



State of Oregon Department of Environmental Quality

CDFI Loans: Sub-lending Plan Guidance

Clean Water State Revolving Fund

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Overview

[The Clean Water State Revolving Fund](#) provides affordable loans for water quality projects to protect public health and the environment.

The [CDFI loan](#) enables CWSRF to offer financing to qualified institutions who will make sub-loans to individuals to either 1) repair or replace failing on-site septic systems or 2) replace failing on-site septic systems with connections to an available sewer.

Sub-lending plan

As part of the CDFI loan application, the CDFI must submit a sub-lending plan. The plan must describe how the CDFI will manage and implement sub-lending to individuals, including the following:

Loan management and administration:

- Who will be the manager for this effort, and what is their role? Include a summary of their background
- Sub-lending program budget
- If and how the CDFI anticipates the loan will generate income
- Proposed security for the CDFI loan
 - Include details on each of any existing obligations which have a lien in the pledged assets, including but not limited to: type of obligation, lender, current balance, available balance, interest rate, lien position, asset pledged, loan term, covenants.
- Description of administrative costs, including servicing sub-loans
- Description of how the sub-loans will be serviced. In-house, sub-contract to another servicer or other?
- Method for determining creditworthiness of the sub-borrowers
- A description of the sub-loan underwriting process
- Description of how the CDFI will secure the sub-loan. Via taking a security interest in the property? If so, how does it perfect security interest?
- The anticipated sub-loan terms, maximum and minimum loan sizes, interest rates and expected fees
- The number of sub-loans anticipated within the 12-month disbursement period, which is the maximum time allowed
- Are sub-loans approved on an ongoing basis?

- How soon will sub-loans be approved?
- How quickly must a sub-borrower begin construction? [or request the sub-loan funds?]

Additional information:

- What are the anticipated water quality benefits to be generated or the current water quality concerns to be addressed?
- Are the sub-loans anticipated to address and improve public health concerns, impacts to water bodies with known water quality concerns, impacts to special status water bodies, impacts to special status species?
- Are the sub-loans anticipated to help protect or restore beneficial uses to local water resources?
- Are the sub-loans anticipated to implement water efficiency, energy efficiency, environmentally innovative and green infrastructure practices or methods?
- Municipal, nonprofit or business partners involved
- Efforts to publicize the program
- Metrics used to measure success
 - Success can be quantitative or qualitative. It may be financially based, such as the number of sub-loans expected, executed, and repaid. Success may also be programmatic, such the number of sub-borrowers or septic systems repaired or replaced.

Alternative formats

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.

