

## **MULTIFAMILY SOLAR FUNDING PILOT INSTRUCTIONS**

The New Jersey Housing and Mortgage Finance Agency (HMFA) welcomes your Solar Funding Pilot Loan application. All requirements listed in the Program Guidelines, Instructions, Application and Document Checklist must be complete in order to be considered for participation in the Solar Loan Program. Applications that are incomplete will not be processed and the Applicant will be notified of any deficiencies. Funding of any application is subject to the availability of funds.

For a quick explanation of solar financing in New Jersey (e.g. SRECs, utilities, programs, federal incentives), please visit [www.njgreen.gov](http://www.njgreen.gov) select "Resources," select "Renewable Energy," and view "The Solar Financing Handbook."

### **AMERICAN RECOVERY & REINVESTMENT ACT**

The American Recovery and Reinvestment Act of 2009, Public Law 111-5, (ARRA) appropriates funding for the United States Department of Energy (USDOE) to issue and award formula-based grants under the State Energy Program (SEP) to stimulate the economy, create and retain jobs, while giving preference to activities that can be started and completed expeditiously. The NJ Board of Public Utilities and the NJ Clean Energy Program manage the NJ SEP and were awarded ARRA funds. HMFA is a sub-recipient of these ARRA funds and is implementing three programs: Multifamily Energy Efficiency Improvement Program (MEEIP), Solar Funding Pilot (Solar Loan) and the Home Energy Saver Program (HESP).

Solar Loan Applicants must participate in either of the following NJ Clean Energy Programs: the Renewable Energy Incentive Program or the SREC Registration Program. Both are available on the following website: [www.njcleanenergy.com](http://www.njcleanenergy.com).

**Davis-Bacon Wage Requirement:** All contractors are subject to the Davis-Bacon Act. Further guidance can be found at the U.S. Department of Labor's website on ARRA at <http://www.dol.gov/esa/whd/recovery/>.

### **ELIGIBLE AND INELIGIBLE USES OF SOLAR FUNDS**

#### **Eligible Expenses:**

- Engineering costs including preparation of bid specifications and solar installation documents, and solar installation observation;
- Solar PV installation costs including all material, labor, permits, builder's risk insurance, and surety bonds;
- Structural work needed to support a solar PV system;
- The cost of a maintenance contract for the 15 year term of funding OR a set-aside of funds for annual maintenance and future inverter replacement;
- Monitoring system, which includes the interface (hardware) and data collection/connectivity (software). When the solar PV system is not functioning properly, notification must be provided.

#### **Ineligible Expenses (Including, but not limited to):**

- Roof replacement;
- Structural upgrades not associated specifically with solar PV installation;
- Enhancement to Building Insurance policy to cover solar array;
- Interest payments on other sources of financing;
- Developer and consultant fees (e.g. property management fees, property manager's accountant fees, etc.)

## **DISCLAIMER**

HMFA reserves the right to amend the Solar Funding Pilot Loan Program (Solar Loan) underwriting guidelines, policies, procedures, and forms, due to changes in market conditions and/or changes in the HMFA's housing policies or initiatives. Such amendments may occur without notice and are applicable to all pending and future applications. Applicants are responsible for contacting the HMFA to ascertain whether or not there have been any changes since the date of these guidelines and for complying with such changes. Unless otherwise noted, the Solar Loan Program is subject to standard HMFA Multifamily financing guidelines.

For questions, please contact Colleen Smith, Program Coordinator at [csmith@njhmfa.state.nj.us](mailto:csmith@njhmfa.state.nj.us) or 609-278-8803.

## **APPLICATION PROCEDURE**

### **Applicant Responsibilities**

1. Applicant reviews the eligibility criteria to determine the interest for participation in the program.
2. **Prior to any engineering services, the Applicant must submit a certified Letter of Intent to HMFA** indicating the approximate system size and associated project costs as soon as possible. The final system size and project costs submitted in the Solar Loan Pilot application may not reflect a difference of more than 20% of the size and costs stated in this preliminary Letter of Intent. Otherwise the application will not be considered for funding. The Letter of Intent is mandatory for participation in the program.  
*The purpose of this letter is to monitor remaining available funds for interested applicants. Funding is given to those applicants able to achieve an HMFA Board approved funding commitment on a first-come first-served basis. Those applications still in progress (who have submitted the Letter of Intent) will be alerted to available funding levels as monies are committed.*
3. Applicant must hire a professional Engineer to provide solar photovoltaic systems specifications and bid documents. There is a requirement for at least one bid to select the Engineer. See Addendum I.
4. Applicant, with the assistance of HMFA Property Management will review and select a qualified Engineer based upon required credentials, and Engineer's scope of services.

