



CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

STATE OF IOWA

DEPARTMENT OF NATURAL RESOURCES  
RICHARD A. LEOPOLD, DIRECTOR

August 1, 2007

Dear Lender:

You are invited to become a participating lender for the Onsite Wastewater System Assistance Program (OSWAP). The purpose of the program is to help homeowners finance the replacement of their outdated septic systems with upgraded onsite wastewater treatment systems that properly treat household wastewater. As a participating lender you would be expected to assess and process loan applications from homeowners who apply for a low-interest loan through this program. With our partnership in this program, we can better protect Iowa's public health and water quality.

To participate, you will need to sign the enclosed Lender Participation Agreement form and return it to the Iowa Department of Natural Resources (DNR) at the address provided. Upon receipt of a signed agreement, the DNR will add the name of your lending institution to a list of participating lenders which will be made available to county sanitarians, septic contractors, and the public. In addition to the agreement form, we're enclosing a "Lender Packet", which includes instructions and forms to be used for this program.

This program has been designed to be easily administered through a streamlined process where you will be interacting primarily with our financial agent for this program, the Iowa Finance Authority, Des Moines, IA. We believe this arrangement will minimize your time and energy to participate in the program.

If you have any questions concerning this program or the attached material, please contact me at (515) 725-0346 or at [Daniel.olson@dnr.state.ia.us](mailto:Daniel.olson@dnr.state.ia.us).

Please join our financial agent and the Department in making this a successful program.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Olson".

Daniel Olson, Environmental Specialist  
Wastewater Operations (NPDES) Section

c: File Adm 2-2 OSWAP Lender Packet



## LENDER PACKET

### **Onsite Wastewater System Assistance Program (OSWAP) Iowa Department of Natural Resources**

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## **Lender Participation Agreement Water Quality Linked Deposit Programs**

Lending Institution: \_\_\_\_\_

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Loan Officer: \_\_\_\_\_ Email: \_\_\_\_\_

We hereby agree to participate in the Local Water Protection Program (LWPP), Livestock Water Quality Program (LWQ), Stormwater Quality Program and/or the Onsite Wastewater System Assistance Program (OSWAP). All are linked deposit programs designed to improve water quality. We understand our responsibilities under this agreement will be to:

1. Ensure the landowner applying for a linked deposit loan has a plan and cost estimate approved by the appropriate conservation or environmental entity. Costs directly related to the implementation of the project are eligible. Costs for the purchase of land are not eligible costs.
2. Assure compliance with program loan and term limits.
  - a. LWPP – loans of \$5,000 to \$50,000 with terms to 10 years.
  - b. LWQ – loans of \$10,000 and up with terms up to 20 years.
  - c. Stormwater – loans of \$5,000 and up with terms to 20 years.
  - d. OSWAP – loans of \$2,000 and up with terms to 10 years.
3. Charge the borrower up to, but no more than, 3% interest above the underlying CD rate.
4. Annually, send to IFA a repayment equal to the principal paid on the loan so that the amount of the CD equals the outstanding principal balance of the loan.
5. If the property that secured the loan is sold or transferred, the loan is to be paid in full.

This agreement can be terminated at any time, given 90-day prior written notice, but no lender participating in this program can terminate the agreement with an unpaid loan balance.

Lender Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Return form to:  
Lori Beary, Community Development Director  
Iowa Finance Authority  
2015 Grand Ave  
Des Moines, IA 50312  
800-432-7230  
515-725-4901 (fax)



## **Lender Instruction Form for Water Quality Linked Deposit Programs**

1. Sign up as a Participating Lender. To become a participating lender, sign and return the Lender Participation Agreement form to IFA (only once). If your office or your branch offices are already on the participating lender list, it is not necessary to submit another Lender Participation Agreement form.
2. Approve or deny loan application. Borrower completes the lender's normal loan application process.
3. When loan is approved, lender enters loan and borrower information on [www.ifaprograms.com](http://www.ifaprograms.com) website.
4. After the project has been completed, inspected and approved by the appropriate environmental or conservation agency, the lender will be notified by email that funds can now be requested. Lender returns to website to complete request for funds.
5. IFA places a Certificate of Deposit in the financial institution and the borrower receives his/her loan from the financial institution.
6. Once a year, the financial institution sends to IFA the amount of principal that has been repaid on the loan so that the amount of the outstanding CD equals the principal amount of the loan. A notification will be sent to the lender several weeks before the anniversary date of the CD.

