

Important information for EWEB to process your loan application

- ❑ Contact Nancy Toth (541-685-7438) or Karl Morgenstern (541-685-7365) for approval to participate in the septic system zero-interest loan program.
- ❑ Fill out all information requested on the application. **Do not leave spaces blank.** All applicants must **sign and date the application.** If your application is incomplete it will be returned to you for completion.
- ❑ There is an Administrative Loan Fee charge of \$50 to all septic system loan customers who go through the **entire** loan process. The fee is charged to the customer's account after the work has been completed and the loan funds are disbursed. The charge will be due on the next and/or first regular EWEB bill after the loan is funded.
- ❑ If you are a **new owner** (less than 6 months), confirm with Lane County Department of Assessment & Taxation, Monday-Friday at 541-682-4321, that you are listed as owner on the Regional Land Information Database of Lane County. If you are not yet listed, please send proof of ownership (i.e. signed/filed copy of trust/warranty deed).
- ❑ Primary Applicant AND your spouse or partner must complete and sign the loan application. **All owners of record** (listed on Lane County Department of Assessment & Taxation records) AND their spouse(s) or partner(s) must ALSO complete an application.
- ❑ Homes under a **“Trust”** ownership must provide a copy of the page(s) of the Trust listing Trustees authorized to obligate the Trust, as well as a copy of the signature page(s).
- ❑ Homes/Property under **“LLC”** ownership must complete the **Septic System Loan Application** and provide a copy of the LLC document. The name on the LLC document must match Lane County ownership records for the property to receive energy improvements.
- ❑ EWEB does not subordinate its loans. **If you refinance or sell your home,** you will be required to pay off your loan in full. **(April 2011)**



Eugene Water & Electric Board
Energy Management Services
500 E. 4th Ave./P.O. Box 10148
Eugene, OR 97440
541-685-7000
www.eweb.org

LOAN FAQs

(Frequently Asked Questions about EWEB Loans)

Q. Why is EWEB loaning people money for septic system repair/replacement?

A. EWEB's Drinking Water Source Protection Program is designed to protect the water quality of the McKenzie River, which is Eugene's sole source of drinking water. Septic systems, if not functioning properly, can release nutrients, bacteria, pharmaceuticals and other contaminants into the groundwater. EWEB recognizes that septic system repairs can be costly and would like to assist homeowners in the McKenzie Watershed in making needed repairs to their systems and drainfields in order to protect water quality.

Q. Who may apply for septic system loans?

A. Homeowners with properties upstream of EWEB's drinking water intake (Hayden Bridge) will be eligible for loans. For the first couple of years while the septic loan program is being established, priority will be given to homeowners who participated in EWEB's McKenzie Septic System Assistance Project. ***Applicants do not have to be EWEB customers.***

Q. Do I need a permit to repair/replace my septic system?

A. Yes, Lane County does require a permit in order to repair/replace the septic tank and drainfield. You may use the zero interest loan to help cover the permit fees. For more information, see: <http://www.lanecounty.org/Departments/PW/LMD/Sanitation/Pages>

Q. How much can I borrow?

A. The maximum loan amount for the septic system loan program is not to exceed \$10,000.

Q. Are grant funds available?

A. Limited grant funds may be available to low income residents. Please contact Nancy Toth (nancy.toth@eweb.org, 541-685-7438) or Karl Morgenstern (karl.morgenstern@eweb.org, 541-685-7365) for further information.

Q. When is a security filing (UCC-1A lien and/or Memorandum) required by EWEB?

A. *All septic system loans will be required to have a security filing.*

The UCC-1A lien and/or Memorandum is a lien placed on the home that remains in effect (filed) until the loan is paid in full. There are no exceptions.

Q. What is the process for applying for a loan?

- Contact Nancy Toth or Karl Morgenstern (see contact info above) to get approval for participation in the program.
- Fill out the zero-interest loan application and submit to EWEB EMS.

- Once you receive approval for the loan, obtain estimates from contractors on the DEQ licensed contractor list. <http://www.deq.state.or.us/wq/onsite/sdssearch.asp>
- Provide a copy of the estimate to Nancy Toth or Karl Morgenstern once you have selected the contractor you want to do the work. **EWEB will need to approve the scope of work and contractor.**
- Once approved, schedule the work with your contractor.
- Submit a final invoice and proof of inspection by Lane County to Nancy Toth or Karl Morgenstern when the work is complete.
- EWEB will send you the Septic System Loan Agreement and any other security documents required and once those are returned to EWEB, completed in full, then a check is issued to you or the contractor.

