



CENTRAL HEATING IMPROVEMENT PROGRAM (CHIP)

CHIP

GUIDANCE AND PROCEDURES

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INTRODUCTION

MaineHousing's Central Heating Improvement Program Guidance and Procedures (CHIP Guide), provides guidance, procedures and best practices for administering CHIP funded projects.

MaineHousing's CHIP Guide will be updated as needed to provide CAAs with current information regarding the delivery and management of CHIP services. CAAs must adhere to the applicable terms and conditions of regulations and rules when administering CHIP funded projects.

NOTE: *MaineHousing's CHIP Guide is effective as of the date on the cover page. Effective dates will be updated to coincide with any revisions made to the MaineHousing CHIP Guide.*

MaineHousing's Energy and Housing Services Department (EHS) provides the management, technical assistance and administrative support for CHIP. **NOTE:** MaineHousing's CAA Portal (<http://www.mainehousing.org/partners/partner-type/community-agencies/maine-weatherization-programs>) contains current rules, state plans, links to applicable federal references, and other resources.

A. References

CAAs must adhere to the terms and conditions of the HEAP Rule and HEAP State Model Plan when administering CHIP projects

- Chapter 24, Home Energy Assistance Program Rule (adopted) (HEAP Rule)
- HEAP State Model Plan
- Subgrant Agreements and any applicable budgets, work plans and amendments
- MaineHousing's CHIP Guide
- MaineHousing's Home Energy Assistance Program Handbook (HEAP Handbook)
- HEAT Enterprise Software Users Guide

B. Definitions

Capitalized terms not otherwise defined in this CHIP Guide have the same meaning as set forth in the HEAP Rule and Subgrant Agreements. As used in this CHIP Guide, the following terms have the following meanings:

1. Countable Asset

A resource that is available to meet the immediate and urgent needs of a household, and includes: cash and funds on prepaid debit cards, money in a checking or savings account (health savings accounts, educational funds, and burial accounts are excluded), stocks or bonds, U.S. Treasury bills, money market funds, and retirement accounts provided there are no penalties or fees for withdrawals.¹ See Chapter 24, Home Energy Assistance Program Rule

2. Dwelling Unit

An occupied residential housing structure with one or more rooms that is used customarily as a domicile for one or more persons, when permanently connected to the required utilities (including plumbing, electricity and Heating Systems) and contains bathroom and kitchen facilities specific to

¹ Source: Chapter 24, Home Energy Assistance Program Rule.

that unit. A Dwelling Unit has its own private entrance from the outside or off an enclosed hallway leading from the outside that does not pass through or offer an open access to any other unit within the structure. A Dwelling Unit does not include a camper, boat, railroad car, bus, yurt or other structure designed and constructed to provide temporary living quarters.

3. Initiation of Services

- a. The date the invitation to bid was issued to vendors.
- b. For jobs that do not require bids, the date the work order was issued to the vendor.

4. Eligible Household

A household that satisfies all eligibility and income requirements of the HEAP Act and requirements of the Program Rule.²

5. Familial Relationship

Persons related by birth, marriage, or adoption, and unmarried persons who have children in common (birth or adoptive parents).

6. Heating System

A permanently installed system that is used to heat the Dwelling Unit.

REMINDER: A portable space heater is not considered to be a Heating System.

² Chapter 24, Home Energy Assistance Program Rule.

SECTION 1: CHIP PROGRAM GRANTS

This CHIP Guide applies to all active CHIP grant periods. Each program year, MaineHousing allocates HEAP Weatherization (HEAP Wx) funds to Community Action Agencies (CAAs) through Subgrant Agreements. A percentage of the HEAP Wx funds is then allocated to CHIP.

A. Home Energy Assistance Program (HEAP Wx/CHIP)

Refer to MaineHousing's CAA Portal for a complete list of programs administered through MaineHousing's EHS department, along with effective funding year dates.

NOTE: A list of programs administered through EHS with corresponding grant periods is available on the CAA Portal.

1. CHIP FY 2017

The allocation of PY 2017 HEAP Wx/CHIP funds became available on October 1, 2016.

2. CHIP FY 2018

The allocation of PY 2018 HEAP Wx/CHIP funds became available on October 1, 2017.

3. CHIP FY 2019

The allocation of PY 2019 HEAP Wx/CHIP funds became available on September 30, 2019.

4. CHIP FY 2020

The allocation of PY 2020 HEAP Wx/CHIP funds became available on October 1, 2019. MaineHousing and CAAs must execute the PY 2020 HEAP Subgrant Agreement to effect the obligation of HEAP Wx/CHIP funding.

- a. Initial Allocation Requests: In some cases, the remaining funding for prior funding obligations is significant. For this reason, MaineHousing will consider allocating up to 5% of the PY 2020 initial grant award for HEAP Wx/CHIP on an as needed basis. To request an initial allocation, a CAA should submit a brief narrative and production schedule to support its need for additional funding.
- b. When/if the funding request is approved, the CAA must complete/submit a Work Plan and Budget documents to support its PY 2020 allocation.

4. CHIP FY 2021

The allocation of PY 2021 HEAP Wx/CHIP funds become available on October 1, 2020. MaineHousing and CAAs must execute the PY 2021 HEAP Subgrant Agreement to effect the obligation of HEAP Wx/CHIP funding.

- a. Initial Allocation Requests: In some cases, the remaining funding for prior funding obligations is significant. For this reason, MaineHousing will consider allocating up to 5% of the PY 2021 initial grant award for HEAP Wx/CHIP on an as needed basis. To request an initial allocation, a CAA should submit a brief narrative and production schedule to support its need for additional funding.
- b. When/if the funding request is approved, the CAA must complete/submit a Work Plan and Budget documents to support its PY 2021 allocation.

B. Advances

Advances of twenty-five percent (25%) may be issued for each Program Year upon MaineHousing's receipt and approval of the following:

- (1) PY 2017 and 2018 Allocation for HEAP Wx/CHIP, Amended Work Plan and budget documents.
- (2) PY 2019 Allocation for HEAP Wx/CHIP: Work Plan, budget documents, and fully executed Subgrant Agreement and amendments.
- (3) PY 2020 Allocation for HEAP Wx/CHIP: Work Plan, budget documents, and fully executed Subgrant Agreement and amendments.
- (4) PY 2021 Allocation for HEAP Wx/CHIP: Work Plan, budget documents, and fully executed Subgrant Agreement and amendments.

SECTION 2: CHIP SERVICE AREAS

MaineHousing’s CHIP serves all Maine counties through nine (9) CAAs. CAAs provide CHIP services to households in the following designated counties:

CAA	Area Covered
Aroostook County Action Program (ACAP) 771 Main Street PO Box 1116 Presque Isle, ME 04759	Aroostook County
Community Concepts (CCI) 17 Market Square South Paris, ME 04287	Androscoggin and Oxford Counties
Downeast Community Partners (DCP) 248 Bucksport Road Ellsworth, ME 04605	Washington and Hancock Counties
Kennebec Valley Community Action Program (KVCAP) 97 Water Street Waterville, ME 04901	Kennebec, Lincoln, Sagadahoc and Somerset Counties
Penquis Community Action Program (PCAP) 262 Harlow St PO Box 1162 Bangor, ME 04402-1162	Penobscot, Piscataquis and Knox Counties
The Opportunity Alliance (TOA) Housing & Energy Services 222 St. John Street, Suite 207 Portland, ME 04102	Cumberland County
Waldo Community Action Partners (WCAP) 9 Field Street PO Box 130 Belfast, ME 04915	Waldo County
Western Maine Community Action (WMCA) 20A Church Street PO Box 200 East Wilton, ME 04234	Franklin County
York County Community Action Corp. (YCCAC) 6 Spruce Street PO Box 72 Sanford, ME 04073	York County

SECTION 3: PRIORITIZATION AND WAIT LIST REQUIREMENTS

A. Prioritization

CAAs shall provide CHIP services based on the following priority order:

- (1) Eligible Households experiencing an Energy Crisis caused by Heating System malfunction or failure.
- (2) Non-wood Heating Systems that cannot achieve a minimum steady state efficiency of 70% (as determined by a Clean, Tune, Evaluation- (CTE).
- (3) Preventative CTE and minor repairs on a non-emergency basis (owner-occupied Dwelling Units only). Date of the last CTE by a licensed technician must be more than twelve (12) months prior to the initiation of services date.
- (4) Heat pump installation in compliance with [Section 7, Heat Pumps](#), do not require that the Dwelling Unit receive additional CHIP services.

