

# **Models For Tackling Failing Septic Systems: LINKED DEPOSITS**

*CIFA 2021 Fall Workshop – Salt Lake City, Utah*

# Iowa's Linked Deposit Programs

The Iowa SRF Program offers four Linked Deposit Loan Programs to fund landowner conservation practices and homeowner septic system improvements.

## Local Water Protection Program (LWPP)

- For landowners to prevent runoff
- Projects are approved by IDALS Division of Soil Conservation

## Livestock Water Quality Program (LWQ)

- For livestock producers for manure management
- Projects approved by IDALS Division of Soil Conservation

## Storm Water Program (SWP)

- For projects that address water quality
- Projects approved by IDALS Division of Soil Conservation

## Onsite Wastewater Assistance Program (OSWAP)

- For homeowners to repair or replace septic systems
- Projects approved by County Sanitarian & DNR



# Iowa's Linked Deposit Programs

Program	Local Water Protection Program (LWPP)	Livestock Water Quality Program (LWQ)	Stormwater Program (SWP)	Onsite Wastewater Assistance Program (OSWAP)
<b>Purpose</b>	Assist landowners with projects that control runoff of sediment, nutrients, pesticides or other pollutants from entering Iowa waterways	Projects to prevent, minimize or eliminate non-point source pollution of Iowa's waterways from animal feeding operations	For projects that address stormwater runoff and are designed to keep pollutants out of waterways	Offers financing to homeowners for the replacement of inadequate or failing septic systems
<b>Eligible Projects</b>	Buffer strips, field borders or windbreaks, filter strips, grade stabilization structures, grassed waterways and terraces	Improvements to existing animal feeding operations: manure management structures (roofed buildings, waste storage, and solid settling basins), manure management plans, solid settling basins, and prescribed grazing	Detention basins, grassed waterways, infiltration practices, pervious paving systems, ponds or wetland systems and soil quality restoration	Eligible applicants must own an existing home with a septic system not served by public sewer. The project must include both a septic tank and secondary treatment system
<b>Projects Approval</b>	Initial approval by the Local Soil and Water Conservation District (SWCD) and reviewed by IDALS.  For more information on project eligibility or approval, contact Rob Davis at 515.281.6148 or rob.davis@iowaagriculture.gov.		Approval by an Urban Conservationist with IDALS.  Contact your local SWCD office to be introduced with your Urban Conservationist.	Cory Frank at DNR and the County Sanitarian.  For eligibility questions, contact Cory Frank at 515.689.7941 or cory.frank@dnr.iowa.gov.
<b>Loan Amount</b>	\$5,000 to \$500,000	up to \$500,000	\$10,000 to \$500,000	From \$2,000
<b>Interest Rate</b>	Not to exceed 3.00%			
<b>Term</b>	Up to 10 years	Up to 15 years	Up to 20 years	Up to 10 years



# Iowa's Linked Deposit Programs

<b>Program Name</b>	<b>Lenders</b>	<b>Loans</b>	<b>Total Deposits</b>	<b>Outstanding Deposits</b>
Local Water Protection Program	312	2,897	\$56,093,131	\$8,031,418
Livestock Water Quality Program	214	563	\$74,892,855	\$23,004,210
Onsite Wastewater Assistance Program	315	2,264	\$19,541,739	\$3,667,308
Storm Water Program	12	15	\$1,450,534	\$345,929
<b>Total</b>			<b>\$151,978,260</b>	<b>\$35,048,865</b>



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# Onsite Wastewater Assistance Program

## Overview

The Onsite Wastewater Assistance Program (OSWAP) offers low interest loans through participating lenders to homeowners for the replacement of inadequate or failing septic systems.

According to Iowa law, all septic systems, regardless of when they were installed, must have a secondary wastewater treatment system following the septic tank.



