

**STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT**

Greenwood County, SC,

Petitioner,

vs.

Nathaniel H. Kirkland,

Respondent.

Docket No. 25-ALJ-17-0337-CC

FINAL ORDER

RECEIVED

Oct 08 2026

SC Court of Appeals

APPEARANCES: For the Petitioner: Carson B. Penney, Esq.

For the Respondent: Charles M. Watson, Jr., Esq.

STATEMENT OF THE CASE

This matter is before the Administrative Law Court (ALC or court) pursuant to a request for a contested case filed by Greenwood County, SC (Petitioner or Assessor) on November 6, 2025. The Assessor challenges the determination of the Greenwood County Board of Assessment Appeals (Board) that Nathaniel H. Kirkland (Respondent) qualifies for the four percent legal residence assessment on his home in Greenwood County for the 2024 tax year. The sole disputed issue in this case is whether the contract the Respondent entered into with his father to purchase the property qualifies as a “contract for sale” under the terms of subsection 12-43-220(c)(5) of the South Carolina Code.

A hearing was held on February 24, 2026, at the ALC in Columbia, South Carolina. After careful consideration of the evidence, the parties’ arguments, and the applicable law, the court finds that the Petitioner did not meet its burden of showing that the Respondent’s contract did not meet the statutory criteria to be considered a contract for sale for legal residency purposes. Consequently, the Respondent qualifies for the four legal residence classification on his home.

ISSUES

1. Is the contract between the Respondent and his father a “contract for sale,” as defined in S.C. Code Ann. § 12-43-220(c)(5) (2014), so as to qualify him under that section for the four percent legal residence assessment?



- a. Did the Respondent's father, as seller of the property, "finance[] the sale and retain[] title to the property solely as security for the debt," in accordance with the statutory definition of "contract for sale" in S.C. Code Ann. § 12-43-220(c)(5)?

FINDINGS OF FACT

Having carefully considered all testimony, exhibits, and arguments presented in this matter, and considering the credibility and accuracy of the evidence, the court makes the following findings of fact by a preponderance of the evidence:

Nathaniel H. Kirland is the current owner and occupant of the property located at 157 Rutledge Road, Greenwood, South Carolina 29649. Prior to the Respondent's ownership, the property was owned and occupied by the Respondent's father, Christopher Kirkland.

On December 20, 2024, the Respondent's father entered into a "Contract for Sale" with the Respondent to sell him the property. The pertinent terms of the contract are as follows:

- Purchase Price: \$425,000;
- Closing Date: "[O]n or before December 31, 2025";
- Conveyance at Closing: "The deed shall be prepared in the name of the buyer . . . and shall be delivered at closing. The Seller agrees to execute and deliver a general warranty deed, [sic] conveying the Seller's interest in the property. If the Buyer is not satisfied with the quality of the Seller's title, the Buyer may terminate the Contract, and the Earnest Money will be refunded.";
- Complete Terms of the Contract: "The parties agree that this contract contains their complete agreement.";
- Effective Date: "This agreement shall be considered an offer from the Buyer to the Seller until such time as the Seller accepts the offer by executing the Contract and delivering a copy of the executed Contract to the Buyer The offer may be withdrawn, without notice to the Seller, prior to acceptance as defined herein."

The two-page contract does not provide that the property is being financed or specify any financing terms. The contract was recorded in the Greenwood County Office of the Clerk of Court and Register of Deeds on December 30, 2024.

After recording the contract, the Respondent applied for the four percent legal residence assessment on the property, which the Assessor denied. The Respondent appealed the denial to the Board.

Following a hearing, the Board found in favor of the Respondent by a document titled “Greenwood County Board of Assessment Appeals Executive Session” dated September 16, 2025. The document appears to be a typed meeting agenda with a handwritten notation at the bottom simply stating that the “[t]he Board rules in favor of Taxpayer Nathaniel Kirkland” along with three signatures, presumably members of the Board, under the handwritten word “Board.”

