

# Holland Energy Fund On-Bill Loan Program

Implementation Guide

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May 2016  
Version 1.2

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## DOCUMENT HISTORY

Version	Date	Nature of Revisions
1.0	December 31, 2015	Initial Implementation Guide
1.1	January 5, 2016	Updated to reflect the proper language for the unsecured loan offered by the program and addition of Process to Amend.
1.2	May 6, 2016	Interest rates added

This report is available on the City of Holland's website ([www.cityofholland.com/hef](http://www.cityofholland.com/hef)) and for review at the office of the clerk at 270 S. River Avenue, Holland, MI. Tim Vagle, President of the Holland Energy Fund, is the city official authorized to enter contracts on behalf of the Holland Energy Fund under the 2014 Michigan Municipal Utility Residential Clean Energy Program Act (PA 408).

# INTRODUCTION

## Purpose

This implementation guide outlines the details and requirements of the Holland Energy Fund (HEF) On-Bill Loan Program, which provides easy, affordable loans from the HEF to City of Holland homeowners for qualifying energy efficiency and renewable energy improvements. Customers pay back the loan through a per-meter charge on their Holland Board of Public Works (BPW) bill for electric services. The loan payment is considered part of the charges for electric services to the property.

The guide serves as a reference for anyone that wants to learn more about the On-bill Loan Program, including customers and contractors. This guide fulfills the report requirements under the 2014 Michigan Municipal Utility Residential Clean Energy Program Act (PA 408).

## About the Holland Energy Fund

Holland Energy Fund, Inc. was incorporated as a nonprofit corporation to facilitate and finance aspects of the City of Holland's comprehensive, long-range Community Energy Plan to become a world-class leader in energy security, affordability, sustainability, and efficiency.

The plan includes several large-scale projects. One such project is to substantially increase the energy efficiency of Holland's 7,400 single-family homes. Energy efficiency investments are a cost-effective means to decrease energy consumption, enhance building comfort, and reduce utility bills.

Despite the benefits of energy efficiency investments, high up-front costs can be a significant barrier to investing in home energy improvements. A program that allows customers to repay financing for these improvements (by adding incremental payments to their utility bills) is one way to overcome this cost barrier.

On-bill financing generally refers to a financial product that is serviced by, or in partnership with, a utility. The energy efficiency improvements are repaid by the homeowner on his or her monthly utility bill.

During a meeting of 28 stakeholders on June 11, 2015, the following goals were developed and agreed upon for the City of Holland's On-Bill Loan Program:

### Strengthen Community and Neighborhood by

1. encouraging deep energy savings (environment);
2. increasing access (equity); and
3. administratively operating in a cost-effective manner (economic).

Objectives to achieving goals include:

- **Encouraging deep energy savings:** The program provides a mechanism to attract home-owning participants that need multiple energy savings measures. To achieve deep energy savings (30 to 50 percent), the project size will be relatively large and expensive, relatively time-consuming (audit, multiple measures installed, etc.), and will require a contractor that specializes in home performance. Financing with affordable rates and long terms offered by this program

ease the high-cost burden. The program also offers well-trained home performance contractors that make the process easy and streamlined.

- **Increasing access:** People with tarnished credit rarely pass credit checks required by most lenders. Renters and homeowners who don't plan to stay for a long time currently have no incentive to invest in energy upgrades (obligation is tied to them, and they will be long gone before debt is paid). Landlords who don't pay the utility bills may not want to invest in energy efficiency improvements because the tenant pays the utility bill, and the landlord sees little to no financial benefit. To overcome these barriers, the On-Bill Loan Program offers expansive, non-traditional underwriting criteria. Utility bill payment history is used for underwriting (which is proven to increase approval rates) and the obligation is tied to the property to allow for transfer to subsequent occupants.
- **Administratively operating in a cost-effective manner:** Administering financing programs can be burdensome, time-consuming, and costly. To address this barrier, the program simplifies and leverages existing programs and systems where possible (e.g. using bill payment history for underwriting, utilizing the Michigan Saves contractor network, working with an entity experienced in originating and servicing on-bill financing). Interest rates will be set to ensure the sustainability of the On-Bill Loan Program. Other rebates, incentives, and grants may be available through the Holland Energy Fund, utility rebates, and other City of Holland programs; these would reduce the interest rate and/or the amount to be financed.

