

SEPTIC UPGRADE LOAN PROGRAM ADMINISTRATION PLAN

Project Description

The Le Sueur County Board has approved an Ordinance establishing a loan fund to assist property owners in replacing failing septic systems 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 Minn. Stat. Chapter 115.

Le Sueur County has provided funding to make low interest loans available to the citizens of Le Sueur County to replace failed septic systems.

Eligible Participants

Property must be residential property with an existing failing septic system located within Le Sueur County. Applicant must be the property owner.

Income requirement - none.

Terms of the Loan

Amount eligible - Limited to not more than the total cost of designing and installing a conforming septic system to \$10,000 maximum. Applicant may request less than the total cost.

Interest Rate – Annual 5% simple interest accrued beginning the date that the County pays the contractor.

Term length - Loans up to \$5,000 to be repaid within 5 years. Over \$5,000 may be repaid for up to 10 years.

Administrative fee \$150. For recording fees, processing fees, and lien search fees, plus septic permit fee to be collected at the time of lien being signed.

Priority of Lien – In accordance with MS 115.57 subd. 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 owing on the subject property.

Property value - The total of all liens, including the estimated cost of the septic lien, against the property of the last 30 years postings must not exceed the estimated market value of the property.

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

Loans will be made available on a first come, first serve basis.

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

Final loan approval is subject to contractor's invoice and Certificate of Compliance of the septic system installed in accordance with Minn. Rules Chapter 7080.

Installation Requirements

Site evaluation, design and installation of septic systems must be performed by a state

licensed contractor, with the license applicable to the type of work being performed, of owner's choice.

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

Final site inspections by County Inspector required.

Repayment of Lien

Repayment - 1st 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

Initial Funding -

Septic Upgrade Loan - \$500,000 in calendar year 2007

To be allocated from County Reserve Fund.

The County Board will do annual review of the funding allocation use and projected need.

Administrative Fee disposition -

Le Sueur County Environmental Services -

\$ 46.00 For recording fee

\$ 49.00 Administrative cost fee

\$ 55.00 Lien search fee

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 system -

1. Contractor and/or property owner submits final bill.
2. Contractor submits As-Built to Environmental Services Department.
3. Environmental Services Department completes Certificate of Compliance for the system.
4. Environmental Services Department prepares lien documents, has applicant sign and forwards bill and lien documents to Auditors office as authorization to pay contractor.
5. Auditors Office sends notice to property owner a notice that states the following information:
 1. The amount to be specially assessed against the property;
 2. The right of the property owner to repay the entire assessment;
 3. The public official to whom prepayment must be made;
 4. The time within which prepayment must be made without the assessment of interest.
 5. The rate of interest to be accrued if the assessment is not prepaid within the required time period; and
 6. The period of the assessment.

Administrative Plan Amendment

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