



## **FRESH WATER LOAN PROGRAM** **COMMUNITY ASSISTANCE RATE**

### *Program Guidelines*

#### **Section 1 – Program Description**

- 1.1 The Ohio Water Development Authority (OWDA) created the Fresh Water Loan Program – Community Assistance Rate to help communities maintain affordable water and/or sewer rates by providing reduced rate loans for drinking water or wastewater systems development or improvement.
- 1.2 Eligible projects include but are not limited to, construction/expansion of water and wastewater treatment facilities, installation or improvement of water distribution and wastewater collection systems, or storm water management facilities.
- 1.3 Program is funded from OWDA Fresh Water Funds from OWDA revenue bonds and surplus funds.

#### **Section 2 – Eligible Borrowers**

- 2.1 Eligible borrowers include departments, divisions, or other units of state government, watershed districts, soil and water conservation districts, municipal corporations, counties, townships, and other political subdivisions, special water districts, including county and regional sewer and water districts, conservancy districts, sanitary districts, sewer districts, or any other public corporation or agency having the authority to acquire, construct, or operate waste water or water management facilities.
- 2.2 Eligibility criteria:
  - Population less than 5,000 or residential users less than 2,000; and
  - Cost to implement project will cause economic hardship. Projected annual cost per residential user is greater than:
    - 1.1% of MHI for Drinking Water
    - 1.5% of MHI for Wastewater
    - 2.6% of MHI for combined system user charge.
- 2.3 Enacted local rate legislation to ensure revenues are adequate to make loan repayments.

#### **Section 3 – Eligible Project Costs**

- 3.1 Eligible project costs include: planning, engineering, construction, land and easement acquisition, and legal and inspection fees

## Section 4 – Loan Terms

- 4.1 Loan Amount
- Maximum \$5 million per system per each loan recipient
- 4.2 Term
- Minimum 5 years
  - Maximum of 30 years
- 4.3 Application Fee
- No application fee
- 4.4 Loan Administration Fee
- 0.35% of the total loan amount
  - Minimum loan fee is \$400
  - Fee can be included in the total loan amount
  - Due when the loan agreement is executed
- 4.5 Contract Interest Rate
- Calculated six weeks prior to each monthly board meeting, based on previous 8 week average of the 20 Year and 30 Year MMD Aa Index less 2.20% with a maximum interest rate of 1.75% for 20-years and 2.0% for 30-years and a minimum interest rate of 0.50% for 20-years and 0.75% for 30-years
  - Loans with a term of 20 years or less will receive the 20 year loan rate
  - Loans with a term of greater than 20 years will receive the 30 year loan rate
- 4.6 Capitalized Interest Rate
- Same rate as the contract interest rate
  - Accrues on portion of loan disbursed until 6 months prior to the first payment date
- 4.7 Repayment
- Payments due January 1 and July 1 of each year during the repayment period
  - Loan repayment Invoices will be mailed approximately May 15 and November 15 to loan recipients
  - First payment date must occur within 12 months after substantial completion
  - First payment begins maximum of 29 months from Cooperative Agreement date or 6 months after final completion date.
- 4.8 Repayment Amortization Methods
- Equal semi-annual payments through the term of the loan; or
  - Equal semi-annual principal payments with amortized interest repayments; the loan payment amount would decrease over the term of the loan
- 4.9 Prepayment of loan
- The LGA is not able to prepay construction loan.
  - Payments must be made for the full term of the loan.

4.10 Late Payment Penalty

- Payments received less than 30 days after the payment date:  
Charged the default rate (interest rate on loan plus 3%) on the default amount from the due date until the date of payment
- Payments received more than 30 days after the payment date:  
Charged the default rate (interest rate on loan plus 3%) on the default amount from the due date until the date of payment plus a late charge of one percent (1%) on the amount of each default; additional one percent (1%) for each additional 30 days

**Section 5 – Application Process**

5.1 Loan application and supporting documentation is due OWDA office by the deadline posted on the OWDA website.

5.2 Construction Loan application requirements

- Receive bids and tentatively approve contract awards
- Certified Engineer's Estimate for project costs if application is being submitted prior to bid date. Bid tabs are required to be submitted prior to project approval.
- Detailed estimate for Equipment and Force Account if applicable
- Plan approval by OEPA and obtained Permit to Install
- Pass legislation authorizing signing of the Cooperative Agreement
- Complete any necessary assessment, tap-in and/or rate legislation
- Prepare a projection schedule that shows user revenues, debt service obligations, and operation and maintenance costs over the contract term of the years of loan repayment to OWDA

**Section 6 – Authorization**

Ohio Revised Code	Section 6121
OWDA Board Action	Resolution 63-83 Resolution 23-90 Resolution 83-00 Motion January 31, 2002 Resolution 104-05 Motion February 27, 2014 Motion December 11, 2014 Motion January 28, 2016 Motion April 28, 2016 Motion July 28, 2016