

Washoe County
Department of Water Resources
Water and Sanitary Sewer Financial Assistance Program

**ACKNOWLEDGEMENT OF LOAN PROGRAM TERMS AND
CONDITIONS**

By executing and notarizing the *Acknowledgement of Loan Program Terms and Conditions*, the undersigned applicant acknowledges receipt of the Loan Program Policies and Procedures and understands that issuance of a Program loan commitment is subject to the undersigned applicant's compliance with the following minimum terms and conditions:

1. PURPOSE OF LOAN.

A Program loan and any other financial assistance shall only be issued to eligible owners of residential properties for the exclusive purpose of paying actual and necessary property improvement costs and expenses:

- a. To disconnect from a private water or sewer system;
- b. To eliminate, decommission or properly abandon a private water or sewer system; and
- c. To connect to a Washoe County public water or sewer system.

The applicant acknowledges that a loan provided by the Washoe County Department of Water Resources Water and Sanitary Sewer Program to finance the above described property improvement costs is exempt from the provisions of the Homestead Act per NRS 115.010.

2. LOAN ELIGIBILITY.

- a. Before considering of the issuance of a Program loan, the applicant must satisfactorily complete, sign and submit an *Application, Acknowledgement of Loan Program Terms and Conditions, Credit Report Authorization and Release* and must pay a **non-refundable \$400 Loan Application Fee**.
- b. Upon submission of the Application, the applicant must be the owner of record of the residential property to be connected to the public water or sewer system and must provide a certified copy of the deed from the Washoe County Recorder that evidences his/her current record ownership of the subject residential property.
- c. An applicant must be current on property taxes, special assessments and any existing mortgage(s), deed of trust, promissory note or other security instrument, agreement or credit arrangement related to the subject residential property, if any. Residential properties having additional or other recorded financial encumbrances or obligations may not qualify for participation in the Program. Applicants must provide documentation and/or related financial information sufficient to appropriately determine and verify credit eligibility.

d. The applicant's residential property must be within 400 feet of a Washoe County Water or Sewer main or distribution line, and the residential property must have legal access to the public water or sewer system through a public street, road or right-of-way, or permanent easement.

e. The subject property must be a permanent residential structure or mobile or manufactured home with a permanent foundation and must be assessed as real property by the Washoe County Assessor.

f. All terms and conditions of eligibility must continuously be met, and all required forms and information outlined in the Program Loan Policies and Procedures must be satisfactorily completed, signed and notarized (when required) to maintain eligibility prior to the disbursement of loan funds.

3. CONSTRUCTION AND AUTHORIZED CONSTRUCTION EXPENSES.

a. Any construction or other work initiated prior to receipt of an *Offer of Preliminary Loan Commitment* may be ineligible for financing under this Loan Program. All construction must be completed within twelve (12) months of receiving an *Authorization to Proceed to Construction*. Failure to complete construction within twelve (12) months shall require an applicant to reapply for a Program loan by repeating the Program Loan Application process and payment of an additional application fee.

b. Washoe County may require eligible Loan Program applicants, who intend to use a licensed Contractor to perform the work or services under this Loan Program, to submit a specified number of bids prior to commencement of the work or services. All Contractors must be properly licensed in the State of Nevada, be in good standing and duly qualified under all applicable federal, state and local laws.

c. Contractors, property owners or other qualified persons who conduct work which is to be financed under this Loan Program shall be required to meet all applicable standards, obtain all applicable permits, and comply with all applicable inspection, permitting, or other regulatory requirements.

d. Washoe County shall not be responsible for supervising construction or for ensuring that the terms, conditions and obligations under any agreement between the applicant and any contractor, or other qualified person who provides services to applicants under this Loan Program, have been satisfactorily performed, including, without limitation, payment for completed work or services or the quality of construction.

e. All authorized construction costs and expenses for completed work must be verified by invoices or receipts from a duly licensed Contractor or property owner or other qualified person, who has actually performed and completed the services or

work. Loan Program funds shall not be provided for time spent or work performed by property owners. Washoe County shall carefully review expenses submitted to ensure that only reasonable and necessary eligible costs are financed.

4. LOAN TERMS.

a. The Loan Program annual interest rate shall be based on the weighted average cost of debt within Washoe County's Department of Water Resources at the time the loan is closed or when all Program Loan Documents are executed and recorded ("Closing Date"), plus a one percent (1%) Loan Administrative Fee. The combined Loan Program annual interest rate and Loan Administrative Fee will be 4.88% from July 1, 2010, through June 30, 2011. This fixed interest rate shall apply for the duration of the loan term, which shall be twenty (20) years, subject, however, to earlier termination pursuant to the terms of the promissory note and deed of trust or loan agreement. Washoe County, in its sole discretion, reserves the right to combine individual loans into a package to be refinanced through the sale of a long term bond. Currently Washoe County intends to refinance individual loans; therefore, a modified interest rate in the future is likely. Should refinancing through a long term bond occur, borrowers under existing Program loan interest rates shall be subject to a revised bond interest rate, plus the above-mentioned Loan Administrative Fee. The final interest rate on the bond will depend on the financial market at the time the bond is sold and will likely be higher than the original Program loan interest rate noted above. Borrowers under an existing Program loan will be notified within sixty (60) days of a possible change in interest rate and will have the option of paying off the original Program loan in full.

