

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 999 Session of
1997

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LEVDANSKY, PETRARCA, STEELMAN, VAN HORNE, CAPPABIANCA,
SAYLOR, COLAFELLA AND SEMMEL, MARCH 19, 1997

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
MARCH 19, 1997

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," establishing the Tapping
12 Fee-Property Lateral Funding Program; making an
13 appropriation; and making editorial changes.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. The act of March 1, 1988 (P.L.82, No.16), known
17 as the Pennsylvania Infrastructure Investment Authority Act, is

1 amended by adding a chapter heading to read:

2 CHAPTER 1

3 PRELIMINARY PROVISIONS

4 Section 2. Section 1 heading of the act is amended to read:

5 Section [1] 101. Short title.

6 * * *

7 Section 3. Section 2 heading of the act, amended December
8 16, 1992 (P.L.1137, No.149), is amended to read:

9 Section [2] 102. Legislative intent.

10 * * *

11 Section 4. Section 3 of the act, amended or added December
12 16, 1992 (P.L.1137, No.149), is amended to read:

13 Section [3] 103. Definitions.

14 The following words and phrases when used in this act shall
15 have the meanings given to them in this section unless the
16 context clearly indicates otherwise:

17 "Authority." The Pennsylvania Infrastructure Investment
18 Authority.

19 "Board." The board of directors of the authority.

20 "Bonds." Bonds, notes or other evidences of indebtedness
21 issued by the authority pursuant to this act.

22 "Borrower." An individual owner of a housing unit or mobile
23 home and eligible owners of other enterprises.

24 "Department." The Department of Environmental [Resources]
25 Protection of the Commonwealth.

26 "Eligible cost." The cost of all labor, materials, machinery
27 and equipment, lands, property, rights and easements, plans and
28 specifications, surveys or estimates of costs and revenues, pre-
29 feasibility studies, engineering and legal services, and all
30 other expenses necessary or incident to the acquisition,

1 construction, improvement, expansion, extension, repair or
2 rehabilitation of all or part of a project.

3 "Equivalent Dwelling Unit" or "EDU." Unit of measure by
4 which the sewer rates and connection charges that are imposed
5 upon each improved property by the governmental unit, which is
6 deemed to constitute the estimated, equivalent amount of waste
7 water discharged by a single-family dwelling unit or an average
8 of 250 gallons per day.

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

13 "Housing unit." A single-family residential structure
14 including a manufactured home whether or not it is on a
15 permanent foundation which is a permanent residence and is owned
16 and occupied by one or more individuals.

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

19 "Loan servicing fees." A bank, savings and loan or other
20 financial institution authorized by the authority and the agency
21 to extend financial assistance under the Tapping Fee-Property
22 Lateral Funding Program.

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

29 "Manufactured home community." An area under single
30 ownership where designated spaces for manufactured homes are

1 rented, having two or more such houses occupied as residences,
2 with its operations managed on a full-time or part-time basis
3 and providing a number of various facilities for common use.

4 "Program." The Tapping Fee-Property Lateral Funding Program
5 established under section 501.

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

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

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

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

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

24 "Project permitting fees." Fees charged by local
25 governmental units for the processing of property lateral permit
26 applications by a sewer enforcement officer.

27 "Property lateral." The pipe connecting a housing unit or
28 other enterprise to the street lateral.

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

1 "Sewage Enforcement Officer" or "SEO." An official of a
2 local agency who reviews permit applications, issues permits and
3 conducts investigations and inspections that are necessary to
4 implement the provisions of the act of January 24, 1966 (1965
5 P.L.1535, No.537), known as the Pennsylvania Sewage Facilities
6 Act, and the regulations promulgated thereunder, including the
7 individual designated by a municipality as the code enforcement
8 officer.

9 "Statewide median household income." The median household
10 income reported for Pennsylvania in the most recently available
11 Census of Population and Housing, as conducted and reported by
12 the U.S. Bureau of the Census. This amount shall be adjusted on
13 the first working day of each calendar year by multiplying
14 median household income by the following factor: $CPI-U(1)/CPI-$
15 $U(2)$, where CPI-U refers to the Consumer Price Index for all
16 Urban Consumers, as computed and reported by the U.S. Bureau of
17 Labor Statistics. The designation (1) refers to the CPI-U for
18 the year in which the median household income is calculated and
19 reported and the designation (2) refers to the most recent CPI-U
20 reported as of December 15 of the year immediately preceding the
21 year when the adjustment is made.

