## LOAN TYPES

### *City of Portland Loan Contract (a.k.a Bancroft Loans)*

Property owners may use this loan to finance city sewer connection or conversion charges imposed to recover the costs of constructing public sanitary sewers. This loan offers repayment terms of 5, 10 and 20 years, without pre-qualifications based on income or credit history.

The city finances these installment loans by selling improvement bonds at favorable interest rates. Prior to the bond sale, the city charges an interim interest rate of 6.75%. After the bond sale, the interest may be adjusted to equal the true interest cost of the bonds. The adjusted rate will become the permanent interest rate for the remaining term of the loan. The city makes every effort to keep the permanent interest rate within a few percentage points of the interim rate.

Additional costs associated with this loan include a one-time finance fee of $40.00 plus 0.49% of your loan amount and a billing transaction fee of $3.00 per bill.

## *Applying*

You may apply for any of these city loans by calling 503-823-4114.

You can fax bids to 503-823-5228, Attention: Mandatory Connection Program. Be sure to include your contact information.

To send via email: submit as a PDF to sewerconx@portlandoregon.gov

To submit via first class mail, submit cover letter and bids to:

Bureau of Environmental Services
Attn: Mandatory Sewer Connection
1120 SW 5th Avenue, Room 1000
Portland, OR 97204

This information is provided for informational purposes only. The terms and conditions of an offered loan may differ from the ones stated in this pamphlet. Please carefully read the terms and conditions of any loans offered by the City of Portland before you sign and accept responsibility to repay the loan.

Call 503-823-7740 with disability requests.

Bureau of Environmental Services
Dan Saltzman, Commissioner
Dean Marriott, Director

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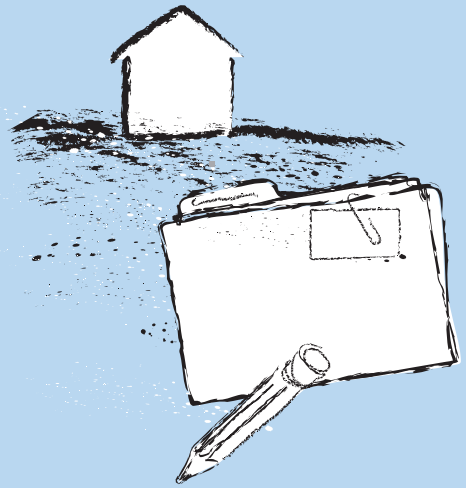
# Residential Sewer Construction Financial Assistance



ENVIRONMENTAL SERVICES
CITY OF PORTLAND
working for clean rivers

## Private Plumbing Loans

Property owners may use this loan to finance the cost of hiring a contractor to decommission cesspools or non-conforming sewer connections (party sewers), and install private sewer lines to connect with the public sewer. To qualify, the property cannot be encumbered with delinquent property taxes, special assessments or assessment loans.

These loans currently have a fixed and simple interest rate of 6.1% per year and repayment terms of 5 or 10 years. Additional costs associated with this loan include a one-time finance fee of $90.00 plus a billing transaction fee of $3.00 per bill. The city calculates an Annual Percentage Rate (APR) as a simple method of summarizing the total cost of interest, financing and origination fees, and monthly service charges. Borrowers may use the APR to compare the total cost of the loan to loans offered by private lenders. Penalties for late and non-payment will be applied as necessary.

### Initiating Private Plumbing Loans

To initiate this loan, the borrower must submit three bids from contractors who are bonded and licensed with the Oregon Construction Contractors Board. The city does not make recommendations but can supply a list of contractors with sewer construction experience. Please call 503-823-4114 for a contractors list. The city establishes a borrowing limit based on the lowest and most reasonable bids, not to exceed a loan cap of $10,000.

It is the responsibility of the property owner to select the contractor to perform the work. When the selected contractor is not the same one that provided the lowest bid, property owners pay the difference.

The city will pay the contractor upon completion of the work and receipt of Certificate of Completion and final inspection report.

## Safety Net Low Income Loans

### Safety Net Connection Loans

Property owners who qualify may use this loan to finance city sewer connection or conversion charges imposed upon a property to recover the costs of constructing public sanitary sewers. To qualify for the Safety Net Loan, the applicant must own and live at the property to be connected. The applicant's income cannot exceed specific income caps (see chart below).

| Household size | Family Income |
|---|---|
| 1 | $40,350 |
| 2 | $46,100 |
| 3 | $51,850 |
| 4 | $57,600 |
| 5 | $62,250 |

Additional assets cannot exceed $50,000.

These loans currently have a fixed and simple interest rate of 5% per year.

Borrowers under age 62 may defer making payments for five years. At the end of the deferred payment period, the original applicant must re-apply and qualify for an additional five-year deferment or the unpaid principle and accrued interest will be combined into a single loan balance, and will become payable in equal monthly installments. The length of this installment period shall be 5, 10, 15 or 20 years, depending upon the amount owed.

Borrowers age 62 and older may defer making payments until the property is sold or transferred. Loans are due in full upon sale or transfer of property.

### Safety Net Private Plumbing Loans

Property owners may use this loan to finance the cost of hiring a contractor to decommission cesspools or non-conforming sewer connections (party sewers) and install private sewer lines to connect with the public sewer. The qualifications and terms are the same as for the Safety Net Connection Loan. Initiation procedures are the same as for Private Plumbing Loans.

### All City Loans

No down payments are required and there are no penalties for early payoff. Penalties for late and non-payment may be charged if necessary. The City Auditor's Office will secure the loans via an assessment and entry into the Docket of City Liens. To make an unscheduled payment or get a loan-payoff amount, contact the Bureau of Revenue at 503-823-4090.