

*NJ Housing and Mortgage Finance Agency's*  
**HOME ENERGY SAVER PROGRAM (HESP)**

**HOMEOWNER'S STEP-BY-STEP LOAN PROCESSING GUIDE**

**QUICK SUMMARY:**

The New Jersey Housing and Mortgage Finance Agency (HMFA) is offering eligible New Jersey homeowners a Home Energy Saver Program (HESP) 0% interest rate mortgage loan to help finance energy efficiency improvements if the selected improvements will result in an estimated annual energy savings of 20% or more. HMFA's funding for HESP loans is coming from the American Recovery and Reinvestment Act (federal stimulus funding) that is being provided to HMFA via *New Jersey's Clean Energy Program*<sup>TM</sup> (NJCEP) and the NJ Board of Public Utilities. **HESP funding is limited and time constrained.**

See the HESP Program Guidelines for more details on borrower eligibility and program requirements.

The HESP mortgage loan financing portion offers up to \$10,000 of financing at 0% interest to help pay for energy efficiency improvements recommended by a *Home Performance with ENERGY STAR*<sup>®</sup> home energy audit. This audit and the energy improvement measures must be performed by a contractor who is accredited by the Building Performance Institute (BPI) and is participating in the *Home Performance with ENERGY STAR*<sup>®</sup> program. Eligible HESP borrowers will also receive a cash rebate of up to \$4,000 from the *Home Performance with ENERGY STAR*<sup>®</sup> program sponsored by the NJ Board of Public Utilities.

**HOW IT ALL WORKS:**

1. For information about the *Home Performance with ENERGY STAR*<sup>®</sup> program and the required home energy audit, call 1-866-NJ-SMART (1-866-657-6278) for this energy efficiency program information or visit the program website at: [www.njcleanenergy.com/hp](http://www.njcleanenergy.com/hp). The website also provides the list of participating BPI accredited contractors.
2. If you need financing to help pay for your energy improvements, you may apply for a HESP mortgage loan **only** if your work has not yet begun **and** you were denied or otherwise determined ineligible for the unsecured loan currently offered by the *Home Performance with ENERGY STAR*<sup>®</sup> program through Energy Finance Solutions (EFS) or New Jersey Natural Gas On Bill Repayment Plan (NJNG OBRP).
3. If you have applied and did not qualify for the EFS loan or a NJNG OBRP and if your work has not yet begun, you may apply for the HESP loan by contacting HMFA at 1-800-NJ-HOUSE (1-800-654-6873) to receive the **HESP Loan Application Packet**. This packet contains the HESP Program Guidelines, the income limits chart, the Financing Eligibility Application and the Homeowner's Step-by-Step Loan Processing Guide. Note that only the gross income of the actual owner(s) who are listed on the home's deed will be considered when determining whether the income exceeds the HESP income limits. Also note that the third page of the application includes a checklist of income and other required documentation that must accompany the HESP

application. As part of this documentation, you will be expected to submit a copy of the letter you received from EFS or NJNG denying your application for financing.

You must then mail the application with the accompanying documentation to HMFA at the address shown in the application.

4. HMFA staff will review your HESP application documents to ensure that (1) the income of the property owner(s) is documented, (2) the total income does not exceed HESP income limits and (3) the deed is in the name of the property owner(s) identified.
5. HMFA staff will then notify you in writing whether you are eligible for a HESP loan in an amount that does not exceed \$10,000. Note that this eligibility notification is not a formal mortgage loan commitment. It is simply confirmation that you are income-eligible for the HESP loan and that a maximum of \$10,000 in mortgage loan funding shall be reserved for you by HMFA **for a period not to exceed 120 days**. If the selected contractor is known, HMFA as a courtesy will send an email notification of the approved income applicant to the contractor.
6. Before the end of that 120-day period, you must do the following in order to qualify for a formal HESP mortgage loan commitment:
  - obtain a *Home Performance with ENERGY STAR*® audit (you must pay for this yourself; the price varies by contractor). Call 1-866-NJ-SMART (1-866-657-6278) if you need further information about such audits; and
  - once the audit is completed, obtain a bid and scope of work for the proposed energy improvements from a participating BPI accredited contractor (call 1-866-NJ-SMART for the list). You may obtain as many bids as you wish before making a selection, but make sure you seek bids for the same work so that bid comparisons are realistic; and
  - find out from your selected contractor if one or more permits (for plumbing and/or electrical, for instance) for the work must be obtained from your municipality before work begins. If permits are required, the contractor must include the expected permit application fees in the bid; and
  - enter into a signed contract that includes the scope of work and the total bid amount, and give permission to the selected contractor to submit this signed contract and Customer Participation Agreement to the *Home Performance with ENERGY STAR*® program to allow the contractor to claim the eligible incentives for the project.
7. After your *Home Performance with ENERGY STAR*® contractor provides HMFA with the necessary documentation, HMFA will send you a written HESP loan commitment letter that will list the conditions of the commitment and shall confirm the total HESP loan amount. You must agree to authorize HMFA to pay the contractor directly from the loan proceeds once the work is completed and is approved by you and the *Home Performance with ENERGY STAR*® program. You must sign the commitment letter and return the original copy to HMFA.

