

**CITY OF CEDAR SPRINGS
STANDARD OPERATING POLICY**

SUBJECT: Utility Billing Deferral
Effective Date: March 12, 2009

Policy Number: 11
Amended Date: March 13, 2014

Purpose:

To establish policy to provide for the deferred payment of a utility billing for services received from the public utility system by an eligible user.

Policy:

The City of Cedar Springs may allow a qualified eligible user to defer a utility billing if the qualified eligible user meets the conditions set forth in this document.

1. Definitions

(A) "City Treasurer" means the treasurer of the City of Cedar Springs, or the treasurer's designee.

(B) "Eligible User" means a person who owns and resides within a residential dwelling connected to the public utility system who meets the criteria established under section III of this policy.

(C) "Person" means an individual resident of the City.

(D) "Public Utility System" means collectively the sewage and water supply systems owned and operated by the City including all wells, pumps, pipes, distribution lines, valves and appurtenances.

(E) "Residential Dwelling" means a single family or two-family dwelling located within the City that serves as the principal residence for an eligible user.

2. Eligible User.

(A) A person may qualify as an eligible user if one of the following criteria is met:

(1) A person has as a total gross household income of \$40,000 or less for the preceding tax year and can document a present inability to pay necessary living expenses due to a substantial decrease in available income and assets attributable to events that were unforeseeable or beyond the person's control, including, a loss or change in employment or severe health problems.

(2) A person is totally and permanently disabled, as defined within Section 522 of the Income Tax Act of 1967, 1967 PA 281, as amended, MCL 206.1 *et seq.*, MCL 206.522.

(3) A person is over 62 years of age.

3. Application Procedures.

(A) An eligible user, as verified by the City Treasurer, may request the deferred payment of a utility billing for services received from the public utility system on a form provided by the City Clerk. Applications must be submitted to the City Clerk's office no later than 7 days prior to the date that the billing sought to be deferred is due.

(B) Applications shall be reviewed by the City Treasurer to ensure compliance with this policy, the City's Code of Ordinances, and applicable state and federal law.

(C) Incomplete applications shall be rejected.

(D) Each application shall include the following information, as applicable:

(1) A description of the event or hardship that has substantially decreased the income and assets available to pay the utility billing and an indication of the periods of time such hardship has existed and is expected to continue.

(2) The names and ages of all persons residing at the eligible user's residential dwelling, including the eligible user.

(3) A listing of the minimum payments required for the eligible user's reasonable and necessary living expenses.

(4) The net income from all sources for the eligible user and all other persons residing at or with an ownership interest in the eligible user's residential dwelling.

(5) For each of an eligible user's assets other than the residential dwelling and its contents, a description of the asset, its value, location, amount owed and payments required and any restrictions or limitations on the eligible user's ability to sell or dispose of the asset.

(6) The eligible user's acknowledgement and agreement:

(a) To the amount owed on the utility billing sought to be deferred;

(b) That deferral does not waive the unpaid charges, or any interest, penalties or liens that may accrue or be imposed;

(c) That any deferral will automatically terminate if at any time and for any reason the City's right to impose a lien or right to collect payment is terminated;

(d) That the conditions of any deferral granted by the City shall be contingent upon the eligible user signing an affidavit as to the truth of all disclosures made pursuant to this policy; and,

- (e) That the conditions of any deferral approved by the City shall be contingent upon a promissory note and agreement that contains the terms, conditions and requirements of such deferral.
- (7) The eligible user's consent and waiver of confidentiality regarding review and investigation of all disclosures and documents submitted.

4. Application Denial, Application Approval, Deferral.

(A) Requests for deferred payment of a utility billing shall be reviewed and decided by the City Treasurer in accordance with this policy. Prior to making a decision the City Treasurer may require additional information and documents from an eligible user and may investigate any information that is submitted. Decisions made by the City Treasurer shall be final and conclusive.

(B) Recognizing that deferred payment is a privilege, the City Treasurer may deny a request by an eligible user to defer the payment of a utility billing. A denial shall be made in writing setting forth the reason(s) for denial, which may include, but shall not be limited to:

- (1) A failure to meet the criteria or otherwise comply with the requirements of this policy, the City's Code of Ordinances, or applicable state or federal law; or
- (2) A determination that a false, misleading or fraudulent statement was made in the application or in any supporting documentation.

(C) If the City Treasurer approves a request by an eligible user to defer the payment of a utility billing, an agreement, on a form provided by the City Treasurer, shall be signed by the approved eligible user that includes:

- (1) The period of time the billing will be deferred, which in no event shall be more than 60 days from the date the billing was due;
- (2) The interest rate and interest amount that will be applied to the billing during the deferral period;
- (3) Any minimum payments required to be made by the eligible user.

(D) If the City Treasurer approves a request by an eligible user to defer the payment of a utility billing, in addition to the agreement required under subsection (C) above, the eligible user and all owners of the residential dwelling shall sign a promissory note and lien against the residential dwelling acknowledging that the deferred charge at that time and any interest or penalties that may subsequently accrue are personal obligations secured by a lien on the dwelling enforceable by the City.

5. Limitations.

(A) An eligible user may only defer the payment of 3 utility billings for services received from the public utility system per calendar year.

(B) A failure to adhere to the terms and conditions of a deferral approved pursuant to this policy may render an eligible user ineligible for subsequent requests.

6. Compliance with Applicable Laws.

Nothing contained within this policy or within any agreement executed pursuant to this policy shall be construed to relieve a person of the duties and obligations imposed by the City's Code of Ordinances or state and federal law.