For more information, contact:

Lori Beary, Community Development Director  
Iowa Finance Authority  
2015 Grand Ave  
Des Moines, IA 50312  
800-432-7230  
515-725-4901 (fax)



## Homeowner Instruction Form Onsite Wastewater System Assistance Program (OSWAP)

**Who Qualifies?:** You must be the owner of an existing home with a septic system, located in an unincorporated area of a participating county in Iowa. If your county is not currently participating in OSWAP, you may request participation from the county sanitarian.

**Loan Terms:** Loans begin at \$2,000 with no maximum and a maximum interest rate of 3%. Loans up to 10 years may be offered, if agreed upon by the lender.

**To apply for an OSWAP loan, homeowners must complete the following steps:**

***STEP 1:*** Apply for a county wastewater system construction permit. Contact the county sanitarian or county environmental health agency to apply for an onsite wastewater (septic) system construction permit and complete an OSWAP Approval Form.

***STEP 2:*** Obtain construction bids from septic contractors for the type of onsite system permitted by the county. There is no minimum number of bids required. County sanitarians usually maintain a list of local septic contractors.

***STEP 3:*** Apply for a loan through a participating lender. If your regular lender is not on the participating lender list, you may ask the lender to consider participating in the program. Lender participation in OSWAP is voluntary. If your lender would like more program details before agreeing to participate, he or she may contact the DNR or the OSWAP financial agent.

To apply, show the lender a copy of the OSWAP Approval Form signed by a county representative, and the contractor bid(s) for the project. Since the lender assumes the risk for your loan, the lender determines whether to approve or deny your loan application, depending upon your credit rating. Even if your loan is approved, the lender is not required to offer a loan for the maximum repayment period of 10 years, but he or she may offer a loan for less than 10 years.

If your loan is not approved, you may apply again from another participating lender. If you are unable to gain approval for an OSWAP loan, you might be eligible for financial assistance through the USDA Rural Development 504 Program. Contact your local USDA Rural Development field office for details.

***STEP 4:*** Have the system installed. Submit contractors' bills to the lender along with the signed inspection/approval portion of the OSWAP Approval Form.

***STEP 5:*** Repay the loan. Repay the lender, according to the loan terms agreed upon with the lender.

**For More Information, Contact:** Your County Sanitarian or Environmental Health Office, or

Daniel Olson

Iowa DNR Wastewater Operations Section

401 SW 7th St., Suite M

Des Moines, Iowa 50309-4611

Phone: (515) 725-0346, email: [daniel.olson@dnr.state.ia.us](mailto:daniel.olson@dnr.state.ia.us)



**BORROWER PARTICIPATION FORM**  
**Onsite Wastewater System Assistance Program (OSWAP)**  
**Iowa Department of Natural Resources**

