

Resolution No.: 16-1479  
Introduced: July 27, 2010  
Adopted: July 27, 2010

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY MARYLAND**

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By: County Council

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**SUBJECT:** Executive Regulation 2-10AMII, Home Energy Loan Program

**Background**

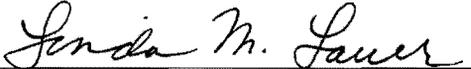
1. On April 21, 2010 the Council received Executive Regulation 2-10, "Home Energy Loan Program" from the County Executive. This regulation is intended to implement the Home Energy Loan Program created by the Council in Bill 06-09 enacted on April 14, 2009.
2. On June 24, 2010, the Council's Transportation, Infrastructure, Energy & Environment Committee discussed Regulation 2-10 and recommended changes to the regulation.
3. On July 19, 2010 the County Executive transmitted Executive Regulation 2-10AM, "Home Energy Loan Program" which included changes to address issues raised by the Council's Transportation, Infrastructure, Energy and Environment Committee.
4. On July 27, 2010 the Council discussed Executive Regulation 2-10AM.
5. On July 27, 2010 the County Executive transmitted Executive Regulation 2-10AMII, "Home Energy Loan Program" which included changes to address concerns discussed by the Council on July 27, 2010.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

Executive Regulation 2-10AMII, "Home Energy Loan Program", is approved.

This is a correct copy of Council action.

  
Linda M. Lauer, Clerk of the Council



# MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Montgomery County Home Energy Loan Program	<b>Number</b> 2-10 AM II
<b>Originating Department</b> Department of Environmental Protection/Department of Finance	<b>Effective Date</b> July 27, 2010

Montgomery County Regulation on:

MONTGOMERY COUNTY HOME ENERGY LOAN PROGRAM

DEPARTMENT OF ENVIRONMENTAL PROTECTION AND  
DEPARTMENT OF FINANCE

Issued by: County Executive  
Regulation No. 2-10

Authority: Chapter 18A, Article 4  
Council Review: Method (2) under Code Section 2A-15  
Register Vol. 27, No. 3

Comment Deadline: April 1, 2010  
Effective Date: July 27, 2010  
Sunset Date: None

**Summary:** This regulation establishes the administrative procedures for implementing the Montgomery County Home Energy Loan Program.

**Address:** Written comments on these regulations should be sent to:

Stan Edwards, Chief  
Division of Environmental Policy and Compliance  
Department of Environmental Protection  
255 Rockville Pike  
Rockville, Maryland 20850

Glenn W. Wyman  
Debt and Cash Manager  
Department of Finance  
101 Monroe Street, 15<sup>th</sup> floor  
Rockville, Maryland 20850

**Staff Contact:** For further information or to obtain a copy of this regulation, contact Eric Coffman at (240) 777-7754.



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## Sec. 1. Regulation

### Section I: General Provisions

- A. Authority. In accordance with the authority conferred under Chapter 18A, Article 4, of the Montgomery County Code, 2004, as amended (hereinafter referred to as the "Code"), the County Executive hereby promulgates this regulation to implement County law pertaining to the administration of the Home Energy Loan Program (hereinafter referred to as the "Program" or "HELP"). The Program provides loans to homeowners, re-paid through the property-tax bill, for energy efficiency and renewable energy improvements.
- B. Applicability. This regulation applies to the administration of the Program by the County Government and participation in the program by consumers, auditors, and contractors.

### Section II: Definitions

For purposes of this regulation, the following words and phrases have the following meanings unless the context clearly indicates otherwise:

1. Amortization Period – The period over which a HELP loan is repaid to the County by a borrower.
2. Annual Real Property Tax Bill – The annual real property consolidated tax bill that the County mails each year to property owners in the County.
3. Annual Tax Lien Sale – A sale of real property tax liens that the County conducts on the second Monday of each June to recover amounts owed to the County in delinquent taxes and charges on real property.
4. Applicant – An owner of a residential property in the County who submits a HELP loan application to the Department of Finance, the Department of Environmental Protection or their designee.
5. Assessed Value – The full cash value as indicated on the most recent assessment notice from the Maryland Department of Assessments and Taxation.
6. Borrower – An applicant who has received a HELP loan.
7. Contractor – An individual or business entity meeting the program requirements established by the Department of Environmental Protection to perform work associated with energy audits and energy related home improvements.



