

COUNTY ORDINANCE NO. 10-09

A BILL ENTITLED

AN ACT CONCERNING the Establishment of a Program to Encourage Energy Efficiency Improvements and Renewable Energy Production Equipment;

FOR THE PURPOSE of establishing a Clean Energy Loan Program as authorized under Article 24, Section 9-1501 through 9-1507 of the Annotated Code of Maryland; providing for eligibility and use of funds lent under the program; providing for repayment thereof and the priority of same and the collection thereof in the same manner as County real estate taxes; establishing a revolving loan fund, requiring an annual report; permitting third party contracts; generally dealing with establishing a Clean Energy Loan Program in Queen Anne’s County, Maryland and providing that the same shall be emergency legislation and effective immediately upon adoption.

BY ADOPTING a new Chapter 14:6 entitled Clean Energy Loan Program as a part of the Code of Public Local Laws of Queen Anne’s County, Maryland.

SECTION I

BE IT ENACTED BY THE COUNTY COMMISSIONERS OF QUEEN ANNE’S COUNTY, MARYLAND that a new Chapter 14:6 be added to the Code of Public Local Laws to read as follows:

**Chapter 14:6
CLEAN ENERGY LOAN PROGRAM**

Sec. 14:6-1. Definitions.

In this Chapter, except as provided in Section 14:6-7, the following words have the meanings indicated:

***Certified energy auditor* means any individual who:**

- (a) is a participating contractor/auditor with the Maryland Home Performance with ENERGY STAR Program; or**
- (b) meets other equivalent requirements approved by the Director.**

***Clean Energy Loan Fund or Fund* means the revolving loan fund**

established under Section 14:6-7 to provide funding for the Clean Energy Loan Program.

Clean Energy Loan Program or Program means the program that provides low interest loans to install an energy efficiency improvement or renewable energy device.

Cost effective means 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.

Department means the Department of Housing and Community Development.

Director means the Director of the Department or the Director’s designee.

Eligible cost means the net cost of buying or 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.

Eligible property means a residential or commercially improved property located in Queen Anne’s County.

Energy efficiency improvement means a permanent improvement made to an existing residential or commercially improved property that:

- (a) reduces the consumption of energy on the property, including:
 - (1) caulking and weatherstripping doors and windows;
 - (2) heating and cooling system efficiency modifications, including:
 - (A) replacing a burner, furnace, heat pump, or boiler, or air conditioner with a high efficiency model;
 - (B) a device to modify flue openings that increases the energy efficiency or the heating system;
 - (C) any electrical or mechanical furnace ignition system which replaces a standing gas pilot; and

- (D) any tune-up that increases the operating efficiency;
 - (3) a programmable thermostat;
 - (4) ceiling, attic, wall or floor insulation;
 - (5) whole house air sealing;
 - (6) water heater tune-up, water heater insulation, pipe insulation, or change out to ENERGY STAR qualified water heater;
 - (7) storm windows or doors or ENERGY STAR qualified window or door replacement;
 - (8) air distribution system improvements, including duct insulation and air sealing;
 - (9) any device which controls demand of appliances and aids load management; and
 - (10) any other conservation device, renewable energy technology, and specific home improvement that the Director finds reduces the consumption of energy on the property; and
- (b) meets safety and performance standards set by a nationally recognized testing laboratory for that kind of device, if these standards are available.

Energy efficiency improvement does not include a standard household appliance, such as a washing machine or clothes dryer.

Energy Star rating means the ENERGY STAR rating developed by the Federal Environmental Protection Agency which rates a product's energy efficiency.

Home energy audit means an evaluation of the energy efficiency of a home which includes any test or diagnostic measurement 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.

***Renewable energy* means the following energy sources or technology:**

- (a) solar;**
- (b) wind;**
- (c) geothermal; and**
- (d) any other energy source or technology which the Director finds is derived from natural processes that do not involve the consumption of exhaustible resources.**

***Renewable energy device* means a device that:**

- (a) creates, 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.**

Sec. 14:6-2 Established; purpose.

The Director must create and administer a Clean Energy Loan Program to:

- (a) improve energy efficiency;**
- (b) promote energy conservation;**
- (c) reduce greenhouse gas emissions; and**
- (d) reduce consumption of fossil fuels by County residents; and**
- (e) create jobs.**

Sec. 14:6-3 Eligibility; use of funds.

- (a) The Director may loan funds to an owner of an eligible property to fund eligible costs to make an energy efficiency improvement that is projected to be cost effective or install a renewable energy device in an**

eligible property.

- (b) To be eligible for a loan under this Program, a property owner must:
- (1) have a home energy audit performed on the owner's property by a certified energy auditor, as required under Section 14:6-4; and
 - (2) have the energy efficiency improvement completed or renewable energy device installed in the time frame set by regulation; and
 - (3) agree to repay the loan amount borrowed through the County tax bill for that property, as required by Section 14:6-5.
 - (4) Obtain the written consent of any existing lenders who holds a lien of eligible property which is the subject of the loan made under the program and notify such lenders of the amount of the annual loan payment.
- (c) The Department must certify that the improvement or device for which the funds were loaned has been properly installed. The Department must accept a certification by another government agency, including a municipality, that the improvement or device has been properly installed. The County Administrator may assign the responsibility under this subsection to another entity, including a third party. However, the entity responsible for certifying that the improvement or device has been properly installed must not be the entity that installed the improvement or device.
- (d) The term of the loan must be 15 years. However, the Director may set a longer loan term by regulation.
- (e) *Use of funds for an energy efficiency improvement.*
- (1) A person may borrow funds for eligible costs to make an energy efficiency improvement, less any amount received from a public or private program because the improvement is or will be made.
 - (2) Except as provided by subsection (e)(3), funds must be loaned only for an energy efficiency improvement that is projected to be cost effective.
 - (3) Funds may be loaned for an energy efficiency improvement that is not cost effective if that improvement is part of a package of

improvements financed under the Program that cumulatively is cost effective.