NOTE: Heat pump installations do not require that the Dwelling Unit receive additional CHIP services.

B. Wait List Requirements

Eligible Households shall be served on a first-come, first-served basis with respect to each level of priority except when the CAA is providing weatherization services to a Dwelling Unit. In this case, CHIP activities to Eligible Households that enable the CAA to leverage funds may be served first.

SECTION 4: ELIGIBILITY

A. Eligible HEAP Application

A household may be eligible for CHIP if the household:

- (1) Is eligible for Fuel Assistance benefits; and
- (2) Household income is at or less than 200% of the Federal Poverty Income Guidelines; and
- (3) Has an eligible HEAP Application (fuel assistance) that was certified within the preceding twelve (12) months; and
- (4) Does not have a more recent HEAP Application that has been—denied.

NOTE: Prior to the Initiation of Services Date, CAA must re-verify a Household's eligibility to ensure that their most recent HEAP application has not been denied.

B. “CHIP Only” HEAP Application

A household may be eligible for CHIP services if the Household's standard HEAP Application was appropriately processed, documented and certified eligible for “CHIP Only”. Household's application must be otherwise eligible for fuel assistance. Refer to the [HEAP Handbook](#) for more information. If a household was

NOTE: The dwelling unit must have a working heating system to be considered for fuel assistance benefits.

denied on a subsequent HEAP Application, the household/unit is no longer eligible for CHIP (denial overrides the prior certification for HEAP (fuel assistance) or “CHIP Only” certification).

C. Proof of Ownership

The CAA shall verify ownership of Dwelling Units prior to performing any work. Proof of ownership may include current property tax bill, statement from the local tax assessor, town clerk or similar municipal official.

NOTE: *Property deeds alone are not considered adequate proof of ownership.*

REMINDER: If a rental unit is receiving CHIP services and is not occupied by the owner, CAA must secure the property owner’s consent prior to issuing the work order.

D. Life Estates and Life Leases

If an Eligible Household member holds a life estate or life lease interest in and occupies the Dwelling Unit, the Dwelling Unit may be eligible if the document conferring the Applicant’s rights of the life estate or life lease states that the Eligible Household member is responsible for maintaining the Dwelling Unit, or is silent as to who is responsible for maintenance; or

E. Applicant Relocates

If a household is requesting CHIP services for a different Dwelling Unit (*i.e.*, moved to a new Dwelling Unit subsequent to the Date of Application for HEAP), the CAA should take appropriate steps to fully assess the heating situation of the new Dwelling Unit (*e.g.*, number of rooms, permanently installed heating systems, etc.).

F. Asset Test (Heating System Replacements Only)

The intent of the asset limitations is to encourage a household’s contribution to meeting their needs for Heating System replacement, when possible, and at the same time recognize that household assets represent needed income and insurance against financial calamities, and that it is prudent to retain these assets to some extent. The asset verification criteria helps direct limited program resources to those households having the greatest need. Further, the policy was adopted in conjunction with the elimination of a maximum life-time Dwelling Unit limit. A HEAP household may be the beneficiary of services multiple times, which is all the more reason to consider a household’s capacity to contribute to (or pay for) these costs.

1. Asset Limits

The Applicant household will be required to contribute toward the cost of a Heating System replacement if the Applicant household has Countable Assets in excess of \$5,000 or \$50,000 if a member of the Applicant household is 60 years of age or older (or 55 years or older if the member is a member of an Indian Tribe). The same guidelines apply to non-occupying co-owner’s countable assets.

2. Determining Maximum CHIP Benefit Amount

The amount of the Applicant household’s contribution will be based on the Heating System replacement cost and the dollar amount of Applicant household’s and non-occupying co-owner’s Countable Assets in excess of \$5,000/\$50,000.

- a. An Applicant household's contribution shall be determined by subtracting \$5,000 or \$50,000 (whichever is applicable) from its total Countable Assets. That difference will then be multiplied by the Applicant household's percentage of ownership. A non-occupying co-owner's contribution shall be similarly calculated.
- b. The maximum CHIP benefit amount shall be determined by subtracting the sum of the Applicant household's and non-occupying co-owner's contributions from the total replacement costs.

3. Declaration of Assets Affidavit

The Declaration of Assets Affidavit is a self-declaration made by the HEAP Primary Applicant and non-occupying co-owner (account statements are not required). An affidavit must be signed or verbal attestation must be obtained and documented prior to the Initiation of Services Date and will be considered valid provided it was signed within the sixty (60) day period preceding the Initiation of Services Date. The following parties must complete and sign a Declaration of Assets Affidavit.

- a. The person designated as the Primary Applicant may submit one affidavit on behalf of all Applicant household members. Countable assets for all Applicant household members must be declared on the affidavit. An Applicant household member may submit a separate affidavit if they object to sharing their financial information with the Primary Applicant.
 - i. Persons listed as household members on the HEAP application who no longer reside in the Dwelling Unit would not be required to declare their assets (unless they are a non-occupying co-owner). This should be documented on the Declaration of Assets Affidavit.
 - ii. If the HEAP Primary Applicant does not have an ownership interest in the Dwelling Unit, the affidavit must be signed by a HEAP household member who owns the Dwelling Unit.
- b. Non-occupying co-owners are required to submit a separate affidavit.

4. Non-Occupying Co-Owner Assets

A non-occupying co-owner has a legal ownership interest in and liability for the property. In cases involving non-occupying co-owners:

- a. The share of replacement costs will be based on each party's percentage of ownership. If no percentage is specified or provided by state or local law, each party's share will be prorated evenly among the co-owners.

Example 1 –50% Occupant Ownership/50% Non-Occupant Ownership						
Heating System Replacement Cost	Occupant Owner		Non-Occupant Owner		Total Owner Contribution	Maximum CHIP Benefit
	Countable Assets	Asset Contribution	Countable Assets	Asset Contribution		
\$8,000	\$6,000	\$1,000	\$8,000	\$3,000	\$4,000	\$4,000
Project Costs Attributable to Occupant (50%)				$\$8,000 \times 50\% = \$4,000$		
Project Costs Attributable to Non-Occupant (50%)				$\$8,000 \times 30\% = \$4,000$		
Occupant Asset Contribution				$\$6,000 - \$5,000 = \$1,000$		
Non-Occupant Asset Contribution				$\$8,000 - \$5,000 = \$3,000$		
Maximum CHIP Benefit: (Attributable Project Costs minus Asset Contribution)				Occupant: $\$4,000 - \$1,000 = \$3,000$ Non-Occupant: $\$4,000 - \$3,000 = \$1,000$ $\$3,000 + \$1,000 = \$4,000$		
Total Owner Contribution (Project Costs minus Maximum CHIP Benefit)				$\$8,000 - \$4,000 = \$4,000$		

Example 2 - 70% Occupant Ownership/30% Non-Occupant Ownership						
Heating System Replacement Cost	Occupant Owner		Non-Occupant Owner		Total Owner Contribution	Maximum CHIP Benefit
	Countable Assets	Asset Contribution	Countable Assets	Asset Contribution		
\$8,000	\$6,000	\$1,000	\$6,000	\$1,000	\$2,000	\$6,000
Project Costs Attributable to Occupant (70%)				$\$8,000 \times 70\% = \$5,600$		
Project Costs Attributable to Non-Occupant (30%)				$\$8,000 \times 30\% = \$2,400$		
Occupant Asset Contribution				$\$6,000 - \$5,000 = \$1,000$		
Non-Occupant Asset Contribution				$\$6,000 - \$5,000 = \$1,000$		
Maximum CHIP Benefit: (Attributable Project Costs minus Asset Contribution)				Occupant: $\$5,600 - \$1,000 = \$4,600$ Non-Occupant: $\$2,400 - \$1,000 = \$1,400$ $\$4,600 + \$1,400 = \$6,000$		
Total Owner Contribution (Project Costs minus Maximum CHIP Benefit)				$\$8,000 - \$6,000 = \$2,000$		

- b. The CAA is expected to make good-faith efforts to secure an affidavit from a Non-occupying Co-owner. If there are extenuating circumstances, which make it unfeasible to obtain an affidavit from a non-occupying co-owner, the Applicant household's eligibility for Heating System replacement may be based on the Applicant household's assets only provided the CAA fully documents the efforts made.

