

MASS SOLAR LOAN FREQUENTLY ASKED QUESTIONS

General Program Questions

- **I have heard that the net metering cap has almost been met. Does that affect this program? Are they going to be increased?**

The net metering caps are being reached in certain utility territories, but residential systems under 10 kW are exempt from these caps. As a residential solar program, the majority of eligible systems under the Mass Solar Loan program will be below this threshold and will therefore be unaffected by the caps. More information about net metering caps can be found at: <http://www.massaca.org/>

- **What happens if a project takes more than 12 months and no extension has been requested and then is completed after the 12-month period?**

It is the responsibility of the system owner and installer to meet the 12 month deadline, or, in the event the deadline cannot be met, to request an extension. MassCEC will send automated communications to system owners and installers as unfinished projects near the 12-month deadline. Installers are encouraged to respond promptly to MassCEC emails regarding potential project extensions. If a project does reach the deadline and the installer has not communicated with MassCEC about an extension request, the project will no longer be eligible to receive program loan support.

- **How are installers vetted?**

Participating installers go through a process to become **Expedited Installers** under the program. Becoming an expedited installer requires new installers to complete the **Crawl Before You Walk** process, in which a technical consultant verifies that the installer follows industry standard system-design practices. The **Crawl Before You Walk** process also includes a final inspection of the installer's first installed system to ensure it meets program technical requirements. More details on Solar Installer Eligibility and this process can be found in Attachment D of the Program Manual.

- **Who would handle conflicts between the installer and the owner if they should come up?**

Conflicts between the installer and system owner would be handled outside of the program in the same fashion as a typical contractor-customer dispute. This could potentially include the customer's rights under the State Home Improvement Contracting law.

- **What are the timelines for review and approval of an application?**

MassCEC review timelines are as follows. Please note that these timelines are for complete applications not requiring any clarification or follow-up, and are subject to change based on program volumes.

- Technical Application Approval – Up to 15 Business Days
- Loan Support Application Approval – Up to 15 Business Days
- Project Completion Approval – Up to 15 Business Days

- **I live in a Municipal Light Plant territory. Can I take advantage of the Mass Solar Loan program?**

Yes. Because of the funding source for this program, Municipal Light Plant (MLP) territories are eligible to participate. Residents and installers should ensure that the MLP allows solar to interconnect to their grid and should familiarize themselves with net metering and other incentives specifically available in the MLP territory.

- **Who is considered a 'Household Member' and/or should be counted in the 'Household Size'?**

The Household Member definition is based on the US Census bureau definition and would include any person occupying (living in) the system owners household. If you would include the person when filling out a US Census form they should be included here.

As part of the Income Verification application, system owners will indicate the number of 18+ Household Members, as well as the number of Under 18 Household Members. The total of these two values will determine your total Household Size, and income from all 18+ Household Members will be included in the verification.

- **How does the Income Based Loan Support Payment work, when will the customer see that benefit?**

At project completion, when the documentation is reviewed and approved by MassCEC, the Project Completion notice will indicate the IBLS and other loan support payments reserved for this project. The IBLS payment is paid directly to the Lender, who applies the payment to the principal of the loan. For the majority of lenders, when they receive the IBLS payment, they will reach out to the customer to determine if the customer would like to use that payment to re-amortize to a lower monthly payment or simply lower the principal and keep payments the same.

Payments to lenders occur on a monthly cycle, based on projects that received their project completion approval email in the prior month. Payments usually take around 1 full month to process. For example, for projects where project completion was approved in May, the associated payments would be sent around the end of June, and allowing time for mail and processing would likely be applied to the loan in early July. This means the IBLS payment for a project approved May 1st would be received by the lender approximately 8-10 weeks after approval (4-6 weeks for a project approved May 30th).

- **What if the project will cost more than \$60,000?**

The program was designed to support smaller residential scale systems. Therefore, projects that cost more than \$60,000 for any reason are not eligible to receive a loan under the program. In the event that you submit an application with a project cost of greater than \$60,000, it will not be approved. If you submit an application with project cost of \$60,000 or lower, and then once approved, you submit a Turnkey Contract for over \$60,000, the project will no longer be eligible for a loan and the system owner will have to remit any funds already dispersed even in those instances when system owner is willing to pay the difference out of pocket. As noted in the Program Manual, we use the Turnkey Contract as proof of total cost of a project.

