolution, shall be invested only in such Authorized Investments as shall earn the maximum yield practicable. The income or interest earned by all funds (other than the Earnings Rebate Fund and, unless specifically set forth in a Supplemental Resolution, the Revenue Reserve Fund) due to the investment thereof will be transferred to the Revenue Fund, except that no such transfer may be made from the Bond Reserve Fund if the effect thereof would be to reduce the amount therein to less than the Bond Reserve Requirement.

Authorized Investments held in any Fund (except the Bond Reserve Fund and any other reserve fund created by any Supplemental Resolution) are valued at the lesser of the cost or market price thereof, excluding accrued interest. Authorized Investments held in the Bond Reserve Fund and any other reserve fund created by any Supplemental Resolution are valued (i) as provided in the applicable Supplemental Resolution or, (ii) if no provision is so made therefor, (A) at par, or, (B) if purchased at other than par, at their Amortized Value.

#### **Program Covenants; Enforcement of Mortgage Loans (Sections 6.06 and 6.16)**

The Authority covenants that:

(i) it will use and apply the proceeds of the Bonds, to the extent not reasonably required for other Program purposes of the Authority, to purchase or make Mortgage Loans and to do all things necessary, consistent with sound banking practices and principles, to receive and collect sufficient Revenues to pay Program expenses and Annual Debt Service;

(ii) it will diligently enforce and take or cause to be taken all reasonable steps, actions, and proceedings necessary for the enforcement of all terms, covenants, and conditions of all Mortgage Loans, will not without good cause release the obligations of any obligor under any Mortgage Loan and will, to the extent permitted by law, defend, enforce, preserve, and protect the rights and privileges of the Authority, the Bondholders, and the Trustee under or with respect to all Mortgage Loans, the obligations evidencing such Mortgage Loans, and the agreements securing such Mortgage Loans, provided the Authority may settle defaults on any Mortgage Loans on such terms as the Authority deems to be in the best interests of the Authority and the Bondholders;

(iii) whenever it is necessary to protect and enforce its rights under a Mortgage Loan and the rights and interests of the Trustee and the Bondholders under the General Resolution, the Authority will take steps to realize on the insurance or guaranty on such Mortgage Loan and to collect, sell, or otherwise dispose of the property securing such Mortgage Loan; and

(iv) it will not request payment from any government insurer in debentures of such insurer, in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Mortgage Loan.

#### **Assignment or Disposition of Mortgage Loans; Amendment of Mortgage Loans, Etc. (Sections 6.08, 6.17, and 6.20)**

The Authority covenants that it will not (i) except as set forth in this paragraph and the two immediately succeeding paragraphs or as otherwise authorized, sell, assign, transfer, pledge or otherwise dispose of or encumber any Mortgage Loan or any of the rights of the Authority with respect thereto or arising out of the Mortgage or the other obligations evidencing or securing any Mortgage Loan except a Mortgage Loan in default, a Mortgage Loan which must be repurchased by a Lender under the terms of a Mortgage Purchase Agreement or a Mortgage Loan which, under the terms of the General Resolution, could be released to the Authority free and clear of the lien of the General Resolution, unless (A) the Authority holds a commitment to purchase a substitute Mortgage Loan from the proceeds of such sale, or (B) the Rating Agency confirms that such disposition will not result in a lower bond rating and the Authority files with the Trustee a Certificate stating that the action so taken would not cause a deficiency in any Bond Year should the Cash Flow Certificate be updated by taking into account such action, or (ii) consent or agree to or permit any amendment or modification of the economic terms of any Mortgage Loan not in default except as may be required to comply with the Code.

The Authority may, without violating the covenant summarized in the immediately preceding paragraph, assign, transfer, pledge, or otherwise dispose of or encumber any Mortgage Loan, free and clear of the lien of the General Resolution if, on or before the date of such assignment, transfer, pledge, or other disposition or encumbrance, it provides to the Trustee:

(i) a certificate to the effect that each Mortgage Loan proposed to be assigned, transferred, pledged, or otherwise disposed of or encumbered was purchased with (A) the proceeds of a Bond or Bonds of a Series which, on the date of such certificate, is subject to redemption at the option of the Authority at a redemption price not greater than one hundred percent (100%) of the outstanding principal amount thereof, plus interest accrued thereon to the date of redemption, or (B) scheduled payments of principal or Prepayments of Mortgage Loans purchased with such proceeds, or (C) the proceeds of (A) or (B), or some combination thereof;

(ii) written confirmation from the Rating Agency that the proposed assignment, transfer, pledge, or other disposition or encumbrance will not result in a lowering of its rating of the Bonds;

(iii) a Cash Flow Certificate that takes into account the proposed assignment, transfer, pledge, or other disposition or encumbrance and projects sufficient Revenues to pay Program Expenses and Annual Debt Service when due in each Bond Year thereafter; and

(iv) an opinion of Bond Counsel to the effect that the proposed assignment, transfer, pledge, or other disposition or encumbrance will not adversely affect the exclusion, if any, of the interest on any Series of Bonds from the gross income of the Owners thereof for federal income taxation purposes.

Notwithstanding any provision to the contrary contained in the General Resolution, the Authority is authorized to take all actions and to perform all acts with respect to any Mortgage Loan purchased pursuant to the provisions of the General Resolution which, in the opinion of Bond Counsel, shall be prudent to avoid any consequences which may adversely affect the exclusion, if any, of the interest on the Bonds of any Series from the gross income of the Owners thereof for federal income taxation purposes, or which may impair the Authority's ability to discharge its obligations to duly and punctually pay or cause to be paid the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner specified in the Bond and the applicable Supplemental Resolution according to the true intent and meaning thereof and to duly pay or cause to be paid the Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds; provided, however, that such action shall be taken only upon the Authority's having first obtained:

(i) written confirmation from the Rating Agency that the proposed action will not result in a lowering of its rating of the Bonds;

(ii) a Cash Flow Certificate that takes into account the proposed action and projects sufficient Revenues to pay Program Expenses and Annual Debt Service when due in each Bond Year thereafter; and

(iii) an approving opinion of Bond Counsel.

#### **Annual Budget (Section 6.10)**

The Authority covenants that it will prepare and file with the Trustee each year an Annual Budget which must include allocations for Annual Debt Service payments and estimated Program Expenses. The Authority may at any time adopt an amended Annual Budget but such amended Budget will not become effective unless the Authority files with the Trustee a Cash Flow Certificate projecting Revenues sufficient to pay Program Expenses and Annual Debt Service when due in each Bond Year after giving effect to such amended Budget.

### **Creation of Liens (Section 6.12)**

The Authority covenants that it will not issue any evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the money, securities, rights, or interests pledged or held or set aside under the General Resolution, nor create or cause to be created any lien or charge upon the Revenues or such money, securities, rights, or interests, except that the Authority may issue evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the General Resolution has been discharged and satisfied.

The Authority has reserved the right to issue evidences of indebtedness other than the Bonds so long as the same are not a charge or lien on the Revenues or the money, securities, rights, or interests pledged or held under the General Resolution.

### **Restriction on Purchase and Redemption of Bonds (Section 6.14)**

The Authority has covenanted that it will not purchase or redeem or direct the purchase or redemption by the Trustee of any Bonds at a cost or price which (i) exceeds the then applicable Redemption Price of such Bonds, plus accrued interest to the next redemption date, if such Bonds are then redeemable, or (ii) exceeds the Redemption Price of such Bonds on the date such Bonds are first redeemable at the option of the Authority, plus accrued interest to the first applicable redemption date.

### **Events of Default (Section 7.02)**

Each of the following constitutes an Event of Default under the General Resolution:

- (i) failure by the Authority to pay any Principal Installment or Redemption Price of any Bond at the time required;
- (ii) failure by the Authority to pay any installment of interest on any Bond at the time required and the continuance of such failure for a period of thirty (30) days;
- (iii) failure by the Authority to perform or observe any other covenant, agreement or condition on its part contained in the General Resolution or in the Bonds, and the continuance of such failure for a period of sixty (60) days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of one hundred percent (100%) of the Bonds Outstanding; or
- (iv) filing by the Authority of a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable federal or South Carolina law, and such filing shall continue undismissed for a period of sixty (60) days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of one hundred percent (100%) of the Bonds Outstanding.

### **Remedies (Sections 7.03, 7.4, and 7.06)**

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of Owners of not less than (i) twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding in the case of an Event of Default described in (i) or (ii) of the preceding paragraph, and (ii) one hundred percent (100%) in aggregate principal amount of Bonds Outstanding in the case of an Event of Default described in Section (iii) or (iv) of the preceding paragraph, must, by notice in writing to the Authority, declare all Bonds Outstanding immediately due and payable, and such Bonds will then become and be immediately payable. Prior to entry of final judgment or decree in any suit, action or proceeding instituted on account of such default or before the completion of the enforcement of any other remedy under the General Resolution, such declaration may be annulled by the Trustee if, among other things, money has been deposited in the Revenue Fund sufficient to pay all matured installments of principal (other than principal then due only because of such declaration) or Redemption Price of and interest on all Bonds Outstanding.

Upon the occurrence and continuance of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five percent (25%) in the aggregate principal amount of the Bonds Outstanding, together with indemnification satisfactory to the Trustee, must, proceed to protect and enforce its rights and the rights of the Bondholders under the General Resolution by such suits, actions, or proceedings as the Trustee, being advised by counsel, may deem expedient.

No remedy conferred upon or reserved to the Trustee by the terms of the General Resolution is intended to be exclusive of any other available remedy, but each and every remedy is cumulative and in addition to any other remedy available under the General Resolution or existing at law or in equity or by statute.

#### **Qualifications of Successor Trustees and Paying Agents (Sections 8.09, and 8.13)**

Any successor Trustee under the General Resolution must be a bank or trust company organized under the laws of the United States of America or any state thereof, be in good standing within or outside the State, and have stockholders' equity of at least \$100,000,000, provided there is such an institution willing, qualified, and able to accept the trusts created by the General Resolution upon reasonable and customary terms.

Any successor Paying Agent appointed pursuant to the General Resolution must be a bank or trust company organized under the laws of any state or a national banking association, have stockholders' equity of at least \$100,000,000, be willing and able to act as Paying Agent on reasonable and customary terms, and be authorized by law to perform all duties imposed upon a Paying Agent under the General Resolution.

#### **Modifications of Resolution and Outstanding Bonds (Sections 9.01, 9.02, 10.02, 10.03, and 10.04)**

The General Resolution provides procedures whereby the Authority may amend the General Resolution or a Supplemental Resolution by adoption of a Supplemental Resolution. Amendments that may be made without the consent of Bondholders are limited to such purposes as (among others) (i) providing for the issuance of a Series of Bonds, (ii) closing the General Resolution or any Supplemental Resolution against the delivery of Bonds or the issuance of other evidences of indebtedness, (iii) adding to the covenants, agreements, limitations, and restrictions to be observed by the Authority, (iv) further securing the Bonds, (v) curing ambiguities, defects, and inconsistent provisions, (vi) modifying, amending, or supplementing the General Resolution or any resolution supplemental thereto in such manner as, in the opinion of Bond Counsel, may be necessary to preserve the exclusion of the interest on the Bonds from the gross income of the Owners thereof for federal income taxation purposes, and (vii) making any other change that, in the opinion of the Trustee, does not materially adversely affect the rights of the Trustee or any Bondholder.

Amendments to the General Resolution which change the respective rights and obligations of the Authority and the Bondholders may be made with the written consent of the Owners of not less than sixty-six and two-thirds percent (66-2/3%) in principal amount of Outstanding Bonds to which the amendment applies; but no such amendment can permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount, Redemption Price, rate of interest, or the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect such amendment without the consent of the Owners of all such Bonds.

#### **Defeasance (Section 11.03)**

Any Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the General Resolution if, among other things, there has been deposited with the Trustee either moneys in an amount which is sufficient, or non-callable Government Obligations the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, is sufficient, to pay when due the principal or Redemption Price of and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

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**APPENDIX B**

**FORMS OF OPINIONS OF BOND COUNSEL TO BE DELIVERED IN  
CONNECTION WITH ISSUANCE OF SERIES 2026 B BONDS**

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BURR.COM

June \_\_, 2026

South Carolina State Housing Finance  
and Development Authority  
Columbia, South Carolina

Re: \$\_\_\_\_\_ South Carolina State Housing Finance and Development Authority Mortgage  
Revenue Bonds, Series 2026B-1

Ladies and Gentlemen:

We have acted as bond counsel to South Carolina State Housing Finance and Development Authority (the “Authority”) in connection with the issuance of \$\_\_\_\_\_ Mortgage Revenue Bonds, Series 2026B-1 (the “Series 2026 Bonds”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to give the opinions below.

The Series 2026 Bonds are issued by the Authority pursuant to (i) the South Carolina State Housing Finance and Development Authority Act of 1977, codified as Title 31, Chapter 13, Code of Laws of South Carolina, 1976, as amended (the “Act”), (ii) the approval of the State Fiscal Accountability Authority of South Carolina, (iii) the General Resolution adopted by the Authority on September 13, 1994, as amended (the “General Resolution”) and (iv) the Series 2026 Supplemental Resolution adopted by the Authority on \_\_\_\_\_, 2026 (the “Series 2026 Supplemental Resolution”). The General Resolution and the Series 2026 Supplemental Resolution are collectively referred to hereinafter as the “Resolution” and capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

As to questions of fact material to the opinions below, we have relied upon representations of the Authority contained in the Resolution, and on the certified proceedings and other certifications of representatives of the Authority and certifications of others furnished to us without undertaking to verify them by independent investigation, including without limitation, an opinion of general counsel to the Authority as to the Authority’s compliance with all applicable laws with respect to the operation of the Program.

Based upon the foregoing, it is our opinion that, under existing law:

1. The Authority is validly existing as a public body corporate and politic of the State with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Series 2026 Bonds.

2. The Series 2026 Supplemental Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority.

3. The General Resolution creates a valid lien on the Revenues and the other Funds pledged by the General Resolution for the security for the Series 2026 Bonds.

4. The Series 2026 Bonds have been duly authorized and executed by the Authority, and are valid and binding obligations of the Authority payable solely from the Trust Estate.

5. Interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2026 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2026 Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds.

6. Interest on the Series 2026 Bonds is exempt from all state, county, municipal, school district, and all other taxes or assessments provided by the laws of the State of South Carolina except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Series 2026 Bonds.

The rights of the owners of the Series 2026 Bonds and the enforceability of the Series 2026 Bonds and the Resolution are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors and by equitable principles, whether at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or relating to the Series 2026 Bonds, or regarding the attachment, perfection, or priority of the lien on Revenues or other funds created by the Resolution. Further, we express no opinion regarding tax consequences arising with respect to the Series 2026 Bonds other than as expressly set forth herein.

