

Summary of Current Interest Rate Policy

Approved by the State Board of Finance in October 2003, interest rates on loans through the SRF Programs will use a Base SRF Program Interest Rate, which will be re-set on the first business day of each January, April, July and October.

The Base Rate will be calculated by using 90 percent of the average 20-year AAA-rated, general obligation bond Municipal Market Data ("MMD") composite index for the most recent calendar month. The Base Rate is then discounted further based upon a borrower's Median Household Income (MHI) from 2000 Census data and projected user rates. This 2000 census data is presently posted at <http://www.stats.indiana.edu/c2k/c2kframe.html>.

Below are the current SRF Program interest rates effective **April 1, 2011 through June 30, 2011**. The interest rates vary based on three ranges of average monthly user rates for an equivalent dwelling unit (User Rates) within each of the three existing MHI tiers, creating nine possible interest rates.

Wastewater SRF Interest Rates	User Rates (Over \$50)	User Rates (\$30 to \$50)	User Rates (Under \$30)
Tier III (MHI*: under \$33,669)	2.62%	2.87%	3.37%
Tier II (MHI: \$33,670 to \$41,566)	2.87%	3.12%	3.62%
Tier I (MHI: over \$41,567)	3.12%	3.37%	3.87%

* MHI reflected in 2000 Census

Note: An additional .50% reduction may be permitted if a non-point-source project is financed along with a point source project or if the project includes green project reserve components.

Drinking Water SRF Interest Rates	User Rates (Over \$45)	User Rates (\$25 to \$45)	User Rates (Under \$25)
Tier III (MHI*: under \$33,669)	2.62%	2.87%	3.37%
Tier II (MHI: \$33,670 to \$41,566)	2.87%	3.12%	3.62%
Tier I (MHI: over \$41,567)	3.12%	3.37%	3.87%

* MHI reflected in 2000 Census

Note: An additional .50% reduction may be permitted if a non-point-source project is financed along with a point source project or if the project includes green project reserve components.

Provided by
B. Marzak
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