

Mass Save[®] HEAT Loan Program

FAQs

I. Product Questions

- How does a customer find out about the HEAT Loan program?
 - As part of the Mass Save Home Energy Assessment, a customer will receive an Intake Form, Steps to the Process and Minimum Standards for the Eligible Measures, and a Participating Lender list. A Mass Save Representative will answer questions about the HEAT Loan program and will make energy efficiency recommendations as part of the Home Energy Assessment visit.
- Who is eligible for a HEAT Loan program?
 - Customers with a 1-4 unit residential dwelling are generally eligible to apply for a HEAT Loan. Please note: condo complexes are not served under the Residential Mass Save HEAT Loan program, but rather the Mass Save C&I Loan program.
- Who determines the eligibility for a HEAT Loan?
 - The Mass Save Program determines the eligibility for a customer to participate in the HEAT Loan program. The participating Lender determines the credit-worthiness for a customer to undertake a loan through the HEAT Loan program.
- What is eligibility based on in order for a customer to participate in the HEAT Loan program?
 - Residential customers must have a Mass Save Energy Assessment completed, submit contractor proposals and associated documents for eligibility review to the HEAT Loan administrator, and upon successful review, receive a Mass Save HEAT Loan Authorization Form to take to the Lender. The customer then proceeds with the Lenders' underwriting process.
- Who pays for the Mass Save Residential Energy Assessment? How much does it cost?
 - The Mass Save Residential Energy Assessment is free to all Residential customers served by the participating electric and gas utilities.
- Which Municipalities are not eligible for the HEAT Loan program? Can a borrower that is a non-eligible municipal electric customer but is a gas customer of a participating utility obtain a loan through the HEAT Loan program?
 - Yes, a participating gas utility customer may be eligible for a loan through the HEAT Loan program for gas-only measures. A customer must first obtain a Mass Save HEAT Loan Authorization form (for Residential customers) through their participating gas utility. Participating gas utilities include:

- Columbia Gas of Massachusetts
- New England Gas Company
- NSTAR Gas
- Unitil Gas

A list of Municipalities that are not eligible for the HEAT Loan program will be sent to the Lenders shortly.

- Is there a list of qualified inspectors & contractors we can provide to customers?
 - No. Please direct customers to the Mass Save website at www.masssave.com or have them call 1-866-527-7283 to have a Mass Save representative assist them with scheduling a Mass Save Residential Energy Assessment first. Measures that are being financed through the HEAT Loan program receive a post inspection by the Mass Save representative after the work is installed.
- Can a HEAT Loan be granted to a tenant?
 - Financing is not offered to residential tenants. However, residential tenants should discuss energy efficiency upgrades with their landlord. Landlords can take advantage of the new energy efficiency financing programs. The HEAT Loan program is eligible for owners of 1-4 unit houses. Please note: condo complexes are not served under the Residential Mass Save HEAT Loan program, but rather the Mass Save C&I Loan program.
- Can alternative energy systems be financed through this program (i.e. financing solar systems)?
 - No. Financing is only available for energy efficiency projects. Please refer to the list of eligible measures (listed on www.masssave.com), which includes heating systems, hot water systems, solar hot water, insulation upgrades and window replacements.

II. Lender Related Questions

- How do we get on the lender list?
 - Once a Lender decides to participate in the Mass Save HEAT Loan Program, the Lender must sign the Mass Save Residential HEAT Loan Agreement to participate. Once the signed agreements have been received, the Lender will be added to the participating lender list. Lender will need to disclose the territory they will offer the financing products in and loan options they will offer. Both agreements can be obtained from:

Mike Plasski
River Energy Consultants
271 Albany Street
Fall River, MA 02720
Tel: 508-674-4987

