CHAPTER 50. FINANCIAL ASSISTANCE

SUBCHAPTER 8. RURAL ECONOMIC ACTION PLAN (REAP) GRANT PROGRAM REQUIREMENTS AND PROCEDURES

785:50-8-5. REAP grant priority point system

(a) **Basis of priority system and formula.**

(1) **General description.** The priority system consists of a mathematical equation rating the qualified entities and the proposed project in accordance with the requirements of state law by means of a formula awarding points for each criterion used in the evaluation. The maximum point total under the system is one hundred thirty (130). The Board may consider each month, and in order from the highest rating, those applications awarded point ratings of 40 or more priority points. If the Board determines that the qualified entity with the highest point rating cannot promptly proceed with the project due to delays, including but not limited to those caused by legal problems, engineering problems, feasibility problems or availability of other funding sources, the Board may pass over consideration of such application then proceed to consider in order the next highest rated application. Applications which are bypassed shall retain their ratings and thus remain eligible for further consideration. Applications preliminarily determined by Board staff to have point ratings of applicant submits additional information showing changed circumstances within 120 days after the date of staff's determination, and such information improves the applicant's preliminary point rating.

(2) **Statutory criteria.** The basis of the priority formula has been developed from the enacting legislation. The primary statutory criteria are:

(A) There shall be a higher priority for any city or town with a population less than one thousand seven hundred fifty (1,750) according to the Census Population than for any jurisdiction with a greater population; and rural water or sewer districts which have less than 525 non-pasture customers; and

(B) *Among other cities or towns, those municipalities having relatively weaker fiscal capacity shall have a priority for project funding in preference to other municipalities* [62:2003]. In order to give a priority evaluation to each applicant, the Board shall evaluate all applications according to the fiscal capacity criteria set forth in this Section.

(3) **Total priority points.** Total priority points will be calculated and awarded for individual projects. Therefore, qualified entities will be required to complete separate applications for each project for which grant funds are requested. Priority lists compiled and published by other Oklahoma State agencies and/or seniority dates of applications submitted shall be utilized to decide ties in point totals among qualified entities.

(b) **Priority formula for eligible entities other than school districts and counties.**

(1) **Formula.** The following formula has been devised to rank grant applications: T = P + RS + OCR + LP+ APCI + N + AR + BP + PG + S +WA, Where:

(A) T = Total of priority points (130)
(B) P = Population (55)
(C) RS= Rates and Study (10)
(D) OCR = Operational cost ratio (13)
(E) LP = Local participation (10)
(F) APCI = Adjusted per capita income (10)
(G) N = Need (5)
(H) AR = Amount of grant requested(7)
(I) BP = Project benefit to other systems(5)
(J) PG = Previous grant assistance(0)
(K) S = Sustainability(10)
(L) WA = Workshop attended (5)

(2) **Explanation.** Each of these criteria are explained below:

(A) ~~**Population (P).** The maximum points under this criterion is fifty-five (55) points,~~**Total of priority points (T).** Total points accumulated based on the information provided for each category listed in the formula. The maximum points possible is one hundred and thirty (130) points.

(B) ~~**Rates and study (RS.)** A recent rate study will help ensure an applicant has current rates that will benefit the system in the long run. A study must be conducted frequently to stay current rates that will benefit the system in the long run. a study must be conducted frequently to stay current with aging infracture needs. The study is to be conducted independently by a third-party entity that does not stand to gain from the transaction. The maximum points possible under this criterion is ten (10) points and the minimum is negative (-8).~~**Population (P).** The maximum points under this criterion is fifty-five (55) points.

(i) ~~If a rate study has been conducted and implemented within two (2) years of the appliation date, the application receives five (5) points,~~Municipalities which have a population of less than 1,750 according

to the latest Census Population will receive 55 priority points. Rural water or sewer districts which have less than 525 non-pasture customers will receive 55 points.

(ii) ~~If a rate study was conducted and implemented more than two (2) years of the application date but less than five (5) years from the application date, the applicant receives zero (0) points.~~Municipalities which have a population of less than 3500 but more than 1750 according to the latest Census Population will receive 40 priority points. Rural water or sewer districts which have less than 1050 but more than 525 non-pasture customers will receive 40 points.

(iii) ~~If a rate study has not been conducted or implemented within 5 years of the application date, the applicant receives negative five (-5) points.~~Municipalities which have a population of less than 5250 but more than 3500 according to the latest Census Population will receive 25 priority points. Rural water or sewer districts which have less than 1575 but more than 1050 non-pasture customers will receive 25 points.

