

# Water Quality Financing Program

## Program Overview and Terms



<b>Program Overview</b>	<p>The Water Quality Financing Program ("WQFP" or the "Program"), administered by Iowa Finance Authority ("IFA" or the "Authority") in cooperation with the Iowa Department of Natural Resources ("DNR") and the Iowa Department of Agriculture and Land Stewardship ("IDALS"), provides financial assistance to point and nonpoint projects that enhance the quality of surface water and groundwater, with higher prioritization given to collaborative efforts.</p> <p>The fund shall be administered in such a manner as to provide a permanent source of water quality project financial assistance to eligible entities. Financial assistance shall be provided in the form deemed by the authority to be most convenient for the efficient financing of projects.</p>						
<b>Eligible Entities (Applicants)</b>	Municipalities, landowners, public utilities as defined in Iowa Code section 476.1, a specified industry as defined in Iowa Administrative Code 265.46, or a rural water district or rural water association as defined in Iowa Code section 357A.1 are eligible to apply for and receive a loan under the Program.						
<b>Eligible Projects</b>	<p>Eligible Projects may include any practices designed to improve water quality in the local area or watershed. This can include improvements to point sources, practices designed to mitigate nonpoint source pollution, or watershed protection projects, but only the parts of the project that have a water quality protection or improvement component may be funded by the Program.</p> <p>Projects funded by the Program shall use practices identified in the <a href="#">Iowa Nutrient Reduction Strategy</a>. Eligible point source projects typically include the installation of biological nutrient removal technology, or the installation of chemical nutrient removal technology, to meet Nutrient Reduction Strategy point source removal targets. Other point source projects can be considered if they are necessary to achieve nutrient reductions in a phased approach or can help optimize existing technologies to meet Nutrient Reduction Strategy point source removal targets.</p>						
<b>Application Scoring Criteria</b>	<p>The provision of financial assistance under the Program will consider, as applicable, the number of municipalities, landowners, public utilities, specified industries, rural water districts, or rural water associations that constitute an eligible entity, and the eligible entity's financing capacity.</p> <p>Financial assistance will only be offered to eligible entities that have sufficient financing capacity and that submit an appropriate plan designed to improve water quality.</p> <p>Each application will be scored in three categories:</p> <table><thead><tr><th><i>Financial Feasibility</i></th><th><i>Water Quality Benefit</i></th><th><i>Project Collaboration</i></th></tr></thead><tbody><tr><td>35%</td><td>35%</td><td>30%</td></tr></tbody></table>	<i>Financial Feasibility</i>	<i>Water Quality Benefit</i>	<i>Project Collaboration</i>	35%	35%	30%
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<b>Interest Rate</b>	<p>The loan interest rate will be set at the time a complete loan application is submitted. If a loan is not closed within six months of application, a new application will be required.</p> <p>SRF Interest rates can be found on the Program's <a href="#">website</a>.</p> <table><thead><tr><th><i>Ownership Type</i></th><th><i>Interest Rate</i></th></tr></thead><tbody><tr><td>Public</td><td>50% of Current SRF Standard Term Tax-Exempt Rate</td></tr><tr><td>Private</td><td>Current SRF Standard Term Taxable Rate</td></tr></tbody></table>	<i>Ownership Type</i>	<i>Interest Rate</i>	Public	50% of Current SRF Standard Term Tax-Exempt Rate	Private	Current SRF Standard Term Taxable Rate
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<b>Loan Term</b>	No loan shall have a term more than 20 years.
<b>Maximum Loan Amount</b>	No loan shall exceed 50% of the balance of unencumbered funds at the time of application. The Director of Iowa Finance Authority, or their designee, reserves the right to waive this limitation. Applicants should include all eligible project costs in Sections 5a and 5b.
<b>Fees</b>	A combined initiation and loan servicing fee equal to 2.00% of the loan commitment amount, payable upon closing. This fee may be capitalized as part of the loan.
<b>Security Pledge</b>	Loans must be secured by a first lien upon the dedicated source of repayment which may rank on a parity basis with other obligations.
<b>Prepayment</b>	Loans may be prepaid at any time with no penalty.
<b>Other Project/Loan Requirements</b>	<ul style="list-style-type: none"> <li>• The project owner is responsible for obtaining all necessary permits.</li> <li>• The project owner must own or have legal control (easements, etc.) of the entire project site.</li> <li>• Loans must be approved and authorized by the Iowa Finance Authority Board of Directors ("Board"). Loans may be executed on any Friday following Board authorization.</li> <li>• All eligible costs shall be documented to the satisfaction of Iowa Finance Authority before proceeds may be disbursed. IFA staff will provide appropriate disbursement forms and guidance upon closing.</li> <li>• Loans must be accompanied by an enforceability opinion of counsel.</li> <li>• Loan recipients must maintain records that document all costs associated with the project and provide Iowa Finance Authority access to these records upon request. Such records and documents shall be retained for inspection and audit purposes for a period of three years from the date of the final disbursement of funds.</li> <li>• Loan recipients must agree to provide Iowa Finance Authority, the Department of Natural Resources, and the Department of Agriculture and Land Stewardship access to the project site at all times during the construction process to verify that the funds are being used for the purpose intended and that the construction work meets applicable state and federal requirements.</li> </ul>
<b>Supporting Documentation</b>	<p>Successful applications will include supporting documentation that demonstrates project readiness, water quality benefit(s), financial feasibility, and collaboration. This may include, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Preliminary Engineering Report or final design concept</li> <li>• Construction and/or operating permits</li> <li>• Pro forma financial analysis demonstrating ability to repay the loan and meet any covenants</li> <li>• Project budget</li> <li>• Project timeline/schedule</li> <li>• Letter(s) of support from collaborating partners</li> </ul> <p>All supporting documentation must be in a format acceptable by Iowa Finance Authority. Iowa Finance Authority reserves the right to request additional documentation as needed to complete the underwriting/approval process.</p>
<b>Application Instructions</b>	<p>Applications and all supporting documentation may be submitted to Iowa Finance Authority via email: <a href="mailto:waterquality@iowafinance.com">waterquality@iowafinance.com</a>.</p> <p>The applications will be due March 31, 2026.</p>