

**MULTIFAMILY SOLAR FUNDING PILOT, Phase I**  
**PROGRAM GUIDELINES**  
**New Jersey Housing and Mortgage Finance Agency**  
*Revised February 2011*

<p><b>Program Overview</b></p>	<p>The Multifamily Solar Funding Pilot (Solar Loan) is an American Recovery and Reinvestment Act program. Solar Loan provides a 0% loan to eligible HMFA multifamily building owners for the installation of solar photovoltaic (PV) renewable energy systems on building roofs..</p> <p>Rents paid by tenants shall not increase as a result of this program.</p> <p>Funds are awarded on a first come, first served basis as projects (a) satisfy the Agency's Document Checklist for a funding commitment and (b) receive an HMFA Board Approved Commitment.</p> <p>Tie Breaker- In the event there are two or more projects are competing for the remainder of the funds, the Applicant requesting the lesser loan amount per watt will be awarded the funds based on availability.</p>
<p><b>Eligible Applicants</b></p>	<p>Eligible Applicants must meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Own a multifamily building (5 units or more) with an existing permanent mortgage with HMFA, has a rental housing project to be constructed or renovated with a HMFA financing, or has received Low Income Housing Tax Credits through HMFA.;</li> <li>(2) Certify that the Applicant has no outstanding state or federal tax liens;</li> <li>(3) Be prepared to pass final inspections of the solar PV system within the timeframe needed to meet ARRA federal and state funding deadlines, December 31, 2011.</li> </ol> <p>An application for the Solar Loan will not be considered or approved if the Applicant, any of its principals, any entity controlled by the Applicant, any affiliates or any guarantor of an Applicant's obligations:</p> <ul style="list-style-type: none"> <li>• Is in default or in violation of any obligation to HMFA.</li> <li>• Has been more than 60 days delinquent on any loan with HMFA in the past year or has been issued a notice of default or regulatory violation in the last six (6) months, even if there is an approved payment or workout plan is in place and in good standing.</li> <li>• Was the owner of a HMFA financed property upon which HMFA filed a foreclosure complaint and obtained a judgment in foreclosure.</li> </ul>
<p><b>Eligible Property</b></p>	<p>Eligible buildings must meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Roof is structurally sound, has no leaks and has a 10 year warrantee;</li> <li>(2) The solar array cannot invalidate the roof warrantee;</li> <li>(3) Have sufficient space to accommodate and install equipment on the property and at least 20 kW of solar panels on the roof;</li> <li>(4) Have at least 20 kW of common area electric loads;</li> <li>(5) Will install at least 20 kW of solar renewable energy;</li> <li>(6) Must be either ENERGY STAR certified, have participated in a State/Utility energy efficiency program in the last 10 years, or have implemented energy efficiency improvements within the last 10 years, with at least a 10% reduction in energy usage;</li> <li>(7) Have no outstanding health and safety issues;</li> <li>(8) Up-to-date on HMFA project reporting requirements;</li> </ol> <p>**Properties participating in other HMFA ARRA programs such as Weatherization Assistance Program (WAP) or the Multifamily Energy Efficiency Improvement Pilot (MEEIP) are not eligible.**</p>
<p><b>Solar Fund Terms and Repayment</b></p>	<ul style="list-style-type: none"> <li>• The solar PV system must not be sized greater than the common area usage. For master metered building, common area includes all usage under the meter paid by management.</li> <li>• The solar loan is subject to standard HMFA Multifamily financing guidelines or Special Needs Housing Trust Fund financing guidelines. Once a Solar Funding commitment letter is issued, the applicant will have 60 days to close on funding, and will begin solar installation within 30 days of</li> </ul>

	<p>the Agency closing on the solar loan.</p> <ul style="list-style-type: none"> <li>• The Applicant must assign Solar Renewable Energy Certificates (SREC) to HMFA for 15 years as repayment or until the solar loan is repaid, whichever occurs first. If the loan is repaid early, the remaining SRECs years will be reassigned to the applicant. The loan shall be based on expected SREC production for 15 years at \$450 an SREC.</li> <li>• In order to produce SRECS, Applicant must register for the SREC Registration Program. Available at the following website: <a href="http://www.njcleanenergy.com">www.njcleanenergy.com</a>.</li> <li>• Expected SREC production shall be calculated using the free, online PV Watts tool developed by the National Renewable Energy Laboratory found. The anticipated SREC production will be based on a .77 depreciation rate (DRATE).</li> <li>• The maximum amount of the Solar Funding Pilot Loan and any Federal and State Incentives shall not be greater than the total cost to install a solar PV system. If the project costs are greater than the loan and incentive programs, the Applicant is responsible for identifying other funding sources.</li> </ul>
<b>Leveraging</b>	Use of any surplus R&R funds must be approved by HMFA Property Management. Surplus R&R funds may used for the solar installation and initial engineering costs.
<b>Eligible and Ineligible Expenses of Solar Funds</b>	<p><b>Eligible Expenses:</b></p> <ul style="list-style-type: none"> <li>• Engineering costs including preparation of bid specification, and solar installation documents, and solar installation oversight;</li> <li>• Solar PV installation costs including all material, labor, necessary permits, builder’s risk insurance, and surety bonds;</li> <li>• Structural work needed to support a solar PV system;</li> <li>• 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;</li> <li>• Monitoring system, which includes the interface (hardware) and data collection/connectivity (software). When the solar PV system is not functioning properly, notification to HMFA must be automatically provided.</li> </ul> <p><b>Ineligible Expenses (Including, but not limited to):</b></p> <ul style="list-style-type: none"> <li>• Roof replacement;</li> <li>• Structural upgrades not associated specifically with solar PV installation;</li> <li>• Enhancement to building insurance policy to cover solar array;</li> <li>• Interest payments on other sources of financing;</li> <li>• Developer and consultant fees (e.g. additional property management fees, property manager’s accountant fees, etc.)</li> </ul>
<b>Bidding</b>	Before submitting the application, Applicant shall seek at least one (1) engineering proposal and three (3) competitive bids for the solar installation and shall follow established HMFA Property Management procedures for upgrades to existing buildings. Applicants must also follow Federal Bidding Requirements. HMFA will review all bids and assist with the selection of engineer and solar installer.
<b>Program Funding, Monitoring and Reporting Requirements</b>	<p>HMFA will monitor funds received and expended for the Multifamily Solar Funding Pilot. Applicant shall comply with all state and federal reporting and funding requirements, including Davis Bacon Wage Determination <a href="http://www.wdol.gov/">http://www.wdol.gov/</a> . During construction, a sign shall be posted indicating that this is a Federal ARRA funded project.</p> <p>All Applicants must participate in the HMFA Energy Benchmarking project. This shall include (1) signing data release forms for all meters, utilities, and sub-utilities; (2) assisting in the gathering of utility release forms from tenants; and (3) providing building data as needed.</p>