

Potable Water Loan Program

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1. **INTEREST RATE:** There is no interest on this loan.

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2. **LOAN AMOUNT:** The maximum loan amount is \$10,000 and will be secured by a second mortgage lien until the loan is repaid in full.

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3. **LOAN MATURITY:** 10 year maximum term. If the loan is less than \$3,000 one payment per year will be due. Two semi-annual payments will be due on loans more than \$3,000.

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4. **FEES:** There is a \$75 application fee that covers the cost of a credit/title report and second mortgage reporting fee. Borrowers must pay a 1% per annum servicing fee on the outstanding balance of the loan at the time of the annual loan payment.

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5. **ELIGIBLE PROPERTIES:** Single family residences whose drinking water comes from a well and violates the state primary Drinking Water Standards set by the New Jersey Department of Environmental Protection including, but not limited to lead and mercury. Also, sodium, chloride, iron, lead, mercury and manganese at levels that exceed DEP's standards

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6. **ELIGIBLE BORROWERS:** Individual home owners only. Corporations are not permitted to act as borrowers.

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7. **APPROVED USES:** All loan proceeds must be used for work contracted and represented to HMFA in the borrower's application. Loans may be used to pay for an alternative potable water supply or adequate and appropriate treatment technology. Applicant must provide certification from the Department of Environmental Protection or from a municipal or regional health agency that the water source is contaminated. Loan applicants must also provide a contract or binding work write up and cost quote from a qualified contractor or vendor that clearly and in sufficient detail specifies the work and materials to be provided and the total cost.

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8. **LOAN CLOSING:** Closing must occur within 90 days of HMFA's loan commitment, unless an extension is granted by HMFA for good cause. The loan closing will take place either at HMFA or by mail. If by mail, the applicant must contact HMFA and set up a closing date. The closing documents will be delivered to the applicant. The applicant will sign all documents and deliver them to HMFA.

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9. **LOAN CANCELLATION:** The applicant has the right to cancel the loan within three business days after the closing by notifying HMFA in writing.

10. **LOAN PAYMENT:** After the three day right to cancel period has expired. HMFA will deliver a check in the amount of 25% of the loan amount to the applicant. The check will be made jointly to the applicant and the contractor or vendor that will be performing the work. The balance of the loan amount will be paid by a joint check to the applicant and the contractor or vendor upon delivery of a Certificate of Completion in the form



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required by HMFA. This procedure must be followed unless other arrangements are approved in advance in writing by HMFA.

11. **CERTIFICATE OF COMPLETION:** Upon completion of the work, the applicant and the contractor or vendor who performed the work will deliver to HMFA a Certificate of Completion signed by both the applicant and the contractor or vendor indicating the final cost of the work and certifying the work has been fully completed and that any required governmental approvals have been issued.

12. **INSPECTION:** The applicant consents and authorizes representatives of HMFA to enter upon the applicant's property to inspect the work at any time during the progress of the work or after completion to confirm that the work has been appropriately performed.

13. **NOTE:** The applicant must immediately notify HMFA of any material change to the information contained in the Loan Application through the date of delivery of a Certification of Completion of the work to HMFA.



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