



# Home Modification Loan Program (HMLP) & Contractors

Homeowners are responsible for finding, choosing and monitoring a qualified contractor under the Home Modification Loan Program. The Home Modification Loan Program and the Provider Agencies do not recommend or require applicants to use specific contractors. However, finding a contractor can be challenging so most Provider Agencies have a list of contractors in their region who have done previous home modification projects.

## Resources for Finding Qualified Contractors

- *NE Index, Information on Disabilities Exchange* – for a listing of contractors who perform accessibility modifications. Go to [www.disabilityinfo.org](http://www.disabilityinfo.org)

Please note contractors found using the following resources may not have experience with accessibility modifications.

- *Better Business Bureau*, [www.bbb.org](http://www.bbb.org), enter zip code, you can either search by business or by an BBB accredited business
- *The Associated Builders and Contractors*, [www.abcma.org](http://www.abcma.org), click on member directory and enter search criteria.
- *National Association of Professional Remodelers*, [www.nari.org/consumers/find-a-remodeler](http://www.nari.org/consumers/find-a-remodeler).
- *HomeAdvisor*, [www.homeadvisor.com](http://www.homeadvisor.com), the site rates various home improvement companies, using reviews from those who used the companies.
- *American Institute of Architects*. There are three chapters in Massachusetts. The Western MA Chapter, [www.wmaia.org](http://www.wmaia.org) and the Central MA Chapter, [www.aiacm.org](http://www.aiacm.org) and the Boston Society of Architects/AIA [www.architects.org](http://www.architects.org). Each site has a list of members.
- *Massachusetts's Independent Living Centers*, [www.masilc.org](http://www.masilc.org), click on “find a center”, on the right-hand side. These Centers for Independent living have a wealth of information and provide such services as peer counseling, skills training, advocacy, information and referral and much more.

Resources requiring a fee

- *Angie's List*, [www.angieslist.com](http://www.angieslist.com), contractors and other service companies are rated by other Angie List members, once you become a member and sign in, you can search by zip code.
- For the Boston Area, *Consumers Checkbook*, [www.consumerscheckbook.com](http://www.consumerscheckbook.com), a nonprofit organization which rates local service businesses.

## General Suggestion when Choosing a Qualified Contractor

1. Review the Commonwealth's Consumer Affairs and Business Regulation, A Massachusetts Consumer Guide to Home Improvement, [www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract/a-massachusetts-consumer-guide-to-home-improvement.html](http://www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract/a-massachusetts-consumer-guide-to-home-improvement.html)
2. Ask other family members, friends or neighbors for the names of contractors that have satisfactorily completed projects for them.
3. When calling and interviewing a contractor you should clearly explain the home modifications you need (i.e. ramp, handicap accessible shower, etc.). Be sure to give the same job details to each contractor so you will receive good comparisons.
4. Questions you should consider asking potential qualified contractors
  - What is their experience with home modification projects (ramps, accessible bathrooms, etc.)?

- What are some typical hidden conditions that they might discover on a project like yours and how much could they cost?
  - How long have they been in business?
  - Will they be working on your project full time? Will they be working on any other projects at the same time?
  - Are they registered as a Home Improvement Contractor with the state? Do they have a Massachusetts Construction Supervisor's License? Do they have a lead license? **These licenses are required.**
  - Can the contractor provide 3 homeowner references of projects completed in the last 12 months? Can they provide a reference for a similar type project?
  - Do they have liability insurance? **Liability insurance is required** for projects funded by HMLP.
  - You should inform the individual, that if they are chosen to do the work, they will be required, as part of your application to fill out a detailed Home Modification Loan Program Bid Form and Scope of Work for the project.
5. The program recommends speaking with more than one contractor and obtaining written proposals so you can compare. Keep in mind, the best is not always the lowest, as the quality of materials or workmanship may differ.
- Examine the proposals carefully
  - Don't be afraid to ask questions if there is something you don't understand
  - Check references
  - Check with the Better Business Bureau in the area and/or with Massachusetts Consumer Affairs ([www.mass.gov/consumer](http://www.mass.gov/consumer)).
  - Once you've chosen a qualified contractor, we recommend you ask for a copy and verify the contractor's construction supervisor's license or the home improvement license, lead license. You should also consider obtaining a certificate of insurance which lists you as additionally insured.
6. Once you have selected the contractor who you'd like to hire for your home modification project, have the contractor complete the HMLP program required bid form outlining your scope of work. Any incomplete bid forms will be rejected, causing delays in your application process.
7. The maximum amount that can be borrowed with this program is \$50,000, or \$30,000 for borrowers in manufactured or mobile homes. In all cases, if the bid is higher than the maximum allowed through HMLP you will have to arrange for the rest of the financing above this maximum from another source. Additionally, in cases where the project costs are greater than the loan maximum the program requires you to use other source(s) of funding *before* the program funds.

