



South Carolina State Housing Finance and Development Authority
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Submission via Website Only

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-45-10

Dear Secretary Murphy:

This letter is being submitted in response to the request for comments on the proposed rules related to municipal advisors.

The South Carolina State Housing Finance and Development Authority (“Authority”) is a public body corporate and politic created by the State of South Carolina by the South Carolina State Housing Finance and Development Authority Act of 1977 (“the Act”). *See S.C. Code Section 31-13-10, et seq.* The Authority administers several federal and state programs, including the issuance of notes and bonds as permitted by the Act. The Authority is made up of nine commissioners. Seven of the nine commissioners are appointed by the Governor with the advice and consent of the South Carolina Senate. The remaining two commissioners are ex officio members: the Governor or his designee and the State Commissioner of Health and Environmental Control or his designee. The ex officio members are statutorily granted the same powers as the other seven commissioners. As the Authority’s Board is currently made up, the two ex officio positions are actually held by designees instead of the actual official and, in the case of the State Commissioner of Health and Environmental Control, the position is not an elected position. The Act requires that the seven appointed commissioners have experience in the fields of mortgage finance, banking, real estate, and home building. No commissioner receives a salary for his or her service to the Authority. The commissioners appoint an Executive Director who serves “at the pleasure of the Authority.” *S.C. Code Section 31-13-40.*

The Authority would submit that its commissioners do not actually provide advice to the Authority and therefore should not be subject to registration as municipal advisors. When voting to approve bond issuances, the commissioners rely on advice or information given by Authority employees, including the Authority’s Finance Director and General Counsel, external bond

counsel, external financial advisors utilized by the Authority, and external underwriters utilized by the Authority. The extent of any "advice" given by the commissioners is actually the interpretation and understanding of advice given by others, including those subject to registration as municipal advisors.

The Authority is concerned that the proposed rules would require all nine commissioners to register as municipal advisors. Requiring all of the commissioners to register as municipal advisors would create an unnecessary burden on those who have agreed to serve the Authority in a voluntary capacity and may result in the chilling effect of resignations in lieu of meeting the burden of registration and continued compliance. The commissioners are subject to South Carolina's Ethics Reform Act of 1991. *See S.C. Code Section 8-13-10, et seq.* Through the Ethics Reform Act of 1991, all commissioners, including ex officio members, are subject to certain fiduciary duties and must also meet certain financial reporting requirements.

Furthermore, the Authority exists solely through its commissioners; without the commissioners, there is no Authority. It seems illogical to require the commissioners to register as municipal advisors when any such advice is being given both by and to itself.

The Authority would respectfully request that the final rule provide that commissioners not be required to register as municipal advisors by virtue of the exemptions allowed for employees and the municipal entity itself or, in the alternative, the definition of advice be crafted as to specifically exempt any such advice given by virtue of being a commissioner for or an employee of a municipal entity.

I appreciate your consideration of both the Authority's comments and the similar comments of others. If I can provide any further information as it relates to the Authority, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink that reads "Tracey C. Easton". The signature is written in a cursive, flowing style.

Tracey C. Easton
General Counsel