

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1108 Session of 2005

INTRODUCED BY RUBLEY, ARGALL, BARRAR, BASTIAN, BELARDI,
BENNINGHOFF, BOYD, BROWNE, CALTAGIRONE, CAPPELLI, CLYMER,
CORNELL, DALLY, DeWEESE, FAIRCHILD, FICHTER, FREEMAN, GEIST,
GEORGE, GINGRICH, GOOD, GOODMAN, HARPER, HENNESSEY, HERMAN,
HERSHEY, HUTCHINSON, LEACH, LEVDANSKY, MACKERETH, MANN,
McGEEHAN, MILLARD, R. MILLER, MUSTIO, NAILOR, NICKOL,
PETRARCA, PHILLIPS, PICKETT, REICHLEY, ROSS, SCAVELLO,
SCHRODER, STABACK, STERN, SURRA, E. Z. TAYLOR, THOMAS, TIGUE,
TURZAI, WALKO, WANSACZ, WILT AND YOUNGBLOOD, MARCH 24, 2005

SENATOR M. WHITE, ENVIRONMENTAL RESOURCES AND ENERGY, IN SENATE,
AS AMENDED, JUNE 13, 2006

AN ACT

1 Amending the act of March 1, 1988 (P.L.82, No.16), entitled "An
2 act providing for the establishment, implementation and
3 administration of the Pennsylvania Infrastructure Investment
4 Authority; imposing powers and duties on a board of trustees;
5 transferring the rights, powers, duties and obligations of
6 the Water Facilities Loan Board to the Pennsylvania
7 Infrastructure Investment Authority; providing for the
8 issuance of notes and bonds; providing for financial
9 assistance and for a comprehensive water facilities plan;
10 authorizing a referendum to incur indebtedness; making an
11 appropriation; and making repeals," FURTHER PROVIDING FOR <—
12 DEFINITIONS; establishing the Water and Wastewater System
13 Connection Funding Program to provide certain ~~grants and~~ low- <—
14 interest loans; providing for transfer of certain moneys; and
15 making editorial changes.

16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 Section 1. The act of March 1, 1988 (P.L.82, No.16), known
19 as the Pennsylvania Infrastructure Investment Authority Act, is
20 amended by adding a chapter heading to read:

1 other expenses necessary or incident to the acquisition,
2 construction, improvement, expansion, extension, repair or
3 rehabilitation of all or part of a project.

4 "Federal poverty guidelines." The poverty measure issued
5 annually by the United States Department of Health and Human
6 Services as published in the Federal Register based on family
7 size and household income.

8 "Governmental unit." Any agency of the Commonwealth or any
9 county, municipality or school district, or any agency,
10 instrumentality, authority or corporation thereof, or any public
11 body having local or regional jurisdiction or power.

12 "Housing unit." A detached or attached single-family
13 residential structure, including, but not limited to, a
14 manufactured home on a permanent foundation, which is a
15 permanent residence and is owned and occupied by one or more
16 individuals.

17 "Loan origination fees." Fees paid by a borrower to a local
18 lending institution for originating the borrower's loan.

19 "Loan servicing fees." Fees paid to a local lending
20 institution.

21 "Local lending institution." A FOR PURPOSES OF CHAPTER 5, A <—
22 bank, savings and loan or other financial institution authorized
23 to extend financial assistance under the Water and Wastewater
24 System Connection Funding Program.

25 "Manufactured home." A movable, single-family dwelling unit
26 designed for long-term occupancy, built on a chassis at a
27 factory, not less than eight feet wide and 32 feet long, with or
28 without a permanent foundation, and consisting of a complete
29 package with major appliances, plumbing and electrical
30 facilities prepared for appropriate connections.

1 "Manufactured home community." An area under single
2 ownership where designated spaces for manufactured homes are
3 rented or leased, having three or more such houses occupied as
4 residences.

5 "Program." The Water and Wastewater System Connection
6 Funding Program established under section 502.