(iv) ~~Billing Rate Structure:~~Municipalities which have a population of less than 5250 but more than 3500 according to the latest Census Population will receive 25 priority points. Rural water or sewer districts which have less than 1575 but more than 1050 non-pasture customers will receive 25 points.

~~(I) The Board will deduct three (3) points from the total for any system which charges a flat-water rate or sewer rate (unmetered) without regard to the amount of water or sewer used.~~

~~(II) The Board will deduct two (2) points for a decresing block rate whihc lowers the cost per 1,000 gallons for customers using larger amounts of water.~~

~~(III) No points will be added or subtracted for systems using a fixed rate per 1,000 gallons above the minimum.~~

~~(IV) Two (2) points will be added or subtracted for systems using an increasing block rate.~~

~~(V) Entities who dedicate sales tax for water and/or sewer improvements will be awarded one (1) additional point.~~

~~(VI) Entities who have implemented an automatic rate increase will be awarded two (2) additional points.~~

(v) Municipalities which have population over 7000 and rural water or sewer districts which have over 2100 non-pasture taps will be deemed denied. The maximum points possible under this criterion is 55 points.

(C) ~~I~~**Operational Cost Ratio (OCR).** The operational cost ratio will look at the applicant's total operating revenues and compare them against the operating expenses and debt to gauge ability to finance debt based off of their most recent audit not more than two (2) fiscal years behind. An Agreed Upon Procedure not more than two (2) fiscal years behind will be accepted to be reviewed. Operating revenues shall include interest income as well as membership fees, along with all revenues listed under the revenues category. If sales tax is dedicated towards water and/or sewer improvements as indicated in the Rate Study or application,, sales tax revenue will also be included in the operating revenues. Operating expenses shall include everything in the expenses category except depreciation. Debt shall mean any outstanding obligations related to water and/or sewer infrastructure ~~and will include the amount of grant requested~~. The maximum points possible under this criterion is thirteen (13) points. ~~The formula is as follows: Operational Cost Ratio= (Operating Revenues - (Operating Expenses + Depreciation) / (Debt + Amount of grant requested). If the applicant does not have any debt, the grant amount will be taken into consideration to determine OCR.~~

(i) If the operational cost ratio is less than 1 times, the applicant receives 0 points.

(ii) If the operational cost ratio is ore than 1.0 times, the applicant receives 5 points.

(iii) If the operational cost ratio is over 1.0 times but less than 1.25 times, the applicant receives 10 points.

(iv) If the operational cost ratio is over 1.25 times, the applicant receives 13 points.

(D) **Local Participation** (LP). The local participation ranking is based on the percentage of the total project cost which is locally funded through cash contributions or incurrence of additional debt through a loan. Grant Funds received through other agencies will be counted as local funding. The maximum points possible under this criterion is 10 points. Points awarded for participation as follows:

(i) If the percentage of project cost locally funded is less than 15%, the applicant receives 0 points.

(ii) If the percentage of project cost locally funded is 15% or more but less that 20%, the applicant receives 5 points.

(iii) If the percentage of project cost locally funded is more than 20%, the applicant receives 10 points.

(E) **Adjusted Per Capita Income (APCI).** The Adjusted Per Capita Income (APCI) is a formula that takes into account the affordability criteria of the applicant and is measured against the United States' APCI to determine tier ranking based off of what percentage applicant receives. Data from the census website is used to determine per capita income, unemployment rate, and population trend. The maximum points possible under the criterion us 10 points.

(i) The formula is as follows: APCI= Per Capita Income * Employment Rate * Population Trend

(I) Employment Rate = 1- unemployment rate.

(II) Population Trend = 10-year difference in population from most recent Census
(III) Tire Ranking = Percentage of APCI = APCI/US.APCI

(ii) Rural Water and Sewer systems are requested to contact OWRB for additional information needed to determine percentage ranking. Required data of at least two of the largest communities served by the RW&S system will be averaged to determine RW&S percentage ranking and tier determination or data presented to OWRB that more accurately reflects the entity's current or proposed service area, that will be evaluated on a case-by-case basis. If a system serves only one community, the sole community's data will be used to determine RW&S percentage ranking and tier determination.

