

CITY OF HOLLAND

WEATHERIZATION PROGRAM REGULATIONS



Section 1: Intent of the Regulations and Mission of the Program

- 1.1 These regulations are set forth to define the foundation of the program, inform the residents and offer guidance to City Staff who manage the Weatherization Program.
- 1.2 The Weatherization Program was developed by the City of Holland to assist private owner occupied home repairs while reducing energy costs and consumption. This is accomplished by:
- Providing an energy audit of the home.
 - Properly sized financial assistance combined with owner resources to make home repair affordable for moderate income home owners.
 - Offering technical assistance, enabling home owners to recognize and prioritize home repairs and make decisions about the financing and management of those repairs.

Section 2: Eligibility Requirements

To qualify for funding an applicant must meet the following requirements.

- 2.1 Home ownership
The applicant must own and occupy a single family home. The home must be affixed to a permanent foundation and the owner must submit a properly recorded Warranty Deed or Land Contract showing clear ownership by the applicant.
- 2.2 Taxes Paid
The City of Holland property taxes must be paid up to date. The owner must submit proof of payment for the current year and the previous year of taxes. Tax statements and or receipts from the City and possibly the County will be required.
- 2.3 Insurance
The home must be adequately insured. The owner must submit a certificate of insurance showing the home has adequate coverage and the policy is paid up to date.
- 2.4 Income
The total household income must be between 60 - 80% of median family income to qualify for the 50/50 Weatherization Program. Applicants must submit appropriate income documentation as listed in Appendix A. Income guidelines will be adjusted automatically when adjusted by the HUD Section 8 program. Current income limits are listed in Appendix B.
- 2.5 Walk Away Policy
The City of Holland holds the authority to walk away from any project if it finds that the home and or homeowner are in violation of any of the instances listed below:
- Code Compliance
 - Homeowners who are currently involved in court action with Community & Neighborhood Services, or have outstanding code violations, which are not being addressed by the rehab program, are not eligible for assistance.
 - The City of Holland will not do work if an existing condition of the home would damage our improvement. (i.e. will not help pay for insulation in the attic if the roof is leaking)

- Housing Maintenance
 - If Program Staff determines that the current condition of the home is in such a manner that contractors and building inspectors will not be able to safely access and successfully complete the repair project.
- False Statements
 - If the applicant is untruthful during any part of the application process, including, but not limited to, income verification, number of occupants in the home, living arrangements in the home, such as roommates paying rent, etc.
- If the homeowner feels that they have been denied assistance due to Staff's decision under the Walk Away Policy, the homeowner may appeal this decision to the Community Development Committee at one of their regularly scheduled monthly meetings.

SECTION 3 Available Funding and Program Descriptions

3.1 50/50 Weatherization Program

For Moderate-Income eligible households between 60- 80% Area Median Income, the City of Holland will provide 50% of the eligible cost, up to \$3,500.00, for any repairs deemed necessary in the Energy Audit, with the exception of replacing household appliances. The owner is responsible for the remaining balance of the repair costs.

SECTION 4 Weatherization Program Terms and Conditions

- 4.1 City staff will act as a consultant to homeowners in determining what repairs should be done by assisting the homeowners in prioritizing each needed repair. Using home repair check lists that are completed by homeowners as well as Energy Audit Inspections done by certified Weatherization inspections, various aspects of the home will be examined and priorities worked out.
- 4.2 No rehabilitation work may commence until the homeowner and the designated representative for the City of Holland sign a grant agreement, contract documents, mortgage papers, and the homeowner deposits their portion of the funds toward the rehabilitation project.
- 4.3 The amount of money that the City of Holland contributes to the rehabilitation project shall be secured by a Mortgage. This mortgage will be signed prior to starting the home repair and will be recorded with the county register of deeds in favor of the City of Holland in an amount equal to the amount of dollar assistance provided by the City. Such lien shall remain in effect for a period of three (3) years. If the property is sold or otherwise transferred to other than the owner's surviving spouse, or other dependent family member residing in the home within the period prior to mortgage discharge, OR if the property is converted to a rental unit, during this three-year period; the full amount of the grant shall be paid less an amount calculated as follows: $(\text{Amount of Original Assistance}/36)(\text{Remaining Months until discharge}) = \text{Payoff Amount}$. The amount calculated shall be due and owing on such terms and conditions as the City of Holland shall subscribe. Future refinancing of the property or other utilization of the equity in the home must meet the requirements of the City of Holland's Subordination Policy.
- 4.4 Subordination Policy
When the city places a mortgage on a property, the city usually takes a subordinate lien position on the home behind the initial property purchase financing. When placing a mortgage on a property the City Weatherization Program is only concerned about making the home repair affordable, the mortgage in no way should be viewed as a means for the city to be reimbursed, but more or less viewed as a tool to ensure that the property owner remains

committed to the neighborhood for the three-year period of the mortgage. This can be seen in the fact that there are no guidelines in place to ensure that the city is adequately secured for the invested public home repair funds at the time of initial assistance.

On a regular basis, homeowners that participate in the Weatherization Program request the city to subordinate the Weatherization mortgage to allow refinancing for lower interest rates, to facilitate debt consolidation, to do additional home repair and for other financial reasons. Financial institutions will not grant the new financing unless they hold first position on the property to gain repayment in the case of default from non-payment of the house payments. Subordinating a mortgage removes the city from first lien position and restores the City to a subordinate position, as was the case during the original assistance.

Considering the main focal point of the Weatherization Program is to reduce home energy costs and consumption; the city should not reduce the ability of the homeowner to refinance his/her home or to utilize any equity earned through his/her home. Therefore it is the policy of the City of Holland Weatherization Program to agree to subordinate its position to all other liens placed on properties after Weatherization Program Assistance is granted.