## Frequently Asked Questions

### **Why can't the Provider Agency recommend a contractor to me?**

Provider Agencies are not permitted per program guidelines because Provider Agencies are not equipped to thoroughly screen contractors, and therefore cannot give complete and reliable recommendations. More importantly, you need to make your own assessment of the skills and reliability of the contractor who will be working in your own home.

### **What can the Provider Agency help me with?**

Provider Agencies may be able to direct you to previous borrowers who are willing to discuss their experiences. Most projects will have a construction monitor for limited advisory services, such as review of the bid form for work to be performed, advising the borrower on cost, work scope, design and/or material suggestions. Monitors conduct both an initial inspection and final inspection.

## **What documentation do I need to obtain from my chosen contractor?**

The program recommends that you speak with more than one contractor to give you a price estimate for the work you would like completed.

Your chosen contractor must complete the required Home Modification Loan Program Bid Form and Scope of Work (Bid Form), which is submitted with your Home Modification Loan Program application. **Please be aware your loan cannot be approved until the Bid Form has the required detail.**

Acceptable Bid Forms must include a detailed description of the overall project and include details regarding the materials to be installed (type, quantity, price, and warranties if applicable), whether there will be sub-contractors used, and indicate all the necessary permits with your city/town. If the Bid Form does not have the required detail, your Provider Agency will make every effort to assist you and your chosen contractor in completing a program acceptable form. If you or your contractor have any questions on the Bid Form please contact your Provider Agency.

Before accepting or signing the proposal, you should check with your Provider Agency to make sure the contractor and the scope of work are acceptable and eligible under the program.

## **Are there different types of contractor licenses?**

Please see this flyer from the Massachusetts Office of Consumer Affairs regarding tips on hiring a contractor and the licenses required in Massachusetts <http://www.mass.gov/ocabr/docs/hic/hic-how-to-hire-brochure.pdf>.

Any structural work in a home requires a contractor to have a Construction Supervisor's license in addition to a Home Improvement license. A Construction Supervisor license is intended to ensure that the contractor understands and complies with state building code. A construction supervisor must pass an examination in order to receive a license.

In contrast, an examination is not required to receive registration as a Home Improvement contractor (HIC). However, all contractors are required to have an HIC license. The registration fee contractors pay for this license are used to fund the Commonwealth's Contractor Guaranty Fund, which is a fund of last resort for consumers who have an unpaid final judgment against a contractor. More information about the Guaranty Fund can be found here: [www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract/guaranty-fund/guaranty-fund.html](http://www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract/guaranty-fund/guaranty-fund.html)

Possession of a license does not guaranty the contractor is competent. Check a contractor's references and see other work he or she has done before signing a contract with them.

## **How do I know my contractor's licenses are valid?**

You can look up each license on the Commonwealth's website.

