

## Application Information for Septic System Loans

Project implementation loans under the State Clean Water Partnership Financial Assistance Program

### Background information.

In its continuing effort to preserve the quality of both surface and ground waters within the Heron Lake Watershed District (HLWD), the board of managers has determined that it is in the best interests of the watershed district to promote the replacement of noncompliant septic systems within the watershed district. To encourage these activities, the HLWD has obtained state revolving loan funds under the Minnesota Clean Water Partnership financial assistance program. Under this program, the HLWD is authorized to make low-interest project implementation loans to individuals, corporations, and others for on-site septic system replacement within the watershed district. Septic system replacement loans may cover up to 100% of the eligible costs of a project.

“Eligible costs” for which state revolving funds may be utilized are defined as project costs which are “reasonable, necessary, and allocable to the project”. However, financial assistance is limited to design, layout, and installation of septic system replacement.

### Method for selecting state revolving fund loan recipients.

The decision as to whether any loan funds will be made available for a particular improvement project shall be made based upon landowner qualification. Upon receipt of a completed application for a septic system replacement loan, as well as the \$25.00 administrative fee, the HLWD staff will review the application and determine whether it will be denied or recommended for approval.

The HLWD shall provide financial assistance to those improvement projects approved by HLWD staff. Loan requests will be submitted to the board of managers for approval at regular monthly meetings as needed. Applicants whose applications are approved will be notified by the HLWD staff and the improvement project will be commenced as soon as practicable. An applicant whose request for state revolving funds is not approved may reapply to the HLWD in a subsequent application period.

### Project Initiation, completion and fund disbursement.

No construction may be commenced until all loan funds are in place and all necessary permits have been secured and a licensed septic designer or engineer has submitted detailed plans for the system to the HLWD, and said plans have been approved. Applicants and/or their agents or contractors must obtain authorization from the HLWD to commence construction. No loan funds may be released to the contractor until all construction has been completed, and the system has met all inspection requirements of the county planning and zoning inspector and the Minnesota Pollution Control Agency, and a certificate of inspection submitted to the HLWD.

### Repayment of Loan:

Loan information is submitted to the Auditor of the County in which the property is located. Repayment of the loan will be part of the property taxes each year and can only be made at the county treasurer’s office in the county in which the property is located. The current terms for these loans are 1.5% interest for seven (7) years.