

# PENNVEST HOMEOWNER SEPTIC PROGRAM

The PENNVEST Homeowner Septic Loan Program helps qualified homeowners:

- repair or replace an **existing connection to public sewer OR** an individual, on-lot sewage disposal system;
- connect an existing home for the first time to public sewer.

This low-cost loan is funded by PENNVEST and administered by the PA Housing Finance Agency.

## TERMS

- Fixed interest rate for life of loan, currently as low as 1.75 percent.
- Up to 20 years to repay the loan balance.
- Funds can be used for design, construction and permit costs.

## SAMPLE PAYMENTS

- If you borrow \$15,000 at 1.75 percent (2.55 percent APR<sup>1</sup>) for 20 years, you pay \$75 monthly.
- If you borrow \$25,000 at 1.75 percent (2.22 percent APR<sup>1</sup>) for 20 years, you pay \$124 monthly.



Tom Wolf, Governor  
Robin Wiessmann, PHFA Executive Director & CEO  
Brion Johnson, PENNVEST Executive Director

## LOAN ADVANTAGES

- Pay an attractive interest rate for this vital home improvement.
- No prepayment penalties if the loan is paid off early.

## WHY REPLACE YOUR SEPTIC SYSTEM?

- Increase the value and marketability of your home.
- Eliminate worries about your septic system when you sell your home.
- Improve the environmental health of your property.
- Avoid or respond to citations from your municipality.

## LEARN MORE AND APPLY

1. Call PHFA's Solution Center at **855-U-ARE-HOME** (855-827-3466) or visit **www.phfa.org** to learn more and view a list of participating lenders.
2. Visit or call one of the listed participating lenders to begin the loan application.
3. Work with design and construction professionals of your choice to develop an approved system.

*<sup>1</sup> Subject to credit approval and eligibility restrictions including loan use and owner occupancy. Interest rate quoted as of 1/1/2019 to 1/1/2021. The APR is fixed for the term of the loan. Borrower pays origination and closing charges. Sample payments based on \$15,000 and \$25,000 loan examples have twenty year term and 240 payments. Total finance charge for a \$15,000 loan is \$3,869 and for a \$25,000 loan is \$5,727.*



# PENNVEST Homeowner Septic Loan Program

## Background

The Pennsylvania Infrastructure Investment Authority (PENNVEST) has teamed with the Pennsylvania Housing Finance Agency (PHFA) and the Pennsylvania Department of Environmental Protection (DEP) to offer this special funding program. Loans are available to eligible homeowners who need to

- Repair or replace their existing lateral to a public sewer system
- Connect an existing home to the public sewer system for the first time.
- Repair or replace their individual on-lot septic system.

## Loan Terms

- Fixed interest rate for life of loan, currently as low as 1.75 percent
- Up to 20 years to repay the loan balance (up to 15 years for manufactured homes)
- Maximum loan amount is \$25,000
- Affordable payments: A \$15,000 loan at 1.75 percent (2.55 percent APR) for 20 years, would have a monthly payment of only \$75. At the maximum loan amount of \$25,000 at 1.75 percent (2.22 percent APR) for 20 years, the monthly payment is \$124. <sup>1</sup>
- No household income limits.

<sup>1</sup> Subject to credit approval and eligibility restrictions including loan use and owner occupancy. Interest rate quoted as of 1/1/2020. The APR is fixed for the term of the loan. Borrower pays origination and closing charges. Sample payments based on \$15,000 and \$25,000 loan examples have twenty year term and 240 payments. Total finance charge for a \$15,000 loans is \$3,869 and for a \$25,000 loan is \$5,727.

## General Requirements<sup>2</sup>

- Applicants must reside in the home that needs the sewer or septic work. They may not borrow to pay for work at a rental property, business or a family member's home.
- Applicants must own at least 50% of the property.
  - This requirement addresses the number of people who are owners of the home that needs sewage management work. For example, a husband and wife both on the home's deed are typically each considered 50% owners of their home. If three sisters are on the deed, then they each own a third. One sister would need to sell her ownership interest to her other siblings so that they could apply.