- i. **Ex-spouse who is co-owner and not living in the Dwelling Unit:**
An ex-spouse’s assets will not need to be declared or considered if the Applicant provides legal documentation, such as a divorce decree, to substantiate the Applicant has sole responsibility for maintenance and repairs.
- ii. **Domestic Violence Cases:** A non-occupying co-owner’s assets will not need to be declared or considered if the non-occupying co-owner committed domestic violence against an Applicant household member. In such cases, an affidavit signed by the victim of domestic violence will be considered acceptable proof.

Example 3 – Non-occupant owner Assets not available due to extenuating circumstances						
Heating System Replacement Cost	Occupant Owner		Non-Occupant Owner		Total Owner Contribution	Maximum CHIP Benefit
	Countable Assets	Asset Contribution	Countable Assets	Contribution		
\$8,000.00	\$6,000.00	\$1,000.00	\$0	\$0	\$1,000.00	\$7,500.00
Project Cost				\$8,000		
Occupant Asset Contribution:				\$6,000 - \$5000 = \$1,000		
Maximum CHIP Benefit: (Project Cost minus Occupant Asset Contribution)				\$8,000 – 1,000 = \$7,000		
Total Owner Contribution				\$8,000 - \$7,000 = \$1,000		

- c. If a Non-Occupying Co-owner refuses to submit a Declaration of Assets Affidavit, the maximum CHIP benefit will be calculated as follows: Heating System replacement cost multiplied by the Applicant household’s percentage of ownership, minus the Applicant household’s Countable Assets in excess of \$5,000 or \$50,000 (whichever is applicable).

Example 4 – Non-occupant owner refuses to disclose assets 50% Occupant Ownership/50% Non-Occupant Ownership						
Heating System Replacement Cost	Occupant Owner		Non-Occupant Owner		Total Owner Contribution	Maximum CHIP Benefit
	Countable Assets	Asset Contribution	Countable Assets	Contribution		
\$8,000.00	\$6,000.00	\$1,000.00	\$0	\$0	\$5,000.00	\$3,000.00
Occupant Ownership Percentage:				50%		
Calculated Project Cost (Cost multiplied by percentage of ownership)				\$8,000 x 50% = \$4,000		
Occupant Asset Contribution:				\$6,000 - \$5000 = \$1,000		
Maximum CHIP Benefit: (Calculated Project Cost minus Occupant Asset Contribution)				\$4,000 – 1,000 = \$3,000		
Total Owner Contribution				\$8,000 - \$3,000 = \$5,000		

5. Real Estate Assets

- a. The equity in the declarant's primary residence is excluded from the declarant's Countable Assets.
- b. The equity in real estate other than the declarant's primary residence would be considered a Countable Asset. The value/equity is declaratory unless the CAA has reason to doubt the declared amounts. If the CAA determines verification is warranted, they may obtain documentation from the declarant or public records to substantiate a declarant's equity in real estate holdings.
- c. A non-occupying co-owner's equity in the Applicant household's primary residence is excluded from the non-occupying co-owner's Countable Assets.

6. Verification of Assets

- a. If the CAA needs further clarification to verify Countable Assets, the Applicant household and/or non-occupying co-owner must provide documentation as required by the CAA. This may include bank or financial institution statements, stock certificates, savings bonds, or documentation showing the value of real estate holdings. This allows the CAA the flexibility to exercise due diligence if it has reason to doubt the declared amounts.
- b. The CAA is expected to take reasonable steps to request verification if it has questions or concerns, and to keep file notes about its efforts to do so. If it is subsequently determined that the declarant knowingly gave false, misleading, or incomplete information, MaineHousing will request the file from the CAA and take appropriate action to recoup the overpayment from the declarant.

SECTION 5: ELIGIBLE UNITS

A. Dwelling Units

- (1) A Dwelling Unit must be occupied by a household that meets the eligibility for assistance under the Low Income Home Energy Assistance Act of 1981 as determined in accordance with criteria established by the Director of the Office of Management and Budget.
- (2) Dwelling Units include single family stick built and manufactured/modular homes, as well as multi-family units.
- (3) If the Dwelling Unit does not have a functioning Heating System, the CAA may certify the HEAP Application for “CHIP Only” provided the HEAP Application is complete and all applicable documentation has been provided.

NOTE: *Eligible Households that apply for CHIP services for more than one Dwelling Unit will be subject to additional review to ensure the requested services are consistent with the intent of the program.*

B. Rentals

- (1) A Rental Unit is eligible for CHIP if it is occupied by an Eligible Household. Prior to providing services, the CAA must verify the ownership of the unit/building and obtain written confirmation from the property owner. See [Section 8.C, Required Documents](#).
- (2) Written Permission. Secure owner's and tenant's consent on the *CHIP Consent* form prior to proceeding with CHIP services. Additionally, the owner and tenant are required to sign MaineHousing's *Rental Agreement* before the CAA can proceed with CHIP services.

NOTE: *Rental Units that have received prior CHIP services in an amount equal to the life- time maximum benefit are not eligible for additional CHIP services.*

C. Maximum Benefit Amount

- (1) There is no life-time maximum benefit amount for an Eligible Household of a single-family owner-occupied dwelling.
- (2) A single-family Rental Unit occupied by an Eligible Household is eligible for a life-time maximum benefit of \$400. The maximum allowed in a multi-family building is the lesser of \$400 times the number of Heating Systems that provide heat to Eligible Households or \$1,600.

D. Ineligible Units

A Dwelling Unit will not be eligible under CHIP if:

- (1) Dwelling Unit is a Rental Unit that has received prior CHIP services in an amount equal to the life- time maximum benefit
- (2) Dwelling Unit has been designated for acquisition or clearance by a federal, state, or local program or order;
- (3) A foreclosure proceeding has begun regarding the Dwelling;

- (4) Dwelling Unit is for sale;
- (5) Dwelling Unit is vacant;
- (6) Dwelling Unit is uninhabitable as determined by a local municipality, state agency, MaineHousing or a CAA;
- (7) Dwelling Unit is in poor structural condition making the installation of CHIP services impractical, impossible, or ineffective;
- (8) Dwelling Unit is in such poor structural condition that the proposed CHIP services would have a longer life expectancy than the Dwelling Unit;
- (9) Dwelling Unit's Heating System has been damaged by fire, flood or an act of God and repair of the damage is covered by insurance;
- (10) There are obvious discrepancies found between the information supplied on the Application and observed conditions during the CHIP process. The CAA must resolve any discrepancies before work can continue;
- (11) CAA determines the Applicant failed to properly maintain a Heating System that was previously repaired or replaced under CHIP.

SECTION 6: USE OF FUNDS (CHIP AUDITS)

A. Allowable Uses

1. Primary Heating Systems

CHIP funds may be used to provide the following services for primary Heating Systems:

- a. Cleaning, tuning, and evaluating oil or gas systems;
- b. Cleaning, evaluating, and servicing solid fuel systems;
- c. Replacing oil or gas burners;
- d. Replacing cracked heat exchangers;
- e. Replacing oil, gas, electric or solid fuel Heating Systems;
- f. Sealing and insulating Heating System pipes or ducts in unconditioned spaces;
- g. Installing electrical or mechanical Heating System ignition systems;
- h. Replacing or relocating thermostats and anticipator adjustment;
- i. Baffling of the combustion chamber;
- j. Optimizing the firing rate;
- k. Cleaning of the chimney;
- l. Smoke Alarms;

- m. Fire extinguishers;
- n. Carbon Monoxide detectors;
- o. Oil tanks;
- p. Oil tank gauges;
- q. Other measures necessary to bring Heating Systems into compliance with applicable State and local codes and Maine Fuel Board requirements; and
- r. Other measures necessary to correct any Heating System problems that pose an immediate threat to the health and safety of the Eligible Household.

