



HOME MODIFICATION LOAN PROGRAM

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.

What kinds of projects are eligible?

In order to be financed by an HMLP loan, modifications must relate to the disability of the beneficiary as documented by a professional with whom there is a client history. The letter must specify the home modification(s) and how they relate to functional needs of the beneficiary. The letter should clearly identify the aspects of the beneficiary's disability that relate directly to the beneficiary being able to remain in their home, or live independently in the community. Projects that are not directly related to a disability are not eligible for financing under the HMLP program.

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. In the past, such borrowers have received funding from disability specific organizations (UCP, MS Society, etc.), local civic organizations such as Knights of Columbus, personal or family funds, or other government funded programs such as the Children's Catastrophic Fund. Information on such organizations can be found on our website or Provider Agencies can provide you with a handout with this information. HMLP funds can only be disbursed after other sources of funding are utilized.

What types of loans are available?

Loans are made available in amounts from \$1,000 up to \$30,000 (total loan inclusive of all fees). 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 lien.

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 with a disability.

- **Deferred payment:** A deferred payment loan (DPL) requires no payments, other than interest as applicable, during the lifetime of the loan. Repayment of a 0% DPL is made only when the property is sold or transferred, or if any condition of

the loan agreement is not met. Repayment of a 3% DPL requires only payments of interest until loan maturity at which point repayment of the principal is due.

- **Amortizing loans:** Amortizing loans require monthly payments on principal and interest.

The repayment period for 3% loans ranges from 5 to 15 years depending on the size of the loan.

What are the Income Guidelines?

2010 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)
	Up to 100% of Median income	100-200% of Median income
1	\$64,300	\$128,600
2	\$73,500	\$147,000
3	\$82,700	\$165,400
4	\$91,800	\$183,600
5	\$99,200	\$198,400
6	\$106,500	\$213,000
7	\$113,900	\$227,800
8	\$121,200	\$242,400

How will I receive the loan funds?

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. Subsequent disbursements are made after the homeowner submits contractor receipts or invoices showing a given percentage of work has been completed. The final 10% of the loan is held until the final inspection and will be issued if the work is complete.

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, the more extensive the review process is likely to be. However, in most cases the subordination will be allowed.

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.

How do I apply?

There are six agencies, serving seven regions throughout the Commonwealth that administer the program for MRC. Applicants should contact the provider in their region to start the loan process. To find out which provider will handle your inquiry, look up your town on our website, 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. Homeowners hire the designer and/or the 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**. If you need assistance or reasonable accommodations during your application process, please let your local provider know.

How are applications evaluated?

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 total length of time before approval and disbursement usually depends on time needed by borrowers to gather documents and get bids from contractors.

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 the income and proposed modifications meet HMLP guidelines, the Provider Agency will then conduct an initial inspection of the property to verify that the proposed modification meets program guidelines.

If eligible, the applicant will be notified by the Provider Agency by phone and can expect a Commitment Letter to follow which will include:

- The type of loan for which the applicant is eligible, including rate and terms;
- The amount of the loan, based on the estimated cost of the modification; and
- Notification that the final loan amount will include the proposed costs of the work performed, plus other Property Owner/Borrowers fees, i.e. origination fees, closing costs, permitting fees, etc. The maximum loan amount is \$30,000.

If the application is not eligible for the Program, the applicant will be notified by the Provider Agency in writing. 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.

Who will do the actual work to modify the home?

Homeowners hire the designer and/or contractor of their choice to modify the home. Homeowners then must give the provider agency a copy of the contractor's license, certificate of insurance and the bid and specifications for the modifications. Provider agencies cannot recommend specific contractors or other professionals but they can provide some resources and guidance towards finding and selecting a contractor.

What should I expect during construction?

Homeowners are responsible for choosing and monitoring contractors and other home improvement professionals. HMLP Providers do not get involved directly with contractors. 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, speak directly to the contractor. If the problem is not resolved, let the Provider Agency know and they may be able to refer you to resources that may help resolve the situation. Information can also be found at the state's Consumer Affairs department, www.mass.gov/consumer, under Housing Information, Home Improvement.

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.

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.