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## **PENNVEST HOMEOWNER SEPTIC PROGRAM GUIDANCE HALIFAX TOWNSHIP SEWER EXTENSION PROJECT**

### **OVERVIEW**

The Pennsylvania Infrastructure Investment Authority (PENNVEST), in cooperation with the Pennsylvania Housing Finance Authority (PHFA), provides low-cost financing to improve, replace, or repair individual on-lot disposal systems (OLDS) and existing public sewer connections, or to connect, for the first time, to public sewer in order to meet public health and environmental safety standards.

### **ELEGIBILITY**

- Program is for repairs or replacements of existing septic systems or sewer laterals OR first-time connections to public sewer from existing homes. No “new home construction” sewage management is permitted.
- Applicants must own at least 50% of the home. If three or more people are on the deed, they are all owners, and PHFA may require owners to be removed for loan processing to continue.
- Property must be the owners’ primary residence located in Pennsylvania.
- Home and septic system cannot be in a flood zone A or V. Private flood policies not permitted.
- Maximum debt to income ratio of 45%.
- No household income limits.

### **PROGRAM INFORMATION**

- Maximum loan amount is \$25,000 and the minimum is \$2,500.
- Rate 1.75% fixed for life of loan. 2.410 to 2.900% APR – depending on loan amount. See Loan Costs below. Annual Percentage Rate (APR) includes in the rate the closing costs financed over the life of the loan.
- No prepayment charges.
- No property appraisals.
- Lien position must be 1st or 2nd lien to qualify for full \$25,000. 3rd lien position loans are limited to \$7,500 unless the first two liens were simultaneously originated for the purpose of buying the home.
- Additional qualifications apply.
- **NO WORK ON THE SEWAGE MANAGEMENT SYSTEM MAY BEGIN BEFORE THE LOAN CLOSSES.** “Perc and probe” and other testing, design work, and testing permits may occur, be paid for out of pocket by the Homeowner, and be reviewed for reimbursement based on receipts/paid invoices. No cash back to applicants. Reimbursements for qualified, approved expenditures, such as pre-paid permits will be made.

## LOAN APPLICATION OVERVIEW

- Applicants are advised to apply after receipt of the Notice to Connect (NTC) from the Authority, and may reach out to the Loan Officer (Brian Stine)
- Applications take 45-60 days from application submission to closing. Applying prior to receipt of the NTC may result in the expiration of the offer and the need to reapply.

## ELIGIBLE USES

- Repair or replace their existing lateral to a public sewer system.
- Connect an existing home to the public sewer system for the first time.
  - Eligible costs include:
    - Installation of sewer lateral from the home to the clean out.
    - Abandonment of existing On-Lot Disposal System.
    - Electrical construction (for grinder pump purposes).
- Repair OR replace their individual on-lot septic system.

## LOAN COSTS (SAMPLE ONLY)

### Upfront Charges

Credit Report (Per Applicant)	\$58 (Joint Applicants = \$100)
Flood	\$10
Title Search	\$45
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<b>Total Upfront Charges</b>	<b>\$113 (Joint Applicants = \$155)</b>

### Loan Costs

Participant Compensation	5% of Base Loan Amount (\$50 per \$1,000 financed)
Recording Fee (Est.)	\$125
Notary Fee (Est.)	\$20 (Borrower to choose notary)
Tax Transcript Charge	\$17.50
Employment Verification (Est.)	\$58 (Per Employer)
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<b>Total Closing Costs</b>	<b>\$650 - \$1,750</b> (Depending on loan size, county recording charges, and employment verification charges)

\*Note: Loans must close within 120 days or application will be cancelled unless PHFA determines there are extenuating circumstances. If PHFA allows an extension, Additional money will be required for the cost of updating the application.

## APPLICATION AND REQUIRED SUPPORTING DOCUMENTS

- Application: See attached.
- 2 most recent consecutive paystubs.
- 2 most recent years of W-2 forms or 1099G, 1099R, whichever is applicable for your income.
- Most recent mortgage statement, if you have a mortgage on your home. It needs to show total balance, monthly payment and whether or not taxes and insurance are included or these items should be provided by the lender.
- Copy of most recent Homeowner's insurance policy declarations page(s) showing coverage amount, premium, agent name and effective date. (Deductible requirements maximum \$3,000 deductible or 1% of face amount of policy).

## ADDITIONAL NOTES

- Separately from this loan application, continue to work with your Sewage Enforcement Officer, municipal government or other sewage management professional regarding design plans, soil and other testing, system specifications, contract, permits, and other fees paid or to be paid. You may need to pay for testing and design charges out of pocket and then be reimbursed after the loan closes. A copy of your contract and other charges ARE NOT NEEDED FOR LOAN SUBMISSION but will be reviewed by PHFA if you are approved for the loan.
- We recommend applying for the maximum loan amount of \$25,000 until your total costs and eligible reimbursements are determined by PHFA. Your loan amount will be reduced to actual charges/eligible reimbursements prior to closing.
- Process timing is dependent on how quickly we receive full application package, signed disclosures and supporting documentation.

## PROGRAM CONTACTS

<b>Brian Stine (American Bank)</b>	<b>Roberta Schwalm (PENNVEST)</b>
(610) 973-8117	(717) 780-3838

Note: Information based on public materials from PHFA. For any additional questions or clarifications please reach out to the above Program Contacts.