

Home Performance with Energy Star Loan Policy

The Home Performance with Energy Star Loan will help residential electric customers finance energy efficiency improvements that might be suggested for customers participating in the Home Performance with Energy Star program.

The loan program is financed from the enterprise fund of Columbia Water & Light. No general revenue funds of the city, or any other forms of public money, are used by the program.

Columbia Water and Light offers loans for existing structures. This loan does not apply to new construction.

There are no prepayment penalties if the loan is paid off early.

Eligibility and credit requirements: All structures being improved by the loan must receive electric services from Columbia Water and Light. Customers/applicants must have the right to allow a lien placed on the property as security for the loan.

Owners of the property must have at least two years of good payment history with the utility with no more than one cut-off statement over the past 12 months. The Columbia Water & Light Director, or the program designee, will have the right to make exceptions to this requirement.

All customers/applicants will provide financial information as requested on the loan documents including but not limited to: income of all applicants, all debts, names and phone numbers of creditors, etc.

All work must be pre-approved by the Columbia Water & Light, Residential Services Supervisor or his/her designee before any work is started.

An on-site inspection is necessary before the loan is granted. Any products, materials or installations found not to meet or exceed the specification must be corrected before the project is considered completed and loan papers can be finalized.

Emergency situations for customers needing financing quickly will be assessed on an individual basis by the Columbia Water & Light Director or the program designee.

Eligible Items

- Energy efficiency assessment by a certified Columbia Water & Light contractor
- Air conditioner*
- Heat pump*
- Natural Gas Furnace (with air conditioner or heat pump)

- Insulation (attic, walls, floor joists, ductwork)
- Upgrade electric wiring to install insulation
- Solar water heater
- Approved photovoltaic systems
- Heat pump water heater
- Air sealing
- Windows
- Doors

*A loan for heating systems only will not be made unless it is for a heat pump

Interest Rates

A customer can select the terms and interest rate by determining the length of the loan.

- Up to 3 years: 1%
- 4 to 5 years: 3%
- 6 to 10 years: 5%

Loan Parameters

- For electric customers
- Property owner*
- Detailed energy efficiency assessment by certified contractor (\$250 - \$400)
- Minimum insulation requirements
- Good credit history
- DEED of Trust required
- Subordination of loan only under special circumstances
- No prepayment penalties
- Residential: \$15,000 maximum loan

*Single family homes are eligible. A duplex or a condominium could be eligible if it has 900 square feet of attic space and three major walls exposed to outside conditions. A commercial loan program is available for property owners of other types of buildings.

Building Assessment Requirement

The loans require a detailed building assessment from one of Columbia Water & Light's certified Home Performance contractors. After the assessment, a customer will be given suggestions on how to make the home Energy Star qualified.

Insulation Requirement

- Attic Insulation: R-50 required
- Floor insulation over unconditioned space: R-19 required
- Crawl Space Walls OR Floors Above Crawl Space: R-10 required with vapor barrier covering the ground
- Duct Insulation: R-13 required in unheated areas
- Rim Joist Insulation: R-13 required

Efficiency Improvement Requirements

Heating and Cooling Systems: Allows for replacement of a natural gas, propane or electric furnace — if it is installed along with a new central air conditioner. The unit must have an efficiency rating of 15 SEER or higher as provided in the American Heating Refrigeration Institute (AHRI) equipment manual. Contractors installing heating and cooling equipment must have a final mechanical permit from the City of Columbia.

Heat Pumps: All financed heat pumps must have minimum efficiency ratings of 15 SEER as provided in the American Heating Refrigeration Institute (AHRI) equipment manual. A final copy of the mechanical permit is required.

Windows and Doors: If new windows and doors are installed, they must be rated by the National Fenestration Rating Council (NFRC) with a minimum U-value of 0.30 and low E for windows to be eligible for a loan.

Duct Sealing: Financing is available for sealing the supply and return ducts to achieve the lowest leakage rate possible. Requires an additional duct blaster test before and after the sealing is completed.

Building and Envelope Sealing: During the blower door test, the contractor will identify air leaks in the building envelope. Sealing the leaks to achieve the lowest ACH (air changes per hour), are cost which can be included in the loan.

