



ENERGIZE NY FINANCE: FAQs



MONTGOMERY
COUNTY NY
Made of Something Stronger

Q: What types of projects are eligible for Energize NY Finance?

A: Energize NY Financing is made available to energy efficiency and renewable energy projects that install permanent improvements to reduce energy costs, in existing buildings.

Q: What types of buildings are eligible for Energize NY Finance?

A: Commercially owned existing buildings on properties located within a municipality that is a member of the Energy Improvement Corporation are eligible. You can find a list of participating municipalities at www.EnergyImprovementCorp.org. Commercially owned buildings include offices, retail, multifamily buildings, industrial spaces, schools, healthcare facilities, houses of worship, non-profits, etc. At this time new construction is not eligible.

Q: What are the eligibility requirements?

A: Generally the property must be current on property tax payments, must not have any involuntary liens, defaults, or judgments applicable to the subject property and must not be over-indebted. The property must be able to show that the savings from the improvements are greater than the annual finance payment, and that the project qualifies for any NYSERDA or utility upgrade program. Please read the Energize NY Finance Handbook for all requirements. The handbook can be found at Commercial.EnergizeNY.org.

Q: What types of building upgrades are eligible?

A: Any energy efficiency upgrade recommendations that are made to a commercially owned building that participates in a NYSERDA or utility upgrade program. The recommendation must result in an energy savings-to-investment ratio greater than 1 over the lifetime of the recommended measure. Typical eligible measures include:

- High efficiency lighting
- Heating, ventilation & air conditioning (HVAC) upgrades and controls
- High efficiency chillers, boilers, furnaces, heat pumps, water heating systems and pumps
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable energy systems such as on-site solar PV, solar thermal or wind installations

Q: How is projected energy savings calculated and determined?

A: After participating in a NYSERDA or qualified utility program, property owners will receive an Energy Reduction Plan or Energy Feasibility Study from their contractor. This report will include estimated savings for every improvement being considered.

Q: How is the financing paid off?

A: Energize NY financing is repaid via the property tax bill for the building in question. The tax bill will include a line item for the amount of the Property Assessed Clean Energy (PACE) financing that is due, which is to be paid when the property taxes are filed (either annually or bi-annually depending on municipality).

Q: How is the financing attached to the property?

A: Once the construction is complete and financing funds are disbursed, the tax charge will be recorded on the land record and will last for the term of the financing.



Q: Can properties make partial payments on their financing?

A: State law prohibits partial payments of property taxes. Partial payments of property taxes will trigger delinquency fees and interest charges.

Q: Can properties pay off the Energize NY financing early?

A: New York State law dictates that taxes cannot be prepaid.

Q: What happens to the financing if the property is sold before the end of the term?

A: The tax charge remains with the property until the end of the term of the financing. The energy savings on the property continue to accrue to the benefit of the new owner.

Q: What happens if the property owner defaults on the financing?

A: New York State law dictates the procedures for billing and collection of property taxes, including when and how tax bills are sent, what notice is to be given or published concerning the tax, the rate and applicability of penalties and interest, how liens are applied and enforced, what means of delinquent collections are permitted, etc. These statutes can be found by contacting your local municipal tax receiver.

Q: When are funds released to the building owner?

A: Energize NY disburses funds after the building owner shows a document of completion, provided by NYSERDA or a qualifying utility program, or similar document proving the construction is satisfactorily completed.

Q: How long does it take to have a building assessed and upgraded from start to finish?

A: Time frames are project-specific, and include dependence upon the size of the building, the scope of the upgrade, the energy assessor, the upgrade contractor, NYSERDA or utility, and any other members of your design team who will establish their own schedules with the building owner to complete tasks. In general, time frame estimates range from 3 - 24 months.

Q: How can I pay for the project during the construction phase if funds are not released until the project is completed?

A: Construction financing depends upon a separate agreement between the building owner and a capital provider. Energize NY will provide assistance identifying lenders capable of providing construction financing.

Q: What is the interest rate for Energize NY Finance?

A: Energize NY financing rates depend on the term and current market conditions. Energize NY offers fixed rates, only. Terms are between 5 and 15 years. For example, as of January 21, 2014, fixed rates were between 5% and 7%, depending on term.