The opinions given in this letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

BURR & FORMAN LLP



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BURR.COM

June \_\_, 2026

South Carolina State Housing Finance  
and Development Authority  
Columbia, South Carolina

Re: \$\_\_\_\_\_ South Carolina State Housing Finance and Development Authority Mortgage  
Revenue Bonds, Series 2026B-2

Ladies and Gentlemen:

We have acted as bond counsel to South Carolina State Housing Finance and Development Authority (the “Authority”) in connection with the issuance of \$\_\_\_\_\_ Mortgage Revenue Bonds, Series 2026B-2 (the “Series 2026 Bonds”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to give the opinions below.

The Series 2026 Bonds are issued by the Authority pursuant to (i) the South Carolina State Housing Finance and Development Authority Act of 1977, codified as Title 31, Chapter 13, Code of Laws of South Carolina, 1976, as amended (the “Act”), (ii) the approval of the State Fiscal Accountability Authority of South Carolina, (iii) the General Resolution adopted by the Authority on September 13, 1994, as amended (the “General Resolution”) and (iv) the Series 2026 Supplemental Resolution adopted by the Authority on \_\_\_\_\_, 2026 (the “Series 2026 Supplemental Resolution”). The General Resolution and the Series 2026 Supplemental Resolution are collectively referred to hereinafter as the “Resolution” and capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

As to questions of fact material to the opinions below, we have relied upon representations of the Authority contained in the Resolution, and on the certified proceedings and other certifications of representatives of the Authority and certifications of others furnished to us without undertaking to verify them by independent investigation, including without limitation, an opinion of general counsel to the Authority as to the Authority’s compliance with all applicable laws with respect to the operation of the Program.

Based upon the foregoing, it is our opinion that, under existing law:

1. The Authority is validly existing as a public body corporate and politic of the State with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Series 2026 Bonds.

2. The Series 2026 Supplemental Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority.

3. The General Resolution creates a valid lien on the Revenues and the other Funds pledged by the General Resolution for the security for the Series 2026 Bonds.

4. The Series 2026 Bonds have been duly authorized and executed by the Authority, and are valid and binding obligations of the Authority payable solely from the Trust Estate.

5. Interest on the Series 2026 Bonds is exempt from all state, county, municipal, school district, and all other taxes or assessments provided by the laws of the State of South Carolina except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise and certain franchise taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Series 2026 Bonds.

The rights of the owners of the Series 2026 Bonds and the enforceability of the Series 2026 Bonds and the Resolution are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors and by equitable principles, whether at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or relating to the Series 2026 Bonds, or regarding the attachment, perfection, or priority of the lien on Revenues or other funds created by the Resolution. Further, we express no opinion regarding tax consequences arising with respect to the Series 2026 Bonds other than as expressly set forth herein.

The opinions given in this letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

BURR & FORMAN LLP

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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**SOUTH CAROLINA STATE HOUSING FINANCE AND  
DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
COLUMBIA, SOUTH CAROLINA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR  
1401 Main Street, Suite 1200 • Columbia, SC 29201

September 26, 2025

Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority  
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina State Housing Finance and Development Authority for the fiscal year ended June 30, 2025, was issued by CliftonLarsonAllen LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Sue F. Moss, CPA  
Interim State Auditor

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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YEAR ENDED JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

Ms. Sue Moss, CPA, Interim State Auditor and  
Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority  
Columbia, South Carolina

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority, a component unit of the state of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the South Carolina State Housing Finance and Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Carolina State Housing Finance and Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Ms. Sue Moss, CPA, Interim State Auditor and  
Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Carolina State Housing Finance and Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Carolina State Housing Finance and Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Carolina State Housing Finance and Development Authority's ability to continue as a going concern for a reasonable period of time.

Ms. Sue Moss, CPA, Interim State Auditor and  
Members of the Board of Commissioners  
South Carolina State Housing Finance and Development Authority

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the employer's proportionate share of the net pension liability, the schedule of the employer's pension contributions, the schedule of the employer's proportionate share of the net OPEB liability, and the schedule of the employer's OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the South Carolina State Housing Finance and Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Carolina State Housing Finance and Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Carolina State Housing Finance and Development Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 26, 2025

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

As management of the South Carolina State Housing Finance and Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025.

**Financial Highlights**

- Net position of the Authority's business-type activities increased by \$26,666,264 to \$469,871,811. This increase is primarily attributable to the increase in the Authority's single-family mortgage portfolio and non-operating revenues in the General Operating Fund.
- The governmental activities net position increased by \$16,025,420 to \$142,865,167. This increase is primarily the result of an increase in documentary tax revenue, interest on deposits and investments, and the net increase in the fair value of investments.
- Federal grant revenue increased by \$11,207,235 to \$210,474,120. Federal assistance received by the Authority during the current fiscal year was from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Treasury. The increase in federal assistance is due primarily to increased funding for the Housing Choice Voucher program and Contract Administration.
- The Authority made principal payments on mortgage revenue bonds of \$94,680,000 during the fiscal year. Of which, \$82,845,000 were redeemed prior to maturity.
- For the fiscal year ended June 30, 2025, the Authority purchased \$377,363,495 of single family first mortgages, down payment assistance loans, and multifamily mortgages in its proprietary funds. The majority of single family production was funded through the Mortgage Revenue Bond indenture and is recorded as loans.
- Bonds outstanding, net of unamortized premiums, increased by \$426,840,796 to \$1,600,948,740. This is mainly attributable to the increase in demand for the Authority's mortgage loans, which resulted in an increase in the current year of bonds issued by 200% over the prior year.

**Overview of the Financial Statements**

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two types of statements presenting different views of the Authority's finances.

- The first two statements are entity-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type activities and are reported in proprietary funds.
- The remaining statements are fund financial statements of the Authority's proprietary funds which operate similar to business activities and for which the Authority follows an accrual basis of accounting, and the governmental funds, which are special revenue funds that follow the modified accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains the information in the entity-wide and fund financial statements. The notes also provide a more detailed explanation of data and significant accounting procedures and policies.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The remainder of this overview section explains the structure and contents of each of these statements. Prior year results referred to throughout this section are for comparison purposes only.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has two kinds of funds:

**Governmental Funds** - Governmental funds finance the Authority's governmental functions, including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

As such, in accordance with governmental accounting standards, the portions of net position/fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as restricted in the fund entity-wide statements.

**Proprietary Funds** - The Authority's primary activities are accounted for in its proprietary funds. These activities are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily provided through the issuance of bonds, the proceeds of which are used to make various types of loans to finance low and moderate-income housing. HUD contracts are accounted for in the proprietary funds since the Authority receives fees to administer various HUD programs. The net positions of these programs represent accumulated earnings since their inception and are generally restricted for program purposes.

**Financial Analysis of the Authority as a Whole**

**Net Position:** The combined net position of the Authority increased by \$42,691,684 to \$612,736,978. The following table summarizes the financial position for the Authority as of and for the fiscal years ended June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets:</b>						
Current Assets	\$ 123,765,482	\$ 111,903,789	\$ 628,393,898	\$ 422,215,727	\$ 752,159,380	\$ 534,119,516
Noncurrent Assets	20,747,570	16,286,050	1,557,591,515	1,297,383,685	1,578,339,085	1,313,669,735
Total Assets	144,513,052	128,189,839	2,185,985,413	1,719,599,412	2,330,498,465	1,847,789,251
<b>Deferred Outflows of Resources</b>	-	-	7,323,922	6,090,218	7,323,922	6,090,218
<b>Liabilities:</b>						
Current Liabilities	1,647,885	1,350,092	107,257,429	88,563,541	108,905,314	89,913,633
Noncurrent Liabilities	-	-	1,608,387,513	1,185,383,068	1,608,387,513	1,185,383,068
Total Liabilities	1,647,885	1,350,092	1,715,644,942	1,273,946,609	1,717,292,827	1,275,296,701
<b>Deferred Inflows of Resources</b>	-	-	7,792,582	8,537,474	7,792,582	8,537,474
<b>Net Position:</b>						
Net Investment in Capital Assets	-	-	745,665	415,127	745,665	415,127
Restricted	142,865,167	126,839,747	441,603,956	424,649,157	584,469,123	551,488,904
Unrestricted	-	-	27,522,190	18,141,263	27,522,190	18,141,263
Total Net Position	\$ 142,865,167	\$ 126,839,747	\$ 469,871,811	\$ 443,205,547	\$ 612,736,978	\$ 570,045,294

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

Total net position of the Authority's governmental activities increased by \$16,025,420 to \$142,865,167. The Housing Trust Fund Act enacted by the General Assembly during 1992 restricts fund balance of the Housing Trust Fund. The Authority receives funding from a percentage of the documentary stamp tax on the instruments conveying real property to finance in whole or in part, affordable housing projects, and/or developments eligible under the Housing Trust Fund Act.

Net position of the Authority's business-type activities increased by \$26,666,264 to \$469,871,811.

**Statement of Activities:** The Statement of Activities shows the sources of the Authority's changes in net position as they progress through the various programs and functions. The Housing Trust Fund is shown as governmental activities, and all other programs are shown as business-type activities. The business-type activities include the Single Family Loan Programs, federal housing assistance, tax credits allocations, compliance monitoring, and other activities that are part of the Authority's administrative functions.

A condensed Statement of Activities for the last two fiscal years is shown below.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Charges for Services	\$ 4,616,406	\$ 3,724,966	\$ 111,544,176	\$ 95,223,370	\$ 116,160,582	\$ 98,948,336
General Revenues	28,429,117	25,661,206	16,703,269	10,789,854	45,132,386	36,451,060
Operating Grants and Contributions	-	-	210,474,120	199,266,885	210,474,120	199,266,885
Total Revenues	<u>33,045,523</u>	<u>29,386,172</u>	<u>338,721,565</u>	<u>305,280,109</u>	<u>371,767,088</u>	<u>334,666,281</u>
<b>Expenses</b>	<u>17,516,503</u>	<u>14,292,573</u>	<u>311,558,901</u>	<u>293,297,366</u>	<u>329,075,404</u>	<u>307,589,939</u>
<b>Excess (Deficiency) Before Transfers</b>	15,529,020	15,093,599	27,162,664	11,982,743	42,691,684	27,076,342
Transfers Between Funds	<u>496,400</u>	<u>-</u>	<u>(496,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	16,025,420	15,093,599	26,666,264	11,982,743	42,691,684	27,076,342
Net Position - Beginning of Year	<u>126,839,747</u>	<u>111,746,148</u>	<u>443,205,547</u>	<u>431,222,804</u>	<u>570,045,294</u>	<u>542,968,952</u>
<b>Net Position - End of Year</b>	<u>\$ 142,865,167</u>	<u>\$ 126,839,747</u>	<u>\$ 469,871,811</u>	<u>\$ 443,205,547</u>	<u>\$ 612,736,978</u>	<u>\$ 570,045,294</u>

Revenues of the Authority's governmental activities were derived from a documentary stamp tax, a federal grant, interest payments on loans, and investment income. Revenues of the Authority's business-type activities were primarily from federal program revenue of \$210,474,120, charges for services of \$111,544,176, and net program investment income of \$16,703,269 which included a fair value adjustment loss of \$5,144,964. Charges for services consist primarily of interest income on loans, HUD administrative fees, tax credit application fees, and various other fees, such as monitoring and servicing. Program investment income came primarily from the bond programs, and the income is restricted to those programs.

Direct expenses of the Authority's business-type activities consist of two major types—housing assistance payments and bond interest. All administrative expenses were incurred in the Authority's General Operating Fund. Program revenue adequately covers all expenses of the Authority. Total revenues exceeded expenses by \$27,162,664 for the business-type activities.

Total net position of the Authority increased from the previous year by \$42,691,684 to \$612,736,978.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Debt Administration**

The Authority's total liabilities increased by \$441,996,126 to \$1,717,292,827. Non-current liabilities increased by \$423,004,445 to \$1,608,387,513. Refunding debt and optional bond redemptions are based on mortgage pre-payments received and an economic analysis of calling debt vs. making loans vs. investing funds. In recent years, calling debt has been the best financial alternative. The Authority's long-term debt, including amounts due within the next fiscal year, consists of bonds payable, net of unamortized premiums of \$1,600,948,740, net pension liability of \$15,282,740, net OPEB liability of \$12,887,769, accrued compensated absences of \$2,612,142, and \$4,353,213 of noncurrent liabilities, which consists primarily of future lease payments. See Notes 5, 6, 11 and 12 to the financial statements for more information on the Authority's long-term liabilities.

**Economic Factors**

The Authority's financial condition remained strong at June 30, 2025. The State of South Carolina continued to experience steady growth, with the current economic expansion having entered its sixteenth year during 2025.

Data from the Authority's Mortgage Servicing division indicates that the number of customers in forbearance and/or seriously delinquent has increased. The Authority will continue to focus efforts on loan servicing and loss mitigation in order to prevent foreclosure and preserve assets. The Homeowner Assistance Program, funded by the federal Homeowner Assistance Fund, is closed for applications and the Authority anticipates that some loans brought current through this program may fall delinquent in the future.

Interest rates continue to increase. The Authority was able to remain in the bond market based on the strength of the Statement of Net Position. The Authority will continue to monitor all economic factors impacting its financial stability.

