

## APPENDIX 6A: HOW TO APPLY FOR AN SRF LOAN

In order to apply for and secure SRF funding for a wastewater project, an applicant must complete the following process:

*Project Solicitation/Project Evaluation Form:* In order to be considered for SRF funding, a community must complete a Project Evaluation Form (PEF) at the time of the project solicitation conducted by MassDEP during the summer/fall of each year.

*Annual Priority List:* MassDEP will rank projects using a rating system that assigns points on the basis of various environmental, programmatic and implementation criteria. After evaluating the project requests submitted in response to the annual solicitation, MassDEP develops a list of projects eligible to receive financial assistance.

*Intended Use Plan Project List:* From this annual priority list, and on the basis of projects' readiness to proceed and priority rating, MassDEP assigns projects to a fundable list, the Intended Use Plan Project Listing (IUP). Projects on the IUP are eligible to apply for financing in the coming year, with the total cost of all projects on the IUP not to exceed the amount of funding available for that year. To qualify for placement on the IUP, a project must have a high enough ranking and have received a local funding appropriation, or be scheduled for funding appropriation by June 30 of the coming year, and the applicant must be able to file a complete loan application no later than October 15 of the coming year.

*Loan Application:* To obtain funding for a project on the IUP, the borrower must file a loan application that must include information about funding authorization, repayment ability, and project schedule. A complete loan application also includes construction contract documents ready for bidding and evidence of compliance with any applicable environmental reviews and permits.

*Project Approval Certificate:* The borrower must also obtain a Project Approval Certificate (PAC) from MassDEP.

*Loan Commitment Issued:* Once MassDEP certifies that costs are eligible for funding from the SRF Program, the Trust votes to issue the borrower a binding loan commitment. This commits MassDEP to finance the full eligible cost of the project, as described in the borrower's initial application.

*Project Regulatory Agreement:* MassDEP then issues a Project Regulatory Agreement (PRA). The PRA includes MassDEP's regulation and supervision conditions and limitations, cash drawdown schedule, and provisions from the PAC.

*Loan Agreement Executed:* The Trust, MassDEP, and the borrower then enter into a loan agreement to secure the financing for the project. The loan agreement establishes the security of the loan, repayment schedule, interest rates, and subsidies, as well as various procedural and regulatory requirements related to the MassDEP's oversight of the project. Following MassDEP approval of the PAC, the project must commence in 6 months.