Q. Do I have to be the owner of the property?

A. Yes. EWEB will only loan money to the property owner(s) of record as listed in Lane County Department of Assessment and Taxation, unless you are the legally designated agent for the homeowner (i.e. Trusts, Wills, and Power of Attorney). In that case, you will be required to provide legal documentation to substantiate the designation. All owners of record must complete a loan application. If names listed in Lane County Department of Assessment and Taxation are different than the applicants, then proof of name change is required. If the name listed in Lane County Department of Assessment and Taxation is a Trust, we need a copy of the portion of the Trust that lists the Trustee and their authority to obligate the trust on their behalf, as well as a copy of the signature page(s).

Q. Why must all owners sign the loan application and loan contract?

A. As listed owner of a property, you have an interest in that property. EWEB requires all persons who have an interest in the property to sign the loan application and loan contract for the same reasons spouses are required to sign: 1) to ensure that all property owners are informed; 2) to ensure that the obligation will be paid if anything happens to the primary applicant; and 3) to ensure continued viability of the loan pool.

Q. What happens if I decide to refinance or sell my home, and there is a security filed?

A. **You will be required to pay off your loan in full when you refinance or sell your home.** Because EWEB does not subordinate its loans, we encourage homeowners to refinance their home prior to taking out an EWEB loan.

Q. What is a security filing?

A. EWEB security filings are usually recorded public notifications that a financial obligation is owed EWEB. These filings are recorded with the County Clerk in Lane County and the Secretary of State in Salem (if the residence is a mobile home). The actual instrument filed may be a Memorandum of Agreement or a Uniform Commercial Code form 1 (UCC-1). **These security filings DO place a lien on the home owners property** until the loan is paid in full.

Q. Why doesn't EWEB subordinate its loans?

A. The loan program was designed to provide zero-interest loans to residential customers to encourage proper septic system maintenance. In order to protect public money and ensure continued viability of the loan pool, EWEB determined that a non-subordination position for **secured** loans allows EWEB to provide zero-interest loans to the greatest number of customers with the least risk.

- Q. Can I take out a loan as owner if I am purchasing my home by way of a “Land-Sales” or “Lease-Option” contract?**
- A.** No. EWEB will only loan money to the property owner(s) of record as listed in Lane County Department of Assessment and Taxation.
- Q. I own a mobile home but rent the space where it is located. Will EWEB loan to mobile home owners?**
- A.** Yes. EWEB will need proof of ownership. You will be asked to supply the mobile home plate number from your “Oregon Vehicle Certificate of Title” or “Oregon Mobile Home Registration” located with your closing paperwork when you purchased your home. The plate number starts with an “X” or “E” followed by six numbers. EWEB will verify ownership through LOIS, and if the applicant is not showing as owner, you will need to go to the Lane County Assessor’s Office to make the change. Your application process will be put on hold until this is completed.
- Q. What if I don’t have a Social Security Card (number)?**
- A.** EWEB requires a valid social security number when applying for any loan. An ITIN (tax payer identification) card is not accepted in lieu of a social security number.
- Q. How long do I have to pay off the loan?**
- A.** The term of the loan depends on several factors, obtained from the application and/or determined in the application process. The maximum loan repayment term for the septic system loan program is 60 months.
- Q. Is there any penalty to pay the loan off early?**
- A.** No, there are no penalties for paying off your loan early. If you wish to pay your loan off early, please contact the Customer Service department at EWEB. They can provide you a quote over the phone and/or in writing to the home owner or **authorized** agent, such as a Title Company.
- Q. Why do my spouse and I both need to sign the loan application and loan contract?**
- A.** EWEB’s loan fund is a “fixed” pool of public money. Because these loans are zero-interest, each time there is loss due to default, bankruptcy, or foreclosure that “fixed” pool is reduced by that amount. To ensure continued viability of the loan pool, EWEB requires that spouses sign the loan application and loan contract. By signing, it ensures that all parties are informed of the obligation; it gives EWEB permission to run credit reports and guarantees that the obligation will be paid if anything happens to the primary applicant.
- Q. How long does it take to get loan approval?**
- A.** After EWEB receives the completed application, loan approval takes approximately 5 working days. You will receive a letter from EWEB notifying you of approval or denial.
- Q. How does EWEB determine when to approve or deny a loan?**
- A.** EWEB uses a comprehensive decision matrix that takes into account the amount of the loan, your EWEB payment history (if applicable), and credit bureau scores as well as information contained in your credit report. On occasion, EWEB will ask for additional information, such as tax returns, income verification, and other documents to substantiate financial ratios.
- Q. What happens if my loan is denied based on wrong information on my credit report?**

