



LOAN REFERENCE NO. _____

DATE RECEIVED: _____

CITY OF SAUSALITO SEWER LATERAL LOW INTEREST LOAN PROGRAM GUIDELINES

1. PURPOSE

The purpose of the Program is to facilitate a physical upgrading of privately-owned sewer laterals within the City of Sausalito, thereby contributing to the physical, environmental and economic revitalization of the City.

2. FUNDING

Funding for the City of Sausalito Loan Program is provided entirely by the ratepayers of the Sewer Enterprise Fund of the City of Sausalito.

3. ELIGIBILITY

Loans under the Program will be available only to **registered owners of property** as shown in the latest revised tax roll for the City of Sausalito. Registered property owners will be eligible for a loan up to \$2,000 per *Equivalent Dwelling Unit ("EDU")* to a maximum of \$10,000 per property.

"Equivalent Dwelling Unit" is defined¹ as follows: single-family residential parcels with one dwelling unit have an EDU of 1.0. Residential parcels with more than one dwelling unit attached by a common wall (single-family attached dwellings) have an EDU of 0.77 for each dwelling unit on the parcel. Residential parcels with more than one dwelling unit (multi-family) (e.g., condominiums and apartment buildings) have an EDU of 0.67 for each dwelling unit on the parcel. Parcels with non-residential uses are not assigned EDUs and are eligible for a maximum loan of \$10,000 per property.

4. LOAN DETAILS

- a. **Amount.** Loans will be available to a maximum of \$2,000 per equivalent dwelling unit to a maximum of \$10,000 per property. The actual amount of the loan shall be limited to the contractor's bid amount, which bid shall be subject to review and approval by the Public Works Director.
- b. **Interest.** The annual interest rate for loans will be 5 %.
- c. **Registration Fees.** Applicants are responsible for the cost of any mortgage/discharge registration fees. The fee must be paid prior to the registering/discharging of the mortgage.
- d. **Term.** The amortization period for the repayment of the loan shall be five (5) years.

¹ see Table 3-1, Water Use Discharge to Sewer Mass Balance, City of Sausalito Sanitary Sewer Fee Study – Final, June 2009, prepared by CDM



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- e. **Disbursement of Loan Proceeds.** In general, loan proceeds shall be disbursed upon completion of all eligible improvements; however, a partial disbursement of the loan proceeds may be made where, in the opinion of the Director of Public Works, or designate, work on any eligible improvement is substantially complete (generally no less than 75% of the value of the specific eligible improvement for which partial disbursement advance is requested. No disbursement of loan proceeds shall be made until the property owner has executed and delivered a promissory note to the City and agreed to the recordation of a deed of trust (mortgage) against the Property in the full amount of the approved loan at the time of the first partial payment. Interest, at the rate agreed at the time of application approval, will accrue on the partial payment from the date of issuance of the partial advance. In general, disbursement checks will be made out in the names of both the applicant and contractor except where, for good cause, varied by the Director of Public Works.
- f. **Repayment.** Repayment of the loan, including accrued interest will be on a quarterly basis commencing three months from the date of final 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.
- g. **Security.** The loan shall be secured by a mortgage in a form satisfactory to the City Attorney and 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.

6. ELIGIBLE IMPROVEMENTS

Eligible Improvements under the program include design and repair or replacement of private sanitary sewer facilities determined by the City of Sausalito to be warranted on the basis of a valid television inspection performed in conformance with the Building Sewer Video Guidelines Mandatory Requirements in force at the time of the inspection.

7. DESIGN GUIDELINES

All sanitary sewer work performed in the City of Sausalito shall conform to Sausalito-Marín City Sanitary Permits, Standards & Specifications; Marin County 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 contractor's bid. Labor



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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 **are** an eligible cost.

9. APPLICATION PROCEDURE

- a. **Application Form** The applicant will be required to fill out an application form available from the Department of Public Works (City Hall) of the City of Sausalito. The applicant is required to consult with the Director of Public Works, 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 and summary of the application procedures appear at the back of these guidelines.)
- b. **Information to Accompany Application. Applicant shall provide:**
 - i. A sketch of the building showing the existing and proposed sewer lateral(s) including private common laterals to which the applicant's sewage and such additional detail as may be required by the Department of Public Works; 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.
- c. **Building Inspection.** Following completion of the loan application and prior to its approval, the Department of Public Works will complete an inspection of the building to review the proposed improvement plans. A second inspection will be made following completion of the improvements and prior to disbursement of the the loan proceeds to verify that the proposed improvements have been completed as described in the application.
- d. **Loan Approval.** Loan applications will be processed by the Department of Public Works and may be approved at the discretion of the Director or his designate. Applicant will be required to execute and deliver a promissory note and deed of trust (mortgage) in the form approved by the City Attorney prior to the disbursement of any loan proceeds

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 four months following final loan approval. Failure to start work within the specified period may, at the discretion of the Director of Public Works or his designate, result in forfeiture of the loan commitment.



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- b. Completion of Work.** Work on the improvements covered by the loan must be completed within 60 days of the date of the loan approval. Failure to complete the improvements by the required completion date may, at the discretion of the Director of Public Works, result in the forfeiture of all of the loan or that portion of the loan commitment representing the value of the work outstanding at the completion date.



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**CITY OF SAUSALITO
SEWER LATERAL IMPROVEMENT LOAN PROGRAM
APPLICATION**

NAME OF PROPERTY OWNER: _____

MAILING ADDRESS OF PROPERTY OWNER: _____

ADDRESS OF PROPERTY: _____

NUMBER OF DWELLING UNITS: ____

TELEPHONE NO.: _____

ESTIMATED PROPERTY VALUE: _____

PROPERTY INDEBTEDNESS

1ST MORTGAGE: _____

2ND MORTGAGE: _____

UNPAID TAXES : _____

OTHER LIENS: _____ ENCUMBRANCES

PROPOSED IMPROVEMENTS (Attach Sketch if applicable):

BID ESTIMATE

REQUESTED LOAN AMOUNT: _____

I/WE HEREBY APPLY for the loan amount indicated above

I/WE AGREE to abide by the conditions of the City of Sausalito Sewer Lateral Loan Program Guidelines.

I/WE HEREBY CERTIFY that the information given herein is true, correct, and complete in every respect and may be verified by the City.

SIGNATURE OF PROPERTY OWNER(S): _____

DATE: _____

This application is HEREBY APPROVED, subject to the specified conditions set forth in the City of Sausalito Sewer Lateral Loan Program Guidelines.

AUTHORIZED MUNICIPAL SIGNATURE: _____

DATE: _____