**Requests for Information**

This financial report provides a general overview of the South Carolina State Housing Finance and Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

South Carolina State Housing Finance and Development Authority  
Finance Division  
300-C Outlet Pointe Boulevard  
Columbia, South Carolina 29210

## **BASIC FINANCIAL STATEMENTS**

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 6,062,236	\$ 6,062,236
Restricted Assets:			
Cash and Cash Equivalents	3,134,665	251,272,135	254,406,800
Investments	119,208,869	228,114,585	347,323,454
Loans Receivable	472,960	114,752,265	115,225,225
Accrued Interest Receivable:			
Loans	-	6,927,409	6,927,409
Accounts Receivable:			
Due from Grantor	-	1,168,656	1,168,656
Due from Primary Government	2,439,512	-	2,439,512
Other	-	4,203	4,203
Accrued Interest Receivable:			
Loans	4,138	151,642	155,780
Deposits and Investments	-	1,276,146	1,276,146
Prepays	-	17,169,959	17,169,959
Internal Balances	(1,494,662)	1,494,662	-
Total Current Assets	123,765,482	628,393,898	752,159,380
Noncurrent Assets:			
Loans Receivable, Net of Current Portion	20,747,570	-	20,747,570
Restricted Assets:			
Investments	-	37,627,444	37,627,444
Loans Receivable, Net of Current Portion	-	1,516,986,193	1,516,986,193
Allowance for Doubtful Loans	-	(2,121,000)	(2,121,000)
Capital Assets, Net of Accumulated			
Depreciation and Amortization	-	5,098,878	5,098,878
Total Noncurrent Assets	20,747,570	1,557,591,515	1,578,339,085
Total Assets	144,513,052	2,185,985,413	2,330,498,465
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pension Plan	-	2,835,738	2,835,738
Deferred Outflows of Resources Related to OPEB Plan	-	4,488,184	4,488,184
Total Deferred Outflows of Resources	-	7,323,922	7,323,922

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**JUNE 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Liabilities Payable from Restricted Assets:			
Bonds Payable, Net of Unamortized			
Premiums	\$ -	\$ 26,142,983	\$ 26,142,983
Accrued Interest Payable on Bonds	-	28,892,161	28,892,161
Other Liabilities	-	3,976,489	3,976,489
Mortgage Escrows	-	11,014,483	11,014,483
Total Liabilities Payable from Restricted Assets	-	70,026,116	70,026,116
Accrued Compensated Absences	-	1,132,234	1,132,234
Accrued Salaries and Related Payroll Expenses	-	1,322,637	1,322,637
Accounts Payable and Accrued Expenses	1,647,885	2,710,707	4,358,592
Unearned Revenue	-	32,065,735	32,065,735
Total Current Liabilities	1,647,885	107,257,429	108,905,314
Noncurrent Liabilities:			
Accrued Compensated Absences, Net of Current Portion	-	1,479,908	1,479,908
Bonds Payable, Net of Current Portion and Unamortized Premiums	-	1,574,805,757	1,574,805,757
Other Noncurrent Liabilities	-	3,931,339	3,931,339
Net Pension Liability	-	15,282,740	15,282,740
Net OPEB Liability	-	12,887,769	12,887,769
Total Noncurrent Liabilities	-	1,608,387,513	1,608,387,513
Total Liabilities	1,647,885	1,715,644,942	1,717,292,827
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Gain on Refunding	-	2,040,795	2,040,795
Deferred Inflows of Resources Related to Pension Plan	-	699,229	699,229
Deferred Inflows of Resources Related to OPEB Plan	-	5,052,558	5,052,558
Total Deferred Inflows of Resources	-	7,792,582	7,792,582
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	745,665	745,665
Restricted for:			
Debt Service	-	85,937,908	85,937,908
Bond Reserves	-	45,732,450	45,732,450
Housing Projects and Development	142,865,167	309,933,598	452,798,765
Unrestricted	-	27,522,190	27,522,190
Total Net Position	\$ 142,865,167	\$ 469,871,811	\$ 612,736,978

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
Housing Development	\$ 17,516,503	\$ 4,616,406	\$ -	\$ (12,900,097)	\$ -	\$ (12,900,097)
Total Governmental Activities	17,516,503	4,616,406	-	(12,900,097)	-	(12,900,097)
<b>BUSINESS-TYPE ACTIVITIES</b>						
Administrative	25,849,345	37,136,430	-	-	11,287,085	11,287,085
Single-Family Mortgage Loan Programs	68,203,237	74,407,746	-	-	6,204,509	6,204,509
Federal Programs	217,506,319	-	210,474,120	-	(7,032,199)	(7,032,199)
Total Business-Type Activities	311,558,901	111,544,176	210,474,120	-	10,459,395	10,459,395
Total	\$ 329,075,404	\$ 116,160,582	\$ 210,474,120	(12,900,097)	10,459,395	(2,440,702)
<b>GENERAL REVENUE</b>						
Documentary Stamp Taxes				25,363,207	-	25,363,207
Investment Income				3,065,910	16,703,269	19,769,179
Total General Revenue				28,429,117	16,703,269	45,132,386
Transfers In				496,400	-	496,400
Transfers Out				-	(496,400)	(496,400)
Total Transfers				496,400	(496,400)	-
<b>CHANGE IN NET POSITION</b>						
				16,025,420	26,666,264	42,691,684
Net Position - Beginning				126,839,747	443,205,547	570,045,294
<b>NET POSITION - END OF YEAR</b>						
				\$ 142,865,167	\$ 469,871,811	\$ 612,736,978

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	Housing Trust Fund
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 3,134,665
Investments	119,208,869
Accounts Receivable:	
Due from Primary Government	2,439,512
Loans Receivable	472,960
Accrued Interest Receivable:	
Loans	4,138
Total Current Assets	125,260,144
<b>NONCURRENT ASSETS</b>	
Loans Receivable, Net of Current Portion	20,747,570
Total Noncurrent Assets	20,747,570
Total Assets	\$ 146,007,714
<b>LIABILITIES AND FUND BALANCE</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 1,647,885
Due to Other Funds	1,494,662
Total Current Liabilities	3,142,547
<b>FUND BALANCE</b>	
Nonspendable	21,224,668
Restricted for:	
Housing Projects and Development	121,640,499
Total Fund Balance	142,865,167
Total Liabilities and Fund Balance	\$ 146,007,714

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025**

	Housing Trust Fund
<b>REVENUE</b>	
Documentary Stamp Taxes	\$ 25,363,207
Administrative Fees	470,874
Interest on Loans	110,246
Interest on Deposits and Investments	4,035,286
Net Increase (Decrease) in the Fair Value of Investments	3,065,910
Total Revenue	33,045,523
<b>EXPENDITURES</b>	
Housing Development	17,516,503
Total Expenditures	17,516,503
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer from General Operating Fund	496,400
Total Other Financing Sources (Uses)	496,400
<b>NET CHANGES IN FUND BALANCE</b>	16,025,420
Fund Balance - Beginning of Year	126,839,747
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 142,865,167</b>

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2025**

	General Operating	Single Family Finance Programs	Program	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 5,974,775	\$ -	\$ 87,461	\$ 6,062,236
Restricted Assets:				
Cash and Cash Equivalents	53,745,743	197,526,392	-	251,272,135
Investments	16,791,678	195,798,881	15,524,026	228,114,585
Loans Receivable	993,179	113,124,412	634,674	114,752,265
Accrued Interest Receivable:				
Loans Receivable	-	6,927,409	-	6,927,409
Accounts Receivable:				
Due from Grantor	1,166,646	-	2,010	1,168,656
Other	4,203	-	-	4,203
Accrued Interest Receivable:				
Loans	81,679	-	69,963	151,642
Deposits and Investments	18,567	1,257,579	-	1,276,146
Prepays	16,919,834	250,125	-	17,169,959
Due from Other Funds	1,494,662	-	-	1,494,662
Total Current Assets	<u>97,190,966</u>	<u>514,884,798</u>	<u>16,318,134</u>	<u>628,393,898</u>
Noncurrent Assets:				
Restricted Assets:				
Investments	-	37,627,444	-	37,627,444
Loans Receivable, Net of Current Portion	86,967,135	1,428,613,562	1,405,496	1,516,986,193
Allowance for Doubtful Loans	(24,000)	(1,299,000)	(798,000)	(2,121,000)
Capital Assets, Net of Accumulated				
Depreciation	5,098,878	-	-	5,098,878
Total Noncurrent Assets	<u>92,042,013</u>	<u>1,464,942,006</u>	<u>607,496</u>	<u>1,557,591,515</u>
Total Assets	189,232,979	1,979,826,804	16,925,630	2,185,985,413
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources Related to				
Pension Plan	2,835,738	-	-	2,835,738
Deferred Outflows of Resources Related to				
OPEB Plan	4,488,184	-	-	4,488,184
Total Deferred Outflows of Resources	<u>7,323,922</u>	<u>-</u>	<u>-</u>	<u>7,323,922</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (CONTINUED)**  
**JUNE 30, 2025**

	General Operating	Single Family Finance Programs	Program	Total
<b>LIABILITIES</b>				
Current Liabilities:				
Liabilities Payable from Restricted Assets:				
Bonds Payable, Net of Unamortized Premiums	\$ -	\$ 26,142,983	\$ -	\$ 26,142,983
Accrued Interest Payable on Bonds	-	28,892,161	-	28,892,161
Other Liabilities	3,471,404	503,005	2,080	3,976,489
Mortgage Escrows	11,014,483	-	-	11,014,483
Total Liabilities Payable from Restricted Assets	14,485,887	55,538,149	2,080	70,026,116
Accrued Compensated Absences	1,132,234	-	-	1,132,234
Accrued Salaries and Related Payroll Expenses	1,322,637	-	-	1,322,637
Accounts Payable and Accrued Expenses	2,710,707	-	-	2,710,707
Unearned Revenue	32,062,298	-	3,437	32,065,735
Total Current Liabilities	51,713,763	55,538,149	5,517	107,257,429
Noncurrent Liabilities:				
Accrued Compensated Absences, Net of Current Portion	1,479,908	-	-	1,479,908
Bonds Payable, Net of Current Portion and Unamortized Premiums	-	1,574,805,757	-	1,574,805,757
Other Noncurrent Liabilities	3,931,339	-	-	3,931,339
Net Pension Liability	15,282,740	-	-	15,282,740
Net OPEB Liability	12,887,769	-	-	12,887,769
Total Noncurrent Liabilities	33,581,756	1,574,805,757	-	1,608,387,513
Total Liabilities	85,295,519	1,630,343,906	5,517	1,715,644,942
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Gain on Refunding	-	2,040,795	-	2,040,795
Deferred Inflows of Resources Related to Pension Plan	699,229	-	-	699,229
Deferred Inflows of Resources Related to OPEB Plan	5,052,558	-	-	5,052,558
Total Deferred Inflows of Resources	5,751,787	2,040,795	-	7,792,582
<b>NET POSITION</b>				
Net Investment in Capital Assets	745,665	-	-	745,665
Restricted for:				
Debt Service	-	85,937,908	-	85,937,908
Bond Reserves	-	45,732,450	-	45,732,450
Housing Projects and Development	94,161,853	215,771,745	-	309,933,598
Unrestricted	10,602,077	-	16,920,113	27,522,190
Total Net Position	\$ 105,509,595	\$ 347,442,103	\$ 16,920,113	\$ 469,871,811

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General Operating	Single Family Finance Programs	Program	Eliminations	Total
<b>OPERATING REVENUES</b>					
Interest and Other Charges on Loans	\$ 826,104	\$ 68,811,982	\$ 37,744	\$ -	\$ 69,675,830
Interest on Deposits and Investments	83,721	10,963,293	511,291	-	11,558,305
Net Increase in the Fair Value of Investments	385,409	4,372,456	387,099	-	5,144,964
Administrative Fees and Other	35,952,563	5,595,764	320,019	-	41,868,346
Total Operating Revenues	<u>37,247,797</u>	<u>89,743,495</u>	<u>1,256,153</u>	<u>-</u>	<u>128,247,445</u>
<b>OPERATING EXPENSES</b>					
Bond Interest	-	44,759,792	-	-	44,759,792
Program Services	-	18,810,011	-	-	18,810,011
General and Administrative	25,146,145	-	-	-	25,146,145
Bond Issuance Expense	-	4,633,434	-	-	4,633,434
Depreciation and Amortization	703,200	-	-	-	703,200
Total Operating Expenses	<u>25,849,345</u>	<u>68,203,237</u>	<u>-</u>	<u>-</u>	<u>94,052,582</u>
<b>OPERATING INCOME</b>	11,398,452	21,540,258	1,256,153	-	34,194,863
<b>NONOPERATING REVENUE (EXPENSES)</b>					
Federal Grant and Contract Revenue	210,474,120	-	-	-	210,474,120
Housing Assistance Payments and Grant Awards Disbursed	<u>(217,455,170)</u>	<u>-</u>	<u>(51,149)</u>	<u>-</u>	<u>(217,506,319)</u>
Total Nonoperating Revenue (Expenses)	<u>(6,981,050)</u>	<u>-</u>	<u>(51,149)</u>	<u>-</u>	<u>(7,032,199)</u>
<b>INCOME BEFORE TRANSFERS</b>	4,417,402	21,540,258	1,205,004	-	27,162,664
<b>TRANSFERS</b>					
Transfers In	5,450,042	-	-	(5,450,042)	-
Transfers Out	<u>(496,400)</u>	<u>(5,450,042)</u>	<u>-</u>	<u>5,450,042</u>	<u>(496,400)</u>
Total Transfers, Net	<u>4,953,642</u>	<u>(5,450,042)</u>	<u>-</u>	<u>-</u>	<u>(496,400)</u>
<b>CHANGES IN NET POSITION</b>	9,371,044	16,090,216	1,205,004	-	26,666,264
Fund Balance - Beginning	<u>96,138,551</u>	<u>331,351,887</u>	<u>15,715,109</u>	<u>-</u>	<u>443,205,547</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 105,509,595</u>	<u>\$ 347,442,103</u>	<u>\$ 16,920,113</u>	<u>\$ -</u>	<u>\$ 469,871,811</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General Operating	Single Family Finance Programs	Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipt of Loan Payments	\$ 1,932,146	\$ 96,407,573	\$ 659,002	\$ 98,998,721
Receipt of Loan Interest Payments	-	-	-	-
Purchases of New Loans	(1,807,813)	(377,363,495)	-	(379,171,308)
Administrative Fees and Other	33,496,145	87,048,285	1,208,103	121,752,533
Payments to Employees	(13,223,211)	-	-	(13,223,211)
Payments to Vendors	(8,084,704)	(60,729,772)	(15)	(68,814,491)
Net Cash Provided (Used) by Operating Activities	12,312,563	(254,637,409)	1,867,090	(240,457,756)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Equipment	(1,300,879)	-	-	(1,300,879)
Net Cash Used by Capital and Related Financing Activities	(1,300,879)	-	-	(1,300,879)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Programs	5,450,042	-	-	5,450,042
Transfers to Other Programs	(496,400)	(5,450,042)	-	(5,946,442)
Lease Liability Payments	173,534	-	-	173,534
Proceeds from the Sale of Bonds	-	500,000,000	-	500,000,000
Receipts from Federal Grants	210,474,120	-	-	210,474,120
Payments of Housing Assistance Grants	(217,455,170)	-	-	(217,455,170)
Premium Received from the Sale of Bonds	-	21,520,796	-	21,520,796
Principal Payments on Bonds Payable	-	(94,680,000)	-	(94,680,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,853,874)	421,390,754	-	419,536,880
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales of Investments	-	38,715,005	-	38,715,005
Purchase of Investments	(4,260,809)	(74,338,213)	(3,105,016)	(81,704,038)
Income on Deposits and Investments	83,721	-	831,310	915,031
Net Cash Provided (Used) by Investing Activities	(4,177,088)	(35,623,208)	(2,273,706)	(42,074,002)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,980,722	131,130,137	(406,616)	135,704,243
Cash and Cash Equivalents - Beginning of Year	54,739,796	66,396,255	494,077	121,630,128
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 59,720,518</u>	<u>\$ 197,526,392</u>	<u>\$ 87,461</u>	<u>\$ 257,334,371</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

	General Operating	Single Family Finance Programs	Program	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 11,398,452	\$ 21,540,258	\$ 1,205,004	\$ 34,143,714
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	703,200	-	-	703,200
Pension Expense Related to the Recognition of the Net Pension Liability	(602,956)	-	-	(602,956)
OPEB Expense Related to the Recognition of the Net OPEB Liability	2,152,881	-	-	2,152,881
Changes in Operating Assets and Liabilities:				
Loans Receivable	124,333	(280,955,922)	659,002	(280,172,587)
Due From Grantor	(41,810)	-	(2,010)	(43,820)
Accrued Interest Receivables - Loans	(102,897)	(2,695,210)	1,672	(2,796,435)
Accounts Receivable	50,297	-	-	50,297
Due from Other Funds	(1,494,662)	-	-	(1,494,662)
Prepays	(3,552,870)	-	-	(3,552,870)
Deferred Outflows - OPEB	(1,015,788)	-	-	(1,015,788)
Deferred Outflows - Pension	(217,916)	-	-	(217,916)
Deferred Revenue	(104,372)	-	3,437	(100,935)
Mortgage Escrows	1,782,585	-	-	1,782,585
Accrued Compensated Absences	1,590,307	-	-	1,590,307
Accrued Salaries and Related Payroll Expenses	98,806	-	-	98,806
Accounts Payable and Accrued Expenses	2,294,698	-	-	2,294,698
Other Liabilities	(148,939)	7,617,571	(15)	7,468,617
Deferred Gain on Refunding	-	(144,106)	-	(144,106)
Deferred Inflows - OPEB	(1,230,637)	-	-	(1,230,637)
Deferred Inflows - Pension	629,851	-	-	629,851
Total Adjustments	<u>914,111</u>	<u>(276,177,667)</u>	<u>662,086</u>	<u>(274,601,470)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 12,312,563</u>	<u>\$ (254,637,409)</u>	<u>\$ 1,867,090</u>	<u>\$ (240,457,756)</u>

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

**Noncash Noncapital Financing Activities**

- a. Interest payments on bonds do not include \$3,149,311 of amortization of bond premiums, \$73,211 of amortization of deferred losses on refundings of debt, and \$217,315 of amortization of deferred gains on refunding of debt that were included in operating revenues and expenses in the Single Family Finance Program Funds.
- b. The Authority recorded an increase in the fair value of investments in the amount of \$5,144,964 for the fiscal year ended June 30, 2025.
- c. The Authority recorded \$2,430,642 of amortization of servicing release premiums and \$49,513 of amortization of deferred fee revenue in the General Operating Fund.