Following receipt of the Board’s summary determination, the Assessor sought clarification from the Board regarding its reasoning and legal basis for finding in favor of the Respondent. The Board subsequently issued a substantive determination, which was received by the Assessor on or about October 8, 2025, setting forth the grounds and legal reasoning for its conclusion. The Board determined that the Respondent’s purchase of the property qualified as a “contract for sale” under section 12-43-220(c)(5) of the South Carolina Code¹ for purposes of the four percent assessment because: 1) the property was undisputably being sold under a contract for sale; 2) the process of closing transfers the deed upon payment of the debt and, at the time of the Board’s order, title was still retained by the seller (the Respondent’s father); and 3) the contract was recorded with the Greenwood County Clerk of Court on December 30, 2024. It concluded that the purchase price, payment schedule for the single lump sum payment, and transfer of title upon receipt of payment unambiguously established that the contract qualified as a “contract for sale.” Accordingly, the Board unanimously determined that the Respondent qualified for the four percent legal residence assessment on the property for tax year 2024.² The Assessor then timely filed its request for a contested case hearing.³

¹ See S.C. Code Ann. § 12-43-220(c)(5) (2014) (providing that, for purposes of obtaining the four percent assessment on a property, “a contract for sale or a bond for title is the sale of real property by a seller, who finances the sale and retains title to the property solely as security for the debt”).

² There is no dispute that the Respondent qualifies for the four percent assessment ratio for tax year 2025.

³ At the onset of the hearing, the Respondent moved to dismiss the case on the basis that the Assessor’s request for contested case hearing was not timely filed within thirty days of the Board’s initial written decision, as required by S.C. Code Ann. § 12-60-2540(A) (2014). The grounds for the Respondent’s motion were originally set forth in a section within the Respondent’s prehearing statement. The Assessor contended that the request was timely filed within thirty days after the Board’s substantive decision explaining its basis for finding for the Respondent. Because the Board’s written decision is statutorily required to contain “the basis for the decision,” instructions to certify the decision to the county auditor if not appealed, and inform the parties of the right to request a contested case hearing before the ALC—none of which were contained in the Board’s September 16, 2025, decision—the court finds that the Board’s September 16, 2025, decision did not constitute a “written decision” in accordance with the statutory requirements. See S.C. Code Ann. § 12-60-2530(J)(3) (2014). As there is no dispute that the Assessor’s request for a contested case hearing was filed within thirty days of the Board’s clarifying order, the court found that the Assessor’s request was timely and denied the Respondent’s motion.

At the hearing before the ALC, the Greenwood County Assessor, Lynn Hammit testified on behalf of the Petitioner, and Nathaniel and Christopher Kirkland testified on behalf of the Respondent.

Lynn Hammit testified that Christopher Kirkland approached her with the contract and asked if it would enable the Respondent to qualify for the four percent assessment ratio on the property. She opined that it did not have any indications of financing necessary to qualify under the statute. She later received the Respondent's application for tax year 2024, along with a copy of the contract and other documentation, including a driver's license listing the address of the subject property. Ms. Hammit checked the Clerk of Court's office to see if any other documentation had been filed regarding the financing but found none. She denied the application due to the lack of evidence of financing, namely, the contract did not contain a payment schedule, interest rate, or any other hallmarks of financing. Ms. Hammit testified that even a 0% interest rate with a monthly payment and \$1 per month in interest would have technically qualified as financing, but the Respondent's contract stipulated only a single payment of the full purchase price at closing sometime before the end date. She noted that, while the Respondent's father retained title to the property until closing, the contract did not offer a reason or indicate that it was held solely as security for a debt. Ms. Hammit testified that the Respondent offered no other evidence to support his application after the initial denial. The Assessor's position is that, absent any financing or security terms or other indications thereof, the Respondent's contract is just a delayed closing or potentially an optional contract, which does not qualify under the statute. The Assessor contends that such a contract could be withdrawn and reissued indefinitely to avoid paying the six percent assessment ratio. Ms. Hammit testified that she receives contracts structured like the Respondent's every month, and she consistently treats them the same way.

The Respondent testified that he lived in the home at the time he entered into the contract with his father. He had planned to purchase the house in 2024 via traditional financing, but the house sustained damage from Hurricane Helene that year. He was unable to obtain traditional financing until repairs were made to the home. Repairing the home was hindered by the extensive damage caused to the area by the hurricane which put a strain on available repair businesses. The Respondent testified that his father agreed to finance the property for a year to allow him to make the necessary repairs so he could obtain traditional financing. He characterized the contract with his father as a single payment installment contract. After the house was repaired and he was able

to obtain traditional financing, he closed on the house, paid the purchase price at the time of closing, and was then transferred title from his father.