There are currently other residential financing mechanisms for customers that want to make energy efficiency improvements; these include the Michigan Saves program, home equity loans, credit cards, and personal loans. There are also options available from the Michigan State Housing Development Authority for homeowners with equity in their home, an annual household income of up to \$105,700, and a credit score of at least 620.

## Using this Program Implementation Guide

This guide is written in a conversational way, reflecting the manner in which industry professionals refer to efficiency measures or efficiency programs. As a result, there are instances where terms are used interchangeably, such as the terms "audit" and "assessment." A glossary of commonly used terms is provided in Appendix A.

This guide represents the best and most accurate information on the On-Bill Loan Program **as of the date on the front cover**. A summary of changes to each version of this guide is recorded after the table of contents.

## SUMMARY OF THE ON-BILL LOAN PROGRAM

Under the Holland Energy Fund On-Bill Loan Program, owners of residential buildings (four units or less) within the City of Holland can finance any eligible energy efficiency improvement; the improvement must be implemented by an Authorized Contractor following the completion of a comprehensive, whole-home energy audit. Eligible energy efficiency improvements include any measure or piece of equipment that has energy savings documented in the Michigan Energy Measures Database (MEMD)—such as air conditioners, air sealing, air source heat pumps, appliances, boilers, doors, furnaces, geothermal systems, insulation, roofs, skylights, water heaters, and windows. (See Appendix B for the full list of eligible measures.) The loan program can also be used for renewable energy measures like solar PV

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systems and solar thermal systems, provided that the property has achieved a Department of Energy Home Energy Score of 8 or above. HEF will also finance the remediation of pre-existing environmental hazards or the repair of physical and structural defects that create health and safety issues, so long as the remediation or repairs necessary to allow for an appropriate efficiency measure and the cause(s) of the environmental hazard or physical defect are addressed.

Loans under this program are secured loans for amounts of \$5,000 to \$30,000 at a fixed-rate interest with terms of up to 180 months (15 years). Details are provided in Table 1.

**Table 1. Loan Product Details**

<b>Structure/Minimum Standards</b>													
<b>Eligible Properties</b>	Single-family (1–4 unit) homes within the City of Holland												
<b>Loan Type</b>	Unsecured loan that may be added to your tax bill and enforced against the Property through the tax lien foreclosure process in the same manner and with the same priority as the charges for your electric service and real property taxes. Notice of the loan is recorded with the register of deeds for the county in which the property is located, and the obligation to pay the loan payment runs with the land and is binding for future customers contracting for electric service to the property.												
<b>Repayment Mechanism</b>	Multiple loans per customer are allowed if the total amount financed does not exceed the maximum allowable loan amount (below). Customers will pay back the loan through a per-meter charge on the monthly BPW bill for electric services. The payment is considered part of the charges for electric services to the property.												
<b>Eligible Improvements</b>	Energy-saving home improvements list in the MEMD and installed by an Authorized Contractor following the completion of a comprehensive whole-home energy assessment.												
<b>Loan Amounts</b>	\$5,000 - \$30,000												
<b>Loan Term</b>	15 years or life of the measure, whichever is less.												
<b>Loan Rates</b>	Not to exceed prime plus 4.0% or 6.99% APR, whichever is less. Fixed rate with no prepayment penalty. Loan rate is set periodically by the HEF Board of Directors and may be tiered as in the chart below. <table border="1" data-bbox="548 1430 1404 1598"> <thead> <tr> <th colspan="3"><b>2016 Loan Rates</b></th> </tr> <tr> <th>Amount Financed</th> <th>Term</th> <th>Interest Rate</th> </tr> </thead> <tbody> <tr> <td>\$5,000 - \$10,000</td> <td>Up to 10 years</td> <td>4.99%</td> </tr> <tr> <td>\$10,000 - \$30,000</td> <td>Up to 15 years</td> <td>5.99%</td> </tr> </tbody> </table>	<b>2016 Loan Rates</b>			Amount Financed	Term	Interest Rate	\$5,000 - \$10,000	Up to 10 years	4.99%	\$10,000 - \$30,000	Up to 15 years	5.99%
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Amount Financed	Term	Interest Rate											
\$5,000 - \$10,000	Up to 10 years	4.99%											
\$10,000 - \$30,000	Up to 15 years	5.99%											
<b>Key Underwriting Criteria</b>	Twelve months with no delinquencies on electric utility bill payment history, no delinquent taxes, no bankruptcies within three years (from discharge), and no unsatisfied money judgements.												
<b>Loan Agreement</b>	Loans are made directly by the Holland Energy Fund to the customer.												

