

## Disadvantaged Community Designation

WIFA Policy #: III.6

### Purpose:

*Outline the criteria to designate a drinking water system or wastewater applicant as a Disadvantaged Community and define the additional benefits available to Disadvantaged Communities.*

### Policy:

#### Section 1: Disadvantaged Community Designation

The Board may designate an applicant as a Disadvantaged Community if the applicant satisfies one of the following:

1. The community is a designated “colonia” community through the federal government, or
2. The community received 60 or more Local Fiscal Capacity points on the DWRP or CWRP PPL.

#### Section 2: Disadvantaged Community Financing Options

For applicants who are designated by the Board as a Disadvantaged Community, the following financing options may be considered:

1. Additional subsidy in the form of forgivable principal as outlined in Procedure III.20.1.
2. If the applicant fails to meet the applicable WIFA financial capability requirements as defined by WIFA Policy III.7 or III.8:
  - a. WIFA may reduce the Combined Interest and Fee Rate (CIFR) to a rate lower than would otherwise apply, but not below the minimum rate of 1.0%, and/or provide additional forgivable principal.
  - b. For Drinking Water loans, WIFA may also extend the term beyond the standard 20-year loan term, loans up to a maximum of 30 years, but not to exceed the useful life of the facilities.

Note: Standard Loan Terms are defined in Policies III.7 and III.8 as follows:

Clean Water: the standard loan term for design loans shall be three years. The standard loan term for long-term loans shall not exceed 30 years or the useful life of the facilities financed if the useful life is less than 30 years.

Drinking Water: the standard loan term for design loans shall be three years. The standard loan term for long-term loans shall not exceed 20 years or the useful life of the facilities financed if the useful life is less than 20 years.

**Section 3: Security Levels**

WIFA may require Disadvantaged Community applicants to execute additional levels of security as follows:

**Applicant Type**

**Governmental**

City or Town  
Community Facility District  
Domestic Water Improvement District

**Non-Governmental**

Association/Cooperative/Non-Profit  
Privately/Investor Owned

**Security Type**

General Obligation  
General Obligation  
Special Assessments

Liens on Personal Property  
Personal Guarantee

**Responsibility:** Chief Financial Officer

**Statutory Reference:** A.R.S. Title 49, Chapter 8

**Rule Reference:** A.A.C. R18-15-104

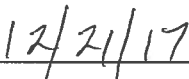
**Original Issue Date:** January 11, 2000

**Previous Amendment Date(s):** February 15, 2006; April 18, 2007; October 20, 2010; June 20, 2012, April 30, 2014

**Most Recent Amendment Date:** December 21, 2017 (*Replaces All Previous Versions*)

**Approval:**

  
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**Executive Director**

  
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**Date**