



# HARVARD BOARD OF HEALTH

## Community Septic Management Program Betterment Loan

### *FAQ*

**Q: How can I qualify for the loan?**

**A:** If the residential property has a failed septic system and you earn less than approximately \$150,000 per year (hardship cases considered), you can typically be approved for a loan. There is priority given to environmentally-sensitive areas.

**Q: What residential properties are covered?**

**A:** Primary as well as secondary residences, condominiums and apartment buildings are some of the types of properties covered.

**Q: What type of septic system upgrade is covered?**

**A:** Conventional septic systems, alternative septic systems and sewer system hook-ups are covered.

**Q: What exactly is a failed septic system?**

**A:** This is a septic system that meets either state or local definitions for failure including non-compliant systems.

**Q: My septic system has not been officially inspected so I do not have a report indicating a failed system. Therefore, what signs or symptoms of failure should I describe on the application?**

**A:** Frequent pumping, liquid at the surface, gurgling sounds or slow drainage of sinks, shower, or toilets and especially liquid flowing back into your basement are symptoms indicative of a failed septic system.

**Q: What type of work does this loan cover?**

**A:** It covers all work directly relating to the upgrade of a failed residential septic system. This includes the design of the upgrade and the installation of the new components. Also, incidental work associated with this project (e.g. loaming and seeding after work completion, repair to a driveway damaged during construction, plumbing changes required because of the upgrade, town water hook-up or well relocation required because of the septic system upgrade, etc.) are generally covered.

**Q: What do I need to submit in order to be approved for a loan?**

**A:** An original completed application, signed and dated, along with a signed and dated copy of your most recent 1040 Federal Tax Return is required at a minimum. If you do not file a Federal Tax Return, evidence of sources of income (e.g. Social Security benefits, pension benefits, etc.) should be submitted along with your application.

**Q: On the application is a question relating to a deed reference. What is this?**

**A:** This pertains to a reference for where your deed was recorded at the Registry of Deeds. Book and page refers to recorded land while the document number refers to land court property. If you do not have this information available, we will obtain it once the application is submitted.

**Q: The application also asks for assessor's information, map and parcel. What is this?**

**A:** This is the parcel identification information obtained from your local property tax bill. If you cannot find this number, we will obtain it for you once the application is submitted.

**Q: How long does approval take after I submit my application?**

**A:** As long as we have received all of the required documentation, a decision will most likely take place at the next possible Board meeting. The Harvard Board of Health meets on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of the month.

**Q: Once approved for a loan, how do I begin the process of hiring contractors?**

**A:** Depending on the exact circumstances of your situation, you should either obtain bids from a designer if no plans for your upgrade exist or an installer if plans are available.

**Q: How many bids do I need to obtain?**

**A:** We require 3 sealed bids for each job sent to our office by the vendors.

**Q: What are my payment options regarding the repayment of my loan?**

**A:** You shall repay your loan to the Town of Harvard with your quarterly real estate tax bill. The annual interest rate is 2%.

**Q: How long do I have to repay the loan?**

**A:** The maximum term is 15 years.

**Q: Can I pay my loan off early?**

**A:** You must make the minimum payment due in order to avoid a penalty. However, you can pay more than the minimum and this amount will be credited to your outstanding principal thereby reducing your total interest payment. Also, if you pay your loan off within one year of project completion (excluding landscaping), we will charge you \$400.00, the minimum amount required to cover our operating costs.

**Q: Is there a tax credit available from the State of Massachusetts for my septic system repair project?**

**A:** There is a tax credit available for primary residence property owners. You should contact the state Department of Revenue with questions and to obtain Schedule SC necessary in order to obtain the credit.

**Q: How is my loan secured?**

**A:** The Town of Harvard records a Notice of Betterment Assessment at the Worcester Registry of Deeds for the amount borrowed.

**Q: I am planning to refinance my mortgage. The lender is requesting that my loan with the Town of Harvard be subordinated. Is this possible?**

**A:** The simple answer is no. Betterments are effectively a tax and taxes, whether federal, state or local cannot be subordinated to existing or new mortgages.

**Q: How long will this program remain available?**

**A:** There is no anticipated shortage of funding for this program; however there is a two-year time period for application submittal that begins when the loan is approved by the MA Water Pollution Abatement Trust.

**Q: Who will be eligible?**

**A:** The criteria for eligibility are based on areas of environmental sensitivity, documented failed septic system, and income level. Homeowner participation is voluntary. The Board of Health has entered into an agreement with RCAP Solutions, a non-profit organization that has grants to assist towns with implementing this program. There is NO charge to Harvard either directly or indirectly.

**Q: Who administers the program?**

**A:** The Board of Health approves homeowner applications. The Harvard Finance Department will disburse the monies, apply the betterment fee to the homeowner's tax bill for quarterly payment on the loan, and repay the State Water Pollution Abatement Trust Fund.

**Q: What happens after I have received bids from contractors?**

**A:** We will prepare a Betterment Agreement for you to sign. Once signed in the presence of a notary public, we will be able to pay contractors for septic system related work.

**Q: How does the contractor get paid?**

**A:** The homeowner should not pay for any work with the expectation of being reimbursed. Instead, an original invoice indicating a balance due should be sent to the Board of Health for processing.

**Q: Can I fax an invoice to you?**

**A:** All invoices must be original, in hardcopy or email form.

**Q: What if I have paid for some of the work because I was anxious to get the project underway? Can I get reimbursed?**

**A:** Reimbursement for costs associated with the septic system repair project up to 30 days prior to the approval of a completed application is possible, but not guaranteed.

**Q: How will I be billed for the final cost of my project and to whom do I make payments?**

**A:** You will be billed directly by the Town of Harvard with your tax bill. You will make payment directly to the Town.

**Q: How does the amount get added to my tax bill?**

**A:** You will be required to pay a recording fee (currently \$75) to the Worcester Registry of Deeds to record the lien. The Board of Health will file the lien.

**Q: What happens if I am late with a payment?**

**A:** By law, the interest rate will increase from 2% to 14%. Your account will return to 2% if past due principal and interest payments become current.

**Q: If I sell my house, can the outstanding obligation be assumed by the buyer?**

**A:** If the owner sells and transfers the payment, whether voluntarily or involuntarily, the unpaid balance of principal and interest shall become due and payable to the Town; an assumption of the outstanding obligation is not an option.

**Q: When my loan is paid in full, how do I get the Notice released?**

**A:** A Certificate for Dissolving Betterments will be prepared following your final payment. Please note that there will be only one original Certificate prepared. It will need to be recorded by you or your representative at the Registry of Deeds to indicate payment in full of the loan. The cost of recordation is your responsibility. The homeowner is responsible for a fee (currently \$75) to the Worcester Registry of Deeds to remove the lien.