
Chapter 5.110

[Water] Connection Pipe Emergency **DIAGNOSTIC AND** Replacement Loan Program

5.110.010 Definitions.

In this chapter, the following terms have the meanings indicated:

- (a) "Administrator" means the entity selected by WSSC to administer the loans.
- (b) "Applicant" means a residential customer of the Commission that applies for a loan under the loan program.
- (c) "Borrower" means a customer that has received a loan from the loan fund.
- (d) "Commission" or "WSSC" means the Washington Suburban Sanitary Commission.
- (e) "Customer" means a residential customer of the Commission who owns the property upon which the [water] service pipe from the residence to the Commission's service connection is located.
- (f) **"DIAGNOSTIC ACTION" MEANS WORK RELATED TO THE INVESTIGATION OF ANY MALFUNCTION OF A SEWER PIPE THAT RESULTS IN THE REPLACEMENT OF THE SEWER PIPE.**
- (G) "Lien" means a lien held in the sole name of the Commission established in the land records of the county where the residential property is located securing repayment of:
 - (1) The loan, including principal, interest, late charges, cost of collection; and
 - (2) Reasonable attorney's fees.

[(g)] (H) "Loan" means funds borrowed from the Commission in accordance with the loan program.

[(h)] (I) "Loan credit criteria" means the financial credit criteria established by the Commission that an applicant must meet to qualify for a loan from the loan program.

[(i)] (J) "Loan fund" means the [water] connection pipe emergency **DIAGNOSTIC ACTION AND** replacement fund.

[(j)] (K) "Loan program" means the [water] connection pipe emergency **DIAGNOSTIC ACTION AND** replacement loan program.

[(k)] (L) "Loan program eligibility criteria" means the criteria an applicant must meet to qualify to participate in the loan program.

[(l)] (M) "Loan repayment schedule" means the payment schedule providing the monthly payments of principal and interest over the term of the loan.

[(m)] (N) (1) "Pipe" means a water **OR SEWER** service pipe connection located on a customer's property that connects from the Commission's service connection to a customer's residence.

(2) "Pipe" includes polybutylene pipes.

[(n)] (O) "Ratepayer revenues" mean those funds generated by Commission ratepayers in the current fiscal year.

[(o)] (P) "Residential property" means the borrower's property upon which the lien is placed.

5.110.020 Purpose and intent.

(a) The purpose of this regulation is to establish the requirements for the administration of the Commission's [water] connection pipe emergency **DIAGNOSTIC ACTION AND** replacement loan program.

(b) The intent of the loan program is to provide loans to eligible customers to finance **DIAGNOSTIC ACTION AND** the replacement of leaking pipes located on a residential property that connects from the Commission's service connection to the residence.

5.110.030 Program administration.

(a) The Chief Financial Officer is:

(1) Responsible for the loan program; [and]

(2) Delegated the authority to administer the loan program in accordance with this chapter; **[and]**

(3) Authorized to select an entity to administer the loans; and

(4) Authorized to incorporate other program terms as determined necessary by the Chief Financial Officer.

(b) An administrator may administer the loan program and the loan fund, in accordance with a memorandum of understanding, that will stipulate the terms of the loan agreement including:

(1) Commission transfer of annual **[\$100,000] \$200,000** to designee as the source of the loan fund;

(2) Investment guidelines for the loan fund;

(3) Loan credit criteria;

(4) Loan terms;

(5) Loan billing process;

(6) Delinquent loan collection process;

(7) Lien requirements;

(8) Monthly reporting of loan program activity, including loans made to and payments received from each borrower and any delinquent loan information; and

(9) Annual reconciliation and payment to Commission of funds remaining in the loan fund as of June 30th.

(c) Administrative fees for the loan program may be set by the Commission.

5.110.040 Loan program eligibility criteria.

(a) A residential customer that has been notified by WSSC by a 30-day leak letter of an active **WATER** pipe leak may apply for a loan from the loan fund.

(b) **A RESIDENTIAL CUSTOMER THAT HAS BEEN NOTIFIED BY A WSSC LICENSED PLUMBER OR SEWER AND DRAIN CLEANER OF A MALFUNCTION IN A SEWER PIPE MAY APPLY FOR A LOAN FROM THE LOAN FUND.**

(C) An applicant [must] **SHALL** have no other loan outstanding under the loan program.