(iii) Tier ranking:

(I) If percentage of APCI is equal to 81% or more of the U.S. APCI, applicant will be considered a Tier 4 and receives 4 points.

(II) If percentage of APCI is more than or equal to 71% but less than 81% of U.S. APCI, applicant will be considered Tier 3 and receives 6 points.

(III) If percentage of APCI is more than or equal to 56% or less than 71% of U.S. APCI, applicant will be considered a Tier 2 and receives 8 points.

(IV) If percentage of APCI is equal to 55% or less of U.S. APCI, applicant will be considered a Tier 1 and receives 10 points.

(F) **Need (N).** An applicant who is subject to an enforcement order (i.e. consent order or administrative consent order) issued by a governmental agency with environmental jurisdiction receives 5 priority points for a proposed project which will remedy the violation out of which the order arose if the order specifies a project construction start date which is on or before June 30 of the Board's current fiscal year for funding REAP grants.

(G) **Amount of grant requested (AR).** Under this criteria the maximum number of points is seven (7) and the minimum is negative seven (-7) points. Appropriations for the year will determine the highest amount allowable to be requested by the applicant. Points under this category for amount of grant requested are determined as follows:

(i) If the amount requested is $325,000 to $350,000, the applicant receives -7 points.
(ii) If the grant amount requested is $300,000 to $324,999.99, the applicant receives -6 points.
(iii) If the grant amount requested is $275,000 to $299,999.99, the applicant receives -5 points.
(iv) If the grant amount requested is $250,000 to $274,999.99, the applicant receives -4 points.
(v) If the grant amount requested is $225,000 to $249,999.99, the applicant receives -3 points.
(vi) If the grant amount requested is $200,000 to $224,999.99 the applicant receives -2 points.
(vii) If the grant amount requested is $175,000.01 to $1999,999.99, the applicant receives -1 point.
(viii) If the grant amount requested is $175,000 the applicant receives 0 points.
(ix) If the grant amount requested is $150,000 to $174,999.99, the applicant receives 1 point.
(x) If the grant amount requested is $125,000 to $149,999.99, the applicant receives 2 points.
(xi) If the grant amount requested is $100,000 to $124,999.99, the applicant receives 3 points.
(xii) If the grant amount requested is $75,000 to $99,999.9, the applicant receives 4 points.
(xiii) If the grant amount requested is $50,000 to $74,999.99, the applicant receives 5 points.
(xiv) If the grant amount requested is $25,000 to $49,999.99, the applicant receives 6 points,
(xv) If the grant amount requested is $25,999.99 and below, the applicant receives 7 points.
(xvi) Any portion of grant amount requested that is more than the allowable amount for that fiscal year will be denied.

(H) **Project benefit to other systems (BP).** If the applicant's project will benefit other adjacent systems as well as applicant's or result in or lead to consolidation of systems, an additional five (5) priority points will be included in the total of priority points assigned to the application.

(I) **Previous grant assistance (PG).** No qualified entity shall receive more than ~~$150,000~~$350,000 in REAP grant assistance in any twelve (12) month period. For purposes of this subparagraph a political subdivision and all its public trusts and similar subordinate entities together shall be treated as one and the same qualified entity; provided, rural water or sewer districts shall not be construed to be subordinate entities of counties unless the effect would be to make multiple grants to substantially the same entity and/or service area. If a qualified entity has received one (1) or more REAP grants from the Board in the past, points shall be deducted from the application according to all of the following provisions that apply, provided points shall not be deducted from any such REAP grant which was funded 10 or more years prior to the date of Board action on the pending application, and has been subject to Board audit:

(i) If the qualified entity has received one (1) REAP grant in the preceding twelve (12) month period, the application receives -8 points.
(ii) If the qualified entity has received more than one (1) REAP grant in the preceding twelve (12) month period, the application receives -10 points for each REAP grant received.
(iii) If the qualified entity has received one (1) REAP grant more than twelve (12) months in the past, the application receives -5 points.

(iv) If the qualified entity has received two (2) REAP grants more than twelve (12) months in the past, the application receives -8 points.
(v) If the qualified entity has received three (3) REAP grants more than twelve (12) months in the past, the application receives -10 points.
(vi) If the qualified entity has received four (4) REAP grants more than twelve (12) months in the past, application receives -12 points.
(vii) If the qualified entity has received five (5) or more REAP grants more than twelve (12) months in the past, the application receives -14 points.

