



Financing and Grants to Aid with Septic Repairs and Upgrades

(Please note that hotlinks may be broken due to URL changes over time in linked web pages.)

Do any government agencies provide financial assistance for repairs and/or upgrades?

Yes. Communities may provide long-term low cost financing to homeowners for the repair, replacement, or upgrade of failed septic systems by providing Betterment Loans. Contact your [local Board of Health](#) for more information.

The Massachusetts Housing Finance Agency (MHFA) offers low-cost financing to those who qualify: 617-723-0500 or on the web: [MHFA Web site](#)

The federal Farmers Home Administration (FHA) also offers low-cost financing to those who qualify.

- Multi-family homes 202-708-2495
- Single-family homes 202-708-3175

USDA Rural Development Program

This program offers government loans to assist very-low-income rural homeowners who are in need of repair and improvements to their homes for health or safety reasons, including repairs or upgrades to septic systems.

[USDA Web site](#)

Will financial assistance programs include connecting to a sewer as a type of upgrade?

Yes, many of them will. Check with the specific program to be sure.

How do I get a tax credit for a septic system repair or replacement?

Any Massachusetts property owner who occupies the property as his or her principal residence is allowed a tax credit for the expenses incurred in the repair or replacement of a failed cesspool or septic system. The maximum amount of the credit that may be claimed in any tax year is \$1500.

The maximum aggregate amount of the credit that may be claimed is \$6000. For more information, contact the Department of Revenue at 617 887-MDOR or [on the web](#).

More financial assistance information

The Commonwealth has developed three programs to assist on-site septic system owners with wastewater management problems.

Community Septic Management Program

This MassDEP program offers 0% loans to communities, which in turn provide low-interest betterment loans to eligible homeowners with failed septic systems through their [local Boards of Health](#).

Description of the Community Septic Management Program [Web page](#)

Information about betterments [Web page](#)

Regional Contacts for the Community Septic Management Program:

Metro/Northeast: 978-694-3237

Southeast: 508-946-2881

Central: 508-767-2763

Western: 413-755-2148

Homeowner Septic Loan Program

This is a bank loan program for homeowners whose systems have failed Title 5 inspection. Participating banks offer low interest rates to eligible homeowners through this MassHousing Program. For more information contact Massachusetts Housing Finance Agency (MHFA), 617-723-0500 or go to their Web site:

[MassHousing Web site](#)

Tax Credit

The Commonwealth provides a tax credit of up to \$6,000 over 4 years to defray the cost of septic repairs to a primary residence. Forms are available from the Department of Revenue (DOR) to enable homeowners to claim up to \$6,000 in tax credits for septic upgrades. The credit cannot exceed \$1,500 in any year and may be spread out over 4 years. The tax credit is limited to work done on a primary residence only. Tax Form Schedule SC is the correct form for the tax credits.

[MassDOR Web site](#)

In addition, these federal programs are available to aid septic system owners with wastewater management problems:

Federal Farmers Home Administration (FHA)

FHA offers low-cost financing to those who qualify. For more information contact FHA:

* Multi-family home: 202-708-2495

* Single-family home: 202-708-3175

USDA Rural Development Program

This program offers government loans to assist very low income rural homeowners who are in need of repair and improvements to their homes for health or safety reasons, including septic system repairs or upgrades.

[USDA Web site](#)

Communities 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 or connection to an existing sewer, if available.

Betterments

What is a Betterment Loan and how do I Apply?

A Betterment 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. If you are interested, contact [your local Board of Health](#) for more information. This fact sheet provides some basic factual information as it relates to Betterment Agreements.

How does a Betterment Agreement Work?

- The community agrees to provide financial assistance to the homeowner to repair, replace and/or upgrade the on-site system or to do the work on the homeowner's behalf.
- If 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.
- If the community contracts to perform the work, the homeowner agrees to repay the community's costs, with interest, 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 community may obtain a first priority "municipal lien" on the homeowner's property if the repayments are not made on time.
- Even if the community contracts to perform the work, the on-site system remains the property of the homeowner.

What costs are eligible under Betterment Agreements?

- Funds may be used for all costs necessary to repair or replace a failed on-site system or

- renovation of the existing system, including engineering and design costs.
- Costs incurred as they relate to hooking up to existing sewers, including the abandonment of the failed system.
- Costs expended in the replacement of a conventional on-site system with an approved Title 5-innovative/ alternative system.

How Does a Homeowner Repay a Betterment Loan?

The homeowner is liable for the repayment of all direct and indirect expenses incurred by the Board of Health in connection with the repair, replacement and/or upgrade of the on-site system. Usually, there is no penalty for an early payoff of a betterment loan. Otherwise, a homeowner pays off the betterment loan over time, as an additional line item on their property tax bill. If a betterment lien exists against a property, it jumps ahead of any other outstanding debt on the property.

What steps are necessary for establishing a Betterment Program?

- A community must enter into the Betterment program by a Town Meeting or City Council vote which approves the loan. There should be no additional taxes to the taxpayers of a participating community - the primary repayment obligation is undertaken by the homeowners receiving the betterment loans.
- Each community establishes priorities for making Betterment Agreements with homeowners through the local Board of Health
- Information on the availability of the Betterment Program is disseminated by local officials to the public
- Homeowners submit applications and petition Board of Health to enter into Betterment Agreements
- Board of Health reviews applications and develops a list of eligible homeowners
- Board of Health selects eligible homeowners based on criteria established locally and in accordance with state or local funding program requirements
- Eligible homeowners and Board of Health develop Betterment Agreements
- Notice of Betterment Agreement is recorded at the Registry of Deeds
- Board of Health undertakes its responsibilities under the Betterment Agreement.

For more detailed information on Betterments, contact [your local Board of Health](#).

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