[(c)] **(D)** The [repair] **WATER PIPE REPLACEMENT** shall be performed and certified by a WSSC licensed plumber **UNDER A PERMIT ISSUED BY WSSC** after receipt of two quotes for the work to be performed. **THE DIAGNOSTIC ACTION FOR A SEWER PIPE MAY BE PERFORMED BY A WSSC LICENSED PLUMBER OR SEWER AND DRAIN CLEANER WITHOUT RECEIPT OF QUOTE. THE SEWER PIPE REPLACEMENT SHALL BE PERFORMED AND CERTIFIED BY A WSSC LICENSED PLUMBER UNDER A PERMIT ISSUED BY WSSC AFTER RECEIPT OF ONE QUOTE FOR THE WORK TO BE PERFORMED.**

[(d)] **(E)** The applicant shall provide:

- (1) The [plumber's] **PLUMBER OR SEWER AND DRAIN CLEANER'S** license number; and
- (2) The [plumber's] **PLUMBER OR SEWER AND DRAIN CLEANER'S** contact information.

[(e)] **(F)**

- (1) An applicant shall acknowledge that the loan will require a lien to be placed on the property until the loan is paid off.
- (2) The lien may not have priority over an existing mortgage, deed of trust or other security interest in the property.

[(f)] **(G)** Loans shall be provided on a first-come, first-served basis.

[(g)] **(H)** An applicant shall agree to repay the loan in accordance with the loan repayment schedule.

[(h)] **(I)** An applicant shall meet the credit criteria utilized by the administrator.

[(i)] **(J)** An applicant is not required to apply for the loan within the time frame in the 30-day leak letter.

5.110.050 Loan terms.

- (a) The maximum amount of the loan is [~~\$5,000~~] **\$10,000**.
- (b) [~~A disbursement~~] **DISBURSEMENTS** of the loan shall be made directly to the plumbing **OR DRAIN CLEANING** company **OR BOTH**.
- (c) The term of the loan is 12 to 60 months.
- (d)
 - (1) Subject to subsection ~~(d)(3)~~ of this section, the interest rate for new loans is equal to the prime rate as of each July 1st, less 100 basis points.
 - (2) If payment is made by payroll deduction, an additional 50 basis point reduction to the interest rate shall be applied.
 - (3) The floor for the interest rate on a loan is:
 - (i) Four and one-half percent; or
 - (ii) Four percent for the loan with payroll deduction.
- (e) The monthly payments of principal and interest shall be in a level payment amount in accordance with the loan repayment schedule.
- (f) After a 15-day grace period, a late charge of \$10.00 shall be applied for each late payment.
- (g)
 - (1) The loan shall be a lien against the property on which the pipe is replaced that continues until the loan is paid in full.
 - (2) In the event of default, the enforcement of the lien shall be in accordance with the Maryland Contract Lien Act.

5.110.060 Annual program year and source of funds.

- (a) The annual loan program funding fiscal year shall begin July 1st and end June 30th.
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- (b) The Commission shall include [~~\$100,000~~] **\$200,000** in each of its annual operating budget proposals for the loan program for fiscal years 2020 through [~~2029~~] **2034**.
- (c) The [~~\$100,000~~] **\$200,000** for the loan fund shall be from ratepayer revenue generated by WSSC.
- (d) Interest earned on the money in the loan fund shall be credited to the loan fund along with any other money from any other source accepted for the benefit of the loan fund.
- (e) The loan fund shall be used only for:
- (1) Qualifying loans; and
 - (2) The administration of costs of the loan program.
- (f) The loan program may not:
- (1) Provide for more than [~~\$1~~] **\$2** million in total loans; or
 - (2) At any time have outstanding more than [~~\$1~~] **\$2** million in total loans. (Res. 2019-2218)

5.110.070 Reporting requirements.

- (a) The Finance Department shall maintain loan records for each borrower:
- (1) Through a Commission financial system; or
 - (2) As provided by the administrator.
- (b) The Finance Department shall prepare an annual report for the Commission summarizing the activities of the loan program during each fiscal year.
- (c) The annual report shall include:
- (1) The number and dollar amount of loans outstanding at July 1st;
 - (2) The annual funding amount;
 - (3) The number of loans and the dollar amount of loans provided during the fiscal year;
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- (4) The principal, interest and penalties paid during the fiscal year;
 - (5) Interest earned on the funds remaining in the loan fund;
 - (6) The June 30th ending balance and number of the loan fund; and
 - (7) The number and dollar amount of loans in default.
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