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8. Cost-Effectiveness – The maximum estimated amount of time it takes for an energy efficiency improvement to pay for itself through reduced energy costs (the “payback” period), as determined by the Department of Environmental Protection.
9. County – Montgomery County, Maryland.
10. Department – The Department of Environmental Protection or DEP.
11. Director – The Director of the Department of Environmental Protection or the Director’s designee.
12. Director of Finance – The Director of the Department of Finance or the Director’s designee.
13. Energy Auditor – An individual or company that:
  - (a) is a participating auditor with the Maryland Home Performance with ENERGY STAR Program;
  - (b) is participating in a utility sponsored Home Performance with ENERGY STAR Program; or
  - (c) meets any other equivalent requirements approved by the Director as published in the Program Plan.
14. Eligible Cost – The cost of buying and installing an energy efficiency improvement or renewable energy device, including any part, component, or accessory necessary to operate the improvement or device, less any amount received from a public or private program because the improvement or device is or will be made or installed.
15. Energy Efficiency Improvement – A cost-effective improvement to an existing single family home that reduces the home’s energy consumption and cannot be readily removed as defined in Section 18A-24 of the County Code.
16. ENERGY STAR Rating - The ENERGY STAR rating developed by the U.S. Environmental Protection Agency (EPA) which rates a product's energy efficiency and other factors.
17. Environmental Attributes – Environmental benefits for which there are accessible and quantifiable markets. Environmental attributes include renewable energy certificates (RECS) and carbon offsets.



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18. Fundamental Health and Safety Remediation or FHSR - means improvements necessary to remedy health or safety issues that may be exacerbated by energy efficiency or renewable energy improvements (e.g., moisture mitigation); or alternatively, measures necessary to ensure the fundamental function of the improvement.
19. Home Energy Audit - An evaluation of the energy efficiency of a home which includes any test or diagnostic measurement conducted by a registered energy auditor that the Department finds necessary to:
  - (a) assure that a home's energy efficiency is accurately measured; and
  - (b) identify cost-effective steps that can be taken to improve a home's energy efficiency.
20. Home Energy Loan Fund or Fund - The fund established under Section 18A-30 of the County Code to provide funding for the Home Energy Loan Program.
21. Home Energy Loan Program (HELP or Program) – The program established under Section 18A-25 of the County Code to assist single-family homeowners to make energy efficiency improvements or install a renewable energy device; establish a loan fund to provide homeowners loans under the Program; and generally amend the environmental sustainability law.
22. Home Energy Yardstick - The U.S. Environmental Protection Agency's ENERGY STAR Program tool for assessing the relative performance of existing homes.
23. Home Performance with ENERGY STAR or HPwES - The energy audit and quality assurance program offered through the EPA and delivered through local program sponsors that recruit and train home improvement contractors and consultants that are qualified to perform comprehensive energy audits.
24. Home Performance with ENERGY STAR Sponsor or HPwES Sponsor - A non-profit organization, state or local government, or utility that signed a partnership agreement with the EPA to administer an HPwES program.
25. Program Plan - The fundamental operating manual developed by the Director outlining the Program's administrative, marketing, education and outreach components.
26. Property Owner or Homeowner – The person who is listed on the County's tax records as the owner of the property where the energy improvements will be installed.



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27. Renewable Energy - Energy derived from solar, wind, geothermal, and any other energy source or technology which the Director finds is derived from natural processes that do not involve the consumption of exhaustible resources, and is specified by the U.S. Department of Energy (DOE), EPA, or Maryland Energy Administration (MEA).

28. Renewable Energy Measure or Device- A measure that:

- (a) converts, or actively uses renewable energy;
- (b) is permanently installed on the home or property; and
- (c) meets safety and performance standards set by a nationally recognized testing laboratory for that kind of device, if these standards are available.

29. Renewable Energy Product Provider- A specialized contractor installing technologies and products that use renewable energy.

30. Single Family Home – A single family detached or attached residential building. A single family home includes a condominium.

31. Test-out – A series of diagnostic tests and post-installation quality control and assurance inspections required by the EPA or HPwES sponsor to verify the quality of workmanship, and performed by an energy auditor.

### **Section III: Program Established**

There is a Home Energy Loan Program (HELP) under which the County encourages energy conservation and the use of clean energy by making loans available to residential property owners interested in making energy efficiency and renewable energy improvements to their homes. The loans finance a package of improvements, adhere to defined cost-effectiveness criteria, and are approved based on the results and recommendations of an energy audit. The loans must be repaid through the County real property tax bill for the home of the borrower.