<b>A. BORROWER INFORMATION</b>				INTERNAL USE/LOAN #	
<b>COMPLETE THIS SECTION FOR ALL LOANS</b>					
LAST NAME		FIRST	MIDDLE/INITIAL		SSN#
LAST NAME		FIRST	MIDDLE/INITIAL		SSN#
HOME ADDRESS: STREET/RR			CITY, STATE, ZIP CODE		HOME PHONE
ONSITE LOCATION ADDRESS				COUNTY	
<b>B. PRE-CONSTRUCTION APPROVAL</b>					
<b>INFORMATION NEEDED FOR FINANCIAL AGENT TO RESERVE PROJECT FUNDS</b>					
LOAN PROCEEDS TO RESERVE		DATE OF LOAN APPROVAL		COUNTY REPRESENTATIVE APPROVING CONSTRUCTION PLAN	
NAME OF LENDING INSTITUTION			PHONE NUMBER		FAX NUMBER
ADDRESS OF LENDING INSTITUTION			LENDING INSTITUTION REPRESENTATIVE		
BRIEF DESCRIPTION OF PROJECT:					
CONTRACTOR NAME				HAS APPLICANT PARTICIPATED BEFORE?	
<b>C. LOAN COMPLETED</b>					
<b>COMPLETE THIS SECTION ONLY IF PROJECT IS COMPLETE AND LOAN HAS BEEN SIGNED</b>					
FINAL LOAN AMOUNT		DATE PROCEEDS ISSUED		INTEREST RATE	DATE RECEIVED
FINAL LOAN AMOUNT		DATE PROCEEDS ISSUED		INTEREST RATE	DATE RECEIVED
OTHER LOAN TERMS: PAYMENT FREQUENCY, ETC.			SIGNATURE OF LENDER CERTIFYING LOAN TERMS		

**ANNUAL PRINCIPAL REMITTANCE FORM**  
**Onsite Wastewater System Assistance Program (OSWAP)**  
**Iowa Department of Natural Resources**

<b>BORROWER INFORMATION</b>			<b>INTERNAL USE/LOAN #</b>
LAST NAME	FIRST	MIDDLE/INITIAL	SSN#
LAST NAME	FIRST	MIDDLE/INITIAL	SSN#
HOME ADDRESS: STREET/RR		CITY, STATE, ZIP CODE	HOME PHONE
ONSITE LOCATION ADDRESS			COUNTY
<b>PRINCIPAL INFORMATION</b>			
THE PROGRAM REQUIRES LENDERS TO REMIT THE PRINCIPAL COLLECTED ANNUALLY ON THE LOAN ANNIVERSARY			
ORIGINAL DATE OF LOAN		LOAN BALANCE AT END OF MONTH OF ANNIVERSARY	
TOTAL OF PRIOR PRINCIPAL REMITTED		TOTAL PRINCIPAL COLLECTED DURING PRIOR YEAR	
NAME OF LENDING INSTITUTION		PHONE NUMBER	FAX NUMBER
ADDRESS OF LENDING INSTITUTION		LENDING INSTITUTION REPRESENTATIVE	

**INSTRUCTIONS:**

The program requires that lenders send to the OSWAP Financial Agent an annual repayment equal to the principal due to be collected on each outstanding loan for the year, but no less than the principal due to be collected on an amortized 10-year loan, such as shown in the examples on Schedule D. The annual repayment may be a single annual repayment on one date for all loans, or a separate annual repayment for each loan. If a single annual repayment was chosen, list repayment date: \_\_\_\_\_

Please mail this form  
and your check to:

**Iowa Finance Authority**  
  
**Attn: Lori Beary**  
**2015 Grand Ave.**  
**Des Moines, IA 50312**

Make Check Payable to: OSWAP Operating Fund



**INTEREST AND FEES EARNED BY LENDER - 5 YEARS**

**Onsite Wastewater System Assistance Program (OSWAP)  
Iowa Department of Natural Resources**

**The example below assumes a \$5,000 loan with monthly payments over 5 years**

If Interest Rate is set at:	Interest Earned would be:	Loan Fee Received would be:
3.00%	\$ 402.40	\$ 150.00
2.00%	\$ 271.20	\$ 250.00
1.00%	\$ 137.00	\$ 350.00
0.00%	\$ -	\$ 450.00

**INTEREST AND FEES EARNED BY LENDER - 10 YEARS**

**Onsite Wastewater System Assistance Program (OSWAP)  
Iowa Department of Natural Resources**

**The example below assumes a \$5,000 loan with monthly payments over 10 years**

<u>If Interest Rate is set at:</u>	<u>Interest Earned would be:</u>	<u>Loan Fee Received would be:</u>	<u>Total</u>
3.00%	\$ 817.60	\$ 150.00	\$ 967.60
2.00%	\$ 547.50	\$ 250.00	\$ 797.50
1.00%	\$ 274.40	\$ 350.00	\$ 624.40
0.00%	\$ -	\$ 450.00	\$ 450.00