7 ~~"Project." The eligible costs associated with the~~ <—
8 ~~acquisition, construction, improvement, expansion, extension,~~
9 ~~repair or rehabilitation of all or part of any facility or~~
10 ~~system, whether publicly or, in the case of paragraph (1) or~~
11 ~~(2), privately owned:~~

12 ~~(1) for the collection, treatment or disposal of~~
13 ~~wastewater, including industrial waste;~~

14 ~~(2) for the supply, treatment, storage or distribution~~
15 ~~of drinking water;~~

16 ~~(3) for the control of storm water, which may include,~~
17 ~~but need not be limited to, the transport, storage and the~~
18 ~~infiltration of storm water; or~~

19 ~~(4) for the best management practices to address point~~
20 ~~or nonpoint source pollution associated with storm water~~
21 ~~runoff or any other innovative techniques identified in the~~
22 ~~county prepared watershed plans pursuant to the act of~~
23 ~~October 4, 1978 (P.L.864, No.167), known as the Storm Water~~
24 ~~Management Act.~~

25 "PROJECT." THE ELIGIBLE COSTS ASSOCIATED WITH THE <—
26 ACQUISITION, CONSTRUCTION, IMPROVEMENT, EXPANSION, EXTENSION,
27 REPAIR, REHABILITATION OR SECURITY MEASURES OF ALL OR PART OF
28 ANY FACILITY OR SYSTEM, WHETHER PUBLICLY OR, IN THE CASE OF
29 PARAGRAPH (1) OR (2), PRIVATELY OWNED:

30 (1) FOR THE COLLECTION, TREATMENT OR DISPOSAL OF

WASTEWATER, INCLUDING INDUSTRIAL WASTE;

(2) FOR THE SUPPLY, TREATMENT, STORAGE OR DISTRIBUTION
OF DRINKING WATER;

(3) FOR THE CONTROL OF STORM WATER, WHICH MAY INCLUDE,
BUT NEED NOT BE LIMITED TO, THE TRANSPORT, STORAGE AND THE
INFILTRATION OF STORM WATER; OR

(4) FOR THE BEST MANAGEMENT PRACTICES TO ADDRESS POINT
OR NONPOINT SOURCE POLLUTION ASSOCIATED WITH STORM WATER
RUNOFF OR ANY OTHER INNOVATIVE TECHNIQUES IDENTIFIED IN THE
COUNTY-PREPARED WATERSHED PLANS PURSUANT TO THE ACT OF
OCTOBER 4, 1978 (P.L.864, NO.167), KNOWN AS THE STORM WATER
MANAGEMENT ACT.

"Property lateral." The pipe connecting a housing unit to
the street lateral.

"Secretary." The Secretary of Environmental [Resources]
Protection of the Commonwealth.

"SECURITY MEASURES." INFRASTRUCTURE IMPROVEMENTS TO PUBLICLY <—
OR PRIVATELY OWNED WATER OR WASTEWATER SYSTEMS DESIGNED IN WHOLE
OR IN PART FOR THE PROTECTION OF THE COLLECTION, TREATMENT AND
DISTRIBUTION OF POTABLE WATER AND TREATMENT OF WASTEWATER FROM
THREATS AND VULNERABILITIES TO ENSURE THE PUBLIC HEALTH OF THE
SYSTEMS' CUSTOMERS IN ACCORDANCE WITH THE ENVIRONMENTAL
PROTECTION AGENCY'S DRINKING WATER STATE REVOLVING FUND PROGRAM
AND THE CLEAN WATER STATE REVOLVING FUND PROGRAM ESTABLISHED
UNDER SECTION 1452 OF THE SAFE DRINKING WATER ACT (PUBLIC LAW
93-523, 42 U.S.C. § 300J-12) AND TITLE VI OF THE FEDERAL WATER
POLLUTION CONTROL ACT (62 STAT. 1155, 33 U.S.C. §§ 1381-1387),
RESPECTIVELY, AND ANY OTHER PROGRAM FOR WHICH THERE ARE FUNDS OR
ACCOUNTS ADMINISTERED BY THE AUTHORITY.

"Statewide median household income." The median household

1 income reported for Pennsylvania in the most recently available
2 Census of Population and Housing, as conducted and reported by
3 the United States Bureau of the Census. This amount shall be
4 adjusted on the first working day of each calendar year by <—
5 multiplying median household income by the following factor:
6 CPI U(1)/CPI U(2), where CPI U refers to the Consumer Price
7 Index for all Urban Consumers ANNUALLY TO ACCOUNT FOR INFLATION, <—
8 as computed and reported by the United States Bureau of Labor
9 Statistics. The designation (1) refers to the CPI U for the year <—
10 in which the median household income is calculated and reported
11 and the designation (2) refers to the most recent CPI U reported
12 as of December 15 of the year immediately preceding the year
13 when the adjustment is made.