Numerous organizations are involved in this program—from the program’s marketing to the installation and financing of improvements and program monitoring. Roles of key entities, which are referenced in this guide, are summarized in Table 2.

**Table 2. Entities Involved in Implementing the On-Bill Loan Program**

Entity	Roles
<b>Customer/Homeowner</b> <b>City of Holland</b> 	Select Authorized Contractor for improvements and apply for loan Develop, market, and administer a Home Energy Retrofit Program Coordinate marketing efforts of the Home Energy Retrofit Program with stakeholders (including Michigan Saves and Holland BPW)
<b>Holland BPW</b> 	Offer utility energy optimization programs with customer incentives Promote loan program to customers and provide support (e.g., customer service, contractor outreach) Bill customers Collect loan payments
<b>Holland Energy Fund (HEF)</b>	Provide loan capital Hold loan agreements with customers
<b>Michigan Saves (Program Administrator of the HEF On-Bill Loan Program)</b> 	Direct the activities of the Loan Center (origination and servicing), which accepts and makes decisions on loan applications and services loans Register and oversee Authorized and Advanced Contractors that promote financing under the program Develop contractor training materials and conduct contractor training Develop and maintain systems for making contractor materials available to contractors and databases for project data entry Conduct customer satisfaction surveys and quality assurance inspections Monitor program results and impacts
<b>Energy Auditor/Home Energy Assessment Professional (must be Michigan Saves Authorized Contractor)</b>	Promote financing to customers Conduct comprehensive whole-home energy assessments
<b>Installation Contractor (must be Michigan Saves Authorized Contractor)</b>	Promote financing to customers (can be the same company as energy auditor) Install energy-saving or renewable energy improvements under contract with the customer

<b>Loan Originator (under contract with Program Administrator)</b>	<ul style="list-style-type: none"> <li>Maintain license per federal and state laws and follow legal guidelines in the lending and decision-making processes</li> <li>Accept loan applications from customers</li> <li>Review underwriting criteria to determine loan eligibility</li> <li>Create and distributes loan packet to customer</li> <li>Record notice of loan with register of deeds with county where property is located</li> <li>Provide signed loan packet to Holland Energy Fund</li> <li>Send new loan information to servicer</li> </ul>
<b>Loan Servicer (under contract with Program Administrator)</b>	<ul style="list-style-type: none"> <li>Process loan payments</li> <li>Keep track of principal and interest paid</li> <li>Monitor delinquencies</li> <li>Notify Holland BPW of monthly loan payment amounts to be collected on utility bill</li> <li>Notify customer, HEF, Holland BPW before discharging loan from register of deeds (upon full repayment)</li> </ul>

## LENDING REQUIREMENTS

### Overview

The Holland Energy Fund (HEF) provides loans to customers whose residential property is located within the City of Holland. The loans comply with all applicable consumer lending laws. Customers will pay back the loan on a monthly basis through a per-meter charge on their BPW bill for electric services. The payment is considered part of the charges for electric services to the property. Consequences for nonpayment are the same as for other electric service charges; the balance owed would be enforced in the same way that electric service payment delinquency is handled.

### Program Scale

It is difficult to predict how many City of Holland residents will participate in an on-bill program. Based on information collected from programs in other states, a large range (between 20 and 80 percent) of residents who complete energy efficiency upgrades will finance those projects through the use of an on-bill program. The following assumptions were used to capitalize the HEF.

