

HELENDALE COMMUNITY SERVICES DISTRICT
Deposit and Application Policy and Procedures
Effective 2/18/2021

Section 1. Purpose

The purpose of this policy is to establish the water, sewer and/or trash application and deposit procedures of the District. This policy sets forth the duties and responsibilities of District staff regarding customer deposits and applications.

Section 2. Application for Service

A. Responsibility for Notification

1. **Sale of Property:** Upon the sale of a property, the current owner is to notify the District as to the date of close of escrow. Failure to notify the District of that date will continue the accrual of fees and charges until such notification is provided.
2. **Purchase of Property:** It is the responsibility of a new owner to notify the District immediately upon close of escrow. In the event a property-owner fails to notify the District and the District determines new ownership via other means, an account will be opened in the new owner's name and said property will be subject to all the requirements outlined within this policy. Charges will be attributed to account as accrued including all fees and charges outlined in the District Fee Policy. Failure to notify the District timely and accruing late fees and possible disconnection will eliminate the customer from some of the deposit options outlined below.
3. **Lease of Property:** It is the responsibility of the owner to complete the owner portion of the owner/tenant agreement. A Tenant account cannot be opened until both the Owner and the Tenant portions of the agreement are received, and the deposit requirement is satisfied. Until this requirement is satisfied the account will remain in the name of the property owner.

B. Required Documentation

1. Application for service must be made in writing by completing an Application as provided by the District. An application can be downloaded from the District website or picked up in person at the District office.

2. Application for service may be made in person, via fax, mail or e-mail. However, if the application is not signed in the office with verification of identity, it must be notarized. In some cases a signature can be validated based upon information already on file. The District Office is located at 26540 Vista Road, Suite B, mailing address is P.O. Box 359, Helendale, California; fax number (760) 951-0046; mail@helendalecsd.org. If application is made by either fax or mail or

e-mail an original copy must be notarized and delivered to the office within three weeks of close of escrow. Failure to provide original application within three weeks will result in service interruption.

3. A valid California driver's license, or other photo identification as issued by California, the United States government, or any other U.S. State government must be provided so that a photocopy of said identification may remain as a permanent part of the application documents.

C. Application for Service

1. New Owner:

- a. An application by a New Owner(s) must provide the full name(s) and Driver's license(s) and last four digits of Social Security number of person(s) listed on deed of home for payment of the bill. Additional information shall include Owner's home, cell, and mailing address. A completed District application must be submitted to the District office in order to establish service. However, if a property owner fails to notify the District prior to the end of the billing cycle and the District obtains verification of ownership, service will be established in the new property owners name and an application will be mailed to the property owner based upon that information.
- b. In the event water, sewer, or trash service has been turned off due to non-payment, water service will be denied to a New Owner Applicant when the New Owner Applicant has an existing outstanding balance with the District. Service will not be established until the existing outstanding balance is paid in full. The owner may request any outstanding balance transferred to the new account in order to establish new service. In addition, the New Owner Applicant may be subject to the security deposit standards as established in Section 3. Monetary amounts for security deposits must be completely satisfied and paid-in-full according to the proper procedure as outlined in this policy before service is established. In cases where a deposit is not collected prior to the first bill, the deposit will appear as all other past due balances and paid by the due date indicated on bill to prevent any interruption of service and additional charges.

2. Agent Application (For New Owner's with property under a Management Agreement)

- a. An application by any New Owner must comply with this policy.
- b. New Owner Applicant must also provide a copy of a new updated Management Agreement authorizing action on their behalf. In the event an Management Agreement has ended or been revoked, it is the responsibility of the property owner to notify the District.

3. Owner-Tenant Application-Agreement.

- a. An application by an Applicant-Tenant must provide the full name(s) and driver's license(s), and last four digits of Social Security number of person(s) liable to the property owner for the rental/lease of said property. Additional information shall include tenant home phone number, cell phone number, and owner and tenant mailing address(es) and e-mail address(es). The application will not be processed until both portions of the application have been received.
- b. Service will be denied to a Tenant Applicant when the Tenant Applicant has a balance with the District. Service will not be established until all balances are paid in full.
- c. Security deposit criteria must be satisfied according to the procedures outlined within this policy before service is established. Tenant security deposit must be paid with a money order or cashier's check.

Section 3. Security Deposit Information

A. Deposit Requirements

1. The District shall require any Applicant to place on deposit with the District a security deposit as established below as a guarantee of payment for services used.
2. The security deposit requirements shall be required of an individual or entity purchasing, renting or leasing real property of any type or nature that will obtain and secure service from the District.
3. Service shall not be granted until such time that the deposit requirement is satisfied.