14 "Storm water." Drainage runoff from the surface of the land
15 resulting from precipitation or snow or ice melt.

16 "Water Facilities Loan Board." The board established under
17 32 Pa.C.S. § 7504 (relating to Water Facilities Loan Board).

18 Section 5. The act is amended by adding a chapter heading to
19 read:

20 CHAPTER 3

21 PENNSYLVANIA INFRASTRUCTURE INVESTMENT

22 AUTHORITY

23 Section 6. Section 4 heading of the act is amended to read:

24 Section [4] 301. Pennsylvania Infrastructure Investment

25 Authority; board of directors.

26 * * *

27 Section 7. Section 5 heading and (a), amended December 16,
28 1992 (P.L.1137, No.149), are amended to read:

29 Section [5] 302. Revenues of authority.

30 (a) Sources of revenues.--The authority may receive money

1 from sources of revenue, including, but not limited to, the
2 following:

3 (1) State funds appropriated to the authority.

4 (2) Federal funds appropriated to or granted to the
5 authority.

6 (3) Proceeds from the sale of bonds of the authority
7 authorized under section [7] 304.

8 (4) Proceeds from the sale of bonds issued on or after
9 the effective date of this act from the remaining unused
10 authorization in addition to any other funds that remain
11 unencumbered on the effective date of this act from the act
12 of July 12, 1981 (P.L.263, No.88), entitled "An act
13 authorizing the incurring of indebtedness, with approval of
14 the electors, of \$300,000,000 for the repair, construction,
15 reconstruction, rehabilitation, extension and improvement of
16 community water supply systems, and for the repair,
17 reconstruction or rehabilitation of flood control facilities,
18 dams and port facilities and providing the allotment of
19 proceeds from borrowing hereunder," approved by the
20 electorate on November 3, 1981.

21 (5) Proceeds from the sale of bonds not to exceed a
22 total sum of \$150,000,000 issued for site development under
23 the provisions of Article XVI-B of the act of April 9, 1929
24 (P.L.343, No.176), known as The Fiscal Code. This paragraph
25 shall expire on December 31, 1989, except that the board may
26 fund projects approved prior to December 31, 1989.

27 (6) Proceeds from the sale of any Commonwealth general
28 obligation bonds issued under sections [16 and 17] 313 and
29 314.

30 (7) Proceeds from the sale of any Commonwealth general

obligation bonds issued under section 12 of the act of March 16, 1992 (P.L.10, No.5), known as the Small Water Systems Assistance Act.

(8) Proceeds from the sale of authority assets.

(9) Repayment of loan principal.

(10) Payment of interest on loans made by the authority.

(11) Interest earned on the investments of authority moneys.

* * *

Section 8. The headings of sections 6, 7, 8 and 9 of the act are amended to read:

Section [6] 303. Powers and duties of authority.

* * *

Section [7] 304. Specific power to issue bonds.

* * *

Section [8] 305. Covenants and express conditions on obligations.

* * *

Section [9] 306. Nature and effect of pledges.

* * *

Section 9. Section 10 heading and (f) of the act are amended to read:

Section [10] 307. Financial assistance.

* * *

(f) Loans.--Subject to any agreements with the holders of bonds, the board shall have the power to set terms applicable to loans in any manner it deems appropriate, subject to the provisions of this subsection. The board may consider such factors as it deems relevant, including current market interest rates, the financial and economic distress of the area which the

1 project serves, and the necessity to maintain the authority
2 funds in a financially sound manner. Loans may be made based on
3 the ability to repay the loan from future revenue to be derived
4 from the project, by a mortgage or other property lien, or on
5 any other fiscal matters which the authority deems appropriate.
6 The board shall have the power to defer principal on loans for
7 up to five years. In the event of a default on the repayment of
8 a loan, the board may apply to the court of common pleas of the
9 county where the project is located for the appointment of a
10 receiver to assume operation and supervision of the facility
11 under the supervision of the court. The minimum rate of interest
12 to be paid on any loan made pursuant to this act shall be 1%.

