

Will the City Pay for our Improvements?

The City of La Grande does not pay for the construction of L.I.D. projects. These improvements are paid for by adjacent property owners.

The Local Improvement District (LID) is a method that allows a group of property owners to share the cost of the improvements. In addition, the City provides a long-term financing program to help property owners pay for improvements.

How is a Local Improvement District (LID) Formed?

Property owners may form an LID to build specific improvements that will benefit the property they own, or City Council may establish an LID by their own motion. It could be a Street Pavement Improvement, City Wide Sidewalk Improvements, Sanitary Sewer Main Extension or Water Main Extension that meet City standards.

When property owners or City Council decide to form an L.I.D., property owners assume the responsibility of paying for the project.

The City acts as design engineer and as general contractor, hiring all professionals and contractors to make sure the project is done properly.

SENIOR CITIZEN DEFERRALS

Recognizing that people on fixed incomes often find it difficult to make additional monthly payments, the State of Oregon has created a special deferral program for senior citizens. Under this program, eligible property owners entering installment agreements with the City of La Grande may defer paying L.I.D. assessments.

Eligibility

- *Household income must be less than \$17,501 per year;
- *You must be 62 or older at the time you apply;
- *You must hold the deed to the property or be buying the property using a recorded sales contract;
- *You must live on the assessed property.

Once the deferral is approved, the State Department of Revenue makes regular payments to the City of La Grande on your behalf. On each installment payment, the State charges interest at a simple annual rate of six percent (6%). You may make payments against your loan at any time if you wish to reduce the amount owed to the State.

Paying Deferred Assessments

Payment on deferred assessments are due on August 15 of the calendar year after which any of the following events occur:

- *The property changes ownership;
- *The person who claimed the deferral moves.

SELLING OR REFINANCING YOUR PROPERTY

An LID assessment is a lien on your property which can be transferred with the sale of property. Under an installment contract, the City maintains a lien against your property for all outstanding assessment payments.

*If you are paying the City on an installment plan, most financial institutions will not provide a mortgage to purchase your property until all assessments and related costs are paid in full.

*The City's lien cannot "be subordinated." That means that should a foreclosure occur, the City has the first right to be paid back for outstanding debts. Since commercial lenders also operate under the same requirement, they generally will not lend on property with such a lien.

Financial institutions may require that you pay the assessment and remove the lien before you get a mortgage, second mortgage, home equity loan, or before you refinance an existing mortgage or property loan.

City of La Grande, Oregon

Local Improvement Districts (L.I.D.)

**Public Works Department
Engineering Division**

Phone: (541) 962-1333

Fax: (541) 963-3608

Email: lgengr@uwtc.net

Local Improvement Districts (L.I.D.'s) are to promote public safety and community livability, the City of La Grande encourages property owners to improve residential areas to full City standards. Whether it be by Street Improvement, Sidewalk Improvement, Water Main Extensions, or Sewer Main Extensions. Once the project meets City standards, the City will assume responsibility for all maintenance and repairs on the Streets or the Main Lines. Sidewalks however, are still Property Owner responsibility. Many property owners form a Local Improvement District (LID) with the City's assistance to finance such improvements.

There are five basic steps to an LID:

- 1- Project Initiation
- 2 - Project Design
- 3 - City Council Authorization
- 4 - Construction
- 5 - Assessments and Payments.

Because such projects can be costly for individual property owners, the City has created a series of programs to reduce expenses and provide long-term financing. The City's Bancroft Bonding system is simple and offers a semi-annual payment plan to make financing LID's easy and convenient.

City Manages Construction of LID's

The City of La Grande manages all construction on an LID. The City Finance Department borrows money to pay all contractors, suppliers and engineers. To cover its costs, the City levies an assessment on all property within an LID District.

Assessments are Charges for an Improvement

*Assessments are charges for specific improvements that benefit properties. Assessments are not property taxes. La Grande citizens do not vote on assessments for local improvements. Assessments are not based on property value or use.

*The City Finance Department mails assessment bills directly to you shortly after construction is completed. Assessments will not appear on your annual property tax bill.

*An assessment for an LID becomes a first position lien against the property.

Assessment Payment Options

*Pay all or part of your assessment, interest free, within 30 days of your assessment notice date.

*Arrange for City Bancroft Bonding to pay your assessment in Installments.

*Arrange for the senior assessment deferral.

Property owners should pay the City in full or arrange for Bancroft Bonding or deferral within 30 days of notice to avoid penalty charges. After 60 days, the City has the right to foreclose to recover overdue assessments.

BANCROFT BONDING

Property Owner Eligibility

Property owners within an LID are automatically eligible for Installment financing through the City of La Grande. The City does not consider income or employment status when setting up Bancroft Bonding. The Finance Department provides a quick, no-hassle application process that many property owners have found convenient and easy to use.

Repayment Period

The Bancroft Bonding that is available through the City of La Grande is set up as follows:

1 - Two payments a year (semi-annual) based on a 10 year pay-back period.

2 - With the semi-annual payment plan, the principal payment amount remains the same throughout the life of the loan.

INSTALLMENT BILLING

Once you enter into a Bancroft Bonding Agreement with the City you will begin receiving regular Installment bills from the City Finance Department.

Information in Each Bill

*The amount of past due installments.

*Principal, interest and billing fees due.

*The amount required to pay the loan in full.

Payment Methods

The City Finance Department mails bills about 30 days before the payment is due. The semi-annual bills cover the previous six months.

Payments can be made through the mail by check or money order, or by cash, in person, at the Finance Department. Prepayments are accepted at any time without penalty. All prepayments will be applied fully to the principal.