

SUBCHAPTER 59C - SMALL WATERSHED PROGRAM

SECTION .0100 - WATERSHED LOANS

02 NCAC 59C .0101 WATERSHED REVOLVING LOANS

(a) Eligibility. The commission may make loans to local sponsors of projects organized or in the process of organizing as:

- (1) a county watershed improvement program under G.S. 139-39:
 - (A) board of county commissioners; or
 - (B) watershed improvement commission appointed by county commissioners.
- (2) a drainage district under G.S. 156-54.

Loan eligibility accrues only after the applicant forms or begins the process of forming a legal organization, presents evidence of such formation or formation process to the commission and attains commission approval.

(b) Prior Approval. The governing body of the sponsoring district or districts may approve a loan application by adopting an appropriate resolution at a regular meeting attended by a majority of the members, by entering the resolution in the official minutes of the meeting, and by attaching a certified copy to the loan application.

(c) Application. The application for a loan shall be accompanied by:

- (1) a surety bond executed in favor of the commission in an amount equal to the face value of the loan;
- (2) a statement of assurance from the board or boards of county commissioners that the commission shall not suffer loss in the event the local sponsors fail to meet the terms of the loan;
- (3) a statement of assurance from other legal body, agency, or corporation, satisfactory to the commission, that the commission shall not suffer loss in the event the local sponsors fail to meet the terms of the loan.

(d) Use of Funds. Principal expenses for which borrowed funds may be used include:

- (1) land classification;
- (2) preparation of assessment rolls;
- (3) legal and engineering fees;
- (4) court costs;
- (5) securing easements or other interests in land; and
- (6) compensating landowners for damages caused by removal or by replacement of existing facilities.

(e) Loan Costs (To Borrower). The commission shall not make interest or loan charges for the term of the loan specified in the contract, but may assess a penalty charge for late payment, calculated from the contract repayment date to the actual repayment date, at a rate of 1 percent of the outstanding balance for each month or fraction of a month.

(f) Amount of Loan. The commission shall determine the amount of the loan and the length of the contract based on the merits of each individual application. In order to realize maximum benefits from the fifty thousand dollars (\$50,000) available for loan purposes, prospective borrowers shall give careful consideration to the following points as they prepare their loan applications:

- (1) the minimum amount necessary to meet the immediate needs of the district;
- (2) actual need; and
- (3) the shortest possible repayment schedule.

(g) Policy. The commission shall manage these funds, and the watershed sponsors shall cooperate in sharing these funds, in order to render the greatest possible benefit to the state conservation program.

*History Note: Authority G.S. 106-840; 139-4(d);
Eff. February 1, 1976;
Amended Eff. August 1, 1982; December 5, 1980;
Transferred from 15A NCAC 06C .0101 Eff. May 1, 2012;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September 19, 2015.*