



RD LOAN ADVANCE PROGRAM

Program Guidelines

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority created the RD Loan Advance Program (formerly the Loan Advance Program) to provide interim financing to borrowers for acquiring or constructing drinking water supply, water distribution, sewage collection or treatment facilities that use funding from the United States Department of Agriculture (USDA).

Section 2 – Eligible Borrowers

- 2.1 Local government agencies that meet the following criteria:
- A funding commitment letter from USDA.
 - Plan approval and permit to install from Ohio Environmental Protection Agency (OEPA)

Section 3 – Eligible Project Costs

- 3.1 Costs eligible under the USDA program including engineering and inspection fees, construction costs, and legal fees.

Section 4 – Loan Terms

- 4.1 Term
- Maximum of 3 years
- 4.2 Loan Administration Fee
- .35% (.0035) of the total loan amount. \$400 minimum.
- 4.3 Contract Interest Rate
- Current rate at the time of loan approval over the term of the loan
 - Calculated monthly on the first day of each month based on previous eight week average of the 1- year Municipal Market Data Aa Index plus 150 basis points
- 4.4 Capitalized Interest Rate
- Same rate as the contract interest rate
 - Accrues on disbursed loan amount until 6 months prior to the first payment date
- 4.5 Repayment
- Repayment will occur no more than 30 calendar days after receiving federal funds.
 - If federal funds are not available at the end of the loan term, then the borrower needs to apply for a term extension or apply for funds from another applicable OWDA program.

Section 5 – Application Process

- 5.1 Notify OWDA no later than three months prior to the anticipated loan approval with an estimated total project cost certified by a professional engineer
- 5.2 To achieve loan approval, the borrower must have:
- Received bids
 - Passed legislation authorizing the signing of the Cooperative Agreement
 - Commitment letter for permanent financing from the USDA

Section 6 – Authorization

Ohio Revised Code	Section 6121
OWDA Board Action	Resolution 08-96 and 88-96 Motion April 29, 2010 Motion April 25, 2013 Motion October 29, 2015 Motion March 28, 2019 Motion October 29, 2020