(J) **Sustainability (S).** The maximum possible points under this criterion is ten (10) points. Points will be awarded for an applicant's sustainability and long range planning as follows:
(i) If an applicant has a fiscal sustainability ~~and~~or long-range plan that is in place and working to meet all the system needs, the plan will be ranked as Good and awarded 10 points.
(ii) If an applicant has a fiscal sustainability ~~and~~or long-range plan that is in place but meeting only half the system needs, the plan will be ranked as Fair and awarded 6 points.
(iii) If an applicant has a fiscal sustainability ~~and~~or long-range plan but is not in place or not working to meet the system needs, the plan will be ranked as Poor and awarded 3 points.
(iv) If an applicant does not have a fiscal sustainability ~~and~~or long-range plan in place, the application will be deemed denied.

(K) **Workshop attended (WA).** 5 points will be awarded to any applicant who attends, or has a representative attend ~~the~~a pre-application workshop presented by Board staff. Attendance will be verified during the course of the training.

(c) **Priority formula for school districts and counties.**

(1) School districts created under Article V of the School Code, 70 O.S. 1991, §5-101 et seq., and counties are political subdivisions of the State, and therefore are eligible for financial assistance under the Board's REAP grant program.

(2) In evaluating and prioritizing grant applications from school districts and counties, similar criteria to those applied to municipalities and rural water districts will be utilized.

(3) In developing a priority formula for school district and county applicants, the primary criteria are average daily membership (for schools only), fiscal capacity, need, amount requested, and previous grant assistance.

(4) The following formula has been devised to rank REAP grant applications by counties and school districts: T = ADM + LT + BI + MHI + FP + N + AR + PG +WA., Where:
(A) T = Total of priority points
(B) ADM = Average daily membership
(C) Lt = Local tax levies
(D) BI = Bonded indebtedness
(E) MHI = Median household income of population within the school district or area of county to be served
(F) FP = Applicant's ability to finance project
(G) N = Need
(H) AR = Amount of grant requested
(I) PG = Previous grant assistance
(J) WA = Workshop attended

(5) The criteria MHI, FP, N, AR and PG are the same as that set forth in (b) of this Section. The criteria ADM, LT and BI are explained as follows:
(A) **Average daily membership (ADM).** School districts with an average daily membership of less than 525 students will receive 55 priority points.
(B) **Local tax levies (LT).** Points awarded under this category for local tax levies are based on the total amount of mills levied, as follows:
(i) If the mills are 95 to 100; the applicant receives 13 points.
(ii) If the mills are 90 to 94.99, the applicant receives 11 points.
(iii) If the mills are 85 to 89.99, the applicant receives 10 points.
(iv) If the mills are 80 to 84.99, the applicant receives 8 points.
(v) If the mills are 70 to 79.99, the applicant receives 6 points.
(vi) If the mills are 60 to 69.99, the applicant receives 4 points.
(vii) If the mills are 55 to 59.99, the applicant receives 2 points.
(viii) If the mills are 50 to 54.99, the applicant receives 1 point.
(ix) If the mills are 45 to 49.99, the applicant receives 0 points.
(x) If the mills are 40 to 44.99, the applicant receives -1 point.
(xi) If the mills are less than 40, the applicant receives -2 points.
(C) **Bonded indebtedness (BI).**
(i) Priority points for Bonded Indebtedness are as follows:
(I) If the percentage is 95% to 100%, the applicant receives 10 points.
(II) If the percentage is 90% to 94.99%, the applicant receives 8 points.

(III) If the percentage is 80% to 89.99%, the applicant receives 7 points.
(IV) If the percentage is 75% to 79.99%, the applicant receives 6 points.
(V) If the percentage is 70% to 74.99%, the applicant receives 5 points.
(VI) If the percentage is 65% to 69.99%, the applicant receives 4 points.
(VII) If the percentage is 60% to 64.99%, the applicant receives 3 points.
(VIII) If the percentage is 55% to 59.99%, the applicant receives 2 points.
(IX) If the percentage is 50% to 54.99%, the applicant receives 1 point.
(X) If the percentage is 45% to 49.99%, the applicant receives 0 points.
(XI) If the percentage is 40% to 44.99%, the application receives -1 point.
(XII) If the percentage is 30% to 39.99%, the applicant receives -2 points.
(XIII) If the percentage is less than 30%, the applicant receives -3 points.

