



VERMONT WASTEWATER AND POTABLE WATER REVOLVING LOAN FUND

## On-site Loan Program

### Frequently Asked Questions (FAQs)

**Q: How do I qualify for the loan?**

A: To qualify:

- the residential property has a failed wastewater system or potable (drinking) water supply and a Wastewater System and Potable Water Supply Permit (WW Permit) was issued for the replacement of the failed system or supply (Note: replacement of a potable water supply serving a single family residence may be exempt under the Rules);
- the failed system or supply must serve only one single family residence on its own lot;
- the borrower must reside in the residence on a year-round basis;
- the borrower must have been denied financing from at least one lending institution; and
- the gross household income of the borrower must be equal to or less than 200% of the State average median household income.

**Q: What is 200% of the State average median household income?**

A: For 2014, 200% of the State average median household income is \$129,260. This figure is compared to the combined gross income of everyone in the household over the age of 17.

**Q: What is Gross Income?**

A: Gross income is all income prior to any deductions. If you are an employee this information can be found in the Social Security/Medicare wages and tips section of your W-2 Wage and Tax Statement. If you are self-employed this information can be found in Form 1040, Schedule C line 7. For retirees, your gross income is in your 1099-SSA box 3 and the taxable amount on your 1099-R box 2a.

**Q: What can I expect from the application process?**

A: The first step in the application process is to submit a complete pre-qualification application to the On-site Loan Program at the Agency of Natural Resources (ANR). A complete application includes answering all questions on the application and submitting supporting documentation. Once ANR pre-qualifies the applicant the approval will be sent to the Opportunities Credit Union (OCU), the program's contracted lender, to complete the loan underwriting process. OCU will require the borrower to complete their loan application. Once the loan is fully approved OCU will schedule the loan closing, which generally will occur at their offices in Burlington.

**Q: What supporting documentation is required with the pre-qualification application?**

A: Supporting documents include:

- a copy of your most recent VT Homestead Declaration filed with the Vermont Tax Department
- a copy of the homeowners deed;
- confirmation from the State of Vermont's Wastewater Regional Office Program the system or supply has failed;

For additional information contact:  
**Chris Rottler**  
(802) 461-6051  
[chris.rottler@vermont.gov](mailto:chris.rottler@vermont.gov)



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- a copy of the Notice of Adverse Action from the lending institution (bank, credit union, mortgage company) in which financing was denied;
- a copy of the water/wastewater permit (if necessary); and
- quotes from at least two contractors for the installation of the system and documentation of actual costs for permitting and design of the system.

**Q: What Role does the Opportunities Credit Union have in the On-site Loan Program?**

A: The Opportunities Credit Union is the program's contracted lender and will underwrite the loans provided from the program, make disbursements, and collect loan payments from the borrower.

**Q: Which projects require a water/wastewater permit and which projects do not?**

A: The modification or replacement of an existing potable water supply or wastewater system for a single family residence on its own lot requires the owner to obtain a water/wastewater permit prior to obtaining a loan from this program. The exception to this requirement is for the replacement of a failed potable water supply. These projects are exempt from State permitting requirements provided the new well provides potable water only to the residence.

**Q: What residential properties are covered?**

A: Single family residences contained on their own lot where the loan recipient resides in the residence on a year-round basis. Mobile homes that are on an owned lot are eligible but mobile homes on leased land are not eligible.

**Q: What type of wastewater system upgrade is covered?**

A: Conventional in-ground septic systems, mounds, at-grades, alternative septic systems, and hook-ups to municipal sewer service are covered.

**Q: What type of potable water supply upgrade is covered?**

A: Drilled, driven or shallow wells, and hook-ups to municipal water service are covered.

**Q: What type of work does this loan cover?**

A: It covers all work directly relating to the repair or replacement of a failed residential system.

**Q: Is the system design and permitting costs eligible under the loan?**

A: Yes, but borrower must obtain the WW Permit prior to becoming eligible to receiving the loan and therefore will need to pay for this cost upfront and out of pocket. Once the loan is closed the borrower can be reimbursed for these expenses.

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**Q: How do I know if my septic system has failed?**

A: Common failure symptoms include; wastewater backing up into household drains, bright green, spongy grass on the leachfield even during dry weather, pooling water or muddy soil around your septic system or in your basement, and strong odor around the septic tank and leachfield. Note: sometimes odors can be detected from the plumbing vents. This may be a nuisance, but not always a sign of a malfunctioning system.

