

---

## **Ipswich Betterment Loans and Agreements**

---

The Town of Ipswich may provide financial assistance to homeowners for the repair, replacement, or upgrade of failed on-site systems using Betterment Agreements. On-site sewage disposal systems options include conventional septic systems (Title 5) as well as Innovative/Alternative (I/A) systems.

### **What is a Betterment Loan?**

A Betterment Loan is a Financial Agreement between a homeowner and the community. The "Betterment Agreement" outlines the rights and responsibilities of the community and the homeowner for the repair, replacement or upgrade of the homeowner's on-site system. Usually the homeowner contracts with a licensed installer and engineer to perform the necessary work.

### **Am I Eligible for a Betterment Loan?**

If you are an Ipswich homeowner who has a septic system that has failed an Official Title 5 Inspection conducted by an Ipswich permitted System Inspector you are eligible. A septic design approved by the Board of Health is needed before you can apply for a Betterment Loan.

### **What is the interest rate of the loan?**

The loan is provided at a two (2%) interest rate.

### **What is the length of the loan?**

The applicant determines the length of loan up to a maximum of 18 years.

### **How do I Apply?**

If you are interested, contact the Ipswich Health Office at 978-356-6606 for more information. Applicants can apply at any time. This fact sheet provides some basic information as it relates to Betterment Agreements.

### **How does a Betterment Agreement Work?**

- The community agrees to provide financial assistance to the homeowner for the repair, replacement and/or upgrade of the on-site system.
- The homeowner contracts to have the work done, the homeowner agrees to repay, with interest, any money advanced by the community over an agreed upon period of time.
- The community establishes an account, similar to a loan, which will be paid back, over time, as an additional line item on the homeowner's real estate tax bill.
- The homeowner signs a Betterment Agreement and the community records a Notice of Betterment Agreement at the Registry of Deeds for the homeowner's property.
- The community may obtain a first priority "municipal lien" on the homeowner's property if the repayments are not made on time.

## **What costs are eligible under Betterment Agreements?**

- Funds may be used for all costs necessary to repair or replace a failed on-site system, including engineering and design costs.
- Costs expended in the replacement of a conventional on-site system with an approved Title 5-innovative/ alternative system.
- Eligible costs include:
  - a. performing soil and percolation tests and other necessary site analysis;
  - b. specification of the failed system components to be repaired, replaced and/or upgraded;
  - c. design of the system or components thereof to be repaired, replaced and/or upgraded;
  - d. obtaining all applicable federal, state and local permits and approvals required to complete the work; and
  - e. work and materials in accordance with applicable laws, regulations and requirements.

## **How Does a Homeowner Obtain a Betterment Loan?**

- Homeowners submit applications to enter into Betterment Agreements to the Health Office. The **\$600 application fee and \$150 recording fee** must be paid at the time of application.
- Program Administrator reviews applications and develops a list of eligible homeowners.
- Program Administrator selects eligible homeowners based on criteria established locally and in accordance with state or local funding program requirements.
- Eligible homeowners and Program Administrator develop Betterment Agreements.
- A Notice of Betterment Agreement is recorded at the Registry of Deeds.

## **How Does a Homeowner Repay a Betterment Loan?**

The homeowner is liable for the repayment of all direct and indirect expenses incurred by the Town of Ipswich in connection with the repair, replacement and/or upgrade of the on-site system. A homeowner pays off the betterment loan over time, as an additional line item on their property tax bill. Loan payments must be made annually with the third quarter tax assessment. There is no penalty for an early payoff of a betterment loan. If a participating homeowner defaults on his/her payment, the Community has a municipal lien on the property. Any homeowner defaults will be charged an accrued interest rate of 14% rising to 16% if a "taking" is required (state law for "delinquent" municipal charges).

## **How Does a Homeowner get the Notice of Betterment Agreement released?**

A certificate for Dissolving Betterments will be prepared following your final payment. It will need to be recorded at the Registry of Deeds to indicate the loan has been paid in full.

## **Can the outstanding obligation be assumed by the buyer if I sell my house?**

If the property transfers the unpaid balance of principal and interest shall become due and payable to the town, unless the town has agreed in writing to permit the buyer or transferee of

the property to assume the obligation to pay the unpaid balance. However, the lender for the purchaser of the property will typically require that the loan be paid in full so that an assumption of the outstanding obligation may not be an option.