



June 2016

## FUNDING RESOURCES TO ADDRESS: WASTE / WATER HOOKUPS FOR HOMEOWNERS

Waste and water treatment projects are typically multi-million dollar endeavors and more than likely include a fee structure that has a direct financial impact on the end user. The following provides funding assistance opportunities for homeowners.

- 1) **U.S. Department of Agriculture (USDA) 504 Home Repair Loans & Grants** applicants qualify for the 504 grant if they are very-low-income rural seniors aged 62 or older, have adjusted household incomes below the very low-income limits as established by the USDA, and must be located in a USDA designated Area. In addition, the grant threshold max is \$7,500 and applicants must be able to demonstrate repayment ability for the loan. The USDA 504 program is to help improve, repair or rehabilitate a residence, see the attached 504 Fact Sheet, contacts are:
  - **James Rhea** (724) 482 – 4800 ext. 118, [james.rhea@pa.usda.gov](mailto:james.rhea@pa.usda.gov)
  - **Heather Bloom** (724) 482 – 4800 ext. 110, [heather.bloom@pa.usda.gov](mailto:heather.bloom@pa.usda.gov)
  - **Housing Program Main Line** (717) 237 – 2186
- 2) **Pennsylvania Housing Financing Agency (PHFA)** has a loan program for homeowners and homebuyers, the **Keystone Renovate & Repair Loan Program (R&R Loan)**, which can be used to hook up to municipal water and sewer systems, and improve or install code-compliant septic or well systems see <http://www.phfa.org/programs/repairs.aspx>
- 3) **PHFA** has teamed with **PENNVEST** and the Pennsylvania Department of Environmental Protection (**PA DEP**) on the **PENNVEST Homeowner Septic Program**. This program offers low interest funding for individual homeowners to pay for repair or replacement of a malfunctioning on-lot system that serves their principle residence or assist with first time connection to a public sewer system. Homeowners must obtain a sign-off from the local sewage enforcement officer that the improvements are necessary and the on-lot system will work. The township must also sign-off on the project to ensure that a wastewater disposal system neither exists nor is planned in the next five years. See the attached Fact Sheet, and for more information see <http://www.phfa.org/programs/repairs.aspx>
- 4) **Pennsylvania Department of Community and Economic Development (DCED) Community Development Block Grants (CDBG)** homeowners that are below 80% of the area's Median Family Income (MFI) may be eligible for the tap in fee, lateral hook-up assistance, contacts are:
  - Entitlement communities (Large Urban Areas) see:  
<http://portal.hud.gov/hudportal/HUD?src=/states/pennsylvania/community/cdbg>
  - PA entitlement municipalities or non-federal entitlement municipalities competitive program see:  
<http://www.newpa.com/programs/community-development-block-grant-cdbg/#.V1q3keTDolU>  
Units of general local government must apply for funding to assist low and moderate income homeowners.

**Questions:** Contact Senator Toomey's Grants Coordinator Theresa Walsh, CGW at (610) 434 – 7524  
[Theresa\\_walsh@toomey.senate.gov](mailto:Theresa_walsh@toomey.senate.gov) or [http://www.toomey.senate.gov/?p=fed\\_grant\\_info](http://www.toomey.senate.gov/?p=fed_grant_info)

## 504 Home Repair Loans & Grants

**To apply for a 504 Home Repair  
Loan or Grant:**

Visit the PA Website for your  
closest USDA Rural  
Development Office:

[http://www.rurdev.usda.gov/  
PA\\_Contact\\_Us.html](http://www.rurdev.usda.gov/PA_Contact_Us.html)



**Health & Safety Hazard Repair**  
assistance to income eligible  
homeowners in  
rural areas



USDA Rural Development recognizes the home repair needs of eligible rural homeowners. A 504 loan to those income eligible and a 504 Grant to seniors age 62 and older (or a combination) assist very-low income and other income eligible rural homeowners to make vital repairs.

#### 504 Grant

The 504 Grant Program is available exclusively to very-low-income rural seniors aged 62 or older. A combination of grant and loan funds may be used if some payment ability is demonstrated. The maximum lifetime grant amount is \$7,500.

#### 504 Grant terms

Grant agreement signed at closing, states that if the home repaired with grant funds is sold within three years of the grant approval, the full amount of the grant will be repaid.

To file a complaint of discrimination, write to: USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410. Or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). "USDA is an equal opportunity provider and employer."

#### 504 Loan

Applicants must have adjusted household incomes below the very low-income limits listed on the web site and be able to show repayment ability for the loan requested. Maximum outstanding balance must not exceed \$20,000.

#### 504 Loan rates & terms

- 1% interest rate;
- Maximum term is 20 years, term determined based on ability to repay; and
- Mortgages taken on loans of \$7,500 or more.

The payment on a \$5,000 1% loan is only \$23/month (20 year term).

#### 504 LOAN ELIGIBILITY

- ✓ Credit history must indicate a reasonable ability and willingness to meet financial obligations. There is no charge for a credit report.
- ✓ Liquid assets exceeding \$15,000 (\$20,000 for senior applicants) need to be considered and may affect loan or grant amount, for which applicants are eligible.
- ✓ Applicants must show a dependable source of income which is sufficient to repay the loan.
- ✓ Property must be owned and occupied by the applicant. Documentation of ownership must be provided.

***The 504 Loan and Grant Programs allow income eligible rural homeowners with very low incomes to repair or improve a home, making it safe and sanitary by removing health and safety hazards.***

#### Property Eligibility

- Modest in size and design
- No in-ground swimming pool.

For property eligibility, visit <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

#### Fees

- An appraisal fee and a tax service fee is required for initial loans greater than \$15,000;
- Recording fees, if a mortgage is required (loan of \$7,500 or more);
- Title Insurance when the total debt to the Agency is \$7,500 or more; and
- Hazard Insurance must be maintained if Agency debt is greater than \$15,000.

#### Escrow of Taxes & Insurance

If the applicant's total outstanding debt to the Agency is greater than \$15,000, an escrow account must be established. An escrow account already established with another lender is satisfactory.

#### LOAN AND GRANT FUNDS MAY NOT

- Assist in new construction
- Make repairs that will not result in correcting all major hazards
- Pay for off-site improvements