

TOWN OF SHARON
DEPARTMENT OF PUBLIC WORKS
217 REAR SOUTH MAIN STREET, P.O. BOX 517
SHARON, MASSACHUSETTS 02067
TEL: (781) 784-1525 FAX: (781) 784-1508

LOAN BETTERMENT PROGRAM INFORMATION
FREQUENTLY ASKED QUESTIONS

What is a Loan Betterment?

A Betterment is a Financial Agreement between a homeowner and the community. The “Betterment Agreement” outlines the homeowner and community’s rights and responsibilities for the repair, replacement, or upgrade of the homeowner’s on-site system. The homeowner then contracts with a licensed installer and engineer to perform the necessary work. A municipal lien on the property guarantees the loan.

Why A Loan Betterment?

Septic failure is often an unexpected event in the course of homeownership. During these difficult times, it is more important than ever to have access to additional funds when needed. The loan given to the resident is a low-interest loan that assists them in their time of need to cover the expenses required to perform the repair, replacement or upgrade of their on-site septic system.

Who Administrates the Loan Betterment?

The Betterment involves multiple departments of the Town of Sharon that work in unison to ensure that all the paperwork and processes are in place.

The Board of Health screens and approves the applicant for a specified loan amount.

The Assessor’s Office ensures that once the resident has signed a betterment agreement, the Town shall send a Notice of Betterment Agreement to the registry, and the Town will place a lien request on the property. The Assessor’s Office also maintains the annual amounts to be added to the tax bill.

The Collector’s Office handles the resident’s payment to pay back the betterment loan plus the committed interest. The resident will make a one-time annual payment added to the third quarter tax bills with no pre-payment penalty.

The Accounting Department oversees the management of the account, balances and repayment of the loan to the Massachusetts Clean Water Trust (lender).

Decision on Who Gets the Loan Betterment

The Board of Health determines if there is a need and to whom the Board will offer the loans.

Who Pays for the Program?

The resident pays the Town of Sharon, who then pays the Massachusetts Clean Water Trust. Aside from interest on loans not given to residents, there is a minimal cost to the Town itself.

ADDITIONAL DETAILS

Program Purpose

This program is specifically for septic and septic-related issues. A dozen or so communities currently participate in this program. Most of the other towns that participate are on-site septic only (no municipal sewer). There is no limitation on a community based on the existing infrastructure, and the Town can utilize the loan to connect to existing sewer infrastructure.

The Lending Process – Two (2) Step Process

1. The Town of Sharon requests the anticipated need in their community.
2. Massachusetts Clean Water Trust, the lender, works with the Town's financial department. Money goes into an interest-free interim status for a period of two (2) to three (3) years, after which the lender would move the loan into a debt service at the time of closing. The resident pays off the betterment loan alongside their real estate taxes.

The Costs and Financial Information

Town's Loan

Length: 20-year loan

Payment Structure: Two payments a year from the Town to the Massachusetts Clean Water Trust

Interest Rate Cost: 2%

Administrative/Service Fee: .15%

Origination Fee: \$5.50 per \$1,000

Resident's Loan

Length: 20-year loan

Payment Structure: Paid with taxes (yearly)

Interest Rate: 3.5%

Flexibility

The Massachusetts Clean Water Trust is flexible with lending and asking for additional funds when needed.

Legal References

Mass General Law CH 80 Municipal Betterment Law, CH111 S127 B-1/2 Defaults