



COUNTY SANITATION DISTRICT NO. 2-3  
OF SANTA CLARA COUNTY

LOAN REFERENCE NO. \_\_\_\_\_

DATE RECEIVED: \_\_\_\_\_

## COUNTY SANITATION DISTRICT NO. 2-3 SEWER LATERAL LOAN PROGRAM GUIDELINES

### 1. PURPOSE

The purpose of the Program is to facilitate a physical upgrading of privately-owned sewer laterals and cleanouts within the County Sanitation District No. 2-3, thereby contributing to the physical, environmental and economic revitalization of the District.

### 2. FUNDING

Funding for the County Sanitation District No. 2-3 Loan Program is provided entirely by the rate payers of the Sewer Enterprise Fund of the County Sanitation District No. 2-3.

### 3. ELIGIBILITY

Loans under the Program will be available only to **registered owners of the property** as shown in the latest revised tax roll for the District. Registered property owners will be eligible for a loan up to \$2,500.

### 4. LOAN DETAILS

- a. **Amount.** Loans will be available to a maximum of \$2,500 per property. The actual amount of the loan shall be limited to the contractor's final cost and permit fees.
- b. **Interest.** The annual rate for loans will be at Wall Street Journal Prime Rate in effect at the time of loan.
- c. **Term.** The amortization period for the repayment of the loan shall be five (5) years.
- d. **Disbursement of Loan Proceeds.** Loan proceeds shall be disbursed upon completion of all eligible improvements and submittal of evidence of completion of work. No disbursement of loan proceeds shall be made until the property owner has executed and delivered a promissory note to the District and agreed to the recordation of a deed of trust (mortgage) against the Property in the full amount of the approved loan at the time of the first partial payment. Interest, at the rate agreed at the time of application approval, will accrue on the partial payment from the date of issuance of the partial advance. Disbursement checks will be made out to the applicant.
- e. **Repayment.** Repayment of the loan, including accrued interest will be on a quarterly basis commencing three months from the date of final disbursement of loan proceeds. In the event of default in loan repayment in excess of thirty days, or in the event of the sale or the demolition of the property, the outstanding balance (including principal and interest) **shall** be payable immediately. There is no penalty for early repayment of the loan.

- f. **Security.** The loan shall be secured by a deed of trust and recorded against the title of the property.

## 5. RISK ASSESSMENT

Applicants will be required to provide an estimate of the value of their property which is the subject of the application and provide details of existing loan and indebtedness related to the property. Properties in default of any mortgage, taxes or other encumbrances are not eligible for the program.

## 6. ELIGIBLE IMPROVEMENTS

Eligible Improvements under the program include design, repair or replacement of private sanitary sewer facilities and permit fees determined by the District to be warranted on the basis of a valid television inspection performed in conformance with the Building Sewer Video Guidelines Mandatory Requirements in force at the time of the inspection.

## 7. DESIGN GUIDELINES

All sanitary sewer work performed in the District shall conform to County Sanitation District No. 2-3 Permits, Standards & Specifications; Uniform Construction Standards; California Plumbing Code.

## 8. ELIGIBLE COSTS

Loan proceeds shall be disbursed for the cost of design, materials, equipment and contracted labor to complete eligible improvements consistent with the approved building permit and permit fees. Labor provided by the **applicant** or **tenant** of the building is not eligible for reimbursement from loan proceeds. Professional fees for an engineer, architect or other design consultant **are** an eligible cost.

## 9. APPLICATION PROCEDURE

- a. **Application Form.** The applicant will be required to fill out an application form available from the County Sanitation District No. 2-3 Office. The applicant is required to consult with the District Manager, or designate, who will assist in the preparation of the application and offer other advice or service. The applicant is encouraged to engage an engineer or architect to help with decisions regarding sewer laterals. (A copy of the application and summary of the application procedures appear at the back of these guidelines.)
- b. **Information to Accompany Application.** Applicant shall provide:
  - i. A sketch of the building showing the existing and proposed sewer lateral(s) including private common laterals to which the applicant's sewage and such additional detail as may be required by the County Sanitation District No. 2-3; and
  - ii. A firm bid for performance of the necessary improvements prepared by a licensed plumber, general engineering contractor, engineer or architect with recent experience performing similar work. If this cost information is not available, District Engineer will determine the appropriate cost for the loan program.

- c. **Building Inspection.** Following completion of the loan application and prior to its approval, the City (or County) which will issue the building permit will be responsible for the inspection of the private laterals.
- d. **Loan Approval.** Loan applications will be processed by the County Sanitation District No. 2-3 and may be approved at the discretion of the District Manager or his designate. Applicant will be required to execute and deliver a promissory note and deed of trust (mortgage) prior to the disbursement of any loan proceeds.

**10. GUIDELINES FOR START AND COMPLETION OF IMPROVEMENTS**

- a. **Start of Work.** Work on the improvements covered by the loan shall start only after final approval of the loan but in no case shall the work start later than four months following final loan approval. Failure to start work within the specified period may, at the discretion of the District Manager or his designate, result in forfeiture of the loan commitment.
- b. **Completion of Work.** Work on the improvements covered by the loan must be completed within 60 days of the date of the loan approval. Failure to complete the improvements by the required completion date may, at the discretion of the District Manager, result in the forfeiture of all of the loan or that portion of the loan commitment representing the value of the work outstanding at the completion date.