

Multifamily Housing Energy Loan Program (Multifamily HELP)

Multifamily Housing Energy Loan Program (“Multifamily HELP”) permits eligible Maine State Housing Authority (“MaineHousing”) borrowers to borrow additional funds in connection with existing MaineHousing properties. The intent of the Multifamily HELP is to provide low interest loans for multifamily housing improvements that increase energy efficiency and the conservation of resources, thereby preserving the quality of housing for Maine residents and reducing property operating expenses.

Applicants must comply with all of the requirements of the **Subsequent Loan Program** that do not conflict with this document. The **Subsequent Loan Program Guide** may be found at MaineHousing’s website at www.mainehousing.org.

TERMS:

Energy Audit. A borrower must have a certified energy auditor approved by MaineHousing assess the property’s current physical condition and energy use to prepare a plan to address the identified energy conservation needs. Copies of the auditor’s credentials and insurance coverage must accompany the energy audit report and the loan application. Certifications may include, but are not limited to:

- State of Maine
- Building Performance Institute (BPI)
- Residential Energy Services Network
- Northeast Home Energy Rating System

Eligible Improvements: Loan proceeds may be used to make energy conservation improvements plus repairs that are necessary to enhance energy conservation. The cumulative Savings to Investment Ratio (SIR) for the entire job must be 1 or greater. In addition, insulation, air sealing and weather stripping must be completed if an owner undertakes a heating system replacement. Improvements to the property and materials used must also comply with MaineHousing’s **Green Building Standards**, a copy of which may be found on MaineHousing’s website at www.mainehousing.org. Energy improvements may include, but are not limited to:

- insulation, air sealing and weather stripping (required if replacing a heating system)
- heating system repair and replacement (including alternative fuel sources)
- storm windows and doors
- Energy Star rated windows and appliances
- ventilation and moisture controls
- roof repairs (if the attic is insulated to R-60)

Loan proceeds may also be used to pay a Multifamily HELP Advance described below. The Subsequent Loan Program is available for other uses.

Energy Audit Report – Energy Cost and Consumption Information:

Energy audit reports must be no older than six (6) months prior to the date of the loan application. At a minimum, the Energy Audit Report must contain the following information:

- Estimated annual energy costs of the building(s) “as is”;
- An assessment of air leakage at the property by using a blower door test;
- Estimated savings in dollars by proposed improvements per month and per year;
- Estimated energy savings in units by proposed improvement (e.g. kilowatts, gallons, BTUs) per month and per year;
- A detailed breakdown of improvements and their respective costs and estimated annual energy savings in dollars (This listing shall be in rank order with the improvement with the highest annual energy savings listed first then other measures listed in descending order of annual energy savings. This includes improvements without any energy savings which may be installed as an eligible improvement.); and
- Savings to Investment Ratio (SIR). (The energy auditor must calculate the SIR by individual energy improvement and calculate a **cumulative SIR** for the entire scope of work.)

Equity Takeout. Multifamily HELP prohibits equity takeout by owners.

Interest Rate. MaineHousing is offering loans under Multifamily HELP with an interest rate of four and three-quarters percent (4.75%) (subject to change).

Prepayments. The loan may be prepaid. Prepayment restrictions of existing loans will remain in force.

Fees. Borrowers pay third-party-fees such as the certified energy audit, title update, credit report, recording fee and (in some cases) appraisal of the property. These fees may be included in the loan amount.

Submission Requirements. Applications for Multifamily HELP will be reviewed on an on-going, walk-in basis until such time as determined by MaineHousing. Applications may be sent to MaineHousing in an electronic format, provided authorized signatures of the applicants are on the required documents. Electronic submissions may be sent to FinancialReport@mainehousing.org . Please use the subject line of “Loan Application”.

Applications shall contain the following:

- Cover letter requesting the energy loan;
- MaineHousing Multifamily HELP Loan Application (this can be found on MaineHousing’s website at www.mainehousing.org);
- Borrowing resolution from the ownership entity, if the owner is not an individual;
- Energy audit report;
- Energy auditor’s certifications, licenses and evidence of insurance coverage;
- If a Capital Needs Assessment was conducted within the last five (5) years, a copy should be provided, but this is not a submission requirement;
- Proposed use of loan proceeds;
- Scope of work with related budget;

- Current vacancy rates;
- Current operating expense data;
- 5-year cash-flow projection;
- Rent structure and post-rehab operating budget, if any;
- Proposed sources of funds, i.e., MaineHousing loan, use of project operating or reserve funds drawdown or loan*, owner contribution, grants, or any combination thereof.

Carbon Offsets and Credits: The project owner will grant to MaineHousing all rights and interests the owner has in all emission reductions including carbon offsets and credits representing greenhouse gas emission reductions resulting from the improvements. The revenue from the sale of carbon offsets makes the below market loan rate possible.

HELP Advance

Owners may also be eligible for a one-time cash advance, evidenced by a note and secured by a mortgage, under Multifamily HELP (“HELP Advance”) for the purchase of energy fuel for the property for the 2008-2009 heating season. This advance is available to those owners that have (1) currently applied for Multifamily HELP or that have committed to contract with an energy auditor for an energy audit under Multifamily HELP but have not yet had an audit commissioned and (2) demonstrate a need for the HELP Advance to pay fuel costs for the 2008 – 2009 heating season. Demonstrated need depends upon operating and cash flow factors, adequacy of project reserves, and existence of other sources.

The cash advance is limited to a maximum of \$800 per unit, depending upon need, for all units contained in the property that are financed by MaineHousing. MaineHousing will release cash advance proceeds upon receipt of fuel pre-buy invoice or monthly payment contract issued by the property’s fuel vendor(s). Payment of the HELP Advance note will be due upon the earlier of (1) closing of the borrower’s Multifamily HELP loan or (2) 2 years from execution of the HELP Advance note. Simple interest will accrue at a rate of 3% for the first 12 months. Thereafter, simple interest will amortize at rate of 8% on any HELP Advance loan balance not repaid within the initial 12 month term.

Repayment of the HELP Advance may be made with Multifamily HELP loan proceeds.

Owners interested in a HELP Advance should complete Parts II and III of the HELP application and forward the completed sections accompanied by copies of fuel pre-buy or monthly payment contracts to MaineHousing, Attn: Asset Management.

Please contact the Asset Manager assigned to the particular property for additional information.

****MaineHousing will consider the use of other restricted reserve accounts (other than Tax and Insurance Escrows). Authorization to release these funds may be contingent upon approval from other parties, including but not limited to, US Department of Housing and Urban Development (HUD), Low-Income Housing Tax Credit (LIHTC) syndicators or partnership entities.***

MAINEHOUSING RESERVES THE RIGHT TO REJECT OR CEASE PROCESSING ANY OR ALL SUBMISSIONS OR APPLICATION PRIOR TO ISSUANCE OF A COMMITMENT FOR A HELP LOAN. MAINEHOUSING ACCEPTS NO OBLIGATION

TO EXTEND ANY LOAN UNTIL A HELP LOAN COMMITMENT HAS BEEN ISSUED AND ACCEPTED BY THE BORROWER IN ACCORDANCE WITH ITS TERMS.

MAINEHOUSING NONDISCRIMINATION NOTICE:

Maine State Housing Authority (“MaineHousing”) does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities.

MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice.

MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Mary Darling, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice), 1-800-452-4603 (TTY in state only), or (207) 623-2985 (TTY).