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

24 "Water Facilities Loan Board." The board established under
25 32 Pa.C.S. § 7504 (relating to Water Facilities Loan Board).

26 Section 5. The act is amended by adding a chapter heading to
27 read:

28 CHAPTER 3

29 PENNSYLVANIA INFRASTRUCTURE INVESTMENT

30 AUTHORITY

1 Section 6. Section 4 heading of the act is amended to read:
2 Section [4] 301. Pennsylvania Infrastructure Investment
3 Authority; board of directors.

4 * * *

5 Section 7. Section 5 heading and (a), amended December 16,
6 1992 (P.L.1137, No.149), are amended to read:

7 Section [5] 302. Revenues of authority.

8 (a) Sources of revenues.--The authority may receive money
9 from sources of revenue, including, but not limited to, the
10 following:

11 (1) State funds appropriated to the authority.

12 (2) Federal funds appropriated to or granted to the
13 authority.

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

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

29 (5) Proceeds from the sale of bonds not to exceed a
30 total sum of \$150,000,000 issued for site development under

1 the provisions of Article XVI-B of the act of April 9, 1929
2 (P.L.343, No.176), known as The Fiscal Code. This paragraph
3 shall expire on December 31, 1989, except that the board may
4 fund projects approved prior to December 31, 1989.

5 (6) Proceeds from the sale of any Commonwealth general
6 obligation bonds issued under sections [16 and 17] 318 and
7 319.

8 (7) Proceeds from the sale of any Commonwealth general
9 obligation bonds issued under section 12 of the act of March
10 16, 1992 (P.L.10, No.5), known as the Small Water Systems
11 Assistance Act.

12 (8) Proceeds from the sale of authority assets.

13 (9) Repayment of loan principal.

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

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

17 * * *

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

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

21 * * *

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

23 * * *

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

26 * * *

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

28 * * *

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

1 Section [10] 307. Financial assistance.

2 * * *

3 (f) Loans.--Subject to any agreements with the holders of
4 bonds, the board shall have the power to set terms applicable to
5 loans in any manner it deems appropriate, subject to the
6 provisions of this subsection. The board may consider such
7 factors as it deems relevant, including current market interest
8 rates, the financial and economic distress of the area which the
9 project serves, and the necessity to maintain the authority
10 funds in a financially sound manner. Loans may be made based on
11 the ability to repay the loan from future revenue to be derived
12 from the project, by a mortgage or other property lien, or on
13 any other fiscal matters which the authority deems appropriate.
14 The board shall have the power to defer principal on loans for
15 up to five years. In the event of a default on the repayment of
16 a loan, the board may apply to the court of common pleas of the
17 county where the project is located for the appointment of a
18 receiver to assume operation and supervision of the facility
19 under the supervision of the court. The minimum rate of interest
20 to be paid on any loan made pursuant to this act shall be 1%.

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

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

26 (2) For projects in counties whose unemployment rate
27 exceeds the Statewide unemployment rate, but exceeds it by
28 less than 40%, 30% of the bond issue rate for the first five
29 years and 60% of the bond issue rate for the remainder of the
30 loan.

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

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

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

* * *

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

Section [11] 308. Comprehensive water facilities plan.

* * *

Section [12] 309. Audits.

* * *

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

Section [13] 310. Annual report.

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

1 Section 12. Section 14 heading of the act is amended to
2 read:

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

4 * * *

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

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

8 (a) Removal of members.--All existing members of the Water
9 Facilities Loan Board shall cease to hold office on the day that
10 the Governor certifies by publication in the Pennsylvania
11 Bulletin the existence of a quorum on the board created under
12 section [4] 301.

13 (b) Board of directors to serve as Water Facilities Loan
14 Board.--For purposes of satisfying all outstanding obligations
15 of the Water Facilities Loan Board and for purposes of
16 collecting loan and interest repayments, the board established
17 in section [4] 301 shall constitute the membership of the Water
18 Facilities Loan Board.

19 (c) Transfer of function.--All remaining unencumbered funds,
20 rights, powers, duties, obligations, liabilities, records and
21 equipment of the Water Facilities Loan Board are transferred to
22 the authority.

