
Minnesota Home Accessibility Remodeling Funding Resources

This review profiles a range of resources that Minnesota residents can explore to pay for installing accessibility features in existing homes. Assistance is available from a number of fields, and from public, private and nonprofit organizations at the national to local levels.

To make it easier to keep track of the various options, background on each is presented in a standardized format, and the sources are grouped under five broad headings:

- Housing, community development
- Social services, healthcare
- Civic, advocacy, trade and community groups
- Tax benefits
- Private lending

A grid is also provided at the beginning highlighting all the sources in a quick, "at-a-glance" summary. It indicates any basic eligibility targets - income level, age, disability, geographic location, modifications permitted.

Many of the funding options originate at the national or state levels, but they're typically obtained at the local level. Sometimes the options keep the name/identity of their parent sources, but in other cases they pick up different names along the way. This can complicate funding searches - e.g., following up on what look like multiple possibilities that lead back to the same source. To minimize this problem, parent funding sources are identified in parentheses.

Minnesota Home Accessibility Remodeling Funding Resources

<u>Resource</u>	<u>Only low income?</u>	<u>Age, disability limits?</u>	<u>Available statewide?</u>	<u>Only access mods?</u>
<u>Housing/Community Development</u>				
Community Development Block Grant Program	Local decision	Local decision	No	No
HOME Program	Local decision	Local decision	No	No
Section 504 Loans/Grants	Yes	No for loans, age 62/+ grants	No	No
Fix-up Fund	No	No	Yes	No
Rehabilitation Loan Program	Yes	No	Yes	No
Local and neighborhood agencies	Local decision	Local decision	No	Local decision
<u>Social Services/Health Care</u>				
Medical Assistance Waivers	Yes	Both	No	No
County Emergency Assistance	Yes	No	Yes	No
Vocational Rehabilitation, Centers for Independent Living	No	Yes	Yes for VR, no for CILS	No
STAR Program, ATMn	No	Yes	Yes	No
Workers' Compensation	No	Yes	Yes	No
Crime Victims' Reparations	No	No	Yes	No
Health, Long-Term Care, Life Insurance	No	No	Yes	No
Veterans' Housing Grants	No	Yes	Yes	Yes
<u>Community</u>				
Civic, Advocacy, Trade Groups	Local decision	Local decision	Specific to group	No
<u>Tax Benefits</u>				
Federal Income Tax Deduction - Personal Income Taxes	No	Yes	Yes	Yes
Federal Income Tax Deduction, Credit - Homes Used for Business Purposes	No	Yes	Yes	Yes
Minnesota Sales Tax Exemption - Ramps and Lifting Equipment	No	Yes - authorized need	Yes	Yes
<u>Lending</u>				
Mortgage Refinancing, Home Improvement Loans, Equity Lines of Credit	No	No	Yes	No
Reverse Equity Mortgages	No	Yes	No	No

Housing/Community Development Resources

Community Development Block Grant/CDBG Program (U.S. Department of Housing and Urban Development/HUD)

The federal government through the U.S. Dept. of Housing and Urban Development allocates monies to states and local governments for a broad range of community/economic development activities. Eligible housing activities include acquiring, constructing, repairing and demolishing properties.

Minnesota's funding is split into two parts:

- Large cities and counties - designated as "entitlement communities" - receive funds directly from HUD and periodically set their own activity priorities.
- The Minnesota Department of Employment and Economic Development (DEED) receives the "balance of state" allocation. Smaller communities in less populated areas compete for these "Small Cities Development Program" (SCDP) funds, with priority given to proposal addressing the most serious needs/problems across the state.

Household and property eligibility standards, types of funding (e.g., loans vs. grants) and terms vary by how communities design their applications within permitted standards. Housing rehabilitation (including accessibility remodeling) is frequently a priority activity.