2. Secondary Heating Sources

CHIP funds may be used to provide the following services for secondary Heating Systems

- a. Install heat pumps as specified in [Section 7, Heat Pumps](#).
- b. Remove outdated and/or inoperable secondary heating sources.

B. Unallowable Uses

CHIP funds may not be used to:

- (1) Reimburse or pay an Applicant.
- (2) Replace a Heating System if the Dwelling Unit received a prior Heating System replacement funded by CHIP, unless
 - a. The Heating System is near the end of or beyond its estimated useful life as defined by https://www.hud.gov/sites/documents/EUL_FOR_CNA_E_TOOL.PDF ; or
 - b. A waiver has been approved by MaineHousing.

NOTE: A waiver must be submitted requesting the replacement of a previously CHIP-funded Heating System.

C. Fuel Switching

As a general guideline, the practice of fuel switching is not allowed. However, if the CAA determines that the switching of a fuel source is warranted, then a written waiver request must be submitted to MaineHousing for review and consideration (on a case-by-case basis) prior to the installation.

D. Oil Supply System Upgrades/Replacements

The CAA can make the determination that an upgrade or tank replacement is needed using the criteria established by the [Maine Department of Environmental Protection Above Ground Storage Tank Program \(DEP AGST\)](#). Only those tanks that pose a high risk of causing an oil discharge will be replaced. In such cases, the oil supply systems can be replaced or upgraded under CHIP without an assessment and recommendation from a state licensed heating technician.

E. Per Unit Average (PUA)

1. CHIP

CHIP is not subject to a maximum statewide average cost.

2. HEAP Wx Allocation to CHIP

CAA must budget at least 25% of their HEAP Wx allocation to CHIP.

3. Minimum Client Service Ratio

The CAA must spend at least 65%.of the CHIP Budget Allocation on CHIP job costs. Support, maintenance and administration fees are not included in the ratio calculation.

Client Ratio Calculation = Total CHIP Budget Allocation / Total Job Costs ≥ 65%

G. Waivers

Upon determination for good cause, the Manager of HEAP & Weatherization Services of MaineHousing, or the Manager's designee, may, subject to statutory limitations, waive certain provisions of the guidance. Each waiver shall be in writing and shall be supported by documentation of the pertinent facts and grounds for the waiver.

SECTION 7: HEAT PUMPS

In June 2019, Maine Governor, Janet Mills, signed LD 1766 “An Act To Transform Maine's Heat Pump Market To Advance Economic Security and Climate Objectives”, which establishes the goal of installing 100,000 heat pumps in Maine by 2025.

MaineHousing is committed to this heat pump initiative and will target HEAP Eligible Households (those who are eligible for CHIP services) whose homes are good candidates for heat pumps as secondary heat sources to reduce the households’ overall energy burdens. MaineHousing will provide Efficiency Maine Trust (EMT) with data specific to this heat pump initiative delivered to Eligible Households through CAAs.

A. Heat Pump Rebates

- (1) Homeowners and/or vendors are not eligible to receive EMT rebates for heat pumps installed with CHIP funds.
- (2) Applicants are required to sign a *CHIP Consent* form prior to the commencement of any work, authorizing the CAA and/or MaineHousing to share information with EMT regarding the assessment, installation and inspection of the heat pump system.

NOTE: Heat pumps installed with CHIP funds are not eligible to receive an EMT rebate.

B. Prioritization

- (1) Eligible Households experiencing an Energy Crisis caused by Heating System malfunction or failure.
- (2) Non-wood Heating Systems that cannot achieve a minimum steady state efficiency of 70% (as determined by a CTE).
- (3) Preventative CTE and minor repairs on a non-emergency basis (owner-occupied Dwelling Units only). Date of the last CTE by a licensed technician must be more than twelve (12) months prior to the initiation of services date.
- (4) Heat pump installation in compliance with [Section 7, Heat Pumps](#), do not require that the Dwelling Unit receive additional CHIP services.

NOTE: Heat pump installations do not require that the Dwelling Unit receive additional CHIP services.

C. Heat Pump Process

1. CAA Uses CHIP Process for Heat Pumps Installations

CAAs will process and enter a heat pump installation as a CHIP job in the HEAT Enterprise software system. See [Section 8, Processing CHIP Jobs](#).

2. CAA Identifies interested/qualifying households

- a. CAAs are encouraged to utilize agency outreach initiatives to identify and verify Eligible Households.
- b. CAA contacts the homeowner to determine interest and provide the homeowner with a copy of *Introduction to Heat Pumps* and a copy of *Heat Pump User Tips* prior to securing consent.
- c. CAA obtains homeowner’s signature on the *CHIP Consent* form.

3. **CAA Selects Heat Pump Vendor**

- a. CAAs must select a heat pump vendor from the EMT “Heat Pump Registered Vendors” list located on the Efficiency Maine Locator at <https://www.energymaine.com/at-home/vendor-locator/> within a reasonable distance from the Dwelling Unit (Registered Vendor). See [Section 7.H, Heat Pump Vendors](#).
- b. CAAs have the option to secure set/bid pricing from Registered Vendors; however, bids are not required by MaineHousing.

***NOTE:** Bids from heat pump vendors are not required by MaineHousing.*

4. **CAA Coordinates Initial Site Visit with Homeowner**

CAA must provide homeowner with the name and contact information of the selected Registered Vendor prior to the initial site visit by the Registered Vendor.

5. **Registered Vendor Conducts Initial Site Visit with Homeowner**

Registered Vendor coordinates an initial site visit with homeowner to determine Dwelling Unit eligibility, and recommends the most suitable heat pump system for the Dwelling Unit.

IMPORTANT: Heat pumps should only be installed in locations that maximize energy efficiency resulting in an overall decrease in the Applicant’s energy burden.

6. **Registered Vendor Recommends Heat Pump System**

- a. Installers can use any model that meet program specifications. See [Section 7.G, Heat Pump Specifications](#).
- b. All equipment, materials and supplies required for the heat pump installations must be purchased by the Registered Vendor.
- c. Registered Vendor provides CAA with cost estimate for the heat pump system for CAA approval. CAA must provide a copy of the cost estimate to MaineHousing when uploading required documents to HEAT Enterprise.
- d. CAA enters job in HEAT Enterprise, creates a work order, and provides work order to Registered Vendor.

***NOTE:** See <https://www.energymaine.com/docs/Most-rebated-heat-pumps.pdf> for a list of most commonly EMT-rebated heat pumps. EMT’s list is not a comprehensive listing of heat pumps that meet program specifications.*

7. **Registered Vendor Coordinates Installation and Inspection with Homeowner**

Registered Vendor coordinates installation with homeowner and completes installation. Vendor must complete and sign MaineHousing’s *Vendor Heat Pump Inspection Checklist* prior to invoicing the job to the CAA.

8. **Registered Vendor Invoices CAA**

Registered Vendor sends invoice, *Vendor Heat Pump Inspection Checklist*, and *Release of Liens* to CAA confirming that installation is complete.

9. **CAA Inspects Installation**

- a. CAAs must inspect each installation to ensure that standards have been met. CAA inspectors are required to document the inspection on the *CAA Heat Pump Inspection Checklist*, which can be downloaded from the CAA Portal. In addition, CAA inspector must obtain color photos of the exterior and interior components (including thermostats). See [Section 9.D\(1\), Inspect Work](#).
- b. CAA inspector obtains homeowner signature on the *Statement of Completion* form.

10. **CAA pays Registered Vendor**

See [Section 9.D, Payment to Vendors](#).

11. **CAA Submits HEAT Invoice**

- a. All heat pump installations are invoiced as CHIP jobs for the applicable program year using HEAT Enterprise. See [HEAT Weatherization Software Users Guide](#) for more information.
- b. See [Section 8.C, Required Documentation](#) and [Section 11, Invoicing CHIP Jobs](#).

12. **MaineHousing Reviews job(s)**

MaineHousing and/or EMT may perform random inspections.