(ii) A deduction of one (1) point from the indebtedness ranking total will be made for applicants with 75% of existing debts financed at rates of 5% or less, and one (1) point will be added if 75% of existing debts are financed at rates greater than 10%.

SUBCHAPTER 23. WATER AND WASTEWATER INFRASTRUCTURE INVESTMENT PROGRAM REQUIREMENTS AND PROCEDURES

785:50-23-1. General procedures

(a) **General procedures.** The general procedure to be followed in the loan application, review and consideration process for loans under the Water and Wastewater Infrastructure Investment Program ("WWIIP") authorized by 82 O.S., §§ 1085.66 through 1085.67 shall be as follows:

(1) Application. To start the review process, the applicant must submit a loan application to the Board. In all instances, applications must be submitted in the form and manner to be directed by the Board.

(2) Submittal to Executive Director. Upon completion of staff review, the submitted application (with staff recommendations, if any) shall be submitted to the Executive Director, or designee, for action consistent with authorization provided by the Board.

(b) **Action on the Application.**

(1) After reviewing and considering a submitted application, and in order to provide for the expeditious approval and funding of deserving applications, the Executive Director, or designee, may proceed to take one of the following forms of action on the application:

(A) Approve the application as submitted, as authorized by Board action, and thereby authorize such further action as may be necessary to effectuate loan closing and/or the disbursement of funds.

(B) Retain the application under advisement for further consideration or continue hearing on same for later ruling and disposition, and, may withhold ruling on the application pending submission of such further or additional information as required for application consideration purposes.

(C) Reject and deny the application, in whole or in part.

(D) Place the application on the Board's agenda for an upcoming Board meeting and thereby decline to take dispositive action on the application and refer such application to the Board for action.

(2) Upon approval of an application, the Executive Director, or designee, may authorize loan closing and may affix the facsimile signature of the Chairman of the Board (consistent with authorization provided by the Board) to all necessary closing documents and instruments, and may accordingly authorize and provide for disbursements and may authorize such further or additional action as may be necessary to complete and implement the approved transaction.

(3) After approval of an application, the Executive Director, or designee, shall add the loan to a list of approved loans to be presented to the Board at an upcoming Board meeting.

785:50-23-2. Approval criteria

(a) **General approval standards and criteria.** In the review and consideration of applications for financial assistance under the WWIIP, the Board or the Executive Director, or designee, as applicable (in either case, the "Reviewer"), shall give consideration to the following general and non-exclusive criteria for application approval:

(1) **Compliance with laws.** The application and proposed project must be found to be in compliance with all applicable and relevant federal, state and local laws and regulations, and applicant must possess all necessary and incidental legal rights and privileges necessary to project commencement and operation.

(2) **Eligibility.** The applicant and proposed project must be determined to be eligible for the assistance sought. Except for purposes of loans approved and funded under section 50-23-4 below, eligible projects shall be the projects described in 785:50-3-1 and eligible entities shall be those entities defined pursuant to Section 1085.32 of Title 82 of the Oklahoma Statutes.

(3) **Local need, support and priority.** The project must be found to be needed in the area to be served and must be found to be sufficient, as proposed, to serve such needs. The Reviewer shall additionally consider the project's relative benefit and priority in relation to the needs of other proposed projects and applicants.

(4) **Economic feasibility.** The Reviewer shall consider the overall apparent economic viability and feasibility of the project as a whole, including documentation that demonstrates financial capacity to repay the loan, when required, the proposed revenues from the project, and the adequacy and reliability of estimated revenues necessary for loan repayment, when required.

(5) **Project feasibility.** The Reviewer shall consider from the data submitted and otherwise available whether the proposed project appears to be feasible, and must determine as a prerequisite for approval and funding that it is cost effective.

(6) **Availability of funds.** The Reviewer shall take into consideration the current and anticipated availability of WWIIP funds needed to provide the loan requested.

(b) **Criteria applicability.**

(1) The general criteria set forth in (a) and (c) of this Section are intended to constitute and shall constitute general guidelines and standards for application review and consideration by the Reviewer.

(2) Such criteria shall not be deemed appropriate for strict application and interpretation nor shall such criteria be deemed exclusive.

(3) In all instances, each individual application and project must be reviewed and considered on its own individual merits.

(4) The criteria and standards set forth in (a) and (c) of this Section shall accordingly be interpreted and applied so as to allow sufficient flexibility in the ultimate exercise of Reviewer's judgment and discretion.

