



NYSERDA



Home Performance with ENERGY STAR®

May 23, 2016

Dear Participating Contractor, Constituency Based Organization, and Stakeholders,

NYSERDA greatly values your participation in our programs and appreciates your partnership in building the market for clean energy. The Green Jobs-Green New York (GJGNY) residential revolving loan fund has filled a gap in the market for residential energy efficiency and PV loans for several years. Since the inception of NYSERDA's loan program, more than 14,500 On-Bill Recovery and Smart Energy loans totaling more than \$170 million have been issued across all of the residential programs! This is a great accomplishment - thank you for making these options available to your customers.

The availability of the expanded loan underwriting criteria ("Tier 2" criteria) offered through GJGNY has enabled households who cannot qualify for traditional lending to participate in energy efficiency and renewable energy projects. The availability of On-Bill Recovery (OBR) loans provides an alternative repayment method attractive to consumers. Overall, the demand for loans has increased dramatically over the past two years. **However, the current interest rates do not fully cover the costs of providing the loans, and as a result, the residential loan fund is not sustainable as currently designed.**

As you are a valued partner, we want to make you aware that we will soon be implementing changes in the GJGNY residential loan program that are needed to ensure its long-term sustainability. Interest rates will be adjusted as described below effective September 1, 2016. In addition, to manage the increase in loan volume, we are implementing improvements in loan processing and queue management.

Changes in Interest Rates

By adjusting the interest rates, NYSERDA can continue to offer financing, including OBR loans, to all income sectors, while focusing attention on households that otherwise lack access in the private lending marketplace. In consultation with the GJGNY Advisory Council, NYSERDA has established the following new interest rates¹ for loan applications received on or after September 1, 2016:

- 3.49% for households with incomes up to 80% of the area median income (AMI), which is the same as the current interest rate
- 4.99% for households with incomes above 80% AMI up to 120% AMI
- 5.99% for households with incomes above 120% AMI who are only eligible



through Tier 2 criteria

- 6.99% for energy efficiency only projects for households with incomes above 120% AMI who qualify through Tier 1 criteria
- 7.99% for PV projects or projects including renewable energy systems for households with incomes above 120% AMI who qualify through Tier 1 criteria.

Additional details regarding loan fund sustainability can be found in the presentations provided at the recent GJGNY Advisory Council meetings at <http://www.nyscrda.ny.gov/About/Green-Jobs-Green-New-York/Advisory-Council/Meetings>.

Managing the Loan Application Queue

NYSERDA's loan origination contractor, Energy Finance Solutions (EFS), recently launched a new streamlined loan origination system. The system provides an improved application and approval process, better access to loan application status information, and improved loan queue maintenance.

Maintaining accurate information about the loan application queue is important to effective loan fund management. As you know, loan applicants receive letters from EFS regarding loan application status and timeframes within which the applicant must provide certain documentation to move ahead with the loan. NYSERDA has updated the timeframes based on historic project timeline data:

- Pre-approved loan applications will now have 180 days (compared to 60 days previously) to provide required documents, including project approval, before the loan pre-approval expires.
- Once loan documents are signed, the applicant and/or their contractor will have 240 days (as opposed to 180 days previously) to provide project completion documents before the loan approval expires.

The new loan origination system will have an automated feature that enables NYSERDA to regularly review application pipeline status. Applicants not meeting the stated timelines will have their application withdrawn unless they have requested an extension. This process will enable NYSERDA to provide better customer service, have a more reliable estimate of loan fund budget needs, and better maintain loan fund sustainability.

Additional Financing Options

A number of new private sector financing options for energy efficiency and renewable energy have emerged in New York State over the past year. These loan products may offer features that better meet the needs of some of your customers. From time to time, we will sponsor webinars in which those lenders will provide information about their products. We will notify you of the dates and times of those webinars, and will post the information on our program partner portals. We expect these additional financing options will help support the continued growth of the energy efficiency services and renewable energy industries in New York.

New York is making great strides to accelerate and expand private investments in the clean energy economy, to support and attract new business models and market participants, and to continue focusing public resources on underserved areas of the market. We look forward to continuing to work with you to significantly build scale in energy efficiency and solar markets. If you have any questions on the information in this letter, please feel free to contact me at karen.hamilton@nyserda.ny.gov.

Sincerely,

Karen Hamilton
Director

¹ This interest rate applies to On-Bill Recovery Loans and Smart Energy loans, which include automatic payment deduction from a checking account. Interest rates for Smart Energy loans that include standard billing by mail from the Loan Servicer are 0.5% higher than the rate shown here.

About NYSERDA

NYSERDA, a public benefit corporation, offers objective information and analysis, innovative programs, technical expertise, and funding to help New Yorkers increase energy efficiency, save money, use renewable energy, and reduce reliance on fossil fuels. NYSERDA professionals work to protect the environment and create clean-energy jobs. NYSERDA has been developing partnerships to advance innovative energy solutions in New York State since 1975. To learn more about NYSERDA's programs and funding opportunities, visit nyserda.ny.gov or follow us on [Twitter](#), [Facebook](#), [YouTube](#), or [Instagram](#)

