



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

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

## CUPERTINO SANITARY DISTRICT 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 Cupertino Sanitary District, thereby contributing to the physical, environmental and economic revitalization of the District.

### 2. FUNDING

Funding for the Cupertino Sanitary District Loan Program is provided entirely by the Sewer Enterprise Fund of the Cupertino Sanitary District.

### 3. ELIGIBILITY

Loans under the Program will be available only to **registered owners of property** located within the boundaries of the Cupertino Sanitary District, 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, engineering 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 a deed of trust (mortgage) securing such note has been recorded against the Property. Interest, at the rate agreed at the time of application approval, will accrue from the date of disbursement of the loan. 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 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 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. Unless otherwise approved by the District, the deed of trust securing the loan shall be subject only to a first deed of trust against the property and evidence satisfactory to the District shall be furnished showing that the market value of the property exceeds the amount of all indebtedness secured by the property, including the District's loan.

## 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 Requirements in force at the time of the inspection.

## 7. DESIGN GUIDELINES

All sanitary sewer work performed in the District shall conform to Cupertino Sanitary District 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 District permit. 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 and building and District permit fees are eligible costs.

## 9. APPLICATION PRODECURE

- a. **Application Form.** The applicant will be required to fill out an application form available from the Cupertino Sanitary District 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 is attached to these guidelines.)
- b. **Information to Accompany Application.** Applicant shall provide:
  - i. For a new lateral, engineering drawing as submitted to building department, if not already provided by local agency to the District. For a cleanout, no drawing is required; 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 Cupertino Sanitary District and may be approved at the discretion of the District Manager or his designate.

**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 two 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 30 days from start of construction, or such later date as may be approved in writing by the District Manager. Failure to complete the improvements by the required completion date may, at the discretion of the District Manager, result in cancellation of the District's loan approval.