23 Section [16] 313. Referendum.

24 (a) General rule.--Pursuant to the provisions of section
25 [7(a)(3)] 304(a)(3) of Article VIII of the Constitution of
26 Pennsylvania, the question of incurring indebtedness of
27 \$300,000,000 for loans for the acquisition, repair,
28 construction, reconstruction, rehabilitation, extension,
29 expansion and improvement of water supply and sewage treatment
30 systems, subject to implementation through this act, shall be

1 submitted to the electors at the next primary, municipal or
2 general election following the effective date of this act.

3 (b) Certification.--The Secretary of the Commonwealth shall
4 forthwith certify the question to the county boards of
5 elections.

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

8 Do you favor the incurring of indebtedness by the
9 Commonwealth of \$300,000,000 for use as loans to acquire,
10 repair, construct, reconstruct, rehabilitate, extend,
11 expand and improve water supply and sewage treatment
12 systems?

13 Section [17] 314. Bonds.

14 (a) Issuance of general obligation bonds.--As evidence of
15 the indebtedness if authorized under section [16] 313, general
16 obligation bonds of the Commonwealth shall be issued from time
17 to time to fund and retire notes issued pursuant to section [16]
18 313 to carry out the purposes of this act, or both, for such
19 total amounts, in such form, in such denominations and subject
20 to such terms and conditions of issue, redemption and maturity,
21 rate of interest and time of payment of interest as the issuing
22 officials direct except that the latest stated maturity date
23 shall not exceed 30 years from the date of the debt first issued
24 for each series.

25 (b) Execution of bonds.--All bonds and notes issued under
26 the authority of section [16] 313 shall bear facsimile
27 signatures of the issuing officials and a facsimile of the great
28 seal of the Commonwealth and shall be countersigned by a duly
29 authorized loan and transfer agent of the Commonwealth.

30 (c) Direct obligation of Commonwealth.--All bonds and notes

1 issued in accordance with section [16] 313 shall be direct
2 obligations of the Commonwealth, and the full faith and credit
3 of the Commonwealth are hereby pledged for the payment of the
4 interest thereon as it becomes due and the payment of the
5 principal at maturity. The principal of and interest on the
6 bonds and notes shall be payable in lawful money of the United
7 States of America.

8 (d) Exemption from taxation.--All bonds and notes issued
9 under the provisions of this section shall be exempt from
10 taxation for State and local purposes.

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

15 (f) Bond amortization.--The issuing officials shall provide
16 for the amortization of the bonds in substantial and regular
17 amounts over the term of the debt. The first retirement of
18 principal shall be stated to mature prior to the expiration of a
19 period of time equal to one-tenth of the time from the date of
20 the first obligation issued to evidence the debt to the date of
21 the expiration of the term of the debt. Retirements of principal
22 shall be regular and substantial if made in annual or semiannual
23 amounts, whether by stated serial maturities or by mandatory
24 sinking fund retirements.

25 (g) Refunding bonds.--The issuing officials are authorized
26 to provide, by resolution, for the issuance of refunding bonds
27 for the purpose of refunding any bonds issued under this section
28 and then outstanding, either by voluntary exchange with the
29 holders of the outstanding bonds, or to provide funds to redeem
30 and retire the outstanding bonds with accrued interest, any

1 premium payable thereon and the costs of issuance and retirement
2 of bonds, at maturity or at any call date. The issuance of the
3 refunding bonds, the maturities and other details thereof, the
4 rights of the holders thereof and the duties of the issuing
5 officials in respect to the same shall be governed by the
6 provisions of this section, insofar as they may be applicable.
7 Refunding bonds may be issued by the issuing officials to refund
8 bonds originally issued or to refund bonds previously issued for
9 refunding purposes.

10 (h) Quorum.--Whenever any action is to be taken or decision
11 made by the Governor, the Auditor General and the State
12 Treasurer acting as issuing officials and the three officers are
13 not able unanimously to agree, the action or decision of the
14 Governor and either the Auditor General or State Treasurer shall
15 be binding and final.

16 (i) Public sale.--Whenever bonds are issued, they shall be
17 offered for sale at not less than 98% of the principal amount
18 and accrued interest and shall be sold by the issuing officials
19 to the highest and best bidder or bidders after due public
20 advertisement on such terms and conditions and upon such open
21 competitive bidding as the issuing officials shall direct. The
22 manner and character of the advertisement and the time of
23 advertising shall be prescribed by the issuing officials.

