

June 20, 2011

RE: Drinking Water State Revolving Fund (DWSRF) Escrow Implementation

Dear Interested Parties:

In order to increase efficiency in the program, on July 15, 2011, the Texas Water Development Board (TWDB) will no longer require DWSRF loans and loan forgiveness to close in installments. Beginning with projects receiving commitments from the State Fiscal Year 2011 Intended Use Plan, all funds will be closed in total and delivered into escrow. This process will allow compliance with Tax Increase Prevention and Reconciliation Act requirements; register and fund all municipal securities associated with the loan in a single transaction; eliminate the installment bond closing process; and eliminate the possibility of lost maturities due to delay in use of funds.

DWSRF loans closed into escrow will require borrowers close the entire loan and begin payment on the full amount of the loan. Funds will be released from escrow to the borrower's construction account when documentation of expenditures have been received, reviewed, and approved for release through the outlay process.

Thank you for working with the TWDB for the successful implementation of the DWSRF escrow closing process. For questions regarding the escrow closing process, please contact Jeff Walker at (512) 463-7779. For questions regarding the outlay process, please contact Jo Dawn Bomar at (512) 463-7912.

Sincerely,



Melanie Callahan  
Interim Executive Administrator  
Texas Water Development Board

#### Our Mission

To provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas

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