



Program Overview Document

FY2025 Jane E. Lawton Conservation Loan Program

Program Description: The Maryland Energy Administration (MEA) provides the Fiscal Year 2025 (“FY25”) Jane E. Lawton Conservation Loan Program (“Lawton Loan Program”, “the Program”) to Maryland eligible businesses, nonprofit organizations, local governments) and State agencies, including departments, to finance cost-effective energy efficiency and conservation projects to benefit their facilities and operations by reducing energy consumption, reducing greenhouse gas emissions, reducing (or eliminating) fossil fuel use, and improving sustainability. Comprehensive projects that include multiple measures to maximize energy cost savings and greenhouse gas emissions reductions are highly desired.

Program Purpose: The Lawton Loan Program promotes energy efficiency, reduces consumption of fossil fuels, and enhances energy-related economic development and stability in the commercial and industrial, nonprofit, and government sectors, the Jane E. Lawton Conservation Loan Program authorizes the Maryland Energy Administration to:

- Make low-interest loans to eligible nonprofit organizations, eligible businesses, and local governments; and
- Enhance the credit of financings offered by eligible banks and other financial institutions to benefit eligible nonprofit organizations, eligible businesses, and local governments.

Funds are provided at below-market rates to Maryland nonprofits and eligible businesses, and at zero financing cost to local governments and State agencies and departments, to improve access to affordable capital and spur energy efficiency and conservation projects in the built environment.

Program Regulations: The Lawton Loan Program is governed by Md. Code Ann. State Gov’t Art. §§ 9-20A-01 – 9-20A-10. Regulations governing the Lawton Loan Program can be viewed in the Code of Maryland Regulations (COMAR), section 14.26.01. The Lawton statutes and regulations shall control in the event of conflict with this Funding Opportunity Announcement (“FOA”).

Type of Program:	Non-competitive (first-come, first-served) based on the date that MEA receives a complete application
Application Deadline:	Thursday, May 15, 2025 at 3:00 PM. EDT
Eligible Borrower Type:	<p>The Lawton Loan Program is open to Eligible businesses and nonprofit organizations that have legal authority to transact business or operate within the State of Maryland.</p> <p>The Lawton Loan Program is also open to local governments, and all State of Maryland governmental bodies (agencies, departments, and other State bodies and sub-units, including State colleges and universities).</p> <p>Non-governmental borrowers must be in Good Standing with the Maryland State Department of Assessments and Taxation (SDAT).</p>
Application Fee:	Eligible businesses, nonprofit organizations, local governments (counties, and municipalities) are required to pay a one-time \$250 application fee (“Lawton Loan Application Fee”) to apply to the Lawton Loan Program. State agencies are exempt from this requirement.
Funding:	A total of \$3,000,000 is anticipated to be available for Lawton loans in FY25. The amount loaned may be higher or lower depending on the quantity and quality of applications received (See Table 1).
Funding Restrictions:	<p>From the \$3,000,000 budget; funding is allocated as follows:</p> <ul style="list-style-type: none">• \$2,000,000 million is reserved for the Maryland State Agencies through December 31, 2024• \$1,000,000 million is initially reserved for certain Borrower types, and restrictions are listed in the table 1 below. <p>These restrictions will be fully lifted after December 31, 2024. All remaining funds are available for potential loans to all eligible Applicants beginning January 1, 2025 as reflected in table 1.</p>

Borrower Type	Time Period	Restriction on Fund Availability
Eligible borrowers (eligible businesses and local governments)	July 1, 2024 – December 31, 2024	\$1,000,000
DGS, State agencies, colleges, departments	July 1, 2024 – December 31, 2024	\$2,000,000
All remaining eligible borrowers (eligible businesses and local governments)	January 1, 2025 - March 15, 2025	Remaining Funding from Above

Table 1

Loan Term:

Eligible businesses, Nonprofit Organizations, local governments: A Lawton Loan Term is calculated based upon the simple payback of the entire project. A Category 1 project loan term is the lesser of the simple payback of the project, or ten (10) years. A Category 2 project loan term is the lesser of the simple payback of the project, or eighteen (18) years.

State of Maryland Governmental Bodies: A Lawton Loan Term is calculated based upon the simple payback of the entire project, up to a maximum of eighteen (18) years. A project’s simple payback cannot exceed eighteen (18) years.