Year	Number of retrofits completed	Number of customers expected to participate in the on-bill program	Value of loans expected to be issued (assume \$10,000 average)
2016	100	20-80	\$200,000 - \$800,000
2017	300	40-240	\$400,000 - \$2,400,000
2018	300	40-240	\$400,000 - \$2,400,000

Holland BPW will contribute up to \$3 million from reserves to capitalize the HEF. When the initial capital is exhausted, the HEF expects to recapitalize the fund by selling a portion of the portfolio.

## Customer Eligibility

Eligibility requirements for a HEF On-Bill Loan include:

- Property must be located within the City of Holland.
- Holland BPW must be the electric service provider and customer must have at least twelve months of on-time payment history with Holland BPW; the Holland BPW customer of record must apply for the loan.
- Applicant must meet underwriting criteria (see Table 1 above for details).
- Applicant must complete a home energy audit. (See Comprehensive Energy Assessment below.)
- Rental properties are eligible (single family, 1-4 units); landlord must hold the account for electric service and meet all other loan eligibility requirements.

Customers who qualify for free or lower-cost weatherization or retrofit programs are encouraged to take advantage of those programs before seeking loans through the program. Examples of such programs include: the Weatherization Assistance Program administered by the state and local community action agencies; the Michigan State Housing Development Authority Property Improvement Program; utility income-qualified weatherization programs; the U.S. Department of Agriculture loan and grant programs; City of Holland Home Repair Program; City of Holland Central Neighborhood Enhancement Program; and the City of Holland and Good Samaritan Ministries Landlord Energy Efficiency Upgrade Program. A summary of the eligibility requirements for these programs is provided in Appendix C.

Customers are encouraged to contact individual programs for detailed eligibility requirements and current program information.

## Loan Application Process

We expect that many homeowners will learn about the On-bill Loan Program from contractors, and from the City of Holland and Holland BPW's outreach efforts. In some cases, customers will seek Authorized Contractors via the Michigan Saves online searchable database. In other cases, contractors will promote their affiliation with the program through marketing materials. Regardless of the flow of contact between a customer and an Authorized Contractor, the enrollment process remains the same.

**Step 1:** Customer identifies an Authorized Contractor (to search for an Authorized Contractor, visit <https://www.michigansaves.org/>.)

**Step 2:** Contractor performs an energy assessment and identifies the qualifying energy improvements (see the Eligible Improvements section below for details).

**Step 3:** Contractor provides information on the loan program to the customer. Contractor initiates the loan application process for the customer by accessing the loan application center via phone or Internet. Contractors will be asked to provide their unique six-digit contractor identification number at the initiation of the application. Then, the customer completes the loan qualification application via phone or Internet (including consent to authorize release of utility bill payment history to loan application center) and receives a decision within minutes. The customer will be notified in writing if not approved or if approved with conditions. The customer should not sign a binding contract with a Contractor until they receive notice that the request has been approved. If approved, the customer completes the necessary paperwork, including any documentation required by the lender (Holland Energy Fund). The borrower is

notified of the requirement to provide consent for the lender, contractor, and utility company to disclose relevant, customer-specific information about the improvements made, financing provided (including consent to release loan information to Holland BPW), and pre- and post-installation energy savings. (This authorization is signed by the customer as part of the Certificate of Completion.)

**Step 4:** Contractor(s) works with approved customer to finalize the work plan based on the customer's needs and approved loan amount.

**Step 5:** The contractor(s) installs the equipment according to the work plan and the contract with the customer. A "test out" procedure, such as a blower door test, may also be conducted, as applicable, to ensure that the improvements were installed properly. As necessary, the work plan could be modified to address any health and safety issues identified during the installation process or the test-out procedure.

**Step 6:** After installation and the test-out procedure (as applicable), the contractor obtains the customer's signature on the *Certificate of Completion (COC)* and sends the COC to the loan center. This triggers payment to the contractor (see Loan Closing and Servicing section below for more detail). Payments are made directly to the contractors and normally arrive within 7–10 days.

**Step 7:** Contractor logs into their account through the Michigan Saves website ([https://www2.michigansaves.org/users/sign\\_in](https://www2.michigansaves.org/users/sign_in)) and creates a new *Specification Sheet (also called Spec Sheet or Project Record)*. Contractor attaches a copy of the signed *Certificate of Completion* to this *Spec Sheet*. Once the *Spec Sheet* is complete, contractor submits it to Michigan Saves.