The HESP loan amount will be calculated as so:

**TOTAL CONTRACT AMOUNT (total bid amount for the scope of work per your approved signed contract)**

**LESS:** the *Home Performance with ENERGY STAR*® claimed cash rebate amount.

= **Base HESP Loan Amount**

**PLUS:** cost of property search report (typically about \$40)\*

**PLUS:** mortgage recording fee (typically about \$100+)\*

= **TOTAL HESP LOAN AMOUNT (not to exceed \$10,000)**

\*You are allowed to pay out-of-pocket for this fee, if you so choose

8. Once you sign and send back the original HESP loan commitment letter, HMFA will prepare and send to you the loan documents for execution. You will be asked to sign these documents and return them by mail (or in person, if you so choose). The contractor will then be informed by HMFA that the loan documents are properly executed and work may begin.
9. HMFA will not issue any proceeds from the HESP loan until the following takes place:
  - your contractor obtains any applicable municipally-required permits and has them issued in the name of the contractor (or applicable subcontractor); and
  - your contractor completes all the contracted work **within 80 days from the date of your commitment letter**; and
  - you sign a Certificate of Completion (provided by the contractor) and the contractor submits the Work Completion Application with all required paperwork to the *Home Performance with ENERGY STAR*® program; and
  - if permits for the work were required, the contractor and you contact the municipality to schedule and obtain final inspection(s) of the work as required by the permit(s) **and** the contractor provides HMFA with evidence of the applicable permit inspection approval(s). As evidence of such approvals, HMFA will accept a copy of the municipality's inspection tracking record for your home, a picture of the approved inspection sticker or other acceptable documentation; and
  - the *Home Performance with ENERGY STAR*® program formally notifies the contractor and the HMFA in writing that the work completion is approved. HMFA will then notify you accordingly.
  - Note: if your project is selected by the *Home Performance with ENERGY STAR*® program for a field quality control inspection, someone from the *Home Performance with ENERGY STAR*® program will contact you directly to schedule the inspection. The formal notification of completion will then be sent to the contractor and HMFA after the project passes the inspection. HMFA will then notify you accordingly.
10. Once all steps in #9 are completed, HMFA will order the HESP loan funds from the *Home Performance with ENERGY STAR*® program. Once HMFA receives the loan funds, all the proceeds (minus the property search fee and recording fee, if included in your total loan amount) will be mailed to the contractor, and a copy of this check will be mailed to you for your records.

**NJ Housing and Mortgage Finance Agency's  
HOME ENERGY SAVER PROGRAM (HESP)  
Financing Eligibility Application**

**PROPERTY OWNER'S NAME:** \_\_\_\_\_

**CO-OWNER'S NAME:** \_\_\_\_\_ Resides in the home?  Yes  No

**CO-OWNER'S NAME:** \_\_\_\_\_ Resides in the home?  Yes  No

**PROPERTY STREET ADDRESS:** \_\_\_\_\_

**CITY:** \_\_\_\_\_ **COUNTY:** \_\_\_\_\_ **ZIP:** \_\_\_\_\_

**NUMBER OF UNITS IN THE PROPERTY (check applicable):**  ONE  TWO  THREE  FOUR

**HOUSEHOLD SIZE (INCLUDING OWNER(S):** \_\_\_\_\_ **AGES OF HOUSEHOLD DEPENDENTS:** \_\_\_\_\_

**PROPERTY OWNER'S MAIN CONTACT INFORMATION:**

TELEPHONE NUMBER (HOME) \_\_\_\_\_ TELEPHONE NUMBER (CELL) \_\_\_\_\_

TELEPHONE NUMBER (WORK) \_\_\_\_\_ EMAIL: \_\_\_\_\_

**MONTHLY GROSS INCOME OF ALL PROPERTY OWNERS:**

DESCRIPTION	MONTHLY INCOME OF OWNERS			TOTAL
	Owner	Co-Owner	Other Co-Owner	
GROSS SALARY/WAGES	\$	\$	\$	\$
OVERTIME PAY	\$	\$	\$	\$
COMMISSIONS/BONUSES	\$	\$	\$	\$
INTEREST/DIVIDENDS	\$	\$	\$	\$
ALIMONY/CHILD SUPPORT	\$	\$	\$	\$
TOTAL RENTAL UNIT INCOME (if any)	\$	\$	\$	\$
OTHER PROPERTY INCOME (if any)	\$	\$	\$	\$
OTHER-SPECIFY:	\$	\$	\$	\$
<b>TOTAL GROSS MONTHLY INCOME</b>				\$

Did you apply for financing from Energy Finance Solutions (EFS) or New Jersey Natural Gas On Bill Repayment Plan (NJNG OBRP)?  Yes  No