- 4.5 The City of Holland Funds Are Contingent upon Owner Funds:
Applicants must provide their entire portion of the rehabilitation costs, as determined by program guidelines in Section 3, at the time of loan closing. Progress payments from an owner are not allowed. The owner may seek financing from a private bank loan, credit union, savings account, borrowed money from family or friends, or other means as possible.
- 4.6 Preparation of Proceed to Work Notices:
Funded work will involve Proceed to Work Notices prepared by city staff to protect homeowners with general conditions.
- 4.7 Owner/Contractor disputes:
In the event a dispute exists between the owner/participant and a contractor with respect to the rehabilitation work, the City shall take appropriate action in accordance with the provisions of the construction contract to assure that the owner/participant is satisfied before making payment to the contractor in the form of a two-party check. If the conflict cannot be resolved through normal negotiation and dispute settling techniques, the dispute will be referred to the Ottawa County Mediation Program, or the Community Development Committee at a regularly scheduled meeting. Review by the committee will occur only if both owner and contractor submit forms explaining the situation and agree to abide by the decision of the committee. If this conflict resolution process is not selected, the matter becomes a legal matter between the owner and contractor and will have to be settled in court. City Staff will issue an opinion and payment will not be made until a settlement is signed by both parties.

APPENDIX A

GROSS INCOME MEANS ALL INCOME EARNED BY ALL HOUSEHOLD MEMBERS. IT SHALL INCLUDE THE PART 5 INCOME INCLUSIONS AS STATED IN THE CODE OF FEDERAL REGULATIONS. (listed below)

General Category Statement from 24 CFR 5.609 paragraph (b) (April 1, 1998)

1. Income from wages, salaries, tips, etc.: The full amount, before any payroll deductions, of wages, and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income: Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in

determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest & Dividend Income: Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income: The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income: Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance Welfare Assistance: If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of: · the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus · the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income: Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income: All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

GROSS INCOME DOES NOT INCLUDE THE PART 5 INCOME EXCLUSIONS AS STATED IN THE CODE OF FEDERAL REGULATIONS (listed below)

General Category Statement from 24 CFR 5.609 paragraph (c) (April 1, 1998)

1. Income of Children: Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments: Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income: Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements: Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides: Income of a live-in aide (as defined in 24 CFR 5.403).
6. Student Financial Aid: The full amount of student financial assistance paid directly to the student or to the educational institution.

7. "Hostile Fire" Pay: the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Self-Sufficiency Program Income:
 - Amounts received under training programs funded by HUD.
 - Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
 - Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program.
 - Amounts received under a resident service stipend (as defined in 24 CFR 5.609(c) (8) (IV).
 - Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.
9. Gifts: Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation Payments: Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students: Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance Payments: Adoption assistance payments in excess of \$480 per adopted child.
13. Family Support Act Income: For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (43 U.S.C. 1437t), or any comparable federal, state or local law during the exclusion period.
14. Social Security & SSI Income: Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds: Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance: Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions: Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:
 - The value of the allotment made under the Food Stamp Act of 1977;
 - Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
 - Payments received under the Alaskan Native Claims Settlement Act;
 - Payments from the disposal of funds of the Grand River Band of Ottawa Indians; p
 - Payments from certain sub marginal U.S. land held in trust for certain Indian tribes;
 - Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs (includes any winter differentials given to the elderly);
 - Payments received under the Main Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 94 Stat. 1785);

- The first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe;
- Amounts of scholarships funded under Title IV of the Higher Education act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, or veterans benefits;
- Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit;
- The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, State job training programs and career intern programs).

Gross Income Shall Be Computed Without Deduction For The Following:

1. Funds paid into a tax shelter retirement account
2. Losses attributable to a farming syndicate as described in Section 464 of the Internal Revenue Code.
3. Losses attributable to any type of corporation or partnership engaged in the exploring for, or exploiting of, oil and gas resources.
4. Losses attributed to any type of corporation or partnership engaged in equipment leasing.
5. Losses attributable to any type of corporation or partnership engaged in holding, producing, or distributing motion picture films or video tapes.
6. Child support payments made by an applicant's child or children.
7. Alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse.

Special Computations:

- a) If any member of the household during the period ending 6 months prior to the date of the application has taken a leave of absence, a voluntary reduction in compensation or hours normally worked, or has resigned from employment, then for purposes of computing gross income, the income foregone by act shall be imputed to such family. Any such act for a non-temporary medical or a permanent retirement reason shall not be covered by this provision.

Gross Income From Rental Properties

Income from rental properties shall be included in computing gross income. Verification of rental property income must be provided by the previous two year's tax return, provided that property produced rental income during the course of the entire year. For properties not producing income during the course of the entire year, income and expenses shall be determined as allowable by IRS to arrive at the net rental income.

A loss from rental properties cannot be deducted from income generated from other sources. A negative rental income will be considered zero income.

Gross Income For Self-Employment

Self-employed persons must submit IRS tax returns (including any appreciation schedules) for

the previous two years from both the business and individual returns. Gross income shall be determined on an annual basis by averaging the yearly incomes.

If an individual (or family) operates a business at a loss, this loss may not be deducted from the income generated from other sources. A negative income will be considered zero income.

APPENDIX B - Family Income Guidelines

<u>HOUSEHOLD SIZE</u>	<u>HOUSEHOLD INCOME</u>	
	MINIMUM INCOME	MAXIMUM INCOME
	<u>60%</u>	<u>80%</u>
1	\$22,648	\$39,850
2	\$29,617	\$45,500
3	\$36,620	\$51,200
4	\$42,660	\$56,900
5	\$46,080	\$61,450
6	\$49,500	\$66,000
7	\$52,920	\$70,550
8	\$56,340	\$75,100