Christopher Kirkland testified that he previously lived at the subject property, for which he received the four percent assessment ratio, before arranging to sell the property to his son. After the damage from Hurricane Helene prevented the Respondent from obtaining traditional financing in a timely manner, he agreed to sell the house to his son for a lump sum payment of the purchase price. He testified that he retained the title as security and would not have provided it to the Respondent had he not paid the purchase price. Mr. Kirkland testified that he knew the assessment ratio on the subject property would increase to six percent once he sold the property unless the Respondent assumed legal ownership. However, there was a pending insurance claim on the property from the hurricane damage, which Mr. Kirkland said he would lose if he deeded the property to his son. After seeking legal advice, he entered into the contract with the Respondent.

CONCLUSIONS OF LAW

Based upon the foregoing findings of fact, the court concludes the following as a matter of law:

The court has jurisdiction over this matter pursuant to Sections 1-23-600 and 12-60-2540(A) of the South Carolina Code. S.C. Code Ann. §§ 1-23-600, 12-60-2540(A) (2014 & Supp. 2024).

The proceeding before this court is a *de novo* contested case hearing to determine whether the Petitioner qualifies for the four percent residential assessment ratio based upon the evidence presented at the hearing. *See Smith v. Newberry Cnty. Assessor*, 350 S.C. 572, 577, 567 S.E.2d 501, 504 (Ct. App. 2002) (citation omitted).

As the party challenging the Board's decision, the Assessor bears the burden of proving, by a preponderance of the evidence, that the taxing authority's determination is incorrect. *See Anonymous v. State Bd. of Med. Exam'rs*, 329 S.C. 371, 375, 496 S.E.2d 17, 19 (1998) (citation omitted); *Newberry Mills, Inc. v. Dawkins*, 259 S.C. 7, 15-16, 190 S.E.2d 503, 507 (1972); *DIRECTV, Inc. & Subsidiaries v. S.C. Dep't of Revenue*, 421 S.C. 59, 78, 804 S.E.2d 633, 643 (Ct. App. 2017) (citation omitted); *Cloyd v. Mabry*, 295 S.C. 86, 88, 367 S.E.2d 171, 173 (Ct. App. 1988) (citations omitted).

Pursuant to section 12-43-220 of the South Carolina Code, an owner-occupant of residential real estate may apply for the four percent (4%) residential assessment ratio in lieu of

the standard six percent (6%) assessment. *See* S.C. Code Ann. § 12-43-220(c)(1)-(2) (2014 & Supp. 2025).

“To qualify for the special property tax assessment ratio allowed by this item, the owner-occupant must have actually owned and occupied the residence as his legal residence and been domiciled at that address for some period during the applicable tax year.” S.C. Code Ann. § 12-43-220(c)(2)(i) (Supp. 2025).

Additionally, to qualify for the four percent residential assessment ratio for owner-occupants of a legal residence that is being purchased under a contract for sale or a bond for title, the contract must be recorded in the county office of the register of mesne conveyances or, where not available, the county clerk of court. S.C. Code Ann. § 12-43-220(c)(5) (2014). For purposes of this subsection, “a contract for sale or a bond for title is the sale of real property by a seller, who finances the sale and retains title to the property solely as security for the debt.” That definition is at the heart of this case.

In this context, financing refers to “[t]he act or process of raising or providing funds” or “[t]he raising of funds . . . by borrowing from a financial institution.” *Financing*, BLACK’S LAW DICTIONARY (12th ed. 2024); *Debt Financing*, BLACK’S LAW DICTIONARY (12th ed. 2024). Similarly, security refers to “[c]ollateral given or pledged to guarantee the fulfillment of an obligation; esp., the assurance that a creditor will be repaid (usu. with interest) any money or credit extended to a debtor.” *Security*, BLACK’S LAW DICTIONARY (12th ed. 2024).

“[T]he burden of proof for eligibility for the four percent assessment ratio is on the owner-occupant and the applicant must provide proof the assessor requires” S.C. Code Ann. § 12-43-220(c)(2)(iv) (Supp. 2025).

Statutory conditions and requirements to obtain the four percent assessment ratio, as an exception to the standard six percent assessment ratio, must be strictly construed against the taxpayer. *Se. Kusan, Inc. v. S.C. Tax Comm’n*, 276 S.C. 487, 489, 280 S.E.2d 57, 58 (1981) (“As a general rule, tax exemption statutes are strictly construed against the taxpayer.”).

