



# HOME MODIFICATION LOAN PROGRAM

[www.mass.gov/mrc/hmlp](http://www.mass.gov/mrc/hmlp)

## Frequently Asked Questions

### What is the Home Modification Loan Program?

The HOME MODIFICATION LOAN PROGRAM (HMLP) was established by the Massachusetts legislature to provide loans in amounts between \$1,000 and \$30,000 for modifications to the primary, permanent residence of elders, and individuals with disabilities. These loans allow homeowners in Massachusetts to remain in their home and must specifically relate to their ability to function on a daily basis. The program is funded through a state-bond and the loan is secured by a mortgage in order to guaranty repayment. These repaid loan funds will be lent out to other borrowers in the future.

### What kinds of projects are eligible?

In order to be financed by an HMLP loan, modifications must relate to the functional limitation of the beneficiary as documented by a professional with whom there is a client history. Projects that are not directly related to the beneficiary's ability to function on a day to day basis are not eligible for financing under the HMLP program. Some examples of projects funded through this program include ramps, hardwired alarm systems and other safety modifications, as well as accessible bathrooms and kitchens.

### What types of loans are available?

Loans are made available in amounts from \$1,000 up to \$30,000. Applicants are eligible for a one-time per property loan and cannot apply for additional funds after the project is complete. Loans are secured with a promissory note and a mortgage.

This program offers **0% or 3% deferred payment loans** and **3% amortizing loans** depending on the income of eligible households. Some landlords may be eligible for a 3% loan for a tenant.

- **0% loans:** Repayment of a 0% loan is made only when the property title is sold or transferred, or if any condition of the loan agreement is not met.
- **3% Deferred Loans:** A 3% Deferred loan requires monthly interest payments. A lump sum payment of the principal (total loan amount) must be repaid upon the maturity date which is determined by the total amount borrowed. Your maturity date will be found in your promissory note. The repayment period for 3% loans range from 5 to 15 years depending on the amount borrowed.
- **3% Amortizing loans:** Amortizing loans require monthly payments on principal and interest. This loan product allows you to meet your financial obligation by your maturity date, instead of having a lump sum due on this date. The repayment period for 3% loans ranges from 5 to 15 years depending on the size of the loan.

## What are the Income Guidelines?

### 2013 Income Guidelines

Income guidelines are based on HUD published median income for the Boston MESA and are updated annually.

Household Size	Interest Rate	
	0% (DPL)	3% (Amortized Loan)
1	Up to 100% of Median income \$66,100	100-200% of Median income \$132,200
2	\$75,600	\$151,200
3	\$85,000	\$170,000
4	\$94,400	\$188,800
5	\$102,000	\$204,000
6	\$109,600	\$219,200
7	\$117,100	\$234,200
8	\$124,700	\$249,400

### How do I apply?

There are six agencies, serving seven regions throughout the Commonwealth that administer the program. To find the provider serving your community, look up your town on our website, [www.mass.gov/mrc/hmlp](http://www.mass.gov/mrc/hmlp) and find the provider's contact information or contact Susan Gillam at 617-204-3739.

The provider will send you an application and determine initial eligibility. If you need assistance or reasonable accommodations during your application process, please let your local provider know.

### Can a landlord apply for a loan to modify a rental unit?

A landlord who has an identified tenant with a disability or plans to have an identified tenant with a disability may apply for the loan. As in the case of a homeowner loan, the modifications to be made must be documented and must relate to the tenant's (beneficiary) functional needs. A landlord owning fewer than 10 units in the building may apply for a Home Modification loan at 3% interest.

**NOTE:** Any landlord with a unit in a building of 10 or more units is required to make modifications under MGL Paragraph 7A, Chapter 151B Section 4 and is **NOT** eligible for the Home Modification Loan Program unless the landlord can prove hardship through litigation under this statute.

### What is the loan process?

Applications are accepted on an ongoing basis and are processed on a first come first served basis. Complete applications are usually reviewed by Providers quickly. The application includes an Application Checklist. In order to make sure your loan is processed efficiently, please be sure to include all items on this Checklist with your completed application.

Applications are reviewed by regional Provider Agencies to determine both income eligibility and eligibility of the proposed modification. Providers determine eligibility by evaluating documentation submitted with the application including, but not limited to, income verification, a professional's certification the proposed modification relates to the beneficiary's ability to function on a day to day

basis, verification of paid state income and property taxes, property deed, and home modification plans, if available.

If eligible, the applicant will be notified by the Provider Agency who will then conduct an initial inspection of the property with a construction monitor. Provider Agency will draw up the loan documents for signature and will then record the mortgage at a Registry of Deeds/Registry District of the Land Court.

