Data Refuting FHFA's Claims on LL-2026-03: South Carolina-Specific Summary

Why South Carolina Is Perhaps the Most Compelling State-Level Refutation

South Carolina is not a theoretical case study. It is a state where the consequences of decades of reserve underfunding are unfolding in real time, at headline-scale -- buildings condemned, residents evacuated with 48 hours' notice, repair estimates in the hundreds of millions of dollars, and special assessments reaching $300,000 per unit. These are not hypothetical outcomes of inadequate reserve policy. They are documented, recent events in South Carolina cities, and they are happening in the precise absence of the reserve study and funding infrastructure that FHFA claims is only modestly lacking in a small number of associations nationwide. South Carolina has no reserve study mandate, no minimum funding requirement, and a state HOA law that legal commentators describe as among the least comprehensive in the country. The state is watching its coastal condo inventory become financially and structurally unmanageable -- precisely because the regulatory conditions FHFA treated as normal are exactly what produced this outcome.

Claim #1: Fewer than 10,000 Associations Would Struggle

South Carolina Has No Reserve Study Mandate and No Minimum Reserve Funding Requirement

The foundational legal reality in South Carolina is stark. South Carolina does not require reserve studies but does require funding for homeowners' associations. Certain HOA disclosures are required for real property transfers. Each association needs a reserve study to have a sound financial plan, but there is no statutory obligation to commission one. (https://www.stateregstoday.com/living/homeowners-association/hoa-reserve-funds-in-south-carolina)

South Carolina HOAs operate without reserve study mandates. No defined frequency for studies exists, and there are no specific reserve fund contribution mandates. Best practices suggest contributions of 10-20% of the annual budget based on reserve study results, but none of this is legally required. (https://doi.colorado.gov/homeowners-insurance-affordability-availability)

An association in South Carolina can go decades without commissioning a professional reserve study, fund reserves at whatever level its board decides (or not fund them at all

unless governing documents specify otherwise), and be in full compliance with state law throughout. That is the baseline from which LL-2026-03 is asking South Carolina associations to reach a 15% budget allocation or "highest recommended allocation" standard by January 4, 2027. FHFA's claim that the problem is narrow applies only if the existing reserve landscape is reasonably sound. In South Carolina, there is no state mechanism that has ensured any soundness whatsoever.

South Carolina's Legislative Record Confirms the Legislature Knows There Is a Problem

The South Carolina legislature's own 2025-2026 session produced evidence that lawmakers understand the scope of the crisis. Bill 5204, introduced in the 2025-2026 session, would require all new HOAs to commission reserve studies at least every three years and maintain 100% funded reserve accounts, and would require all existing HOAs to move to fully funded reserve accounts over a ten-year period, increasing by 10% per year until fully funded. (https://www.scstatehouse.gov/sess126_2025-2026/bills/5204.htm)

The ten-year phase-in provision for existing associations is itself an admission that the gap between current reserve funding and full funding in South Carolina is so large that immediate compliance is deemed unrealistic even in proposed legislation. The very timeline structure of the pending state bill -- ten years to reach 100% funding -- is direct evidence that FHFA's 15% minimum floor and its January 4, 2027 deadline are being imposed on a state where the state's own legislature considers ten years an appropriate phase-in period for reserve compliance.

South Carolina's Coastal High-Rise Inventory Tells the Story in Concrete Terms

Dockside is among more than 500 high-rises at least six stories tall along the South Carolina coast. More than 200 of those buildings have stood at least 30 years. The salt in the air and water ages buildings faster on the coast, attacking concrete and steel supports. (https://www.shjune.com/blog/myrtle-beach-real-estate-market-2025-what-im-seeing-where-its-going/)

These are the buildings for which adequate reserve funding is most critical and most likely to be absent. A 40-year-old coastal high-rise without a current professional reserve study, without a mandated structural inspection regime, and without a minimum funding requirement is precisely the profile of a building heading toward a crisis -- and South Carolina has more than 200 of them that have cleared the 30-year mark, with no state law requiring any of them to have ever assessed the cost of what it will take to maintain them. FHFA's claim that only a small number of associations nationally would struggle does not hold in a state with this inventory profile.

