

Section 1. 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.

Excellent Payment History: No late payments or disconnections in 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.

Tenant: Person(s) legally occupying a residential unit

Section 2. 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 3. Application for Service

In some situations, notarization of the application for service may be required.

A. New Owner Application

1. A new owner's application must include the full name(s) and last four digits of the Social Security number of the individuals listed on the home deed for billing purposes. Additionally, the owner must provide their phone numbers and mailing address.
2. US Government issued ID for all parties on the deed.

3. Proof of property ownership. This may be verified through a grant deed, final settlement statement, or by referencing the San Bernardino County Property Information System.
4. Applications for service may be submitted in person, via fax, mail, online or via email within three weeks of the close of escrow.
5. New Property Owner Notification: A new property owner must notify the District immediately upon the close of escrow. If the owner fails to do so and the District verifies the ownership change through other means, an account will be created in the new owner's name, and the property will be subject to all policy requirements. Charges, including fees outlined in the District Fee Policy, will accrue accordingly. Failure to provide timely notification may result in late fees, potential service disconnection, and limited deposit options.
6. Verification and Account Establishment: If a property owner does not notify the District before the billing cycle ends and ownership is confirmed through District verification, service will be established in the new owner's name, and an application will be sent to the property owner based on that information.
7. If a New Owner has an outstanding balance on another property within the District, the outstanding balance will be transferred to the new account, unless otherwise requested by the owner.
8. 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. Deposit will be refunded or transferred upon close of account.

B. Property under a Management Agreement

1. Property Owners must submit a New Owner Application and all other required documentation as set forth in section 2 A prior to the property management agreement being accepted.
2. A current Property Management agreement must be on file to authorize action on the owner's behalf.
3. In the event a Management Agreement has ended or been revoked, it is the responsibility of the property owner to notify the District.

C. Owner-Tenant Agreement.

1. Tenant must fill out the "tenant portion" and 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, owner and tenant mailing address(es) and e-mail address(es).

2. US Government issued ID for all parties listed on the owner portion.
3. The owner or property management company must fill out the “owner portion.”
4. US Government issued ID for landlord must be submitted with the owner portion.
5. The application will not be processed until both portions of the application have been received.
6. Service will not be established until all balances are paid in full. The service will remain in the landlord’s name until the prior debt has been satisfied.
7. Security deposit criteria must be satisfied according to the procedures outlined within this policy before service is established.
8. Tenant Vacancy: When a tenant plans to vacate a property where service is registered in their name the District must be notified. The deposit will be refunded or transferred upon close of the account.

Section 4. Security Deposit Information

A. 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.)
2. **Basis for Commercial, Industrial, and other Non-Residential Accounts Security Deposit**
Commercial, industrial, and other non-residential accounts shall be subject to security deposits based upon the same requirements as residential deposits.

B. Required Deposit

1. The required deposit will be calculated as three times the minimum charge for water facility fees, sewer facility fees, average District wide consumption, and trash service. The exact deposit amount will be determined based on the specific services available at the customer’s address.

C. Deposit Requirements

1. The District requires all applicants to submit a security deposit, as outlined below, to guarantee payment for services rendered.
2. Any individual or entity purchasing, renting, or leasing real property—of any type—that requires service from the District must meet the security deposit requirements.
3. Service shall not be granted until such time that the deposit requirement is satisfied.

D. **Deposit Waiver** - A security deposit is required for new accounts unless one of the following conditions is met within three weeks of escrow closing or the tenant's move-in date.

1. **Letter or Credit** - Submit a letter of credit from a water/wastewater utility confirming that there have been no late payments within the preceding 12 months. The letter must be sent directly by the utility to the District.
2. **Credit check** – applicants can pay for a soft credit check (refer to the fee package for pricing). The credit check company will assess the application based on a minimum credit score of 700.