# Onsite Wastewater Assistance Program

## Eligibility

- Applicants must own an existing home with a septic system in an area not served by a public sewer.
- Approved systems include both a septic tank and secondary treat

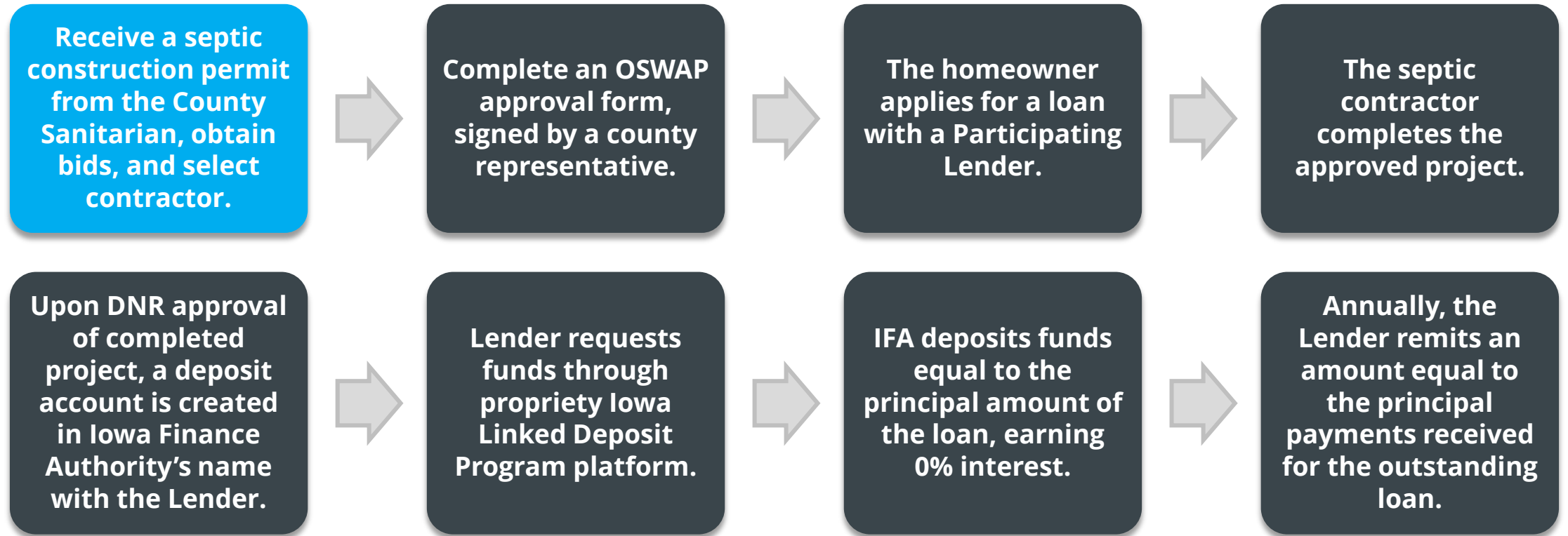
## Loan Terms

- Amounts from \$2,000
- Interest Rate: Not to exceed 3.00%
- Term: Up to 10 years