	General Operating	Single Family Finance Programs	Program	Total
Cash is Reported on the Statement of Net Position as:				
Cash and Cash Equivalents	\$ 5,974,775	\$ -	\$ 87,461	\$ 6,062,236
Restricted Cash and Cash Equivalents	53,745,743	197,526,392	-	251,272,135
Total Cash and Cash Equivalents	\$ 59,720,518	\$ 197,526,392	\$ 87,461	\$ 257,334,371

See accompanying Notes to Basic Financial Statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of South Carolina State Housing Finance and Development Authority (the Authority) were prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Authority are described hereafter.

**A. Reporting Entity**

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the officials of the primary government are financially accountable. In turn, component units may also have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Authority, a primary entity, is a public body, corporate, and politic, and is a discretely presented component unit of the state of South Carolina. As such, its funds are included in the Annual Comprehensive Financial Report of the state of South Carolina as a discretely presented component unit.

The Authority was established during 1971 pursuant to Section 31-13-20 of the South Carolina Code of Laws. The laws of the state of South Carolina and policies and procedures specified by the state of South Carolina for state agencies are applicable to the Authority. The powers of the Authority were expanded through the passage of the South Carolina State Housing Act of 1977 (31-13-10 through 330 and 31-3-1510), and as amended during 1982 (31-13-70), 1983 (31-13-80), 1986 (31-1-340), 1988 (31-13-50), and 1990 (31-13-200).

The South Carolina State Housing Act empowers the Authority to enter into grants and contracts with the federal government and to issue bonds and notes. During 1992, the General Assembly amended Chapter 13, Title 13 by adding Article 4 which enacts the Housing Trust Fund Act of 1992.

The Authority's Board of Commissioners (the Board), whose members are appointed by the Governor, is the governing body of the Authority. The Board administers, has jurisdiction over, and is responsible for the management of the Authority.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

SC Housing Corp. was formed in 2010 to administer and distribute funds from the U.S. Department of Treasury's Hardest Hit Fund, through the SC HELP Program. SC Housing Corp. is governed by a Board of Directors, whose members are appointed by the Authority's Board of Commissioners.

The SC HELP Program closed in October 2020 and all unused funds were returned to Treasury. The entity remains open only for the purpose of releasing liens on downpayment assistance loans as they mature or are forgiven.

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the officials of the primary government are financially accountable. In turn, component units may also have component units.

The Authority follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, GASB Statement No. 80, *Blending Requirement For Certain Component Units*, and GASB Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61.

GASB Statement No. 61 clarified previous statements by requiring a financial benefit or burden criteria to be present in order for a separate entity to be dependent on a primary government and included as a component unit of the primary entity, regardless of whether the primary government appoints a voting majority of the organization's governing body. The financial benefit or burden exists if the primary government is (a) legally entitled or can access the organization's resources, or (b) legally obligated or has assumed the obligation to finance deficits or provide financial support to the organization, or (c) obligated in some manner for the debt of the organization. In addition, the relationship to the primary government can also be determined by the services provided by the component unit to the citizens, such that separate reporting as a major component unit is considered essential to the financial statement users.

Based on these criteria, the Authority has been determined to be classified as a discretely presented component unit of the state of South Carolina and that SC Housing Corp. is a blended component unit of the Authority. SC Housing Corp. has no activity reported.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

The accompanying financial statements present the financial position, results of operations, and cash flows of only that portion of the funds of the state of South Carolina that is attributable to the transactions of the Authority and SC Housing Corp. The mortgage revenue bonds are special obligations of the Authority and are not a debt, grant or loan of the state of South Carolina nor any political subdivision of the state of South Carolina, and neither the state of South Carolina nor any political subdivision thereof is liable. The bonds are secured by and payable solely from the monies, income, and receipts of the Authority pledged for the payment thereof under the bond indentures. Payment of the principal or redemption price of, and interest on, all bonds is secured ratably and equally by the proceeds of the bonds, revenue (including scheduled payments of principal and interest on mortgages and repayments of mortgage loans and interest and income received on investments of money held in the funds and accounts), and the right, title, and interest of the Authority in and to the mortgage loans.

**B. Fund Accounting**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The Authority reports no fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives, in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. Within the Authority's governmental funds, expendable assets are assigned to the applicable governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

Governmental Funds (Continued)

As such, in accordance with governmental accounting standards, the portions of net position/fund balance that are not available for appropriation and are legally segregated for a specified use are presented as restricted in the entity-wide and fund statements.

**Housing Trust Fund**

The Housing Trust Fund, a special revenue fund, was established during May 1992 pursuant to South Carolina Code of Laws, Chapter 31, Article 4. The Authority receives funding from a percentage of the documentary stamp tax on instruments conveying real property under Title 12. Under this legislation, the Housing Trust Fund is to be used to “increase the supply of safe, decent and affordable housing for members of the very low-and lower-income individuals and households.”

Proprietary Funds

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of operating income is necessary or useful for sound financial administration. Goods or services from activities of the Authority are provided to outside parties, and such activities are accounted for in an enterprise fund type. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants to control or measure costs of services.

The Authority’s proprietary fund category includes the following enterprise funds:

**General Operating Fund**

The General Operating Fund records administrative fees from the U.S. Department of Housing and Urban Development (HUD), loan servicing fees, other fee type income, and interest earned on loans and investments. These sources of funds as well as operating transfers from other programs are used to defray the general and administrative expenses of the Authority. The General Operating Fund also accounts for HUD funds that are used to provide rental assistance to qualified recipients as well as fund loans and grants for various other rental, homeownership, rehabilitation, and development activities. The General Operating Fund also accounts for funds from the U.S. Department of the Treasury to administer both the Emergency Rental and Homeownership Assistance Funds.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

Proprietary Funds (Continued)

**Single Family Finance Programs Fund**

The Single Family Finance Programs Fund accounts for the financing activities of the Authority's Single Family Mortgage Purchase Bond Indenture, the Mortgage Revenue Bonds Indenture and the Homeownership Revenue Bond Indenture. The proceeds of each series of bonds issued under these three programs are used to purchase mortgage loans made to the State of South Carolina's moderate- to low-income citizens who meet federal and Authority eligibility requirements. The three indentures generate income to cover the costs of administration and debt service on the bonds. Excess funds as determined by cash flow analysis and certification may be transferred to the other programs at the discretion of the Authority.

**Program Fund**

The Program Fund was established in accordance with Section 31-13-340 of the South Carolina Code of Laws. Monies not required to be accounted for elsewhere can be deposited into the Program Fund. This fund is used by the Authority to finance special initiatives and down payment assistance loans (both forgivable and repayable) as authorized by the Authority's Board.

**C. Measurement Focus, Basis of Accounting, and Reporting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

All governmental funds are accounted for using the current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Authority also reports the noncurrent portion of outstanding loans receivable on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized during the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within 60 days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recognized during the accounting period in which the fund liability is incurred, if measurable.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Reporting (Continued)**

Proprietary funds are accounted for via the flow of economic resources measurement focus. With the government-wide and this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position.

The Authority recognizes revenues and expenses and the recording of depreciation expense for the enterprise fund-type using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized during the accounting period in which they are earned and become measurable; expenses are recognized during the period incurred, if measurable.

Transfers of financial resources among funds are recognized in all affected funds during the period in which the related interfund receivables and payables arise.

The Authority has elected to treat all funds as major and present them in separate columns.

**D. Restricted Assets and Liabilities Payable from Restricted Assets under Revenue Bond Resolutions**

Generally, under the applicable bond indentures, the earnings and receipts of loan payments related to investment and mortgage loan assets in the Single Family Finance Programs Fund are required to be used to purchase mortgages or for the related debt service payments. Because these assets are generally restricted for this purpose, they have been reflected as current and noncurrent restricted assets in the accompanying statements of net position. Net restricted position for bond reserves are computed July 1 of each year by a percentage of the then outstanding bond principal in accordance with the bond indenture (see Note 2E).

**E. Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt**

Under provisions of applicable bond indentures, net restricted position not restricted for the respective bond reserves of the Single Family Finance Programs Fund are reflected as either restricted for debt service or for special programs in the accompanying statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt (Continued)**

Bond discounts and premiums are amortized over the terms of the bonds. The deferred gains and losses on refundings of debt include the call premiums and the unamortized premiums or discounts attributable to the bonds refunded and are amortized over the term of the refunded issues or the new issues whichever is shorter, using the bonds outstanding method. The deferred gains on refundings of debt represent a deferred inflow of resources, which is reported separately on the statement of net position. The deferred losses on refundings of debt represent a deferred outflow of resources, which is reported separately on the statement of net position. Amortization of bond discounts and premiums and deferred losses and gains on refunding of debt are included in interest expense.

**F. Federally Assisted Program Advances and Fees**

In accordance with the terms of contracts between the Authority and HUD, the Authority administers Section 8 Housing Assistance Payments Programs, Contract Administration, and the Housing Choice Voucher Program, the Mainstream 5 Voucher Program and the Emergency Voucher Program in certain areas of South Carolina. Under these programs, housing assistance payments are made to eligible individuals or to owners of rental housing on behalf of persons of limited income who meet the eligibility requirements.

Generally, HUD advances the Authority sufficient funds to cover the current month's housing assistance payments before such disbursements are made by the Authority. Additionally, HUD advances funds on a monthly basis for the Authority's costs of administering the subsidy contracts. These administrative fees are recognized as operating revenues when earned in the General Operating Fund. Because such funds are generally restricted as to purpose, they have been reflected in the restricted portion of the accompanying statements where appropriate.

The Authority also administers the Home Investments Partnership Program and Neighborhood Stabilization Program. The Home Investments Partnership Program provides loans and grants to local governments and nonprofit entities to assist private property owners in building new and rehabilitating existing rental housing for low-income tenants. The Home Investments Partnership Program also provides forgivable and repayable down payment assistance loans to qualified first time homebuyers. The Neighborhood Stabilization Program provides grants to other entities, primarily local governments and nonprofit entities, to purchase foreclosed or abandoned properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of value for other homes in the neighborhood. Under both of these programs, an administrative fee is drawn from HUD to reimburse the Authority, as well as the entity that has been awarded funds under the program, for administrative costs. These administrative fees are recognized as operating revenues when earned.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Federally Assisted Program Advances and Fees (Continued)**

Funds granted and passed through by the Authority are included in the accompanying financial statements in the General Operating Fund as nonoperating revenues and expenses.

The Authority is also currently administering the Emergency Rental Assistance Program and the Homeowners Assistance Fund Program, both funded by the U.S. Department of Treasury. Unlike the HUD pass-through programs, the Treasury programs were funded to the state in full, via several tranches of payments. The programs allow for 10% - 15% of the funds to be used for administrative expenses. The programs have varying sunset dates, with the last being September 30, 2025. Funds for these programs are expected to be fully expended by the sunset date for each program.

**G. Cash and Cash Equivalents**

Amounts denoted in the financial statements as "cash and cash equivalents" represent cash on deposit in banks and cash on deposit with the State Treasurer's Office.

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Most state agencies, including the Authority, participate in the state of South Carolina's cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The cash management pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the state of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The state of South Carolina's cash management pool consists of a general deposit account and several special deposit accounts. The state of South Carolina records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the state of South Carolina.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Cash and Cash Equivalents (Continued)**

Interest earned by the Authority on amounts held in special deposit accounts is posted to the Authority's accounts at the end of each month and is retained by the Authority. Interest earnings are allocated based on the percentage of the Authority's accumulated daily interest income receivable to the total income receivable of the cash management pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in fair value on investments held by the cash management pool. Realized gains and losses are allocated daily and are included in the receivable. Unrealized gains and losses are allocated at year-end based on the Authority's percentage ownership in the cash management pool.

Although the cash management pool may include some long-term investments, it operates as a demand deposit account. Credit risk information pertaining to the cash management pool is contained in Note 2D.

The Authority has funds in State Treasurer accounts not included in the state's cash management pool and at other institutions. For these accounts, cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less at the time of acquisition.

The Authority records and reports its deposits in the general deposit account at cost but reports its deposits in the special deposit accounts at fair value.

**H. Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Mortgage Backed Securities (MBS), and the state of South Carolina's cash management pool are recorded at fair value and unrealized gains or losses are reported in the statement of revenues, expenses, and changes in net position.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value of investments.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Loans Receivable**

Loans receivable consist of mortgage loans, which are carried at par. Most mortgage loans in the Single Family Finance Programs Fund as well as the single family mortgage loans of approximately \$90 million in the General Operating and Program Fund are insured with various governmental agencies and private mortgage insurance carriers at specified percentages of the original loan amount varying from 18% to 100%. Loans closed after July 29, 1999, are covered by the Homeowners Protection Act. Private mortgage insurance is cancelled after the loan-to-value ratio reaches 78% as provided by federal law. The Authority considers the mortgaged property as adequate collateral against significant potential loan losses for such uninsured properties. Most loans made from the Housing Trust Fund and a portion of the loans in the General Operating Fund are not single family mortgage loans and are not insured.

