



On-Lot Sewage Disposal Funding Program (PENNVEST)

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The purpose of this fact sheet is to inform homeowners about how to obtain low-cost financing for the improvement, repair or replacement of their existing on-lot sewage disposal systems. This loan program is funded by the Pennsylvania Infrastructure Investment Authority (PENNVEST), administered by the Pennsylvania Housing Finance Agency (PHFA), and supported by the Department of Environmental Protection (DEP).

The Loan and Conditions

All assistance is provided in the form of loans at an interest rate of 1.0% plus a 0.75% per annum servicing fee. Loans are secured by a mortgage on the borrower's home. The maximum term of the loan is 20 years and repayment starts within 60 days of the loan disbursement. The loan must be immediately repaid in full if the property on which the project is located is sold or transferred.

Eligibility

This "On-Lot Funding Program" is available to all citizens of Pennsylvania with limited exceptions. It is very important that approval of a PENNVEST loan occur **before construction begins** on any on-lot sewage disposal improvement, repair, or replacement.

General Eligibility Requirements:

- Family income – must not exceed 150% of the statewide median household income.
- Credit worthiness – Financial ability to repay the loan.
- Loan amount – Maximum loan is \$25,000.
- Project type – Rehabilitation, improvement, repair or replacement of an existing on-lot sewage system located on a single-family lot.
- Ownership and residency – The home must be the primary residence of the applicant.

- Project location – Homes that will be served by a community wastewater collection and treatment system within the next five (5) years are not eligible.
- Eligible cost – Construction costs, permit fees, loan origination fees, and legal fees may be covered.
- Documentation – Must provide permits, verification that community wastewater treatment is not planned for 5 years, income and credit information.

Detailed eligibility requirements can be obtained by:

- Calling PHFA at 1-800-822-1174, who can also provide a list of participating lending institutions.
- Calling PENNVEST at 717-787-8138
- Calling or talking to your local Sewage Enforcement Officer

How to Apply

1. Contact a participating local lending institution to see if you qualify for credit approval of the loan. Call PHFA at 800-822-1174 to get a list of participating lenders. An application fee of \$65 will be collected, but it is returned **only** if the loan is dispersed.
2. Contact your local municipal officials and have them sign a standard form certifying that your proposed project is not in an area that is currently served by public sewers and will not be served by public sewers within the next five (5) years.
3. Contact the Sewage Enforcement Officer (SEO) serving your municipality to determine if a repair or replacement of your on-lot sewage is permissible under all applicable Pennsylvania regulations.
4. Have the SEO or a Professional Engineer (PE) design your system. The certification must indicate that the proposed system is the most cost-effective system for your property.

5. Have the SEO review the design and issue a permit for the system.
6. Obtain bids from contractors who could do the work you are considering; at least three (3) responsible bids are recommended.
7. Once all of the above steps have been completed, take the loan application, permit, bids, and the certifications from both the designer and municipal officials to the participating lending institution you contacted in Step 1 to complete your application for funding.

Summary

If you need to repair, replace, or upgrade an on-lot sewage disposal system serving your primary residence and you are not sure how you will pay for this system, consider a PENNVEST loan. Contact PHFA at 800-822-1174 for more information.

More Information

Other Penn State Fact Sheets relating to domestic wastewater treatment systems include the following:

- F-164, Mound Systems for Wastewater Treatment
- F-165, Septic Tank-Soil Absorption Systems
- F-166, Inspection of Existing Septic Systems During Real Estate Transactions
- F-167, Use of Dyes and Tracers to Confirm Septic System Failures
- F-168, On-Lot Sewage Disposal Publications Available Through the Penn State College of Agricultural Sciences

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