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# Financing Clean Water

in Clark County

Clark County Board of Health  
March 28, 2018



## A lender that thinks and acts differently.

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**Since 1994, Craft3 has invested over \$470 million in entrepreneurs, nonprofits and individuals.**

- Lending throughout Oregon and Washington.
- Offices in Astoria, Bend, Klamath Falls, Portland, Port Angeles, Seattle, Spokane, Walla Walla.
- Capital from over 120 public/private grants and loans, including from banks, foundations, governments, and individuals.

## Serving many sectors and industries.

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- Septic system repair/replacement
- Home energy upgrades
- Urban small business, including retail and service industry
- Community facilities
- Established nonprofits
- Clean energy, clean tech, and energy-efficiency
- Agriculture and fisheries
- Food systems and value-added processing
- Manufacturing
- Land and water conservation



## Our Clean Water Loan helps repair or replace failing septic systems.

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- Full cost of designing, permitting, installing, maintaining a septic system.
- Competitive rates, no up-front cost.
- Highly inclusive for range of property types and incomes.
- Deferred payment options may be available for lower incomes.
- Sewer connection allowed when approved by the local health jurisdiction.



# Clean Water Loan rates and terms.

Annual Household Income	Interest Rate	Loan Terms up to 15 years* *	Example Project And Loan
<b>Up to \$35,000, owner-occupied</b>	<b>1.99% (2.04% APR)</b>	Borrower may choose to have: Deferred payment*** Interest-only payments*** -or- Fully-Amortized payments.	Deferred Payment Option: \$15,000 loan amount*, No monthly payments for 179 months, 1 balloon payment of \$19,456 due on 180th month.
<b>\$35,001 - \$55,000, owner-occupied</b>	<b>3.99% (4.36% APR)</b>	Borrower may choose to have: Interest-only payments.*** - or - Fully-Amortized payments.	Interest-only Payment Option: \$15,000 loan amount*, 179 monthly interest payments of \$50.83, 1 balloon payment of \$15,051 due on 180th month.
<b>Greater than \$55,000 - or - Non-owner-occupied, rental property or secondary home</b>	<b>4.99% (5.62% APR)</b>	Fully-Amortized payments of principal and interest.	Fully-Amortized Repayment: \$15,000 loan amount*, 180 monthly principal and interest payment of \$118.58.

APR, Annual Percentage Rate

\* Loan availability, terms and conditions current as of 1/1/2017 and are subject to change. Residential property examples include financing of Craft3 \$595 loan fee. Not all applicants will qualify.

\*\* Principal balance and interest (if applicable) due on sale, transfer, refinance or maturity. Subordination may be available with lender approval, fees may apply.

\*\*\* If, after 15 years, homeowner has not sold, refinanced or otherwise transferred ownership of the property, is in compliance with the loan agreement, and meets relevant lending/program criteria, the 15-year loan period may be extended, at the lender's sole discretion, for up to an additional five years.



# An inclusive approach to credit.



	Craft3*	Typical Lender
<b>Maximum Debt to Income</b> % of income for monthly fixed expenses	>50%	45%
<b>Maximum Loan to Value (Equity)</b> Amount owed compared to value of home	≥120%	75-80%, some up to 90%
<b>Minimum Credit Score</b> Craft3 uses highest score, not lowest or average	590	680 or 720, some 660
<b>Mortgage Payment History</b>	Up to 2 lates in last 12 months	No lates last 24+ months
<b>Allowable Bankruptcy History</b>	Ok if discharged/ dismissed 12+ months	None in last 5-7 years, if ever

\* General Guidelines may not represent all lenders. Craft3 may issue different credit determinations on a case-by-case basis after review of each application.



## Wash. Cumulative Results.

	Loans (#)	Loans (\$)	Low income (#)	Low Income (%)	Gallons wastewater treated/year	Average loan amount
CLALLAM	44	\$ 913,083	23	52%	5,708,400	\$ 20,752
GRAYS HARBOR	2	\$ 47,553	2	100%	262,800	\$ 23,777
ISLAND	25	\$ 641,471	8	32%	2,803,200	\$ 25,659
JEFFERSON	59	\$ 1,493,485	38	64%	5,773,800	\$ 25,313
KING	38	\$ 1,160,884	17	45%	5,603,400	\$ 30,550
KITSAP	469	\$ 10,483,883	187	40%	60,158,010	\$ 22,354
MASON	121	\$ 2,633,428	68	56%	144,30,825	\$ 21,764
PACIFIC	44	\$ 713,539	28	64%	4,082,400	\$ 16,217
PIERCE	94	\$ 2,274,079	22	23%	13,489,200	\$ 24,192
SNOHOMISH	27	\$ 569,512	13	48%	3,547,800	\$ 21,093
THURSTON	18	\$ 434,249	7	39%	2,452,800	\$ 24,125
WHATCOM	30	\$ 694,723	15	50%	4,117,200	\$ 23,157
<b>TOTAL</b>	<b>971</b>	<b>\$ 22,059,889</b>	<b>428</b>	<b>44%</b>	<b>122,429,835</b>	<b>\$ 22,719</b>



