SENATE . . . . No. 3227

Senate, July 23, 2026 -- Text of amendment (410) (offered by Senator Edwards) to the Ways and Means amendment (Senate, No. 3178) to the House Bill relative to economic development in the commonwealth.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

by inserting after section 84 the following section:-

"SECTION 84A. The General Laws are hereby amended by inserting after chapter 80A the following chapter:-

Chapter 80B

Residential Property Improvement Financing Program

Section 1. As used in this chapter, the following words shall have the following meanings unless the context clearly requires otherwise:

"Betterment assessment", an assessment levied on qualifying residential property pursuant to chapter 80.

"Municipality", a city, town or county.

"Program administrator", a municipality or authorized legal entity operating a qualifying improvement financing program.

"Property owner", the owner or owners of record, excluding persons merely occupying the property.

"Qualifying improvement", permanent improvements to residential property including storm hardening, flood mitigation, energy efficiency, renewable energy, water conservation improvements, sewerage, roofing, repair and replacement of concrete foundations and other resiliency measures as further defined by regulation.

"Qualifying improvement contractor", a licensed or registered contractor who has been registered to participate by a program administrator to install or otherwise perform work to make qualifying improvements on residential property.

"Residential property", real property zoned residential or multifamily residential with four or fewer dwelling units.

"Third-party administrator", an entity under contract with a program administrator.

Section 2. (a)(1) A municipality may, by a majority vote of the city or town council, by a majority vote of the board of selectmen or by resolution of its legislative body, as may be appropriate, authorize a residential property assessed clean energy program to finance qualifying improvements to residential property and shall assess, collect, remit and assign betterment assessments, in return for qualifying improvements for a benefitted property owner located within such municipality and for costs reasonably incurred in performing such acts. A program administrator may only offer a program for qualifying improvements to residential properties within a municipality that has adopted the program.

(2) A municipality may enter into an interlocal agreement providing for a partnership between not less than 2 municipalities for the purpose of facilitating a program to finance qualifying improvements to residential property located within the jurisdiction of the municipalities that are party to the agreement.

(3) A municipality may deauthorize a program administrator through repeal of the vote or the resolution adopted pursuant to paragraph (1). Any recorded financing agreements at the time of deauthorization shall continue, except as otherwise provided herein.

(4) An authorized program administrator may contract with third-party administrators to implement the program as provided herein.

(5) An authorized program administrator may levy betterment assessments to facilitate repayment of financing qualifying improvements.

(6) Consistent with the requirements of chapter 80, betterment assessments levied pursuant to this section and the interest, fees and any penalties thereon shall constitute a lien against the qualifying residential property until they are paid, notwithstanding section 12 of chapter 80, and shall continue notwithstanding any alienation or conveyance of the qualifying residential property by the property owner to a new property owner. Betterment assessments shall have fixed interest rates based on market conditions and such rates shall not be capped by statutes or regulations intended to cover the interest rates of unsecured, credit-based finance options and shall not be limited by restrictions on other betterment financing. A new property owner shall take title to the qualifying residential property subject to the betterment assessment and related lien. The lien shall be levied and collected in the same manner as the property taxes of the participating municipality on real property, including, in the event of default or

delinquency, with respect to any penalties, fees and lien priorities. Each lien may be continued, recorded and released upon repayment in full of the betterment assessment in the manner provided for property tax liens. If betterment assessments are paid in installments and any such installment is not paid when due, the betterment assessment lien may be foreclosed to the extent of any unpaid installment payments and any penalties, interest and fees related thereto.

(7) A program administrator may incur debt for the purpose of providing financing for qualifying improvements, which debt is payable from revenues received from the improved property or any other available revenue source authorized by law.

(b) The owner of record of the residential property within the jurisdiction of an authorized program may apply to the authorized program administrator to finance a qualifying improvement. The program administrator shall only enter into a financing agreement with the property owner.