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

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

6 (l) Temporary bonds.--Until permanent bonds can be prepared,
7 the issuing officials may in their discretion issue, in lieu of
8 permanent bonds, temporary bonds in such form and with such
9 privileges as to registration and exchange for permanent bonds
10 as may be determined by the issuing officials.

11 (m) Disposition and use of proceeds.--The proceeds realized
12 from the sale of bonds and notes, except funding bonds,
13 refunding bonds and renewal notes, under the provisions of this
14 section are specifically dedicated to the purposes of the
15 referendum to be implemented by this act and shall be paid into
16 the special funds established in the State Treasury in such
17 amounts as may be specified by the board pursuant to section
18 [5(c)] 302(c). The proceeds shall be paid by the State Treasurer
19 periodically to the board to expend them at such times and in
20 such amounts as may be necessary to satisfy the funding needs of
21 the board. The proceeds of the sale of funding bonds, refunding
22 bonds and renewal notes shall be paid to the State Treasurer and
23 applied to the payment of principal, the accrued interest and
24 premium, if any, and costs of redemption of the bonds and notes
25 for which such obligations shall have been issued.

26 (n) Investment of funds.--Pending their application to the
27 purposes authorized, moneys held or deposited by the State
28 Treasurer may be invested or reinvested as are other funds in
29 the custody of the State Treasurer in the manner provided by
30 law. All earnings received from the investment or deposit of

1 such funds shall be paid into the State Treasury to the credit
2 of the funds established by the board in section [5(c)] 302(c)
3 in such amounts as may be specified by the board pursuant to
4 that section.

5 (o) Registration of bonds.--The Auditor General shall
6 prepare the necessary registry book to be kept in the office of
7 the duly authorized loan and transfer agent of the Commonwealth
8 for the registration of any bonds, at the request of owners
9 thereof, according to the terms and conditions of issue directed
10 by the issuing officials.

11 (p) Expenses of preparation for issue and sale of bonds and
12 notes.--There is hereby appropriated to the State Treasurer from
13 the proceeds of the bonds and notes issued as much money as may
14 be necessary for all costs and expenses in connection with the
15 issue of and sale and registration of the bonds and notes in
16 connection with this act.

17 Section 14. The act is amended by adding a chapter to read:

18 CHAPTER 5

19 TAPPING FEE-PROPERTY LATERAL FUNDING PROGRAM

20 Section 501. Establishment of program.

21 There is hereby established the Tapping Fee-Property Lateral
22 Funding Program for the purpose of awarding financial assistance
23 to borrowers for tapping fees and the costs relating to the
24 installation of a property lateral for homes constructed prior
25 to the effective date of this chapter.

26 Section 502. Scope.

27 This chapter applies to the owners of single-family homes,
28 including manufactured homes on a permanent foundation.

29 Section 503. Applicant eligibility.

30 Eligible applicants shall be owners of single-family homes

1 and manufactured homes on a permanent foundation if:

2 (i) the owner occupies the home and the home is
3 served by a public sewer system owned by a municipality
4 or municipal authority; and

5 (ii) the owner's family income does not exceed 150%
6 of the Statewide median household income.

7 Section 504. Project eligibility.

8 The following conditions shall be satisfied for an eligible
9 project:

10 (1) The property lateral is located on the property of
11 the owner and is designed to transport the waste water
12 created by the unit from the unit to the street lateral.

13 (2) The property lateral is located in an area that is
14 served by a sewage collection and treatment system and the
15 property lateral is required by the municipality or municipal
16 authority to connect to the system.

17 (3) The design and installation of the property lateral
18 is the most cost-effective system available that will meet
19 the needs of the unit.

20 (4) The governmental unit has established a tapping fee.

21 (5) The SEO has certified that the property lateral,
22 including piping within the unit, meets all permit
23 requirements under applicable State and municipal laws and
24 regulations.

25 (6) The construction activity to be financed by a loan
26 under this program has not commenced and the tapping fee has
27 not been paid prior to the time of application approval by
28 the local lending institution.

29 Section 505. Eligible costs.

30 Eligible costs shall include:

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

4 (2) Permit fees.