Interest Rate:

The interest rate for Maryland eligible businesses and nonprofit organizations is **two (2%) to three percent (3%) depending on the category of loan.** While there are no interest charges, administrative fees of 1% apply for Maryland’s local governments (counties and municipalities), nor for State of Maryland governmental bodies.

Loan Amounts:

Loans are offered to Maryland eligible businesses, nonprofit organizations, local governments, the Maryland Department of General Services (“DGS”), and other State Agencies.

Funds for **eligible businesses and non-profit organizations** (non-DGS and non-State entities) are offered under two (2) Categories (Microloans and Traditional loans) (See Table 2):

Loan Category	Microloans Eligible businesses and non-profit organizations	Traditional Loans Eligible businesses and non-profit organizations
Loan Amount	\$10,000 - \$50,000	\$50,001 - \$500,000
Administration Fee	0%	0%
Interest Rate	3%	2%
Payback	up to 10 years	up to 18 years
Personal Guarantee	Yes	Yes
Fully secured liens	No	Yes
Application Fee	\$250	\$250

Table 2: Eligible businesses and non-profit organizations

Category 1: Microloans:

- \$10,000 - \$50,000 in principal, for small projects that create high-impact energy cost savings;
- Project simple payback by no later than 50% of the project's cost effectiveness (see "Cost Effectiveness" section for more information);
- Microloans are not secured by a security agreement, but do require at least one (1) personal guarantee from the organization's principal(s);
- Applicants for microloans must demonstrate adequate financial resources on their personal balance sheet to more than collateralize the requested loan, any evaluation of these resources and final decision is at MEA's sole discretion;
- The interest rate for eligible businesses and nonprofits is 3%;
- Maximum loan term is ten (10) years.

Category 2: Traditional Loans:

- \$50,001 - \$500,000 in principal, for medium-to-large-scale projects that include multiple, deep-retrofit energy efficiency and energy conservation measures;
- Project simple payback cannot exceed the project's cost effectiveness (see "Cost Effectiveness" section for more information);
- Fully-secured loans that include the execution of a security agreement and collateralization of the financed energy equipment;
 - A lien on property may be required under certain risk situations.

- The interest rate for eligible businesses and nonprofits is 2%;
- Maximum loan term is eighteen (18) years.

DGS and other State agency funding amount requests will be considered by MEA on a case-by-case basis and are not subject to loan amount request constraints as reflected in Table 3:

Loan Category	Traditional Loans State of Maryland DGS and other State agency
Loan Amount	Case-by-Case
Administration Fee	1% of the loan amount
Interest Rate	0%
Payback Period	up to 18 years
Personal Guarantee	No
Fully secured liens	No
Application Fee	N/A

Table 3

DGS/State Agencies: State of Maryland DGS and other State agency are offered under (1) Category as shown in Table 3:

- \$2,000,000 in principal, for medium-to-large-scale projects that include multiple, energy efficiency and energy conservation ;
- Project simple payback cannot exceed the project’s cost effectiveness;
- The interest rate is zero (0%) for State of Maryland DGS and other State agency ;
- There is a 1% administrative fee
- Maximum loan term is eighteen (18) years.

Cost-effectiveness: Projects must be **cost-effective**, meaning that the project’s aggregate Simple payback must be achieved **before** the consideration of any rebates or incentives. The majority of claimed and documented energy financial savings should come from a reduction in energy use and cost.

Simple Payback: (SPB) describes the investment performance of any distinct ECM. SPB indicates the number of years in which the ECM will pay for itself through the accumulated dollar value of annual energy savings provided by that ECM. Note that the “total ECM cost” for this calculation is its

gross cost before subtraction of values representing any rebate, incentive, or other leveraged funds (See Fig. 1):

Fig. 1: Simple Payback (SPB)

$$\text{SPB} = \frac{\text{TOTAL PROJECT COST}}{\text{ANNUAL DOLLAR VALUE OF NET ENERGY SAVINGS PROVIDED BY THE PROJECT}}$$

Project Type Funding:

Funding amounts are subject to constraints based upon the type of project to be financed. These constraints are provided in the table that follows (See Fig 2):

