

VERDIGRE SHARED ENERGY SAVINGS PROGRAM

APPENDIX K

Summary of Verdigre Residential Rehabilitation Program
July 20, 1989

\$87,380.00 in commercial weatherization loans.

Approximately \$40,000.00 repaid to date.

DED had approved residential weatherization program but, due to the income limitations, everyone who was eligible was also eligible for low income weatherization, so interest was not there.

Residential housing rehabilitation program will offer 3% loans.

Priorities are:

- avoid overcrowding (additions are eligible)
- roofs
- foundations
- electrical
- all energy efficiency improvements.

HUD income guidelines apply.

Loans of up to 20 years.

Program income back into residential rehabilitation.

Project administrative cost of \$450.00 for each loan (\$250.00 for program procedures and \$200.00 for work write-up and building inspections). These services will be contracted out by the village.

Anticipate 3% interest charge will defray administrative costs of the program with any balance going into the loan pool.

Loans will be awarded on a point system with emphasis on income, elderly, overcrowding, hazardous conditions, and years in the residence.

On February 6, 1989, the qualifying income for a household of one was \$14,650.00 in Knox County.

Residence must be owner occupied.

\$15,000.00 will be considered the maximum loan amount, with exceptions allowed if specific circumstances merit.

Program has been approved by DED. Will be announced through news releases.

LOCAL PLAN FOR THE INTENDED USE
OF CDBG PROGRAM INCOME

VERDIGRE'S RESIDENTIAL ENERGY IMPROVEMENT PROGRAM

PART I. INTRODUCTION

Section 1.1 Economic Development Strategy

The financial crisis faced in 1984 by the Village of Verdigre as a result of the Bank of Verdigre's closure and the subsequent FDIC seizures prompted the residents of Verdigre to plan an economic development strategy that would help assure the Village's survival. The Village was assisted in their efforts by DED and NEO.

A "Strategic Choices" meeting held April 2, 1985, allowed participants to identify problems and needs in Verdigre and brainstorm on possible solutions. A priority that surfaced at this meeting was the need to provide relief for the low income residents of Verdigre. A survey conducted in the Village showed that 72% of the residents were low income.

A Task Force was formed to study the ideas generated at the town meeting. The strategy developed to meet this priority was the commercial energy project. This project aided the lower population by 1) Increasing energy efficiency in businesses which prevented their overhead costs from rising, so they did not have to increase their prices to consumers; 2) income not spent on energy was spent on consumer goods, which the "multiplier" concept shows has greater economic benefit to the community; 3) the combined effect of lower overhead costs for businesses and more income available for spending in the community allowed the businesses to remain open, providing goods and services to the town's residents so that they did not have to travel great distances to obtain these goods and services; 3) the project generated jobs in the community.

In December 1985 a planning meeting was held at which recommendations were made for the commercial energy project. Included in the discussions were recommendations for reuse of the program income. Listed as a top priority for reuse income was to provide residential energy efficiency improvements which would directly benefit the low income residents of the Village.

The minutes of this planning process are available from the Village Clerk. DED and NEO are familiar with these plans since they assisted during their formulation.

PART II. STRATEGY FOR LOCAL REVOLVING LOAN FUND

Section 2.1 Statement of Purpose

The Village of Verdigre held a public hearing on August 3, 1987 at which time citizens were asked to participate in the formulation of a Statement of Purpose and a reuse plan for a revolving loan fund to be established with program income generated by the Village's Commercial Energy Improvement Program." (See EXHIBIT 1 for a copy of the public hearing notice and minutes of the meeting.) As a result of the public hearing the following statement of purpose was formulated for the reuse program:

To assist low and moderate income residents of the Village in lowering their energy costs by providing financial assistance for home energy efficiency improvements.

Residents of the community felt that important benefits would occur as a result of this "Residential Energy Improvement Program." Not only will the living conditions for low and moderate income persons improve through lower energy costs, but the program will also provide a major boost to the local economy by 1) providing work for local contractors to make the needed improvements; and 2) making more money available to spend in the community as a result of the energy savings generated by the efficiency improvements. Moreover, these savings are retained within the local economy rather than exported to other states and countries to pay for conventional energy supplies.