### **Section IV: Eligible Energy Efficiency and Renewable Energy Measures**

The Program provides loans to fund cost-effective energy efficiency and renewable energy improvements to single family homes within the County. Renewable energy installations that do not satisfy



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cost-effectiveness criteria may be funded through HELP loans in concert with energy efficiency improvements that collectively achieve a prescribed minimum level of performance.

- A. An energy efficiency improvement or renewable energy measure will be deemed cost-effective if the sum of projected energy cost savings resulting from the improvement or measure is equal to or greater than the sum of principal and interest payments, assuming the entire project is financed, over a 15 year amortization period at the interest rate in effect at the time of application. Cost-effectiveness will be determined as follows:
- (1) Projected energy savings will be calculated based on the energy cost savings identified by an energy auditor, using a broadly accepted software package, or estimates by a renewable energy product provider, using a broadly accepted renewable energy calculator. Energy cost savings must be calculated using energy costs, provided by the Director, based on applicable tariffs and other commonly available energy cost information and published periodically in the Program Plan or provided by a widely accepted source (e.g., DOE).
  - (2) For the purposes of calculating cost effectiveness, principal and interest of the estimated loan amount will be based on the total projected costs of the energy-efficiency improvement or renewable energy measure as estimated by the auditor, contractor, or renewable energy product provider and included in the loan application by the homeowner. Total projected costs must not include the items indicated in paragraph 5.
  - (3) Projected project costs will consist of all necessary labor, services, materials and equipment costs necessary to install the improvement or measure for which the loan was approved.
  - (4) Projected project costs may be reduced to represent the net cost including all incentives which the applicant is eligible to receive.
  - (5) The calculation of project cost-effectiveness will not include the following:
    - (a) FHSR necessary to ensure well-being or effective deployment of the measure (e.g., combustion safety improvements);
    - (b) cost of the energy-audit and test-out;
    - (c) loan origination and application fees;
    - (d) funds contributed by the homeowner to reduce the cost of the financed package;



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- (e) property tax credits provided by Montgomery County; or
- (f) proceeds from the sale of environmental attributes.

**B. Fundamental Health and Safety Remediation (FHSR).**

- (1) Applicants may receive additional loan funds, which will not be included in cost-effectiveness calculations, of up to 10 percent of the energy efficiency or renewable energy project costs not to exceed \$1,500 for FHSR. The total loan must not exceed the cap specified in Section VIII (C) of this regulation.
- (2) The loan for FHSR must only be authorized in connection with an energy efficiency improvement or renewable energy measure. The additional loan funds may only be used to remediate a structural, mechanical, electrical or other issue that directly jeopardizes the well being of building occupants, quality of the indoor environment, or the durability or longevity of the structure.
- (3) Loan applications requesting FHSR must be signed by the applicable contractor or auditor specifying or performing the work, describing the reason why FHSR is required to properly install the energy-efficiency or renewable energy improvement.

**C. An applicant for a loan to finance energy efficiency improvements and renewable energy measures must satisfy the following requirements:**

- (1) The applicant must have commissioned and received the final report from an energy auditor.
- (2) The proposed improvements or measures must be identified in the applicant's home energy audit.
- (3) Improvements that are fundamentally dependent on another improvement identified in the home energy audit report must be combined. These specifically include:
  - (a) Insulation and comprehensive air-sealing where needed;
  - (b) Heating, ventilating, and air conditioning (HVAC) unit replacement and duct sealing where needed; or
  - (c) Other devices where significant evidence exists that coupled performance improves overall cost-effectiveness, as defined in the Program Plan.
- (4) The applicant must have obtained a cost proposal for the energy efficiency improvement or renewable energy measure from the contractor or renewable energy product provider that will be responsible for installing the improvement.
- (5) In cases where FHSR is required, the applicant must provide cost estimates and the cost cannot exceed the criteria established in subsection (B).