# Onsite Wastewater Assistance Program

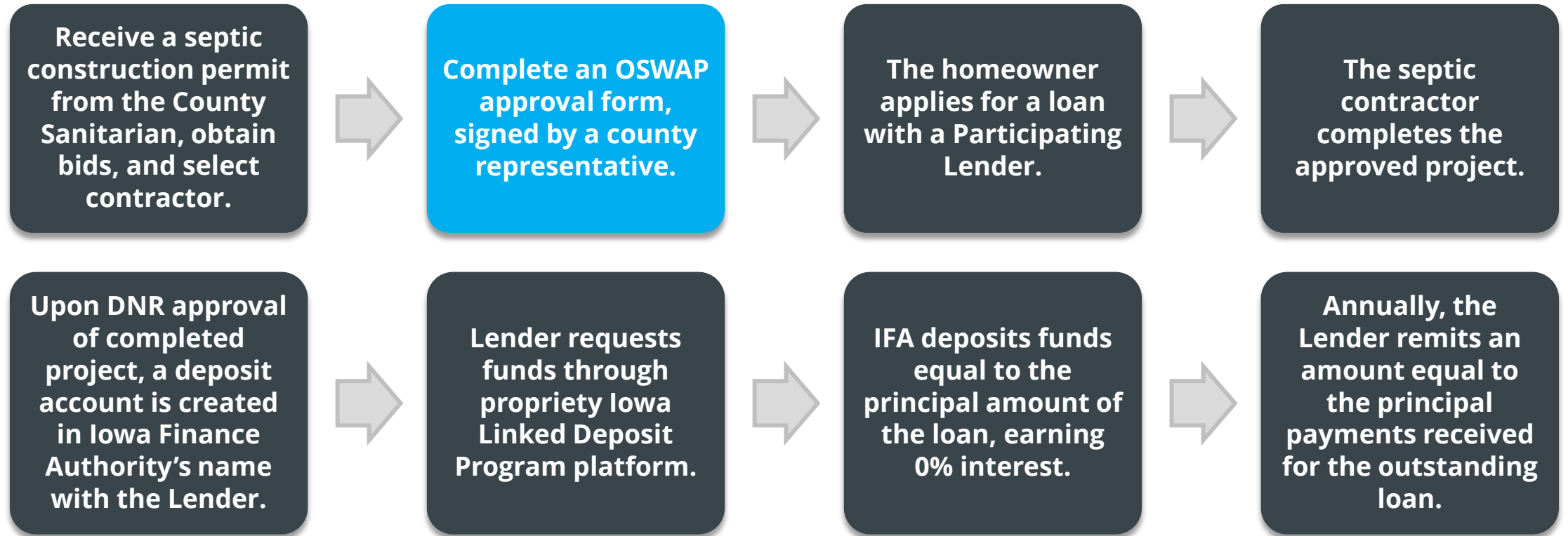
## Process





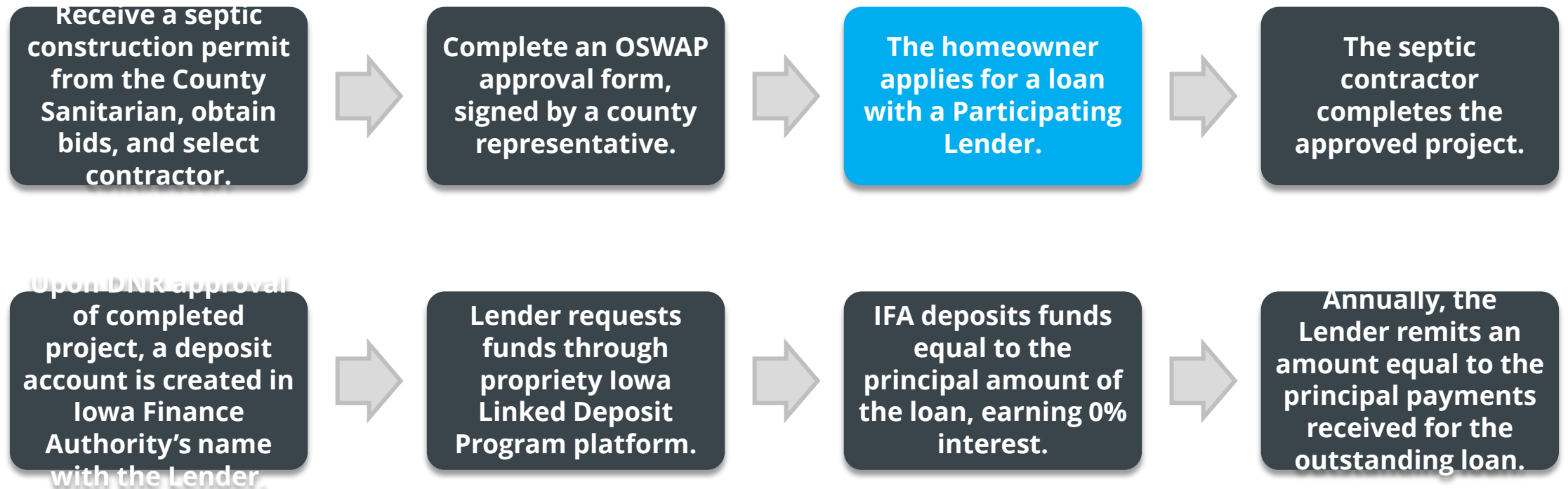