Management is of the opinion that the mortgage insurance coverage, in addition to over-collateralization, is adequate to cover any significant potential loan losses under the Single Family Finance Programs should they occur. Loans determined to be uncollectible and unrecoverable from mortgage insurance carriers are charged off against program income. The Authority has recorded allowances for doubtful loans which are considered adequate.

**J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods. Servicing Release Premium (SRP) means the fee included with the Purchase Price as compensation to the Originator for release of the right to service the mortgage loan, which shall be based on an amount equal to 1.50% of the principal amount of the mortgage loan (FHA Insured, Rural Development Guaranty, Veterans Administration, or Conventional Mortgage Loans) purchased by the Authority. The Housing Authority records these payments as prepaid items in both the government-wide and fund financial statements. The state's policy is to reflect consumption of the future benefit under the consumption method.

**K. Capital Assets**

Capital assets are recorded at cost at the date of acquisition. The Authority follows capitalization guidelines established by the state of South Carolina. The Authority capitalizes furniture and equipment with a unit value exceeding \$5,000 and an estimated useful life of more than two years. Routine repairs and maintenance are charged to operating expenses during the year in which the expense was incurred.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 10 years for furniture and equipment. Currently, the Authority owns personal property only and owns no real property (land, buildings, attachments, etc.).

The Authority is a lessee for noncancelable leases of office space. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with accounts payable and accrued expenses for current and long-term liabilities for noncurrent on the statement of net position.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Subscription-Based Information Technology Arrangements (SBITA)**

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**M. Mortgage Escrows**

Under provisions of certain mortgage loan agreements, the Authority is responsible for collecting deposits from homeowners for payment of property taxes and insurance. This is recorded as a current liability and paid from restricted assets.

**N. Compensated Absences**

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave

**O. Unearned Revenue**

Unearned revenue are funds received in advance of the period in which they are earned and are recorded as a liability in the statement of net position. As of June 30, 2025, unearned revenue of \$32,065,735 consisted of the following:

	Unearned Revenue
Compliance Monitoring	\$ 1,844,273
Neighborhood Stabilization Program - Program Income	1,766,709
Emergency Rental Assistance #2 - Unspent Funds	24,913,360
Homeowners Assistance Fund - Unspent Funds	3,056,202
Emergency Housing Vouchers - Unspent Service Fees	418,136
Program Fund - Unspent Funds	3,437
Loan Servicing and Miscellaneous Prepaid	63,618
Total Unearned Revenue	\$ 32,065,735

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Rebatable Arbitrage**

Arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the obligation. This results in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax- exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the “excess” earnings to the federal government under certain circumstances if they issue no more than \$5 million in total of all such debt in a calendar year and if they meet specified targets for expenses of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds, notes, and certain capital leases and installment purchases. The federal government only requires arbitrage to be calculated, reported, and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. At June 30, 2025, the Authority had no arbitrage rebate liability associated with the Authority’s Mortgage Revenue Bonds outstanding.

**Q. Budget Policy**

The Appropriations Act as enacted by the General Assembly becomes the legal operating budget for the Authority. The Appropriations Act authorizes expenditures from funds appropriated from the General Fund of the state of South Carolina and authorizes expenditures of Total Funds. The Total Funds column in the Appropriations Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, State General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the state of South Carolina’s budgetary accounting system only if enough appropriation authorization exists and generally if sufficient cash is on hand.

Under GASBS No. 34, budgetary comparison information is required to be presented for each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the Housing Trust Fund. Therefore, budget comparison information is not included in the Authority’s financial statements.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Operating and Non-operating Revenues and Expenses**

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations including granting and collecting loans. The Authority's primary operating revenues are from administrative fees for the administration of HUD programs and interest and other charges on loans. Operating expenses include the Authority's administrative expenses and depreciation on capital assets. All revenues and expenses (excluding bond interest expense) not meeting this definition are reported as nonoperating revenues and expenses.

**S. Net Position and Fund Balance**

Net position or fund balance is presented in the following components or classifications:

*Net Investment in Capital Assets* – Consists of capital assets, right to use assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and the lease liability associated with the right to use asset.

*Restricted Net Position* – Net position or fund balance, for enterprise or governmental fund types, respectively, are reported as restricted when constraints placed on resource use are restricted by legal and/or contractual requirements. Generally, such assets have use restrictions placed on them by (1) external parties such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) laws of the enabling government. The Authority's restrictions are primarily due to requirements of bond indentures, South Carolina law and federal program requirements. Amounts restricted for housing projects and development include funds that have been set aside for projects approved by the Board of Commissioners and unspent bond proceeds for single family housing.

*Unrestricted Net Position* – For business-type activities, all assets not meeting the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Net Position and Fund Balance (Continued)**

*Other Governmental Fund Balance Classifications* – The Authority follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB Statement No. 54, all governmental fund assets of the Authority not meeting the definition of "restricted" are classified as "nonspendable," "committed," "assigned," or "unassigned" as appropriate. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balance includes long-term loan receivables.

For governmental funds, it is the policy of the Authority to spend unassigned fund balances first followed thereafter by restricted, committed, and assigned resources as needed.

For business-type activities, when both restricted and unrestricted resources are available, it is the policy of the Authority to spend restricted resources first followed thereafter by unrestricted resources as needed.

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions at the date of financial statement preparation that affect certain reported amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities, for the reporting period. Actual results may differ from those estimates.

**U. Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS), as well as additions to and deductions from SCRS' fiduciary net position, have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), as well as additions to and deductions from SCRHITF's fiduciary net position, have been determined on the same basis as they are reported by SCRHITF. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

**W. Deferred Outflows of Resources and Deferred Inflows of Resources**

Changes in the net pension liability, net OPEB liability included in pension expense or OPEB expense, respectively, reported as deferred outflows of resources or deferred inflows of resources. Employer contributions made subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. Deferred outflows of resources and deferred inflows of resources are also determined by the difference in actual and expected liability experience, projected and actual returns on investments, deferred amounts from changes in the Authority's proportionate share, changes in assumptions, and differences between the Authority's contributions and its proportionate share of the total employer contributions to the plans. Deferred outflows of resources and deferred inflows of resources also include deferred losses and deferred gains on bond refundings, respectively.

**X. Adoption of New Accounting Standard**

For the year ended June 30, 2025, the Authority adopted GASB Statement Number 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The compensated absence liability was adjusted for the implementation of this standard. The impact of the standard was immaterial to the financial statements, thus the financial statements were not restated.

**Y. Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through September 26, 2025, the date these financial statements were available to be issued. See Note 15 for additional information regarding subsequent events.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 DEPOSITS AND INVESTMENTS**

<b>Financial Statements</b>	
Current Assets:	
Cash and Cash Equivalents:	
Unrestricted	\$ 6,062,236
Restricted	254,406,800
Investments:	
Restricted	347,323,454
 Noncurrent Assets:	
Investments:	
Restricted	<u>37,627,444</u>
 Total	<u><u>\$ 645,419,934</u></u>
 Footnotes:	
Deposits:	
Deposits Held by State Treasurer	\$ 34,137,985
Deposits with Banks	<u>226,331,051</u>
Total Deposits	260,469,036
 Investments:	
State Treasurer	225,550,776
Other Investments	<u>159,400,122</u>
Total Investments	<u><u>384,950,898</u></u>
 Total	<u><u>\$ 645,419,934</u></u>

**A. Deposits**

All deposits of the Authority are insured or collateralized by using the dedicated method. Under the dedicated method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by each of the depository banks. At June 30, 2025, excluding the deposits held by the State Treasurer of \$34,137,985, the Authority's cash had a carrying amount of \$226,331,051 and a bank balance of \$227,722,259. Of that balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Deposits Held by State Treasurer**

State law requires full collateralization of all deposits and investments of state funds. The depository institution must correct any deficiencies in collateral within seven days. With respect to investments in the state's cash management pool, all of the state Treasurer's investments are insured or registered or are investments for which the securities are held by the state or its agents in the state's name. Information pertaining to the reported amounts, fair values, and credit risk of the state Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

**C. Investments**

At June 30, 2025, the Authority's investment balances were as follows:

	Fair Value	Less Than 1 Year	Greater Than 1 Year
SC State Treasurer Pool	\$ 225,550,776	\$ 225,550,776	\$ -
U.S. Treasuries	125,772,678	121,772,678	4,000,000
Government National Mortgage Association Insured Mortgage- Backed Securities (GNMAs)	25,058,406	-	25,058,406
Federal National Mortgage Association Mortgage-Backed Securities (FNMA)s	8,569,038	-	8,569,038
Total	<u>\$ 384,950,898</u>	<u>\$ 347,323,454</u>	<u>\$ 37,627,444</u>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. GNMAs and FNMA)s are backed by HUD and have a credit rating of AAA.

The Authority has the following recurring fair value measurements as of June 30, 2025: The South Carolina Treasurer's Pool of \$225,550,776 is valued using quoted prices for similar assets or liabilities in active markets (Level 2 inputs). U.S. Treasuries of \$125,772,678, GNMAs of \$25,058,406 and FNMA)s of \$8,569,038 are valued using a matrix pricing model (Level 2 inputs).

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Investment Risk Factors**

There are a number of variables that affect the value of investments. These risks are discussed below.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changes in interest rates. It is the Authority's policy to limit interest rate risk by calling debt as quickly as allowed. During the fiscal year ended June 30, 2025, the Authority called over \$82.2 million in debt prior to maturity.

Custodial Credit Risk

For a deposit, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments, or collateral securities held by an outside party. The Authority has no policy on custodial credit risk.

Credit Risk

The Authority follows Section 11-9-660 of the South Carolina Code of Laws regarding credit risk. The Authority places a portion of its funds on deposit in the state's cash management pool. Although the state's cash management pool itself is unrated, it is invested according to the requirements of state law, which allows only limited investments in instruments subject to credit risk. State law further requires that investments in obligations of corporations and in state or political subdivisions of the United States have an investment grade rating from at least two nationally recognized rating agencies.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority's investments are as follows: State Treasurer Investment Pools (58.6%), U.S. Treasuries (32.7%), GNMA's (6.5%), and FNMA's (2.2%).

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**E. Restricted Deposits and Investments**

Under provisions of applicable bond indentures, the Authority is required to restrict sufficient assets with an independent trustee (The Bank of New York/Mellon) in the Single Family Finance Program Funds in order to meet reserve requirements for payment of debt service on bonds. The required and actual reserve amounts for each program at June 30, 2025, are as follows:

	Reserve Requirements	Actual Funding	Over
Single-Family Indenture Bond Reserve Funds	\$ 161,250	\$ 294,457	\$ 133,207
Mortgage Revenue Indenture Bond Reserve Funds	45,571,200	47,303,396	1,732,196
Total	<u>\$ 45,732,450</u>	<u>\$ 47,597,853</u>	<u>\$ 1,865,403</u>

**NOTE 3 LOANS RECEIVABLE**

Loans receivable consist of the following:

Governmental Funds:

Housing Trust Fund notes maturing on various dates from 2025-2055 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest, as provided in the notes, reported net of allowance for doubtful accounts of \$-0-.

\$ 21,220,530  
\$ 21,220,530

Total Governmental Funds

Proprietary Funds:

General Operating Fund notes maturing on various dates from 2025-2060 plus interest ranging from 0.000%-6.000% per annum, payable in installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of \$24,000.

\$ 87,936,314

Program Fund notes maturing on various dates from 2025- 2041 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of \$798,000.

1,242,170

Single Family Finance Programs notes maturing on various dates from 2025-2055 plus interest ranging from 0.000%-9.500% per annum, payable in monthly installments of principal and interest, reported net of allowance for doubtful accounts of \$1,299,000.

1,540,438,974

Total Proprietary Funds

\$ 1,629,617,458

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

The Authority issues various loans that will be forgiven once certain criteria are met. Due to the nature of these loans, they are recorded as grants and expensed in the year issued. If the borrower fails to satisfy the conditions of the underlying agreement, and the loan becomes due, the Authority will recognize a recovery equal to the amount repaid. For the fiscal year ending June 30, 2025, the Authority recovered \$1,968,800 of previously expensed loans and issued \$13,344,341 in forgivable loans. As of June 30, 2025, the balance of forgivable loans issued is \$57,679,515.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Depreciable/Amortizable:					
Right-to-Use Asset - Building	\$ 4,243,880	\$ -	\$ -	\$ -	\$ 4,243,880
Right-to-Use Asset - Copiers	56,156	-	-	-	56,156
Equipment and Furniture	2,933,201	81,293	-	-	3,014,494
Right-to-Use Subscription Assets	-	1,399,889	-	-	1,399,889
Total Capital Assets, Depreciable/Amortizable	7,233,237	1,481,182	-	-	8,714,419
Less: Accumulated Amortization of:					
Right-to-Use Asset - Building	(282,925)	(424,388)	-	-	(707,313)
Right-to-Use Asset - Copiers	(14,009)	(11,239)	-	-	(25,248)
Equipment and Furniture	(2,435,104)	(117,217)	-	(180,303)	(2,732,624)
Right-to-Use Subscription Assets	-	(150,356)	-	-	(150,356)
Less: Accumulated Depreciation	(2,732,038)	(703,200)	-	(180,303)	(3,615,541)
Total Capital Assets, Net of Accumulated Amortization/ Depreciation	<u>\$ 4,501,199</u>	<u>\$ 777,982</u>	<u>\$ -</u>	<u>\$ (180,303)</u>	<u>\$ 5,098,878</u>

The lease for office space has been renewed for 10 years from November 1, 2023, to October 31, 2033. The Authority entered into long-term subscription-based IT arrangements (SBITAs) that expires in various dates from 2029 through to 2032. The lease payments are included below.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Future minimum annual lease payments under noncancelable leases with remaining terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 342,588	\$ 147,471	\$ 490,059
2027	371,986	132,445	504,431
2028	389,635	116,138	505,773
2029	421,208	99,778	520,986
2030	454,465	82,108	536,573
2031-2034	1,777,924	127,758	1,905,682
Total Leases with External Entities	<u>\$ 3,757,806</u>	<u>\$ 705,698</u>	<u>\$ 4,463,504</u>

Future minimum annual SBITAs with remaining terms in excess of one year are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 79,286	\$ 30,306	\$ 109,592
2027	86,609	26,271	112,880
2028	94,404	21,862	116,266
2029	102,697	17,057	119,754
2030	111,517	11,830	123,347
2031	120,894	6,154	127,048
Total SBITAs	<u>\$ 595,407</u>	<u>\$ 113,480</u>	<u>\$ 708,887</u>

