



The Guam Waterworks Authority proposes to adopt Rules of Procedure for its Sewer Loan Hook-Up Revolving Fund and finds that the annual economic impact to the public resulting from the adoption and promulgation of these proposed Rules will not exceed \$500,000. Therefore, pursuant to 5 G.C.A. §9301(i) Exemptions, GWA submits its preliminary cost impact statement below as required to support its economic impact statement waiver.

PRELIMINARY COST IMPACT STATEMENT

The Sewer Hook-Up Revolving Loan Program and proposed changes are aimed at alleviating the financial burden of already mandated sewer connection costs for qualified homeowners. In order to make the Sewer Hook-Up Revolving Loan Program more attractive to potential borrowers and encourage customers who are not currently connected to the public sewer system to do so, GWA proposes the following changes to the Sewer Hook-Up Revolving Fund Program:

- 1) Reduce number of bank rejections from two to one, and, for applicants in a bona fide public assistance program, the requirement for a bank rejection is waived;
- 2) Tie interest rate to USDA Home Loan program;
- 3) Increase the maximum loan amount to \$25,000; and
- 4) Allow deferment of payment of principal for five years if customer connects to sewer main when main is built; interest will be waived during those five years. Loan period changed from a maximum of ten years to fifteen years for applicants receiving public assistance.

The proposed rule change is consistent with existing regulations, already requiring sewer hook-ups at 22 GAR, Division 5, Chapter 25 and 28 GAR Chapter 2 Article 1, and therefore does not levy additional costs on the public. 22 GAR, Division 5, Chapter 25 requires facilities served by septic tanks, latrines, cesspools, or other on-site sewage disposal systems to be connected to the public sewer system within specific timeframes after public sewer becomes available. 28 GAR, Chapter 2, Article 1, §2105(b)(1) states that GWA customers are responsible for sewer connection costs.