13 The maximum rate of interest shall not exceed the following:

14 (1) For projects in counties whose unemployment rate
15 exceeds the Statewide unemployment rate by 40% or more, 1%
16 for the first five years and 25% of the bond issue rate for
17 the remainder of the loan.

18 (2) For projects in counties whose unemployment rate
19 exceeds the Statewide unemployment rate, but exceeds it by
20 less than 40%, 30% of the bond issue rate for the first five
21 years and 60% of the bond issue rate for the remainder of the
22 loan.

23 (3) For all other projects, 60% of the bond issue rate
24 for the first five years and 75% of the bond issue rate for
25 the remainder of the loan.

26 (4) For projects located within municipalities for which
27 unemployment rates exist which would qualify the project for
28 lower interest rates than if the relevant county unemployment
29 rate were used, the unemployment rate of that municipality
30 may be used in determining the interest rate on the loan.

1 For purposes of this subsection, the phrase "unemployment rate
2 of the county" shall mean the average unemployment rate for the
3 county in the most recent calendar year for which data has been
4 finalized. For the projects which serve multiple counties, the
5 highest unemployment rate of the counties involved shall be
6 used. The unemployment data utilized shall be data reported by
7 the Department of Labor and Industry. For purposes of this
8 subsection, the phrase "bond interest rate" shall be the rate of
9 interest paid by the Commonwealth immediately preceding the date
10 of the loan for the bonds issued under sections [16 and 17] 313
11 and 314.

12 * * *

13 Section 10. The headings of sections 11 and 12 of the act
14 are amended to read:

15 Section [11] 308. Comprehensive water facilities plan.

16 * * *

17 Section [12] 309. Audits.

18 * * *

19 Section 11. Section 13 of the act is amended to read:

20 Section [13] 310. Annual report.

21 The board shall provide the General Assembly with an annual
22 report detailing all projects funded under section [10] 307.

23 Section 12. Section 14 heading of the act is amended to
24 read:

25 Section [14] 311. Expedited approval of rate relief.

26 * * *

27 Section 13. Sections 15, 16 and 17 of the act are amended to
28 read:

29 Section [15] 312. Transfer of Water Facilities Loan Board.

30 (a) Removal of members.--All existing members of the Water

1 Facilities Loan Board shall cease to hold office on the day that
2 the Governor certifies by publication in the Pennsylvania
3 Bulletin the existence of a quorum on the board created under
4 section [4] 301.

5 (b) Board of directors to serve as Water Facilities Loan
6 Board.--For purposes of satisfying all outstanding obligations
7 of the Water Facilities Loan Board and for purposes of
8 collecting loan and interest repayments, the board established
9 in section [4] 301 shall constitute the membership of the Water
10 Facilities Loan Board.

11 (c) Transfer of function.--All remaining unencumbered funds,
12 rights, powers, duties, obligations, liabilities, records and
13 equipment of the Water Facilities Loan Board are transferred to
14 the authority.

15 Section [16] 313. Referendum.

16 (a) General rule.--Pursuant to the provisions of section
17 7(a)(3) of Article VIII of the Constitution of Pennsylvania, the
18 question of incurring indebtedness of \$300,000,000 for loans for
19 the acquisition, repair, construction, reconstruction,
20 rehabilitation, extension, expansion and improvement of water
21 supply and wastewater treatment systems, subject to
22 implementation through this act, shall be submitted to the
23 electors at the next primary, municipal or general election
24 following the effective date of this act.

25 (b) Certification.--The Secretary of the Commonwealth shall
26 forthwith certify the question to the county boards of
27 elections.

28 (c) Form of question.--The question shall be in
29 substantially the following form:

30 Do you favor the incurring of indebtedness by the

1 Commonwealth of \$300,000,000 for use as loans to acquire,
2 repair, construct, reconstruct, rehabilitate, extend,
3 expand and improve water supply and wastewater treatment
4 systems?