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES**

Long-term liabilities activity for the fiscal year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond Payable:	\$ 1,119,095,000	\$ 500,000,000	\$ (94,680,000)	\$ 1,524,415,000	\$ 23,035,000
Unamortized Premiums	55,012,944	29,928,470	(8,407,674)	76,533,740	3,107,983
Total Bonds Payable	1,174,107,944	529,928,470	(103,087,674)	1,600,948,740	26,142,983
Net Pension Liability	15,885,696	-	(602,956)	15,282,740	-
Net OPEB Liability	10,734,888	2,152,881	-	12,887,769	-
*Accrued Compensated Absences	1,021,835	1,590,307	-	2,612,142	1,132,234
Leases and Subscription Payable	4,072,667	681,607	(401,061)	4,353,213	421,874
Total Other Long-Term Liabilities	31,715,086	4,424,795	(1,004,017)	35,135,864	1,554,108
Total Long-Term Liabilities	<u>\$ 1,205,823,030</u>	<u>\$ 534,353,265</u>	<u>\$ (104,091,691)</u>	<u>\$ 1,636,084,604</u>	<u>\$ 27,697,091</u>

\*Activity is shown net, as allowable under GASB 101.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of lease liability of the Authority for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Total Equipment Lease Liability	\$ 4,072,667	\$ -	\$ (314,861)	\$ 3,757,806	\$ 342,588

The following is a summary of subscription liability of the Authority for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Total Subscription Liability	\$ -	\$ 681,607	\$ (86,200)	\$ 595,407	\$ 79,286

**NOTE 6 BONDS PAYABLE**

At June 30, 2025, bonds payable, including unamortized premiums, consisted of the following:

	Date Issued	Issue Amount	Outstanding Balance
Single-Family Mortgage Purchase Bonds:			
(5.00% to 5.50%) due 2022-2035	09/11/98	\$ 106,975,000	\$ 5,375,000
Plus: Unamortized Premium			206,837
Total			5,581,837
Mortgage Revenue Bonds:			
2015A (3.00% to 4.00%) due 2022-2037	07/07/15	39,595,000	2,345,000
2016A (1.45% to 4.00%) due 2022-2036	02/23/16	30,000,000	1,380,000
2016B (1.25% to 4.00%) due 2022-2043	08/02/16	67,000,000	18,605,000
2017A (1.90% to 4.00%) due 2022-2047	01/19/17	50,000,000	695,000
2017B (1.25% to 4.00%) due 2022-2047	09/07/17	55,000,000	18,415,000
2018A (1.90% to 4.50%) due 2022-2049	08/14/18	70,000,000	18,180,000
2019A (1.50% to 4.00%) due 2022-2050	07/02/19	74,000,000	30,855,000
2019B (1.25% to 3.75%) due 2022-2050	11/14/19	111,800,000	68,455,000
2020A (1.20% to 4.00%) due 2022-2050	04/30/20	115,000,000	73,700,000
2020B (0.25% to 3.25%) due 2022-2052	10/08/20	123,280,000	94,055,000
2021A (0.10% to 5.00%) due 2022-2052	09/09/21	166,000,000	134,600,000
2022A (1.15% to 5.00%) due 2022-2052	04/26/22	84,000,000	69,065,000
2022B (2.40% to 5.00%) due 2023-2052	08/23/22	160,000,000	147,015,000
2023B (3.45% to 6.00%) due 2023-2054	09/21/23	100,000,000	94,835,000
2024A (3.65% to 6.25%) due 2023-2054	02/14/24	150,000,000	146,850,000
2024B (3.75% to 6.00%) due 2025-2055	08/22/24	150,000,000	149,280,000
2025A (3.875% to 6.50%) due 2026-2056	01/30/25	172,000,000	172,000,000
2025B (4.25% to 6.50%) due 2026-2056	06/12/25	178,000,000	178,000,000
Plus: Unamortized Premium			76,326,903
Total			1,595,366,903
Total Bonds Payable, Including Unamortized Premiums			\$ 1,600,948,740

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 6 BONDS PAYABLE (CONTINUED)**

Amounts, including interest, required to complete payment of the bond obligations as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 23,035,000	\$ 62,902,907	\$ 85,937,907
2027	31,595,000	67,007,443	98,602,443
2028	33,530,000	65,683,890	99,213,890
2029	35,025,000	64,252,668	99,277,668
2030	35,720,000	62,758,219	98,478,219
2031-2035	212,100,000	289,928,641	502,028,641
2036-2040	251,165,000	244,365,697	495,530,697
2041-2045	295,420,000	188,302,546	483,722,546
2046-2050	323,650,000	118,251,066	441,901,066
2051-2055	278,050,000	39,644,538	317,694,538
2056	5,125,000	166,563	5,291,563
Total	<u>\$ 1,524,415,000</u>	<u>\$ 1,203,264,178</u>	<u>\$ 2,727,679,178</u>

The Authority has the option to redeem most of its bonds prior to maturity as specified under each bond issue. These early redemptions are funded by mortgage pre-payments and other income. The mortgage pre-payment rate varies from year to year and determines the amount of funds available to call bonds prior to maturity. Below is a listing of the Single Family Finance Program bonds redeemed prior to their maturity during the fiscal year ended June 30, 2025:

Single Family Finance Programs:

Single Family Mortgage Purchase Bonds:

Series 1998A \$ -

Mortgage Revenue Bonds:

Series 2014A	1,340,000
Series 2015A	895,000
Series 2016A	960,000
Series 2016B	3,295,000
Series 2017A	1,875,000
Series 2017B	3,740,000
Series 2018A	4,255,000
Series 2019A	5,655,000
Series 2019B	6,760,000
Series 2020A	9,460,000
Series 2020B	8,100,000
Series 2021A	11,550,000
Series 2022A	5,435,000
Series 2022B	7,355,000
Series 2023A	3,595,000
Series 2023B	5,070,000
Series 2024A	2,785,000
Series 2024B	720,000
Subtotal	<u>82,845,000</u>

Total \$ 82,845,000

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 BONDS PAYABLE (CONTINUED)**

During the reporting period, the Authority issued \$500,000,000 in Mortgage Revenue Bonds Series 2024B, 2025A, and 2025B, with fixed interest rates ranging from 3.75% to 6.50%. The proceeds of 2024B, 2025A, and 2025B will purchase first-time homeowner mortgages. The proceeds of 2022C are invested until released as a result of refunding the notes; 2023B represents the first tranche of refunding. The Bonds were issued at premiums of \$8,610,333, \$10,754,105, and \$10,564,032, respectively, with underwriters' fees of \$1,011,033, \$1,152,242, and \$1,194,925, respectively.

Bond Series	Issue Date	Issued Amount	From	To	Premium	Underwriters Fees
2024B	08/22/24	\$ 150,000,000	3.75%	6.00%	\$ 8,610,333	\$ 1,011,033
2025A	01/30/25	172,000,000	3.88%	6.50%	10,754,105	1,152,242
2025B	06/12/25	178,000,000	4.25%	6.50%	10,564,032	1,194,925
Total		<u>\$ 500,000,000</u>			<u>\$ 29,928,470</u>	<u>\$ 3,358,200</u>

Bond premium amortized for the fiscal year ended June 30, 2025, and attributable to the Single Family Finance Programs Fund bonds totaled \$3,149,311 and was reported as interest expense in the fund.

Amortization of net deferred gains on refundings of debt of \$144,104 for the fiscal year ended June 30, 2025, was attributable to the Single Family Finance Programs Fund bonds and was included in interest expense in the fund.

All bonds are secured by all mortgage loans, the documents evidencing and securing such mortgage loans, the mortgage purchase agreements and servicing agreements, and any other assets acquired with the bond proceeds. Terms of the Authority's bond resolutions include certain events of default, which upon occurrence, could result in the bonds becoming immediately due and payable. Such events include (but are not limited to) failure to pay any principal or interest installment, or failure to perform or observe any other covenant, agreement, or condition contained in the bond resolutions.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 7    TRANSACTIONS WITH STATE AGENCIES**

These financial statements include the following related party transactions between the Authority and the state of South Carolina and various state agencies:

- The South Carolina Department of Revenue collects documentary stamp taxes and remits \$0.20 of every \$1.30 collected to the State Treasurer's Office, the Trustee. The Authority administers the Housing Trust Fund for the State Treasurer's Office.
- The employee insurance plans and retirement plan are administered by PEBA. PEBA was created July 1, 2012, by the South Carolina General Assembly as a state agency responsible for the administration and management of the state's employee insurance programs and retirement systems.
- Services received at no cost from state agencies include maintenance of certain accounting records and payroll and disbursement processing from the Comptroller General; check preparation, banking and investment functions from the State Treasurer; and legal services from the Attorney General.
- The Authority receives services from both the Department of Administration and the State Fiscal Accountability Authority (SFAA) to include grant services, personnel management, review, and approval of certain budget amendments, procurement services, and other centralized functions. The Authority accrued \$186,522 for the Statewide Cost Allocation Plan during the fiscal year ended June 30, 2025.
- Financial transactions include payments to the Department of Administration and the SFAA for vehicle rental, insurance coverage, office supplies, printing, and telephone. Payments were also made for the workers' compensation insurance coverage and unemployment compensation. The amounts for such items applicable to fiscal year 2025 expenditures were not readily available.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 8 FUND TRANSFERS AND INTERFUND BALANCES**

Fund transfers to and from other funds, which are legally allowable and in accordance with the terms of the respective bond indentures, as applicable, during the fiscal year ended June 30, 2025, are as follows:

- \$5,450,042 from the Single Family Fund to the General Operating Fund to transfer servicing release fees to be amortized.
- \$496,400 from the General Operating Fund to the Housing Trust Fund for reclass of a loan into the HTF program.

As of June 30, 2025, the Housing Trust Fund had payable balance of \$1,494,662 due to the General Operating Fund. This was relieved subsequent to fiscal year end.

**NOTE 9 RISK MANAGEMENT**

The Authority is exposed to various risks of loss and maintains state or commercial insurance coverage for such risks except business interruption insurance. The Authority has arranged for backup facilities for its information technology needs. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years. The Authority pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits except for deductibles.

Several state funds accumulate assets and the state assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (South Carolina Department of Employment and Workforce).
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund).
3. Claims of covered public employees for health and dental insurance benefits (Public Employee Benefit Authority Insurance Benefits).
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Public Employee Benefit Authority Insurance Benefits).

Employees elect health coverage through the state's self-insured plan. All other coverage listed above is through the applicable state self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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**NOTE 9 RISK MANAGEMENT (CONTINUED)**

The Authority and other entities pay premiums to the state’s Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets
2. Torts

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property and equipment. IRF rates are determined actuarially.

The Authority obtains coverage through a commercial insurer for employee fidelity bond insurance for potential losses arising from theft or misappropriation by employees.

The Authority obtains coverage through a commercial insurer for cyber insurance for potential losses arising from a breach of the Authority’s electronic data.

The Authority records expenses for insurance premiums in the general and administrative expense category of the General Operating Fund.

**NOTE 10 CONDUIT DEBT**

The Authority has issued bonds to provide financing for multifamily housing. These bonds are special limited obligations of the Authority, payable solely from and secured by mortgages to be received from mortgage loans with various mortgagees. The bonds do not constitute a debt or pledge of the faith and credit of the Authority or the state of South Carolina, and accordingly, have not been reported in the accompanying financial statements.

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
Fiscal Year 2015 (14/15):			
Multifamily Rental Housing Revenue Bonds:			
11/14	Ashley Arms Apartments	\$ 6,600,000	\$ 6,080,000
11/14	Palmilla Apartments	14,385,000	10,720,000
05/15	Village at River's Edge	11,000,000	9,431,025
Fiscal Year 2016 (15/16):			
Multifamily Rental Housing Revenue Bonds:			
12/15	Columbia Gardens	15,000,000	12,003,000
12/15	Willow Run	15,000,000	11,836,000

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 10 CONDUIT DEBT (CONTINUED)**

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
Fiscal Year 2017 (16/17):			
Multifamily Rental Housing Revenue Bonds:			
07/16	Waters at St James	31,597,000	28,467,544
08/16	The Colony	7,900,000	7,093,243
Fiscal Year 2019 (18/19):			
Multifamily Rental Housing Revenue Bonds:			
03/19	Killian Terrace	23,398,000	21,058,000
06/19	Belle Meade	10,950,000	8,985,000
Fiscal Year 2020 (19/20):			
Multifamily Rental Housing Revenue Bonds:			
05/20	Northside Apartments	8,600,000	4,832,937
Fiscal Year 2021 (20/21):			
Multifamily Rental Housing Revenue Bonds:			
11/20	Robert Smalls Apartments	28,000,000	22,071,726
12/20	Assembly II SC, LLC	13,500,000	12,025,000
12/20	Broad River Village	21,850,000	19,000,000
12/20	Clinton Manor	4,200,000	3,869,923
12/20	Friendship Court	6,800,000	5,797,251
12/20	Newberry Arms	4,000,000	3,685,641
12/20	Bridgeview	65,900,000	62,646,118
12/20	Palmetto Towers	8,133,000	8,133,000
12/20	John G. Felder	2,118,000	2,118,000
12/20	Redemption Towers	12,150,000	12,150,000

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 10 CONDUIT DEBT (CONTINUED)**

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
Fiscal Year 2022 (21/22):			
Multifamily Rental Housing Revenue Bonds:			
08/21	James Lewis Jr. Eastside	\$ 13,969,000	\$ 4,800,000
08/21	The Sullivan	22,000,000	13,805,000
12/21	Villages at Congaree Pointe	27,865,000	17,916,794
12/21	Garden Oaks Apartments	33,000,000	32,850,000
Fiscal Year 2023 (22/23):			
Multifamily Rental Housing Revenue Bonds:			
10/22	Shannon Park Apartments	16,700,000	16,433,672
04/23	Dillon Graded Schools	10,635,000	10,635,000
05/23	Dunbar Place Apartments	17,750,000	17,750,000
05/23	Dunean Creek	16,000,000	15,951,934
Fiscal Year 2024 (23/24)			
Multifamily Rental Housing Revenue Bonds			
12/23	Magnolia Branch Apartments	28,928,000	28,928,000
12/23	Edgewood Place Apartments	<u>30,839,000</u>	<u>30,839,000</u>
Fiscal Year 2025 (24/25)			
Multifamily Rental Housing Revenue Bonds			
9/24	573 Meeting Street	17,000,000	17,000,000
12/24	Avery Landing	2,190,020	2,190,020
3/25	Talford Greene	7,947,217	7,947,217
3/25	Settlement Manor	16,999,639	16,999,639
3/25	Poplar Square	<u>9,455,000</u>	<u>9,455,000</u>
Total		<u>\$ 582,358,876</u>	<u>\$ 515,504,684</u>

**NOTE 11 PENSION PLAN**

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the Annual Comprehensive Financial Report of the State of South Carolina.

**A. Plan Descriptions**

The South Carolina Retirement System (SCRS), a cost-sharing, multiemployer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for employees of the state of South Carolina, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

**B. Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers, and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**B. Membership (Continued)**

- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**C. Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years.

Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**C. Benefits (Continued)**

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**D. Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56% for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a 10-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**D. Contributions (Continued)**

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9% and 9.75% for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1% through July 1, 2023. The legislation's ultimate scheduled employer rate is 18.56% for SCRS and 21.24% for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a 20-year amortization period.