Project Type	Constraint
<p>Facility Retrofits: Projects installed in existing buildings, infrastructure, or other facilities that are not undergoing a full structure rehabilitation¹.</p>	<p>Loan funds can finance up to 100% of the Net Total Project Cost².</p>
<p>Incremental Improvements: Projects installed as part of a new building, infrastructure, or other facility construction; OR projects installed as part of a full structure rehabilitation*.</p>	<p>Loan funds can finance up to 100% of the Incremental Project Cost³</p>

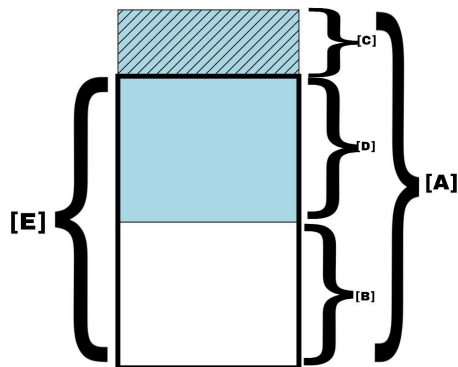
¹A full structure rehabilitation means a structure that is undergoing substantial renovation, typically stripping down to its shell and rebuilding. MEA will consult with the Applicant to make this determination on a case-by-case basis.

²Net Total Project Cost means the total energy project cost minus all applicable rebates, incentives, and other leveraged funding sources

³ Incremental Project Cost means the difference between the total energy project cost and the total cost of an energy project that would have included code-minimum measures, minus all applicable rebates, incentives, and other leveraged funding sources

Fig. 2: Facility Retrofits and Incremental Improvements

Facility Retrofits



FACILITY RETROFITS

[A] = PROPOSED TOTAL PROJECT COST

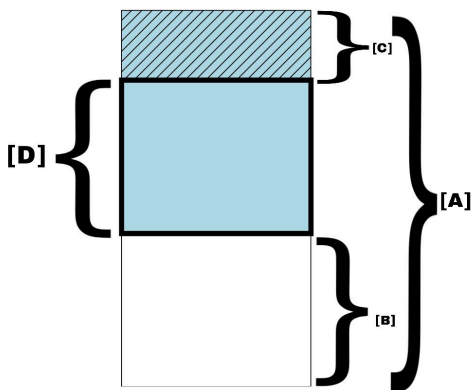
[B] = TOTAL COST OF PROJECT COSTS PERFORMING WORK EQUIVALENT TO THE PROPOSED SCOPE, BUT OPERATING AT CURRENT MINIMUM CODE OR STANDARD

[C] = TOTAL VALUE OF INCENTIVES, REBATES, OTHER LEVERAGED FUNDS NOT PROVIDED BY MEA, SPECIFIC TO THE PROJECT

[D] = INCREMENTAL INVESTMENT

[E] = AMOUNT ELIGIBLE FOR FY25 LAWTON LOANS, EQUAL TO 100% OF NET TOTAL PROJECT COST

Incremental Improvements



INCREMENTAL IMPROVEMENTS

[A] = TOTAL COST FOR PROPOSED HIGH-PERFORMANCE PROJECT COSTS

[B] = TOTAL COST OF PROJECT COSTS PERFORMING WORK EQUIVALENT TO THE PROPOSED SCOPE, BUT OPERATING AT CURRENT MINIMUM CODE OR STANDARD

[C] = TOTAL VALUE OF INCENTIVES, REBATES, OTHER LEVERAGED FUNDS NOT PROVIDED BY MEA, SPECIFIC TO THE PROJECT

[D] = INCREMENTAL INVESTMENT AND AMOUNT ELIGIBLE FOR FY25 LAWTON LOANS, EQUAL TO 100% OF INCREMENTAL PROJECT COSTS.

**Permissible Uses
for Loan Funds:**

A loan under the Program may be used to pay for the costs of implementing projects, including the costs of all necessary:

Technical assessments; Studies; Surveys; Plans and specifications; and Start-up, architectural, engineering, and other special services; The costs of procuring necessary technology, equipment, licenses, or materials; and The costs of construction, rehabilitation, or modification related to a project including the purchase and installation of necessary machinery, equipment, or furnishings.

A loan may be made in conjunction with, or in addition to, financial assistance provided through other State or federal programs.

Eligible Activities:

Lawton Loans are available to fund the following energy conservation measures (“ECMs”) and activities. MEA is focusing on funding projects with large GHG reduction potential and electrification of technologies. Please contact MEA prior to applying to discuss the particular situation.

