

**BOARD OF COMMISSIONERS  
FREEBORN COUNTY, MINNESOTA**

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**AN ORDINANCE ESTABLISHING AN  
INDIVIDUAL SEWAGE TREATMENT SYSTEM LOAN PROGRAM**

An Ordinance authorizing Freeborn County to establish and administer a public loan program that assists private landowners to finance site evaluation, installation, repair and replacement of individual sewage treatment systems.

**Article I - Purpose**

This Ordinance is adopted to provide for the creation of a public loan program that assists private property owners in the financing of site evaluation, installation, repair or replacement of individual sewage treatment systems. The Individual Sewage Treatment System Loan Program promotes the public health and welfare by preventing, reducing and eliminating water pollution from individual sewage treatment systems.

**Article II - Authority**

Freeborn County establishes an individual sewage treatment system loan program pursuant to the authority granted under Minnesota Statue Chapter 115, and Minnesota Rules 7080 and as amended that pertain to sewage and wastewater treatment and enforcement standards for individual sewage treatment systems.

**Article III - Definitions**

Unless the context specifically indicates otherwise, the terms used in this Article shall have the meaning hereby designated. Definitions shall also be adopted by reference from Minnesota Pollution Control Agency Rules 7080 and as amended as previously adopted by Freeborn County.

- Sec. 1 "Activity" and "Project" means a site evaluation, design, installation, repair or replacement of an Individual Sewage Treatment System.
- Sec. 2 "Applicant" means an individual or multiple property owners applying for a loan under the Individual Sewage Treatment System Loan Program.
- Sec. 3 "Improvement" means the site evaluation, design, installation, repair or replacement of an individual sewage treatment system.
- Sec. 4 "Individual Sewage Treatment System or ISTS" means a sewage treatment system or parts thereof, using soil treatment and disposal to treat 5,000 gallons or less of waste water per day (Minn. Stat. 116.18, Subd. 3c) or uses an alternative discharging system treating 10,000 gallons per day using treatment methods and disposal other than subsurface soil treatment and disposal.

Sec. 5 "Loan agreement" means an agreement entered into between Freeborn County and the Applicant. The Loan Agreement will include, but need not be limited to, general loan provisions, loan management requirements, application of payments, loan term limits and allowable expenses.

Sec. 6 "Property Owner" means the owner or owners of record with the Office of the Freeborn County Recorder of the property on which the ISTS that is installed, repaired or replaced is located.

#### **Article IV - Administration**

Sec. 1 The Freeborn County Sanitarian is designated the "Loan Administrator", responsible for administering the Individual Sewage Treatment System Loan Program.

Sec. 2 Freeborn County, acting through the Freeborn County Auditor/Treasurer's Office is designated as the "Local Lender" and is responsible for allocating loan funds. The Local Lender may contract with other lenders for the limited purpose of loan review, loan processing and servicing and for determining the eligibility of property owners for individual loans.

Sec. 3 All Activities or Projects under this Ordinance shall be performed by a licensed individual sewer treatment system professional and shall comply with the Minnesota Pollution Control Agency rules adopted pursuant to Minn. Stat. 115.55, Subdivision 3, and other applicable requirements.

Sec. 4 Loan funds shall be disbursed to approve Property Owners in the order in which applications are approved. In considering loan requests, the Loan Administrator shall consider the age and depth of the ISTS, the proximity of the ISTS to a water well, any pollution potential, and the risks to public health and safety.

Sec. 5 Participation in the Individual Sewage Treatment System Loan Program is voluntary and shall result in a lien on the benefiting property according to the terms set forth in Article VII of this Ordinance. The loan financing terms may be amended by the Freeborn County Board.

Sec. 6 The Property Owner has the right to prepay the assessment and the loan.

Sec. 7 The Office of the County Auditor/Treasurer shall be responsible for the administration of any liens against the benefiting property.

#### **Article V - Application, Pre-Certification and Certification Procedures**

Sec. 1 The Property Owner obtains a permit for the Project from Freeborn County Environmental Services and completes the pre-certification application.

Sec. 2 The landowner contacts any accredited equal credit opportunity lending institution and requests a loan for the sewer system installation. The applicant must receive a loan request denial letter from the lending institution and submit a copy of that letter with this sewer loan application.