**Step 8:** The customer repays the loan via direct billing by the utility on their monthly Holland BPW utility bill.

### Credit Enhancement

The City of Holland will fund an initial debt service reserve of \$50,000 to cover potential delayed or defaulted payments on the loans issued by the HEF.

### Loan Origination

The program administrator, Michigan Saves, has contracted with a loan originator to serve as the loan application center, which includes performing the following functions:

- Verifying that the contractor performing the loan-financed work is authorized by Michigan Saves
- Obtaining consent to pull credit history (according to underwriting criteria) and to determine eligibility for loan
- Obtaining consent from borrowers for lender, contractor, and utility company to disclose to Michigan Saves relevant, customer-specific information about the improvements made, financing provided, and pre- and post-installation energy savings
- Confirming compliance with program requirements
- Communicating loan approval immediately (within minutes or even seconds) upon receiving the loan application submission via web or phone
- Facilitating the fulfillment of the loan requirements of the HEF, including customer enrollment and generating loan agreements (see Appendix E for sample loan agreement)

**Note:** Some of the sales that will be financed through the program will have been initiated by a contractor and, therefore, will be subject to the Michigan Home Solicitation Act. For these sales, the customer has a right to cancel any time prior to midnight of the third business day after the date of the sale. The loans are also subject to the Michigan Home Improvement Finance Act which gives the customer the right to rescind the loan agreement no later than 5 p.m. on the business day following the date thereof.

### Loan Closing and Servicing

The authorized lender is the Holland Energy Fund. The Holland Energy Fund will comply with all consumer lending laws.

Once loan origination is complete, the lender will close the loan in person (at the City of Holland offices), through the mail, or by electronic means. Payment to the contractor will not occur until the work is completed and the borrower has signed a Michigan Saves Certificate of Completion. This certificate will contain information about the improvements that were made in the home, and will certify that the borrower is satisfied with the completed work and consents to share certain information with Michigan Saves. The contractor will submit the signed form to the loan originator, who will then submit the signed form along with the signed loan packet to the HEF, thereby initiating payment to the contractor.

Holland BPW will begin billing the customer on the customer's utility bill after the loan is closed in accordance with their established billing practices. Customers are permitted to pay off the loan early, and without penalty, if they choose. Consequence for nonpayment will be the same as for other electric service charges: service can be shutoff for nonpayment, according to the terms of the Holland BPW Shut-off Policy described in the [Holland Board of Public Works Electric Rate Book General Terms and Conditions](#) and the balance owed may be added to your tax bill and enforced against the Property through the tax lien foreclosure process in the same manner and with the same priority as the charges for your electric service and real property taxes.

Notice of the loan will be recorded with the register of deeds for the county in which the property is located, and the obligation to pay the loan payment will run with the land and be binding on future customers contracting for electric service to the property. When the property is sold (or rented), the property owner must disclose the loan to the prospective buyer or renter.

### Fees

To maintain and monitor the network of contractors promoting the financing, Michigan Saves assesses Authorized Contractors a fee of 1.99 percent of the loan value upon loan closing. Lenders withhold the 1.99 percent fee from the checks sent to contractors. Lenders send the fees withheld to Michigan Saves on a monthly basis with a monthly report.

The Certificate of Completion and the Contractor Agreement contain language to which the contractor agrees; this grants the lender permission to withhold the 1.99 percent fee for Michigan Saves.

## ELIGIBLE IMPROVEMENTS

Financing may only be used for qualifying efficiency improvements installed by Authorized Contractors. Measures installed by the homeowner—or by any other individual or company not authorized (or not acting as a sub-contractor for an Authorized Contractor)—are not eligible for financing. Additionally, improvements must save energy (no cosmetic improvements), unless the improvements are non-energy

building performance improvements related to energy efficiency or eligible renewable energy installations. A comprehensive energy audit is required on every project. Due to this requirement, emergency equipment replacements are not eligible.