- Home Improvement Contractors (HIC) license look-up. You can also search for any history of the contractor and the Guaranty Fund. [www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract](http://www.mass.gov/ocabr/consumer-rights-and-resources/home-improvement-contract)
- Construction Supervisor License look-up. You will find entering the contractor's name to help with your search. Through this search you can also find out the status of the license and if any disciplinary action has ever been taken. <http://elicense.chs.state.ma.us/Verification/Search.aspx>
- Lead License look-up. There are several different kinds of licenses issued related to lead paint. The Commonwealth of Massachusetts requires contractors to have one of these licenses.
  1. Renovation, Repair and Painting Contractors, <http://www.mass.gov/lwd/docs/dos/lead-asbestos/lead/la-rpt-list-lr.pdf>
  2. Certified Lead-Safe Renovator Supervisors, Approved for Moderate Risk Deleading, <http://www.mass.gov/lwd/docs/dos/lead-asbestos/lead/la-rpt-list-mr.pdf>
  3. Licensed Deleader Contractors, <http://www.mass.gov/lwd/docs/dos/lead-asbestos/lead/la-rpt-list-dc.pdf>

### **Why is it mandatory for the contractor to provide information regarding their liability insurance?**

The liability insurance is important because it protects the homeowner should any accidents occur and/or the contractor damages your home during the construction process. If the contractor does not have valid up to date liability insurance the homeowner's insurance policy may not cover any damages. We also suggest that you ask for a copy of their liability certificate and to be named as an "Additional Insured" on the contractor's liability insurance

### **Why should the contractor pull the building permit?**

For projects requiring a building permit, the contractor should obtain and pay for the building permit because in doing so the contractor assumes responsibility for the project. The contractor is ensuring that the end project conforms to all pertinent codes, laws and ordinances. Additionally, the contractor who entered into the contract with you must be the same individual who has the HIC license and must also be the person to pull the permit for you to be eligible for the Guaranty Fund.

Please note no funds will be disbursed until a copy of the building permit has been given to the Provider Agency.

### **Is there a difference between paying a subcontractor and a general contractor?**

Yes. Your contract should be with the general contractor. Therefore, the general contractor is responsible for paying any subcontractors. For your own protection, HMLP does not disburse funds directly to subcontractors. Please remember, the general contractor has assumed liability by pulling the necessary building permits, certifying their insurance policy and entering into a contract with you. This allows you to deal with only the general contractor. It is the general contractor who will be responsible for the quality of the work done and who will warranty it.

### **I've chosen my contractor, what happens next?**

Once the Provider Agency has received a complete, signed application with all of the required documentation, including the Home Modification Loan Program Bid Form and Scope of Work (Bid Form), filled out by the chosen contractor, a program construction monitor will come to the home and perform an initial inspection. The intent of the inspection is to ensure all parties understand and agree to the scope work before work begins. The contractor is expected to attend the inspection so that they can address any questions and discuss any possible revisions to the scope of work. Once the monitor's inspection report is submitted to the Provider Agency they will draw up the loan documents. The loan amount will be for the cost of the eligible modifications and any recording fees. The Provider Agency will send the mortgage to be recorded at a Registry of Deeds/Registry District of the Land Court or the UCC-1 Finance Statement recorded with the Massachusetts Secretary of State.

Once the mortgage or UCC-1 is recorded, the Provider Agency will be able to request funds. Please be aware that checks are issued every other week. Your Provider Agencies can explain their internal check issuing process and timeline. Once the Provider Agency has received the loan funds they may disburse them as anticipated by the agreed upon loan disbursement schedule attached to your Loan Agreement or the payment schedule agreed upon on the bid form. **Please note that it can take up to 4 – 6 weeks until the first disbursement can be made.**

### **When can I tell my contractor to start work?**

Your contractor can begin work once the loan documentation is complete and the mortgage or UCC-1 is recorded on the property. The Provider Agency will tell you when this has been done. Make sure, however, that the contractor is not expecting payment before it will be available.

In unusual situations, Provider Agencies may approve an early start of work. Please note no funds will be disbursed to you or the contractor until the loan documents have been signed and the mortgage or UCC-1 has been recorded. If for some reason you do not close on the HMLP loan, you will have to find other resources to pay the contractor.

