

**Water Supply Revolving Loan Account  
Interest Rates  
January 1, 2009- March 31, 2009**

**WSRLA Interest Rates**

The **Standard Long Term Rate** for the WSRLA is **4.14%**

The **Small Community Long Term Interest Rate** for the WSRLA is **3.64%**.

**Small Systems that receive affordability points Long Term Interest Rate** for the WSRLA is **2.0%**.

**Short Term Interest Rate** for the WSRLA is **3.2%** unless system receives affordability points. If system receives affordability points, the interest rate is 2.0%.

Linked Deposit Interest Rate for the WSRLA is variable. Currently, the WSRLA program is not issuing linked deposit loans.

Supplemental Loan Interest Rate for the WSRLA varies based on whether the system has started repayment of the original loan. Please see explanation below under the “supplemental loan” description.

**WSRLA Interest Rate Structure**

The WSRLA will offer six different interest rates in the program year:

- a standard rate for long-term loans (longer than five years but not more than twenty)
- a small system rate for long-term loans (longer than five years but not more than twenty)
- a small system rate for long-term loans that receive affordability criteria priority points through PPL Ranking System (longer than five years but not longer than twenty)
- a short-term rate for loans including planning/design (five years or less)
- a linked deposit rate
- a supplemental loan interest rate (longer than five years but not more than twenty)

**WSRLA Interest Rate Criteria**

Interest rates will be determined based on the term of the loan, size of the service area and the affordability needs of the water system users. The WSRLA offers six interest rates: standard long term, small system long term, small system long term that receives affordability ranking points, short term, negotiated linked deposit, and supplemental loan.

1. Standard Long Term Interest Rate (*Amortization period of greater than five years but not more than twenty*)

The standard long term interest rate will be established quarterly on January 1, April 1, July 1, and October 1. The standard long term rate is based upon the average of *The Bond Buyer* 20 GO Bond Index rates published on the eight Fridays previous to each date. Once the averaged 20 GO Bond Index is established, the standard long term interest rate is determined by subtracting 125 basis points from that average. In no case, however, can the standard long term rate be less than 3.25 percent.

2. Small System Long Term Interest Rate (*Amortization period of greater than five years but not more than twenty*)

The small system long term interest rate will be based upon the standard long term interest rate. As the standard long term interest rate is established, the small system long term interest rate is determined by subtracting 50 basis points from that rate. In no case, however, can the small system long term rate be less than 2.75 percent.

For the purposes of this interest rate, a small system is defined as a public water system that regularly serves 10,000 or fewer persons.

3. Small Systems that Receive Affordability Points Long Term Interest Rate (*Amortization period of greater than five years but not more than twenty*)

The Small Systems that receive affordability ranking points rate is fixed at 2.0 percent. For the purposes of this interest rate, only projects that meet the definition of a small system and that receive priority points under the affordability factor in the ranking system qualify for this rate.

4. Short Term Interest Rate (*Amortization period of five years or less*)

The short-term interest rate is fixed at 3.2 percent for loans with amortization periods of five years or less. Short-term loans also are available for development of general plans and detailed design documents meeting WSRLA program requirements as described in Appendix B of the management plan.

If the applicant for this short-term loan also qualifies for a construction loan at the Small Systems That Receive Affordability Points Long Term Rate of two Percent (2%), then the associated planning and/or design loans will also be fixed at two percent (2%).

5. Linked Deposit Interest Rate

The linked deposit rate will vary, as it is determined by a commercial lender based upon its usual rates to its customers. In no case, however, will the linked deposit rate be less than a rate which will result in a 3.00 percent rate of return to the WSRLA. It is used at the discretion of the Ohio EPA, and may be applied where the applicant is a private entity, or where the applicant's ability to repay or its security varies significantly from the norm of the WSRLA.

Under certain circumstances, the WSRLA can provide interest savings to a recipient by negotiating with a lending institution for a reduced interest rate on WSRLA funds placed on deposit, usually a certificate of deposit. The reduced interest rate paid to the WSRLA is then passed on to the borrower. The loan is actually made by the lending institution.

The interest rate charged by the bank for the loan will be discounted below the bank's normal interest rate by an amount equal to the difference between the U.S. Treasury Note and Bond interest rate\* and the WSRLA linked deposit interest rate. The WSRLA linked deposit interest rate will be at least 300 basis points less than the reported Treasury Notes and Bonds yield.

\* As reported in *The Bond Buyer* on the Friday of the preceding week, for notes and bonds with a term of years closest to the term of the applicant's loan.

6. Supplemental Loan Interest Rate (*Amortization period of greater than five years but not more than twenty*)

Supplemental loans for projects which have not commenced repayments will be at the rate in effect at the time of the original award. Supplemental loans for projects which have commenced repayments will be awarded as new loans at the appropriate interest rate in effect at the time of the loan award.