

SRF REFINANCING POLICY

It is the intent of the State Revolving Fund (SRF) program that assistance provided through the program be used for new construction projects that are necessary to correct existing environmental or public health problems. A project that has been constructed, regardless of the source of financing, is no longer necessary to correct existing environmental or public health problems; and refinancing the debt of that project does not further the goals of the SRF program. The SRF should not and will not be used to refinance a previous debt obligation simply to obtain a lower interest rate or other more favorable loan conditions.

An applicant seeking assistance through the SRF program may find it necessary to construct a portion of its project before a loan can be made, and may need to incur a debt from another source to pay the cost of that construction. In emergencies or instances where delay could result in significant cost increases the applicant may request approval to perform advance construction work. Such requests will be considered on an individual basis. If the applicant receives approval to do advance construction work, such approval is not an actual or implied commitment of loan assistance and the applicant proceeds at its own risk.

An applicant may request authority for advance construction work if the part of the project will:

1. Immediately remedy a severe public health, water quality, or environmental problem;
2. Not preclude any reasonable alternatives identified for the complete system;
3. Not cause significant or indirect environmental impacts including those which cannot be mitigated without completing the entire project; and
4. Not be highly controversial.

The following procedure must be followed to obtain approval for construction prior to loan award:

1. The applicant must submit a written request for permission to perform advance construction. The request must include:
 - a) the specific items of construction that must be initiated prior to loan award,
 - b) the nature of the emergency that requires immediate construction or reconstruction, or
 - c) the reasons that construction on these items cannot be delayed until after loan award.
2. The LDEQ project engineer must concur with the necessity for advance construction stated in the request and provide written authorization for the advance construction.
3. Before any payments may be made for construction performed prior to loan award, the work must meet all of the requirements for SRF eligibility.