Section 2.2 Eligible Activities

Activities eligible under this program include only those energy efficiency improvements that average a ten year payback in energy savings. These will include, but are not limited to, insulation of ceilings and walls, repair or replacement of windows and doors, caulking and weatherstripping, installation of storm windows and doors, removal and installation of roof covering, painting and replacement of siding and trim, replacement of or improvement to water heaters, lighting, and heating and cooling systems, and use of alternative or renewable forms of energy.

Only those residences that are owner-occupied will be eligible for the program. The applicant's adjusted gross income for the preceding calendar year must be at or below HUD's Section 8 Housing Assistance Income Guidelines. All projects funded must be within the zoning jurisdiction of the Village of Verdigre.

Section 2.3 Types of Assistance

Financial assistance will be available to eligible applicants in the form of no interest loans. Terms of the loans will be set by the Residential Energy Review Board. It is expected that the terms of most loans will be the same as the average payback period of the energy improvements with ten years

being the maximum term allowed. Applicants are expected to apply a portion of the energy savings realized through the energy efficiency improvements to the loan repayment.

A subordinated lien will be placed upon the property at the time of signing the promissory note in an amount equal to the loan. This lien in favor of the Village of Verdigre will take a subordinate position to all existing liens.

Section 2.4 Time of Performance

Once the applicant has received notice that his application has been approved for funding, he will be expected to carry out the required procedures as expeditiously as possible. If at any time the program's staff feels that the applicant is needlessly or purposely delaying the progress of the project, they will file a report of such behavior to the Residential Energy Review Board. It is the Board's responsibility to investigate and to submit their findings in writing to the applicant stating the specific corrective action that must be taken and the time limits. The Board reserves the right to withhold funding if the requirements are not completed satisfactorily.

PART III. DISTRIBUTION AND MANAGEMENT SYSTEM

Section 3.1 Submission of Applications

Program application forms will be available at the Village Clerk's office. The application will consist of questions on family size and composition, income, legal description of the property, net worth statement, proof of ownership, and the past year's energy costs. Completed applications shall be returned to the Village Clerk. The Village Clerk or the Village's designated agent will be responsible for document verification. Applications will be accepted by the Village as soon as the local plan for the intended use of CDBG program income is approved and adequate funds become available in the repayment fund to finance a project (approximately \$3,000).

Once ownership and income have been verified, an energy audit of eligible applicant's homes will be completed. The audit shall include a review of energy used in the heating, cooling, and lighting of the home. The audit will specify individual actions or improvements that can be made within the home which might reduce energy consumption. Each improvement listed within the audit will be identified by sufficient information necessary to allow the improvement to be written up in a contractor's bid (e.g., area of walls or roof to be insulated), estimated energy and dollar savings that might be generated by the improvement and a preliminary cost estimate to allow for ranking of improvements according to their respective payback periods. Costs for the audit will be included as part of the loan amount. Should a loan application not be approved for which an energy audit was

conducted, the cost of the energy audit will be charged to administration expenses.

Section 3.2 Selection of Recipients

Results of the audit will be submitted to the Residential Energy Review Board. This Board shall consist of three members which will include one member of the Village Board, one member from the local Housing Authority, and one local citizen with construction background. The purpose of this Board shall be to determine 1) which energy improvements identified average a payback period of ten years or less and are eligible for this program; and 2) in the event of two or more simultaneous applications, the order in which the applications will be funded. This order will be determined by use of a point system. (See Exhibit 2) Those applications not funded will be placed back in the pool for consideration during the next funding period. These previous applications will not receive priority but will be ranked along with the new applications using the point system to determine those which will be financed.

For those applications which are approved for funding, the Energy Auditor will develop a detailed work write-up for the improvements identified, along with a cost estimate. A copy of the work write-up is sent to the applicant for his/her approval and signature. The applicant signs the work write-up to indicate he/she understands the work the Village is funding and the cost limitations. Applicants will be expected to obtain at least one (preferably two) bids on the contracted work to be performed. For those applicants that intend to do the work themselves, all materials and expenses, except the owner's time and labor, must be submitted as a bid. All work must be performed according to specifications prepared by the Energy Auditor.

