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## *School Revolving Renovation Program-Prepaid option*

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### **Prepaid Loan Option Overview**

The prepaid loan option provides units with a streamlined way to capture the forgiveness (grant) portion of an award without borrowing the full loan amount. Under this structure, the unit is still required to complete the full scope of the project and expend the entire project cost. Upon completion, a single requisition is submitted for the total project amount in order to receive the forgiveness portion of the award.

One of the primary benefits of the prepaid loan option is that it eliminates the need for local authorization and removes any repayment obligation. Since there is no loan to repay, units are able to fully capitalize on the grant portion once the project is complete. Additionally, because there is no credit analysis or repayment component, prepaid loans do not require approval from the Bond Bank Board, allowing for a more efficient process and flexible closing timeline.

While loan documents are still required and must be processed with bond counsel, they will reflect the prepaid loan status. Many units choose this approach as an alternative to a traditional full loan due to its simplicity and administrative ease.

The primary trade-off is that the repayable portion of the award is not received under this option and must be absorbed by the unit.

Overall, the prepaid loan option offers a practical and efficient path for units seeking to access the forgiveness portion of their award without incurring debt.

If the prepaid option is right for you, visit our website and fill out the prepaid application at [Maine Municipal Bond Bank School Revolving Renovation Program](#) .

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