- A.** If you have been denied credit approval because of information contained on your credit report, then you may request a copy of your credit report, free of charge, from the credit bureau listed on the denial letter.
- Q.** **Is there an appeal process if I am not approved for a loan?**
- A.** Yes. Contact the Loan Administrator for information and an appeal form.
- Q.** **Is there a time limit on my loan application?**
- A.** Your application is valid for six months.
- Q.** **How long after the work is completed before the check is issued to the contractor?**
- A.** This time varies with the length of time it takes the contractor and you to arrange for verification and provide all necessary documentation. First, you or your contractor must provide EWEB with invoices for the completed work. Once EWEB confirms that the installation is complete, the loan contracts are sent to you to read and sign. You must return both signed contracts and any required security before EWEB will disburse the funds. This can all happen in a relatively short time. However, if you have been waiting more than two weeks between any of these steps, please call Nancy Toth or Karl Morgenstern.
- Q.** **Who pays the contractor?**
- A.** There is a place in the loan contract for you to designate whom you wish to send the check to. Many customers have the check sent directly to the contractor; however, if you are using more than one contractor, EWEB requires that you designate the check be sent to you to pay the contractors.
- Q.** **May I pick up the check at EWEB?**
- A.** No. The check writing process is automated and includes printing, stuffing it in an envelope, and mailing. Allowing you to pick up the check would require special handling and is too expensive.
- Q.** **Can the loan repayment be included on my regular EWEB bill?**
- A.** Yes, this is the service EWEB provides to customers. The loan repayment amount will appear as a separate line item on your bill, under "Additional Services". If you currently don't have service through EWEB then you will receive a "loan only" bill with the monthly loan charge only.
- Q.** **What happens to the loan if I move but keep the house that received the septic system repairs as a rental?**
- A.** As long as you maintain ownership of the property, you may continue to be billed for the loan. You will need to inform EWEB of your new address so the loan billings will be sent to you. Otherwise, those bills will be sent to the original address and you could risk default if those bills aren't forwarded in a timely manner.
- Q.** **What happens when I sell my home or property?**
- A.** ***You will be required to pay off your EWEB septic system loan in full. The entire loan balance will be included on your closing bill from EWEB.***

Rely on us.

Primary Applicant Financial Information	Co Applicant Financial Information
---	------------------------------------

_____ Primary Bank	_____ Primary Bank
_____ Mortgage Lender (Owner's Residence)	_____ Mortgage Lender (Owner's Residence)
\$ _____ Mortgage Payment (include property tax)	\$ _____ Mortgage Payment (include property tax)
_____ Mortgage Lender (Rental)	_____ Mortgage Lender (Rental)
\$ _____ Mortgage Payment (Rental) (include property tax)	\$ _____ Mortgage Payment (Rental) (include property tax)
\$ _____ / \$ _____ Mobile Home Space Rent Mobile Home Tax Per Yr	\$ _____ / \$ _____ Mobile Home Space Rent Mobile Home Tax Per Yr

Primary App. Personal References (2 required)	Co App. Personal References (2 required)
---	--

Nearest <u>relative</u> outside of your household: (1) _____ Name _____ Complete Street Address, City, State, Zip _____ / _____ Relationship Phone Number	Nearest <u>relative</u> outside of your household: (1) _____ Name _____ Complete Street Address, City, State, Zip _____ / _____ Relationship Phone Number
(2) _____ Name _____ Complete Street Address, City, State, Zip _____ / _____ Relationship Phone Number	(2) _____ Name _____ Complete Street Address, City, State, Zip _____ / _____ Relationship Phone Number

PLEASE READ BEFORE SIGNING: The terms "you," "your," and "yours," where contained below apply to **all** applicants for the Septic System Loan.

You are submitting this application to EWEB for the purpose of obtaining a Septic System Loan. You certify that this application is true and complete. EWEB may verify this information from whichever sources it deems necessary, and may, now and in the future, provide others with information regarding your credit history with EWEB, to the extent permitted by law. This application remains the property of EWEB even if the Septic System Loan is denied. **After six months a new application is required. You must use an Oregon Department of Environmental Quality (DEQ) licensed contractor** to qualify for the loan. You may search the database of licensed contractors on DEQ's website: <http://www.deq.state.or.us/wq/onsite/sdssearch.asp>.

By signing below, you acknowledge and promise to repay all monies and agree to abide by all the terms and conditions set forth in the Septic System Agreement, and to pay the onetime \$50 Administrative Fee, charged to your EWEB account, once work has been completed and the loan has been funded. Your signature(s) will be required on the Note and Disclosure Statement you will receive from EWEB.

The undersigned applicant(s), understand and agree that all applicable agreements shall be binding on each of the applicant(s) jointly and severally. All financial information will be held confidential to the extent allowed by law: ORS 192.501 to 192.505.

X _____	X _____
Primary Applicant	Co Applicant
Date	Date

Return to: EWEB EMS, P.O. Box 10148, Eugene, OR 97440-2148 Phone # 541-685-7318