



Fact Sheet

Oregon Clean Water State Revolving Fund: Principal Forgiveness

What is Principal Forgiveness?

Principal forgiveness is an additional subsidy that reduces the amount of principal a Clean Water State Revolving Fund borrower is required to pay back on a loan. In order to receive an award of principal forgiveness, a project must be eligible **and** there must be principal forgiveness funds available at the time of loan signing.

What makes a borrower and project eligible for principal forgiveness?

Eligibility is determined by meeting any **one** of the following criteria:

- Affordability: Borrowers who meet the affordability criteria (refer to [Intended Use Plan](#))
- Rate payer hardship: Borrowers with a rate payer hardship or rate reduction program
- Green/sustainability: Projects that:
 - Incorporate environmentally innovative and/or green infrastructure practices
 - Conserve water
 - Conserve energy
 - Stormwater: Projects that address stormwater

See below for where to find more information.

When is eligibility for principal forgiveness determined?

- Eligibility for either a borrower or a project is determined as part of application review and scoring.
- Eligible recipients for principal forgiveness are identified on the Intended Use Plan (IUP).

When is principal forgiveness awarded?

Eligible borrowers must first:

- Meet all loan requirements by successfully completing required loan documents and exhibits; and
- Be ready to sign a loan agreement.

Principal forgiveness amounts are determined and finalized **at loan signing**.

What are the Principal Forgiveness limits?

Borrower:

- The maximum that an eligible borrower can receive **per state fiscal year is \$2,000,000**.
- This **maximum amount of \$2,000,000** applies to that borrower *regardless* of the number of active loans or projects the borrower has with the program.
- Emerging Contaminants awards are not included in this \$2,000,000 limit. *See below*.

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800-452-4011 | TTY: 711 | deqinfo@deq.oregon.gov

Planning loans:

- Borrowers eligible to receive principal forgiveness may receive subsidization for **up to 100% of the loan but not to exceed \$100,000**.
- Limit of **one 100% forgivable loan per borrower per state fiscal year**.

Design/construction loans:

- Borrowers eligible to receive principal forgiveness for design and/or construction loans may receive **up to 50% of the loan but not to exceed \$2,000,000**, over the **life of the loan**.
- If the design and construction loans for a project are executed separately even if in different fiscal years, the **combined subsidization cannot exceed the \$2,000,000** limit. If the loan is implemented in phases, the combined subsidization cannot exceed the \$2,000,000 limit.

Emerging Contaminants

Bipartisan Infrastructure Law CWSRF funding to address Emerging Contaminants: The Bipartisan Infrastructure Law provides for supplemental federal capitalization funding for CWSRFs to address emerging contaminants under the Clean Water Act. EPA's [BIL Implementation Guidance Memo](#) requires states to provide 100% of the emerging contaminants capitalization grant amount as additional subsidization in the form of principal forgiveness and/or grants.

- Borrowers eligible to receive principal forgiveness for any project eligible under section 603(c) of the CWA that addresses emerging contaminants **may be offered up to 100% principal forgiveness of the emerging contaminants funds**.
- An award of principal forgiveness under emerging contaminants funding may be in addition to principal forgiveness awarded under other criteria and **may exceed the \$2,000,000** limit for a project.
- The amount of emerging contaminants subsidization is based on availability of funds.

How does principal forgiveness benefit the borrower?

Principal forgiveness benefits the borrower **in the following ways:**

- Throughout the active loan period principal forgiveness is applied to each loan disbursement to reduce the amount that is accruing interest.
- Once the project is complete and the borrower is ready to start repayment, the total loan amount (principal) is reduced by the principal forgiveness award amount. This reduced amount is the principal for repayment. Meaning, the amount the borrower has to repay is reduced at the start of the repayment period.

How can I learn more about principal forgiveness?

Additional details and more information are available from the following sources:

- CWSRF [Overview of Principal Forgiveness](#) web page.
- CWSRF [Green Project Resources](#) web page.
- Contacting the Project Officer for your county/ region. Contact information on the CWSRF [Program Contacts](#) web page.

How can I start the loan conversation with CWSRF?

If you have project in mind and are ready to start a conversation with CWSRF, please submit a [Loan Information Request Form](#). Oregon DEQ CWSRF staff will respond to set up the initial conversation with you.

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