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

7 (4) Costs relating to the closing of an applicant's
8 loan, such as legal fees, credit reports, title reports,
9 insurance, judgment reports, lien certificates, appraisal
10 fees and loan origination fees.

11 (5) Tapping fees.

12 Section 506. Ineligible costs.

13 Costs of acquisition of land or right-of-way for the project
14 are ineligible costs.

15 Section 507. Financial assistance terms and conditions.

16 (a) Financial assistance.--All financial assistance shall be
17 in the form of loans.

18 (b) Interest rate.--The interest rate offered on loans shall
19 be 1% per annum.

20 (c) Maximum amount of loan.--The maximum amount of the loan
21 shall be \$15,000.

22 (d) Minimum amount of loan.--The minimum amount of a loan
23 shall be \$1,500.

24 (e) Term.--The maximum term of a loan shall be 15 years.

25 (f) Repayment.--Loan repayment shall commence no later than
26 60 days after the date of loan closing.

27 (g) Collateral.--Collateral shall be determined by the local
28 financial institution under guidance and policies established by
29 the authority and may include, but are not limited to, a
30 mortgage on the borrower's property subordinate only to the debt

1 outstanding at the time of loan approval by the local financial
2 institution.

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

10 (j) Documentation.--The applicant shall apply for funding to
11 a local lending institution by submitting documentation required
12 to demonstrate compliance with documentation and information
13 which the local lending institution may require, under guidance
14 and policies of the authority.

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

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

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

21 (3) Check with the authority to verify that sufficient
22 funds are available to approve the application.

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

26 (l) Approval.--A local lending institution is authorized to
27 approve an application for funding under the program only if the
28 conditions under subsection (k) are satisfied.

29 (m) Completion of review.--Upon completion of its
30 application review, the local lending institution shall notify

1 the applicant and the authority of the following:

2 (1) The outcome of its review.

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

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

5 (n) Funds.--Funds will 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 municipality or municipal authority that the project has been
9 completed in accordance with all permit requirements and is
10 operable as designed and intended.

11 (o) Changes.--Any changes to an approved project which are
12 not consistent with the approved design for which a permit was
13 issued shall be approved by the municipality or municipal
14 authority prior to making the change.

15 (p) Financial records.--The borrower shall maintain
16 financial records to substantiate expenditures on the project.

17 (q) Local financial institutions.--Local financial
18 institutions shall maintain financial and activity records on
19 all loan applications and approved loans and shall report this
20 information to the authority in a form and at those times as the
21 authority may request.

22 (r) Financial assistance documents.--The authority and the
23 agency shall develop and adopt financial assistance documents
24 which will, among other things, define the terms and conditions
25 under which financial assistance is offered. These documents
26 shall be used by all local financial institutions participating
27 in the program without change, except as approved by the
28 authority.

29 Section 508. Funds and accounts.

30 (a) Establishment of funds.--The authority may establish

separate funds, accounts or other financial structures, under section 504(c), as may be needed to implement and operate the program.

(b) Approval.--The authority may from time to time approve such funding, including the pledging of the authority's revenues, as it deems appropriate to finance the program.

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

Section 509. Loan servicing.

(a) Purchase of loans.--The authority shall purchase loans originated by local lending institutions on a schedule agreed to by the local lending institution.

(b) Monitoring.--The authority shall monitor and service the loans purchased.

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

Section 510. Program monitoring.

The borrower shall submit to the department receipts for the system 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 15. Sections 18, 19, 20 and 21 of the act are repealed.

Section 16. The act is amended by adding a chapter to read:

CHAPTER 9

MISCELLANEOUS PROVISIONS

1 Section 901. Severability.

2 The provisions of this act are severable. If any provision of
3 this act or its application to any person or circumstance is
4 held invalid, the invalidity shall not affect other provisions
5 or applications of this act which can be given effect without
6 the invalid provision or application.

7 Section 902. Appropriation.

8 The sum of \$5,000,000, or as much as may be necessary, is
9 hereby appropriated to the Pennsylvania Infrastructure Authority
10 for the fiscal year July 1, 1997, to June 30, 1998, to carry out
11 the provisions of this act.

12 Section 903. Repeal.

13 All acts and parts of acts are repealed insofar as they are
14 inconsistent with this act.

15 Section 17. This act shall take effect in 90 days.