The applicant may select any of the contractors from which he/she received bids. However, the Village will fund only the amount of the low bid. Any additional amount must be paid by the homeowner. The Village will enter into the loan agreement with the applicant which will detail the specific improvements to be made, timetables for completion of the contracted and/or self-help work, and a repayment schedule for the loan. No action will be taken by the Village until the recission period has expired. After that time the Village will file all necessary liens, etc. The applicant will then enter into a contract with the contractor and file an original copy with the Village. Contract documents must be formally prepared and approved by the Village's attorney. A Notice to Proceed is issued to the contractor by the Village.

The contractor performs the work and necessary inspections are made by the Energy Auditor. Unscheduled inspections are made frequently as work progresses.

Pay requests by the contractor are submitted to the

homeowner who signs them and then files them with the Village on or before the 20th of each month. Only one pay request per project may be submitted each month. Payment will be made only for materials installed and labor. No payment will be made for materials stored on site. All payments for work to be done except for the final payment will be made in an amount equal to 90% of the value of such work properly completed. A retainage of 10% will be held until the project has passed final inspection. The Village will issue the check jointly to the contractor (or supplier in the event of self-installed measures) and the homeowner.

Change order, if necessary, may be made if changes in work required are agreed upon subsequent to contract signing. These written change orders require concurrence of the Residential Energy Review Board, the homeowner, and the contractor.

The Energy Auditor will perform a final inspection to insure all energy improvements have been completed according to project specifications before final payment is made. A final pay request is then filed as above. The contractor must file a list of all subcontractors and suppliers with the final pay request. A waiver of lien will be required from each subcontractor and supplier before final payment is made.

Loan repayments will be on a monthly basis. The date of the first payment will be negotiated at the outset of the loan discussion, but will begin no longer than 30 days from the final payment of contractor/supplier for the completed work. When the loan payments are complete, the Village Clerk or the Village's designated agent servicing the loan will close out the applicant's account and complete any necessary recordkeeping.

Conflict of Interest

No member of the governing body of the locality and no other official, employee, or agent of the Village government who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Residential Energy Improvement program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the Village Government ends. Should any such individual desire to participate in this program, he or she shall be treated no differently than any other individual in Verdigré. The application for funding by any official or agent of the village, shall include a statement of disclosure which outlines the interest the applicant may have in the operation of this program.

Grievance Procedure

Should any individual or applicant believe he or she has been treated unfairly in the determination of applicant

eligibility or eligible energy efficiency improvements under the guidelines of this program, he or she may file a written complaint with the Village Clerk setting forth such concerns. Within 15 days of receiving a complaint, the Energy Review Board shall issue a written statement on the matter which states the Board's conclusion and reasons for reaching such a decision with regard to the complaint. Should the complainant believe his or her concerns have not been adequately addressed, the issue may be brought before the Village Board for review at the next regularly scheduled board meeting. The board's ruling on the matter, made within one month of a written request for review by the complainant, shall be final.

Program Amendment Procedure

Should the Energy Review Board or the Village Board believe an amendment to this program plan is necessary, such amendment shall be forwarded to DED after formal review and approval by the Village Board. All amendments shall be consistent with the original program intent and with the state's CDBG guidelines. The amendments will be considered final upon written approval from DED.

Section 3.3 Compliance with CDBG Regulations

The Village Board Chairman is responsible for, but may assign this duty to the Village Clerk or the Village's designated agent, seeing that all loan recipients comply with:

- a. the national CDBG objective;
- b. Title I of the Housing and Community Development Act of 1974, as amended, and ;
- c. the following laws, regulations, and requirements:
 - 1) Civil Rights and Equal Opportunity Provisions
 - 2) Environmental Standards and Provisions
 - 3) Labor Standards and Provisions
 - 4) Fair Housing Standards and Provisions
 - 5) Administrative and Financial Provisions
 - 6) Hatch Act of 1938, as amended.

Any costs associated with the above will be covered in the administrative costs outlined in Part IV of this plan. The Village shall establish a monitoring system to see that all program regulations are met.