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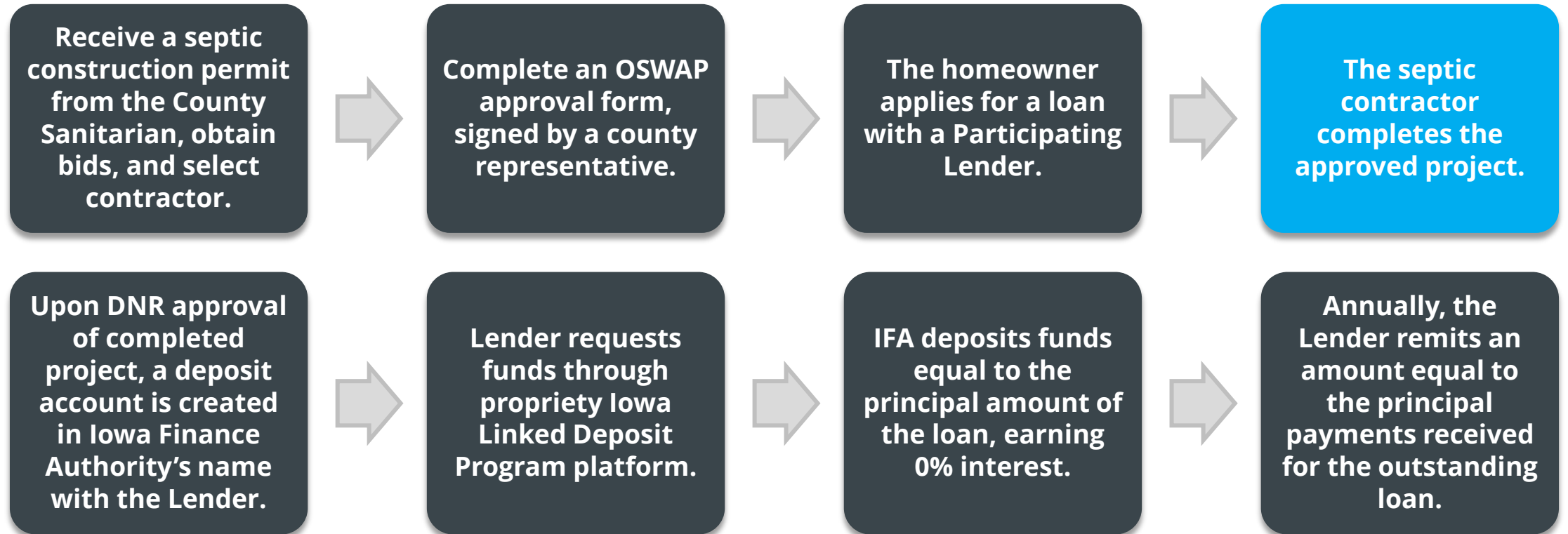
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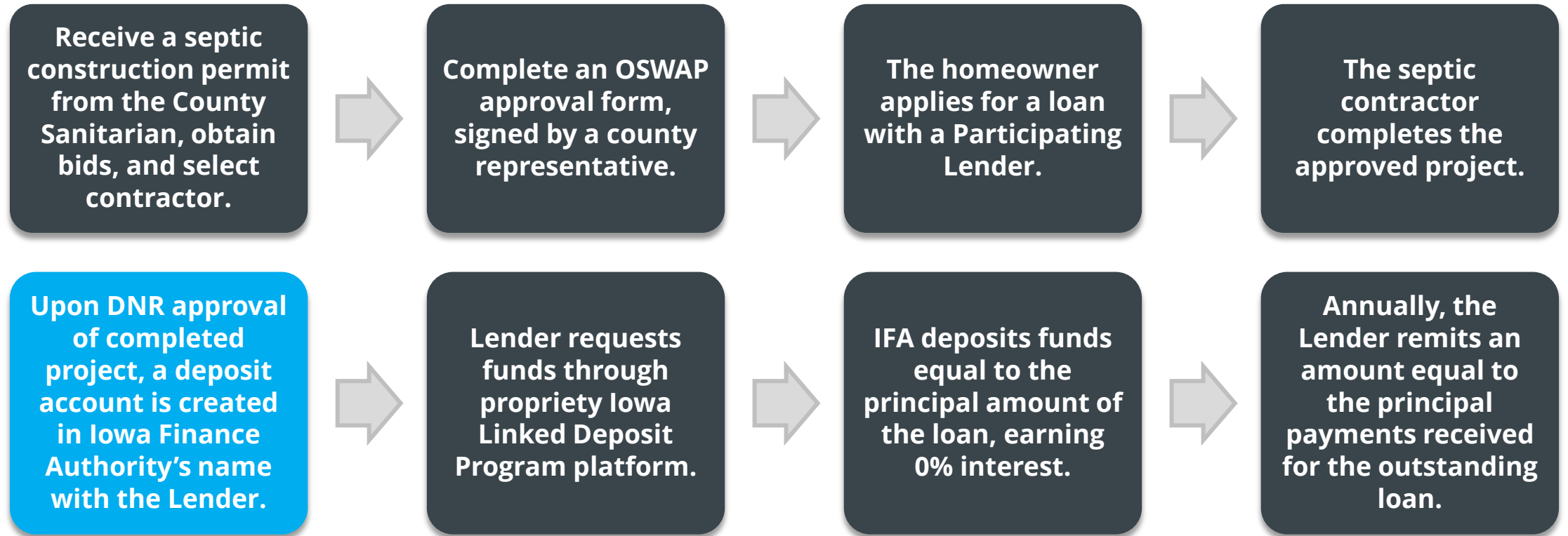