C. **Heat Pump Funding Allocation**

- (1) CHIP allocations will be used to support installation of heat pumps in homes of Eligible Households.
- (2) CAAs may not split fund the costs of a heat pump installation between funding years.
- (3) CAAs may reallocate HEAP Wx funding to CHIP by submitting an amended budget to MaineHousing.
- (4) CAAs who do not have sufficient HEAP Wx and/or CHIP funds may contact MaineHousing to request additional allocations to support MaineHousing's heat pump initiative.
- (5) MaineHousing may reallocate funds from low-demand CAAs to high-demand CAAs.

D. **Heat Pump Cost Cap**

CAAs may approve heat pump projects and authorize payment of up to \$3,500.00 per heat pump. The project cost cap includes costs for all equipment, materials and supplies and all electrical and structural work required for the installation, but does not include the CAA Project Management Fee.

E. Heat Pump Eligible Applicants

Household must be eligible for CHIP services under [Section 4, Eligibility](#).

F. Heat Pump Eligible Dwellings

- (1) Single family homes, owner occupied, that are eligible for CHIP services under [Section 5, Eligible Units](#) may be considered for heat pump installation.
- (2) Dwellings with existing heat pump(s) are not eligible.

NOTE: Rentals and multifamily Dwelling Units are not eligible for heat pumps.

G. Heat Pump Specifications

REMINDER: Only one heat pump can be installed per eligible Dwelling Unit.

- (1) Equipment selected for installation must be a single-head, ductless split-system heat pump.
- (2) Equipment must be a 9,000 or 12,000 btu heat pump system.
- (3) Equipment must be Air Conditioning, Heating, and Refrigeration Institute (AHRI) certified.
- (4) Outdoor components must be:
 - a. Mounted on brackets in an unobstructed location that is high enough to avoid snow cover.
 - b. Mounted in a location that is agreeable to the homeowner.
 - c. Heat pumps can only be mounted on stands if recommended by the installer due to the construction of the house and/or to reduce noise or vibration.
 - d. Protected by a rain cap if located under a drip edge.
- (5) Line sets:
 - a. All line sets that are visible must run through duct covers. Termination fittings (tapered, vertical wall, soffit, etc.) must be installed on both ends of all duct covers.
 - b. Ends of duct covers must be sealed to prevent pest entry.
 - c. Duct covers must be level or plumb.
 - d. Refrigerant lines must be evacuated per the manufacturer's recommendations.
 - e. Insulation must cover full length of line sets (no exposed copper).
 - f. All interior and exterior ceiling/wall/floor penetrations must be sealed with 1-part foam.



Outdoor component must be protected by a rain cap if located under a drip edge.

- (6) Indoor components must be:
 - a. Mounted in a location that maximizes airflow and is agreeable to the homeowner.
 - b. Level and with adequate side clearances for servicing.
- (7) Control type: Wireless remote control.
- (8) Electrical connections:
 - a. All electrical work must be performed by a licensed electrician.
 - b. The Registered Vendor must coordinate with the homeowner to identify the circuit breaker panel location and model best suited for the Dwelling Unit.
 - c. If necessary, the Registered Vendor must coordinate with a licensed electrician to determine if there is room for a 20A, 220V breaker or whether a tandem breaker will have to be added to make room for the 20A, 220 V breaker.”
 - d. All electrical costs must be included in the cost of the heat pump.

H. Heat Pump Vendors

CAA may retain the services of any Efficiency Maine Registered Vendor qualified to complete the installation and located within a reasonable distance from the eligible Dwelling Unit. See <https://www.energymaine.com/at-home/vendor-locator/> for a list of Registered Vendors.

I. Heat Pump Selection Process

- (1) Registered Vendor recommends eligible heat pump and installation criteria.
- (2) Registered Vendor submits heat pump installation quote to CAA.
- (3) CAA reviews and approves quote and informs Registered Vendor and homeowner of approval.
- (4) All equipment, materials and supplies required for the installation heat pumps must be purchased by the Registered Vendor.

NOTE: All matters regarding the heat pump system installation are between the homeowner and the Registered Vendor. The CAA is a conduit and support for the process, but any follow-up after installation is with the Registered Vendor.

J. Registered Vendor Responsibilities

1. Heat Pump Installation

The Registered Vendor will:

- a. Coordinate installation with homeowner and complete installation.
- b. Coordinate with the homeowner to identify the circuit breaker panel location and best suited model for the Dwelling Unit.

- c. If necessary, coordinate with a licensed electrician to determine if there is room for a 20A, 220V breaker or whether a Tandem breaker will have to be added to make room for the 20A, 220 V breaker.
- d. Ensure that heat pump installation and all electrical work complies with all applicable codes.

2. Consumer Education

The Registered Vendor will educate homeowner about the operation, maintenance and basic troubleshooting of all system components, including but not limited to the following:

- a. How to operate the system in conjunction with the Dwelling Unit's primary heating system.
- b. How to clean indoor component filters and outdoor coils.
- c. How to use of heat pump controls.
- d. How to address common error messages and take corrective actions.
- e. Who to call for service and/or questions regarding the operation of the system.

SECTION 8: PROCESSING CHIP JOBS

CAAs must create, install measures and invoice all CHIP jobs using HEAT Enterprise. See HEAT Weatherization Software Users Guide for more information. Prior to performing any CHIP service(s), the CAA must verify the ownership of the unit/building and secure confirmation of the following:

IMPORTANT: Jobs must be entered in HEAT Enterprise in real time to facilitate accurate tracking and reporting for CAAs and MaineHousing.

A. **Written Permission**

1. **Owner Occupied Unit**

Obtain owner's written permission to proceed with CHIP measures on MaineHousing's *CHIP Consent* form.

2. **Rental Unit**

Obtain the owner's and tenant's permission to proceed with CHIP measures on MaineHousing's *CHIP Consent* form. In addition, the owner and tenant are required to sign a *Rental Agreement* before the CAA can proceed with CHIP services. The provisions of this Agreement include:

a. **Rent Increases**

The owner is prohibited from increasing rent for a twelve (12) month period following completion of the CHIP project because of any increase in the value of the property due solely to the CHIP work.

b. **Sale of Property**

If the property is sold within one (1) year of the completion of CHIP work, the owner may be required to reimburse the MaineHousing for the cost of the CHIP material installed.

B. **Colored Digital Photographs**

CAAs must upload the following clear colored digital photographs to the applicable section(s) in HEAT Enterprise:

1. **Oil Tanks**

Provide pre and post pictures of oil tanks (if replaced under DEP AGST criteria).

2. **Heating System Replacements**

Provide a picture of the installed replacement unit.

3. **Heat Pumps**

Provide a picture of the installed heat pump system (inside and outside components).

C. Required Documentation

Before a CHIP job can be invoiced, CAAs must upload required documents for the job into the “WAP Document” section of HEAT Enterprise. Certain forms must be signed by the owner (if different than the Applicant) and the Applicant. “Owner” is defined as an owner listed on the proof of ownership document. Other household member signatures are not acceptable. Required documents include the following:

Document	Explanation
<i>CHIP Consent</i>	Must be signed and dated by property owner and CAA representative.
<i>Proof of Ownership</i>	Proof of ownership includes current property tax bill, statement from the local tax assessor, town clerk or similar municipal official, or documentation from electronic registry Note: Property deeds are not considered adequate proof of ownership.
<i>Declaration of Assets Form (if applicable)</i>	Only applicable for Heating System replacements.
<i>Heat Pump Cost Estimate</i>	Only applicable for heat pump installations. Must be submitted to the CAA by the Registered Vendor for CAA approval.
<i>Vendor Heat Pump Inspection Checklist</i>	Only applicable for heat pump installations. Must be signed and dated by the Registered Vendor and the Homeowner.
<i>CAA Heat Pump CAA Inspection Checklist</i>	Only applicable for heat pump installations. Must be signed and dated by the CAA inspector.
<i>Statement of Completion</i>	If job cost is less than \$1,000 , only the property owner needs to sign and date the form. If job cost is more than \$1,000 , the form must be signed and dated by property owner and CAA inspector after inspection, if applicable, of the CHIP work performed. The form must include inspector name, date of inspection, and pass/fail status.
<i>Technical Evaluation Report</i>	Must be completed, signed and dated by a licensed heating technician and include: <ul style="list-style-type: none"> • Details about the condition of existing system; and • Corrective action required (repair or replacement). <p>IMPORTANT: CHIP expenditures for heating system replacements must be appropriately documented. Documentation from a licensed technician, who is qualified to engage in the business of installing or servicing oil/gas/solid fuel-burning equipment in the State of Maine, must substantiate the need for replacement.</p>
Vendor invoice(s)	Must be provided by all vendors who performed CHIP activities for the job, including heat pump installations. Vendor invoices do not need to be modified to remove tasks that were paid for by Leveraged Funding.