For more information:

The Website for the federal agency www.hud.gov The Minneapolis HUD Area Office oversees Dept. activities in Minnesota, and contact it for further information or to determine if there are CDBG entitlement funds available in your community:

Phone: 612.370.3000
612.370.3816 (TTY)

Mail: 920 Second Ave. S., #1300
Minneapolis, MN 55402

Web: www.hud.gov/local/min/index.html

For further information or to determine if there are SCDP funds available in your community, contact DEED:

Phone: 651.259.7114
1.800.657.3858 (toll-free)
651.296.3900 (TTY)

Mail: 1st National Bank Building
332 Minnesota St., #E-200
St. Paul, MN 55101

Web: www.deed.state.mn.us/community/index.htm

HOME Program

(U.S. Department of Housing and Urban Development /HUD)

HOME is also administered by the federal U.S. Dept. of Housing and Urban Development. It's a later-generation "block grant" program similar to CDGB but targeted exclusively to housing. Funds are allocated to states and communities for acquiring, constructing, repairing and demolishing properties.

As with CDBG, the state's funding is split into two parts:

- Larger cities and counties - "entitlement communities" - receive funds directly from HUD and set their own activity priorities.
- The Minnesota Housing Finance Agency - MHFA - receives the "balance of state" allocation and uses it to extend existing programs.

Entitlement communities' household and property eligibility standards, types of funding (e.g., loans vs. grants) and funding terms vary by how communities design their applications. Housing rehabilitation (including accessibility remodeling) is often a priority activity.

For more information:

See the "Community Development Block Grant" entry for how to contact HUD and/or get information on the state's HOME entitlement communities.

Section 504 Loans/Grants

(U.S. Department of Agriculture/USDA, Rural Development/RD)

These federal Dept. of Agriculture programs assist low-income households in financing basic home repairs /essential features and removing health/safety hazards. Funding is available in communities with populations of 20,000 or less, for households with incomes at or below 50% of the county's median income level.

Two forms of financing are available:

- Loans at a 1% interest rate for households with repayment ability. Loan terms range from 10 to 20 years, depending on the amount borrowed, and the maximum is \$20,000.
- Grants for homeowners age 62 or older who can't qualify for a Section 504 loan. The lifetime maximum is \$7,500, and households must repay if the home is sold within three years of receiving assistance.

For more information:

The USDA Website is located at: www.usda.gov You can find information on its various housing programs at: www.rurdev.usda.gov/rhs/common/indiv_intro.htm

Contact the state's Rural Development office in St. Paul for more information on the 504 program in general, or to identify the RD offices in your locale that takes and processes program applications:

Phone: 651.602.7800
651.602.7830 (TTY)

Mail: 375 Jackson St.
St. Paul MN 55101

Web: www.rurdev.usda.gov/mn/SFH/Repair.htm has information on the programs, and you can find a listing of the office serving your community at www.rurdev.usda.gov/mn/offices.htm

Fix-up Fund, Fix-up Fund for Accessibility

(Minnesota Housing Finance Agency/MHFA)

The Fix-up Fund provides home improvement loans for general, energy and accessibility modifications in single- to four-unit, owner-occupied properties.



Applicants must have repayment ability and an acceptable credit history. Eligibility requirements include:

- Household income maximum: \$96,500, with no limit when accessibility modifications are being installed;
- Loan maximum: \$35,000 (a higher limit may be permitted when accessibility work is involved);
- Loan term: determined by loan amount, borrower income and other debts; with a maximum 20 years permitted;
- Interest rate: changes periodically, so check with the Agency or a participating lender;
- Work can be contracted out, or do-it-yourself.

For more information:

The program is administered by lenders throughout the state. Lenders process loans in the geographic areas defined as their normal lending territories, so more than one may take applications in a community.

To contact the MHFA Single-Family Division for more information:

Phone: 651.296.8215 (Metro)
1.800.710.8871 (Greater Minnesota)
651.297.2361 (TTY)

Mail: 400 Sibley St., #300
St. Paul, MN 55101

Web: www.mnhousing.gov/consumers/home-owners/HomeImprovementLoans/index.aspx
Click on the "Lending Partners" link to identify participating banks, credit units and other lending units in your area.