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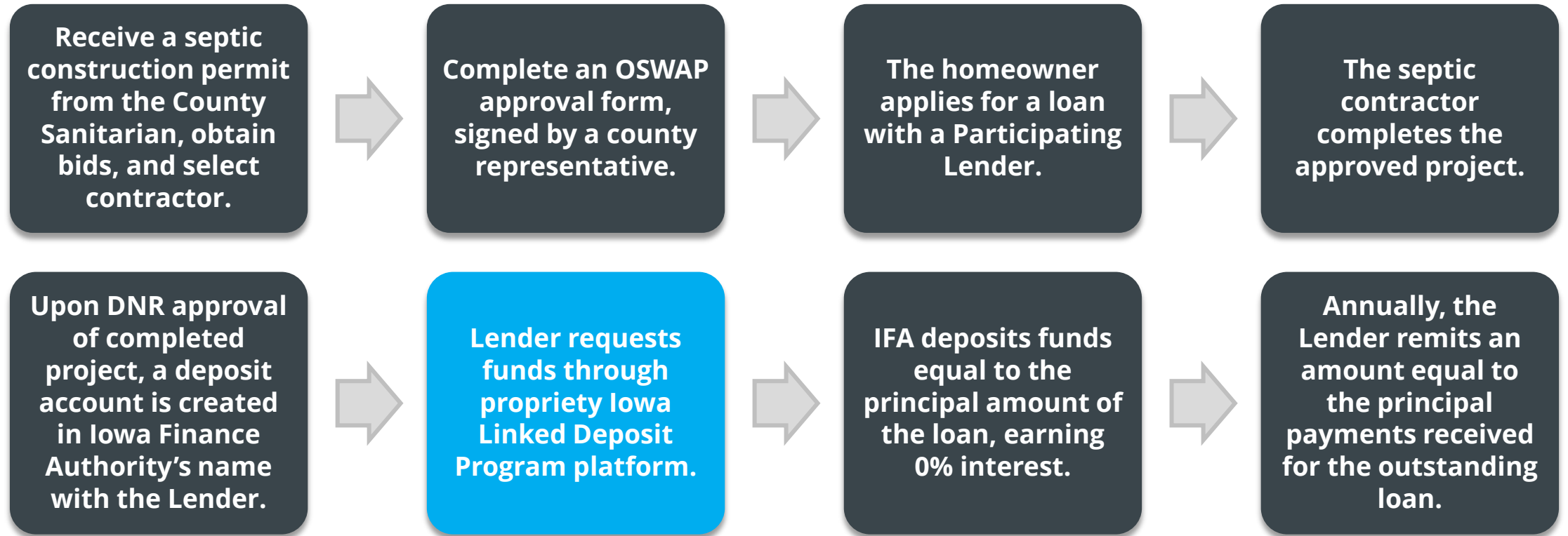
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