



Frequently Asked Questions

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Frequently Asked Questions

This document provides answers to common questions about the HERO Program.

GENERAL

What does the name “HERO” stand for?

HERO is an acronym that stands for: Home Energy Renovation Opportunity

What is the HERO Financing Program?

HERO is the #1 energy efficiency financing program in the United States. HERO partners with local governments to make energy efficient, water efficient, and renewable energy products more affordable for homeowners.

How is HERO Financing different than other forms of financing?

HERO is unique in that it provides financing for approved energy efficient, water efficient, and renewable energy products. HERO finances 100% of the cost to purchase and install eligible products. HERO offers low-fixed interest rates, flexible payment terms including 5/10/15/20 years for most products, and repayments are made through your property taxes. Additionally, if the property is sold before the HERO Financing is paid in full, the remaining payments can be passed on to a new property owner.

How is HERO Financing paid through my property taxes?

The repayment of HERO Financing is included in your property tax bill, which is delivered and collected by the County. You will see a line item titled HERO Financing on your property tax bill. If you make property tax payments through an impound escrow account, your lender will adjust your monthly payment to include the amount due for HERO Financing.

Who can apply for HERO Financing?

HERO Financing is available to residential property owners in many cities and counties across the State of California. To find out if HERO is available in your community please enter your zip code at heroprogram.com or call 1-855-HERO-411 (1-855-437-6411).

Are all contractors qualified to install eligible HERO products?

No. Contractors must be registered with the HERO Program in order to be qualified to install HERO eligible upgrades. To register with the HERO Program contractors must be properly licensed and bonded with the Contractors State License Board.

To find a registered HERO Contractor please enter your zip code at www.heroprogram.com to explore the contractors in your community. Property owners are responsible for the selection of the contractor(s) and product(s) necessary to complete their project.

What happens if a property is sold?

Property taxes typically stay with the property when it is sold. Under the HERO Program, when you sell or refinance your

property, your remaining payments may stay with the property. However, your lender may require you to pay off the remaining balance when you refinance or sell your home.

ELIGIBILITY

What are the eligibility criteria for HERO Financing?

Homeowners who meet the minimum criteria below are eligible for HERO Financing. Specific eligibility requirements for residential properties include the following:

- All mortgage-related debt must not exceed 90% of the value of the property.
- Mortgage payments must be current at the time of application, and property owner(s) must not have had more than (1) 30-day mortgage late payment over the past twelve months.
- Property taxes must be current and there must be no more than one late payment in the past three years.
- No outstanding involuntary liens, such as tax liens or mechanic's liens.
- Property owner(s) must not have had any active bankruptcies within the last seven years, and the Property must not be an asset in an active bankruptcy. However, if a bankruptcy was discharged between two and seven years prior, and the property owner(s) have not had any additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mobile homes must be permanently attached to the property and the owner of the underlying property must be the applicant and be subject to real property taxes

For more information, please go to www.heroprogram.com.

What products are eligible for HERO Financing?

There are more than 900,000 products that are eligible for HERO Financing. Generally, energy and water efficient products and renewable energy systems are eligible. Please explore the list of Eligible Products at heroprogram.com for more information. If you wish to install a product that is not on the list contact us at 1-855-HERO-411 (1-855-437-6411) to get an application.

If I owe more on my house than its market value, am I still eligible for HERO Financing?

No. Total mortgage liens on the property cannot not exceed 90% of the value of the property.

Can a mobile home/manufactured home qualify for HERO Financing?

Mobile homes (and manufactured homes) are eligible if they are permanently attached to the real property and pay real property taxes (not DMV fees). The mobile home owner must also be the owner of the underlying land. Since an AVM value is often not available for mobile or manufactured homes, the tax assessed value or recent appraisal value may need to be used for the debt-to-value and Eligible Product costs calculations.

Does a condominium qualify for HERO Financing?

Condominiums may be eligible depending on the Covenants, Conditions and Restrictions (CC&R's) of the complex as well as the physical design of the unit. Condominium owners who apply for HERO Financing may need to obtain written authorization from condominium management stating that the property owner is allowed to install the proposed Eligible Products.

Can a property placed in a trust qualify for HERO Financing?

Yes. Trust property is eligible for HERO Financing if adequate documentation of the Trust, and the applicants' authority under the Trust, are provided with the application. All Trustees must sign all HERO Program documents.

COSTS & REBATES

Are there application fees?

There are no fees to apply for HERO Financing.

What interest rates does HERO offer?

The interest rates for HERO Financing vary depending upon the term, with terms ranging from 5 - 20 years. HERO Financing is recorded as an assessment on the property and is paid through a homeowner's property tax bill. Certain items on your property tax bill may be deductible. You are urged to consult a tax advisor regarding the deductibility of such payments.

Can rebates be used with HERO Financing?

Yes, homeowners can still receive any rebate that is offered by their local utility, city, county, etc. HERO Financing does not affect the rebate process in any way.

Since HERO is paid through my property tax bill, is it tax-deductible?

Certain items on your property tax bill may be deductible. You are urged to consult a tax advisor regarding the deductibility of such payments.