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- D. Renewable energy measures that do not meet the requirements of subsections (A) and (C) may also qualify for a loan if:
- (1) The single-family home where the renewable energy measure is to be installed has already achieved a prerequisite level of energy efficiency, equivalent to a score of 7.5 using the ENERGY STAR Home Energy Yard Stick as calculated by the applicant's energy auditor, or equivalent methodology approved by the Director;
  - (2) The proposed renewable energy measure is part of a package of energy efficiency improvements that collectively meet the cost-effectiveness requirements established in subsection (A); or
  - (3) The proposed renewable energy measure is part of a package of energy efficiency improvements projected, as calculated by the applicant's energy auditor, to elevate the home to a score of 7.5 on the ENERGY STAR Home Energy Yard Stick or that result in at least a 25 percent improvement in the energy performance of the applicant's home.
- E. Specialized systems, may qualify if they meet the following requirements.
- (1) In the case of wind energy systems, the application must include an analysis and site plan by the renewable energy product provider or consultant estimating the annual generation of the system based on the characteristics of the site and specified turbine, or equivalent as defined by the Director in the Program Plan.
  - (2) Solar water heating systems application must be certified by the Solar Rating Certification Corporation, or equivalent as defined by the Director in the Program Plan.
  - (3) Wood, pellet, or biomass heating systems must meet Washington State emission standards, codified at Wash. Admin. Code §§ 173-433-100 and 173-433-130, and be included on that state's approved list of stoves, or equivalent as defined by the Director in the Program Plan.
  - (4) Specifications and requirements for renewable energy systems not included in this regulation must meet the requirements specified by the Director in the Program Plan.

### Section V: Eligible Properties

All eligible homes must be located within Montgomery County. Properties eligible for a HELP loan include both existing attached and detached single family homes and condominium units. If the property for which the loan is requested is a condominium, the work to be performed must be limited to the parts of the building that are under the exclusive control of the property owner.



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## Section VI: Eligible Home Energy Audits and Auditors

All applications for loans for energy efficiency improvements and renewable energy measures must include a comprehensive home energy audit. The home energy audit must satisfy the following requirements:

- A. Audits must be based on the HPwES process developed, promoted and monitored by the U.S. Environmental Protection Agency's ENERGY STAR Program.
- (1) Auditors providing services must be registered energy auditors as defined in Section VII of these regulations and the Program Plan.
  - (2) Home energy audits must be based on the Building Performance Institute's (BPI) audit requirements as included in the certification program for building analysts. Auditors must remain current in their skills as required under both the federal HPwES program and its state-level counterpart implemented by MEA. Auditors and contractors must comply with standards adopted by EPA, MEA, or the HPwES sponsor within one year after adoption. The Director may amend requirements where MEA, HPwES sponsor or EPA standards are inconsistent.
  - (3) Alternatives to BPI certification may be accepted, if they are deemed equivalent by the EPA under the HPwES program, and accepted by the applicable HPwES sponsor.
  - (4) Audit analysis must be conducted using software accepted by HPwES.
  - (5) A formal test-out procedure, including application of a blower door test, must be conducted by the energy auditor after the installation of energy efficiency improvements.
  - (6) In the case of a lapse in both the MEA's HPwES program and utility sponsorships of HPwES programs, the Director will recommend whether the County should engage in a HPwES sponsorship as a local government.
- B. In order for the home energy audit to be eligible for the Program, it must comply with HPwES requirements and must also:
- (1) Identify a package of cost-effective energy efficiency improvements or renewable energy measures that meet the requirements of subsection (A) and, at the request of the applicant, identify a package of cost-effective energy efficiency improvements or renewable energy measures that are projected to yield annual energy savings greater than the annual principal and interest payment for the improvements;
  - (2) Provide projected energy savings from energy efficiency improvements or renewable energy measures to be financed under the program;
  - (3) Address all major fuel sources used in the home;



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- (4) Identify any public or private financing mechanism that can be used to implement energy efficiency improvements or renewable energy measures (e.g., property tax credits, federal tax credits, and utility incentives);
  - (5) Include, or link to, program application and educational materials;
  - (6) Disclose any business relationship where an auditor specifies a contractor, manufacturer, vendor or service provider; and
  - (7) Adhere to any additional requirements identified in the Program Plan.
- C. An applicant may utilize an audit performed within the 12 months preceding the effective date of this regulation if the audit satisfies all the requirements of subsection (A) and (B).

