

NYSERDA Residential Financing – Phased Loan Process

Phased Loans are available for Smart Energy Loans only

There are situations when customers may complete a project in two phases and wish to use NYSERDA Residential Financing for each phase. In these instances, Home Performance with ENERGY STAR® (HPwES) customers will have the option to submit a single credit application and set of supporting documentation to Energy Finance Solutions (EFS) for the creation of two separate Smart Energy loans for a two phase project. This feature allows a full work scope and financing to be approved up-front with the work proceeding as two separate phases. The first loan will be closed and the contractor paid upon completion and acceptance by the customer of the first phase. The second loan will be closed and the contractor paid upon completion and acceptance by the customer of the second phase.

This process was developed in response to fuel conversions projects where contractors have a signed contract with a customer but cannot complete all measures until the utility company completes the necessary gas infrastructure improvements needed to install the HVAC measures.

The process for a phased loan approach is outlined below. To apply for the phased loan, customers must complete a Payment Schedule Request Form. Payments on the two loans will be arranged based upon the instructions provided within the Payment Schedule Request Form and this fill-able PDF form must be uploaded to the NY HP Portal with the project submittal documentation. Upon loan approval, contractors will be copied on the Loan Approval Letter sent from EFS to the homeowner. A sample of this letter is included as a separate PDF attachment. Please note; the information in yellow will be customized per applicant.

HPwES Phased Loan Process:

1. Customer submits a single credit application and set of supporting documentation.
2. EFS obtains a credit report.
3. EFS provides one pre-approval letter to the customer and contractor, indicating the maximum loan amount for which the customer is eligible.
4. Contractor submits two separate projects to CLEARResult.
 - a. On both contracts, the customer and contractor acknowledge that the project will be funded through two separate loans.
 - b. Customer completes a *Payment Schedule Request Form* indicating whether they prefer to have payments for both loans due on the same day of the month, or according to a different schedule. This form is uploaded with the project submittal to CLEARResult.
 - c. If utilizing TREAT, the contractor creates one model with two separate packages of improvements representing the two stages of the project and one combined package with all of the improvements. Contractor will submit a request to CLEARResult indicating a phased loan project. The contractor will create two

- projects in the NY HP Portal (Portal)/HUB and upload one package to each project, along with the combined package. The total combined workscope and total loan amount will be used to determine eligibility (all project/loan documents must be resubmitted if the project is not completed within 12 months).
- d. If utilizing RHA, the contractor will create one model and two projects through the Portal/HUB. The improvements will need to be added to separate contracts in RHA, representing the two stages of the project, and link one contract to each project. The contractors will not be able to create a combined package for the eligibility screening tool (EST) because RHA will not allow the same measure to be on more than one contract (or package) and there can only be one contract associated with each project. Contractor will submit a request to CLEARResult indicating a phased loan project. In cases where one phase of the project fails to pass the loan eligibility criteria through EST, contractors should contact CLEARResult to screen the entire project. The total combined workscope and total loan amount will be used to determine eligibility (all project/loan documents must be resubmitted if the project is not completed within 12 months).
 - e. If utilizing Auditor, the contractor will need to create one model with a comprehensive package and then create two separate contract packages of improvements representing the two stages of the project. Auditor will allow contractors to check and uncheck improvements on the comprehensive package to create the two HPXML files. There will only be one contract package and one combined package associated with each project. Contractor will submit a request to CLEARResult indicating a phased loan project. The comprehensive package (total combined workscope and total loan amount) will be used to determine eligibility (all project/loan documents must be resubmitted if the project is not completed within 12 months).
5. CLEARResult issues two approvals, but still uses the combined workscope for loan cost effectiveness screening.
 6. Upon receipt of the project approval indicating two loans, EFS creates a second loan number for the customer. EFS uses the credit application, credit report, and supporting documentation that were submitted with the original loan to also underwrite the second loan. In its database, EFS creates a cross reference between the two loans.
 7. EFS issues the *Loan Approval Letter* and includes two sets of loan documents.
 - a. The EFS processing fee will be included on the loan documents for the shell work, or whichever portion of the project is expected to be completed first.
 8. Customer signs and returns both sets of loan documents.
 9. Contractor submits completion to CLEARResult for Project A. CLEARResult processes the applicable incentive in addition to the loan amount and marks the project as complete. The completion transmittal will reference the associated Loan B that has not yet closed. The incentives are reported to EFS and NYSERDA.
 10. EFS issues payment to the contractor for Project A upon receipt of the completion transmittal for project A. EFS transfers Loan A to NYSERDA. EFS' data export to Concord will include a reference to the associated Loan B that has not yet closed.
 11. Contractor submits completion to CLEARResult for Project B. CLEARResult processes the applicable incentive in addition to the loan amount and marks the project as complete. The incentives are reported to EFS and NYSERDA. Change orders may modify either workscope and a new approval will be issued only for the affected project, although the combined loan cost effectiveness will need to be recalculated if a change order is issued. New loan documents will be issued for only the affected project. If Project A is

closed out and a change order is submitted for Project B, the overall cost effectiveness of the project would be impacted. CLEAResult would recalculate the loan cost effectiveness of the project based on the new combined workscope. If the new combined workscope does not meet eligibility criteria, CLEAResult/NYSERDA would require the contractor to make necessary revisions to insure overall cost effectiveness is maintained.

12. EFS issues payment to the contractor for Project B upon receipt of the completion transmittal for Project B. EFS transfers Loan B to NYSEERDA. EFS' data export to Concord will include a reference to the associated Loan A that closed previously.
13. The first payment due date and last payment due date provided in the data export will reflect the payment date preference indicated by the customer on the *Payment Schedule Request Form*.
14. The project will be counted as 2 completions for the contractor and the HPwES program production.
15. Both installations must be completed by the application date + 180 days; all loans must close within 365 days from the date of initial application.