### **Engineer Responsibilities**

5. The Engineer will prepare bid documents for a Solar Installer, which will be reviewed by Property Management and Technical Services. *Note: Bid Documents shall include Davis-Bacon wage requirements.*

### **Applicant/Engineer Responsibilities**

6. The Engineer must assist the Applicant in seeking three (3) bids from solar contractors listed on the NJ Clean Energy Program website: [www.njcleanenergy.com](http://www.njcleanenergy.com) select "Renewable Energy," Select "Tools and Resources," Select "Find a Trade Ally," Select "Category," "Solar PV Commercial Installers." Please note: the Solar Installer must have a NJ licensed electrician on staff.
7. The Applicant and Engineer, with assistance from Technical Services, will select the most qualified bid for a Solar Installer.
8. The Applicant with help from the Engineer and Solar Installer will submit the Solar Funding Pilot application and required items to HMFA, as indicated in the Document Checklist.
9. The Applicant is responsible for application to the Federal Section 1603 – Investment Tax Credit (or Grant) for Renewable Energy, if applicable

10. The Applicant is responsible for registering the property to generate SRECS in either of the following NJ Clean Energy Programs: the Renewable Energy Incentive Program or the SREC Registration Program. Both are available on the following website: [www.njcleanenergy.com](http://www.njcleanenergy.com).
11. HMFA staff will review the application and determine if the project is an eligible recipient of the Solar Loan.
12. HMFA staff will make a recommendation to the HMFA Board for consideration for commitment.

### **Commitment/Closing**

13. Once commitment is issued by the HMFA Board, the Applicant will work with HMFA staff to put together items required for Agency Closing.
14. The Applicant must assign Solar Renewable Energy Certificates (SREC) to HMFA for 15 years as repayment on the loan.
15. The Applicant has 60 days from Board commitment to close on the Solar Loan.

### **Installation**

16. Projects must commence installation within 30 days after Agency Closing.
17. HMFA Technical Services staff will monitor installation and approve requisitions and draw requests for payment.
18. When installation is complete, HMFA will release the final payment after the NJ Clean Energy Program and municipality has conducted a satisfactory inspection and the system is registered with PJM-GATS. For questions contact: [GATSAdmin@pjm-eis.com](mailto:GATSAdmin@pjm-eis.com).
19. Once the SRECs are assigned to HMFA and utility interconnection agreement is received and confirmed, the repayment of solar loan will begin through capturing of SRECS by HMFA.

## **REQUIREMENTS FOR ENGINEER AND SOLAR INSTALLER**

### **Engineer Requirements**

- Must be a NJ Licensed Professional Engineer;
- Must have experience designing and sizing solar photovoltaic (PV) renewable energy systems;
- Must be a 3<sup>rd</sup> Party Engineer;
- This is not a Turnkey program – Engineer cannot bid on installation; and
- Engineer's Bid shall include a 'not to exceed' bid amount.

### **Engineer Scope of Services**

- Design a solar photovoltaic (PV) system;
- Assist in obtaining a minimum of three (3) bids for solar installation;
- Assist with selection of a solar installer, with final approval by HMFA; and
- Provide installation oversight at critical points during installation.

### **Solar Installer Required Credentials**

- Must be listed on the NJ Clean Energy Program website: [www.njcleanenergy.com](http://www.njcleanenergy.com) select "Renewable Energy," select "Tools & Resources," select "Find a Trade Ally," select "Category," "Solar PV Commercial Installers;"
- Must have a NJ licensed electrician on staff;
- Must be capable of obtaining a surety bond or 10% letter of credit;

**Applicant shall ensure that the following items are addressed:**

- Documentation provided for suitability of roof for installation of a Solar PV System (e.g. space, structural requirements, existing equipment, roof age, etc.)
- Performance specifications or detailed system specifications shall be provided for Solar Installer Bids – all Installers will be bidding on the same system specifications;
- Solar Installer shall provide three (3) references of similar jobs performed;
- Selected Solar Installer Contract shall, at minimum, include the following:
  - System size, minimum 20 kW requirement;
  - System equipment and installation warranties, etc;
  - Total ‘not to exceed’ cost;
  - Breakdowns of costs & work for which the installer is responsible, as applicable (e.g. labor, materials, permits, permit drawings, etc.) *Note: making it very clear that between the applicant, engineer and solar installer – who is responsible for all necessary portions of this installation.*
- Any change in the size of the system must be coordinated with the owner, Engineer, NJ CEP and HMFA;
- Coordinate with existing roofing manufacturer to maintain roof warrantee;
- Pre-bid meeting and walk-through (per typical HMFA practices);
- Apply for the NJ Clean Energy Program’s - REIP or SREC Registration Program and obtain New Jersey Certification Number;
- Provide all necessary equipment to allow for installation of a data acquisition system (monitoring system) and configuring of that system;
- Have a 15-year maintenance program in place -
  - can include maintenance contract (preferred), which includes routine maintenance and replacements on solar panels, inverters, conduit, wiring, and monitoring system; or
  - set-aside of funds to address future maintenance;
- System must be net-metered & common area electrical usage will need to be provided;
- System must be eligible for the NJ SREC market and trading & registered with BPU and PJM-GATS;
- Adhere to the federal wage-rate requirements per Davis-Bacon, visit [www.wdol.gov](http://www.wdol.gov) for reference.