

#### SECTION 4. LOW INCOME PAYMENT PLAN

The Authority provides by agreement an installment plan program to aid low-income homeowners in paying the local and system facilities fees, for water and sewer service, charged to applicants for new connections. To be eligible, prospective customers shall apply at the James City County Office of Community Development. If the applicant is deemed eligible, he shall be permitted to pay the local and system facilities fees in monthly installments without interest, after the service connection has been made. The payment plan shall exist until the entire amount of the connection fees has been paid or until the property is sold. The amount of the installments and length of the payment period shall be based on the recommendations made to the Authority by the Office of Community Development.

- A. Eligibility Criteria. Low-income households shall be defined as those with total gross income below eighty percent of the area median income adjusted for family size as determined by the U.S. Department of Housing and Urban Development. The applicant shall be required to occupy the property and have title or ownership interest in the property. If the applicant is deemed eligible, then he shall enter into a contract with the Authority which provides conditions to be observed by both parties, as well as a specific payment schedule, set forth by the Office of Community Development. A Deed of Trust shall be placed on the applicant's property to ensure payment of the amount owed to the Authority.
- B. Payment Schedule Determination. Thirty percent of the household's adjusted gross monthly income based on U.S. Department of Housing and Urban Development guidelines shall be calculated. From this amount, housing expenses shall be subtracted to arrive at a residual figure. Housing expenses shall include mortgage payments, real estate taxes, hazard insurance, utilities and maintenance. Mortgage payments shall include payments on purchase money mortgage and housing rehabilitation mortgages, as well as payments on loans required to finance other water and sewer installation expenses. Utilities shall include projected water and sewer usage charges, as well as all other utilities, excluding telephone and cable television. A utility allowance determined by the Office of Community Development shall be used for these projections, provided, the applicant may provide proof of higher actual bills. Maintenance shall be calculated at a flat rate of \$35.00 per month.
  - 1. For those households whose total gross income is between fifty and eighty percent of the area median income the required monthly installment payment shall be equal to the residual figure determined above. A minimum payment of \$20.00 per month shall be required.
  - 2. For those households whose total gross income is below fifty percent of the area median income, the required monthly installment payment shall be equal to the residual figure determined above. If this residual figure is a negative number, payment shall be deferred for one year, at which time the residual figure shall be recalculated and a new payment plan determined.

- C. Collection of other funds advanced. The Authority may enter into an agreement with the Office of Community Development to collect installment payments on funds loaned to customers for the purpose of paying for expenses of connecting to water and sewer in addition to local and system facility fees.
- D. Payment. Installment payments shall be made monthly to the Authority, either in person or by mail. Payments shall be due on the first day of the month with a late payment fee charged if the payment is received after the fifteenth day of the month. The late payment fee shall equal five percent of the monthly payment rounded to the nearest dollar.
- E. Change in Ownership. Should the ownership of the property change before the fees have been completely paid to the Authority, the balance of the fees shall be due immediately in accordance with the provisions of the Deed of Trust. Exception shall be made when the change in ownership is based on inheritance and the new owner of the property also qualifies for the program and agrees to assume the liability for the balance of the unpaid fees. A payment plan will then be calculated by the Community Development Office based on the new owner's gross monthly household income.
- F. Rights of the Authority. All recommendations made by the Office of Community Development are subject to approval by the General Manager. In cases of financial crisis, the General Manager may approve a written agreement with the customer to temporarily modify the payment plan. However, the Authority reserves the right to call due the balance of the unpaid fees should the program participant be found to be habitually delinquent.

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