

CITY OF PACIFIC GROVE PRIVATE LATERAL SEWER REPLACEMENT PROGRAM
SEWER LATERAL LOAN PROGRAM GUIDELINES

Thank you for your interest in the Sewer Lateral Loan Program. Loan funding is limited and is available on a first come first serve basis to qualified applicants. Chapter 9.20 of the Pacific Grove Municipal Code is available for review at City Hall, the Pacific Grove Library, and on the internet at: www.cityofpacificgrove.org

A. APPLICATION BY PROPERTY OWNER

1. Fill out information on the attached application form.
2. If available, provide any history of problems with the sewer lateral line (if you have already obtained a written or video assessment of your lateral submit it with your application).
3. Return completed application to the Pacific Grove Community Development Department at City Hall, 300 Forest Avenue, Pacific Grove, California 93950.

B. CITY REVIEW PROCEDURE

The following procedure is to be followed when the city receives your application:

1. City will verify ownership of property.
2. Property owner will obtain a written or video assessment of their sewer lateral from a licensed plumbing contractor.
3. The completed assessment documentation and receipt should be submitted to the city for review as soon as possible. In most cases, the assessment will disclose whether there is a break in the sewer lateral line. The cost of the assessment inspection is eligible for reimbursement from the loan only if the property owner receives a city loan.
4. Upon review of the assessment, the city will determine eligibility for the Private Lateral Sewer Replacement Loan Program (PLSRLP) and notify the property owner of their eligibility status.
5. The property owner will then obtain at least two written estimates from plumbing contractors or licensed plumber to perform such work and submit them to the city for review. City cannot recommend any particular contractor.

C. LOAN PROCEDURE

1. The city shall determine the loan amount and terms based on consideration of:
 - The selected bid contractual amount
 - Cost of lateral inspection
 - Loan recordation fee
 - Building and encroachment permit fees
 - Availability of funding from City
 - Prioritization of projects based on financial need and condition of lateral
 - Other factors deemed appropriate by City staff to fully carry out the intent and purpose of the PSLRP.
2. The city shall provide the property owner with loan disclosure information.

3. Once the property owner has approved the disclosure, the city shall process the loan and prepare loan documents.
4. The property owner will sign the following:
 - Loan Program Agreement
 - Promissory Note
 - Deed of Trust
 - Disclosure Statement
 - Rescission Notice
5. If after the 3-day rescission period the property owner does not rescind the loan, the Deed of Trust shall be recorded at the Monterey County Recorder's Office and the property owner will be given notice to have their contractor proceed with the work. All necessary city permits must be obtained prior to commencement of the work. The work shall not be backfilled until inspected and approved by City.
6. Once the work is completed and has received final inspections by the appropriate city departments, the contractor will be paid directly by the city. City fees mentioned above will be deducted from the loan amount. If there are any funds remaining a loan reduction will be processed.

D. LOAN TERMS

1. The maximum loan amount is \$10,000.
2. This loan program provides a deferred payment loan at 3% simple interest.
3. The loan including any interest is due and payable upon voluntary or involuntary transfer of title, contract to sell or transfer, or sale of the secured property, request for subordination of the city's loan, whichever is earlier.
4. There are no pre-payment penalties if you want to pay this loan off. No partial payments of monthly payments will be accepted.
5. Actual loan terms may vary from borrower to borrower depending on special circumstances.

Questions and applications to the loan program should be made to:

Housing Division

City Hall

300 Forest Avenue, Pacific Grove, CA 93950

Phone: (831) 648-3199

Fax: (831) 648-3184

Email: tschaeffer@cityofpacificgrove.org

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