## **Section VII: Requirements for Energy Auditors, Contractors, and Renewable Energy Product Providers**

- A. In order to deliver services to homeowners under the Program, all auditors, contractors, and renewable energy product providers must register with the County or its designee, and agree to the requirements in Section VI (B) as defined in the Program Plan.
- B. Energy auditors must:
- (1) Use the cost-effectiveness calculations and methods identified in Section IV (D) of this regulation;
  - (2) Deliver audits adhering to the requirements of Section VI;
  - (3) Adhere to Program marketing and customer education requirements developed by the County and published in the Program Plan;
  - (4) Agree to provide a test-out, including all diagnostics prescribed by the HPwES program, within 14 days after receiving a request from the consumer; and
  - (5) Adhere to all other requirements and conditions specified by the Director in the Program Plan.
- C. Contractors and energy auditors performing energy efficiency improvements must:
- (1) Maintain an active home improvement contractor's license issued by the Maryland Department of Labor, Licensing and Regulation;
  - (2) Possess, in the case of Contractors providing air-sealing services, a valid BPI Envelope Professional certification;



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- (3) Adhere to any Program marketing and customer education requirements developed by the County;
- (4) Agree to take all reasonable measures to resolve complaints; and
- (5) Adhere to all other requirements and conditions specified by the Director in the in the Program Plan.

D. Renewable energy product providers must:

- (1) Use cost-effectiveness calculations and methods identified in Section IV (D) of this regulation;
- (2) Maintain an active home improvement contractor's license issued by the Maryland Department of Labor, Licensing and Regulation;
- (3) Adhere to Program marketing and customer education requirements developed by the County;
- (4) Agree to take all reasonable measures to resolve complaints; and
- (5) Adhere to all other requirements and conditions specified by the Director in the Program Plan.

E. All auditors, contractors, and product providers must comply with all applicable permitting and licensing requirements mandated by the County, state and, if applicable, the municipality.

F. The County may charge fees for registration of auditors, contractors, and renewable energy product providers sufficient to offset its administrative costs. Fees will be specified by the Director and documented in the Program Plan.

G. The County may revoke the registration, and eligibility to participate in the Program if a provider fails to comply with the requirements of this Section. However, the County will not guarantee, warranty, or be responsible for the qualifications or performance of any auditor, contractor, or product provider in connection with any home improvement or measure paid for under the Program.

### Section VIII: Program Financing

HELP loans and repayments are a lien on the borrower's property that conveys with the property. Therefore, if title to the property is transferred, the obligation for payment of the loan transfers with the property to the new owner.

A. Financial Eligibility

- (1) The applicant must be the owner of record of the property. The County, or its designee, will perform a title search for each application.



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- (2) The total amount of HELP loans outstanding on each property must not exceed the maximum described in subsection (C) (4).
- (3) All real property taxes due and owing on the property must be paid in full. Any property that is in tax sale or has liens against the property, other than mortgage liens, will not be eligible for a HELP loan.
- (4) Applicants must meet the credit eligibility standards of the Program described, in subsection (B).

## B. Credit Standards

- (1) An applicant must not have any outstanding debts owed to the County or the State of Maryland. In addition, an applicant must be current on any mortgage or deed of trust debt on the property.
- (2) An applicant must have paid all real property taxes on the property on time for the previous three years. If the applicant has owned the property for less than three years, the applicant must be up to date on all real property taxes and must not have defaulted on taxes for any real property owned in the County in the three years prior to the application.
- (3) The applicant must not be in bankruptcy.
- (4) A property must have sufficient equity, based on the assessed value, to cover the amount of HELP loans, less any mortgage or deed of trust liens against the property.

## C. Loan Terms

- (1) All loans must be paid in annual installments over 15 years.
- (2) The interest rate on loans will be based on the County's cost of funds, as determined by the Director of Finance, used to capitalize the program plus any costs of administration, loan processing, Program marketing and any required reserve funds.
- (3) Origination and application fees may be imposed to cover the cost to the County, or its designee, of loan processing, appraisals, title search and other program operational costs. These costs will be non-refundable and identified in the Program Plan.