5 Section [17] 314. Bonds.

6 (a) Issuance of general obligation bonds.--As evidence of
7 the indebtedness if authorized under section [16] 313, general
8 obligation bonds of the Commonwealth shall be issued from time
9 to time to fund and retire notes issued pursuant to section [16]
10 313 to carry out the purposes of this act, or both, for such
11 total amounts, in such form, in such denominations and subject
12 to such terms and conditions of issue, redemption and maturity,
13 rate of interest and time of payment of interest as the issuing
14 officials direct except that the latest stated maturity date
15 shall not exceed 30 years from the date of the debt first issued
16 for each series.

17 (b) Execution of bonds.--All bonds and notes issued under
18 the authority of section [16] 313 shall bear facsimile
19 signatures of the issuing officials and a facsimile of the great
20 seal of the Commonwealth and shall be countersigned by a duly
21 authorized loan and transfer agent of the Commonwealth.

22 (c) Direct obligation of Commonwealth.--All bonds and notes
23 issued in accordance with section [16] 313 shall be direct
24 obligations of the Commonwealth, and the full faith and credit
25 of the Commonwealth are hereby pledged for the payment of the
26 interest thereon as it becomes due and the payment of the
27 principal at maturity. The principal of and interest on the
28 bonds and notes shall be payable in lawful money of the United
29 States of America.

30 (d) Exemption from taxation.--All bonds and notes issued

1 under the provisions of this section shall be exempt from
2 taxation for State and local purposes.

3 (e) Form of bonds.--The bonds may be issued as coupon bonds
4 or registered as to both principal and interest as the issuing
5 officials may determine. If interest coupons are attached, they
6 shall contain the facsimile signature of the State Treasurer.

7 (f) Bond amortization.--The issuing officials shall provide
8 for the amortization of the bonds in substantial and regular
9 amounts over the term of the debt. The first retirement of
10 principal shall be stated to mature prior to the expiration of a
11 period of time equal to one-tenth of the time from the date of
12 the first obligation issued to evidence the debt to the date of
13 the expiration of the term of the debt. Retirements of principal
14 shall be regular and substantial if made in annual or semiannual
15 amounts, whether by stated serial maturities or by mandatory
16 sinking fund retirements.

17 (g) Refunding bonds.--The issuing officials are authorized
18 to provide, by resolution, for the issuance of refunding bonds
19 for the purpose of refunding any bonds issued under this section
20 and then outstanding, either by voluntary exchange with the
21 holders of the outstanding bonds, or to provide funds to redeem
22 and retire the outstanding bonds with accrued interest, any
23 premium payable thereon and the costs of issuance and retirement
24 of bonds, at maturity or at any call date. The issuance of the
25 refunding bonds, the maturities and other details thereof, the
26 rights of the holders thereof and the duties of the issuing
27 officials in respect to the same shall be governed by the
28 provisions of this section, insofar as they may be applicable.
29 Refunding bonds may be issued by the issuing officials to refund
30 bonds originally issued or to refund bonds previously issued for

1 refunding purposes.

2 (h) Quorum.--Whenever any action is to be taken or decision
3 made by the Governor, the Auditor General and the State
4 Treasurer acting as issuing officials and the three officers are
5 not able unanimously to agree, the action or decision of the
6 Governor and either the Auditor General or State Treasurer shall
7 be binding and final.

8 (i) Public sale.--Whenever bonds are issued, they shall be
9 offered for sale at not less than 98% of the principal amount
10 and accrued interest and shall be sold by the issuing officials
11 to the highest and best bidder or bidders after due public
12 advertisement on such terms and conditions and upon such open
13 competitive bidding as the issuing officials shall direct. The
14 manner and character of the advertisement and the time of
15 advertising shall be prescribed by the issuing officials.

16 (j) Private sale.--Any portion of any bond issue so offered
17 and not sold or subscribed for may be disposed of by private
18 sale by the issuing officials in such manner and at such prices,
19 not less than 98% of the principal amount and accrued interest,
20 as the issuing officials shall direct. No commission shall be
21 allowed or paid for the sale of any bonds issued under the
22 authority of this section.

23 (k) Bond series.--When bonds are issued from time to time,
24 the bonds of each issue shall constitute a separate series to be
25 designated by the issuing officials or may be combined for sale
26 as one series with other general obligation bonds of the
27 Commonwealth.