(c) **Criteria for denying an application.** The Reviewer may deny an application for any of the following reasons:

(1) The applicant or the entity which stands to receive the benefit of the financial assistance is not an eligible entity.

(2) The applicant has had improper or unsound management in the past.

(3) The applicant's financial condition is not sound enough to assure the Reviewer that the loan would be satisfactorily repaid (including but not limited to circumstances such as inability to meet debt service, inability to meet any applicable rate covenant or additional indebtedness requirements, a substantial increase in operations and maintenance costs due to the proposed project, substantial revenue collection problems, substantial negative financial trends, a default or record of late payment(s) on previous indebtedness, etc.)

(4) The economic conditions pertinent for the applicant show negative trends (including but not limited to conditions such as substantial declines in sales tax revenues, population, per capita income, building permits, or water and/or sewer connections; a substantial increase in unemployment; or detrimental changes in the bases of ten largest customers or ten largest taxpayers).

(5) The project is determined by the Reviewer to not be cost effective.

(6) Any other reason based upon applicable law, applicable goals and purposes for the Water and Wastewater Infrastructure Investment Revolving Fund, or the Reviewer's judgment and discretion.

785:50-23-3. Evaluation criteria for funding loans for water and wastewater infrastructure for workforce housing development and commercial site readiness

(a) The following evaluation and selection criteria shall be considered by the Reviewer in reviewing applications for loans for planning and design for water and wastewater infrastructure for workforce housing development:

(1) The number of housing units to be produced by the water or wastewater infrastructure project;

(2) The number of customers (taps/meters) being served by the applicant's entire system;

(3) Whether the applicant has sufficiently demonstrated that the water or wastewater infrastructure project to be funded with the loan directly supports housing;

(4) The extent that non-housing related development is benefitting from the project, either directly or indirectly;

(5) The likelihood that the housing development will actually take place if the project is completed;

(6) The cost of the project per unit of housing created; and

(7) The extent to which the project is consistent with the applicant's long-term vision for community housing.

(b) The following evaluation and selection criteria shall be considered by the Reviewer in reviewing applications for loans for commercial site readiness:

(1) Whether the project is within the existing water or wastewater service area of the applicant;

(2) The anticipated economic impact to the community of the intended commercial development; and

(3) The existence of an executed development contract or occupant lease commitment.

785:50-23-4. Evaluation criteria for funding loans for environmental compliance and management programs

(a) **Eligibility of private citizens for environmental compliance and management programs.** Unlike other loans from the WWIIP, loans for environmental compliance and management programs may be made to private citizens. Only for purposes of this subchapter 23-5, eligible entities include private citizens. The following evaluation and selection criteria shall be considered by the Reviewer in reviewing applications for loans for environmental compliance and management programs:

(1) Whether the project will adequately rehabilitate a domestic water well that is failing, including failures due to contamination and insufficient supply;

(2) Whether the project will repair or replace a septic system that is

(A) deemed to be failing by a certified septic installer or by the Department of Environmental Quality and

(B) is having a negative impact to the quality of Oklahoma surface water or Oklahoma ground water;

(3) Whether the applicant owns the home that the failing water well or septic system serves or the applicant resides in the home served by the failing water well or septic system and uses the home as their full-time permanent residence

(4) Whether the owner's annual gross income is less than the maximum established by the Board by Resolution; and

(5) Any other evaluation and selection criteria established by the Board by Resolution.

(b) **Principal forgiveness loans for qualifying homeowners.** Private citizens who meet all of the criteria in (a) above may receive 100% principal forgiveness of their WWIIP loan for environmental compliance and management programs, up to 100% of the project cost, if they also meet all of the following criteria:

(1) Provide proof of homeownership and income level.

(2) Follow all DEQ or OWRB rules as applicable in regards to type, size and location of well or septic system.

(3) Agree to provide routine maintenance as recommended for the life of the system.

(4) Provide at least two (2) estimates from DEQ certified septic installers or OWRB licensed well drillers as applicable to complete the project.

(5) Once approved, contract with a DEQ certified septic installer or OWRB licensed well driller as applicable, have all work completed, and submit invoices for payment.

785:50-23-5. Terms and conditions

(a) **Limitation.**

(1) For an approved project and loan application, the Board or the Executive Director, or designee, as appropriate, is authorized to loan and advance to the applicant sufficient funds as are necessary and approved for the project. Such funds shall be drawn by the applicant and disbursed by the Board pursuant to draw requests supported by project cost invoices submitted to the Board and approved by Board staff.

