

2014 PWTF Loan Limit and Reduction Criteria for Financially Distressed Borrowers Policy – approved March 5, 2012

Loan Limit:

The Board approved increasing the loan limit from \$10 million which has been in place for over 10 years to \$15 million per system per year.

Interest Rate Reduction Criteria:

Per Board policy, at no time can any loan interest rate, regardless of incentive or hardship combination, drop below 0.25% and the loan term cannot exceed the life of the asset constructed with the loan proceeds.

Financial distressed borrower options

- A. Rate-based system loan recipients with an AI (Affordability Index) of 2.01% or more have the option of decreasing the interest rates.

<u>AI</u>	<u>Interest rate reduction</u>
2.00% or less	Not applicable
2.001% - 2.5%	(0.25%)
2.51 or more	(0.5%)

- B. Non-rate based systems loan recipients with a DSCR (Debt Service Capacity Ratio) OF 1.01%, or less, have the option of decreasing the interest rates.

<u>DSCR</u>	<u>Interest rate reduction</u>
1.26% or higher	Not applicable
1.00% – 1.25%	(0.25%)
Less than 1	(0.5%)