28 (l) Temporary bonds.--Until permanent bonds can be prepared,
29 the issuing officials may in their discretion issue, in lieu of
30 permanent bonds, temporary bonds in such form and with such

privileges as to registration and exchange for permanent bonds as may be determined by the issuing officials.

(m) Disposition and use of proceeds.--The proceeds realized from the sale of bonds and notes, except funding bonds, refunding bonds and renewal notes, under the provisions of this section are specifically dedicated to the purposes of the referendum to be implemented by this act and shall be paid into the special funds established in the State Treasury in such amounts as may be specified by the board pursuant to section [5(c)] 302(c). The proceeds shall be paid by the State Treasurer periodically to the board to expend them at such times and in such amounts as may be necessary to satisfy the funding needs of the board. The proceeds of the sale of funding bonds, refunding bonds and renewal notes shall be paid to the State Treasurer and applied to the payment of principal, the accrued interest and premium, if any, and costs of redemption of the bonds and notes for which such obligations shall have been issued.

(n) Investment of funds.--Pending their application to the purposes authorized, moneys held or deposited by the State Treasurer may be invested or reinvested as are other funds in the custody of the State Treasurer in the manner provided by law. All earnings received from the investment or deposit of such funds shall be paid into the State Treasury to the credit of the funds established by the board in section [5(c)] 302(c) in such amounts as may be specified by the board pursuant to that section.

(o) Registration of bonds.--The Auditor General shall prepare the necessary registry book to be kept in the office of the duly authorized loan and transfer agent of the Commonwealth for the registration of any bonds, at the request of owners

1 (1) The authority shall develop regulations as may be
2 necessary for the application for and approval of program
3 funds for loan recipients which at a minimum shall be
4 required to repay program loans to the local lending
5 institution within 15 years from the date of the loan at an
6 annual interest rate not to exceed the maximum rate
7 established for the county in which the residence is located.
8 This maximum rate shall be determined in accordance with
9 section 307(f). The authority shall develop regulations for
10 the implementation of the program, which shall include, but
11 not be limited to, procedures for local lending institutions
12 participating in the program under section 507 to qualify for
13 funding from the program when the residential borrower
14 defaults on the loan.

15 (2) The authority may promulgate any additional
16 regulations that it deems necessary for carrying out the
17 provisions of this chapter.

18 Section 503. Applicant eligibility.

19 (a) Owner occupancy required.--Except as provided in
20 subsection (b), an applicant is eligible if he is an owner-
21 occupier of a housing unit and any of the following conditions
22 exists:

23 (1) The housing unit is served or is to be served by a
24 publicly or privately owned water or wastewater system.

25 (2) The owner-occupier is required to replace private
26 water or wastewater laterals as part of an upgrading or
27 reconstruction of a publicly or privately owned water or
28 wastewater system.

29 (3) The owner of the real property into which the
30 property lateral will be installed is the owner of the

1 housing unit located thereon.

2 (b) Land leased property.--An owner of land leased to an
3 owner-occupier or renter of a single-family home or manufactured
4 home, including an owner of a manufactured home community, shall
5 be eligible for funding under the program for each single-family
6 home and manufactured home in which the owner-occupier or renter
7 of the home meets the requirements of subsection (a)(1) and (2).

8 ~~(c) Maximum income allowable.~~ <—

9 ~~(1) Loans may be provided under the program if the~~
10 (C) MAXIMUM INCOME ALLOWABLE.--LOANS MAY BE PROVIDED UNDER <—
11 THE PROGRAM IF THE applicant's household income does not exceed
12 the Statewide median household income. Local lending
13 institutions shall comply with regulations of the authority if
14 they participate in the program pursuant to section 507.

15 ~~(2) Grants may be provided under the program to~~ <—
16 ~~applicants whose household income does not exceed, by 50%,~~
17 ~~the most recent Federal poverty guidelines for the year in~~
18 ~~which an application is made. Local lending institutions~~
19 ~~which receive applications from owner occupiers or renters~~
20 ~~who meet the income qualifications for a grant shall refer~~
21 ~~completed applications for further consideration by the~~
22 ~~authority, pursuant to regulations adopted under section~~
23 ~~5021(b).~~

24 Section 504. Project eligibility.

25 The following conditions shall be satisfied for an eligible
26 project:

27 (1) The property is located in an area that is served or
28 will be served by a publicly or privately owned water or
29 wastewater system and the property is required by the
30 municipality or municipal authority to connect to the system.