Lender Related Questions

- **Are Lenders required to submit a W-9 to MassCEC?**

If you are a Participating Lender in the Mass Solar Loan program, you are required to submit a signed W-9 in order to receive loan support payments. MassCEC cannot release loan support payments without a W-9 on file. If applicable, MassCEC will provide the participating lenders with a record of loan support payments on an Internal Revenue Service Form 1099 for each tax year in which payments are remitted. Blank W-9 forms can be found on the IRS website. Please submit this form as a PDF to finance@masscec.com.

- **How will a lender know if a potential borrower is in fact participating in the Mass Solar Loan program and is eligible for loan support?**

Borrowers who are participating in the program will provide lenders with a *Technical Confirmation* document. This document will have basic project parameters and will indicate that the project meets program requirements.

- **Should a home sell prior to a solar project being paid off and the new owner does not want to take on the loan, what protects the debt owed on the project?**

This process should be treated like any other loan and participating lenders should follow their standard processes. It is also anticipated that, like most other home improvement loans, the proceeds of the home sale could be used to pay off any outstanding debts.

- **If lenders establish a construction period of 12 months and the project is completed in 6 months, do loan payments change from interest only to principal and interest then or at the end of the 12-month period?**

Loans would change to full principal and interest whenever the project is completed and the second loan disbursement is released.

- **Lenders have to offer at least one ten-year term. If a lender sets the interest only period at 12 months is it 9 years for full amortization or is it actually an 11 year loan?**

The 12-month interest only period is not considered part of the ten-year loan term.

- **Is it possible for Lenders to secure interest of a loan through lien on the property?**

Yes, lenders have the option to offer secured and unsecured loans, including loans secured on personal property or real property.

Lenders are not permitted to require any contract or hold any security interest in a PV system for a period longer than the term of the loan or that cannot be terminated by the customer when the loan is paid off in full.

- **Who is responsible for creating the loan documents for this program?**

Participating lenders are responsible for creating their loan product and drafting their own loan documents. MassCEC is available to help answer questions as these documents may relate to program requirements.

- **Could a lender opt to only offer Class A and Class B Loans?**

Yes. A lender is not required to offer loans to all classes, and it is expected that the lender will use their standard underwriting practices to determine borrower eligibility.

- **Can the lender determine the lowest credit that they would want to approve?**

Yes. Lenders should follow their underwriting practices with regards to credit scores.

- **Is it the lender's responsibility to determine a loan's eligibility for the Loan Loss Reserve?**

Yes. It is the lender's responsibility to determine the borrower's FICO score. Lenders should input a customer's FICO range into the online application portal when they reserve loan support for a project. The applicable class and LLR eligibility will be determined based on this FICO range and the income category associated with the project.

- **If there is more than one applicant, or more than one credit score (for example two applicants, and/or credit reports and scores from each of three credit bureaus), what score is the lender required to use to determine eligibility for the Loan Loss Reserve (LLR)?**

The lender may choose which credit score to use in determining the class of the loan.

- **Will the Loan Loss Reserve for a defaulted loan also cover for lost interest during the default period, or only the lost principal?**

The Loan Loss Reserve (LLR) only covers the lost principal, not the interest lost. Please see page 22 of the Program Manual for further details.

- **Can the lender decide to not participate in Community Shared Solar (CSS) projects and only offer the loans to on-site installations?**

Yes. Lenders are free to determine if they are willing to loan to customers participating in a Community Shared Solar project.

- **Does the required "one-time re-amortization" of the loan apply to the Income Based Loan Support principal buy down?**

It is anticipated that once the Income Based Loan Support payment has been made, that the borrower would have the option to re-amortize based on that reduced principal, and this would not count as the borrower's one-time amortization within 18 months. However, the program only requires lenders offer one free re-amortization. Lenders should clearly communicate their offering with IBLIS eligible customers so customers can determine their payment options and feasibility before closing.

