



Division of Water Infrastructure Funding Program Highlights

Fall 2024

Last updated: April 2024

Principal Forgiveness Determination (DWSRF/CWSRF)

What is Principal Forgiveness?

Principal Forgiveness (PF) refers to a State Revolving Fund (SRF) loan either from the Clean Water State Revolving Fund (CWSRF) or the Drinking Water State Revolving Fund (DWSRF) that is forgivable. In other words, it is a loan that does not have to be paid back to the Division.

How much Principal Forgiveness is available?

The amount of PF varies from round to round and is dependent upon the federal funding of capitalization grants from the U.S. Environmental Protection Agency (USEPA). Due to the Bipartisan Infrastructure Law, large amounts of PF funds are available.

How do I know if I am eligible for Principal Forgiveness?

If you apply to our funding programs and are offered SRF funds, you may be eligible for PF via three routes:

1. If you successfully claim Line Item 1.A (consolidate nonviable system), then you would be eligible for up to \$3 million in PF regardless of eligibility as determined by the Affordability Calculator.
2. If you successfully claim Line Item 4.C.4 (project benefits disadvantaged area), then you would be eligible for 50% PF regardless of eligibility as determined by the Affordability Calculator.
3. If you complete [the Affordability Calculator](#) and find that you qualify for 25%, 50%, 75%, or 100% grant/PF, then you would be eligible for up to that amount.

Note: Eligibility for PF does not guarantee award of PF. The PF offer will depend on availability and may be less than the eligibility amount.

How do I apply for Principal Forgiveness?

Section 1 of the Division’s Common Application has two questions you will answer related to PF which provide us guidance since we do not contact applicants after the application submittal deadline. The responses to these questions provide a guide for us as we make recommendations to the State Water Infrastructure Authority for their award. The questions are:

1. I am willing to accept a low-interest loan offer for the full funding amount requested above. Yes (stop here) or No (answer the next question).
2. I will only accept a funding offer if a minimum of \$XXXXX is offered as a grant or PF.

For Question #1, check Yes only if you are willing to accept a 100% SRF loan. **Note: If you are eligible for PF, checking Yes does not preclude you from receiving PF. We will award you PF up to your eligibility amount, based on availability.**

For Question #2, consider carefully the bare minimum PF you absolutely need to make your project go forward. We encourage you to have a frank conversation with your finance managers and decision makers about how much PF is really needed to move your project forward. By asking for too much minimum PF, your application may be bypassed for funding based on eligibility and availability.

How does the Division of Water Infrastructure determine Principal Forgiveness award recommendations?

We utilize the method dictated in our Intended Use Plans that we submit to the USEPA each year for the CWSRF and DWSRF. The flowchart below shows the process.