1 (2) For a publicly owned water or wastewater system,
2 that the system has established a tapping fee in accordance
3 with 53 Pa.C.S. Ch. 56 (relating to municipal authorities).

4 (3) For a privately owned water or wastewater system,
5 that the system has established a facilities extension fee,
6 as part of its tariff, on file with the Public Utility
7 Commission, in accordance with 52 Pa. Code § 65.21 (relating
8 to duty of public utility to make line extensions).

9 (4) The certified inspector has certified that the
10 property lateral meets all permit requirements under
11 applicable State and municipal laws and regulations.

12 (5) The construction activity to be financed by a loan
13 ~~or grant~~ under the program has not commenced and the tapping <—
14 or facilities extension fee has not been paid prior to the
15 time of application approval by TO the local lending <—
16 institution.

17 Section 505. Eligible costs.

18 Eligible costs shall include:

19 (1) All testing, design, materials and construction
20 costs associated with the property lateral, including a
21 grinder pump, if required.

22 (2) Permit and inspection fees.

23 (3) Interest during construction or financing of the
24 project and allowance for funds used during construction.

25 (4) Costs relating to the closing of an applicant's
26 loan, such as legal fees, credit reports, title reports,
27 insurance, judgment reports, lien certificates, appraisal
28 fees and loan origination fees.

29 (5) Tapping or facilities extension fees.

30 Section 506. Ineligible costs.

~~Grants and loans~~ LOANS awarded under the program may not be used for the costs of acquisition of land or right-of-way for a project.

Section 507. Financial assistance terms and conditions.

(a) Financial assistance.--Financial assistance under the program shall be in the form of loans ~~or grants~~ as further specified in this chapter. The program shall provide loans to local lending institutions that make loans for projects consistent with the requirements of this chapter.

(1) The interest rate offered on loans TO BORROWERS shall not be less than 1% per annum or more than the maximum rate established for the county in which the residence is located. This maximum rate shall be determined in accordance with section 307(f).

(2) The maximum amount of a loan TO BORROWERS shall be no greater than 90% of eligible costs and in no case may exceed \$15,000. ~~The maximum amount of a grant shall be \$10,000 per housing unit.~~

(3) The minimum amount of a loan TO BORROWERS shall be \$1,500. ~~The minimum amount of a grant shall be \$500 per housing unit.~~

(4) The maximum term of a loan TO BORROWERS shall be 15 years.

(5) Loan repayment shall commence no later than 60 days after the date of loan closing.

~~(6) A grant and loan combination may be offered to eligible applicants.~~

(b) Collateral.--Collateral shall be determined by the local lending institution under regulations established by the authority and may include, but are not limited to, a mortgage on

1 the borrower's property subordinate only to the debt outstanding
2 at the time of loan approval by the local lending institution.

3 (c) Repayment.--A loan shall be repaid in full if the
4 property to which it applies is either sold or transferred to
5 other than an immediate family member.

6 (d) Fees.--The borrower may be charged fees for delinquent
7 payment of either principal or interest on a loan if fees are
8 described in the loan agreement entered into and agreed to by
9 the borrower and the local lending institution.

10 (e) Documentation.--An applicant shall apply for funding to
11 a local lending institution by submitting documentation as may
12 be required to demonstrate compliance with standards of the
13 local lending institution.

14 (f) Local lending institution.--Upon receipt of a funding
15 application, the local lending institution shall:

16 (1) Verify that the applicant meets the eligibility
17 criteria of section 503.

18 (2) Verify that the application is valid and contains
19 all required documentation.

20 (3) Verify through the authority that sufficient funds
21 are available to approve the application.

22 (4) Perform credit and security checks needed to ensure
23 that the applicant meets the collateral requirements of the
24 authority.

25 (g) Approval.--A local lending institution may approve an
26 application for funding under the program only if the conditions
27 under this section are satisfied.

28 (h) Completion of review.--Upon completion of its
29 application review, a local lending institution shall notify the
30 applicant of the following:

1 (1) The outcome of its review.