- The home itself and the septic system and sewer lateral may not be located in an A or V flood zone, even if the homeowner has NFIP (government) flood insurance. If any part of the property (i.e., the yard) or an outbuilding or deck is in one of these zones the homeowner must maintain NFIP flood insurance for the term of the loan.
- Applicants' debt to income ratios may not exceed 45%, typically, and 47% with strong compensating factors as identified by PHFA. While there is no minimum credit score, applicants' credit payment history is reviewed.
- Loans must be in first or second lien position for the borrower to be considered for financing up to \$25,000. Third lien position loans are up to \$7,500. No 4<sup>th</sup> or lower lien positions will be considered.
  - Some homeowners, otherwise qualifying for a loan up to \$25,000, will need to pay off and close their home equity loans or lines of credit to be eligible for the Pennvest Homeowner Septic Loan in the amount they need.
- These loans are secured financing, and are "sized" around your preferred contractor's estimate. Making loan application while reaching out to contractors for work proposals and costs is recommended.
- A lien will be placed against the applicants' property.
- Loans may take 45 days or more to originate and close. Borrowers who are very responsive to lender information requests may be able to reduce this timeframe to 30 days and those needing more time may need more than 60 days. Applicants are responsible for ensuring that they meet sewer authority or sewage enforcement officer deadlines.

*<sup>2</sup> This is not a complete list of requirements, just those that generally concern most applicants. Please call PHFA for clarifications to these requirements or to discuss your particular situation, if needed.*

#### **For more information**

Contact PHFA at 1-855-827-3466 or [septic@phfa.org](mailto:septic@phfa.org) for loan-related questions. You may also read more about the program at PHFA's website [www.phfa.org](http://www.phfa.org), under the "Homeowners" "Start Here" resources. To understand the requirements of your community, please contact your local Sewage Enforcement Officer, township or borough official.

# Single Family Housing Repair Loans and Grants

## What does this program do?

**Also known as the Section 504 Home Repair program, it provides loans to very-low-income homeowners to repair, improve, or modernize their homes, or provides grants to elderly, very-low-income homeowners to remove health and safety hazards.**

## Who can apply for this program?

**To qualify, you must:**

- **Be the homeowner and occupy the house**
- **Be unable to obtain affordable credit elsewhere**
- **Have a family income within the very-low-income limit**
- **For grants, be age 62 or older and not be able to repay a repair loan**

### **What is an eligible area?**

Properties must be located in an eligible rural area. You can visit the USDA Income and Property Eligibility website (available at this link: <https://go.usa.gov/xzcdM>) for complete details.

### **How can funds be used?**

- Loans can be used to repair, improve, or modernize homes, or to remove health and safety hazards.
- Grants must be used to remove health and safety hazards.

### **How much money can I get?**

- Maximum loan is \$40,000.
- Maximum grant is \$10,000.
- Loans and grants can be combined for up to \$50,000 in assistance.

### **What are the terms of the loan or grant?**

- Loans are repaid over 20 years.
- Loan interest rate is fixed at 1 percent.
- Full title service is required for loans greater than \$25,000.
- Grants have a lifetime limit of \$10,000.
- Grants must be repaid if the property is sold in less than three years.

- If applicants can repay part - but not all - of the costs, they may be offered a loan and grant combination.

### **Is there a deadline to apply?**

Applications are available year-round as long as funding is available, and are processed in the order they are received.

### **How long does an application take?**

Approval times depend on funding availability in your area. Talk to a state or area office-based USDA home loan specialist (a map is available at this link: <https://www.rd.usda.gov/browse-state>) for help with your application.