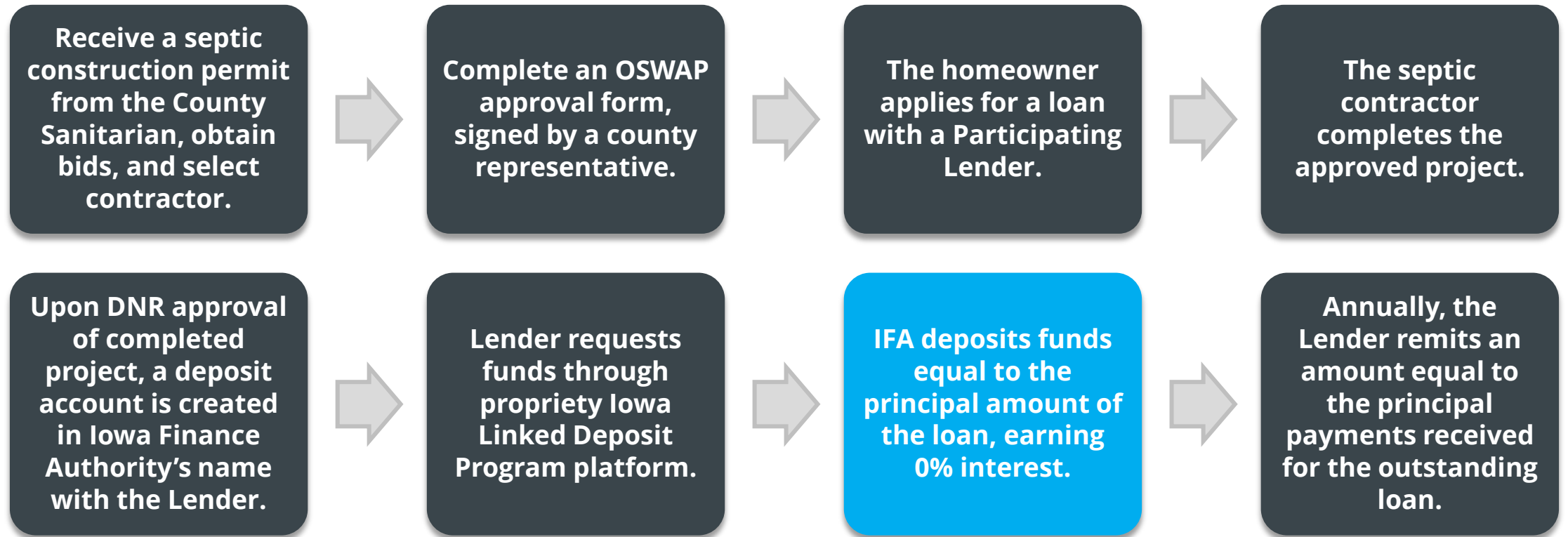
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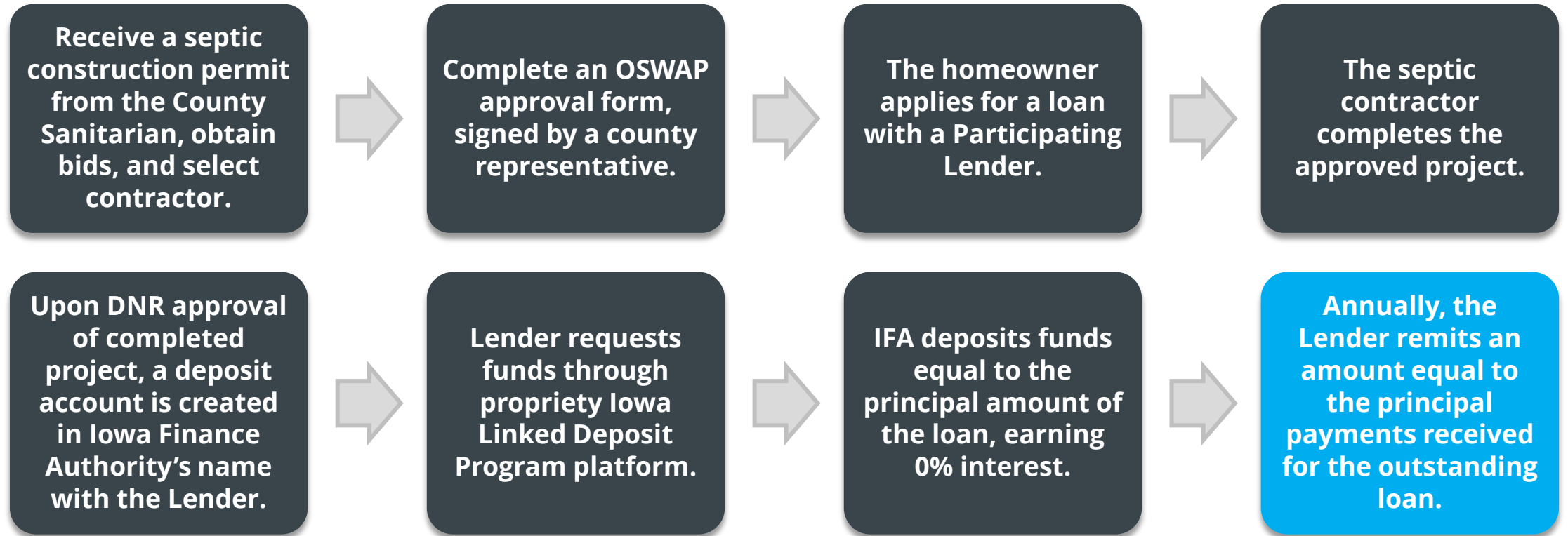
# Onsite Wastewater Assistance Program