## Comprehensive Energy Assessment

A comprehensive home energy audit (or assessment) by a certified home energy auditor must be completed before the customer applies for financing. A home energy audit is an evaluation of the energy performance of a residential structure—conducted by a qualified person using building performance diagnostic equipment, and complying with American National Standards Institute (ANSI) approved home energy audit standards. The audit must meet both of the following requirements:

- (i) Determines how best to optimize energy performance while maintaining or improving human comfort, health, and safety, as well as the durability of the structure.
- (ii) Includes a baseline energy model and cost-benefit analysis for recommending energy efficiency improvements.

With a comprehensive home energy assessment, homeowners are encouraged to implement multiple measures that achieve cumulative energy savings of 20 percent or more. Whenever recommended by the assessment, health and safety measures **must be implemented** for the project to be eligible for financing. Contractors must follow Section 802 of the RESNET standard for blower door test procedures when suspected asbestos or other hazardous materials are present.

Energy assessments must be conducted no more than twelve months prior to the loan application.

Customers can pay for the energy assessment up front or roll the cost into their loan. If a homeowner does not implement any improvement identified by the energy assessment or is not approved for financing, the homeowner must pay the full cost of the energy assessment.

Rebates for energy audits may be available through some utilities. Customers should check with their electric and natural gas utility for the availability of assessment rebates. See Appendix D for more information.

## Eligible Measures List

Homeowners can finance any eligible energy efficiency improvement that is implemented by an Authorized Contractor. Eligible energy efficiency improvements include any measure or piece of equipment that has energy savings documented in the [Michigan Energy Measures Database \(MEMD\)](#) — such as air conditioners, air sealing, air source heat pumps, appliances, boilers, doors, furnaces, geothermal systems, insulation, roofs, skylights, water heaters, and windows. See Appendix B for the full list of eligible measures. The loan program can also be used for renewable energy measures like solar PV systems and solar thermal systems, given the property has achieved a Department of Energy Home Energy Score of 8 or above (see Renewable Energy Measures, below). HEF will also finance the remediation of pre-existing environmental hazards or the repair of physical/structural defects that create health and safety issues; HEF will only finance these hazards if the remediation or repairs are coupled with an appropriate efficiency measure, and if the cause(s) of the environmental hazard or physical defect are addressed.

All appliances and other replaced equipment must be disabled and taken out of service permanently, and must be either recycled or disposed of in accordance with local, state, and federal laws, codes, and ordinances. Appliances and other replaced equipment may not be re-used.

All work must be performed in accordance with all applicable federal, state, and local codes and standards, and contractors must obtain all required permits from local authorities.

## Renewable Energy Measures

Homeowners can also use the on-bill program for renewable energy measures like solar PV systems and solar thermal systems if the home meets certain energy efficiency standards. The home must have been evaluated by an authorized Department of Energy (DOE) Home Energy Score Assessor. The process starts with a **Home Energy Score Assessor** collecting energy information during a brief home walk-through. Using the Home Energy Scoring Tool, developed by Lawrence Berkeley National Laboratory, the Assessor scores the home on a scale of 1 to 10. A score of 10 indicates that the home has excellent energy performance. A score of 1 indicates the home needs extensive energy improvements. A score of at least 8 must be achieved to be eligible for the on-bill program for renewable energy measures.

Solar photovoltaic systems must comply with Holland BPW net metering interconnect policies in the Electric Service Net Metering Program.

For all solar PV system installations on residential structures, Authorized Contractors must also obtain appropriate city or municipal building permits. All solar PV installations must include a solar generation meter and meter enclosure. The solar PV system must comply with current Michigan Utility Generator Interconnection Requirements. Contractors **must** provide a copy of the interconnection agreement or of the authorization letter with the certificate of completion.

At this time, residential wind turbines are not eligible for financing.

## Non-Energy Building Performance Improvements

The HEF will also finance the remediation of pre-existing environmental hazards or the repair of physical/structural defects that create health and safety issues; the HEF will provide the remediation or repairs as long as they are coupled with appropriate efficiency measures and the cause(s) of the environmental hazard or physical defect are addressed. Examples of this type of work include but are not limited to:

- Asbestos abatement with air sealing or when installing a new boiler system
- Electric service upgrade, necessary when installing a new heating/cooling unit
- Upgrade of knob and tube wiring in order to install insulation
- Radon and lead abatement work
- The cost of removing an oil tank when done in connection with a heating system replacement
- Repairs to the home due to water damage, molds or mildew, ice dams, or other symptoms of poor building performance, as long as the cause(s) of building performance–related damage are addressed

In each of these examples, the remediation of the environmental hazard is necessary to allow for the installation of an efficiency measure. The HEF will not finance remediation work alone. A customer must also install a related efficiency measure.