PART IV FINANCIAL MANAGEMENT

Section 4.1 Maintenance of Records

The Village Board may either assign administration of this program to local government staff or contract with an individual or organization for this service. This staff person or individual or organization shall be responsible for assuring that all program guidelines and state and federal regulations are met, and that proper records are kept. This reuse program shall

be administered in the same manner and under the same regulations followed for administration of the original CDBG grant. Reimbursements for such services shall be at the rate of 2% of the loan amount. Annual payments to the contracted individual or organization shall be an amount equal to the total reimbursement divided by the number of years of the loan. These payments may be disbursed in equal monthly or quarterly installments.

The individual or organizations designated by the Village Board shall see that all loan payments are deposited in a special escrow account using pre-numbered receipts with copies of the deposit slips and checks presented immediately to the Village Treasurer. The Village Treasurer shall annually audit each loan and send a Statement of Account to each borrower. This Statement will show each payment made and the remaining balance owed. Any discrepancies found by the borrower shall be reported to the Village Treasurer so that corrections can be made.

Section 3.2 Interim Investment

Investments of CDBG program income shall be made in local banks to the degree possible under state regulations in an interest bearing account at the highest rate possible. All interest earned shall remain in the account. Investment decisions shall be made by the Village Board or their designated agent. Public notice will be given that this money is available through a revolving loan fund to low and moderate income homeowners for energy efficiency improvements. The first loan will be made within two years following approval of this plan.

RESIDENTIAL ENERGY IMPROVEMENT PROGRAM

Point SystemForSelection of ParticipantsOwner Income

At level A or under	15
At level B or under	10

Number of Occupants

1 point per person
(maximum pts. 5)

Previous Year's Energy Costs

10% of income	0
11%-20% and above	5
21% and above	10
9% and below (-1 from each % below 10)	-1