	Fiscal Year	
	2025	2024
SCRS:		
Employee Class Two	9.00 %	9.00 %
Employee Class Three	9.00	9.00
State ORP:		
Employee	9.00	9.00

Required employer contribution rates<sup>1</sup> are as follows:

	Fiscal Year	
	2025	2024
SCRS:		
Employer Class Two	18.56 %	18.56 %
Employer Class Three	18.56	18.56
State ORP:		
Employer Contributions <sup>2</sup>	18.56	18.56

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The Authority has contributed \$1,857,441 to the retirement and incidental death benefit programs, during the year ended June 30, 2025.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 11 PENSION PLAN (CONTINUED)**

**E. Actuarial Assumptions and Methods**

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024, is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024.

	SCRS
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.00%
Projected Salary Increases <sup>1</sup>	3.0% to 11.0% (Varies by Service)
Benefit Adjustments	Lesser of 1% or \$500 Annually

<sup>1</sup> Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**E. Actuarial Assumptions and Methods (Continued)**

Assumptions used in the determination of the June 30, 2024, total pension liability are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Multiplied by 95%	2020 PRSC Multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Multiplied by 97%	2020 PRSC Multiplied by 107%
Public Safety and Firefighters	2020 PRSC Multiplied by 127%	2020 PRSC Multiplied by 107%

**F. Net Pension Liability**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The net pension liability amounts for SCRS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 61,369,806,968	\$ 37,919,492,371	\$ 23,450,314,597	61.8%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statement Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The Authority's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2025, the Authority's percentage of the SCRS net pension liability was 0.065171%, a decrease of 0.000534% from the prior year's percentage of 0.065705%. The Authority's proportionate share is determined by its percentage of total contributions to SCRS during the respective fiscal year. The change in percentage resulted in the Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**F. Net Pension Liability (Continued)**

The change in percentage resulted in the Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized below. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.00 %	6.23 %	2.86 %
Bonds	26.00	2.60	0.68
Private Equity	9.00	9.60	0.86
Private Debt	7.00	6.90	0.48
Real Assets:			
Real Estate	9.00	4.30	0.39
Infrastructure	3.00	7.30	0.22
Total Expected Real Return	100.00 %		5.49
Inflation for Actuarial Purposes			2.25
Total Expected Nominal Return			7.74 %

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 11 PENSION PLAN (CONTINUED)**

**I. Sensitivity Analysis**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 30,388,957,993	\$ 23,450,314,597	\$ 17,060,373,399
Authority's Proportionate Share	19,804,704	15,282,740	11,118,369

**J. Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2024, and the accounting valuation report as of June 30, 2024. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

**K. Deferred Outflows (Inflows) of Resources**

For the year ended June 30, 2025, the Authority recognized pension expense of \$1,626,630. At June 30, 2025, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources and will be amortized to pension expense as noted in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to the Measurement Date	\$ 1,857,441	\$ -
Differences in Actual and Expected Plan Experience	502,245	18,967
Change in Proportionate Share and Differences Between the Authority's Contributions and Proportionate Share of Contributions	206,620	91,413
Change in Assumptions	269,432	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	588,849
Total	<u>\$ 2,835,738</u>	<u>\$ 699,229</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 11 PENSION PLAN (CONTINUED)**

**K. Deferred Outflows (Inflows) of Resources (Continued)**

Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2025 was 3.616 years for SCRS:

<u>Measurement Period Ending June 30,</u>	<u>Fiscal Year Ending June 30,</u>	<u>SCRS</u>
2025	2026	\$ (84,164)
2026	2027	556,718
2027	2028	(38,847)
2028	2029	(154,639)
	Total	<u>\$ 279,068</u>

The authority reported \$1,857,441 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. General Information**

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**B. Plan Descriptions**

The OPEB Trusts, collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the state of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the state's Retiree Health and Dental Plans. The SCLTDITF was created to fund and account for the employer costs of the state's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by PEBA-Insurance Benefits and the state Treasurer is the custodian of the funds held in trust. The PEBA Board of Directors has been designated as the Trustee.

The OPEB Trusts are cost-sharing, multiemployer defined benefit OPEB plans. Article 5 of the South Carolina Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

**C. Benefits**

The SCRHITF is a healthcare plan that covers retired employees of the state of South Carolina, including all agencies and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the state of South Carolina, including all agencies, public school districts, and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Management of the Authority evaluated the net OPEB liability, OPEB expense, and related deferred outflows and inflows of resources associated with the SCLTDITF, and has concluded that these financial statement items are immaterial to the Authority's financial statements as of and for the fiscal year ended June 30, 2025. Accordingly, no adjustments were made to the Authority's financial statements pursuant to the provisions of GASB Statement No. 75 for the SCLTDITF.

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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**D. Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to PEBA-Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2024, was 6.35%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include the implicit subsidy, or age-related subsidy inherent in the healthcare premium's structure. The implicit subsidy represents a portion of the healthcare expenditures paid on behalf of the employer's active employees. For purposes of GASB 75, the expenditure on behalf of the active employee is reclassified as a retiree healthcare expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA-Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The allocation percentage of the PEBA amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2024 totaled \$732,799,781. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$2,577,195.

In accordance with part (b) of paragraph 60 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from nonemployer contribution entities for the purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**D. Contributions (Continued)**

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Authority’s contributions to the SCRHITF plan were \$635,493 for the fiscal year ended June 30, 2025.

**E. Net OPEB Liability and OPEB Expense**

At June 30, 2025, the Authority reported a liability of \$12,887,769 for its proportionate shares of the SCRHITF’s net OPEB liability, measured at June 30, 2024. The SCRHITF’s net OPEB liability represents its total OPEB liability determined in accordance with GASB Statement No. 74, less its fiduciary net position. The net OPEB liability was determined based upon actuarial valuations performed on June 30, 2023 which were then rolled forward to the June 30, 2024 measurement date. This method is expected to be reflective of the Authority’s long-term contribution effort, as well as be transparent to individual employers and their external auditors. At June 30, 2024, the Authority’s proportionate share of the SCRHITF plan’s net OPEB liability was 0.079940%, which represents an increase of 0.002059% from its proportionate share measured as of June 30, 2024.

For the year ended June 30, 2025, the Authority recognized OPEB expense of \$519,062.

**F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 669,938	\$ 1,907,476
Change in Assumptions	2,760,235	2,646,265
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	62,862	-
Changes in Proportion and Differences Between Between the Authority’s Contributions and Proportionate Share of Contributions	359,656	498,817
Authority’s Contributions Subsequent to the Measurement Date	635,493	-
Total	\$ 4,488,184	\$ 5,052,558

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Of the total amount reported as deferred outflows of resources related to OPEB, \$635,493 resulting from contributions made subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability during the fiscal year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>SCRHITF</u>
2026	\$ (209,498)
2027	(164,837)
2028	(429,283)
2029	(646,238)
2030	27,909
Thereafter	222,080
Total	<u><u>\$ (1,199,867)</u></u>

**G. Actuarial Assumptions and Methods**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations were performed as of June 30, 2023. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2024.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**G. Actuarial Assumptions and Methods (Continued)**

Additional information as of the latest actuarial valuations for the SCRHITF Plan is as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Individual Entry - Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, Net of OPEB Plan investment expense, including inflation
Single Discount Rate	3.97% as of June 30, 2024
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the five-year period ending June 30, 2019
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate	Initial trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Aging Factors	Based on Plan Specific Experience.
Retiree Participation	79% for retirees who are eligible for funded premiums; 59% participation for retirees who are eligible for Partial Funded Premiums, 20% participation for retirees who are eligible for Non-Funded Premiums, 20% participation for retirees who are eligible for Non-Funded Premiums.
Notes	The discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00 %	0.95 %	0.76 %
Cash and Equivalents	20.00	0.35	0.07
Total Expected Real Return	<u>100.00 %</u>		<u>0.83</u>
Expected Inflation			<u>2.25</u>
Total Return			<u>3.08 %</u>
Investment Return			<u>2.75 %</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
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**NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**H. Discount Rate**

The Single Discount Rate of 3.97% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of 1%).

**I. Sensitivity Analysis**

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.97%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower or 1-percentage-point higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher.

System	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
SCRHITF Net OPEB Liability	\$ 19,137,805,594	\$ 16,121,802,098	\$ 13,707,528,008
Authority's Proportionate Share	15,298,762	12,887,769	10,957,798

  

System	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 13,257,148,932	\$ 16,121,802,098	\$ 19,837,408,667
Authority's Proportionate Share	10,597,765	12,887,769	15,858,025

Detailed information about the SCRHITF's fiduciary net position is available in the separately issued PEBA financial report, which is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

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**NOTE 13 DEFERRED COMPENSATION PLANS**

The South Carolina Deferred Compensation Program (Deferred Comp) provides participants with a supplemental retirement savings strategy through its 401(k) and 457(b) retirement savings plans. The minimum amount that can be contributed to each plan is \$10 per pay period. Participants can change the amount they are deferring to Deferred Comp at any time. The Internal Revenue Service (IRS) sets annual contribution limits for both 401(k) and 457(b) Plans. Traditional contributions to the 401(k) and 457(b) plans are made on a before-tax basis and taxes are paid only when there is a distribution. Roth contributions are made with after-tax dollars, which means taxes have already been paid on the money before it enters any account(s). Deferred Comp offers valuable benefits to its participants. In an effort to maximize this value, the South Carolina Public Employee Benefit Authority (PEBA) has contracted with Empower Retirement to provide recordkeeping, administration, and communication services related to Deferred Comp. With a dedicated local Deferred Comp office in the Columbia area, Empower focuses on providing high-quality retirement plan services to employers and their employees. Empower is a leading services provider of employer-sponsored deferred compensation retirement programs, primarily for government, healthcare, and nonprofit entities. Employees who retire or separate from service have a variety of payment choices and can also choose to leave the account balance in Deferred Comp.

The State of South Carolina has no liability for losses under the Deferred Comp plans and does not allow employer matching.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Financial Award Commitments**

As of June 30, 2025, the Authority has financial award commitments outstanding totaling \$67,846,740 under the Housing Trust Fund programs.

The Authority receives significant federal grant and entitlement revenues. Compliance audits of federal programs may identify disallowed expenditures. Disallowances by federal program officials as a result of these audits may become liabilities of the Authority. The Authority records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded only when the Authority and the federal government agree on reimbursement terms.

Based on an analysis of historical data, the Authority believes that any such disallowances relating to the fiscal year ended June 30, 2025, or earlier years will not have a material impact on the Authority's financial statements.

**NOTE 15 SUBSEQUENT EVENTS**

In July, 2025, the Authority paid off the remaining Single Family 1998 series indenture prior to maturity. A new Mortgage Revenue Bond series, 2025C, is expected to close in October, 2025.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 16 SEGMENT FINANCIAL INFORMATION**

Segment financial information, as required by the bond trustees for each indenture of the Authority's Single Family Finance Programs as of and for the fiscal year ended June 30, 2025, is presented on the following pages.

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Total
<b>ASSETS</b>					
Current Assets:					
Restricted Assets:					
Cash and Cash Equivalents	\$ 6,395,476	\$ 167,350,749	\$ -	\$ 23,780,167	\$ 197,526,392
Investments	26,254,369	169,209,778	-	334,734	195,798,881
Loans Receivable	5,502,975	106,009,568	-	1,611,869	113,124,412
Accrued Interest Receivable:					
Loans	278,759	6,628,222	-	20,428	6,927,409
Deposits and Investments	107,319	1,015,356	-	134,904	1,257,579
Other Current Assets	-	250,125	-	-	250,125
Total Current Assets	<u>38,538,898</u>	<u>450,463,798</u>	<u>-</u>	<u>25,882,102</u>	<u>514,884,798</u>
Noncurrent Assets:					
Restricted Assets:					
Investments	2,134,725	22,038,442	-	13,454,277	37,627,444
Loans Receivable, Net of Current Portion	48,276,038	1,359,121,552	-	21,215,972	1,428,613,562
Allowance for Doubtful Loans	<u>(86,000)</u>	<u>(1,210,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>(1,299,000)</u>
Total Noncurrent Assets	<u>50,324,763</u>	<u>1,379,949,994</u>	<u>-</u>	<u>34,667,249</u>	<u>1,464,942,006</u>
Total Assets	<u>\$ 88,863,661</u>	<u>\$ 1,830,413,792</u>	<u>\$ -</u>	<u>\$ 60,549,351</u>	<u>\$ 1,979,826,804</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Liabilities Payable from Restricted Assets:					
Bonds Payable, Net of Unamortized Premiums	\$ 4,775,000	\$ 21,367,983	\$ -	\$ -	\$ 26,142,983
Accrued Interest Payable on Bonds	146,313	28,745,848	-	-	28,892,161
Other Liabilities	16,519	484,681	-	1,805	503,005
Total Current Liabilities	<u>4,937,832</u>	<u>50,598,512</u>	<u>-</u>	<u>1,805</u>	<u>55,538,149</u>
Noncurrent Liabilities:					
Bonds Payable, Net of Current Portion and Unamortized Premiums	<u>806,837</u>	<u>1,573,998,920</u>	<u>-</u>	<u>-</u>	<u>1,574,805,757</u>
Total Noncurrent Liabilities	<u>806,837</u>	<u>1,573,998,920</u>	<u>-</u>	<u>-</u>	<u>1,574,805,757</u>
Total Liabilities	<u>5,744,669</u>	<u>1,624,597,432</u>	<u>-</u>	<u>1,805</u>	<u>1,630,343,906</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Gain on Refunding	-	2,040,795	-	-	2,040,795
Total Deferred Inflows of Resources	<u>-</u>	<u>2,040,795</u>	<u>-</u>	<u>-</u>	<u>2,040,795</u>
<b>NET POSITION</b>					
Restricted for:					
Debt Service	4,936,313	81,001,595	-	-	85,937,908
Bond Reserves	161,250	45,571,200	-	-	45,732,450
Housing Projects and Development	<u>78,021,429</u>	<u>77,202,770</u>	<u>-</u>	<u>60,547,546</u>	<u>215,771,745</u>
Total Net Position	<u>\$ 83,118,992</u>	<u>\$ 203,775,565</u>	<u>\$ -</u>	<u>\$ 60,547,546</u>	<u>\$ 347,442,103</u>