**Q: Who determines if my septic system has failed?**

A: The Regional Engineer from the State of Vermont typically is responsible for making the determination that a system has failed. This is done in conjunction with the licensed designer/engineer the homeowner has hired to design the replacement system. In cases where the failed system is surfacing or discharging to a surface water body, an Environmental Enforcement Officer and/or the Town Health Officer can make the failure determination. To initiate a failed system determination the homeowner should contact the State of Vermont's Wastewater Regional Office Program. See webpage for the contact information for your region.  
[http://www.anr.state.vt.us/dec/permit\\_hb/anrregmap.htm](http://www.anr.state.vt.us/dec/permit_hb/anrregmap.htm)

**Q: What is a failed potable water supply?**

A: A potable water supply is considered failed if:

- a water sample confirms an exceedence of the standard for one of the following contaminants: Total Coliform, Nitrate, Nitrite, Arsenic, or Uranium;
- there is an insufficient quantity of water to maintain the usual and customary use of the residence; or
- the supply is not potable due to the presence of a contaminated site, leaking underground storage tank, or other sources of groundwater contamination.

**Q: Who determines if my potable water supply has failed?**

A: The Regional Engineer from the State of Vermont typically is responsible for making the determination that a system has failed based on information provided by a licensed well driller or licensed designer. For failures based on insufficient water quantity, the determination is made in conjunction with the licensed well driller and/or the licensed designer/engineer. For failures due to water quality the Town Health Officer must take the sample. To initiate a failed supply determination the homeowner should contact the State of Vermont's Wastewater Regional Office Program. See webpage for the contact information for your region.  
[http://www.anr.state.vt.us/dec/permit\\_hb/anrregmap.htm](http://www.anr.state.vt.us/dec/permit_hb/anrregmap.htm)

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**Q: How many bids do I need to obtain?**

A: 2 contractors for the installation of the system or supply are required. You can obtain as many quotes as you feel necessary in order to obtain competitive pricing.

**Q: What happens after I have received bids from contractors?**

A: We recommend contacting the selected contractor once the loan has been scheduled to close. Once the loan is closed you will need to establish the schedule for construction with your contractor.

**Q: Approximately how long does it take to get approved for a loan?**

A: Once we are in receipt of all required information, you can be approved for a loan typically within 2-3 weeks.

**Q: What is the interest rate for the loan?**

A: The interest rate is a fixed rate of 3.00%.

**Q: What is the term of the loan?**

A: The standard loan term is 15 years but can be extended to 20 years where affordability is an issue.

**Q: Is there a minimum and maximum loan amount?**

A: The minimum loan amount is \$3,000 and there is currently no maximum.

**Q: What are the costs associated with closing the loan?**

A: Closing fees will range from \$550 to \$750 and are an eligible loan expense. The attorney's report and opinion on title is required and represents the most significant portion of the closing fees. ANR will pay the one-time application fee of \$325 on the borrower's behalf.

**Q: Once the loan is closed, how do I access the loan funds?**

A: To access loan funds the borrower will need to complete and submit the ANR payment requisition form with copies of invoices. ANR will review the request and send an approval to OCU to disburse the funds. Typically the disbursement will be made using a two party check (check will be made to the borrower and the contractor) but if the borrower has already paid the contractor a direct reimbursement to the borrower will be processed.

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**Q: What if I have paid for some of the work because I was anxious to get the project underway? Can I get reimbursed?**

A: With the exception of costs associated with obtaining the permit (borrower has to pay for this cost upfront but can be reimbursed once loan is closed), costs incurred prior to the award of the loan are generally not eligible for reimbursement. If you would like to initiate construction prior to closing the loan, please contact the On-site Loan Program Manager to discuss options.

**Q: What are my payment options regarding the repayment of my loan?**

A: Loan repayments will be made to OCU on a monthly basis. The standard term of the loan is 15 years.

**Q: What happens if I am late with a payment?**

A: You will be charged a fee by OCU of the late principal and interest payment due. Additionally, OCU will contact you and one of their loan/credit counselors will work with you to determine how you will resume regular monthly payments.

**Q: Can I pay my loan off early?**

A: Yes, and there is not a prepayment penalty. Additionally, you can pay more than the minimum and this amount will be credited to your outstanding principal balance thereby reducing your total interest payment.

**Q: How is my loan secured?**

A: The loan is secured with a mortgage on the property. OCU will send a copy of the mortgage to the Town Clerks office for recording and assignment of the lien.

**Q: When my loan is paid in full, how do I get the note released?**

A: OCU will prepare and send the discharge notice including a copy to Town Clerk once the loan is paid in full.

**Q: If I sell my house, can the outstanding obligation be assumed by the buyer?**

A: If the owner sells or transfers the property, whether voluntarily or involuntarily, the unpaid balance of principal and interest shall become due and payable to OCU upon sale of the property unless otherwise agreed upon by ANR.

**Q: I am planning to refinance my mortgage. The lender is requesting that my loan with the Opportunities Credit Union be subordinated. Is this possible?**

A: Yes, the loan can be subordinated with the execution of a subordination agreement between ANR and the borrower.

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