### **How do I get started?**

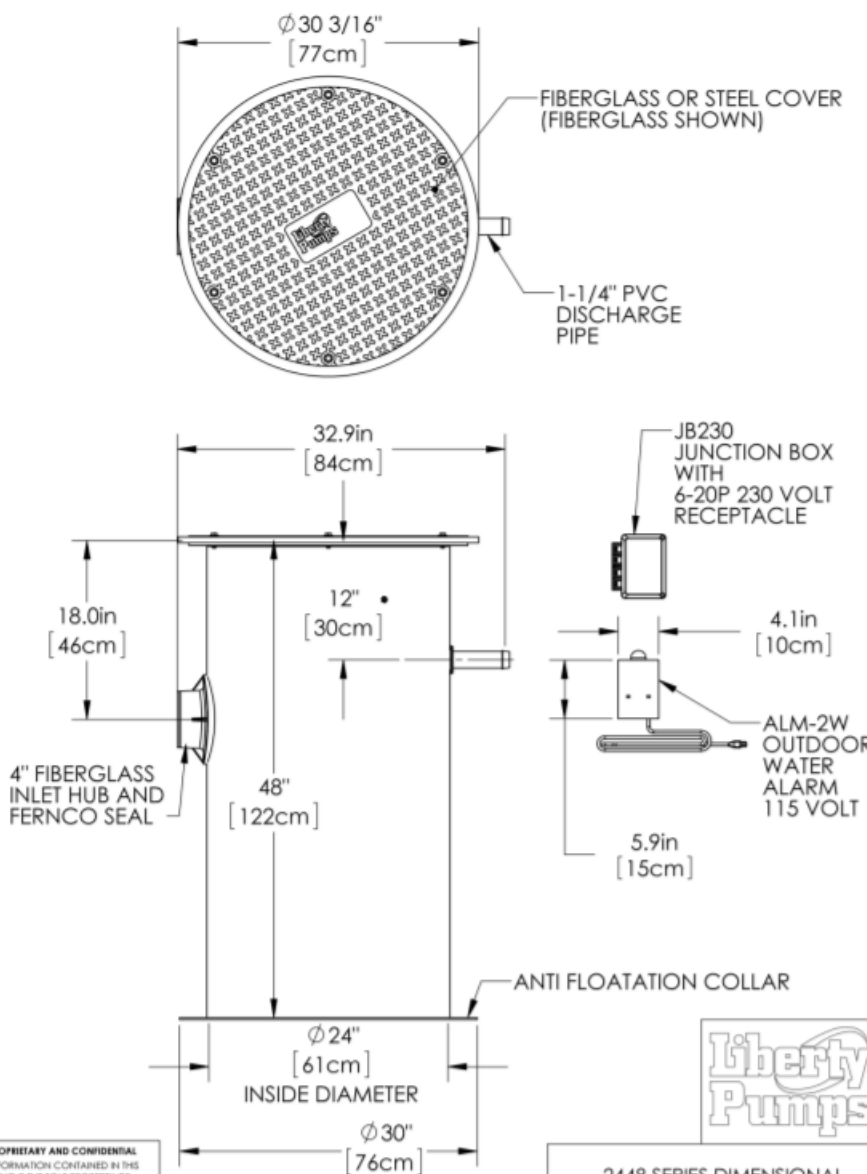
Contact a USDA home loan specialist (information is available at this link: <https://www.rd.usda.gov/browse-state>) in your area.

### **What governs this program?**

- The Housing Act of 1949 as amended; 7 CFR, Part 3550 (available at this link: <https://go.usa.gov/xzcvG>)
- HB-1-3550 - Direct Single Family Housing Program Field Office Handbook (available at this link: <https://go.usa.gov/xzcvM> - PDF)

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**NOTE: Because citations and other information is subject to change, always consult the program instructions listed in the section above titled “What Governs This Program?” You can also contact your local office for assistance (a list is available at this link: <https://go.usa.gov/xzjP7>). You will find additional forms, resources, and program information at [rd.usda.gov](http://rd.usda.gov). *USDA is an equal opportunity provider, employer, and lender.***



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