B. Security Deposit Options

1. Every new account is required to pay a Security Deposit or satisfy the requirements as outlined below. For tenants security deposits must be paid in the form of a Cashier's Check or Money Order. For new property owners, the deposit can be placed on the first bill and payable by the due date on that first bill.
2. Security Deposit requirement may be waived if one or more of the following conditions are met:
 - a. Provide an account history (letter of credit) demonstrating proof of **good payment history** from a water/wastewater utility sent directly by the utility to the District. Failure to receive this within one week of the application for service will waive this option.

- b. Current customer moving to a new address within the community who meets the criteria of having a **good payment history**.
- c. Run a soft credit check for a small fee to determine **credit worthiness**. For existing customers (a current customer moving to a new property), a credit check will only be run if the customer has a **good payment history**.
- d. In the event any account at any time ceases to have a **good payment history**, said account will be required to pay a Deposit with no ability to run a credit check in lieu of deposit. The deposit will be placed on the next bill without notice.
- e. The District reserves the full right and discretion to require that a **high-risk customer** maintains a deposit on the account without option for a refund after 12 months, until the account is closed.
- f. An Owner has the option to request that the District collect a deposit from the tenant, regardless of the tenant's ability to satisfy other criteria as outlined in Section 2.

3. Timely Payment of Deposit

Deposit requirements outlined above (a-d) must be satisfied within three weeks of close of escrow for new property owners and within one week of a new tenant application. After such time period, 2a and 2c (above) will no longer be allowable security deposit options as they must be satisfied within the timeframe outlined in this section.

C. Basis for Residential Property Security Deposits

1. All residential properties are subject to the deposit requirements as determined by Public Utilities Code section 10009.6(c) which states that "a deposit cannot exceed three times the average monthly bill" for the past 12-month period. Deposits shall be determined based upon the basic monthly meter size charges/sewer charges/trash charges as applicable, multiplied by three. In the event of a residential service connection for new construction, the deposit shall be equal to 3 months of the base amount absent water usage. (See Fee Package for rates.)

D. Basis for Commercial, Industrial, and other Non-Residential Accounts Security Deposit

1. Commercial, industrial, and other non-residential accounts shall be subject to security deposits based upon the same statutory requirements as residential deposits.
2. The minimum deposits for commercial, industrial, and other non-residential accounts shall be determined based upon the same methodology as residential accounts.

E. Deposit on Account

1. All security deposits may be credited to the customer's account after twelve consecutive months of billings with no delinquencies, except for **high-risk customer**.
2. Should an account close prior to refunding the deposit, the deposit shall be credited against the closing bill with any remaining balance refunded to the customer once closing balance has been satisfied.
3. In the event a customer is transferring service to another property within the District, the existing closing balance must be paid in full. Any remaining deposit balance can be transferred or combined with new funds from the customer to establish a deposit at the new property.

F. Application of Deposit to Delinquent Bills

1. In the event that an account becomes seriously delinquent, the deposit may be applied against the account and the service shall be disconnected.
2. In the case of disconnection for non-payment, service will not be reestablished until account balance, including all fees, are paid in full along with a new deposit calculated based upon current usage. The deposit amount may be different than original amount because it is calculated based upon current usage.
3. In the case of disconnection due to non-payment and a deposit on account is applied to the past due amount, the remaining balance of the deposit will stay on the account to be combined with new funds from the customer to re-establish the required deposit amount.

G. Refund of Deposit upon Service Termination

1. Sale of property: When a property owner sells a property where service has been established and a security deposit is still on file, it is the owner's responsibility to notify the District of the termination of ownership and request a refund of deposit.
2. Tenant vacancy: When a tenant intends to vacate a property where service has been established in tenant's name, it is the tenant's responsibility to notify the District of the termination of tenancy and request a refund of deposit.
3. Foreclosure: No refund of deposit will be processed.
4. Processing Refund:
 - a. Upon notice of service termination, a final meter reading (where applicable) shall establish all charges for service then due. If escrow closes on a property and the District was not notified, the final read will be taken on the next business day after the District receives notification and the closing bill will be calculated accordingly.
 - b. The amount of the final bill will be deducted from the security deposit (if applicable), and any remaining deposit will be returned to the applicant of record.
 - c. Any and all charges on the final bill that exceed the deposit on account shall

be the responsibility of the owner or tenant of record for payment. Any balance left unpaid by a tenant shall become the responsibility of the owner.