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**NOTE 16 SEGMENT FINANCIAL INFORMATION (CONTINUED)**

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Total
<b>OPERATING REVENUES</b>					
Interest and Other Charges on Loans	\$ 2,815,422	\$ 65,759,106	\$ -	\$ 237,454	\$ 68,811,982
Income on Deposits and Investments	920,293	8,393,011	-	1,649,989	10,963,293
Net Increase (Decrease) in the Fair Value of Investments	692,207	2,611,852	-	1,068,397	4,372,456
Administrative Fees and Other	-	5,068,365	-	527,399	5,595,764
Total Operating Revenues	<u>4,427,922</u>	<u>81,832,334</u>	<u>-</u>	<u>3,483,239</u>	<u>89,743,495</u>
<b>OPERATING EXPENSES</b>					
Bond Interest	258,264	44,501,528	-	-	44,759,792
Program Services	195,064	17,856,424	-	758,523	18,810,011
Bond Issuance Expense	-	4,633,434	-	-	4,633,434
Total Operating Expenses	<u>453,328</u>	<u>66,991,386</u>	<u>-</u>	<u>758,523</u>	<u>68,203,237</u>
<b>OPERATING INCOME (LOSS)</b>	3,974,594	14,840,948	-	2,724,716	21,540,258
<b>TRANSFERS</b>					
Transfers Out, Net	-	(211,081)	(31,516)	(5,207,445)	(5,450,042)
Total Transfers	<u>-</u>	<u>(211,081)</u>	<u>(31,516)</u>	<u>(5,207,445)</u>	<u>(5,450,042)</u>
<b>CHANGES IN NET POSITION</b>	3,974,594	14,629,867	(31,516)	(2,482,729)	16,090,216
Net Position - Beginning of Year	<u>79,144,398</u>	<u>189,145,698</u>	<u>31,516</u>	<u>63,030,275</u>	<u>331,351,887</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 83,118,992</u>	<u>\$ 203,775,565</u>	<u>\$ -</u>	<u>\$ 60,547,546</u>	<u>\$ 347,442,103</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipt of Loan Principal Payments	\$ 6,327,165	\$ 89,212,378	\$ -	\$ 868,030	\$ 96,407,573
Purchases of New Loans	-	(358,771,920)	-	(18,591,575)	(377,363,495)
Administrative Fees and Other	4,378,918	79,291,852	-	3,377,515	87,048,285
Payments to Vendors	(612,346)	(59,359,135)	-	(758,291)	(60,729,772)
Net Cash Provided (Used) by Operating Activities	10,093,737	(249,626,825)	-	(15,104,321)	(254,637,409)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to Other Programs	-	(211,081)	(31,516)	(5,207,445)	(5,450,042)
Proceeds from the Sale of Bonds	-	500,000,000	-	-	500,000,000
Premium Received from the Sale of Bonds	-	21,520,797	-	-	21,520,797
Principal Payments on Bonds Payable	-	(82,845,000)	-	-	(82,845,000)
Net Cash Provided (Used) by Noncapital Financing Activities	-	438,464,716	(31,516)	(5,207,445)	433,225,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sales of Investments	177,941	-	-	38,537,064	38,715,005
Purchase of Investments	(4,615,748)	(69,722,465)	-	-	(74,338,213)
Net Cash Provided (Used) by Investing Activities	<u>(4,437,807)</u>	<u>(69,722,465)</u>	<u>-</u>	<u>38,537,064</u>	<u>(35,623,208)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,655,930	119,115,426	(31,516)	18,225,298	142,965,138
Cash and Cash Equivalents - Beginning of Year	<u>5,269,546</u>	<u>55,540,323</u>	<u>31,516</u>	<u>5,554,869</u>	<u>66,396,254</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,925,476</u>	<u>\$ 174,655,749</u>	<u>\$ -</u>	<u>\$ 23,780,167</u>	<u>\$ 209,361,392</u>

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**  
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**NOTE 16 SEGMENT FINANCIAL INFORMATION (CONTINUED)**

	Single Family	Mortgage Revenue	Homeownership Bond	Revenue Reserve	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED FOR) BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 3,974,594	\$ 14,840,948	\$ -	\$ 2,724,716	\$ 21,540,258
Adjustments to Reconcile Operating Income to Net Cash Provided (Used by) by Operating Activities:					
Changes in Operating Assets and Liabilities:					
Loans Receivable	6,327,165	(269,559,537)	-	(17,723,550)	(280,955,922)
Accrued Interest Receivable - Loans	(83,367)	(2,506,131)	-	(105,712)	(2,695,210)
Accounts Payable, Accrued Expenses, and Unearned Revenue	(124,655)	7,742,001	-	225	7,617,571
Deferred Gain on Refunding	(144,106)	(144,106)	-	-	(144,106)
Total Adjustments	<u>6,119,143</u>	<u>(264,467,773)</u>	<u>-</u>	<u>(17,829,037)</u>	<u>(276,177,667)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,093,737</u>	<u>\$ (249,626,825)</u>	<u>\$ -</u>	<u>\$ (15,104,321)</u>	<u>\$ (254,637,409)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

	SCRS									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.065171%	0.065705%	0.064645%	0.062646%	0.062704%	0.063826%	0.068320%	0.070898%	0.067562%	0.070607%
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 15,282,740</u>	<u>\$ 15,885,696</u>	<u>\$ 15,671,451</u>	<u>\$ 13,557,459</u>	<u>\$ 16,021,889</u>	<u>\$ 14,574,077</u>	<u>\$ 15,308,300</u>	<u>\$ 15,960,280</u>	<u>\$ 14,431,143</u>	<u>\$ 13,390,958</u>
Authority's Covered Payroll During the Measurement Period	<u>\$ 8,015,738</u>	<u>\$ 7,524,695</u>	<u>\$ 6,965,567</u>	<u>\$ 6,168,841</u>	<u>\$ 6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>	<u>\$ 5,169,442</u>	<u>\$ 5,144,469</u>
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll During the Measurement Period	190.66%	211.11%	224.98%	212.87%	254.00%	242.90%	261.06%	279.10%	279.16%	260.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.8%	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%

Note: The amounts presented above were determined as of June 30, of the preceding year.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	SCRS									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,857,441	\$ 1,701,946	\$ 1,526,009	\$ 1,403,593	\$ 1,109,122	\$ 1,182,801	\$ 972,451	\$ 907,016	\$ 791,248	\$ 694,073
Contributions in Relation to the Contractually Required Contribution	<u>1,857,441</u>	<u>1,701,946</u>	<u>1,526,009</u>	<u>1,403,593</u>	<u>1,109,122</u>	<u>1,182,801</u>	<u>972,451</u>	<u>907,016</u>	<u>791,248</u>	<u>694,073</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 8,690,487	\$ 8,015,738	\$ 7,524,695	\$ 6,965,567	\$ 6,368,841	\$ 6,307,929	\$ 5,999,910	\$ 5,863,935	\$ 5,718,578	\$ 5,169,442
Contributions as a Percentage of Covered Payroll	21.37%	19.86%	20.28%	20.15%	17.41%	18.75%	16.21%	15.47%	13.84%	13.43%

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST NINE FISCAL YEARS\***

	2025	2024	2023	2022	SCRHITF 2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.079940%	0.081999%	0.081198%	0.078685%	0.078440%	0.079531%	0.085118%	0.087616%	0.087616%
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 12,887,769</u>	<u>\$ 10,734,888</u>	<u>\$ 12,351,711</u>	<u>\$ 16,384,720</u>	<u>\$ 14,159,555</u>	<u>\$ 12,026,302</u>	<u>\$ 12,061,720</u>	<u>\$ 11,867,444</u>	<u>\$ 12,676,836</u>
Authority's Covered Payroll During the Measurement Period	<u>\$ 8,567,830</u>	<u>\$ 7,524,695</u>	<u>\$ 6,965,567</u>	<u>\$ 6,368,841</u>	<u>\$ 6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>	<u>\$ 5,169,442</u>
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll During the Measurement Period	150.30%	142.66%	177.33%	257.26%	224.47%	200.44%	205.69%	207.52%	245.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.91%	11.24%	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%	6.60%

Note 1: The amounts presented above were determined as of June 30, of the preceding year.

Note 2 \* Only nine years of data is available, thus only nine years are presented.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
SCHEDULE OF THE EMPLOYER'S OPEB CONTRIBUTIONS  
LAST EIGHT FISCAL YEARS\***

	2025	2024	2023	2022	SCRHITF 2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 635,493	\$ 573,123	\$ 535,520	\$ 529,738	\$ 437,617	\$ 475,097	\$ 404,112	\$ 342,999	\$ 360,607
Contributions in Relation to the Contractually Required Contribution	635,493	573,123	535,520	529,738	437,617	475,097	404,112	342,999	360,607
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	<u>\$ 8,690,487</u>	<u>\$ 8,567,630</u>	<u>\$ 7,524,695</u>	<u>\$ 6,965,567</u>	<u>\$ 6,368,841</u>	<u>\$ 6,307,929</u>	<u>\$ 5,999,910</u>	<u>\$ 5,863,935</u>	<u>\$ 5,718,578</u>
Contributions as a Percentage of Covered Payroll	4.31%	6.18%	7.12%	7.61%	6.87%	7.53%	6.74%	5.85%	6.31%

\* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.



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**APPENDIX D**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of \_\_\_\_\_, 2026, is executed and delivered by the South Carolina State Housing Finance and Development Authority (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Obligations (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

**SECTION 1. Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Obligations and the 9-digit CUSIP numbers for all Obligations to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the Executive Director of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries) or (b) treated as the owner of any Obligations for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Obligations (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Obligations” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Obligations, as listed on Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Obligations were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than six months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  1. “Principal and interest payment delinquencies;”
  2. “Non-Payment related defaults, if material;”
  3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
  4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”

5. “Substitution of credit or liquidity providers, or their failure to perform;”
  6. “Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;”
  7. “Modifications to rights of securities holders, if material;”
  8. “Bond calls, if material, and tender offers;”
  9. “Defeasances;”
  10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
  11. “Rating changes;”
  12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
  13. “The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;”
  14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
  15. “Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;” and
  16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
  2. “change in obligated person;”
  3. “notice to investors pursuant to bond documents;”
  4. “certain communications from the Internal Revenue Service;”

5. “secondary market purchases;”
  6. “bid for auction rate or other securities;”
  7. “capital or other financing plan;”
  8. “litigation/enforcement action;”
  9. “change of tender agent, remarketing agent, or other on-going party;” and
  10. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
  2. “change in fiscal year/timing of annual disclosure;”
  3. “change in accounting standard;”
  4. “interim/additional financial information/operating data;”
  5. “budget;”
  6. “investment/debt/financial policy;”
  7. “information provided to rating agency, credit/liquidity provider or other third party;”
  8. “consultant reports;” and
  9. “other financial/operating data.”
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following information provided in the Official Statement:

(i) Information as of the end of the most recent fiscal year regarding redemption, including redemption by reason of non-origination, of all outstanding single family mortgage revenue bond indebtedness of the Issuer, in substantially the form presently provided in the Official Statement, except as set forth in subsection 3(c) below.

(ii) The amounts on deposit in the bond reserve fund (or similar fund) created pursuant to the resolution or indenture, as applicable, with respect to each issue of single family mortgage revenue bonds outstanding thereunder.

(iii) A list of outstanding indebtedness of the Issuer as of the end of the most recent fiscal year for all single family programs and with respect to all multifamily programs or individual issues, in substantially the form presently provided in the Official Statement.

(iv) Information regarding the nature and status of Mortgage Loans (as such term is defined in the Official Statement), including amounts, rates, amounts available to purchase Mortgage Loans and delinquency ratios and statistics as of the end of the most recent fiscal year for each outstanding single family mortgage revenue bond program, based upon information provided by the servicer(s) for each such program.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

(c) Notwithstanding the agreement of the Issuer to provide information as of the end of the most recent fiscal year regarding redemption of all outstanding single family mortgage revenue bond indebtedness of the Issuer as set forth in Section 3(a) above, the Issuer has not agreed to provide updates of the information provided in the Official Statement in the section entitled, “MORTGAGE REVENUE BOND PROGRAM - PAC Bond Redemption Summary.”

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The Issuer will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer will agree that any such modification will be done in a manner consistent with the Rule.

#### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Obligations constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Obligations, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to

disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Obligations to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Obligations.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Obligations upon the legal defeasance, prior redemption or payment in full of all of the Obligations, when the Issuer is no longer an Obligated Person with respect to the Obligations, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Obligations. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Obligations or under any other document relating to the Obligations, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Obligations or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Obligations.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Obligations and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Obligations, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Obligations, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as  
Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SOUTH CAROLINA STATE HOUSING FINANCE AND  
DEVELOPMENT AUTHORITY, as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: South Carolina State Housing Finance and Development Authority

Obligated Person: South Carolina State Housing Finance and Development Authority

Name(s) of Bond Issue(s): \$\_\_\_\_\_ Mortgage Revenue Bonds, Series 2026 B

Date(s) of Issuance: \_\_\_\_\_, 2026

Date(s) of Disclosure Agreement: \_\_\_\_\_, 2026

CUSIP Number(s): \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Obligations as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the Issuer

\_\_\_\_\_

cc:

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: South Carolina State Housing Finance and Development Authority

Issuer's Six-Digit CUSIP Number:

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or Nine-Digit CUSIP Number(s) of the obligations to which this event notice relates:

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Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;" "Tender offers;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

---

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

**EXHIBIT C-2  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2026, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: South Carolina State Housing Finance and Development Authority

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_  
\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the obligations to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party;" and
10. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.

315 East Robinson Street

Suite 300

Orlando, FL 32801

407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2026, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name: South Carolina State Housing Finance and Development Authority

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_  
\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the obligations to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ "quarterly/monthly financial information;"
2. \_\_\_\_\_ "change in fiscal year/timing of annual disclosure;"
3. \_\_\_\_\_ "change in accounting standard;"
4. \_\_\_\_\_ "interim/additional financial information/operating data;"
5. \_\_\_\_\_ "budget;"
6. \_\_\_\_\_ "investment/debt/financial policy;"
7. \_\_\_\_\_ "information provided to rating agency, credit/liquidity provider or other third party;"
8. \_\_\_\_\_ "consultant reports;" and
9. \_\_\_\_\_ "other financial/operating data."

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 East Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

**APPENDIX E**

**DTC AND BOOK-ENTRY-ONLY SYSTEM**

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THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY (THE “AUTHORITY”) BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”) will act as securities depository for the Mortgage Revenue Bonds, Series 2026 B (the “Series 2026 B Bonds”) of the Authority. The Series 2026 B Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2026 B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2026 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 B Bonds, except in the event that use of the book-entry system for the Series 2026 B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 B Bonds, such as redemptions, tenders, defaults, and

proposed amendments to any of the resolutions under which the Series 2026 B Bonds are issued. For example, the Beneficial Owners of Series 2026 B Bonds may wish to ascertain that the nominee holding the Series 2026 B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 B Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2026 B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Series 2026 B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Series 2026 B Bonds at any time by giving reasonable notice to the Authority and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

**NEITHER THE AUTHORITY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES 2026 B BONDS OR ANY ERROR OR DELAY RELATING THERETO.**

Neither the Authority nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Series 2026 B Bonds (i) payments of principal, premium, if any, and interest, with respect to the Series 2026 B Bonds, (ii) confirmation of beneficial ownership interests in the Series 2026 B Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Series 2026 B Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.

All capitalized terms not otherwise defined in this Appendix shall have the meaning ascribed to such term in this Official Statement.