## Process



# Onsite Wastewater Assistance Program

## Process



# Partnerships = Success

- County Sanitarian
  - Approves project and issues construction permit
  - Signs off on OSWAP approval form
  - Conducts final inspections and approves completed system
- DNR
  - Approves application, project and dollar amount and authorizes IFA to fund the deposit
- Lending Partners
  - Assumes the risk of originating and underwriting the loan, and collecting payment





## Onsite Wastewater Assistance Program

### Overview

The Onsite Wastewater Assistance Program (OSWAP) offers low interest loans through participating lenders to homeowners for the replacement of inadequate or failing septic systems. According to Iowa law, all septic systems, regardless of when they were installed, must have a secondary wastewater treatment system following the septic tank.

### Eligibility

- Applicants must own an existing home with a septic system in an area not served by a public sewer.
- Approved systems include both a septic tank and secondary treatment system such as a leach field.

### Process

- Obtain a septic construction permit from county sanitarian.
- Complete an OSWAP approval form.
- Apply for a loan through a [participating lender](#). Please note, lenders may become a participating lender by following the simple steps provided [here](#).
- Hire a septic contractor to complete the approved project.

### Loan Terms:

- Loan amounts start at \$2,000
- Terms up to 10 years
- Can fund up to 100% of actual costs
- The interest rate charged to the borrower will not exceed 3%
- Applications accepted on an ongoing basis
- Available through the lender of your choice

### Program Resources



[View program resources](#)

### Application Information



[View lender application information.](#)

### Testimonial



I was surprised by how affordable my payments were with 3% interest over 10 years. OSWAP is a very convenient, affordable and easy program that I would

## OSWAP Resources

[Private Septic System Information including list of County Sanitarians](#)  
[OSWAP Outline](#)  
[OSWAP Approval Form](#)

## OSWAP Lender Information

### Become a Participating Lender

1. The lender must complete the Lender Participation Agreement and email to [waterquality@iowafinance.com](mailto:waterquality@iowafinance.com).
2. After receiving the signed Lender Participation Agreement, IFA will activate the lender. The lender may now access the online system.