Document	Explanation
	Note: MaineHousing will compare contractor invoices to work orders and installed measures in HEAT Enterprise to get a full picture of CHIP work performed on the unit.
<i>Vendor Release of Lien</i>	Must be completed, signed and dated by each Vendor as a condition of being paid for CHIP work performed, including heat pump installations, on the unit.
Pre, Post, and Inspection Photographs	Refer to Section 8.B.
Bid documentation (if applicable)	Only applicable for CHIP jobs that exceed \$10,000.00. <ul style="list-style-type: none"> • Bid invitation notices must include documentation to substantiate method of distribution/solicitation; • Bid submissions from all vendors; • Bid tabulation/summary sheet.
<i>Rental Agreement</i>	Refer to Section 8.A.2. Must be completed, signed and dated by property owner/Landlord.
<i>Waiver Request</i>	MaineHousing approved (<i>if applicable</i>). See Section 6.G, Waivers.

D. MaineHousing Forms

- (1) CAA must use the forms contained on the CAA Portal. MaineHousing posts only current forms on the CAA Portal, which are updated/edited from time-to-time. All MaineHousing forms contain a footer date.
- (2) All required program forms must be complete, signed by the appropriate individual(s). **Signatures must be dated.**
- (3) Applicants/Owners must never pre-sign blank forms.
- (4) The date the *CHIP Consent* form is signed determines which forms' footer dates are applicable.

NOTE: *The submission of outdated forms may result in an open item by MaineHousing that must be corrected before payments can be made. This means CAAs will need to obtain signatures from applicant/owners and contractors on forms in effect on the date the Applicant signed the Consent.*

E. Document Checklist

The *Project Cover Sheet* contains a Document Checklist specifying what needs to be submitted to MaineHousing for each job. The Project Cover Sheet is posted on the CAA Portal and is also included in the CHIP forms bundle.

F. Document Submission

Before a CHIP job can be invoiced, CAAs must upload required documents for the job into the “WAP Document” section of HEAT Enterprise. See the [HEAT Weatherization Software Users Guide](#) for more information.

- (1) CAA must upload a document bundle for each completed job to HEAT Enterprise > WAP Documents. Bundles should be uploaded to the “Bundle CHIP Final Documents” slot.
- (2) Upon review of invoiced jobs, the State Monitors will note missing documents as an “open item,” and notify the CAA.
- (3) CAA should upload missing documents resulting from open items to the designed document slot in HEAT Enterprise>WAP Documents. The file name of the missing document could contain language that would easily identify that the document submission is in response to an open item. *For example*, if the Proof of Ownership was insufficient and open item issued to CAA. The CAA would upload the correct Proof of Ownership to the “CHIP-WAP Proof of Ownership” slot in WAP Documents. The Proof of Ownership file name could be “POO in response to open item.”

G. Applicant Surveys

Applicant feedback is an important component of delivering MaineHousing programs. As such MaineHousing has created survey cards for CAAs to provide to recipients of MaineHousing program grants. MaineHousing will provide a supply of survey cards to each CAA.

A supply of Client Satisfaction Survey cards is provided to CAAs by MaineHousing . Contact EHSHelpdesk@mainehousing.org to request additional cards as needed.

- (1) The CAA must provide a *CHIP* and/or *Heat Pump Client Satisfaction Survey* card to every Applicant whose unit is reported as completed. The survey card may be provided to the Applicant at any time after services commence, but no later than completion of a final unit inspection and/or Applicant signs the *Statement of Completion*.
- (2) The CAA must advise the Applicant that the survey card(s) provides an opportunity for the Applicant to inform MaineHousing of his/her experience with the program and that he/she is acknowledging receipt of the survey card when signing the *Statement of Completion* form. Inform the Applicant that MaineHousing is asking for feedback from all Applicants whether positive or negative.

GUIDANCE: CAAs should, hand-deliver the survey card to Applicants at time of Inspection if possible or when the Applicant signs the *Statement of Completion*. CAAs should explain that the survey card can be completed electronically by scanning the Quick Response (QR) code with their smart phone camera or by completing and mailing the survey card, which is preaddressed to MaineHousing.

SECTION 9: CHIP VENDORS

A. Expectations

- (1) Vendor staff must behave in a professional manner at all times, as they function as CHIP representatives.
- (2) CAA and vendor staff must use all required Protective Personal Equipment (PPE) and comply with Federal, state and local codes and Program policies; including, but not limited to OSHA and EPA guidelines.

B. Prohibited Activities

- (1) Drinking intoxicating beverages, using illegal drugs, or the inappropriate use of tobacco products and/or prescription drugs while on the job or in interactions with the occupants of the Dwelling Unit.
- (2) Harassment and/or acts of violence, including but not limited to, physical, verbal or sexual.
- (3) Presence of weapons or firearms at the job site.
- (4) All other illegal and/or unprofessional activities not specified above.

C. Selecting CHIP Vendors

CAAs must adhere to the following conditions when selecting a CHIP vendor:

1. **Procurement less than or equal to \$10,000**

Procurement of services, including materials, equipment and services from specialized trades, such as electricians, plumbers, masons and oil burner repair people shall be performed in accordance with the following procedures.

- a. Solicit by phone, email, vendor website, catalog, or price list, or similar means one price quote for the required materials, equipment and services.
- b. Determine if the quoted price is reasonable based on one or more factors identified by CAA, such as recent purchases of, or research on, goods or services of the same kind or related knowledge or expertise; otherwise, solicit two price quotes by similar means.
- c. Copies of all procurement records, including basis for the contractor selection and factors used to determine if the quoted price is reasonable, must be retained in the CAA files.

2. **Procurement over \$10,000**

Procurement of services, including materials, equipment and services from specialized trades, such as electricians, plumbers, masons and oil burner repair people shall be performed in accordance with the following procedures.

- a. Perform a price survey for the required materials, equipment and services.

- b. Make every reasonable attempt to receive price quotations or bids from at least three (3) reputable Vendors and fully document the bid process and all bids received on a survey sheet.
- c. Purchase the materials, equipment or services from the Vendor whose bid or proposal is the lowest, taking into consideration the Vendor's performance record and other relevant factors. Fully document the selection process.
- d. Copies of all procurement records, including basis for vendor selection must be retained in the CAA files.

3. Sole Source Procurement over \$10,000

CAA may solicit a proposal from only one source for one of the following reasons:

- a. Emergency or Urgent Need. An emergency situation or other urgent need exists and only one known source can provide the required goods or services within the time needed. Emergency or urgent situations include, but are not limited to, natural disasters or a Life Threatening Crisis.
- b. Uniqueness. The item or service is available from only one source, based on a reasonable, good faith review of the market for the type of item or service needed.
- c. Inadequate Competitive Proposals. After evaluation of all proposals submitted in a competitive procurement, all proposals are determined to be inadequate.

CAA shall submit a written statement justifying the use and approval of all sole source procurements, in excess of \$10,000 to MaineHousing for its approval prior to the installation of services. CAA will retain a copy of the solicitation and the proposal received in response, a record of the approval by MaineHousing in CAA's records.