Section 3. (a) Prior to entering into a financing agreement, the program administrator shall make each of the following findings based on a review of public records derived from a commercially accepted source and the property owner's statements, records and credit reports: (i) the total amount of any betterment assessment for a residential property under this section does not exceed 20 per cent of the fair market value of the property as determined by customary methods; (ii) the financing agreement does not utilize a negative amortization schedule, a balloon payment or prepayment fees or fines other than nominal administrative costs; (iii) the capitalized interest included in the original balance of the assessment financing agreement does not constitute negative amortization; (iv) all property taxes and any other assessments, including betterment assessments, levied on the same bill as the property taxes are current and have not been delinquent for the preceding 3 years, or the property owner's period of ownership, whichever is less; (v) there are no outstanding fines or fees related to zoning or code enforcement violations issued by a municipality, unless the qualifying improvement will remedy the zoning or code violation; (vi) there are no involuntary liens, including, but not limited to, construction liens on the residential property; (vii) no notices of default or other evidence of property based debt delinquency have been recorded or released during the preceding 3 years or the property owner's period of ownership, whichever is less; (viii) the property owner is current on all mortgage debt on the residential property; (ix) the property owner has not been subject to a bankruptcy proceeding within the last 5 years unless it was discharged or dismissed more than 2 years before the date on which the property owner applied for financing; (x) the residential property is not subject to an existing home equity conversion mortgage or reverse mortgage product; (xi) the term of the financing agreement does not exceed the weighted average useful life of the qualified improvements to which the greatest portion of funds disbursed under the assessment contract is attributable, not to exceed 30 years; (xii) the useful life of a qualifying improvement using established standards, including certification criteria from government agencies or nationally recognized standards and testing organizations; (xiii) the total estimated annual payment amount for all betterment assessments entered into under this section on the residential property does not exceed 10 percent of the property owner's annual household income; and (xiv) the property owner's income has been confirmed using reasonable evidence and not relying solely on a property owner's statement.

(b) A property owner and the program administrator may agree to include in the financing agreement provisions for allowing change orders necessary to complete the qualifying improvement. Any financing agreement or contract for qualifying improvements which includes such provisions shall meet the requirements of this paragraph. If a proposed change order on a qualifying improvement is expected to increase the original cost of the qualifying improvement by not less than 20 per cent or is expected to expand the scope of work for the qualifying improvement by more than 20 per cent, before the change order may be executed which would result in an increase in the amount financed through the program administrator for the qualifying improvement, the program administrator shall notify the property owner, provide an updated written disclosure form as described in subsection (d) to the property owner and obtain written approval of the change from the property owner.

(c) A financing agreement shall not be entered into: (i) if the total cost of the qualifying improvement, including program fees and interest, is less than $5,000; or (ii) for qualifying improvements in buildings or facilities under new construction or construction for which a certificate of occupancy or similar evidence of substantial completion of new construction or improvement has not been issued.

(d) A financing agreement shall not be executed unless the program administrator first provides, including via electronic means, a written financing estimate and disclosure to the property owner which includes all of the following, each of which shall be individually acknowledged in writing by the property owner: (i) the estimated total amount to be financed, including the total and itemized cost of the qualifying improvement, program fees and capitalized interest; (ii) the estimated annual betterment assessment; (iii) the term of the financing agreement and the schedule for the betterment assessments; (iv) the interest charged and estimated annual percentage rate; (v) a description of the qualifying improvement; (vi) the total estimated annual costs that will be required to be paid under the assessment contract, including program fees; (vii) the total estimated average monthly equivalent amount of funds that would need to be saved in order to pay the annual costs of the betterment assessment, including program fees; (viii) the estimated due date of the first payment that includes the betterment assessment; (ix) a disclosure that the financing agreement may be canceled within 3 business days after signing the financing agreement without any financial penalty for doing so; (x) a disclosure that the property owner may repay any remaining amount owed, at any time, without penalty or imposition of additional prepayment fees or fines other than nominal administrative costs; (xi) disclosure that if the property owner sells or refinances the residential property, the property owner may be required by a mortgage lender to pay off the full amount owed under each financing agreement under this section; (xii) a disclosure that the assessment will be collected along with the property owner's property taxes and will result in a lien on the property from the date the financing agreement is recorded; (xiii) a disclosure that potential utility or insurance savings are not guaranteed and will not reduce the assessment amount; and (xiv) a disclosure that failure to pay the assessment may result in penalties, fees, including attorney fees, court costs and the issuance of a tax certificate that could result in the property owner losing the property and a judgment against the property owner and may affect the property owner's credit rating.

(e) Prior to the financing agreement being approved, the program administrator shall conduct an oral, recorded telephone call with the property owner during which the program administrator shall confirm each finding or disclosure required in this section.