**Note: Before you can apply for HESP, you must be formally notified in writing that you are ineligible for EFS or NJNG OBRP**

If you have selected a NJ HPwES participating contractor for your project, please provide the following information:

**Company:** \_\_\_\_\_ **Company Email:** \_\_\_\_\_

**ACKNOWLEDGMENT:**

This financial statement accurately describes my/our financial condition. All provided documentation is true, accurate and correct to the best of my/our knowledge. I/we understand and realize that the financial information I/we am/are voluntarily providing will be used by New Jersey Housing & Mortgage Finance Agency to analyze my/our options with respect to the mortgage loan. I/we further understand and acknowledge that any action taken by New Jersey Housing & Mortgage Finance Agency on my/our behalf will be made in strict reliance on the financial information I/we am/are providing.

\_\_\_\_\_  
Signature of Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Other Co-Owner

\_\_\_\_\_  
Date

# AUTHORIZATION FOR RELEASE OF INFORMATION

## CONSENT

I authorize and direct and Federal, State, or local agency, organization, business, or individual to release to the New Jersey Housing & Mortgage Finance Agency any information or materials needed to verify my/our application for assistance under the Home Energy Saver Program (HESP). I understand and agree that the information obtained may be given to and used by New Jersey Housing & Mortgage Finance Agency in administering and enforcing HESP program rules and policies. I/we further understand that this authorization cannot be used to obtain any information about me/us that is not pertinent to my/our eligibility for HESP assistance.

## COMPUTER MATCHING NOTICE AND CONSENT

I/we understand and agree that the New Jersey Housing & Mortgage Finance Agency may conduct computer matching programs to verify the information supplied for my/our application. If a computer match is done, I/we understand that I/we have the right to notification of any adverse information found and a chance to disprove incorrect information. This general consent may not be used to request a copy of a tax return.

## CONDITIONS

I/we agree that a photocopy of this authorization may be used for the purpose stated above. The original of this authorization is on file with the Home Energy Saver Program and will stay in effect from the date signed. This form performs the requirement of the property owner(s) to release information necessary for the administration of the program. Failure to sign this form will result in ineligibility. I/we understand that I/we have a right to review my/our file and correct any information that I/we can prove is incorrect.

## SIGNATURES OF EACH PROPERTY OWNER LISTED ON THE DEED:

\_\_\_\_\_  
OWNER (signature)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
SOCIAL SECURITY NUMBER

\_\_\_\_\_  
DATE OF BIRTH

\_\_\_\_\_  
CO-OWNER (signature)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
SOCIAL SECURITY NUMBER

\_\_\_\_\_  
DATE OF BIRTH

\_\_\_\_\_  
OTHER CO-OWNER (signature)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
SOCIAL SECURITY NUMBER

\_\_\_\_\_  
DATE OF BIRTH

## REQUIRED ATTACHMENTS TO THIS APPLICATION!

- COPY OF CREDIT DENIAL LETTER FROM ENERGY FINANCING SOLUTIONS (EFS) OR NEW JERSEY NATURAL GAS (NJNG) ON BILL REPAYMENT PLAN (OBRP)

(This is only required if you are the owner-occupant of a 1-unit or 2-unit home. This is NOT required if you are the owner-occupant of a 3-unit or 4-unit home, as these homes are automatically ineligible for EFS financing)

- COPY OF THE RECORDED DEED TO THE PROPERTY

- PAY STUBS, FOR MOST RECENT 30 DAYS FOR ALL EMPLOYMENT FOR EACH OWNER (EACH PERSON WHOSE NAME APPEARS ON THE PROPERTY DEED)

- 2 MOST RECENT YEARS OF FEDERAL TAX RETURNS WITH ALL SCHEDULES AND ALL W2s FOR EACH OWNER; IF SELF-EMPLOYED, INCLUDE CURRENT PROFIT AND LOSS STATEMENT

- RECENT AWARD LETTER(S) OR OTHER EVIDENCE OF ANY INCOME FROM PENSION, SOCIAL SECURITY, SSI, AFDA, VA, OTHER PUBLIC ASSISTANCE FOR EACH OWNER

- OTHER INCOME DOCUMENTATION (CHILD SUPPORT, ALIMONY, ETC.) FOR EACH OWNER

- COPIES OF SOCIAL SECURITY CARDS FOR EACH OWNER

- COPIES OF DRIVER'S LICENSES FOR EACH OWNER

**WHEN COMPLETE, PLEASE MAIL THIS APPLICATION AND ALL THE REQUIRED ATTACHMENTS AS INDICATED ABOVE TO:**

**Ms. Renee Miller  
HESP Mortgage Loan Supervisor  
NJ Housing and Mortgage Finance Agency  
P.O. Box 18550  
Trenton, NJ 08650-2085**

**If you have any questions while completing the application, please contact a HESP Mortgage Loan Originator: Quetcy Parrish at 609-278-7555 or Tina White at 609-278-7648 or Jim Franks at 609-278-7556.**