4. Invitation to Bid over \$10,000

- a. The CAA must prepare an Invitation to Bid or a Request for Proposal, which:
 - i. Identifies all requirements which prospective bidders must fulfill, including the due dates for bids; and
 - ii. Identifies all factors which the CAAs will consider in evaluating and awarding bids.
- b. The Invitation to Bid or Request for Proposal must be mailed, faxed or emailed to no less than three (3) prospective contractors who may reasonably be expected to submit a bid.
- c. All bids must be received by the CAA contact person via mail, fax or e-mail prior to a specified time for a bid opening at a specified time and location. All bids received must be kept in a secure location prior to all bids being received and tabulated. In addition, all correspondence relating to the procurement action must be retained in the bid files.

D. Payments to Vendors

CAAs must pay vendors for work performed within thirty (30) calendar days of receipt of the vendor invoice. This requirement applies to any and all work performed under CHIP. CAAs must perform any required inspections of the vendor's work within this thirty-day time period.

1. Inspected Work

- a. CAA must perform a final inspection on all CHIP services for heating system replacement jobs. Inspection will include an evaluation to determine:
 - i. compliance with applicable codes;
 - ii. all work performed was authorized by the CAA; and
 - iii. combustion efficiency level of the heating system where technically feasible.
- b. Any required inspections of the vendor's work must be completed within thirty days of the receipt of the vendor's invoice.
- b. Regarding the installation of heat pumps, the CAA must inspect each installation to ensure that standards have been met. CAA inspectors are required to document the inspection on the *CAA Heat Pump Inspection Checklist*, which can be downloaded from the CAA Portal. In addition, CAA inspector must obtain color photos of the exterior and interior components (including thermostats).
- c. CAA Inspector must sign and obtain the homeowner signature on the *Statement of Completion* form. **Signatures must be dated..**

2. Add Work

If upon inspection, the CAA adds work not called for in the original work order, the CAA must still pay the vendor for the original work performed within thirty calendar days of receipt of the vendor's original invoice.

3. Rework

If upon inspection, the CAA issues the vendor a "rework" order due to deficient or incomplete work on the part of the vendor, the CAA may delay payment to the vendor. Once the vendor completes the rework, the CAA must inspect the work and pay the vendor within thirty days of the date the rework is completed.

SECTION 10: FUNDING JOBS

A. Split Funding

CAAs may not use CHIP funds from multiple program years on the same job.

B. Leveraged Funding

- (1) Any job tasks not assigned to CHIP should be inspected (if applicable) and assigned to Leveraged Funding in HEAT Enterprise so that the vendor invoice, inspected tasks and the Selected Measures list all match. This provides a true picture of what was done to the Dwelling Unit.
- (2) See the [HEAT Weatherization Software Users Guide](#) for more information.

SECTION 11: INVOICING JOBS

All indirect and direct costs must be invoiced and submitted to MaineHousing through HEAT Enterprise. See [HEAT Weatherization Software Users Guide](#) for more information.

A. General Requirements

- (1) CAAs can only invoice MaineHousing for a job after all work has been finished.
IMPORTANT: If the job is for a heating system replacement, a final inspection must be completed and passed by a CAA inspector.
- (2) *CHIP Consent* and *Statement of Completion* forms must be signed **and dated** by the owner (if different than the Applicant) and the Applicant. “Owner” is defined as an owner listed on the proof of ownership document. Other household member signatures are not acceptable.
- (3) Jobs with issues identified at final inspection must be re-inspected and “passed” after reworks or mitigation tasks are installed, even when such tasks are funded with non-CHIP funds. Photo documentation of CHIP rework is required.
- (4) CAA must upload all required documentation in HEAT Enterprise in order for the job to be eligible for review, approval and payment by MaineHousing. See [Section 8.C, Required Documentation](#).
- (5) CAAs must submit invoices to MaineHousing by the 20th of each month for the preceding monthly billing. For example, February 2020 monthly billings must be submitted on or before March 20, 2020. MaineHousing reserves the right to reject late invoice submissions and require that the CAA remove any or all jobs and submit the job(s) on a subsequent month’s invoice.
- (6) Incomplete or unacceptable invoices will be returned to the CAA for correction and will not be paid until corrected and approved by MaineHousing.
- (7) CAA must complete and inspect all applicable jobs before the end date of the applicable Subgrant Agreement. Final billing invoices must be submitted to MaineHousing within thirty (30) days after the end date of the applicable Subgrant Agreement.

- (8) MaineHousing reserves the right to withhold payment until billing invoice is received and approved as accurate and final.
- (9) To ensure that jobs are invoiced to MaineHousing during the correct grant timeframe, MaineHousing has established the job “end date” as the date the client signs the Statement of Completion. If this date is more than four (4) weeks beyond the final test date (inspection date), the CAA must explain in job file.
- (10) Jobs cannot be billed to a grant if the “end date” is outside of the grant/contract timeframe.

B. Grant Closing Invoice Requirements

CHIP funding periods and closing requirements are prescribed in Subgrant Agreements and Amendments to the Subgrant Agreement. In addition, MaineHousing maintains Grant closing date requirements on the *Grant Funding Periods and Closing Dates* publication, which is updated whenever closing requirement dates change and posted by MaineHousing on the CAA Portal.

C. Paid Invoices

Once MaineHousing has paid an invoice, the costs associated to the invoice are locked and cannot be adjusted. If the CAA needs to adjust any indirect costs previously paid by MaineHousing, the CAA must allocate negative costs to the indirect budget item in a subsequent monthly billing with a note in the monthly invoice comment section to explain the negative costs associated to the monthly billing. See the [HEAT Weatherization Software Users Guide](#) for guidance on initiating negative billings.

- (1) The negative billing feature in HEAT Enterprise is only available for indirect costs.
- (2) If a direct costs associated to a paid job needs to be adjusted, the CAA should consult a MaineHousing Weatherization Program Officer for guidance.

SECTION 12: MONTHLY BILLING PROCESS

HEAT Enterprise is the system of records for all CHIP jobs, including budget allocations and maintenance. See the [HEAT Weatherization Software Users Guide](#) for guidance on managing budgets, creating invoices, and invoicing costs in HEAT Enterprise.

CHIP’s monthly billing process is the same as the WAP billing process. CAAs must adhere to the conditions contained in [MaineHousing’s WAP Guidance and Procedures, Section 12, Monthly Billing Process](#).

SECTION 13: LEVERAGED FUNDING

HEAT Enterprise is the system of record for all WAP and CHIP jobs. CAAs are required to enter all measures assigned as the result of a CHIP job in HEAT Enterprise, regardless of which funding source(s) will pay for the costs. Please take into consideration the following when assigning measures for a CHIP job:

- (1) Measures assigned to CHIP jobs should be retained in HEAT Enterprise. No exception.
- (2) The CHIP work order(s) should show a complete picture of the measures needed to service the Dwelling Unit.
- (3) Measures not being paid for by CHIP funding should be assigned to Leveraged Funding on the Selected Measures section of HEAT Enterprise and never removed/deleted.
- (4) When reviewing jobs, the vendor invoice, installation and inspection screens should always match the job's Selected Measures screen in HEAT Enterprise.

NOTE: *Auditors and State Monitors need to look at the whole job, not just what was paid for by CHIP. If a job measure is not entered in HEAT Enterprise the assumption is that the task did not occur.*

SECTION 14: REWORKS

Once a job is complete, invoiced and paid in Hancock Enterprise, the job is locked. The "Rework" feature in HEAT Enterprise is available for CAAs to create and track work associated with a job **after the job has been invoiced and paid.**

The following features ensure funding source requirements:

- (1) MaineHousing must approve the job for rework within HEAT Enterprise. If MaineHousing does not approve the job, the job cannot be processed for "re-weatherization."
- (2) The CAA has the ability to add measures to a job after it has been approved by the State.
- (3) This does NOT change the completion date or the period in which the job is reported as complete. Statistical and federal reporting do not change if rework occurs.
- (4) Rework expenses are reported in the period in which they occur.
- (5) Once all added measures have been inspected for the rework, the job is eligible for invoicing. Rework jobs are invoiced the same way as any other job. However, only the measures that were added to the job will appear on the invoice for the billing month being submitted. The system will not produce a job count for the rework, but the job will be counted as a Rework on the *Invoice Detail Report*.
- (6) See the [HEAT Weatherization Software Users Guide](#) for guidance on initiating Reworks and accessing Rework Reports.