5. Tenant Accounts: Upon termination of service, the bill and responsibility for payment of further service charges beyond the Tenant's final bill shall automatically revert to the property owner of record. It is the property owner's responsibility to communicate with the District regarding cessation of tenancy and to ensure that the District has the current mailing address and contact information of the property owner.

H. Right to the Deposit

1. The right to the deposit may not be assigned or delivered to any other person, and the right of refund is limited to the person making the deposit or to his or her heirs or fiduciaries. In the event someone other than the customer of record makes a payment to clear an outstanding amount and the account is closed, any deposit remaining on the account shall be refunded to the person who paid the outstanding closing balance. For example if the Property Owner pays the outstanding closing balance on a tenant's account, the tenant's deposit would be refunded (or transferred) to the Property Owner. If a bank or bank's agent pays the outstanding closing balance on the Property Owner's account, the Property Owner's deposit would be refunded to the bank or bank's agent.

I. Interest on Deposit

1. The District neither expresses nor imputes payment of interest on said deposits as retained.

Section 4. Tenant Water Disconnection (HSC Section 116916)

In the event of a water service disconnection involving an unknown or known tenant State law requires that the District will inform the tenant(s)/occupant(s) of options listed below:

1. The District is not required to make service available to the tenants/occupants unless each tenant/occupant agrees to the terms and conditions for service and meets the District's requirements and rules.
2. However, if (i) one or more of the tenants/occupants assumes responsibility for subsequent charges to the account to the District's satisfaction, or (ii) there is a physical means to selectively discontinue service to those tenants/occupants who have not met the District's requirements, then the District may make service available only to those tenants/occupants who have met the requirements.

3. If prior service for a particular length of time is a condition to establish credit with the District, then residence at the property and proof of prompt payment of rent for that length of time, to the District's satisfaction, may be considered an equivalent.
4. Proof of Legal Tenancy will be required as a condition of service. A tenant shall be required to provide proof of legal occupancy, such as a rental agreement, lease agreement, cancelled checks to the owner of record, and/or notarized document by the owner of record of the property, in order to be considered an acceptable applicant for water services.
5. Termination of Assignment: In the event that the water service established under the terms and conditions listed herein becomes disconnected for nonpayment said service shall no longer be deemed eligible for assignment of the account. Assignment of the customer account will be terminated and the customer account shall revert to the owner.

Section 5. ACH Automatic Payment Program

1. Applicants have the option to apply for the ACH Automatic Payment Plan. This plan debits the customers checking or savings account for the current bill payment. This service debits the payment on the last business day of the month and ensures the customer is not charged a late fee.
2. Customers enrolled in the program can only have two (2) occurrences of Non-Sufficient Funds within a twelve-month period. After the second NSF occurrence, the District shall remove the customer's participation in the ACH Automatic Payment Plan. Upon twelve (12) months of on-time consecutive payments the customer can re-apply for the ACH Automatic Payment Plan.

Section 6. Restrictions

1. Nothing in this Policy is to be construed as restricting service discontinuation for non-payment.

Section 7. Definition of Terms

Agent: Legally assigned representative of a property owner.

Applicant: Customer (Owner or Tenant), requesting District services

Credit Worthiness: Determined by the Board as a Credit Score above 700 using the District's credit evaluation tool.

Delinquent Bills: An account is delinquent if not paid by the last business day of the prior month.

Discontinuation of Service: A voluntary or involuntary cessation of service to the property.

Good Payment History: No late payments or disconnections in a rolling 12-month period.

High Risk Customer: A customer who has three or more late payments and/or a disconnection within a rolling 12-month period.

Occupant: Inhabitant of a residential dwelling unit.

Property Owner: Person or entity who is the legal owner of a property.

Property Owner Responsibility: The utility services are ultimately vested with the property and in the event of non-payment, a lien against the property will be secured.

Seriously Delinquent: An account is seriously delinquent if a payment has not been made for the last two billing cycles. An account will become seriously delinquent upon the first day of the second month since they last made a payment.

Service Termination: Service termination resulting in the closing of an account. Tenant accounts may be terminated for non-payment and the account returned to the property owner name.

Tenant: Person(s) legally occupying a residential unit

Section 7. Supersedes Other Policies

1. This policy supersedes any prior deposit and application policy and procedures adopted by the Board of Directors of the Helendale Community Services District.

EXHIBIT A

DEPOSIT WAIVER OPTION

LEVEL	CREDIT SCORE RANGE	DECISION
GREEN	700-850	WAIVE DEPOSIT
RED	Under 700	COLLECT DEPOSIT

A customer wishing to have his/her credit score run will be required to pay the direct costs for this service. Currently the cost is \$5 and may be adjusted from time to time. Refer to the fee package for costs.