Section 4. Not less than 5 business days before entering into a financing agreement, the property owner shall provide to the holders or loan servicers of any existing mortgages encumbering or otherwise secured by the residential property a written notice of the owner's intent to enter into a financing agreement together with the maximum amount to be financed, including the amount of any fees and interest, and the maximum annual assessment necessary to repay the total. A verified copy or other proof of such notice shall be provided to the program administrator. A provision in any agreement between a mortgagor or other lienholder and a property owner, or otherwise now or hereafter binding upon a property owner, which allows for acceleration of payment of the mortgage, note or lien or other unilateral modification solely as a result of entering into a financing agreement as provided for in this section is unenforceable. This subsection shall not limit the authority of the holder or loan servicer to increase the required monthly escrow by an amount necessary to pay the annual assessment.

Section 5. A property owner may cancel a financing agreement on a form established by the program administrator within 3 business days after signing the financing agreement without any financial penalty.

Section 6. A financing agreement executed pursuant to this section, or a summary memorandum of such agreement, shall be submitted for recording in the appropriate public records of the municipality within which the residential property is located by the program administrator within 10 business days after execution of the agreement and the 3-day cancellation period. A notice of lien for the full amount of the financing shall may be recorded in the public records of the county where the property is located. Such lien is not enforceable in a manner that results in the acceleration of the remaining nondelinquent unpaid balance under the assessment financing agreement.

Section 7. At or before the time a seller executes a contract for the sale of any residential property for which a betterment assessment has been levied under this section and has an unpaid balance due, the seller shall give the prospective purchaser a written disclosure statement in the following form, which shall be set forth in the contract or in a separate writing:

QUALIFYING IMPROVEMENTS.—The property being purchased is subject to an assessment on the property pursuant to chapter 80 of the Massachusetts General Laws. The assessment is for a qualifying improvement to the property and is not based on the value of the property. You are encouraged to contact the property appraiser’s office to learn more about this and other assessments that may be provided by law.

Section 8. Before disbursing any funds to a qualifying improvement contractor for a qualifying improvement on residential property, the program administrator shall confirm that the applicable work or service has been completed by verifying, through a geolocational verification application, or as applicable, that the final permit for the qualifying improvement has been closed with all permit requirements satisfied or a certificate of occupancy or similar evidence of substantial completion of construction or improvement has been issued.

Section 9. (a) A program administrator or its third-party administrator shall establish a process to register contractors for participation in a program authorized by a municipality pursuant to this chapter. A qualifying improvement contractor may only perform such work that the contractor is appropriately licensed, registered and permitted to conduct. At the time of application to participate and during participation in the program, contractors shall: (i) hold all necessary licenses or registrations for the work to be performed which are in good standing; (ii) comply with all applicable federal, state and local laws and regulations, including obtaining and maintaining any other permits, licenses or registrations required for engaging in business in the jurisdiction in which it operates and maintaining all state-required bond and insurance coverage;

and (iii) file with the program administrator a written statement that the contractor will comply with applicable laws and rules and qualifying improvement program policies and procedures, including those on advertising and marketing.

(b) A third-party administrator or a program administrator, either directly or through an affiliate, shall not be registered as a qualifying improvement contractor.

(c) A program administrator shall establish and maintain: (i) a process to monitor qualifying improvement contractors for performance and compliance with requirements of the program and shall conduct regular reviews of qualifying improvement contractors to confirm that each qualifying improvement contractor is in good standing; and (ii) procedures for notice and imposition of penalties upon a finding of violation, which may consist of placement of the qualifying improvement contractor in a probationary status that places conditions for continued participation, suspension or termination from participation in the program.

Section 10. (a) A program administrator may contract with third-party administrators to administer a program authorized by a municipality pursuant to this chapter on behalf of and at the discretion of the program administrator.

(b) The third-party administrator shall be independent of the program administrator and have no conflicts of interest between managers or owners of the third-party administrator and program administrator managers, owners, officials, or employees with oversight over the contract. A program administrator, either directly or through an affiliate, shall not act as a third party administrator for itself or for another program administrator.

(c) The contract shall provide for the entity to administer the program according to the requirements set forth herein and the terms of the vote or resolution by which the municipality authorized the program; provided, however, that only the program administrator may levy or administer betterment assessments.

The program administrator shall include in any contract with the third-party administrator the right to perform annual reviews of the administrator to confirm compliance with the requirements set forth herein, the terms of the vote or resolution by which the municipality authorized the program, and the contract with the program administrator.