b. Final loan terms, conditions and disclosures will be outlined in the promissory note and deed of trust or loan agreement, which are to be signed, notarized by both the applicant and Washoe County and recorded in the Washoe County Recorder's Office. Loans shall not be assigned or otherwise transferrable to another property owner and must be paid in full upon conveyance or transfer of the real property to a new owner.

c. Repayment of Program loans shall be made in quarterly installments. Each late Program loan payment shall accrue a monthly penalty equal to five percent (5%) of the delinquent installment, plus any applicable penalties previously accrued. On May 1 of each year, any parcel with four or more delinquent installments shall have all delinquent amounts, plus any accrued service charges, fees, interest and penalties, added to the real property tax roll. Any further delinquent installments beyond the first four shall result in the entire outstanding amount of the Loan being added to the real property tax roll.

5. LOAN CLOSING.

a. Prior to releasing Program loan funding, all required Program loan documents must be executed by the applicant, and where applicable, notarized and recorded with

the Washoe County Recorder. Washoe County shall prepare the Loan closing documents, such as a promissory note, deed of trust or loan agreement to properly secure and pledge the Loan recipient's real property as collateral for the repayment of the Loan. Program loan amounts above \$25,000 shall require the approval of the Board of County Commissioners. The following Program loan documents must be satisfactorily completed by each loan applicant prior to disbursement of loan funds:

- a. Loan Application
- b. Credit Report Authorization and Release
- c. Acknowledgment of Loan Program Terms and Conditions
- d. Offer of Preliminary Loan Commitment
- e. Acceptance of Preliminary Loan Commitment
- f. Acknowledgement of Exclusive Relationship Between Contractor and Property Owner
- g. Final Offer of Loan Commitment
- h. Acceptance of Final Loan Commitment
- i. Deed of trust
- j. Promissory note
- k. Other documentation as required by the Program Administrator

Washoe County's consideration of an applicant's eligibility for a Program loan or Washoe County's possible issuance of any Program loan shall be conditioned upon all Program loan documents being completed and timely submitted in final and appropriate form to the satisfaction of Washoe County.

6. WITHDRAWAL OF LOAN APPLICATION.

An applicant may decline financial assistance or withdraw a Loan Program Application at any time prior to disbursements of Program loan funds for any reason or no reason at all. Applicants who withdraw a Loan Program Application at any stage in the process after the Application fee has been paid shall not be entitled to a refund of the Application fee.

Due to the nature the non-refundable Application Fee, it is the responsibility of applicants to carefully evaluate eligibility requirements, program policies and procedures, and loan program terms and conditions outlined above before submitting an Application.

7. CANCELLATION OF LOAN APPLICATION.

Washoe County reserves the right to cancel this Program loan process and not to proceed with consideration of issuing a Program loan hereunder at any time prior to the Program loan Closing Date upon the occurrence of any of the following events.

- a. The failure of the applicant to: (1) comply with Washoe County's request for information in connection with the ongoing review and consideration of the applicant's credit, or (2) execute and deliver, in connection with the Loan, any

documents deemed reasonably necessary and appropriate by Washoe County for consideration of a Program loan; or

- b. The failure of the applicant to disclose to Washoe County all information material to the making of the loan and the security for the loan, or the misrepresentation by applicant of any material fact relating to any of the above or the financial condition or status of the applicant; or
- c. Any event, occurrence or circumstance which, in Washoe County's good faith opinion, would impair the ability of the applicant to perform under the terms, conditions and obligations of the Program loan, including, but not limited to, any change in circumstances deemed by Washoe County to be material, in the security for the Program loan, or the earnings or credit standing of the applicant; or
- d. The determination by Washoe County that the security for the loan is inadequate or insufficient.

The undersigned Applicant(s) acknowledges and agrees to pay the non-refundable Loan Application Fee and agrees to abide by all terms and conditions and eligibility requirements of the Washoe County Water and Sanitary Sewer Financial Assistance Program as disclosed above, as set forth in the Policies and Procedures of the Financial Assistance Program and as set forth in Program loan documents. The undersigned further acknowledges and understands that these Program loan terms and conditions do not constitute a binding commitment or contract on the part of Washoe County to issue a Program loan until all Program loan documents have been duly executed, notarized and, where applicable, recorded with the Washoe County Recorder's Office, and the credit status of Applicant(s) is determined by Washoe County to be sufficient to be able to meet financial obligations under the terms of this Loan Program.

IN WITNESS WHEREOF, the undersigned duly executes this instrument on the day and year written below.

Borrower/Applicant

Date

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this _____ day of _____, 2011, before me, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Notary Public

My Commission expires: _____

Co-Borrower/Applicant (if applicable)

Date

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this _____ day of _____, 2011, before me, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Notary Public

My Commission expires: _____