(2) No single recipient shall be awarded more than one WWIIP loan in any single fiscal year. Furthermore, no recipient shall be awarded a WWIIP loan while a previous WWIIP loan to the same applicant is less than 100% disbursed.

(b) **Evidence of indebtedness.** The WWIIP loans contemplated within this Chapter of these rules shall be provided by the Board for approved projects pursuant to such promissory notes or other appropriate form of evidence of indebtedness from the applicant as the Board may require.

(c) **Loan interest and repayment.**

(1) The loan repayment interest rate to be paid by the applicant to the Board shall be the interest rate established by the Board by Resolution and shall be payable by the applicant under such terms and conditions as the Reviewer may require.

(2) The Reviewer may, in its judgment and discretion, provide for the term, condition, manner, form and schedule of the applicant's repayment to the Board of principal and interest, however, all principal payments must begin no later than 12 months after project completion.

(d) **Security for assistance.**

(1) As security for the WWIIP loan provided by the Board to an approved applicant, applicant must provide if required by the Board a mortgage on any or all facilities of the project for which application is made.

(2) The Reviewer shall require a pledge and lien on revenues to be derived from the operation of the project, except for loans made pursuant to subchapter 23-5.

(3) For purposes of this rule, the pledge of and lien on project revenues shall be a pledge of and lien on such project revenues as is necessary to secure repayment of the loan obligation of applicant.

(4) If the specific project for which application is made and approved is not of itself a revenue producing unit, then such pledge of and lien on revenues shall be on the revenues of the revenue producing system of which the specific project is a part: and on such other additional revenue sources or systems which may be pledged by the applicant to satisfy the loan security requirements necessary to obtain the loan from the Board.

(5) The Reviewer may require additional security which the Reviewer deems necessary, which such additional security may include such pledges, liens, debt coverage ratios, revenues and/or mortgages on additional facilities or systems of and as may be tendered by the applicant.

785:50-23-6. Disbursement of funds

(a) **Conditions for disbursement.**

(1) After an application for financial assistance under the program authorized by Sections 1085.66 through 1085.67 of Title 82 of the Oklahoma Statutes has been approved by the Reviewer, the following conditions and requirements shall be met prior to the release and disbursement of any assistance funds:

(A) Unless otherwise provided and approved by the Board Staff, applicant must submit to the Board all plans, specifications and engineering reports for the project for staff approval all of which shall be complete and in sufficient detail as would be required for submission of the project to a contractor for bidding or contracting the project.

(B) The Applicant and the Executive Director or designee, and all other necessary parties, shall have caused to be executed all necessary and incidental instruments and documents for loan closing, including but not limited to all

mortgages, promissory notes, loan agreements, financing statements and pledges of project security and revenues where appropriate.

(C) If not previously provided, applicant shall provide Board with a written and verified statement setting forth information reflecting the reasonable availability of and/or a commitment from all other revenue or funding sources needed to finance and complete the project.

(D) The Applicant shall provide the Board with invoices detailing costs incurred for the project.

(2) At the time of and upon compliance with the requirements in (1) of this subsection, the Board may release, and disburse loan funds to the applicant for the approved project.

(b) **Disbursement of loan funds.**

(1) Unless otherwise provided and approved by the Board, the total amount of loan funds authorized under the program authorized by Sections 1085.66 through 1085.67 of Title 82 of the Oklahoma Statutes to the applicant shall not be released and disbursed to applicant in a total lump sum but instead shall be disbursed to applicant in partial amounts at agreed upon intervals and stages of construction, all as provided within the loan agreement.

(2) In conjunction with the rule, the Board may require the applicant to submit to the Board prior to any release or disbursement of funds such invoices, receipts, contracts, verifications, evidence of expenditure or encumbrance, construction status and progress reports or other information as the Board may require.

(3) Unless otherwise provided and approved by the Board Staff, the Board shall not approve the release nor disbursement of more than ninety-five percent (95%) of the total loan funds authorized for loan until such time as the project has been completed, inspected by the project engineer and the Board, and accepted by the applicant. Furthermore, unless otherwise provided and approved by the Board, the Board shall not release nor disburse more than ninety-five percent (95%) of the total loan funds authorized for engineering services until the project engineer has prepared and submitted three sets of as-built project plans (if different from original plans) to the applicant and one set to the Board as applicable.