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## HOUSE BILL NO. 1448

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Counties, Cities and Towns  
on February 1, 2013)

(Patron Prior to Substitute—Delegate Hodges)

A BILL to amend the Code of Virginia by adding a section numbered 15.2-958.6, relating to the financing of repairs for failed septic systems.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 15.2-958.6 as follows:

§ 15.2-958.6. *Financing the repair of failed septic systems.*

A. Any locality may, by ordinance, authorize contracts with property owners to provide loans for the repair of septic systems. Such an ordinance shall state:

1. The kinds of septic system repairs for which loans may be offered;

2. The proposed arrangement for such loan program, including (i) the interest rate and time period during which contracting property owners shall repay the loan; (ii) the method of apportioning all or any portion of the costs incidental to financing, administration, and collection of the arrangement among the consenting property owners and the locality; and (iii) the possibility that the locality may partner with a planning district commission (PDC) to coordinate and provide financing for the repairs, including the locality's obligation to reimburse the PDC as the loan is repaid;

3. A minimum and maximum aggregate dollar amount that may be financed;

4. A method for setting requests from property owners for financing in priority order in the event that requests appear likely to exceed the authorization amount of the loan program. Priority shall be given to those requests from property owners who meet established income or assessed property value eligibility requirements;

5. Identification of a local official authorized to enter into contracts on behalf of the locality; and

6. A draft contract specifying the terms and conditions proposed by the locality or by a PDC acting on behalf of the locality.

B. The locality may combine the loan payments required by the contracts with billings for water or sewer charges, real property tax assessments, or other billings; in such cases, the locality may establish the order in which loan payments will be applied to the different charges. The locality may not combine its billings for loan payments required by a contract authorized pursuant to this section with billings of another locality or political subdivision, including an authority operating pursuant to Chapter 51 (§ 15.2-5100 et seq.), unless such locality or political subdivision has given its consent by duly adopted resolution or ordinance.

C. In cases in which local property records fail to identify all of the individuals having an ownership interest in a property containing a failing septic system, the locality may set a minimum total ownership interest that it will require a property owner or owners to prove before it will allow the owner or owners to participate in the program.

D. The locality or PDC acting on behalf of the locality shall offer private lending institutions the opportunity to participate in local loan programs established pursuant to this section.

E. In order to secure the loan authorized pursuant to this section, the locality is authorized to place a lien equal in value to the loan against any property where such septic system repair is being undertaken. Such liens shall be subordinate to all liens on the property as of the date loans authorized pursuant to this section are made, except that with the prior written consent of the holders of all liens on the property as of the date loans authorized pursuant to this section are made, the liens securing loans authorized pursuant to this section shall be liens on the property ranking on a parity with liens for unpaid local taxes. The locality may bundle or package such loans for transfer to private lenders in such a manner that would allow the liens to remain in full force to secure the loans.

F. Prior to the enactment of an ordinance pursuant to this section, a public hearing shall be held at which interested persons may object to or inquire about the proposed loan program or any of its particulars. The public hearing shall be advertised once a week for two successive weeks in a newspaper of general circulation in the locality.