Eligibility guidelines include:

- NO household income limit
- The property must be an owner-occupied primary residence
- Applicants must have a minimum 24 months home-ownership history
- Applicants do NOT have to be delinquent

Other eligibility requirements will apply, and applicants must submit information including a hardship letter, bank statements and tax returns, income information, deed and mortgage account information in order to be considered.

There is NO FEE required at any point during the SC HELP process.

How to Apply:
Applicants are encouraged to apply electronically through the application located at:
www.SCMortgageHELP.com

Applicants without access to the internet may call 1-855-435-7472, a statewide, toll free telephone number, for assistance.

Financial Housekeeping: Five Items to Keep in Mind

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With most governmental entities approaching fiscal year end, now is as good a time as any to give some thought to financial best practices for local governments. The following items, in no particular order, appear to afflict the unsuspecting, unaware or forgetful with regularity.

1). **Lack of Continuing Disclosure —** In connection with a publicly offered bond sale, the Securities and Exchange Commission requires underwriters to contract with a local government to provide certain information about itself on a continual basis. In turn, rating agencies and underwriters look to these disclosures and other offering documents when determining credit risk, and how much to charge local government issuers when they go to market. The investing public also relies on this information in determining how to price outstanding bonds.

In light of the importance of this information, and the financial chaos of late, the issue of continuing disclosure has become a hot button topic with federal regulators and in the financial press. The Wall Street Journal, in a January 2011 article, cited a study that found that 56 percent of issuers failed to file any continuing disclosure between 2005 and 2009, and that of the issuers that did provide disclosure, many routinely provided the information months after their deadline. Such behavior is starting to have serious consequences.

In late March 2011, Standard & Poor's Credit Ratings Services downgraded DeKalb County (Georgia's third largest county) from AA- to BBB, citing noncompliance with its continuing disclosure obligations and lack of access to timely financial information. To put into perspective the impact of a 5-notch downgrade, as of mid-April 2012, the interest rate difference between a AA- rating and a BBB rating for a 20-year general obligation bond was 168 basis points (2.89 percent versus 4.57 percent). It has never been more expensive to ignore disclosure obligations. If an issuer believes they will benefit from assistance in providing such information, a number of commercial "dissemination agents" are available to ease the compliance burden with reminders and forms, though not without some cost.

2). **Stale Audited Financial Information —** The failure to provide audited financial information on a timely basis, like the failure to provide continuing disclosure, paints a negative picture of the financial management of a local government. Moreover, when the audit is delayed for long periods, such delay compromises the ability of the local government to comply with continuing disclosure obligations in a timely manner. That picture may become a bit darker in the future as the Securities and Exchange Commission explores all manner of devices for indirectly regulating local governments (the Tower Amendment bars outright oversight of the local government issuers themselves, but is under attack from regulators and Congress and may be subject to future repeal).

As is currently the case in the corporate arena, the days of semi-annual, quarterly or even monthly dissemination of basic financial information may be upon the municipal bond market before too long; and having practices and procedures in place to ensure that information can be provided quickly will likely be a predicate to market access. Also, integrating the information required by the local government's continuing disclosure undertaking into the audit can ease the burden of continuing disclosure and the creation of official statements in future bond offerings.

3). **Use of Unsophisticated Lenders —** Negotiating and closing financing transactions with unsophisticated lenders creates several issues. One significant issue is that local governments in South Carolina cannot simply take out a line of credit or give a bank a mortgage. It is not that this is a bad practice or a suboptimal financing structure; it's illegal. Regardless of the underlying security, local governments lack the authority to borrow money in any form other than bonds. The risk to the local government is that if the illegal mortgage or line of credit is challenged by a concerned citizen, the government could incur legal costs to defend a structure that will not withstand challenge and end up paying the lender the full outstanding principal amount of the loan when the instrument is invalidated (under the theory of money had and received).

4). **Equipment Vendor Financing —** Most boiler-plate equipment vendor lease-purchase financing contracts likely have at least four problems, some more serious than others: 1) an interest rate out of line with prevailing market rates; 2) a non-substitution clause; 3) an indemnification clause; and 4) a make-whole early payment provision. That the interest rate was too high is a self-evident issue; the better practice is to call around to some of the regional banks and ask for quotes. Non-substitution clauses are likely unenforceable and indemnification clauses certainly are, but it will take substantial staff and counsel time to get an order from a judge saying as much; negotiate their removal before they become a problem.

Make-whole provisions may be unavoidable for shorter lease-purchase financings, but there is no harm in requesting two bids from each bank: one with early redemption provisions, and one without. The situation to avoid, which is all too common, is paying 5 percent on a 10-year fire truck lease when the market is at 2.5 percent; and being unable to refinance, because the contract requires the payment of all interest scheduled to accrue prior to the end of the contract term — no matter when you pay off the principal. To mitigate these risks, it is advisable to develop and use form contracts for all equipment financings; the initial expense should translate to less heartburn and less long-term expense.

5). **IRS Compliance —** In exchange for the ability to borrow at tax-exempt rates, local governments must comply with certain IRS regulations relating to the expenditure and investment of bond proceeds, among others. For instance, if you fail to meet certain expenditure targets at 6 months, 18 months or 2 years, you will be required to determine if you owe the IRS rebate on any of your investment earnings. To avoid this headache, make certain that you and your bond counsel set a clear plan for spending bond proceeds that is appropriate in your context.

SCAC's Educational Webcast Draws Over 400 County Officials and Employees

The SCAC hosted a webcast, "Public Service Ethics: Understanding the Law and Beyond," on March 22, as part of the continuing education program for county officials and employees.

Over 400 officials and employees from 31 local governments participated in the live webcast.

Cathy Hazelwood, Deputy Director and General Counsel with the S.C. State Ethics Commission, provided an overview of the State Ethics Reform Act and the 2011 revisions that affect county officials and employees. Ed Thomas with Ed Thomas/Leadership LLC discussed the ethical environment in which public officials and employees operate, the importance of codes of conduct, and strategies for promoting an ethical culture.

The webcast is available as streaming video on the SCAC website at: **www.sccounties.org/services/education/webcast-training.aspx** This program satisfies three hours of continuing education required annually for planning and zoning officials and employees. It also satisfies three hours of Ethics CLE credit for county attorneys.

Those wishing to earn planning and zoning continuing education credit for viewing the streaming video of this webcast must adhere to the State Planning Education Advisory Committee's requirement of having a live coordinator facilitate the discussion when viewing a taped educational program.

SCAC to Offer Two Additional Webcasts This Year

The SCAC will offer two additional webcasts this year for front-line employees, supervisors and other county staff members *(See* **SCAC Webcasts Calendar**, *P. 6)*. Registration information with additional details will be mailed approximately six weeks prior to each webcast.