3. **Deposit Waiver Policy for ACH Enrollment**

- a) Customers may waive the required deposit by enrolling in the ACH Automatic Payment Plan, which securely debits their checking or savings account for bill payments. Payments are processed on the last business day of each month, guaranteeing timely payment and eliminating late fees.
 - b) Customers enrolled in the ACH program must maintain a perfect payment record, meaning no occurrences of Non-Sufficient Funds (NSF) or late payments are permitted. If a customer has one NSF or late payment, a deposit will automatically be billed to their account. The customer will not have the option of a credit check or letter of credit to waive this requirement. The customer may remain enrolled in the ACH program, however, should a second NSF or late payment occur within a twelve-month period, the customer will be removed from the ACH Automatic Payment Plan.
 - c) Customers must maintain enrollment in ACH Automatic Payment for at least 12 months. If a customer cancels their enrollment within this period, a deposit will be applied to the account
 - d) Customers who have been removed from the ACH program due to payment issues must demonstrate twelve (12) consecutive months of on-time payments before reapplying for ACH enrollment.
 - e) The District reserves the right to review and modify eligibility criteria based on financial risk assessments, ensuring fairness and fiscal responsibility. Customers are responsible for maintaining accurate banking information and ensuring sufficient funds are available for all scheduled payments
4. A customer who fails the credit check cannot later submit a letter of credit or opt in to the ACH program to waive the deposit, nor can a customer who initially chooses the letter of credit option switch to a credit check or enroll in the ACH option to bypass the deposit requirement

E. **Deposit Payment**

1. A deposit may be billed to the account and broken into two but no more than three payments.
2. The deposit must be paid with the next bill. If split into installments, each payment will be due with the regular bill.
3. Payment may also be made in the office with a credit or debit card, check, money order or cashier's check or can be mailed or dropped into the night drop box.

F. Tenant Deposit

1. Property owner may require a deposit from a tenant regardless of a tenant's ability to provide a letter of credit or pass a credit check. The landlord must sign a statement acknowledging that any unpaid portion of a bill in a tenant's name is still the responsibility of the landlord. The tenant has the following options for payment:
 - a. The property owner can choose to allow the tenants' deposit to be billed:
 - i. The deposit may be billed to the account and broken into two but no more than three payments.
 - ii. The deposit must be paid with the next bill. If split into installments, each payment will be due with the regular bill.
 - b. The property owner can require the tenant to pay the deposit in full prior to opening the account in their name.
 - c. Payment may be made in the office with a credit or debit card, check, money order or cashier's check. Payment may also be mailed or dropped into the night drop box.
 - d. The deposit payment must be made in full prior to opening the account in the tenant's name. The owner will continue to be billed until the tenant pays their deposit.

G. Trash Only Deposits

1. Trash only customers deposit shall be three times the monthly service
2. Deposits are held until the customer stops service
3. Trash only accounts are not eligible for a waiver option

H. Amended Deposits

1. If a customer has been cut off due to non-payment, a deposit will be mandatory, with no option to replace it with a credit check, letter of credit or ACH enrollment. The deposit will be applied to the next bill without prior notice.
2. Accounts with more than three late payments or a balance exceeding \$500 may be subject to a deposit, at the discretion of District management.
3. If a customer's existing deposit is below the District's current minimum requirement, they will be billed a deposit for the difference based on services at the address.
4. Any amended deposit exceeding \$200 will be automatically billed in two installments.

I. Deposit Return or Transfer

1. All security deposits may be credited to the customer's account after twelve consecutive months of billings with no delinquencies.
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 to establish a deposit at the new property.
4. Processing a 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.

J. Application of Deposit to Delinquent Bills and Right to the Deposit

1. The right to a refund is limited to the account holder, the account holders heirs, or fiduciaries. The right to the deposit may not be assigned or delivered to any other person.
2. Owner Responsibility for Tenant's Unpaid Balance:

In the event a tenant account is not paid in full by the last business day of the month, the tenants deposit (if applicable) will be applied to the balance and the remaining unpaid balance shall automatically transfer to the property owner's account on the first business day of the month. The property owner will receive written or electronic notice of the balance transfer. Once the balance has transferred, the tenant's account will be closed, and the property owner will be responsible for all remaining and future charges for the property.
3. If a third party makes a payment to settle an outstanding balance, the customer's deposit will first be applied to the amount due, with any remaining balance covered by the third party. (If a Property Owner pays off a tenant's account, the tenant's deposit will be applied to the balance, and the Property Owner will cover the

remaining amount. Similarly, if a bank or its agent clears the Property Owner's closing balance, the deposit will be applied first, and the bank or its agent will be responsible for the remaining payment).

K. Interest on Deposit

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

Section 5. Tenant Water Disconnection (HSC Section 116916)

- A. Refer to District's Discontinuation of Residential Water Service for Non-Payment Policy.

Section 6. Restrictions

- A. This policy does not limit or prevent the discontinuation of service due to non-payment.

Section 7. Supersedes Other Policies

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