IMPORTANT: The "Rework" feature in HEAT Enterprise is designed to add work to paid jobs only. Once the job is approved for "rework," the system treats the additional work as "re-weatherization" measures. The terms "rework" and "re-weatherization" are Hancock terms and should not be confused with traditional meanings.

SECTION 15: PROGRAM OVERSIGHT AND MONITORING

Customer survey cards, applicant phone calls, and applicant comments during site monitoring are tracked by MaineHousing. MaineHousing technicians, program and management staff engage with applicant/owners and CAAs as needed to address issues. Resolutions are documented in applicable MaineHousing databases.

MaineHousing will perform program and fiscal monitoring to satisfy U.S. DHHS program oversight requirements. CHIP and WAP oversight and monitoring process are the same. Refer to [MaineHousing's WAP Guidance and Procedures, Section 15, Program Oversight](#), for more information.

NOTE: A supply of Client Satisfaction Survey cards has been provided to CAAs. Contact EHSHelpdesk@mainehousing.org to request additional cards as needed.

SECTION 16: TRAINING AND TECHNICAL ASSISTANCE (T&TA)

From time-to-time conference and training opportunities become available for CAAs' technical staff and CHIP vendors. Refer to [MaineHousing's WAP Guidance and Procedures, Section 16, Training & Technical Assistance](#), for guidance on reimbursement of eligible expenses. .

SECTION 17: DOCUMENT/RECORD MANAGEMENT SYSTEMS

CHIP and WAP document and record management systems are the same. CAAs must adhere to the conditions contained in [MaineHousing's WAP Guidance and Procedures, Section 17, Document/Record Management Systems](#), for guidance.

SECTION 18: VEHICLES, EQUIPMENT AND SUPPLIES

CHIP and WAP vehicle, equipment and supplies procedures, including maintenance and reporting, are the same. CAAs must adhere to the conditions contained in [MaineHousing's WAP Guidance and Procedures, Section 18, Vehicle, Equipment and Supplies](#).

SECTION 19: INVENTORY

CHIP and WAP inventory maintenance and reporting procedures, including disposal requirements, are the same. CAAs must adhere to the conditions contained in [MaineHousing's WAP Guidance and Procedures, Section 19, Inventory](#).

SECTION 20: PROCUREMENT

CHIP and WAP procurement requirements and procedures are the same. CAAs must adhere to the conditions contained in [MaineHousing's WAP Guidance and Procedures, Section 20, Procurement](#).

SECTION 21: REPORTING REQUIREMENTS

MaineHousing will be providing EMT with heat pump installation data/reports to ensure that Applicants are not claiming a rebate for heat pumps installations funded through CHIP.

SECTION 22: AGREEMENTS, BUDGETS AND WORK PLANS

A. In General

Each CAA is required to enter into a Subgrant Agreement and develop a budget for each respective grant period. CAAs are also required to submit a work plan describing the CAA's policies and procedures for delivering CHIP services. Together, the budgets and work plan should address all CHIP services that CAAs plan to provide for each plan year allocation. Budgets will not be uploaded to HEAT Enterprise until the work plan has been approved. The following templates are available in the CAA Portal to aid in the development of the budget and work plan for each funding source/year:

- (1) CHIP Administration and Production Allocations
- (2) Budget Form for CHIP
- (3) Support Salaries Schedule

IMPORTANT: Each CHIP Plan Year allocation must be supported by separate budgets, which independently meet the following requirements:

- (1) **Minimum Client Service Ratio:** 65%
- (2) CAA must budget at least 25% of their HEAP Wx/CHIP allocation to CHIP.
- (3) A CHIP job cannot be split-billed to multiple HEAP grant periods (*i.e.*, can only be funded by one CHIP (grant) allocation.

B. Subgrant Agreements

Subgrant Agreements and subsequent amendments will be issued to each CAA for each funding year. Subgrant Agreements will contain funding allocations and advances, if any, appropriated to each CAA for the respective grant and grant period.

C. Budget Preparation

IMPORTANT: Each CHIP Plan Year allocation must be supported by separate budgets. Schedules for the following line items must be submitted for each Budget:

1. Support Salaries & Fringe

The Support Salaries Schedule is designed to present a more complete picture of how staff time and salary/fringe costs will be divided between CHIP and other CAA programs. Federal cost principles require that staff salary/fringe allocations, between two or more programs, should be proportionate to the actual amount of time that staff work on those programs, as documented by signed time sheets. Salaries and fringe budgeted to federally-funded programs should reflect the CAA's best projections for how much time CAA staff will work on different programs. Final

billings must be based on actual time and efforts, not budgeted. CAA staff must support time billed to MaineHousing’s funded programs with task lists.

2. Administrative Cost

CAAs must include a copy of the HHS approved Indirect Rate Agreement, if applicable.

3. Support “Other”

CAAs must provide a schedule or an explanation to back up all items that will exceed \$10,000.00 billed to this budget type.

4. Liability and POI

CAAs must provide backup for Liability and POI insurance (if applicable).

5. Budget lines \$10,000 or greater

Excluding Salaries and Fringe items or other items specifically addressed above, CAAs must provide a breakdown or a journal of what the budgeted costs will be applied towards.

NOTE: As part of its review, MaineHousing may request an explanation for items under \$10,000.

6. Revised Budgets

CAAs are required to submit revised budgets whenever actual expenditures differ from budgeted line items by more than \$1,000 and the deviation is greater than 10% of the budget line item. The revised budget must be accompanied by an explanation of the variances.

D. Work Plan Preparation

CAAs must submit a work plan on the template provided by MaineHousing on or before the due date specified in the respective Subgrant Agreement. Work Plan templates are provided as part of the Subgrant Agreement delivered to each CAA and are also available on the CAA Portal. Each work plan should summarize the CAA’s policies and procedures for delivering CHIP and describe how the CAA will meet major program requirements. The following is a list (not exhaustive) of the topics that should be covered in the work plan. Work plans that do not adequately address these topics will be returned for revisions.

1. Production Schedules

Provided projected number of units to be completed and billed each month under the respective CHIP grant. CAA must also provide MaineHousing with revised production numbers if Subgrant Agreement Amendments result in a change in CAAs production schedule.

2. Priorities for CHIP and Wait List policies

Describe how the CAA will prioritize households following the established eligibility criteria and priority classifications.

3. Sample CAA Contracts

Provide samples of the contracts the CAA uses for CHIP contractors.

4. Contracted CHIP Vendors

Provide the names, addresses and the service area covered by each CHIP vendor.

5. **CHIP Procurement (services over \$10,000)**

Describe the agency's procedure/practices for ensuring full and open competition.

6. **Declaration of Assets Affidavit**

Describe the agency's procedures for securing and reviewing the Declaration of Assets Affidavit.

7. **Policy Changes**

Describe all significant changes in policies, procedures and new initiatives since the last CHIP Work Plan submission. Provide copies of policy and procedure changes.

8. **Leveraged Resources**

Describe all efforts to leverage other non-federal resources anticipated to be used with CHIP funds.

9. **Household Contributions**

Describe the agency's practice for managing and accounting for household contributions.

10. **Proof of Ownership**

Describe the agency's practices for obtaining proof of ownership documentation.

11. **Verifying Household Eligibility**

Describe the agency's procedures for verifying a household's eligibility for CHIP services.

12. **Other Information**

Provide any other information relevant to the administration and delivery of CHIP services.

E. Submission to MaineHousing

The completed Work Plan and Budget must be signed by either the CAA's Housing Director or Executive Director and received by MaineHousing on or before the date prescribed in the respective Subgrant Agreement. CAAs must submit completed Work Plans and Budgets to MaineHousing's ShareFile subfolder Grant Management Compliance>Budgets-Workplans.

SECTION 23: CONFLICT OF INTEREST PROCEDURES

The CAA must disclose potential conflicts of interest as prescribed in the applicable section of the Subgrant Agreement. CHIP and WAP conflict of interest procedures are the same. CAAs must adhere to the conditions contained in [MaineHousing's WAP Guidance and Procedures, Section 23, Conflict of Interest Procedures](#).