

Illustrative Lending Rate Memorandum | January 20, 2023

The Texas Water Development Board’s Illustrative Lending Rates (ILR), shown as of the above date, assume level debt service, and are subject to change and availability of funds. Actual rates will vary depending on length, time of closing and structure. For Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF), actual rates will also depend upon the entity's corresponding rating. These rates are listed for comparative and marketing purposes only. Rates for the prior 2021 State Water Implementation Fund for Texas (SWIFT) funding cycle, though no longer available for new financial assistance, can be found [here](#) for informational purposes.

For assistance, please look up [contact information for your Regional Team](#).

State Revolving Funds for Projects in the SFY 2022 Intended Use Plan

Clean Water State Revolving Fund - 20 Year Term

Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.05%	1.83%
AA	3.24%	1.94%
A	3.43%	2.06%
BAA	3.81%	2.29%

Non-Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.05%	1.98%
AA	3.24%	2.11%
A	3.43%	2.23%
BAA	3.81%	2.48%

Clean Water State Revolving Fund - 30 Year Term

Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.75%	2.25%
AA	3.96%	2.38%
A	4.09%	2.45%
BAA	4.36%	2.62%

Non-Equivalency CWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.75%	2.44%
AA	3.96%	2.57%
A	4.09%	2.66%
BAA	4.36%	2.83%

Drinking Water State Revolving Fund - 20 Year Term

Equivalency DWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.05%	1.98%
AA	3.24%	2.11%
A	3.43%	2.23%
BAA	3.81%	2.48%

Non-Equivalency DWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.05%	2.14%
AA	3.24%	2.27%
A	3.43%	2.40%
BAA	3.81%	2.67%

Drinking Water State Revolving Fund - 30 Year Term

Equivalency DWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.75%	2.44%
AA	3.96%	2.57%
A	4.09%	2.66%
BAA	4.36%	2.83%

Non-Equivalency DWSRF Estimated Rates

Rating	Market¹	TWDB^{2,3}
AAA	3.75%	2.63%
AA	3.96%	2.77%
A	4.09%	2.86%
BAA	4.36%	3.05%

Table Legend

1. Market rates applicable to the State Revolving Funds utilize the 13th and 20th year MMD rates, converted to yield to maturity, for the corresponding rating to approximate 20 and 30-year terms, respectively.
2. TWDB rates utilize the 13th and 20th year MMD rates for the applicable credit rating, converted to yield to maturity, and reduced by a percentage subsidy as shown below, to approximate 20 and 30-year terms, respectively.

Interest Rate Subsidies – All Ratings

Rating	Equivalency	Non-Equivalency
CWSRF	40%	35%
DWSRF	35%	30%

3. Origination fee (not applicable to principal forgiveness) is 1.75% for CWSRF or 2.00% for DWSRF.

For more information on CWSRF or DWSRF programs, click links below:

- <https://www.twdb.texas.gov/financial/programs/CWSRF/>
- <https://www.twdb.texas.gov/financial/programs/DWSRF/>

General Obligation Programs – Estimated Rates

Type of Funds	Terms	Market¹	TWDB²	Difference
<i>Development Fund (Tax Exempt)</i>	20	3.82%	3.77%	0.05%
<i>Development Fund (Tax Exempt)</i>	30	4.27%	4.02%	0.24%
<i>Development Fund (Taxable)</i>	20	5.95%	4.41%	1.54%
<i>Agricultural Loans (Taxable)</i>	7	5.36%	4.68%	0.68%

Table Legend

1. Market GO rates are calculated from sample level debt service schedules using the BAA-rated MMD tax-exempt and taxable scales, as appropriate.
2. TWDB GO rates are calculated from sample level debt service schedules using TWDB-adopted rate scales.