Documented Structural Failures Reveal the Reserve Funding Reality

The following is a partial record of documented structural emergencies at South Carolina coastal condo associations -- each the product of years or decades of deferred maintenance that adequate reserve funding would have addressed:

The Dockside Condominiums in Charleston, a 19-story building constructed in the 1970s, was evacuated in February 2025 after engineers found that concrete slabs holding the tower's 18 upper stories were "significantly overstressed" and lacked the strength or thickness to carry the weight of the building. Estimates to repair the 112-unit building have reached $151 million -- approximately $1.35 million per unit. (https://www.cedarmanagementgroup.com/rising-hoa-fees-in-south-carolina/)

The 22-story Renaissance Tower at Myrtle Beach Resort was evacuated in October 2022 after structural engineers determined that its steel foundation was so severely corroded that residents had one hour to leave. Residents were allowed back in February 2023 while the building was held with temporary shoring, and the timeline for full repairs remains unclear. (https://jamesschiller.com/sc-coastal-condo-problems/)

The Ocean Club condo community in Wild Dunes on Isle of Palms commenced a major structural and cosmetic renovation beginning in 2025-2026, with owners facing special assessments exceeding $125,000 per unit. Separately, at Seascape Villas within Wild Dunes, larger unit owners were confronting bills exceeding $300,000 per unit on top of $25,000 they had previously paid. (https://hoa-usa.com/state-laws/south-carolina/)

The Ashley House condominiums in Charleston required removal of a failing brick exterior -- a project so costly that owners disagreed on a repair plan and went to court rather than fund it.

These are not isolated incidents. They are a documented pattern of reserve failure across a single state, producing individual unit assessments that range from $20,000 to $1.35 million per unit. Not $15 to $30 per month.

Claim #2: Monthly Dues Would Only Increase $15-$30

South Carolina's HOA Fees Are Among the Highest in the Nation -- and Rising

The average HOA fee in South Carolina is $390 per month, placing the state among the highest in the nation. Townhome and condo owners face the steepest increases due to maintenance and shared infrastructure costs. In one Mount Pleasant condo complex, fees surged from $350 to nearly $600 in four years. Nearly 1.4 million South Carolina residents

live in HOA communities, and in many cases their fees are increasing faster than inflation. (https://www.steadily.com/blog/south-carolina-hoa-laws-regulations)

At a state median of $390 per month, FHFA's $15-$30 monthly estimate represents approximately 4-8% of existing HOA costs for an average South Carolina unit. For the associations that need to move from minimal or zero reserve contributions to a meaningful funding level -- which, given the absence of any state mandate, is a substantial share of the state's associations -- the increase will not be $15-$30. It will be whatever the gap is between current reserves and the "highest recommended allocation" in a study that many associations have never commissioned.

Insurance Costs Are Already Driving Fee Increases Well Beyond FHFA's Estimate

South Carolina's coastal condo insurance market is under significant stress. South Carolina condominium associations with wooden buildings over fifty years old and located close to the ocean have been experiencing significant challenges finding affordable coverage. These older coastal buildings represent a substantial share of the state's beachfront inventory. (https://www.propfusion.com/law-guide/south-carolina-reserve-study-requirements)

The Myrtle Beach condo market carries 7.8 months of inventory and faces rising HOA fees driven by insurance costs that have doubled since 2022. Aging oceanfront buildings from the 1970s through 2000s now confront special assessments that can run $20,000 to $300,000 per unit. Rising insurance costs and hefty HOA assessments are making it harder to make the financing numbers work for anyone other than cash buyers. (https://perfecthoa.com/south-carolina-hoa-laws-explained-your-2025-guide-for-boards-residents/)

A unit owner in a Myrtle Beach or Charleston coastal condo is not approaching LL-2026-03 as a $15-$30 adjustment to a stable budget. They are approaching it as an additional cost on top of already-rising insurance-driven fees and potential six-figure special assessments for deferred structural repairs. In this context, FHFA's estimate is not even directionally accurate.