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- (4) HELP loans are available in amounts not less than \$2,500 and may not exceed 5 percent of property's assessed value up to a maximum of \$25,000.
- (5) Loan payments on all loans are due on September 30th of each year. The HELP loan payments are included on the annual real property tax bill. Borrowers that are permitted to pay their property taxes semi-annually will pay one-half of the loan payment amount by September 30th and the second half of the loan payment by December 31st of that same year.
- (6) Any payment delinquency after the due dates will be subject to collection through the County's annual property tax lien sale.
- (7) The loan amount and any accrued interest are a first lien on the real property. Under Maryland law, delinquent amounts are collectable by suit or tax sale like all other real property taxes. In addition, interest and penalties accrue on the unpaid balance at the rate of 20 percent per annum.
- (8) A property owner may pay off the entire balance of a HELP loan at any time without penalty. A request for a pay-off balance must be made to the Montgomery County Department of Finance, Attn: Director of Finance. In order to pre-pay a HELP loan, all principal and accrued interest up to the payment date must be paid in full.
- (9) Partial annual loan payments are not accepted. However, a borrower may reduce the total amount of principal owed by making a lump sum payment against the outstanding balance of the loan. The single payment will be applied first to interest owed and then to principal. A new loan balance will be calculated and the annual payment amount will be adjusted based on the new loan balance. Lump sum payments must be arranged through the Department of Finance. Lump sum payments may not be made in lieu of the regular annual payment.
- (10) The property owner must disclose, in the initial application and with the request for loan disbursement, the amount of any energy efficiency or renewable energy incentives received from both public and private sources. The total HELP loan for which the applicant is eligible will be reduced by that amount.

#### D. Application Process

- (1) HELP loan applications must be completed and submitted to the Department of Finance, the Department of Environmental Protection, or their designee, as described in the Program Plan. Applications must include the following:



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- (a) Completed application form;
- (b) Copy of audit report clearly indicating auditors recommended actions and annual energy savings;
- (c) Estimate of total project costs;
- (d) Principal amount requested by the applicant;
- (e) Names and contact information of all auditors, contractors and renewable service product providers involved in the project;
- (f) Application fees;
- (g) Releases necessary to process the application, including information to:
  - (i) establish credit-worthiness; and
  - (ii) request energy usage history from applicant's utilities; and
- (h) Acknowledgement from the applicant that the applicant has reviewed all existing loan documents applicable to the Property and the applicant has verified that entering into a HELP loan agreement, which requires consenting to an assessment levied against the Property for repayment of the loan, will not constitute a default under any existing security instrument.
- (i) Acknowledgement by the applicant of Program terms and conditions, including agreements from contractors to comply with all applicable federal, state, and local laws.
- (j) The application must include the following disclaimer in bold print:

“Before completing a HELP loan application, a property owner should carefully review any mortgage agreement(s) or other security instrument(s) which affect the property or to which the property owner is a party. Entering into a HELP loan contract without the consent of the owner’s existing lender(s) could constitute an event of default under such agreement(s) or security instruments. Defaulting under an existing agreement or security instrument could have serious consequences to the property owner, which could include



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the acceleration of the payment obligations due under such agreement or security instrument. In addition, upon resale or refinancing of the property, a lender may require that the loan be paid off prior to funding any refinancing or purchase money mortgage.”

- (2) The applicant will receive a confirmation from the County, or its designee, concerning the disposition of the loan application. If the loan is approved, the confirmation notification will indicate the terms and conditions of the loan. The applicant must acknowledge the confirmation notification, agree to the terms and conditions of the loan, and return the document to the County or its designee.
- (3) If the HELP loan application is not approved, the applicant may seek a reconsideration of the decision from the Director of Finance. Any request for reconsideration must be in writing and must include the reasons for the request. A request for reconsideration must be made within 14 days after notification that the loan application was not approved or the Director’s decision becomes final.
- (4) The terms of disbursement, as described in subsection (E) must be included in the application to the Department of Finance.

## E. Disbursement of Loan Funds

All projects must be completed within 180 days after the Director of Finance approves the HELP loan, unless an extension is granted. The borrower and the auditor, contractor, or renewable energy product provider (collectively, the parties) must agree to how payments for work will be disbursed at the time that they agree on the scope and price of the work. Those terms may include a single payment or up to three progress payments depending on the scope of work and the mutual agreement between the parties.

- (1) Smaller projects that can be completed in less than 14 days from the date of approval will qualify for a single payment and are subject to the following requirements:
  - (a) The borrower must certify that the work is acceptable within 14 days after completion, or test-out, if applicable.
  - (b) The borrower must notify the Director of Finance within 14 days after project completion or test-out if there is a dispute between the parties. The parties will have 45 days from the date of project completion or test-out to resolve the dispute.



# MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

<b>Subject</b> Montgomery County Home Energy Loan Program	<b>Number</b> 2-10 AM II
<b>Originating Department</b> Department of Environmental Protection/Department of Finance	<b>Effective Date</b>

(c) If the borrower certifies satisfactory completion of the work under subparagraph (a) the County will pay the auditor, contractor or renewable energy product provider. If no certification is received or the parties have not resolved their dispute as required in subparagraph (b) the County will pay the applicable auditor, contractor, or renewable energy product provider.