(f) Use of funds for a renewable energy device.

- (1) Except as provided in (f)(2), a person may borrow funds or eligible costs to install a renewable energy device only if the property meets energy efficiency established by the Department.**
- (2) A person may borrow funds to install a renewable energy device on a single-family home that does not meet the energy efficiency criteria in (f)(1) if the device is cost effective.**
- (3) A person may borrow funds for eligible costs to install a renewable energy device, less any amount received from a public or private program because the device is or will be installed.**

Sec. 14:6-4 Home energy audit.

- (a) An applicant for a loan under this Program must have and submit to the County a home energy audit performed on the owner's property by a certified energy auditor.**
- (b) The auditor must prepare a written report that:**
 - (1) contains findings and recommendations to improve the property's energy efficiency;**
 - (2) identifies those cost effective energy efficiency improvements which would generate projected annual energy cost savings, based on projected energy costs that are equal to or more than the estimated cost of the improvements to be financed under the County program when the cost of the improvements are amortized over 15 years; and**
 - (3) identifies any public or private financing mechanisms known to the auditor that could be used to implement energy efficiency improvements.**
- (c) The cost of the audit may be included in the amount of the loan.**

Sec. 14:6-5 Repayment of funds; lien.

- (a) The owner of an eligible property must agree to repay the loan amount borrowed, amortized over 15 years, through the County property tax bill for that property.**
- (b) If the owner of the eligible property sells the home, the seller must disclose that the buyer must continue to repay the loan through the property tax bill.**
- (c) The loan amount and any accrued interest constitute a first lien on the real property to which the loan applies until paid. The loan amount and accrued interest are collectable by suit or tax sale like all other real property taxes, to the extent allowed by State law. If the property owner does not pay the loan and accrued interest as required, the property may be certified to the Department of Finance and the lien may be sold at the tax sale conducted by the County.**

Sec. 14:6-6 Regulations.

The Department must adopt regulations to administer the Program, in compliance with Article 24, Section 9-1502 of the Annotated Code of Maryland, including:

- (a) lending standards and priorities;**
- (b) minimum and maximum loan amounts;**
- (c) interest rates, terms and conditions which shall reflect the County's current costs of borrowing funds and the costs of administering the program.**
- (d) application procedures, including necessary supporting documentations;**
- (e) criteria for adequate security;**
- (f) procedures to refer applicants to other sources of funds, and to cooperate with other public and private sources of funds;**
- (g) procedures to ask the Director to reconsider any denial of a loan or any decision on interest rates, terms and conditions;**
- (h) procedures for nonpayment or default;**

- (i) procedures and requirements for post-installation inspection;
- (j) disclosure requirements for real estate transactions; and
- (k) criteria for loan disbursement.

Sec. 14:6-7 Revolving loan fund.

(a) *Definitions.* In this Section, the following words have the meanings indicated:

Revolving loan fund or Fund means the special, nonlapsing fund to finance the Clean Energy Loan Program established under this Article.

(b) The Fund consists of:

- (1) money appropriated in the County budget for the Program;
- (2) money received from any public or private source;
- (3) interest and investment earnings on the Fund;
- (4) repayments and prepayments of principal and interest on loans made from the Fund; and
- (5) any other available funds to support the Program, including the proceeds of any bonds issued under the provisions of Article 24, Section 9-1503, et seq., of the Annotated Code of Maryland.

(d) The Department must:

- (1) disburse funds and collect payments for a loan made under the Program; and
- (2) maintain loan records and provide an annual report to the Department of Housing and Community Development.

Sec. 14:6-8 Annual report.

Each August 15, the Director must submit a report to the County Commissioners that identifies;

- (a) the number of recipients of loans;

- (b) the amount of funds loaned; and
- (c) any activities during the previous fiscal year to market the Program.

Sec. 14:6-9 Third party contract.

- (a) The County may contract with a non-profit or for-profit organization to take any action necessary to fulfill the purposes of this Chapter including:

- (1) prepare and review, evaluate, and approve applications;
- (2) execute loan agreements;
- (3) secure and service loans;
- (4) collect loan payments; and
- (5) conduct collections for defaulted loans.

- (b) The County, or a contractor for the County, may charge an applicant or Borrower usual and customary fees that the Department finds is consistent with the overall goals of the Program and will not inhibit utilization of the Program, including:

- (1) application fees;
- (2) loan origination fees;
- (3) delinquency fees;
- (4) costs of collection; and
- (5) other program fees to support verification of program requirements.

SECTION II

BE IT FURTHER ENACTED that this Ordinance shall be an Emergency Bill affecting the public health, safety and welfare of the County and shall take effect from the date of its passage.

INTRODUCED BY: Commissioner Fordonski

CO-SPONSORED BY: Commissioner Gunther

DATE: June 8, 2010

PUBLIC HEARING HELD: June 22, 2010 @ 6:40 p.m.

VOTE: 4 Yea 0 Nay (Commissioner Billups recused himself)

DATE OF ADOPTION: June 22, 2010

EFFECTIVE DATE: June 22, 2010