Q: How does Energize NY financing affect NYSERDA or utility program incentives?

A: Using Energize NY Finance interest does not conflict with any incentive programs. Approved financing amounts would be net of any NYSERDA or utility program incentives that are due to the property owner based on the approved energy reduction plan, energy feasibility study, or other program guidelines.

Q: What are the loan-to-value (LTV) ratio requirements for the building?

A: Energize NY Finance requires that the property have a maximum 80% LTV on existing mortgage credit, exclusive of the additional Energize NY financing.

Q: Who performs the property appraisal to determine property value?

A: Energize NY requires that any appraisal be completed by an individual certified by the Appraisal Institute. Energize NY accepts appraisals that have been completed within one year, or less. Appraisals completed over one year prior to financing are not accepted. Energize NY accepts a lower cost, “desktop” appraisal if the LTV is 70% or less. If the property owner does not



have an appraiser, Energize NY can provide an eligible appraiser.

Q: How will the energy savings be verified after the upgrades are installed?

A: NYSERDA will complete an analysis of energy usage, upon request, one year after the upgrade is completed.

Q: If my municipality is not a member of the Energy Improvement Corporation, how do they join?

A: Municipalities must pass a local law and sign a municipal agreement to offer Energize NY Finance to their property owners. A template for a letter requesting the municipality join the Energy Improvement Corporation can be found at Commercial.EnergizeNY.org

Q: What are costs to the municipality?

A: There are no direct costs to a municipality. The minimum operational requirement of the municipality to implement Energize NY Finance is the addition of a tax charge to the annual tax bill and collection of that the tax as part of the normal tax collection duties.

Q: What are the risks to the municipality?

A: The Municipal Member is responsible for collecting the Energize NY Finance tax charge and providing the realized or expected revenues from the tax collection, regardless of payment from the property owner.

Q: What are the financial benefits to the municipality?

A: The Municipal Member has access to the Energy Improvement Corporation reserves in case of a loss upon collecting the tax charge.

Q: With regard to solar photovoltaic and other on-site Class I renewable energy systems, does the property owner keep the Federal Investment Tax Credits?

A: The owner of the system would generally receive the Investment Tax Credit if the technology is eligible per federal guidelines.

Q: Are there minimum or maximum financing amounts?

A: Under New York State law, Energize NY financing is limited to the lesser of 10% of the appraised value of the property or the cost of the energy improvements. We have seen a range from \$5,000-\$2,500,000. Smaller projects including 1-4 unit homes, small multifamily buildings and non-profit facilities may also be eligible for NYSERDA's On-Bill Recovery or Green Jobs Green NY financing products.

Q: Why does lender consent happen before application approval?

A: Energize NY requires lender consent for existing mortgage lenders. Energize NY suggests that building owners engage with their mortgage holders early, to gauge receptivity. Typically, lenders learn about the terms of Commercial PACE financing when an application is in process and are asked to provide consent. Energize NY works with existing lenders and property owners to make all parties comfortable with the proposed upgrades and financing.

Q: How would the program process change for properties without mortgages?

A: Buildings without a mortgage go through the same application process, but do not require lender consent.

Q: What if the building owner already has a capital provider?

A: While private capital may be available to facilitate an upgrade, many property owners wish to preserve those lines for improvements that are not directly related to energy improvements. In addition, if the property is sold before the end of the Energize NY Finance term, the tax charge automatically transfers to the new property owner. Private capital providers may also



participate in Energize NY Finance and lower the risk of financing a project (and lower the interest cost) by purchasing debt issued by the Energy Improvement Corporation specific to a project.

Q: Do new construction projects qualify for Energize NY financing?

A: Generally, no. New construction projects only qualify in unique circumstances, such as an addition to an existing building.

Q: After you have done an energy efficiency project through Energize NY, can you do another project later?

A: Yes. You can also do more than one project at the same time.

Q: Do non-profits qualify for Energize NY Finance?

A: Most buildings are eligible as long as the owner is not related to a municipal corporation.

Q: Are solar power purchase agreements (PPAs) and other lease structures covered?

A: Yes. Energize NY has determined that this is permissible with certain restrictions as outlined in the Energize NY Finance Handbook, which can be found at Commercial.EnergizeNY.org.



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