



Ohio Water Pollution Control Loan Fund Linked Deposit Programs

Ohio EPA's Water Pollution Control Loan Fund (WPCLF) offers low-interest financial assistance for implementation of nonpoint source pollution control projects consistent with Ohio's Nonpoint Source Management Plan. One mechanism to provide this assistance is through a linked deposit loan from a participating financial institution whereby the WPCLF "buys down" the borrower's interest rate, which can produce a savings of up to 5 percent when compared to market rates.

The Approaches

Ohio EPA's Division of Environmental and Financial Assistance (DEFA) uses two basic approaches for providing linked deposit financial assistance. The Certificate of Qualification (CQ) applies to large scale (county, watershed or statewide) projects where the individual activities are relatively small and low cost, and are approved by local agencies. Through the Letter of Approval and Authorization (LoAA), Ohio EPA reviews and approves stand-alone projects for linked deposit funds.

Certificate of Qualification (CQ)

After development of an acceptable project management plan by the appropriate local agency (either a county health department or a local soil and water conservation district), Ohio EPA enters into a memorandum of understanding (MOU) with them. Under the terms of the MOU, the appropriate agency reviews and approves specific projects and issues a CQ to the prospective individual borrower, which identifies eligible items for funding and the estimated costs.

Agricultural Best Management Practices: A landowner develops, along with a soil and water conservation district (SWCD), an individual soil and water conservation plan that conforms with the watershed management plan developed by an SWCD or watershed group. Upon review and approval of the specific improvements, the SWCD issues the landowner a CQ. Prior to award of linked deposit funds, DEFA staff review and sign-off on the CQ.

Forestry Best Management Practices: A logging operation that is certified in the Ohio Forestry Association's Master Logger Program first files a silvicultural operation and management plan with the appropriate SWCD. The logging operation then obtains a CQ from ODNR's Division of Forestry.

Home Sewage Treatment System (HSTS) Improvements: A homeowner with a failing HSTS presents a proposal to upgrade or replace their system to a county health department. The health department then reviews the proposal for acceptability and consistency with the countywide home sewage management plan. Upon review and approval of the specific improvements, the health department issues the homeowner a CQ.

Letter of Approval and Authorization (LoAA)

DEFA uses this approach for approving stand-alone nonpoint source pollution control projects such as contaminated site clean-ups, animal feeding operations, biomass reuse, and other privately-owned projects. Upon Ohio EPA's decision to proceed (based on an initial review of the proposal's nomination form), the project is added to the WPCLF project priority list. DEFA then reviews the proposed improvements to identify eligible items for funding, and to assess their environmental impacts. Ohio EPA will then issue a LoAA to the applicant that identifies eligible items and amounts, and authorizes the applicant to seek linked deposit financing from a participating lender.

Please note that other types of nonpoint source pollution control activities, such as green roofs and other green infrastructure projects, may also be eligible for linked deposit financing.

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The Loan Award Process

Upon individual plan approval, the borrower will include either the CQ or the LoAA in its loan application to a participating lender. Based on its own review, the lender may approve the loan and then notify Ohio EPA through an investment request form of the borrowed amount, term and interest rate. The WPCLF will then invest in a Certificate of Deposit (CD) for the amount and term of the loan to the borrower. The rate on the CD will be discounted (based on a Treasury (T-) Bill rate) by up to 5 percent. The same discount is then “linked” to the lender’s loan to the qualified borrower. For example, if the lender’s normal rate is 8 percent, the linked rate discount would result in an actual interest rate of 3 percent.

Ohio EPA has executed Participating Bank Agreements with many financial institutions across Ohio.

More Information

For more details about the WPCLF, current interest rates, loan terms and activities eligible for funding, contact the Division of Environmental and Financial Assistance at (614) 644-2798 or visit epa.ohio.gov/defa.