Rehabilitation Loan Program (Minnesota Housing Finance Agency/MHFA)

This program, which is largely supported with state appropriations, funds high-priority repairs in single-family/duplex properties owned and occupied by low-income households. Funds are provided in the form of a "deferred loan" requiring no periodic payments. However, a loan must be repaid if a borrower sells the property, transfers its title, or the property stops being the household's primary

residence during the term of the loan. They are forgiven when the term expires.

Eligibility requirements include:

Income limit by household size:	1	\$17,700
	2	\$20,200
	3	\$22,700
	4	\$25,200
	5	\$27,200
	6	\$29,200
	7	\$31,300
	8	\$33,300
Asset limit:		\$25,000
Maximum assistance:		\$15,000
Maximum term:		20 years (units taxed as real property) 15 years (units taxed as personal property - e.g., mobile homes or manufactured housing in a mobile home park)

For more information:

See the Fix-up Fund entry for the web address where Rehabilitation Loan Program background is also available. The program is administered by a network of local housing and redevelopment authorities and community action agencies. They oversee application processing and construction, and hold/pay out funds when acceptable work is completed. Click on the "Lending Partners" link in the online program description to identify the agency serving your community.

Local and Neighborhood Agencies

Some cities/counties use their own resources for housing rehabilitation, including for accessibility work - e.g., special taxes, internal investments, partnerships with local lenders, foundation grants, etc. Funding availability, the type of assistance provided (loans vs. grants) and household/ property/improvement eligibilities vary greatly from agency to agency. Here are some examples of sources of local assistance:

- Neighborhood Housing Services (NHSs) are local branches of a federally supported organization promoting urban revitalization. They serve specific areas within Minnesota's largest cities, and administer some of the

programs profiled in this funding guide as well make available federal funds they receive.

- Neighborhood associations, planning councils, and cities administer special funding programs, setting priorities in line with area needs. For example, Minneapolis operates incentive repair programs to encourage moderate-income households to continue living in the city.
- Nonprofit housing/community development agencies operating in various neighborhoods or geographic areas may have funds available from public agencies, foundations and other sources. For example, the Greater Metropolitan Housing Corporation, based in Minneapolis, operates a range of programs that assists the city as well as many northern and western metro suburbs.

For more information:

To identify agencies in your area, check with neighbors, local businesses, community groups, religious organizations, building supply companies and housing rehabilitation agencies.

For Neighborhood Housing Services, two operate in Minneapolis – Northside and Southside -- two operate in St. Paul – Dayton’s Bluff and West Side – and there is a Duluth NHS. For information on the areas these agencies serve and assistance provided:

- Check your local phone directories for addresses and numbers, or
- Contact the housing agencies in these cities for a referral.

Social Services, Health Care Resources

Medical Assistance Waivers

(U.S. Department of Health and Human Services/HHS,
Minnesota Department of Human Services/DHS)

Funds available from the federal Medicaid Program, known as “Medical Assistance” (MA) in Minnesota, help low-income persons obtain medical care. The Minnesota Dept. of Human Services (DHS) administers the state’s overall MA program, with most services provided in clinics or facility-type settings.

The federal government has allowed states for many years to serve certain Medicaid-eligible persons in "home and community-based settings" who otherwise would need to be served or live in an institution. DHS obtained federal "Waiver" authority over time to assist the following groups of individuals in this manner:

- Elderly Waiver (EW) for seniors; there's also a state-funded Alternative Care (AC) Program assisting persons not immediately eligible for EW;
- Services for Persons with Mental Retardation or Related Conditions (referred to as the MR/RC or Developmental Disabilities (DD)) Waiver;
- Community Alternatives for Disabled Individuals (CADI) Waiver;
- Community Alternative Care for Chronically Ill Individuals (CAC) Waiver;
- Traumatic Brain Injury (TBI) Waiver.

All state Waiver programs can finance home accessibility modifications required by a person's care plan. However, the specific features permitted, dollar maximums and method by which they're calculated vary. Modifications must be necessary for health/safety reasons or to enable more independent living where, if not installed, the person would have to move to an institution. Modifications for general use, that don't directly provide medical/rehabilitation benefit aren't permitted. Modifications adding to the home's total square footage, with the exception of expansion permitted in bathrooms for persons using wheelchairs, aren't permitted.