# Learn more about the Clean Water Loan.

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888-231-2170 ext. 121

[www.Craft3.org/CleanWater](http://www.Craft3.org/CleanWater)





# Roles in Washington.

State Agencies, Legislature	Craft3	Local Health Agency
<ul style="list-style-type: none"> <li>▪ Capital</li> <li>▪ Program Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Matching capital</li> <li>▪ Lending &amp; servicing</li> <li>▪ Outreach/Marketing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Design approval</li> <li>▪ Permitting</li> <li>▪ Regulation/enforcement</li> <li>▪ PIC/Outreach</li> </ul>
Approved OSS Professionals	Property Owner	Other Partners
<ul style="list-style-type: none"> <li>▪ Loan brochures to client</li> <li>▪ Recommend best options to client</li> <li>▪ Complete design &amp; installations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pick and manage contractor</li> <li>▪ Obtain permits, project approvals</li> <li>▪ Authorize disbursements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Educators</li> <li>▪ Water quality agencies</li> <li>▪ Community groups</li> <li>▪ Regional orgs</li> </ul>

## Ineligible projects.

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- Temporary projects (e.g. jetting, terra lifting)
- Expansions beyond 1-bedroom
- New construction
- Non-permitted projects
- Repairs to existing sewer connections (e.g. side sewer)
- Non-permanent structures/residences\*
- DIY projects not completed by agency-approved contractors

Exceptions can be considered on a case-by-case basis, upon consultation with the local health agency.



# The Clean Water Loan reserve account.

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## **\$2,000 reserve included in every loan for 10 years**

- No interest until funds are drawn.
- Customer can talk with Craft3 if increased amounts are needed
  - can be built into loan amount.

## **Funds can be used for items such as inspections and repairs**

## **How Payments Work**

- Borrower sends invoice to Craft3 for reimbursement OR
- Borrower authorizes Craft3 to pay provider directly

# Clean Water Loan eligibility.

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## **Income:**

- No income restrictions

## **Property Types:**

- Residential and commercial properties
- Owner- or non-owner occupied, includes 2nd homes, rentals

## **Geography**

- OR: State-wide
- WA: Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, King, Kitsap, Mason, Pacific, Pierce, Island, Snohomish, Thurston, Wahkiakum, and Whatcom Counties

## **One of the following must apply:**

- Septic system is at least 25 years old
- Septic system is failing
- Owner contacted by health officials
- Owner under orders to fix system



## How homeowners can apply.

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1. Submit loan application online at [www.Craft3.org/CleanWater](http://www.Craft3.org/CleanWater). Receive pre-approval within three business days.
2. Work with contractor to design system, receive permits and finalize project cost.
3. Customer signs loan documents electronically.
4. Begin project. Customer makes sure work is completed to their satisfaction.
5. Authorize final payment to the contractor once project gets final approval from local officials.
6. Loan payments, if required, will be automatically withdrawn from customer's bank account.



## Launch of Regional Loan Program.

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- In 2016, Washington State Departments of Ecology and Health, Craft3, and several Western Washington counties launched the Regional Loan Program.
- Program consolidated and expanded county-level loan programs into a scalable, unified effort.
- Members of the Regional Loan Program include Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Mason, Pacific, Pierce, Snohomish, Thurston, and Whatcom Counties. Loans are also available in Wahkiakum County.



# Wash. Regional Loan Program Results.

	Loans (#)	Loans (\$)	Low income (#)	Low Income (%)	Gallons wastewater treated/year	Average loan amount
CLALLAM	13	\$ 299,156	5	38%	1,445,400	\$ 23,012
GRAYS HARBOR	2	\$ 47,553	2	100%	262,800	\$ 23,777
ISLAND	25	\$ 643,523	8	32%	2,803,200	\$ 25,741
JEFFERSON	10	\$ 251,029	9	90%	1,051,200	\$ 25,103
KING	33	\$ 991,234	16	49%	4,993,200	\$ 30,037
KITSAP	76	\$ 1,723,675	29	38%	9,898,800	\$ 22,680
MASON	16	\$ 378,079	8	50%	1,839,600	\$ 23,630
PACIFIC	13	\$ 221,739	8	62%	1,226,400	\$ 17,057
PIERCE	37	\$ 992,244	12	32%	5,825,400	\$ 26,817
SNOHOMISH	24	\$ 497,239	10	42%	3,197,400	\$ 20,718
THURSTON	24	\$ 570,336	9	38%	3,241,200	\$ 23,764
WHATCOM	30	\$ 684,576	15	50%	4,117,200	\$ 22,819
<b>TOTAL</b>	<b>303</b>	<b>\$ 7,300,383</b>	<b>131</b>	<b>43%</b>	<b>39,901,800</b>	<b>\$ 24,094</b>

## What's next for the Regional Loan Program.

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- 2017-2019 Capital Budget allowed expansion of Regional Loan Program to Clark and Cowlitz Counties in March 2018.
- In 2017, Clark County applied on behalf of Regional Loan Program to Ecology for expansion into Northeast Tri County Health District, servicing Ferry, Stevens, and Pend Oreille Counties. Applications have been ranked and County has submitted a request for a re-score.