- **Can I get a Mass Solar Loan to refinance a loan that I already have on an existing project?**

No. The Mass Solar Loan program is for new projects only—those that have not been installed and interconnected to the grid.

- **As a system owner receiving a Mass Solar Loan, am I eligible to receive other incentives, such as the state and federal tax credits?**

Yes. We encourage system owners to take advantage of all financial incentives available for solar.

- **Can a lender compensate installers for directing customers to their product?**

No. In the interest of maintaining an open and competitive market for participants of the program, Lenders are not permitted to provide benefits in the form of payments or otherwise to installers in exchange for directing customers to use that lender's product or promoting that lender's product in any way.

Questions related to Loan Resale / Third Party Participation

- **Are Program Loans eligible for resale?**

Sale of program loans is not prohibited under the Mass Solar Loan program, provided the following conditions are met:

- The originating lender (who has signed the Financing Program Agreement and is participating in the program) remains responsible for all program requirements detailed in the Financing Program Agreement, including submitting information into the application portal, providing regular reports, disbursement of principal, and credit underwriting, amongst others. Third party service providers may assist in these processes, however responsibility for the information provided will remain with the original lender.
- Loan Loss Reserve and any other program loan support (Interest Rate Buy Down and Income Based Loan Support) that is reserved under the Program for a program loan originated by the original lender is established for the benefit of lender who has signed the Financing Program Agreement and will only be disbursed to the original lender.
- MassCEC requests that lenders inform MassCEC of their intent to re-sell loans under the program. Lenders are only asked to inform MassCEC of their intention to pursue a re-sale strategy and are not required to report each individual resale transaction.

- **Can lenders work with third parties (loan originators) to facilitate their participation in the program?**

Participation of third parties serving as loan originators is not prohibited under the program. Any entity or individual acting as a loan originator under the program is required to be in compliance with all relevant state and federal laws and regulations.

It is expected that lenders will consider all resident applications (with Technical Confirmations) that are presented to them regardless of whether they originate from a specific third party. In the interest of having an open and inclusive program, lenders are discouraged from having **exclusive** relationships with particular solar installers, groups of installers, loan originators or other entities. All lenders participating in the program will be listed on the Mass Solar Loan website and will be expected to accept loan applications for review in a non-discriminatory manner.

Participating lenders are responsible for ensuring that any costs directly or indirectly associated with Mass Solar Loan program loans are clearly disclosed to participants. Direct or indirect fees or charges paid by borrowers associated with third parties, along with any fees imposed by the lender, may not exceed \$500 per program loan. Please note, charges paid by solar installers to third party financial facilitators that are included in system or financing costs must be disclosed by lenders to residents. Failure to disclose such charges will be grounds for removal from the program.

- **Can Financing Costs be included as Eligible Project Cost?**

No, any costs associated with financing should not be included as eligible project costs. This would include fees charged by third party loan facilitators. All closing costs and other fees cannot exceed \$500.



- **How should lenders, loan originators and installers disclose information to consumers about the Mass Solar Loan program?**

The Mass Solar Loan Program does not provide prescriptive guidance on the disclosure of financings costs and lenders and other program participating entities should ensure that all program loans meet the requirements of state and federal laws.

However, the primary intent of the Mass Solar Loan program is to increase the adoption of cost-effective solar by promoting transparency and competition in the solar financing market. Financing and solar system quotes must be provided in a format that is clear and conspicuous and in a format that the consumer may keep. The exclusive use of password-protected web-portals or password-protected PDFs to provide quotes is prohibited. Additionally, providing a quote during a sales visit and not permitting a resident to keep the quote is also prohibited. Engaging in any such practices described above is expressly prohibited under the program and may result in removal of any lender, installer or third party facilitator from the program:

MassCEC recommends that participating entities that may have questions or are unfamiliar with state or federal banking law should reach out to the Massachusetts Division of Bank for guidance. Contact information for Division of Banks staff can be found at: <http://www.mass.gov/ocabr/government/oca-agencies/dob-lp/contact-the-division-of-banks.html>.