For more information:

Go to www.dhs.state.mn.us and click on "A to Z topics" in the dark band under the agency name. Scroll to "home and community-based Waivers" in the list and click on it, or contact the state Dept. of Human Services at:

Phone:

EW or AC	651.431.2600 (Aging and Adult Services)
MR/DD, CADI, CAC	651.431.2450 or 888.968.8463 (Disability Services Resource Center)

Mail:

Aging and Adult Services PO Box 64976 St. Paul, MN 56164
Disability Services Division PO Box 67967 St. Paul, MN 55164

Contact your county social services department for Waiver eligibility/application requirements. Locate its addresses and phone number in the local phone directory, or by calling the state's "211" social services or Senior LinkAge Line (1-800-333-2433) information/referral assistance systems.

County addresses/phone numbers are also available on the state of Minnesota website at: www.state.mn.us/govtooffice/index.html Click on "Local Government" in the center column, click on the "County Websites" listing there and find/select your county. Scroll through its site to locate information on your department.

County Emergency Assistance

Households qualifying for or receiving payments from certain public assistance programs* may be eligible for county help in making emergency home repairs. Depending on the circumstances, accessibility modifications such as ramps may be provided.

(*Eligible sources include the Minnesota Supplemental Aid Program (connected with the federal Supplemental Security Income Program), the state General Assistance Program, the Minnesota Family Investment Program or persons receiving state Group Residential Housing funds.)

For more information:

Check with your county social services department if you have an emergency accessibility need and currently receive or are eligible to receive support through the assistance programs shown above. See the "Medical Assistance Waivers" entry for information on how to locate your department's address and phone number.

Vocational Rehabilitation/VR, Centers for Independent Living /CILs (U.S. Department of Education/ Rehabilitation Services Administration/RSA)

Two components of the state's Vocational Rehabilitation system administered by the Minnesota Dept. of Employment and Economic Development (DEED) may provide accessibility-related assistance:

- Vocational Rehabilitation services help persons with a disability obtain/retain employment. State local employment assistance offices - "Workforce Centers" - identify appropriate aid, which may include home modifications.

- Centers for Independent Living provide advocacy, skills training, counseling, information and referral, etc., that support persons with disabilities in community living. Centers operate with a mix of public and private funds, and assistance is provided regardless of whether or not a person receives work-related Vocational Rehabilitation services.

Eight Centers operate in multi-county areas throughout Minnesota, although not all state counties are served. Centers must provide certain core services and assistance with housing issues is optional, so the extent of help available varies among Centers. Some Center staffs have experience with home modification assessment, construction and financing.

For more information:

Vocational Rehabilitation. Additional background on disability services can be found at: www.deed.state.mn.us/rehab To identify the Minnesota Workforce Center serving your community, check www.mnwfc.org/field/index.htm or look for the listing in the government section of your local phone. (If you call, ask to talk with staff in the "Rehabilitation Services" section.)

Centers for Independent Living. Check the website for the state CIL trade association - www.macil.org - for a map of the Centers operating in the state, the counties they serve and phone numbers, addresses, and Web addresses.

STAR Program/Assistive Technology of Minnesota, Inc./ATMn
(U.S. Department of Education/
Rehabilitation Services Administration/RSA)

Congress authorized the Assistive Technology Act in 1998. It provides states with resources for programming that assists persons with a disability secure equipment to enhance living at home and at work.

The STAR (System of Technology to Achieve Results) Program, which is located in the state Department of Administration, implements the Act in Minnesota. It funds a network of sites where devices are demonstrated, can be borrowed for testing, or can be exchanged or recycled.

The federal government also provides resources used to offer low-interest loans and other alternative financing for purchasing assistive technology. This service is operated by the nonprofit, Assistive Technology of Minnesota (ATMn), in partnership with the STAR Program. Some home accessibility products may be eligible for this funding.