## HOMEOWNER LOAN AMORTIZATION EXAMPLE - 5 YEARS

ASSUMPTIONS: \$4,750 CONSTRUCTION COSTS, \$250 COUNTY FEES, PLUS LOAN FEES

IF INTEREST RATE ON LOAN IS:	<b>3.00%</b>		
LOAN FEES TO HOMEOWNER:	<b>\$ 150.00</b>		
MONTHLY LOAN PAYMENT:	<b>\$ 92.54</b>		
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 141.26	\$ 969.22	\$ 1,110.48
YEAR 2	\$ 111.77	\$ 998.71	\$ 1,110.48
YEAR 3	\$ 81.39	\$ 1,029.09	\$ 1,110.48
YEAR 4	\$ 50.10	\$ 1,060.38	\$ 1,110.48
YEAR 5	\$ 17.88	\$ 1,092.60	\$ 1,110.48
TOTALS	\$ 402.40	\$ 5,150.00	\$ 5,552.40

IF INTEREST RATE ON LOAN IS:	<b>1.00%</b>		
LOAN FEES TO HOMEOWNER:	<b>\$ 350.00</b>		
MONTHLY LOAN PAYMENT:	<b>\$ 91.45</b>		
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 48.71	\$ 1,048.69	\$ 1,097.40
YEAR 2	\$ 38.16	\$ 1,059.24	\$ 1,097.40
YEAR 3	\$ 27.52	\$ 1,069.88	\$ 1,097.40
YEAR 4	\$ 16.80	\$ 1,080.60	\$ 1,097.40
YEAR 5	\$ 5.81	\$ 1,091.59	\$ 1,097.40
TOTALS	\$ 137.00	\$ 5,350.00	\$ 5,487.00

IF INTEREST RATE ON LOAN IS:	<b>2.00%</b>		
LOAN FEES TO HOMEOWNER:	<b>\$ 250.00</b>		
MONTHLY LOAN PAYMENT:	<b>\$ 92.02</b>		
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 95.76	\$ 1,008.48	\$ 1,104.24
YEAR 2	\$ 75.44	\$ 1,028.80	\$ 1,104.24
YEAR 3	\$ 54.67	\$ 1,049.57	\$ 1,104.24
YEAR 4	\$ 33.49	\$ 1,070.75	\$ 1,104.24
YEAR 5	\$ 11.84	\$ 1,092.40	\$ 1,104.24
TOTALS	\$ 271.20	\$ 5,250.00	\$ 5,521.20

IF INTEREST RATE ON LOAN IS:	<b>0.00%</b>		
LOAN FEES TO HOMEOWNER:	<b>\$ 450.00</b>		
MONTHLY LOAN PAYMENT:	<b>\$ 90.83</b>		
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ -	\$ 1,090.00	\$ 1,090.00
YEAR 2	\$ -	\$ 1,090.00	\$ 1,090.00
YEAR 3	\$ -	\$ 1,090.00	\$ 1,090.00
YEAR 4	\$ -	\$ 1,090.00	\$ 1,090.00
YEAR 5	\$ -	\$ 1,090.00	\$ 1,090.00
TOTALS	\$ -	\$ 5,450.00	\$ 5,450.00