### Project Application Process

The borrower works with the County Sanitarian on the initial phases of the project. For more information on project eligibility or approval, contact [Cory Frank](#) at 515.689.7941.

### Loan Application Process

1. The borrower completes the lender's loan application process.
2. When the local lender approves the loan, the lender completes the OSWAP online application.

### Loan Completion

1. After the project has been completed, inspected and certified by the County Sanitarian, the OSWAP approval form, permit, along with the appropriate invoices are emailed to [Cory Frank](#). DNR will approve the project and loan amount online.
2. After DNR approves the project, IFA approves the loan and the lender receives an email that funds can now be requested.
3. The lender may request the funds online.
4. Funds are deposited in the financial institution and the borrower receives his/her loan from the lender.

### Annually

1. Approximately a week before the anniversary date of the loan, IFA will send a notice to the lender via email reminding the lender that IFA will withdraw from its deposit account an amount equal to the principal that has been repaid.
2. The amount in the deposit account and the amount of the outstanding principal on the loan will be the same.

# Keep it simple



## OSWAP Approval Form

Requires County Signatures for (1) Onsite System Plan and (2) Final Inspection  
AND Applicant's Signature

County: \_\_\_\_\_ County Permit #: \_\_\_\_\_

Owner's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: (Home) \_\_\_\_\_ (Work) \_\_\_\_\_ (Cell) \_\_\_\_\_

Property Address: \_\_\_\_\_

Problem with Existing System: \_\_\_\_\_

Facility is connecting to a Publicly Owned Treatment Works (if Yes, skip to signature at #5):  Yes  No

Home: # Bedrooms (BRs) \_\_\_\_\_  Other: (e.g. Shop, Office, etc) \_\_\_\_\_

System Design Flow in Gallons/Day: (150 x # BRs, if a home) \_\_\_\_\_

Soil Evaluation: Is Site Suitable for Soil Absorption System?  Yes  No

Soil Test Method (check one or both boxes):  Percolation Test  Soil Evaluation  Other: \_\_\_\_\_

Soil Absorption Rate: \_\_\_\_\_ (Minutes/Inch) Other Factors: \_\_\_\_\_

Limiting Layer Depth: \_\_\_\_\_ Limitation Type (Rock, Impervious Clay, Groundwater): \_\_\_\_\_

### Onsite Wastewater System Plan:

1. Septic Tank: # Tanks \_\_\_\_\_ Total Capacity (Gallons): \_\_\_\_\_ Material (Concrete, Plastic): \_\_\_\_\_

### 2. Secondary Treatment System:

a. Soil Absorption: Type (e.g. Chamber, Gravel, etc) \_\_\_\_\_ Length \_\_\_\_\_ Width \_\_\_\_\_ Depth \_\_\_\_\_

b. Other: (e.g. Sand filter or media filter, etc) Type \_\_\_\_\_ Size \_\_\_\_\_

Brand (if applicable) \_\_\_\_\_ Additional Treatment (if applicable) \_\_\_\_\_

3. Is This a Surface Discharging System?  Yes  No Is NPDES Permit Applied For?  Yes  No

4. System Management Plan (required) \_\_\_\_\_

5. Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

(1) Plan Approved \_\_\_\_\_ Date \_\_\_\_\_

County Representative

### 6. Final Inspection:

(2) Completed System Approved \_\_\_\_\_ Date \_\_\_\_\_

County Representative



# Linked Deposit Benefits

**Borrowers can work directly with their own financial institutions instead of the CWSRF program directly, bringing familiarity and comfort to the process.**

**The linked deposit arrangement also provides the bank with a new product to offer their existing customers, and potentially attract new customers.**

**Our partnerships reduce the administrative burden that would otherwise fall to the CWSRF program.**

- This allows the CWSRF program to assist many small, individual borrowers.