For more information:

Contact STAR at:

Phone: 651.201.2640
1.888.234.1267 (toll free)
711 or 1.800.627.3529 (MN Relay Service)

Mail: STAR Program
358 Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155

Web: www.starprogram.state.mn.us

Contact Assistive Technology of Minnesota at:

Phone: 763.479.8239
865.535.8239 (toll free)
1.800.627.3529 (MN Relay Service)

Mail: ATMn
PO Box 310
Maple Plain, MN 55359

Web: www.atmn.org/

Workers' Compensation

(Minnesota Department of Labor and Industry/DOLI)

Minnesota laws require that workers must receive financial and other forms of aid if they're injured or become ill on the job. The Workers' Compensation Division in the Minnesota Dept. of Labor and Industry (DOLI) has oversight responsibility for this benefits system which may provide:

- Medical care;
- Vocational rehabilitation when a person can't return to a pre-injury job or employer;
- Compensation for loss of capabilities and death benefits for a spouse and/or dependents.

Employers (unless legally released) must either carry private insurance supplying

these benefits or obtain state approval to self-insure. State law also establishes that compensation may include home modifications for a worker whose permanent disability is so major that he/she can't adequately function at home without the changes. Purchasing or leasing a new or different residence may be approved in situations where remodeling a current home isn't practical. \$60,000 is the maximum funding permitted per injury.

The Workers' Compensation system follows very specific procedures for handling reports, claims, appeals, etc. For accessibility work, a detailed construction/modification proposal (prepared by a Minnesota-licensed architect) must be assembled and forwarded to the Minnesota State Council on Disability along with injury/disability information. The Council reviews if the design/house plan is appropriate based on the injured worker's situation.

When a claim is accepted by an insurance carrier, the proposal and Council's review findings are forwarded to the Workers' Compensation Division for processing. Disputed claims are submitted to a Workers' Compensation Court of Appeals. Authorized work must be supervised by a licensed Minnesota architect.

For more information:

For additional information or to apply, contact the state Dept. of Labor and Industry/Workers' Compensation Division and talk with a compensation specialist for advice and direction on how to proceed:

Twin Cities, southern MN	443 Lafayette Rd. N. St. Paul, MN 55155 651.284.5005 1.800.342.5354
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Duluth, northern MN	5 N. Third Ave. W. Duluth, MN 55802-1614 218.723.7810 1.800.365.4584
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Website: www.dli.mn.gov/WorkComp.asp

Minnesota Office for Justice Programs -
Crime Victims' Reparations

This Office provides compensation connected with crimes involving injuries or deaths occurring in the state. Among those qualifying for help are: crime



victims, their family members or dependents and persons paying a victim's expenses.

The Center's Reparations Board reviews applications and makes awards covering a range of expenses: medical/dental, mental health counseling, lost wages, child care and household expenses, funeral/burial. Eligible expenses are those that insurance and other compensation sources won't cover. Home accessibility modifications may be approved, depending on circumstances. The maximum award is \$50,000, and some types of help have rate caps.

For more information:

Contact the Center at:

Phone: 651.282.6256
1.888.622.8799
651.205.4827 (TTY)
651.296.5787 (fax)

Mail: Minnesota Crime Victims Reparations
245 E. 6th St., Suite 705
St. Paul, MN 55101

Web: www.ojp.state.mn.us/mccvs/FinancialHelp/index.htm - overview information about assistance, copies of brochures, instructions on how to apply and application forms are available.

Health, Long-Term Care, Life Insurance

Home accessibility features are often installed in connection with medical treatment. Households in these situations should explore whether health, long-term care and/or life insurance they carry can provide modification financing.

Health insurance. Insurance companies and health maintenance organizations typically have a continuing care or home care division. Staff in these sections tailors members' service/support plans. Home modification funding isn't approved as regularly as requests for home health care or portable equipment. However, certain situations may justify the option, such as where equipment or technology is less safe than a permanent modification, or where long-term benefits will rapidly "pay off" a modification's expense.

Long-term care insurance. The costs of receiving long-term care in nursing homes and assisted living facilities are rapidly growing beyond the average

household's affordability. At the same time, a high percentage of senior and middle-agers indicate a strong preference to continue living in their current or similar housing as long as possible.