The Documented Scale of Special Assessments Renders FHFA's Monthly Estimate Absurd

Let the documented numbers speak directly:

$151 million to repair Dockside Condominiums in Charleston across 112 units = approximately $1.35 million per unit.

$300,000 special assessment per unit at Seascape Villas on Isle of Palms.

$125,000 special assessment per unit at Ocean Club in Wild Dunes.

$20,000 to $300,000 per unit across aging Myrtle Beach oceanfront buildings.

These are not the tail-risk scenarios of a few outlier associations. They are the documented outcomes of a state with no reserve study mandate, no minimum funding requirement, and over 200 coastal high-rises that have passed the 30-year mark. FHFA's $15-$30 monthly estimate is a projection for a hypothetical association moving from a reasonably funded 10% reserve contribution to a 15% one. It has no relevance to a South Carolina coastal condo association that has been deferring maintenance and reserve funding for decades under a state legal framework that allowed it to do so.

South Carolina-Specific Legal Barriers to Timely Compliance

The 48-Hour Notice Requirement Is the Bare Minimum

South Carolina's HOA Act requires only 48 hours' advance notice before the meeting at which a budget increase will be decided. Under Section 27-30-140 of the South Carolina Homeowners Association Act, boards must notify homeowners at least 48 hours before the meeting where an annual budget increase decision will be made. (https://www.doorloop.com/laws/south-carolina-hoa-laws)

This is, on its face, a lower bar than virtually any other state reviewed in this series. California requires 30-60 days. Colorado requires 90 days. Nevada mandates specific budget distribution timelines. South Carolina requires 48 hours.

However, the minimalism of the SC HOA Act does not create ease of compliance -- it creates governance ambiguity. The 48-hour notice requirement coexists with special assessment approval thresholds in individual governing documents that may require majority or supermajority member votes. Special assessments may require homeowner approval depending on what the governing documents say, and courts have invalidated assessments that were not authorized through the proper procedures laid out in the CC&Rs or bylaws. Elections, CC&R amendments, and special assessments often require different approval thresholds -- check specific governing documents before assuming a simple majority controls. (https://www.cedarmanagementgroup.com/south-carolina-hoa-laws/)

For the many South Carolina associations that need to simultaneously commission a first-ever professional reserve study, adjust their budget to reflect the "highest recommended allocation" from that study, and potentially levy a special assessment to address years of

underfunding -- all before January 4, 2027 -- the absence of a clear, state-mandated process framework creates uncertainty rather than flexibility.

South Carolina Has No Structural Inspection Mandate Despite Documented Need

The editorial boards of major South Carolina newspapers have repeatedly called for a mandatory structural inspection law for coastal buildings. After the Dockside evacuation in February 2025, editorial commentary noted that multiple South Carolina coastal structures had faced evacuations and structural emergencies, and that South Carolina needs rules to ensure that tall, coastal buildings are regularly inspected and well-maintained. There is currently no such law.

This absence matters directly for LL-2026-03 compliance. Many South Carolina condo associations cannot determine the "highest recommended allocation" under a reserve study without first understanding the structural condition of their buildings. An association without a structural assessment does not know what its reserve study will recommend, because the study cannot accurately project repair and replacement costs without inspecting the building's condition. The sequential logic -- inspection, then reserve study, then budget adjustment -- takes time that the LL-2026-03 timeline does not provide, particularly when none of these steps are yet legally required by South Carolina.