2 (2) Whether the applicant is eligible for a ~~grant~~ LOAN. <—

3 (3) Whether the applicant's loan is approved.

4 (4) The amount and terms of the loan.

5 (i) Funds.--Funds shall be disbursed to the contractor on
6 behalf of the borrower or to the borrower upon completion of
7 construction and final inspection and certification from the
8 publicly or privately owned water or wastewater system that the
9 project has been completed in accordance with all permit
10 requirements and is operable as designed and intended.

11 (j) Changes.--A change to an approved project which is
12 inconsistent with the approved design for which the permit was
13 issued may not be made unless the publicly or privately owned
14 water or wastewater system gives prior approval to the change.

15 Section 508. Funds and accounts.

16 (a) Establishment of funds.--

17 (1) The authority shall establish the Water and
18 Wastewater System Connection Funding Program Fund. The moneys
19 of this fund are hereby appropriated ~~on a continuing basis~~ to <—
20 carry out the provisions of this chapter.

21 (2) The authority may establish separate funds, accounts
22 or other financial structures as may be needed to implement
23 and operate the program.

24 (b) Source of funding.--

25 (1) The sum of \$5,000,000 shall be transferred ~~annually~~ <—
26 ~~from the Pennsylvania Infrastructure Investment Bond~~
27 ~~Authorization Fund~~ FROM ANY AVAILABLE FUNDS OF THE AUTHORITY <—
28 to the Water and Wastewater System Connection Funding Program
29 Fund established in subsection (a)(1) to carry out the
30 provisions of this chapter.

~~(2) The board may transfer additional moneys from any fund of the authority to the Water and Wastewater System Connection Funding Program Fund.~~

~~(3) If the balance of the Water and Wastewater System Connection Funding Program Fund exceeds \$15,000,000, the board shall suspend the annual transfer of funds established under paragraph (1) until such time as the board determines that additional program funding is needed to meet program demand and the board may transfer any amount in excess of \$7,000,000 to the Pennsylvania Infrastructure Investment Bond Authorization Fund.~~

(2) THE BOARD MAY TRANSFER ADDITIONAL MONEYS IN ACCORDANCE WITH PARAGRAPH (1) AT THEIR DISCRETION IF IT IS DETERMINED THAT ADDITIONAL PROGRAM FUNDING IS NEEDED TO MEET PROGRAM DEMAND AND THAT SUCH TRANSFERS WILL NOT ADVERSELY AFFECT TRADITIONAL WATER, WASTEWATER AND STORM WATER PROJECT ASSISTANCE.

(c) Liability.--The authority shall not be held liable for loan offers or approvals made by a local lending institution not in compliance with the regulations established by the authority in the absence of prior authority-approved funding.

Section 509. Loan servicing.

(a) Monitoring.--The authority shall monitor the program and process established by a local lending institution.

(b) Loan servicing fee.--The local lending institution may charge a loan servicing fee to defray the costs that it incurs to service loans under the program. These loan servicing fees shall be charged to and shall be the sole responsibility of program borrowers.

Section 510. Program monitoring.

The borrower shall submit to the local lending institution receipts for the project in accordance with the schedule and requirements contained in the loan agreement. Failure to provide the receipts in accordance with the schedule shall constitute a violation of the loan agreement.

SECTION 511. ASSUMPTION OF DUTIES.

<—

THE BOARD MAY ASSUME THE RESPONSIBILITIES OF THE LOCAL LENDING INSTITUTION AS PROVIDED FOR IN THIS CHAPTER UPON THE APPROVAL OF THE BOARD MEMBERS.

SECTION 15. THE ACT IS AMENDED BY ADDING A CHAPTER HEADING TO READ:

CHAPTER 7

MISCELLANEOUS

SECTION 16. THE HEADINGS OF SECTIONS 18, 19, 20 AND 21 OF THE ACT ARE AMENDED TO READ:

SECTION [18] 701. APPROPRIATIONS.

* * *

SECTION [19] 702. SEVERABILITY.

* * *

SECTION [20] 703. REPEALS.

* * *

SECTION [21] 704. EFFECTIVE DATE.

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SECTION 17. THIS ACT SHALL TAKE EFFECT IN 90 DAYS.