

# SEPTIC UPGRADE LOAN PROGRAM ADMINISTRATION PLAN FOR RESIDENTIAL PROPERTIES

## **Project Description**

The Le Sueur County Board of Commissioners has approved an Ordinance establishing a loan fund to assist residential property owners in replacing subsurface sewage treatment systems (SSTS) in Le Sueur County. This Ordinance permits Le Sueur County to administer loan funds and collect the repayment as a lien against the property in accordance with Minnesota Statute, Chapter 115, as amended.

## **Eligible Projects**

Property must be residential property located in Le Sueur County with

- An existing non-compliant SSTS; or
- An existing waiver on file acknowledging the existing system has at least one component not meeting MN Rules, Chapters 7080-7083 Requirements or the Le Sueur County Zoning Ordinance; or
- An existing compliant holding tank connecting to a cluster; or
- An existing compliant holding tank adding a soil treatment area to subject property.

The loan program may not be used to facilitate new building construction. Facilitating new building construction includes increasing capacity of a SSTS beyond what is reasonably required to serve existing buildings and lots in existing recorded plats.

Applicant must be the property owner.

If it is a Contract For Deed, the Fee Owner shall also sign the application and lien paperwork.

## **Income Requirement - None.**

As part of the application process, all applicants are required to submit a Letter of Denial from a reputable financial institution. This document must be issued by the bank and should clearly state the reasons for the denial. Please ensure the Letter of Denial is included with your application package for review.

Failure to provide this documentation may result in the disqualification of your application.

## **Terms of the Loan**

### *Amount Eligible –*

Limited to not more than the total cost of designing and installing a conforming Septic Tank, Holding Tank, or similar as determined by staff, to a **\$15,000 maximum**. The applicant may request less than the total cost.

Or

Limited to not more than the total cost of designing and installing a conforming SSTS to a **\$30,000 maximum**. The applicant may request less than the total cost.

### *Interest Rate – 4%*

*Term Length* - Loans up to \$5,000 to be repaid within 5 years. Over \$5,000 to be repaid within 10 years.

*Administrative Fee* - **\$200.00**. For Recording Fees, Processing Fees, and, Mortgage Registry Tax.

*Priority of Lien* – In accordance with Minnesota Statute, Chapter 115.57, Subdivision. 6, “An amount loaned under the program and, assessed against the property shall be a priority lien only against subsequent liens.”

## **Loan Pre-Approval**

Loan pre-approval by the Environmental Services Department is required. To qualify for the loan, the following requirements must be confirmed:

*Taxes Current* - No delinquent taxes may be owed against the subject property.

*Location* - The dwelling that the SSTS serves must be located within Le Sueur County.

*The proposed project shall be considered an Eligible Project per the Septic Upgrade Loan Program Administrative Plan.*

**LOANS WILL BE MADE AVAILABLE ON A FIRST COME, FIRST SERVE BASIS.**

**Application:**

Must be accompanied by a SSTS contractor's estimate. The administrative fee (*does not include SSTS permit fee*) must be paid at the time of application. The permit must be purchased and issued prior to construction of the replacement SSTS. No loans will be approved for any work on the SSTS that has been done prior to loan approval.

**Final Loan Approval**

Is subject to SSTS contractor's invoice and Certificate of Compliance of the SSTS installed in accordance with Minnesota Administrative Rules, Chapters 7080 and/or 7081 and Le Sueur County Zoning Ordinance.

**Installation Requirements**

Site evaluation, design, and installation of the SSTS must be performed by a state licensed and certified SSTS contractor, with the applicable license for the type of work being performed. Selection of the SSTS contractor is the property owner's choice.

County SSTS permit, review, and approval of SSTS design required prior to any installation activities.

Final site inspections by a County SSTS Inspector required.

**Repayment of Lien**

Repayment - First payment due with the first half of the property taxes due the first January after construction has been completed. Semi-annual payments with property tax payment thereafter. May be paid in full at any time with no prepayment penalty. Full payment of lien must be made at time of sale or transfer of property.

**Funding Source, Disbursement and Longevity**

*Source Funding* - To be allocated from the existing Wastewater Bond.

The County Board of Commissioners and Environmental Services staff will complete an annual review of the funding allocation use and projected need.

*Administrative Fee Disposition -*

\$ 46.00 Recording Fee  
\$ 0.0023 Mortgage Registry Tax, as amended

*Program ends* at the resolution of the County Board of Commissioners with any accrued interest to the general fund used to defray the cost of delinquencies or defaults and administrative costs related to the program.

*Disbursement -*

1. SSTS contractor and/or property owner submits final bill to the Environmental Services Department.
2. SSTS contractor submits Record Drawing to the Environmental Services Department.
3. Environmental Services Department completes the Certificate of Compliance for the SSTS.
4. Environmental Services Department prepares the lien documents, has property owner (and Fee Owner if Contract For Deed) sign the lien documents, and forwards bill and lien documents to Auditor's Department as authorization to pay SSTS contractor.
5. Environmental Services Department sends notice to the property owner. The notice states the following information:
  - a. The amount to be specially assessed against the property;
  - b. The right of the property owner to repay the entire assessment;
  - c. The public official to whom prepayment must be made;
  - d. The time within which prepayment must be made without the assessment of interest;
  - e. The rate of interest to be accrued if the assessment is not prepaid within the required time period; and,
  - f. The period of the assessment.

*Administrative Plan Amendment*

The Le Sueur County Board of Commissioners, when needed, may amend the Septic Upgrade Loan Program Administrative Plan.