Age of Home

10 years old	0
over 10 years	5
under 10 years	-5

Energy Conservation Improvements To Be Made

Pay back period 4 years or less	15
7-5 years	10
10-8 years	5

NEBRASKA	PROGRAM	INCOME LIMITS							
		1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
NE HITCHCOCK 1987 MEDIAN FAMILY INCOME: 20300	LOWER INCOME VERY LOW INCOME	11400 7100	13000 8100	14800 9150	18250 10150	17250 10950	18300 11780	19300 12800	20300 13400
NE HOLT 1987 MEDIAN FAMILY INCOME: 20000	LOWER INCOME VERY LOW INCOME	11200 7000	12800 8000	14400 9000	18000 10000	17000 10800	18000 11400	19000 12400	20000 13100
NE HOOKER 1987 MEDIAN FAMILY INCOME: 18700	LOWER INCOME VERY LOW INCOME	10550 6800	12100 7550	13600 8500	15100 9450	16050 10200	17000 10950	17850 11700	18800 12450
NE HOWARD 1987 MEDIAN FAMILY INCOME: 23700	LOWER INCOME VERY LOW INCOME	12250 8300	15150 9500	17050 10850	18950 11850	20150 12900	21300 13780	22500 14700	23700 16850
NE JEFFERSON 1987 MEDIAN FAMILY INCOME: 23100	LOWER INCOME VERY LOW INCOME	12950 8100	14800 9250	16650 10400	18500 11550	19650 12450	20800 13400	21950 14300	23100 15250
NE JOHNSON 1987 MEDIAN FAMILY INCOME: 21400	LOWER INCOME VERY LOW INCOME	11950 7500	13700 8550	15400 9850	17100 10700	18150 11550	19250 12400	20300 13250	21400 14100
NE KEARNEY 1987 MEDIAN FAMILY INCOME: 27100	LOWER INCOME VERY LOW INCOME	15200 9500	17350 10850	19550 12700	21700 13550	23050 14850	24400 16700	25750 16800	27100 17100
NE KEITH 1987 MEDIAN FAMILY INCOME: 28200	LOWER INCOME VERY LOW INCOME	14850 9150	16750 10500	18250 11800	20950 13100	22250 14150	23550 15300	24900 16350	28200 17300
NE KEVA DALLA 1987 MEDIAN FAMILY INCOME: 18000	LOWER INCOME VERY LOW INCOME	10450 6300	11900 7200	13400 8100	14900 9000	15850 9700	16750 10450	17700 11150	18650 11900
NE KIMBALL 1987 MEDIAN FAMILY INCOME: 24900	LOWER INCOME VERY LOW INCOME	12950 8700	14900 9550	17800 11200	19800 12450	21150 13450	22400 14450	23650 15450	24900 16450
NE KNOX 1987 MEDIAN FAMILY INCOME: 18900	LOWER INCOME VERY LOW INCOME	10550 7050	12100 8100	13600 9100	15100 10100	16050 10800	17000 11700	17850 12600	18800 13350
NE LINCOLN 1987 MEDIAN FAMILY INCOME: 29900	LOWER INCOME VERY LOW INCOME	16750 10100	19100 11800	21500 12950	23900 14400	25400 15850	26900 16700	28400 17650	29900 18000
NE LOGAN 1987 MEDIAN FAMILY INCOME: 17900	LOWER INCOME VERY LOW INCOME	10450 6250	11900 7150	13400 8050	14900 9250	15850 9850	16750 10400	17700 11100	18650 11800
NE LOUP 1987 MEDIAN FAMILY INCOME: 19800	LOWER INCOME VERY LOW INCOME	11000 6850	12550 7650	14150 8800	15700 9600	16700 10600	17650 11350	18650 12150	19800 12850
NE MCPHERSON 1987 MEDIAN FAMILY INCOME: 20700	LOWER INCOME VERY LOW INCOME	11800 7250	13250 8300	14900 9300	16850 10350	17800 11200	18800 12000	19850 12850	20700 13850
NE MADISON 1987 MEDIAN FAMILY INCOME: 28300	LOWER INCOME VERY LOW INCOME	16800 9850	18050 11300	20300 12700	22650 14100	23950 15250	25250 16350	26800 17500	28300 18600
NE MERRICK 1987 MEDIAN FAMILY INCOME: 25900	LOWER INCOME VERY LOW INCOME	14500 9050	16550 10350	18650 11650	20700 12950	22000 14000	23300 15000	24800 16050	25900 17100
NE MORRILL 1987 MEDIAN FAMILY INCOME: 18300	LOWER INCOME VERY LOW INCOME	10450 6400	11900 7300	13400 8250	14900 9150	15850 9900	16750 10600	17700 11350	18650 12100
NE NANCE 1987 MEDIAN FAMILY INCOME: 19200	LOWER INCOME VERY LOW INCOME	10750 6700	12300 7700	13800 8950	15350 9800	16300 10350	17250 11150	18250 11900	19200 12850
NE NEMAHA 1987 MEDIAN FAMILY INCOME: 24300	LOWER INCOME VERY LOW INCOME	12800 8500	15550 9700	17500 10950	19450 12150	20650 13100	21900 14100	23100 15050	24300 16050
NE NICKOLLS 1987 MEDIAN FAMILY INCOME: 23500	LOWER INCOME VERY LOW INCOME	13150 8250	15050 9400	16900 10550	18800 11750	20000 12700	21150 13650	22350 14650	23500 15600
NE OTDE 1987 MEDIAN FAMILY INCOME: 26000	LOWER INCOME VERY LOW INCOME	14550 9100	16650 10400	18700 11700	20800 13000	22100 14050	23400 15100	24700 16100	26000 17150
NE PANNEE 1987 MEDIAN FAMILY INCOME: 17800	LOWER INCOME VERY LOW INCOME	10450 6450	11900 7350	13400 8300	14900 9200	15850 9950	16750 10650	17700 11400	18650 12150
NE PERKINS 1987 MEDIAN FAMILY INCOME: 23900	LOWER INCOME VERY LOW INCOME	13350 8350	15300 9550	17200 10750	19100 11950	20300 12900	21500 13650	22700 14800	23900 15750
NE PHELPS 1987 MEDIAN FAMILY INCOME: 28100	LOWER INCOME VERY LOW INCOME	15750 9850	18000 11250	20250 13650	22500 14050	23900 15150	25300 16300	26700 17400	28100 18550