

28 GAR – PUBLIC UTILITIES
CH. 2 – GUAM WATERWORKS AUTHORITY

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Article 9 Guam Waterworks Authority Wastewater Revolving Loan Fund

- §2901. Requirement to Qualify for Loans for Service Connections to Public Sewer Lines, Related Charges, and Penalties for Non-Payment.
- §2902. Connection Required Upon Availability of Public Sewer.
- §2903. Loan Application To Be Filed With the Guam Waterworks Authority.
- §2904. Connection Procedures.
- §2905. Revolving Loan Fund.
- §2906. Availability of Wastewater Revolving Loan Fund.
- §2907. Installment Contract.

§2901. Requirement to Qualify for Loans for Service Connections to Public Sewer Lines, Related Charges, and Penalties for Non-Payment.

- (a) The Guam Waterworks Authority will loan money to residential homeowners for the purpose of installing private service laterals. These loans will be available to Applicants who currently are not connected to a Guam Waterworks sewer line provided they have been rejected for a conventional loan from at least one commercial bank licensed to do business in Guam. If an Applicant is in a bona fide public assistance program, the requirement for a bank rejection will be waived.
- (b) The Guam Waterworks Authority is required to charge for said loan. The amount for loan charges shall be based on the USDA Home Loan interest rate at the time the loan is entered into. The charges shall be deposited into the "GWA Wastewater Revolving Loan Fund" less GWA administrative costs to administer the loans. The Guam Waterworks Authority shall have full authority to manage the funds deposited into the "Wastewater Revolving Loan Fund." The monies deposited into the account are to be separate and apart from any Government of Guam account and shall have separate financial controls maintained for the fund.
- (c) Any person, who pursuant to this rule may be qualified to enter into a revolving credit agreement with Guam Waterworks Authority is required to pay for the cost thereof as

provided below. The penalty for failure to repay the loan will result in loss of water service and property may not be transferred until such time as the loan is paid. Any such agreement shall be subject to availability of funds and the sewer lateral must be constructed according to requirements set forth in the Rules and Regulations for Water and Sewer Services ("Service Rules") for the Guam Waterworks Authority.

§2902. Connection Required Upon Availability of Public Sewer.

- (a) The Guam Waterworks Authority is authorized to install or connect or otherwise cause the installation and connection to the Guam Waterworks Authority sewer system all persons with toilets flushed with water and connected to a cesspool, septic tank or leaching systems when the public sewer is available. All persons or entities required to make connections to Guam Waterworks Authority systems are liable for all installation and connection costs and the repayment of any costs incurred by the Guam Waterworks Authority in making loans for such purpose as provided in this Rule.
- (b) All persons who are required to make a connection to the public sewer system under this Rule shall first cause drawings to be prepared by a registered engineer, obtain the requisite permits pertaining to such connections from the Department of Public Works, Guam Environmental Protection Agency, and the Guam Waterworks Authority prior to applying for this loan program.

§2903. Loan Application To Be Filed With the Guam Waterworks Authority.

- (a) All Applicants qualifying for this loan program shall file an application on the prescribed form with the Guam Waterworks Authority.

§2904. Connection Procedures.

- (a) After the homeowner obtains a permit from the Department of Public Works, Guam Environmental Protection Agency, and the Guam Waterworks Authority, the Guam Waterworks Authority shall issue a permit to make a connection to the public sewer line.
- (b) Licensed Contractors may perform work under this rule only after the Guam Waterworks Authority approves connection plans. Guam Waterworks Authority inspectors and employees shall be permitted to enter homeowner's premises for the purposes of inspection, observation and testing pertinent to the sewer installations and connections performed by Guam Waterworks Authority and/or contractors.

§2905. Revolving Loan Fund.

- (a) There is hereby established a fund to be known as the “GWA Wastewater Revolving Loan Fund,” which shall be maintained separate and apart from any other funds of the Government of Guam and independent records shall be maintained in connection therewith.
- (b) The GWA Wastewater Revolving Loan Fund may be supplied with monies received from any legal source and shall be only used for lateral connections as defined above until such time as all point sources of wastewater discharge are connected to the sewer system at which time the proceeds going into this fund may be deposited to GWA’s general fund.
- (c) The General Manager of the Guam Waterworks Authority shall yearly render a statement reflecting the financial condition of the GWA Wastewater Revolving Loan Fund to all requiring the statement and it shall be posted on GWA’s internet website.

§2906. Availability of Wastewater Revolving Loan Fund.

- (a) This loan is available only to Applicants that own the premises being served and have been refused a loan for a similar purpose by one bank licensed to do business in Guam. If an Applicant is in a bona fide public assistance program, the requirement for a bank rejection will be waived. Any loan is subject to availability of funds.
- (b) Priority will be given to Applicants 1) with homes over the Northern Aquifer or immediately adjacent to an existing surface water source such as a river or other substantial body of surface water and 2) all other low-income residential purposes.

§2907. Installment Contract.

- (a) Upon acceptance, an Applicant and the Guam Waterworks Authority shall enter into a contract, which shall provide a loan up to \$25,000 or the lowest amount bid by a minimum of two licensed contractors, whichever is lower. If the sewer connection is part of a GWA capital improvement project, the requirement for two bids will be waived if applicant chooses to participate in the GWA program.
- (b) Funds will be released only to the contractor upon satisfactory inspection by GWA or its agent of the work performed under this rule for the express purpose of providing the Applicant the ability to connect to Guam Waterworks Authority sewer lines. Monthly payments shall commence 30 days after the date of completion of the installation and connection of the service line to the collection system and payment by Guam Waterworks Authority to the contractor. The loan payment may be deferred

for a maximum of five (5) years if a customer connects to a sewer main when the main is built, instead of waiting to connect for the period of time allowed by current regulations.

- (1) The contract shall provide at a minimum:
 - (A) Monthly installment payments of principal and interest for all monies loaned to Applicant shall;
 - (i) Not to exceed fifteen (15) years for applicants receiving public assistance.
 - (ii) Not to exceed ten (10) years for all other applicants.
 - (iii) May be deferred for a maximum of five years for customers who connect to a sewer main within a year of when the main is built.
 - (B) Interest shall be based on the USDA Home Loan rates on the day the loan agreement is signed.
 - (C) Failing to pay the installment for more than (60) days shall constitute default and may require disconnection of water service from whom ever is being provided water service on the property without notice and the remaining balance shall be immediately due and payable from the Applicant.
 - (D) The agreement that the loan shall constitute a lien on the property which shall run with the land and not be subject to discharge by sale, mortgage, judgment or for any other cause and the lien may not be lifted or otherwise be discharged until the full amount due and owing under the agreement is paid.
 - (E) The agreement may only be entered into between the true owner(s) of the property with evidence of ownership being provided via a title report from a company acceptable to the Guam Waterworks Authority prepared not more than 24 hours prior to the contract being executed (signed).
 - (F) Upon the sale of the property, the Guam Waterworks shall be entitled to receive all unpaid amounts due and owing at the time of the sale from escrow.
 - (G) That in the event the property is owned jointly or severally, all named owners must sign.

- (H) That the interest rate may be increased to 12% per annum upon notice of default given to the Applicant and all other collection costs will be added to the principle.

- (I) This agreement may only be assigned or transferred upon the express written consent of the General Manager of the Guam Waterworks Authority.