- LED lighting and controls
- Heat Pump replacements of fossil
- fueled equipment and other HVAC electrification alternatives
- Improvements to non fossil fueled equipment
- Building envelope measures (insulation, air sealing, etc.)
- Chiller replacements and other measures
- Building management systems
- Building automation measures
- Hot water, chilled water, and steam system management measures and improvements that do not use fossil fuels or extend the service life of fossil fueled equipment
- Variable frequency drives
- Process-specific equipment and other measures that result in significant energy cost savings
- Combined Heat and Power (CHP) and other gas technologies for manufacturing, critical infrastructure, large institutions and similar situations, where an electrification alternative is not available. **Any applications for combined heat and power must include a technical analysis of why an electrified alternative or zero emission alternative cannot be used**, this analysis should not be on the basis of operating or capital costs alone and deemed eligible by MEA on a case-by-case basis
- Other energy efficiency and conservation measures, deemed eligible by MEA on a case-by-case basis

Ineligible Activities include, but are not limited to the following:

- New installations of natural gas technologies, other than uses

- permitted above,
- New natural gas infrastructure, not in concert with the uses
- permitted above,
- Significant system life extensions, beyond basic health and safety repairs or efforts that enhance efficiency but do not extend gas system life. Improvements must be in concert with other energy efficiency improvements that reduce or eliminate fossil fuel use,
- Vehicle energy efficiency technologies
- Technical assistance and staffing support

Application

Review Process:

A Lawton Loan Application will undergo a **three (3) step** Review Process that may take a few months to process given outside reviewers timeframes.

Step 1: The Lawton Loan Program Manager will review the application package to ensure that all required documents have been provided and that the application package meets all Minimum Evaluation Criteria, which are listed in the next section of the FOA.

Step 2: A Lawton Loan package will undergo a financial viability and creditworthiness review to gauge the Applicant's ability to repay the Lawton Loan, the Applicant's level of financial risk, and to recommend what security instruments are most appropriate to extend a Lawton Loan offer.

Step 3: A Lawton Loan application package that passes Step 2 will undergo a technical analysis, typically completed by an outside vendor, to evaluate the accuracy of the ECM and activity specifications, energy cost savings assumptions, and the general feasibility of the project.

The Lawton Loan Program Manager will review the findings between each evaluation to determine eligibility.

Evaluation Criteria:

Applicants to the Lawton Loan Program must meet the following minimum evaluation criteria to be considered for Lawton Loan funding:

- **Type of applicant** with local governments, including schools, and nonprofits receiving special priority;
- Amount of **projected electricity saved**, fossil fuels displaced, or renewable energy generated;
- The extent to which the loan would **leverage other energy investment dollars**, including funds from the applicant or other private, local government, or federal financing;
- **Risk profile** of loan, including the length of the payback period, the applicant's ability to repay or provide security or collateral, or both, as required by the Administration;
- The availability of **insurance**;

- How the loan interacts with the applicant's **broader energy conservation strategy**; and
- **Project readiness**.
- **Project Location**: Projects must be located within the State of Maryland.
- **Facility Ownership**: Projects must be installed at a facility owned or leased by the Applicant for at least the time period until the loan is fully repaid. If the facility is leased, the Applicant must have explicit written permission from the facility owner to complete the project. In addition, if the facility is leased, the Applicant must obtain acknowledgment from the owner that the Applicant will own the installed equipment.
- **Application Package Documentation**: An Applicant **must include all** documentation in its Lawton Loan Application package required by this FOA. All required documentation can be found in the Application Documents section of this FOA, which follows this section.
- **Baseline Energy Consumption**: All baseline energy consumption documentation provided in the application package must successfully demonstrate an accurate and complete twelve (12) consecutive month period of baseline energy usage under **normal conditions**. Periods of abnormal consumption should be noted, and an estimation of normal consumption for that period should be provided.
- **Energy Savings Accuracy**: All energy cost savings, equipment, and project activity documentation provided in the application package must successfully demonstrate that the energy cost savings assumptions, equipment specification, and other ECM or activity metrics are accurate and reliable. Applicants should use vetted and generally-accepted sources of technical information, such as the Mid-Atlantic Technical Resource Manual (most recent edition), or vetted energy modeling and simulation software.
- **Historical Properties**: The project, once installed, must not have an adverse effect on the historical significance of the property, as determined by the Maryland Historic Trust.
- **Good Standing Requirements**: eligible businesses, nonprofit organizations, and any other non-governmental borrower must be in Good Standing with the [Maryland State Department of Assessments and Taxation \(SDAT\)](https://dat.maryland.gov/Pages/default.aspx)⁴. Applicants may supply evidence of Good Standing in one of two ways: (1) by supplying a screenshot or PDF of the organization's status as returned in

⁴ <https://dat.maryland.gov/Pages/default.aspx>

SDAT's [Business Entity Search](#)⁵, or by supplying its Certificate of Status, [available from SDAT here](#)⁶.