Section 11. (a) When communicating with a property owner, a program administrator, qualifying improvement contractor or third-party administrator shall not suggest or imply: (i) that a betterment assessment authorized under this chapter is a government assistance program; (ii) that qualifying improvements are free or provided at no cost, or that the financing related to a betterment assessment authorized under this chapter is free or provided at no cost; or (iii) that the financing of a qualifying improvement using the program authorized pursuant to this chapter does not require repayment of the financial obligation.

(b) When communicating with a property owner, a program administrator, qualifying improvement contractor or third-party administrator shall not: (i) make any representation as to the tax deductibility of a betterment assessment; (ii) provide to a qualifying improvement contractor any information that discloses the amount of financing for which a property owner is eligible for qualifying improvements or the amount of equity in a residential property; (iii) advertise the availability of betterment assessments for, or solicit program participation on behalf of, the program administrator unless the contractor is registered by the program administrator to participate in the program and is in good standing with the program administrator; (iv) provide any payment, fee or kickback to a qualifying improvement contractor for referring property owners to the program administrator or third-party administrator; provided, however, that a program administrator or third-party administrator may provide information to a qualifying improvement contractor to facilitate the installation of a qualifying improvement for a property owner; (v) reimburse a qualifying improvement contractor for its expenses in advertising and marketing campaigns and materials; or (vi) provide any direct cash payment or other thing of material value to a property owner which is explicitly conditioned upon the property owner entering into a financing agreement; provided, however, that a program administrator or third-party administrator may offer programs or promotions on a nondiscriminatory basis that provide reduced fees or interest rates if the reduced fees or interest rates are reflected in the betterment assessments and are not provided to the property owner as cash consideration.

(c) A program administrator, qualifying improvement contractor or third-party administrator may encourage a property owner to seek the advice of a tax professional regarding tax matters related to assessments.

Section 12. (a) A recorded financing agreement shall not be removed from attachment to a residential property if the property owner fraudulently obtained funding pursuant to this chapter. A financing agreement shall not be enforced, and a recorded financing agreement may be removed from attachment to a residential property and deemed null and void, if: (i) the property owner applied for, accepted and canceled a financing agreement within the 3-business-day period pursuant to this chapter; provided, however, that a qualifying improvement contractor shall not begin work under a canceled contract; (ii) a person other than the property owner obtained the recorded financing agreement; provided, however, that the court may enter an order which holds a person personally liable for the debt; or (iii) the program administrator, third-party administrator or qualifying improvement contractor approved or obtained funding through fraudulent means and in violation of this chapter for qualifying improvements on the residential property.

(b) If a qualifying improvement contractor has initiated work on residential property under a contract deemed unenforceable under this section, the qualifying improvement contractor shall: (i) not receive compensation for that work under the financing agreement; (ii) restore the residential property to its original condition at no cost to the property owner; and (iii) immediately return any funds, property and other consideration given by the property owner. If the property owner provided any property and the qualifying improvement contractor does not or cannot return it, the qualifying improvement contractor shall immediately return the fair market value of the property or its value as designated in the contract, whichever is greater.

(c) If the qualifying improvement contractor has delivered chattel or fixtures to residential property pursuant to a contract deemed unenforceable under this section, the qualifying improvement contractor has 90 days after the date on which the contract was executed to retrieve the chattel or fixtures; provided, however, that: (i) the qualifying improvement contractor has fulfilled the requirements of subsections (a) and (b) of section 3; and (ii) the chattel and fixtures can be removed at the qualifying improvement contractor's expense without damaging the residential property.

(d) If a qualifying improvement contractor fails to comply with this section, the property owner may retain any chattel or fixtures provided pursuant to a contract deemed unenforceable under this section.

(e) A contract that is otherwise unenforceable under this section shall remain enforceable if the property owner waives the owner's right to cancel the contract or cancels the financing agreement pursuant to the provisions of this chapter, but allows the qualifying improvement contractor to proceed with the installation of the qualifying improvement.

Section 13. Each program administrator that is authorized to administer a program for financing qualifying improvements to residential property under this section shall post on its website an annual report within 45 days after the end of each fiscal year containing the following information from the previous year for each program authorized under the provisions of this chapter: (i) the number and types of qualifying improvements funded; and (ii) the aggregate, average and median dollar amounts of annual betterment assessments and the total number of betterment assessments collected pursuant to financing agreements for qualifying improvements.”.