Fax: 508-674-1144
Email: mplasski@aol.com

- Is the bank servicing the loan, billing, taking in the payments and remitting or is the bank providing the funds?
 - Yes, the bank will be servicing the loan, billing and taking in the payments/remitting. The responsible Program Administrator will provide the full net-present-value of the interest payment for each loan once the loan is appropriated.
- Can we use our own application for the HEAT Loan?
 - Yes, the Lender can use its own consumer application for the purpose of approving a customer for the HEAT Loan.
- Does a customer have to receive a loan pre-approval before getting contractor proposals?
 - A customer may opt to get a pre-approval from a participating Lender prior to getting contractor proposals. For pre-screening purposes the Program Administrators recommend using \$8,500 as the loan amount. **However, the customer must supply the Lender with a Mass Save HEAT Loan Authorization form for a final approval for a HEAT Loan.**
- Can a customer that has a heating emergency, where they need to quickly replace a heating system or hot water system take part in the HEAT Loan program?
 - Yes. Please have the customer contact Mass Save at 1-866-527-7283 immediately to schedule a Special Home Visit. The Lender may also pre-screen the customer for a HEAT Loan. **However, please note that the final approval for a HEAT Loan cannot be authorized prior to the customer supplying the Lender a Mass Save HEAT Loan Authorization form.**
- Previously we were able to record a lien on the property if the bank felt it was necessary. Is this a possibility?
 - It is preferred that loans up to \$15,000 be unsecured as is the case for traditional banking industry practice, especially since the historical default rate has been very low. If recording a lien is needed as collateral to secure a loan for the borrower in lieu of the borrower's credit, it is still allowed at the Lenders discretion.
- If there is a default, can we put a lien on the property?
 - Please see above.
- What are the mechanics of the prepaid interest? Is there a separate account set up with the interest to be drawn from each month of the loan payment?

- The Lender calculates the net-present-value (NPV) of the interest buy-down using the provided NPV Interest Buy-down spreadsheet and submits that to EFI for reimbursement with the required documentation. The payment will be made within 30-45 days of the loan being appropriated (loan must be drawn down). It will be up to the bank to set up a method to account for loan servicing.
- How is the net-present-value (NPV) interest buy-down calculated?
 - The NPV calculation takes the difference between the net present value of the principal monthly payments (calculated on a straight line basis) that the customer will pay to the bank and the net present value of the total payment (interest and principal calculated on a mortgage style basis) which the bank would have received if the utility was not subsidizing the interest. Please also refer to the NPV Interest Buy-down spreadsheet you received upon joining the program and/or the Mass Save Residential HEAT Loan Subsidy Agreement.
- Upon appropriating a HEAT Loan, who do we send the interest buy-down invoices to?
 - A draw down of the loan must occur prior to sending an invoice. Please send your HEAT Loan interest buy-down invoices to the Program Administrators' Interest Subsidy Payment Agent:

HEAT Loan Program
 c/o Energy Federation, Inc.
 40 Washington Street, Suite 2000
 Westborough, MA 01581-1013
 Phone: 508-870-2277
 Fax: 508-870-9933

- In the event that the borrower sells the property or pays off the loan in advance of the amortization schedule what happens to the prepaid interest?
 - The Lender retains the full interest paid upfront by the PAs.
- Alternatively, what happens to the interest payment if the borrower defaults on making the principal payment on their loan?
 - Once the Lender is paid the interest, it retains the full amount regardless of the ultimate status of the loan.
- Can Lenders underwrite a loan for a customer that requires financing beyond the maximum dollar limit of the HEAT Loan program?
 - No. The maximum loan amount for the HEAT Loan program is \$25,000 per 1-4 unit residential dwelling. The HEAT Loan is not offered on a per person or unit basis.
- Are Lenders allowed to “cross-sell” or “package” other financial products with the HEAT Loan?

- Yes, the Lenders are allowed to “cross-sell” or “package” other financial products with the Mass Save Financing loan. However, the responsible Program Administrator will only be responsible to buy-down the interest for the Mass Save Financing loan.
- My bank had been a participant in the HEAT Loan program in the past. Have the reporting requirements changed? Who would we contact to ask questions about reporting requirements?
 - Reporting requirements will remain the same for the HEAT Loan program. Questions relating to reporting requirement can be sent to:

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