- **Applicant's Resource Contribution:** Maryland eligible businesses, nonprofit organizations, and local governments must make a contribution toward the project. This can be, at minimum, the \$250 Lawton Loan Application Fee. State agencies are exempt from the Lawton Loan Application Fee and must instead pay a one-time administrative fee equal to one percent (1%) of the initial loan balance. This fee is added to the first loan payment.

Application Documents: MARYLAND BUSINESSES, NONPROFIT ORGANIZATIONS, AND LOCAL GOVERNMENTS ONLY (State Agencies see the next subsection): Each application package submitted to the Lawton Loan Program **must include the following documents** to be considered for a Lawton Loan.

- **Application Form:** A **complete and accurate** Lawton Loan application workbook, signed by an individual authorized to transact business on behalf of the Applicant and, if offered by MEA, execute a Lawton Loan on behalf of the Applicant. A copy of the Lawton Loan application workbook is available on the [Lawton Loan webpage](#)⁷.
- **Utility Bills (if applicable):** All utility bills corresponding to the one (1) year period of energy consumption detailed in the Energy Baseline tables in the application workbook. This documentation requirement applies **only to Facility Retrofit projects**, as described in the Project Type Funding section of this FOA.
- **Utility Baseline Estimation Documentation (if applicable):** All assumptions, calculations, models, and other data sources utilized to document estimated energy consumption information as presented in the Energy Baseline table in the application workbook. This documentation requirement applies **only to Incremental Improvements projects**, as described in the Project Type Funding section of this FOA.
- **Energy Savings Summary:** A **spreadsheet-based** summary documentation that applies all assumptions, calculations, estimations, models, and other data sources used to generate the energy cost savings projections provided in the Lawton Loan application form.
- **Energy Savings Backup Documents:** Copies of data sources used to create the Energy Savings Summary document. Examples include, but are not limited to: energy audit reports, energy modeling output reports, technical resource manual (TRM) pages, equipment specification and cutsheets, etc. Include pages or

⁵ <https://egov.maryland.gov/businessexpress/entitysearch>

⁶ <https://dat.maryland.gov/businesses/Pages/Internet-Certificate-of-Status.aspx>

⁷ <https://energy.maryland.gov/govt/pages/janeelawton.aspx>

images from source documents rather than weblinks to such documents.

- **Completed Utility Rebate Application(s)**: Copies of completed EmPOWER utility rebate application(s) submitted to the utility, as applicable.
- **Applicant Financial Statements (eligible businesses and nonprofit organizations ONLY): Three (3) consecutive years of financial statements** for the Applicant organization. If five years of statements are not available, all available financial statements. **MEA requests certified financial statements.** If certified financial statements are not available, the Applicant must provide a written explanation of why they are not certified. **If no financial statements are available**, please provide bank statements.
- **Organization Foundational Document(s)**: Articles of Incorporation, Articles of Organization, or other official Applicant documentation establishing the Applicant as an organization with legal authority to transact business or operate within the State of Maryland.
- **Organizational Structure Document(s)**: Bylaws, Operating Agreement, Stockholder Agreement(s), or other documents detailing the organizational structure of the Applicant organization.
- **Board of Directors Roster (eligible businesses and nonprofit organizations ONLY)**: A roster of all members of the current Board of Directors.
- **IRS Form W9**: A complete, accurate, and signed IRS Form W9 for the Applicant organization.
- **Goods / Services Provided Summary (eligible businesses ONLY)**: Documentation that details goods produced and/or services provided by the business.
- **Documentation of Other Loans and Liens**: Documents detailing all existing loans for which the Borrower is in repayment and/or default, and/or loans that the Borrower anticipates executing or will execute within the next year; as well as all existing liens placed on the Borrower's assets.
- **Real Property Appraisal**: A copy of a real property appraisal that reflects the current value of the property where the project will be installed.
- **Documentation of Good Standing (eligible businesses and nonprofit organizations ONLY)**: Current (not older than three (3) months) Certificate of Good Standing from the Maryland State Department of Assessments and Taxation; OR a screenshot or PDF of the Applicant's status as reported by SDAT's Business Entity Search. See the "Good Standing Requirements" in the Eligibility Criteria section of this FOA for instructions.
- **Applicant's Resource Contribution**: Documentation of the Applicant's Resource Contribution to the project, as defined in the Eligibility Requirements section of this FOA.

