households to offset their home energy costs, except when Federal funds or Federal tax "credits" provide payment or reimbursement for these reductions/ waivers;

(v) Discounts or reductions in the cost of the following tangible items that are provided to low-income households and/or installed in recipients' homes: weatherization materials; blankets; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that are specifically approved by the Department;

(vi) Discounts or reductions in the cost of installation, replacement, and repair of the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other tangible items that help lowincome households meet the costs of home energy and are specifically approved by the Department;

(vii) Discounts or reductions in the cost of the following services, when the services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; preweatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes; and

(viii) Discounts or reductions in the cost of installation, replacement, and repair of smoke/fire alarms that are an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and discounts or reductions in the cost of asbestos removal that is an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy.

(3) Certain third-party in-kind contributions that are provided in the base period to low-income households:

(i) Donated fuels used by recipient households for home energy (such as fuel oil, liquified petroleum gas, and wood):

(ii) Donated weatherization materials that are installed in recipients' homes;

(iii) Donated blankets; donated space heating devices, equipment, and systems; donated space cooling devices, equipment, and systems; and other donated tangible items that help lowincome households meet the costs of home energy and are specifically approved by the Department as countable leveraged resources;

(iv) Unpaid volunteers' services specifically to install, replace, and

repair the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other items that help low-income households meet the costs of home energy and are specifically approved by the Department;

(v) Unpaid volunteers' services specifically to provide (carry out) the following, when these services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; pre-weatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes;

(vi) Unpaid volunteers' services specifically to: install, replace, and repair smoke/fire alarms as an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and remove asbestos as an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy;

(vii) Paid staff's services that are donated by the employer specifically to install, replace, and repair the following: weatherization materials; space heating devices, equipment, and systems; space cooling devices, equipment, and systems; and other items that help low-income households meet the costs of home energy and are specifically approved by the Department:

(viii) Paid staff's services that are donated by the employer specifically to provide (carry out) the following, when these services are an integral part of weatherization to help low-income households meet the costs of home energy: installation, replacement, and repair of windows, exterior doors, roofs, exterior walls, and exterior floors; preweatherization home energy audits of homes that were weatherized as a result of these audits; and post-weatherization inspection of homes; and

(ix) Paid staff's services that are donated by the employer specifically to: install, replace, and repair smoke/fire alarms as an integral part, and necessary for safe operation, of a home heating or cooling system installed or repaired as a weatherization activity; and remove asbestos as an integral part of, and necessary to carry out, weatherization to help low-income households meet the costs of home energy.

(f) *Resources and benefits that cannot be counted.* The following resources and

benefits are not countable under the leveraging incentive program:

(1) Resources (or portions of resources) obtained, arranged, provided, contributed, and/or paid for, by a lowincome household for its own benefit, or which a low-income household is responsible for obtaining or required to provide for its own benefit or for the benefit of others, in order to receive a benefit of some type;

(2) Resources (or portions of resources) provided, contributed, and/or paid for by building owners, building managers, and/or home energy vendors, if the cost of rent, home energy, or other charge(s) to the recipient were or will be imposed, as a result;

(3) Resources (or portions of resources) directly provided, contributed, and/or paid for by member(s) of the recipient household's family (parents, grandparents, greatgrandparents, sons, daughters, grandchildren, great-grandchildren, brothers, sisters, aunts, uncles, first cousins, nieces, and nephews, and their spouses), regardless of whether the family member(s) lived within the household, unless the family member(s) also provided the same resource to other low-income households during the base period and did not limit the resource to members of their own family;

(4) Deferred home energy obligations;(5) Projected future savings from weatherization;

(6) Delivery, and discounts in the cost of delivery, of fuel, weatherization materials, and all other items;

(7) Purchase, rental, donation, and loan, and discounts in the cost of purchase and rental, of: supplies and equipment used to deliver fuel, weatherization materials, and all other items; and supplies and equipment used to install and repair weatherization materials and all other items;

(8) Petroleum violation escrow (oil overcharge) funds that do not meet the definition in paragraph (b)(4) of this section;

(9) Interest earned/paid on petroleum violation escrow funds that were distributed to a State or territory by the Department of Energy on or before October 1, 1990;

(10) Interest earned/paid on Federal funds;

(11) Interest earned/paid on customers' security deposits, utility deposits, etc., except when forfeited by the customer and used to provide countable benefits;

(12) Borrowed funds that do not meet the requirements in paragraph (b)(3) above (including loans made by and/or to low-income households), interest