Interim Loan Program — the USDA-RD path

How a project moves from an interim bond anticipation note (BAN) to USDA-RD permanent financing

A visual summary of the ILP steps — not a substitute for the full ILP Program Guide, which has the complete detail for participants. Read the guide at inbondbank.com.

1 **Application** — Qualified entity (IC 5-1.5-1-8) → 2 **Bond Bank review** — IBB staff & municipal advisor → 3 Optional **Pre-construction BAN** — Design & engineering → 4 **Construction BAN** — Construction phase → 5 **USDA-RD permanent** — Permanent financing

3 Pre-construction BAN — Optional

Funds design and engineering

- Application to the Bond Bank required
- Letter of conditions from USDA-RD
- USDA-RD permanent financing expected but not guaranteed
- Current or pro forma utility rates and charges must demonstrate ability to repay the long-term permanent financing
- Keep thorough cost and procurement records for USDA-RD review
- Participation fee: $25,000

This step is optional. *If not applicable, go to Step 4.*

4 Construction BAN

Funds the construction phase

- Letter of conditions, take-out letter, and new application required
- USDA-RD provides permanent financing at substantial completion
- Draws via Exhibit B requisition (local official + USDA-RD sign)
- Fee: $20K (≤ $1.5M) or $25K (> $1.5M); pre-construction fee not credited

5 USDA-RD permanent

Long-term permanent financing

- Funded through USDA-RD's Water & Environmental Program (WEP)
- Reimburses eligible project costs, including interest and fees incurred on the Pre-construction and/or Construction BAN
- BANs issued through the Bond Bank are paid off

Across all stages: term two years or less (extensions available) · interest at maturity or semi-annual · market-set rate · proceeds held by trustee (BOKF, N.A.) · annual reports to the Bond Bank

USDA-RD path shown. The ILP can also bridge to SRF, open-market, or another board-authorized permanent source — contact the Bond Bank if your permanent financing is not USDA-RD.