As a result, more and more of these households are purchasing insurance to cover the expenses of obtaining a future array of health-/wellness-related services and supports. Specific terms/benefits vary greatly among policies, particularly for what types of in-home coverage may be provided.

Life insurance. Some life insurance policies (particularly those written many years ago) permit policyholders to borrow against them, and the interest rates may be low. If households holding such policies have substantial balances of paid-in premiums or the policies are paid up, borrowing against them could be an option to consider for funding home modification work.

For more information:

Funding available through insurance options depends on each person's/household's situation including considering:

- Short- and long-range needs;
- What these translate into for modification costs versus other assistance alternatives;
- The insurance coverage's terms and guideline flexibility.

If your household is considering purchasing or is shopping for long-term care insurance, weigh whether or not you should purchase a policy providing in-home as well as institutional coverage. If you do, consider if a benefit to cover modification work should be included, and compare what the costs among policies are for this optional feature.

If you already have long-term care insurance which includes coverage for in-home services but not home modifications, consider the costs and benefits for amending your policy to provide additional coverage.

Veterans Specially Adapted Housing Grants,
Special Housing Adaptation Grants,
Home Improvements and Structural Alterations/HISA Grants
 (U.S. Department of Veterans Affairs/VA)

Specially Adapted Housing - for veterans with major arm/leg or vision disabilities

Community Resources - Civic, Advocacy, Trade Groups

Community groups may provide money and/or donate labor or materials for home accessibility modification projects. Local options vary greatly, so a detailed listing of what's available around Minnesota can't be provided. However, here are some examples to give you ideas of leads to explore in your area:

- Organizations raising funds from certain types of gambling - they're required by state law to donate a percentage of their "take" for a set of activities defined as "lawful purposes," and among options they can select are contributions to help persons with physical or mental disabilities;
- Civic groups like the Kiwanis, Jaycees or religious service groups like the Lions or Knights of Columbus;
- Community organizations with annual days or longer time periods when they work on home repair projects;
- Groups such as Rebuilding Together (formerly known as Christmas in April) with the mission of organizing volunteers to work on repair projects for low-income households;
- Building industry professionals - e.g., unions for the various trades or an area's builders' or remodelers' associations - that may provide periodic services or operate foundations that sponsor building/remodeling projects;
- Building product retailers - e.g., supply centers, lumber yards, product manufacturers;
- Advocacy agencies - e.g., for various disabilities, for ethnic or racial groups, for seniors, for particular neighborhoods;
- Vocational technical schools with building trades courses that include a "hands-on" project along with classroom study.

For more information:

Use these examples to determine if organizations in your community provide assistance or are possibly willing to do so. Ways to identify them include:

- Check in the local phone book for section headings with likely listings;

- Call the state’s “211” social service or “Senior LinkAge” (1.800.333.2433) call-in information assistance systems, or try the online resource, www.minnesotahelp.info, operated by the Minnesota Board on Aging;
- Some cities operate "311" call-in municipal service information assistance systems, or have web sites with information on many community services;
- In the Twin Cities region, the “Access Press” newspaper (also online at www.accesspress.org) periodically runs a listing of disability advocacy agencies in Minnesota, their phone numbers and web links.

Also, ask around for possible leads among relatives, friends, neighbors, co-workers, centers of worship and similar contacts

Tax Benefits

Federal Income Tax Deduction - Personal Income Taxes

Households may be able to deduct home accessibility modification costs when filing their federal income taxes. (Unfortunately, there’s no similar benefit available when building a new home.) Modification costs eligible to include in Schedule A’s medical deduction section are those that:

- Don’t add to a property’s overall market value;
- “Reasonably” accommodate a resident with a disability – costs for extra design/architectural details aren’t eligible; and
- Along with other medical costs claimed, are greater than 7.5% of a household’s adjusted gross income.

The IRS distributes “Publication” resource booklets detailing many tax issues. Those with information on medical capital deductions include:

#502 - “Medical and Dental Expenses”

#554 - “Tax Guide for Seniors”

#907 - “Tax Highlights for Persons with Disabilities

Publication 502 clarifies that expenses for installing a range of features - including ramps, yard grading, doorway widening, grab bars and rails - can be deducted as long as they meet the required tests and income threshold.