STATE GOVERNMENTAL BODIES ONLY (Eligible businesses, Nonprofit Organizations, and local governments see the above subsection): Each application

package submitted to the Lawton Loan Program must include the following documents to be considered for a Lawton Loan.

- **Application Form:** A complete and accurate Lawton Loan application form, signed by an individual authorized to transact business on behalf of the Applicant and, if offered by MEA, execute a Lawton Loan on behalf of the Applicant.
- **Energy Savings Calculations / Estimates:** Complete and accurate energy cost savings calculations and maintenance savings or estimates for all proposed energy conservation measures (ECMs) for which Lawton Loan funding is requested. Please include the source of the calculations and clearly state all assumptions.

Risk and Security:

All applications from Maryland eligible businesses, nonprofit organizations, counties, and local governments will undergo a financial viability and creditworthiness review (Step 2 of the Evaluation Process detailed in this FOA). This may include a review of the Applicant's current Dun & Bradstreet report in addition to a review of the financial and/or bank statements provided by the Applicant. MEA may require any or all of the following as a condition of the loan:

- Personal guarantee(s) from individual stakeholder(s) or majority stakeholder(s) and
- Security on installed project equipment, which may include MEA becoming a first lien holder on the equipment
- Legal counsel opinion letter assuring the borrower's legal capacity to enter into the loan and substantiating the legal premises stated in the financing documents; Other collateral that may be required depending on the credit profile of a prospective borrower.
- Pledge of condominium association fees (as applicable);
- Pledge of rent schedules payments;
- Letter of credit;
- Lien on real property where the project equipment is located,
- MEA having primacy on any liens on specific assets financed by the Lawton Loan Program; or,
- Additional collateral or security as determined by MEA on a case-by-case basis.

Anticipated Application Submittal Timeline:

MEA will make best efforts to process Lawton Loan application packages as quickly as possible. Please note that instant approval is not possible. Applications that are complete and present well-defined energy cost savings calculations, estimations, and assumptions will be the quickest to process. Applicants are highly encouraged to contact MEA before submitting a Lawton Loan application to clarify any

requirements that are unclear or to ask any questions to ensure the most efficient review can be conducted.

The evaluation of a Lawton Loan application package may be delayed if MEA requires additional documentation, or if any other questions or concerns must be addressed during the evaluation process. Applications will be evaluated pursuant to this FOA and Lawton Loan statutes and regulations. Approval of a Lawton Loan application is not guaranteed. Any requests or loan applications that require a potential exception to any aspect of the program requirements as published will be evaluated on an indeterminate timeline, because each situation is different MEA will not be able to commit to a specific date at which the loan can be issued or if it can be issued. Any exceptions are at MEA's sole discretion.

**Project Expenses
Incurred:**

MEA may permit, at its sole discretion, that Lawton Loan funds be eligible to reimburse project expenses a borrower incurs after the execution of a Commitment Letter with MEA but prior to closing of the loan. **Project expenses initiated or incurred prior to Lawton Loan closing are at the borrower's sole risk.** If the Lawton Loan is not closed, these project expenses **will not be reimbursed.**

PROJECT TERMS, CONDITIONS, AND REQUIREMENTS ARE SUBJECT TO CHANGE THROUGHOUT THE FISCAL YEAR AT THE SOLE DISCRETION OF MEA. AN APPLICANT SHOULD THOROUGHLY REVIEW THE MEA LAWTON LOAN WEBPAGE FOR THE MOST CURRENT POLICIES AND GUIDELINES WHEN PREPARING A LAWTON LOAN APPLICATION.

For more information or assistance, please visit the FY25 Lawton Loan webpage or send an email to Lawton.MEA@Maryland.gov