

TO: Accountants and Auditors, Assessors, Collectors, Treasurers,
Mayors and Selectmen

FROM: James R. Johnson, Director of Accounts

DATE: August 1997

SUBJECT: **Title 5 -- Bank Loan Program and State Income Tax Credit**

We have issued a separate BULLETIN describing a program of loans to homeowners to finance the costs of repairs to failed septic systems, where the amount of the loan is recouped through betterments. We also want to advise you of two other provisions of the FY98 state budget which, while they do not involve a city or town financially, may be applicable to homeowners who incur costs to repair a failed septic system.

Bank Loan Program

Loans to finance repairs to failed septic systems are available to homeowners through at least 15 lending institutions throughout the Commonwealth. The program was authorized by section 72 of Chapter 204 of the Acts of 1996, and modified in the FY98 state budget. The program provides for loans at zero percent, three percent or five percent, depending on the homeowner's income and market area. The minimum loan amount is \$1,000; the maximum is \$25,000. The loans are secured by a subordinated, nonassumable mortgage.

The loans are purchased from the originating banks by the Mass. Housing Finance Agency (MHFA) using funds appropriated to DOR. The participating lenders as of this date are listed on the page attached to this BULLETIN. Homeowners with questions may also call the MHFA at (617) 854-1020 or 854-1333.

State Income Tax Credit

Section 62 of Chapter 43 of the Acts of 1997 amended G. L. Ch. 62 §6 to provide a tax credit to an owner of residential property who incurs costs for repair or replacement of a failed septic system. The property must be located in the Commonwealth and the taxpayer must not be a dependent of another taxpayer and must occupy the property as his principal residence.

The credit is equal to forty percent of design and construction expenses which do not exceed \$15,000, i. e., the maximum credit is \$6,000. The credit is limited to \$1,500 in any tax year, and is effective for tax years beginning January 1, 1997. The credit is reduced by the amount of any interest subsidy or grant received from the Commonwealth, either directly or indirectly, toward the cost of septic repairs.

DOR's Rulings and Regulations Bureau will promulgate detailed instructions and forms for taxpayers' use in completing 1997 state income tax returns.

Homeowner Septic Repair Loan Program

Funded by the Massachusetts Department of Revenue

Participating Lenders as of December 1, 1997

Bank of Fall River
30 Bedford Street
Fall River, MA 02720
(508) 678-7655

BayState Savings Bank
28-32 Franklin Street
Worcester, MA 01608
(508) 792-5292

Braintree Cooperative Bank
1010 Washington Street
Braintree, MA 02184
(781) 843-1370

Cambridgeport Bank
689 Massachusetts Ave.
Cambridge, MA 02139
(617) 661-4900

Chicopee Savings Bank
54 Center Street
Chicopee, MA 01014
(800) 662-0974

Danvers Savings Bank
One Conant Street
Danvers, MA 01923
(978) 777-2200

First Eastern Mortgage
100 Brickstone Road
Andover, MA 01810
(800) 777-2240

Fleet Bank of Massachusetts

Fall River Ari Sousa
(508) 679-9072

Leominster Elisa Newton
(978) 534-8628

Springfield Darlene Adams
(800) 841-4000

Hibernia Savings Bank
731 Hancock Street
Quincy, MA 02170
(617) 479-2265

55 Main Street
Hingham, MA 02043
(781) 749-2200

Ipswich Cooperative Bank
2 Depot Square
Ipswich, MA 01938
(978) 356-3600

Lafayette Federal Savings Bk.
60 Bedford Street
Fall River, MA 02720
(508) 679-1961

Lee Bank
75 Park Street
Lee, MA 01238
(413) 243-0117

Millbury Savings Bank
109 Elm Street
Millbury, MA 01527
(508) 865-5811

Nantucket Bank
P. O. Box 988
Nantucket, MA 02554
(508) 228-0580

North Abington Cooperative Bk.
6 Harrison Avenue
North Abington, MA 02351
(781) 878-0045

North Brookfield Savings Bank
181 Main Street
North Brookfield, MA 01535
(508) 867-1302

North Middlesex Savings Bank
7 Main Street
Ayer, MA 01432(978) 772-3306

225 Park Avenue
West Springfield, MA 01090
(413) 747-1418

Wakefield, MA 01880
(781) 245-3890

People's Savings

545 Pleasant Street
New Bedford, MA 02741
(508) 991-2601

Sandwich Cooperative Bank

90 Route 6A
Sandwich, MA 02563
(508) 888-0026

Shirley Cooperative Bank

25 Main Street
Shirley, MA 01464
(978) 425-2355

Spencer Savings Bank

176 Main Street
Spencer, MA 01562
(508) 885-5313

Springfield Institution for Savings

1441 Main Street
Springfield, MA 01103
(413) 748-8000

The Savings Bank

599 North Avenue
Wakefield, MA 01880
(781) 224-5362

UniBank for Savings

49 Church Street
Whitinsville, MA 01588
(508) 234-8112

United Bank

45 Federal Street
Greenfield, MA 01302
(413) 774-3713

Wakefield Cooperative Bank

342 Main Street