### **What if the contractor requests money before work has started?**

Provider Agencies may disburse up to one-third of the total contract price prior to the start of work, provided that a proper invoice is submitted. If your project requires a building permit, your contractor must obtain it before any funds are disbursed. The invoice should detail the actual cost of any material or equipment which must be ordered in advance of the start of the work. Please be aware that we only disburse funds for materials, not labor, before work begins. In some cases, it may be appropriate to issue a two-party check to a supplier and contractor for materials requiring a deposit to ensure that funds are being used as stated.

### **How do I request funds?**

Requesting payment means that you approve of the work done to that point. If you have concerns about the quality of the work performed you should address those concerns directly with your chosen contractor. If you are unable to reach a satisfactory outcome with your chosen contractor please see the question below regarding disputes.

There are three ways that you may request funds:

1. You deliver to the Provider Agency an HMLP Invoice from the contractor (see HMLP Invoice included with your application documents or obtain a copy from your Provider Agency). Please note that you must sign and approve this invoice before a Provider Agency can issue a check. **Your Provider will not accept invoices submitted from your chosen contractor directly.**
2. You may also deliver an invoice from a supplier, such as Home Depot, which details the items purchased or services provided; or
3. You may also deliver an invoice from the contractor or supplier marked paid or other documentation evidencing that you have used your own funds to pay for the services or supplies.

It is your responsibility to review the work done and all invoices and to approve them by signing the invoices before sending them to the Provider Agency. In general, funds requested should reflect the cost of materials and/or work completed to date. If you are not sure that a request reflects accurately the status of the project at the time of the request, you should have a conversation with your contractor and your Provider Agency.

### **How will the check be made out?**

In most cases, the Provider Agency will send you a two-party check made payable to you and the contractor/supplier. In situation number 3 above, the Provider Agency may make the check payable directly to you.

### **What if I have a dispute with my contractor?**

Please understand HMLP, your Provider Agency and the program construction monitor cannot be involved in disputes regarding the legally binding contract homeowners enter into with their chosen contractor. More information about consumer protections and how to file a complaint can be found at the state's Consumer Affairs department, [www.mass.gov/ocabr/consumer/home-improvement-contract](http://www.mass.gov/ocabr/consumer/home-improvement-contract). This website provides a consumer guide to home improvement contractor complaints, which outlines the four different program that handle complaints against residential home improvement contractors.

### **What if my contractor changes the agreed upon scope of work from the original bid?**

Before any changes to the agreed upon scope of work are made your contractor should provide you a change order to approve. The change order should state the reason for the change, list any associated labor and material costs for this change in scope and indicate if the change will impact the project completion date. Change orders do not always result in additional cost to the project. In some cases, alternative methods or material selections will result in a reduction in scope and price. Regardless of final impact on cost, all changes in scope should be recorded in a change order which documents any change to the original contract agreement and includes the home owner's and contractor's signature. All change orders will be reviewed for eligibility by your Provider Agency, prior to payment. Please be aware any work performed outside the agreed upon scope of work stated on the HMLP Bid Form without a change order – is a separate agreement between yourself and your contractor and the loan funds from HMLP cannot be used.

**My contractor is about to finish my home modification project, how do I request a final payment?**

You should contact the Provider Agency in order to set up the final inspection that will be conducted by the program construction monitor. The final payment (10% of the total loan amount) will not be released to you or the contractor until the final inspection has been performed, you have indicated your satisfaction with the work performed and your contractor signs the lien waiver.

**My project includes a wheelchair lift or elevator and I need more information on the additional requirements.**

Any home modification project that includes the installation of an elevator or wheelchair lift (not stair-lifts), must be performed by a person with an elevator mechanics' license. Additionally, state law requires lifts and elevators in single family homes to be inspected by the Department of Public Safety upon installation and then every 5 years following. This inspection can be set up through your device maintenance/installation company.

If you are struggling to identify a suitable vendor, you may find the Massachusetts Elevator Safety Association helpful, <http://mesassoc.com/>, as the companies which are members of this association are likely to have licensed installers.