Once the mortgage is recorded, the Provider Agency will be able to request funds from its funding source, CEDAC. Once the Provider Agency has received the loan funds from CEDAC, funds may be disbursed as anticipated by the agreed upon loan disbursement schedule attached to your Loan Agreement. **Please note that it can take up to 4 – 6 weeks until the first disbursement can be made.**

Loans are disbursed in increments throughout the modification project. An initial disbursement of no more than 1/3 of the loan can be made to allow contractors to start work, please be aware labor can not be paid for before with this initial disbursement. Subsequent disbursements are made after the homeowner submits contractor receipts or invoices showing a given percentage of work has been completed.

A final inspection will be conducted by the construction monitor at project completion. The final payment (10% of the total loan amount) will not be released to you or the contractor until the final inspection has been performed and you have indicated your satisfaction with the modifications.

### **What happens if my application is determined not eligible?**

If the application is not eligible for the Program, the applicant will be notified by the Provider Agency. The Provider Agency will attempt to provide appropriate referrals to other programs or sources of funding. Information on other programs which fund home modification can be found on our website or you can request a list from the Provider Agency.

### **Do I need to have modification plans before I apply?**

Modification plans are not required before you apply, but should be included if you have them. When planning a home modification it is helpful to think both of current accessibility needs, as well those that the beneficiary's disability might present in the future.

### **What if my project will cost more than \$30,000?**

Many HMLP borrowers have projects that exceed the maximum loan amount and need to find other sources of funds to supplement the loan. HMLP funds can only be disbursed after other sources of funding are utilized. Information on organizations or other programs which may have funds available for home modification projects can be found on our website or Provider Agencies can provide you with a handout with this information.

### **Who will do the actual work to modify the home?**

Homeowners hire the designer and/or contractor of their choice to modify the home. The provider agencies can give you resource materials on choosing and hiring architectural, design, and contracting professionals **but cannot recommend specific contractors**. Please ask your provider agency for a *Choosing a Qualified Contractor for Your Home Modification* flyer and *HLMP Minimum Requirements for Contractor Proposals*. Homeowners are required to provide their provider agency a copy of the contractor's license, certificate of insurance and the contractor's proposed scope of work or bid, which meets the minimum requirements of the program for the modification project(s).

**What should I expect during construction?**

HMLP Providers do not get involved directly with contractors. Please see *Frequently Asked Questions Regarding Contractors and the HMLP*. Homeowners are responsible for monitoring contractors and other home improvement professionals. We suggest that when the work begins, homeowners keep a copy of the contract handy and refer to it often. If something is not going the way you feel it should or if you do not understand it, notify the Provider Agency and speak directly to the contractor.

**What if I have a dispute with my contractor?**

If you cannot resolve a problem with your contractor, let the Provider Agency know and they may be able to help resolve the situation, in some cases, with the assistance of the construction monitor.

More information about consumer protections and how to file a complaint can also be found at the state's Consumer Affairs department, <http://www.mass.gov/ocabr/consumer/home-improvement-contract/>.

**May I do any of the work myself?**

A borrower who is a licensed contractor, may be allowed to do the work themselves in order to maximize the value of the loan funds. This is referred to as Self-help. In such cases, the HMLP funds can be used to pay for the cost of materials but cannot be used to pay for the borrower's or the borrower's immediate family member's labor.

**What happens if I need to refinance my primary mortgage in the future?**

If you need to refinance your primary mortgage after your HMLP loan project is completed, you must contact your Provider agency IN ADVANCE to request a subordination of the HMLP mortgage. The provider agency will need to see a copy of your home's appraisal, your credit report and real estate tax status in order to determine if they will subordinate their HMLP loan. The higher the value of all your mortgaged debt in relation to the value of your home, the more extensive the review process is likely to be. However, in most cases the subordination will be allowed. Please note that the HMLP review process can take a few weeks, so please be sure to notify your Provider Agency as soon as possible.

**Is a Mortgage Protection Plan a requirement of the program?**

No. Some of our borrowers have received notices about obtaining a mortgage protection plan in the mail after placing a HMLP mortgage on their property. These notices are not from the HMLP, mortgages and other filings at Registry of Deeds/Registry District of the Land Court are public record. You should consult a lawyer, insurance agent or other trusted advisor for further information on mortgage protection plans.

**My home is in a Trust, am I eligible?**

A Trust does not disqualify an applicant. However, the Provider agency will require copies of your Trust documents to be reviewed by legal counsel and in order to correctly document your loan.