- Sec. 3 The Freeborn County Environmental Services Department forwards the pre-certification application to the Loan Administrator for determination of Project eligibility.
- Sec. 4 The Property Owner obtains and completes the Local Lender's financial application and any necessary loan documentation for determination of loan eligibility.
- Sec. 5 Work on the Project shall begin promptly after Property Owner receives Project approval from the Loan Administrator and loan approval from the Local Lender. If work on the Project is not completed within 180 (one hundred eighty) days, loan funds will not be reserved for the Property Owner and reapplication will be required. Any Activity or Project under this Ordinance shall be performed by a licensed individual sewer treatment system professional and shall comply with the Minnesota Pollution Control Agency rules adopted pursuant to Minn. Stat. 115.55, Subd, 3, and other applicable requirements.
- Sec. 6 A Minnesota Pollution Control Agency (MPCA) Licensed Subsurface Sewage Treatment System (SSTS) Inspector from the Freeborn County Environmental Services Department shall inspect the Project and certify that the Project complies with all applicable requirements and shall promptly forward copies of the Project certification to the Local Lender and the Loan Administrator.
- Sec. 7 Upon receiving Project certification from the Freeborn County Environmental Services Department, the Freeborn County Auditor/Treasurer shall distribute the funds payable to the Property Owner and the licensed individual sewer treatment system professional.
- Sec. 8 The Freeborn County Auditor/Treasurer's Office shall notify the Property Owner in a form that meets the notice requirements of Minnesota Statute 115.57, Subd. 6 and which sets forth the amount of assessment against the property.
- Sec. 9 The Freeborn County Auditor/Treasurer Office shall complete a tabular lien statement and send it to the Freeborn County Recorder's Office to place this lien on record.
- Sec. 10 After the final loan payment is received by Freeborn County; the Freeborn County Auditor/Treasurer Office will direct the landowner to the Freeborn County Recorders Office to sign the satisfaction of lien document and pay the respective recording fee.

**Article VI - Eligibility**

Sec. 1 Eligible activities

- (a) Repair or replacement on an existing Individual Sewage Treatment System (ISTS) that does not conform with the provisions of Minnesota Rules Chapter 7080, 7081, 7082, or 7083.
- (b) Relocation of ISTS out of environmentally sensitive areas.
- (c) Replacement of Subsurface Sewage Treatment System that is failing to protect groundwater, an imminent threat to public health and safety, or non-conforming as defined by a compliance inspection.
- (d) Expansion or upgrading of a conforming ISTS due to construction of additional living quarters or expanded use as defined by a compliance inspection.

Sec. 2 Ineligible activities

- (a) Individual Sewage Treatment Systems (ISTS) in excess of flow rates as listed in Article III, Section 4 of this Ordinance.
- (b) New connections or repairing old connections to collection systems or municipal waste treatment systems.
- (c) Installation of ISTS for any new dwelling construction.
- (d) Costs that were incurred before the effective date or after the termination date of the Loan Agreement with the Applicant or before approval from Freeborn County of the Project.

**Article VII - Loan Financing Terms**

Sec. 1 Loan Eligibility

- (a) The Applicant must be the Fee Owner of a parcel of land where the sewer system is to be located.
- (b) The Activity or Project must be conducted on property located in Freeborn County.

Sec. 2 Terms of the Loan

- (a) The amount of the loan is limited to no more than the total cost of the Activity or Project.

- (b) The total amount of all assessments/liens/loans against this property shall not exceed the assessed estimated market value of the property as shown in the County Assessors records.
- (c) The loan amount, including accruing interest, shall be a lien against the real property for which the improvement was made and shall be assessed against the property unless the amount is prepaid.
- (d) The interest rate on the loan is 6% (six percent) as of June 1, 2011, and may be adjusted annually for new loans. Interest shall accrue beginning the date the Local Lender distributes the funds to the Property Owner.
- (e) Loan terms may not exceed a maximum time period of 15 (fifteen) years.
- (f) Freeborn County Environmental Services Department shall collect a \$100.00 septic system permit processing fee.

**Sec. 3      Repayment**

- (a) The Individual Sewage Treatment System Program shall be a revolving loan program.
- (b) Repayment of individual loans shall not extend more than 15 (fifteen) years from the date of the Loan Agreement.
- (c) Loan shall be paid in full prior to the transfer of said property.

**Sec. 4      Maintenance**

- (a) Property owner is required to have the septic tank and pump tank pumped by a MPCA licensed septic tank pumper at a three year interval for the life of the loan.

**Article VIII -      Separability**

If any part of this Ordinance shall be held invalid by a court of competent jurisdiction, it shall not invalidate any other section, provision, or part thereof.

**Article IX -      Effective Date and Dissolution**

This Ordinance shall be in full force and effect from and after the date of its passage and publication according to law. Freeborn County may dissolve the individual sewer treatment system loan program at anytime.

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I hereby certify that the above is a true and correct copy of a resolution adopted by the Freeborn County Board of Commissioners at their session on the \_\_\_\_ day of \_\_\_\_\_ 2011, and as appears on the Minutes of their record of proceedings.

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John Kluever  
Administrator/Clerk  
County of Freeborn  
State of Minnesota