Some households find themselves in the unusual position of having too many dollars in medical and other deductions relative to taxes owed in a certain year. Households in this situation should consider if modification work/expenses could be spread across two tax years to obtain the maximum deduction available.

It's a good idea if claiming this deduction to consult with a tax attorney or other experienced tax professional about the proposed work's eligibility (particularly for complex projects) as well as if you're going to use the multi-year strategy.

For more information:

Contact the IRS at:

General Web site: www.irs.gov

Individuals, households: 1.800.829.1040

Tax Assistance Centers: www.irs.gov/localcontacts/article/0,,id=98289,00.html
(Centers in: Bloomington, Duluth, Mankato,
Minneapolis, Rochester, St. Cloud, St. Paul)

Federal Income Tax Deduction, Credit - Homes Used for Business Purposes

Deduction - When a home is used for business purposes, a portion of capital expenses such as building improvements normally must be depreciated (deducted) over a number of years. However, improvements installed to make a property more accessible for customers can either be depreciated over time or taken as a lump-sum deduction in the year the expense occurs.

The IRS permits a deduction of up to \$15,000 per tax year for accessibility remodeling expenses. Expenses beyond these can be added to the property's value and depreciated over time.

The IRS has specific design standards that must be followed if accessibility modifications are claimed as a business deduction/depreciation. These standards are from national accessibility codes applying to construction or remodeling in public/commercial spaces. Households following them to take

advantage of the deduction to serve business customers and also a resident must carefully review if the generic design requirements meet the specific needs of the household member with a disability. (Note: Single-family homes are exempt from having to follow these standardized codes because modifications should fit a person's particular needs, mobility equipment, etc.)

IRS Publication 535, "Business Expenses," contains instructions on business deductions in general, how a home qualifies as a business, and the national code design standards to follow to claim a deduction for accessibility remodeling.

Credit. The IRS also provided a "Disabled Access Credit." It benefits eligible small businesses that pay for or have expenses from installing accessibility features to comply with the Americans with Disabilities Act. IRS Form 8862 has instructions on how to take the credit

For more information:

See the entry "Federal Income Tax Deduction – Personal Income Taxes" for how to contact the IRS.

Minnesota Sales Tax Exemption -
Ramps and Lifting Equipment

Minnesota's income tax code doesn't providing any credits, deductions or similar benefits for home accessibility remodeling expenses. However, the state does offer a sales tax exemption on materials purchased for installing ramps or accessibility lifting equipment (i.e., stair glides, platform lifts, elevators).

A doctor must authorize the need for these features. Taxes are paid at the time of purchase, and a reimbursement claim with required records is then submitted to the state Dept. of Revenue.

Eligible households fill out and submit a "Special Purpose Refund Claim" form (STP-11P). The form and additional information are available from the state Dept. of Revenue:

Phone: 651.296.6181 (Twin Cities metro area)
 1.800.657.3777 (Greater Minnesota)
 711 (TTY - relay service)

Mail: Minnesota Dept. of Revenue
 Mail Station 6330
 St. Paul, MN 55146

Web: www.taxes.state.mn.us/taxes/index.shtml (Department's general site); www.taxes.state.mn.us/forms/st11p.pdf (Special Purpose Refund Claim form STP-11P)

Lending Resources

Mortgage Refinancing, Home Improvement Loans, Equity Lines of Credit

Home mortgage refinancing - If you're still paying off an existing loan from purchasing a home, your lender may be willing to rework it to provide additional funds for remodeling. Lenders will evaluate the property's after-rehabilitation market value, borrower repayment ability/creditworthiness and the amount of all outstanding loans against the property to determine if and how much they'll lend.

Home improvement loans - Lenders will review the amount of property equity borrowers have to determine the maximum amount of improvement financing they're willing to provide. If a borrower already has an existing improvement loan, a lender may be willing to rework it to provide additional funds.

