

Septic Financial Information for Mass. Homeowners

Financial help is available for all homeowners faced with the need to repair a failed septic system to meet the Commonwealth's Title V requirements. Through a combined effort of the Department of Environmental Protection, the Massachusetts Department of Revenue, and MassHousing, below-market-rate loans are now available.

LOAN PROGRAM REQUIREMENTS:

Eligibility: Borrowers: All owner-occupants of 1-4 family homes and condominium associations with failed sewage disposal systems whose income does not exceed Program income limits.

Property Type: Single-family homes, 2-4 family homes and condominium associations.

Activities: All costs associated with sewage disposal system repairs or sewer connections.

Loan Terms Amount: Minimum: \$1,000 - Maximum: \$25,000

Terms: Amortizing: 3-20 years, based on size of loan. Paid in full upon sale, refinance, or transfer.

Maximum loan terms range from 3/20 years depending on size:

\$1,000-\$3,000 3 years
\$3,001-\$5,000 5 years
\$5,001-\$10,000 10 years
\$10,001-\$15,000 15 years
\$15,001-\$25,000 20 years

*Loans to borrowers qualified for 0% interest with debt-to-income ratios greater than 50% will be eligible for a 0% non-amortizing loan. These loans are due in full upon sale, transfer or refinancing of the first mortgage. Very low income households with considerable equity may also qualify for a deferred loan on a case- by-case basis.

Items of Interest for REALTORS:

- Loans are fully amortizing* at an interest rate of 0%, 3%, or 5% depending on household income.
- All loans are due in full upon sale, transfer or refinancing of the first mortgage.
- Loans may be paid in full at any time with no penalty.
- Payment of loans may not be assumed by third parties, whether incident to sale or otherwise.
- Refinancing of the first mortgage will require payoff of the Septic Repair Loan. All mortgages
- secured by subject property must be current.



BERKSHIRE COUNTY INCOME LIMITS FOR 0% LOAN*

Family Size

1-2 Persons	3 or More
\$23,000	\$26,000

INCOME LIMITS FOR 3% LOAN*

\$46,000	\$52,000
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INCOME LIMITS FOR 5% LOAN*

\$ 92,000	\$104,000
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LOAN PROCESS:

1. Homeowner Discovers Septic System Failure and Obtains Subsurface Disposal System Inspection or a certified letter from the local Board of Health.
 2. Homeowner Obtains Repair Contract and Construction Permit.
 3. Homeowner Submits Loan Application and Board of Health Approved Plans to Lender.
 4. Lender Determines Income Eligibility.
 5. Septic Loan Underwritten.
 6. Loan(s) Closed; Funds in Escrow
 7. Loans Sent to MassHousing for Purchase.
 8. MassHousing Pays \$1000 Fee to Lender.
 9. Septic System Repairs Completed; Certificate of Compliance Issued by Local Board of Health.
 10. Certificate of Compliance Sent to MassHousing by Lender.
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MASSACHUSETTS TAX CREDIT:

Repair or Replacement of Failed Cesspool or Septic System Credit (Title V)

Any owner of residential property located in Massachusetts who is **not a dependent** of another taxpayer and who occupies the property as his or her **principal residence** is allowed a credit for the expenses incurred to:

- repair or replace a failed cesspool or septic system in compliance with the sewer system requirements of the State Environmental Code Title V as promulgated in 310 CMR 15.000 et seq., by the Department of Environmental Protection in 1995; or
- connect to a municipal sewer systems pursuant to a federal court order, administrative consent order, state court order, consent decree, or similar mandate.

In order to qualify for the credit:

1. the amount of credit in the aggregate cannot exceed \$6,000 but maximum amount of credit claimed in any tax year cannot exceed \$1,500. The computation of the credit is 40 percent (.40) of available actual costs, not to exceed \$15,000 ($\$15,000 \times .40 = \$6,000$);
2. in the computation of the credit, any interest subsidy received from the Commonwealth must be subtracted;
3. the credit may be claimed beginning in the tax year in which the repair or replacement work is completed; and
4. the owner completes Massachusetts Schedule SC and encloses it with the tax return.