Solar Water Heaters: Solar water heaters that provide at least 50% of water heating costs are eligible. Only solar space heating systems that involve active solar heat collectors are eligible for loans. All solar water heating projects must be permitted by Public Works (plumbing, building and an electrical permit when needed) and have a completed final inspection. Pool solar water heaters are not eligible.

Heat Pump Water Heaters: The equipment on the market generally meets Columbia Water & Light efficiency standards.

Solar Systems: See policies for installing solar systems and the net metering agreement for guidelines.

Loan Participation Steps

Assessment

Schedule a Home Performance with Energy Star assessment with a Columbia Water & Light approved contractor.

Complete and submit the Home Performance with Energy Star Loan application.

Once notified of loan approval proceed with the project.

Completion

After completing all the energy efficiency improvements the customer contacts the Home Performance with Energy Star contractor and requests a post-assessment. If a home has had a new heating and cooling system a final inspection for the mechanical permit must be completed by the Public Works Building and Sites Division.

A customer makes copies of all the invoices and calls Columbia Water & Light (573-874-7325) to set up an appointment for the final loan verification inspection. At this appointment, the staff member will collect all the copies of the invoices.

Two weeks after the loan inspection, the customer will be contacted by Columbia Water & Light to arrange an appointment for the loan signing.

Loan Signing

All people listed on the loan form must be present at the loan signing appointment at the Columbia Water & Light offices.

A photo ID (i.e. driver's license) is required for each applicant.

A Recorder's Office fee (amount is subject to change) will be added to the final loan amount.

The customer will receive the check for your loan at the end of this appointment. Monthly statements for the loan will be mailed to the customer. Payments can be made with a check or by an electronic funds transfer. Payments for the loan can not be combined with the utility bill payment.

City of Columbia Loan Subordination Policy

Home Performance with Energy Star Loans do not subordinate to other loans on the property. If a customer refinances the current home loan or they sell the house, the customer will be required to pay off the loan.

Requesting subordination of the loan generally takes at least two months. If a customer is refinancing the mortgage for a lower interest rate, shorter loan term, in order to maintain ownership of the home or borrow more money for an improvement project, the customer could be eligible for subordination. A copy of the customer's current credit score, the appraisal used for refinancing and a copy of the mortgage application will need to be submitted. A committee that meets before the tenth day of each month will review the subordination requests to determine if a customer is eligible.

The City's policy guidelines are as follows for approval/denial of subordination requests submitted by lenders on behalf of owners who have existing loans with the City's Water and Light Department. Before processing subordination requests, written authorization shall be obtained from the owner allowing

program staff to obtain information from or share information with the lender. This authorization shall be included in the owner's file.

Criterion for subordination

The loan-to-value ratio after a subordination request is executed should not exceed 100%, except for refinancing in order for the owner to take advantage of a lower interest rate. The City shall not subordinate in cases where the loan-to-value ratio is over 100% and the refinancing of the property will increase this disparity.

Approval of subordination requests shall generally occur in situations where no new loan funds are being drawn out and where refinancing is occurring in order for the owner to take advantage of a lower interest rate and/or shorter loan term, or in order to improve the chances of the existing owner to maintain their home ownership status (e.g. extending the length of the loan in order to lower monthly payments, etc.).

Approval of subordination requests may occur in situations where new loan funds are being drawn out, if the purpose of the new loan funds is to perform work that will increase the loan-to-value ratio of the property.

Owner shall provide the following information – current credit score; appraisal used for refinancing; and, bank loan application.

A committee will meet once per month to review subordination requests and make recommendations for approval or denial. The committee will meet no later than the tenth of each month and will review all requests submitted since the last meeting of the committee.

Subordination Ordinance

Section 1, Chapter 27, Sec. 27-166

When the owner of property encumbered by a deed of trust securing a loan under this program refinances a loan secured by a first deed of trust on the property, the city manager is authorized to subordinate the city's deed of trust to the deed of trust securing the refinanced loan if the purpose of the loan is:

- (1) To obtain a lower interest rate, or
- (2) To secure funding for improvements to the property.

This information taken from Columbia Ordinance - Chapter 27, Section 27-167