## HOMEOWNER LOAN AMORTIZATION EXAMPLE - 10 YEARS

ASSUMPTIONS: \$4,750 CONSTRUCTION COSTS, \$250 COUNTY FEES, PLUS LOAN FEES

IF INTEREST RATE ON LOAN IS:		<b>3.00%</b>	
LOAN FEES TO HOMEOWNER:		<b>\$ 150.00</b>	
MONTHLY LOAN PAYMENT:		<b>\$ 49.76</b>	
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 148.38	\$ 448.38	\$ 596.76
YEAR 2	\$ 134.72	\$ 462.04	\$ 596.76
YEAR 3	\$ 120.68	\$ 476.08	\$ 596.76
YEAR 4	\$ 106.21	\$ 490.55	\$ 596.76
YEAR 5	\$ 91.28	\$ 505.48	\$ 596.76
YEAR 6	\$ 75.90	\$ 520.86	\$ 596.76
YEAR 7	\$ 60.06	\$ 536.70	\$ 596.76
YEAR 8	\$ 43.73	\$ 553.03	\$ 596.76
YEAR 9	\$ 26.93	\$ 569.83	\$ 596.76
YEAR 10	\$ 9.71	\$ 587.05	\$ 596.76
TOTALS	\$ 817.60	\$ 5,150.00	\$ 5,967.60

IF INTEREST RATE ON LOAN IS:		<b>1.00%</b>	
LOAN FEES TO HOMEOWNER:		<b>\$ 350.00</b>	
MONTHLY LOAN PAYMENT:		<b>\$ 46.87</b>	
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 51.16	\$ 511.28	\$ 562.44
YEAR 2	\$ 46.03	\$ 516.41	\$ 562.44
YEAR 3	\$ 40.84	\$ 521.60	\$ 562.44
YEAR 4	\$ 35.59	\$ 526.85	\$ 562.44
YEAR 5	\$ 30.30	\$ 532.14	\$ 562.44
YEAR 6	\$ 24.95	\$ 537.49	\$ 562.44
YEAR 7	\$ 19.56	\$ 542.88	\$ 562.44
YEAR 8	\$ 14.10	\$ 548.34	\$ 562.44
YEAR 9	\$ 8.59	\$ 553.85	\$ 562.44
YEAR 10	\$ 3.28	\$ 559.16	\$ 562.44
TOTALS	\$ 274.40	\$ 5,350.00	\$ 5,624.40

IF INTEREST RATE ON LOAN IS:		<b>2.00%</b>	
LOAN FEES TO HOMEOWNER:		<b>\$ 250.00</b>	
MONTHLY LOAN PAYMENT:		<b>\$ 48.31</b>	
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ 100.63	\$ 479.09	\$ 579.72
YEAR 2	\$ 90.95	\$ 488.77	\$ 579.72
YEAR 3	\$ 81.39	\$ 498.63	\$ 580.02
YEAR 4	\$ 71.03	\$ 508.69	\$ 579.72
YEAR 5	\$ 60.77	\$ 518.95	\$ 579.72
YEAR 6	\$ 50.27	\$ 529.45	\$ 579.72
YEAR 7	\$ 39.60	\$ 540.12	\$ 579.72
YEAR 8	\$ 28.69	\$ 551.03	\$ 579.72
YEAR 9	\$ 17.56	\$ 562.16	\$ 579.72
YEAR 10	\$ 6.61	\$ 573.11	\$ 579.72
TOTALS	\$ 547.50	\$ 5,250.00	\$ 5,797.50

IF INTEREST RATE ON LOAN IS:		<b>0.00%</b>	
LOAN FEES TO HOMEOWNER:		<b>\$ 450.00</b>	
MONTHLY LOAN PAYMENT:		<b>\$ 45.42</b>	
	INTEREST PAID	PRINCIPAL PAID	TOTAL
YEAR 1	\$ -	\$ 545.00	\$ 545.00
YEAR 2	\$ -	\$ 545.00	\$ 545.00
YEAR 3	\$ -	\$ 545.00	\$ 545.00
YEAR 4	\$ -	\$ 545.00	\$ 545.00
YEAR 5	\$ -	\$ 545.00	\$ 545.00
YEAR 6	\$ -	\$ 545.00	\$ 545.00
YEAR 7	\$ -	\$ 545.00	\$ 545.00
YEAR 8	\$ -	\$ 545.00	\$ 545.00
YEAR 9	\$ -	\$ 545.00	\$ 545.00
YEAR 10	\$ -	\$ 545.00	\$ 545.00
TOTALS	\$ -	\$ 5,450.00	\$ 5,450.00