Equity line of credit - With this option, lenders consider a property's market value and the equity a household controls. The lender sets a maximum within the household's equity it's willing to lend. The household is then authorized over time to flexibly withdraw/repay up to this limit in the same way a charge account "revolving line of credit" operates. The household may make a lump sum or periodic payments to reduce the loan balance.

Funds can be used for many uses -- taking a trip, buying furniture, home or accessibility improvement work. Lenders typically place a mortgage lien on the property for the debt. Borrowers are cautioned not to view an equity line of credit as "just like another charge account" because the risk of losing the home is always present if repayment problems develop

For more information:

Households exploring any kind of borrowing should carefully and thoroughly review all options available. Ask and make sure you understand:

- How the various lending products work;

- What their terms and conditions are;
- If these may change, and if so, under what circumstances;
- Each product's pros and cons when compared to others available.

Check with a range of lenders – banks, savings and loans, credit unions, etc. - for loan products available in your community. Interest rates, financing costs, loan terms and other details will vary not only among loan products but also for the same type of product available through multiple lenders.

Reverse Equity Mortgages

When a home is purchased, a lender/creditor advances funds that a household repays until the debt is eliminated. A reverse equity loan is unusual in that it operates in the exactly opposite manner - a lender makes payments to a household in return for a share of the property's value.

As a loan in reverse, homeowners are paid an amount of money in return for the agreed-upon portion of home value pledged to the lender. Borrowers may receive funds in a lump sum, in periodic (usually monthly) payments or a combination of approaches. Homeowners may use loan proceeds for many purposes. The most common is to supplement other income sources for living and medical expenses. Reverse equity loans require no repayment as long as all borrowers involved are living at the property.

Nearly all reverse equity mortgage loans processed nationwide are insured through the federal Dept. of Housing and Urban Development's "Home Equity Conversion Mortgage" (HECM) insurance program. It's administered by the Federal Housing Administration (FHA), and can insure properties with market values up to \$625,000.

(Note: At one time, HECM had a more modest limit, and higher-market value properties were insured through a program operated by the secondary mortgage market lender, Fannie Mae (Federal National Mortgage Agency). However, Fannie Mae now only purchases locally underwritten loans using HECM insurance.)

Special HECM legal protections insure that borrowers at the time the loan is repaid never owe more than the property's market value. However, whatever amount the lender pays out over time must be repaid when the last borrower sells the home or dies - in some cases, the lender may take over as property owner. Borrowers who want to leave a home to their children or other heirs need to carefully consider if this is a desirable funding option for them.

Applicants for HECM-insured loans must be homeowners in their 60s or older, and the property typically must be debt free or one where the household controls a significant share of the value. Banks weigh a number of factors to determine if a property is a good candidate and how much they're willing to lend. Besides market value and the share borrower control, they consider factors such as area housing market conditions and trends, interest rates and borrower age.

Properties typically must be single-family homes, but some programs will lend for up to four-unit buildings. Federal and Minnesota laws require that all borrowers seriously considering this resource must be counseled by a HUD-authorized agency about the option's strengths and weaknesses. ((Many of these agencies also provide counseling for first-time homebuyers as well as households needing foreclosure assistance.)

For more information:

See the "Mortgage Refinancing, Home Improvement Loans, Equity Line of Credit" entry for advice on evaluating financing options available through lenders. For additional information on reverse mortgage insurance programs, check:

- HUD provides general information about reverse mortgages as well as its HECM program. Its Website is at: www.hud.gov/buying/rvrsmort.cfm
A directory of agencies that provide required counseling can be reached by phone at: 1.800.569.4287 or you can search online at: www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm
- National Center for Home Equity Conversion, 360 N. Robert St. #403, St. Paul, MN 55105 (651.222.6775), www.reverse.org
- AARP's (American Association of Retired Persons) has a very helpful Website with a range of information resources (including a calculator), www.aarp.org/revmort
- Fannie Mae -- toll-free information line at 1.800.688-HOME or 1.800.FANNIE. Its website is www.eFannieMae.com. (Click on the "Single-Family" tab in the menu at the top of the home page.)