(2) Projects larger in scope that will take more than 14 days to complete may qualify for progress payments to the auditor, contractor, or renewable energy product provider.

(a) The Director of Finance will authorize a payment of 30 percent of the contractor estimated costs upon approval of the loan application.

(b) The Director of Finance will authorize a second progress payment if agreed to by the parties to the contract at a pre-determined event during installation. That event must be identified in the contract between the parties. The borrower must contact the Department of Finance, as specified in the Program Plan, to authorize payment. The second progress payment will be 40 percent, unless the contract provides for a different amount.

(c) A final progress payment will be made to the auditor, contractor, or renewable energy product provider at the time of project completion.

(d) The borrower must certify, as specified in the Program Plan, that the work is acceptable within 14 days after completion or test-out, if applicable

(e) The borrower must notify the Director of Finance, as specified in the Program Plan, within 14 days after project completion or test-out if there is a dispute between the parties. The parties will have 45 days from the date of project completion or test-out to resolve the dispute.

(f) If the borrower certifies satisfactory completion of the work under subparagraph (d) the County will pay the auditor, contractor, or renewable energy product provider. If no certification is received or the parties have not resolved their dispute as required in subparagraph (e) the County will pay the applicable auditor, contractor, or renewable energy product provider.

## F. Post-Loan Administration



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- (1) Beginning the first tax levy year following the first disbursement of HELP loan funds, the annual HELP loan payment will appear on the property owner's annual real property tax bill.
- (2) After final payment of the HELP loan to the County, the loan payment will be removed from the annual real property tax bill.
- (3) Delinquent loan payments may be collected through the Annual Tax Lien Sale or by any other means authorized by law.
- (4) In the event of a foreclosure by a lending institution during the life of the loan, only the amount due or delinquent, including accrued interest, fees, charges, or penalties, must be paid at the time of foreclosure.

### IX: Real Estate - Disclosure Requirements

- A. If the borrower transfers title to the property, the borrower (grantor) must disclose to the new owner (grantee) that the grantee must continue to repay the HELP loan through the annual real property tax bill. The required disclosure must occur in accordance with the grantor's obligation to disclose real property tax information to new owners of property, as described in Section 40-12C of the Montgomery County Code. Disclosures must include:
1. The estimated full-year property tax bill that a grantee would be obligated to pay in the next full tax year after the property is transferred; and
  2. The existence of the HELP loan and that the obligation to repay the HELP loan transfers with the property, the original purpose of the loan, the maturity date of the loan, the annual payment amount, and the approximate pay-off.
- B. The disclosure described in subsection (A) must also be given to the grantee before transfer of title to the property and the grantee must sign a statement indicating that the grantee understands that the HELP loan is being assumed, that the grantee will be responsible for future payments, and that failure to make future payments could result in the property being included in the County's Annual Tax Lien Sale.

### X: Reporting



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The County Executive will provide a report to the County Council before the formal launch of the Program, and by July 1 each year thereafter, documenting Program performance and financial information. The report will include, where applicable:

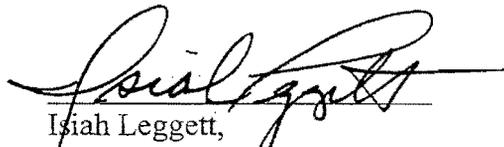
- A. Interest rates and fees that apply to Program borrowers and other participants, including a description of how these fees were established and justification for any changes;
- B. Financial report-out including Program fund balances, revenues, expenditures, and reserves;
- C. Number of projects executed, dollars loaned; and
- D. Estimated energy and cost savings to borrowers.

### Sec. 2. Severability

If a court holds that a portion of this regulation is invalid, the other portions remain in effect.

### Sec. 3. Effective Date

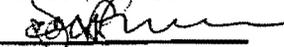
This regulation takes effect upon approval by the County Council.

  
Isiah Leggett,  
County Executive

### Distribution:

- Clerk, County Council
- County Executive
- Chief Administrative Officer
- County Attorney
- Director, Department of Environmental Protection
- Director of Finance

**APPROVED AS TO FORM AND LEGALITY  
OFFICE OF THE COUNTY ATTORNEY**

BY:   
DATE: 2-27-10