



# HOME MODIFICATION LOAN PROGRAM

[www.mass.gov/mrc/hmlp](http://www.mass.gov/mrc/hmlp)

## Frequently Asked Questions Regarding Contractors and HMLP

We suggest you share this with your contractor

### 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 will give borrowers access to resources, including *Choosing a Qualified Contractor for Your Home Modification* flyer and some have a list of contractors that have done previous home modifications. In addition, Provider Agencies may also 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, as well as being available to trouble-shoot on construction related matters when necessary. Monitors also 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 all 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 obtaining 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.

It is recommend, once you've chosen a qualified contractor you ask for a copy of the contractor's construction supervisor's license or the home improvement license, and certificate of insurance. Please see the last few questions, to learn more about the different types of licenses and the importance of 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. For example, the contractor is ensuring that the end project conforms to all pertinent codes, laws and ordinances. Additionally, the contractor must pull the permit for you to be eligible for the Guaranty Fund, which is

a fund of last resort for collecting unpaid judgments against registered home improvement contractors. 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, up to a maximum of \$30,000. The Provider Agency will send the mortgage to be recorded at a Registry of Deeds/Registry District of the Land Court.

Once the mortgage is recorded, the Provider Agency will be able to request funds from its funding source, CEDAC. Please be aware that CEDAC issues checks only every other week. Your Provider Agencies can explain their internal check issuing process. Once the Provider Agency has received the loan funds from CEDAC, 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 a mortgage 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 has been recorded. If for some reason that does not happen, 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 work and the contractor has failed to fix them, you should contact the Provider Agency.***

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.
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 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 wavier.

## Are there different types of contractor licenses?

Yes. Any structural work in a home requires a contractor to have a ***construction supervisor's license*** NOT a home improvement license. A construction supervisor license is intended to ensure that the contractor complies with 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)***.

Please see this website [http://www.mass.gov/Eeops/docs/dps/inf/inf\\_table\\_hic\\_csl\\_activity.pdf](http://www.mass.gov/Eeops/docs/dps/inf/inf_table_hic_csl_activity.pdf) for more information for a chart of different home construction projects and which license is most appropriate.

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.

**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 stairlifts*), must be performed by a person with an ***elevator mechanics' license***. Additionally, state law requires life 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.

For more information on these Department of Public Safety requirements, please visit [www.mass.gov/dps](http://www.mass.gov/dps) and click on elevators on the left hand side on the Department's home page.

Your Provider can provide you some resources to aid in your search. MRC has a list of vendors or companies which we believe have a licensed elevator mechanic, however please be aware the program does not require you to use a company from this list. Additionally you may find a suitable vendor by contacting the Massachusetts Elevator Safety Association, [www.mesaccoc.com](http://www.mesaccoc.com), as the companies which are members of this association are likely to have licensed installers.

**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.