PROGRAM DETAILS

How do I get HERO Financing?

HERO Financing is a simple 4 step process:

1. Apply - Find out how much your home is approved for.
2. Select - Choose the eligible products and select the contractor for your job.
3. Sign - Sign your financing documents.
4. Complete – Finish the installation.

For more information on the HERO Financing process please visit www.heroprogram.com.

Am I required to get an energy audit for my property?

While a residential energy/water audit is not required to participate in the HERO Program, it is recommended in certain cases particularly when you are looking to do whole home improvements for the purpose of maximizing your energy and water cost savings. An energy audit by a certified auditor may be the best way for you to determine which Eligible Products are needed in a home. In addition, the cost of the audit is eligible for HERO Financing along with the Eligible

Products themselves.

Do I need to obtain a building permit?

The HERO Program only requires that you comply with the building permit requirements for your city or county, whichever has jurisdiction over your property. If required, you (and your contractors) are responsible for obtaining permits and completing inspections, including final inspection sign-off, from the appropriate City or County building department. You should speak with your contractor for further information.

Can HERO Financing be used for more than one project?

Yes, a property owner can finance multiple projects. However, all projects must be approved in order to make sure they meet efficiency standards.

Can I finance Eligible Products that are already installed?

No. Products that have already been installed are not eligible for HERO Financing.

Who may install HERO Financed products?

Only contractors registered with the HERO Program or a property owner who has signed a Self-Install Agreement may install HERO Financed Eligible Products. Contractors can register instantly at www.heroprogram.com as long as they have a valid California State Business License.

Can a property owner install their own Eligible Products?

Yes, however, the property owner will not be paid for their own labor and must sign a Self-Install Agreement. If the property owner is also a contractor who has registered with the Program and are installing products on their own house, they may be reimbursed for the labor costs of their work crew, but not for their own personal time and labor.

REAL ESTATE TRANSACTIONS

Can I sell or refinance a property that has an outstanding HERO assessment?

Yes, HERO properties can be sold or refinanced at any point. Remaining HERO assessments can be paid off or legally transferred to the new owner. Over 3,000 HERO Homeowners have refinanced or sold their homes, and the HERO assessment has been successfully transferred in the majority of those transactions. This process has recently been streamlined for HERO Homeowners, buyers, and real estate professionals with the assistance of our in-house dedicated group of experts, HERO Property Advisors.

However, homeowners should be aware that lending criteria can change and vary between banks. Some banks and/or purchasers require the outstanding assessment balance to be paid off when a homeowner refinances or sells a home, which can be done without a prepayment penalties.

Should such concerns arise, HERO Property Advisors can assist you in their resolution through a variety of solutions tailored to your unique situation. Real estate professionals and lenders, as well as homeowners and buyers, can contact HERO Property Advisors at [1-855-CAL-HERO](tel:1-855-CAL-HERO) for assistance at any point.

How does HERO help ease transactions for real estate professionals, lenders, homeowners and buyers who may be unfamiliar with PACE assessments?

Because PACE Programs present an innovative financing option, HERO has established HERO Property Advisors, a dedicated division of the Program, to provide transactional assistance to real estate professionals and lenders as well as homeowners and buyers. Please call, or direct any of these individuals to call, a HERO Property Advisor at 1-855-CAL-HERO at any point before or during the transaction.

Does a home with a HERO assessment affect the buying or selling process?

Yes. Selling a home with a HERO assessment entails providing clear disclosures. Listing agents should disclose to interested buyers that there is an additional tax assessment on the property tax bill while also explaining how the energy and/or water savings help offset such an assessment. HERO Property Advisors are available to assist in this process and may be reached at 1-855-CAL-HERO.

How do I find out if a current or new listing has a HERO assessment?

To find out if a listing has a HERO assessment, first ask the listing agent. If the property is not listed with a licensed real estate agent, you may contact the seller of the property and ask if they have selected HERO to finance property improvements. At the time you enter into escrow, the HERO assessment will appear on the preliminary title report, which lists all property taxes on the property.

If a homeowner decides to pay off the HERO assessment at close of escrow, are there fees to consider?

No, there are no prepayment penalties associated with the HERO Program, regardless of the HERO assessment date. However, given that HERO Assessments are paid through property taxes at specified intervals, the homeowner may have interest payments due until the next tax interval. Please contact HERO Property Advisors at 1-855-CAL-HERO to assist with a prepayment schedule for your HERO Home.

Do buyers purchasing a home with a HERO assessment need to qualify or reapply for HERO financing?

The potential buyer of a home with a HERO assessment does not need to qualify or reapply for HERO. When a HERO tax assessment is transferred to new owners, it does so automatically with the sale of the property.

Are there any fees to consider in the transfer of a HERO assessment on a listing?

No, there are no fees associated with the transfer of a HERO assessment for the homeowner, buyer, or agent.

Is there any additional or specific paperwork required for a home with a HERO assessment that should be considered in the buying/selling process?

No, there is no additional or specific paperwork required in order to facilitate the buying or selling of a home with a HERO assessment.