

Texas Water Development Fund (DFund)

[TWDF Program Information Sheet](#)

The TWDB is no longer accepting applications for the Texas Water Development Fund (DFund) for this cycle. Entities that are interested in this program should contact a Regional Water Project Development Team Manager about future funding opportunities.

1. What can the program do for you?

The Water Development Fund (DFund) is a state funded loan program that does not receive federal subsidies and is not subject to federal crosscutters. The DFund enables the Board to fund multiple eligible components in one loan to our borrowers, e.g. an application for funding of water and wastewater components can be processed in a single loan.

2. Who can borrow?

Eligible applicants for the DFund include all political subdivisions of the state (at tax exempt rates) and nonprofit water supply corporations (at taxable rates). Political subdivisions include cities, counties, districts, and river authorities. (See additional eligibility Special Requirements below).

3. What types of projects can I use the loan funding for?

Financial assistance for **water supply** projects may include planning, design, and construction for:

- wells
- retail distribution and wholesale transmission lines
- system acquisitions
- pumping facilities
- storage reservoirs and tanks
- water treatment plants
- purchase of water rights

Financial assistance for **wastewater** projects may include planning, design, and construction for:

- sewer treatment plants
- collection systems
- system acquisitions
- nonpoint source pollution abatement
- development of new municipal solid waste disposal facilities

Financial assistance for **flood control** may include structural and nonstructural flood protection improvements such as:

- construction of storm water retention basins
- enlargement of stream channels
- modification or reconstruction of bridges
- acquisition of floodplain land for use in public open space

- relocation of residents of buildings removed from a floodplain
- public beach re-nourishment
- flood warning systems
- control of coastal erosion
- development of flood management plans

4. Are loans and grants offered?

Due to statutory limitations, only loans are offered through the DFund. The interest rate on a DFund loan varies depending on market conditions. The lending rate scales are set at approximately the TWDB's borrowing cost. The lending rates are intended to provide reasonable rates for TWDB customers while covering the TWDB's cost of funds and risk exposure.

Current [interest rates](#) are available.

5. What project components can I receive funding to complete?

The pre-design funding option is available for most water supply, treatment, and wastewater projects and allows an eligible applicant to receive a loan commitment on the basis of preliminary engineering, environmental, economic, and social information. Funds for completing detailed planning, including environmental studies, are provided at closing, whereas funds for design, preparation of final plans and specifications, and construction are placed in escrow until needed.

If the pre-design funding option is not used, applicants seeking only construction phase funding must develop plans and specifications and have them approved by TWDB staff, obtain all necessary permits, and open bids prior to closing the loan.

6. How much funding is available?

The TWDB will sell bonds as needed to obtain proceeds for DFund which will be used to fund loans for our applicants.

7. When can I apply?

The first step in the application process is to schedule a pre-application conference with your [Regional Project Implementation Team](#) to discuss the project's eligibility. The purpose of the conference is to discuss the proposed project and receive any needed guidance and assistance. For tax-exempt borrowers, the applicant, the applicant's financial advisor, and the applicant's consulting engineer should attend this conference. Requesting a preapplication conference does not in any way obligate an applicant to continue the process.

8. What are the Conditions of Financial Assistance?

For detailed information of the [Conditions of Financial Assistance](#)

Special Requirements

- Water supply projects must be consistent with the current TWDB State Water Plan.
- Water Use Survey response for the previous three years must be on file for the applicant ([31 TAC §358.5](#)). Applicants that are wholesalers only are exempt from this requirement. Your survey response

status is available [here](#). To complete missing water use surveys, please visit the [Water Use Survey](#) webpage.

- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan.
- U.S. Iron and Steel Manufactured Goods requirements.
- Review of legislative requirements regarding water loss threshold limits.

Loan Process



Where Can I Get More Information?

In order to provide you with a single point of contact at the Texas Water Development Board (TWDB), our project implementation staff is organized into six regional project implementation teams. Each team is led by a manager that serves as the primary point of contact for both our existing and future customers. For assistance with the application or any questions related to your project, please contact your [Regional Project Implementation Team](#).