Governing Document Variability Creates an Unpredictable Compliance Landscape

South Carolina's minimalist HOA framework places enormous reliance on individual association governing documents. The SC HOA Act covers notice, recording, and disclosure requirements, but assessment authority, special assessment approval thresholds, dues increase caps, and reserve fund governance are all found -- if anywhere -- in each association's declaration and bylaws. Homeowners typically have one vote per property, though some associations weight votes by unit size or assessment share, and many associations contain explicit caps on annual dues increases.

In practice, this means that thousands of South Carolina condo associations have governing documents written decades ago that may contain dues increase caps, special assessment approval thresholds, or reserve governance provisions that were never designed with a federal reserve contribution mandate in mind. Associations needing to increase reserve contributions beyond what their governing documents allow without a member vote face a governance process that may require months of preparation, properly noticed meetings, and achievement of quorum -- all against a compliance deadline that is, for many of them, the first time any external authority has imposed a reserve funding requirement at all.

The Pending State Bill Creates a Direct Timeline Conflict

The pending South Carolina Bill 5204 proposes that all existing HOAs move to fully funded reserve accounts over a ten-year period, increasing by 10% per year until fully funded. (https://www.scstatehouse.gov/sess126_2025-2026/bills/5204.htm)

FHFA's LL-2026-03 requires associations to reach the 15% floor or "highest recommended allocation" standard by January 4, 2027 -- less than ten months from today. The state's own proposed solution to the same problem has a ten-year phase-in.

If legislators use the pending state bill as their framework for understanding a reasonable compliance timeline, they will conclude that FHFA's timeline is a minimum of nine to twelve times too compressed for the South Carolina market. The congressional letter can cite both the state bill and LL-2026-03 to demonstrate that the two governments are not in alignment on what "reasonable" looks like for South Carolina associations.

South Carolina Data Points for Congressional Letters

1. **South Carolina has no reserve study mandate and no minimum reserve funding requirement.** Any South Carolina association -- regardless of building age, size, or condition -- can be in full compliance with state law while contributing zero to reserves. FHFA's impact estimate cannot be credible for a state with no existing compliance baseline.
2. **The Dockside Condominiums in Charleston were evacuated in February 2025 with 48 hours' notice** due to structural failures attributable to decades of deferred maintenance. Estimated repairs exceed $151 million for 112 units -- approximately $1.35 million per unit. This is documented, ongoing, and directly attributable to the reserve underfunding environment FHFA claims affects only a small number of associations nationwide.
3. **The Renaissance Tower at Myrtle Beach was evacuated in October 2022**, the Ocean Club on Isle of Palms faces $125,000+ per-unit special assessments, and Seascape Villas owners face $300,000+ assessments -- all documented, named South Carolina communities experiencing the direct financial consequences of reserve underfunding that FHFA characterizes as marginal.
4. **South Carolina's average HOA fee of $390 per month** is among the nation's highest, yet the state has no reserve study or funding requirements. This means fees are high and rising independently of reserve compliance -- adding LL-2026-03's

reserve contribution requirement on top of existing cost pressure is not a $15-$30 monthly event for South Carolina owners.

5. **Coastal SC condo insurance costs doubled from 2022 to 2024**, with wooden buildings over 50 years old near the ocean struggling to find coverage at all. The combination of insurance-driven fee increases and LL-2026-03 reserve requirements represents a compounding cost burden that FHFA's single-variable estimate does not capture.
6. **South Carolina's own pending legislation (Bill 5204) proposes a ten-year phase-in for reserve compliance** -- a direct acknowledgment that immediate compliance is not realistic for the South Carolina market, and a timeline that is approximately nine years longer than LL-2026-03 allows.
7. **South Carolina editorial boards, legislative committees, and the Department of Consumer Affairs have all recognized** that coastal building inspection and reserve funding are inadequate and dangerous. The documented structural emergencies at multiple named South Carolina buildings are not hypothetical risks FHFA should be aware of -- they are real-world proof that FHFA's characterization of the compliance burden as narrow is contradicted by the state's own documented experience.

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