OPINION

This court’s decision in this case results from the highly irregular and unique facts present, as well as the credibility of the Respondent. The Respondent offered uncontroverted testimony, bolstered by that of his father, that in 2024, he intended to purchase the real property where he resided and that was owned by his father. Both the Respondent and his owner father intended for

the sale to be an ordinary one where the Respondent would obtain an industry-standard mortgage and purchase the property in a traditional manner in the year 2024.

However, before the mortgage was obtained and the sale was conducted, the area was hit by Hurricane Helene, a highly unusual event, which caused substantial damage to the property. Because of this, the Respondent was unable to obtain a conventional loan to purchase the property until repairs had been effectuated. Due to the extensive damage the hurricane caused to the entire region, and the resulting delay in repairs as a consequence of overburdened insurance adjusters and home repair businesses, it became clear to the Kirklands that obtaining a traditional loan and in 2024 was not possible.

Given these virtually unreplicable circumstances, and in order to enable the sale of the property in 2024 as both parties desired and intended to do, the Respondent's father agreed to finance the sale for one year, thus enabling the Respondent to settle the insurance claim, complete repairs to the property, and then obtain traditional financing once repairs were completed. The parties retained counsel, who drafted a contract whereby the father sold the property to the Respondent, retained title to the property until the contract price, or debt, was paid, and listed a closing date on or before December 31, 2025. The contract was recorded with the clerk's office on December 24, 2024.

There is no dispute that the Respondent resided at and was domiciled in the Residence in 2024, or that the contract was recorded in 2024. However, the Assessor's concerns, and the reasons for the denial of the special four percent property tax assessment was that the arrangement provided for in the recorded contract did not have the hallmarks of financing that are normally found in a contract for sale, and there was no indication that the seller was retaining the title to the property solely as a security for the debt. Ms. Hammit, the Assessor, testified that absent such hallmarks, and absent language in the contract that title was being retained by the seller solely to secure the debt, such arrangements are merely masquerading as contracts for sale, and are instead delayed closings, installment contracts, or rent-to-own type arrangements, none of which qualify for the special four percent rate. She testified that her office sees roughly two of these arrangements a month, where parties are trying to obtain the lower property tax assessment but are not actually entering into a contract for sale of the property.

While the court is in agreement with the Assessor that in normal circumstances a contract such as the type created and recorded by the Respondent would not be a contract for sale and enable the

Respondent to qualify for the special four percent rate, the facts of this case causes the court to reach a different conclusion. The unique facts of this matter, namely the hurricane and resulting damage, and the delay in repair work which then stymied the Respondent's efforts to obtain traditional financing, placed the Respondent and his father in an untenable situation. In order to effectuate the sale of the property in 2024, the parties negotiated the subject contract. The Respondent's father, the property owner, financed the sale rather than a traditional lender. The father testified that he retained title to the property and would not have released it had the Respondent not paid the purchase price. Thereafter, in 2025, the insurance claim was settled, repairs were completed, the Respondent obtained a traditional loan and paid off the loan to his father.

Absent the unreplicable facts of this case coupled with the unrefuted, highly credible testimony of the Respondent, this court would agree with the Assessor in this matter and hold that the contract entered into by the Respondent and his father lacked the indicia of a contract for sale and did not satisfy the requirements for the lower residential assessment ratio. However, the court finds in this case that the Respondent's contract with his father constituted a contract for sale executed in 2024, and, therefore, having met the other requirements for the special assessment rate, the Respondent qualifies for the 4% rate.

ORDER

Based upon the foregoing findings of fact and conclusions of law,

IT IS HEREBY ORDERED that the Respondent qualified for the four percent (4%) residential assessment ratio for his property at 157 Rutledge Road, Greenwood, South Carolina 29649, for the 2024 tax year.⁴

AND IT IS SO ORDERED.

September 10, 2026
Columbia, South Carolina

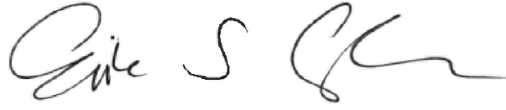


S. Phillip Lenski
Administrative Law Judge

⁴ As previously noted, this holding is limited to the 2024 tax year. There is no dispute that the Respondent qualifies for the four percent assessment ratio for tax year 2025.

CERTIFICATE OF SERVICE

I, Erika S. Easler, hereby certify that I have this date served this Order upon all parties to this cause by depositing a copy hereof, in the United States mail, postage paid, or by electronic mail to the address provided by the party(ies) and/or their attorney(s).



Erika S. Easler
Judicial Law Clerk

September 10, 2026
Columbia, South Carolina