Any remediation work must be performed by a contractor who is qualified, and in many cases, licensed for the task. Contractors should not attempt to remediate environmental hazards or correct physical defects that they are not trained or qualified to repair. Doing so will increase a contractor's liability and jeopardize their participation in the program. Authorized Contractors who are able to remediate environmental hazards should consider obtaining pollution occurrence (also called pollution liability) insurance to protect them from liability.

## AUTHORIZED CONTRACTORS

All energy-saving or renewable energy improvements and related services that qualify for a loan must be performed or installed by an Authorized Contractor (i.e., energy auditors and contractors installing qualifying improvements to homes). Michigan Saves, as program administrator, authorizes and manages contractors. To be authorized, the contractor must meet certain minimum requirements, including appropriate insurance, licensure, and program training, as set forth in the [Michigan Saves Implementation Guide](#). These requirements are reflected in the contractor application that must be completed by the contractor to register with Michigan Saves. Authorized Contractors can implement any energy efficiency measure on the eligible measures list (See Appendix B). In all cases, a baseline home energy audit must be conducted before an energy project is undertaken (see details about requirements for the audit in 'Comprehensive Energy Assessment' above).

### Contractor Training

Authorized Contractors must participate in training before performing any work under the program. In addition to the training articulated in the Michigan Saves Implementation Guide, in order to participate in the HEF On-bill Loan Program, contractors must participate in training about other programs available to City of Holland residents through the Home Energy Retrofit program and through Holland BPW, and must familiarize themselves with the unique processes required for the HEF On-Bill Loan Program.

### Michigan Saves Fees Assessed to Contractors

Authorized Contractors shall pay to Michigan Saves a fee of 1.99 percent of the loan amount for work completed under the program. The proceeds from collected fees are used by Michigan Saves to sustain the program's operations. The fee will be deducted from the amount sent by the lender to the contractor.

## BILLING AND PAYMENT

### Contractor Payment

After the work is satisfactorily completed, the customer and contractor will sign a *Certificate of Completion*. The contractor is responsible for submitting this form and the Michigan Saves *Specification Sheet* to both the HEF and Michigan Saves. **Once the *Certificate of Completion* is received and the customer has closed the loan, the lender will pay the contractor.** The contractor will be paid within seven days of receipt of the signed *Certificate of Completion* and signed loan closing documents.

Payment to contractors will be delayed if the customer does not promptly close the loan. Michigan Saves strongly encourages contractors to maintain close communications with their customers to ensure that the loan is closed promptly.

## Customer Loan Closing and Payment

See Loan Closing and Servicing section on page 11.

## Customer Rebates

The HEF On-Bill Loan Program is designed to complement utility rebates, state rebates, contractor incentives, and federal tax credits. For rebates offered by the State of Michigan or individual utilities, the customer must follow the redemption procedures outlined by those entities. While the contractor can help the customer complete the redemption form, the customer is responsible for submitting the rebate form.

The customer is also responsible for claiming any applicable federal tax rebates. The contractor will provide all the necessary product information and costs for customers to include in their tax filing.

Because rebate amounts and availability can change quickly and without notice, HEF and Michigan Saves strongly suggest that contractors and customers review utility websites for up-to-date information prior to installing any efficiency measure. HEF and Michigan Saves has no control or influence over any third-party rebate program and makes no assurances or guarantees as to rebate amounts or availability.

Links to rebate programs are provided in Appendix D.

The program does not currently provide for a contractor buy-down of the interest rate on a loan. However, contractors may apply other types of incentives before or after the loan is finalized (rebates, cash-back, etc.). The contractor shall report any incentives accepted by the customer on the *Specification Sheet*.

## CUSTOMER INQUIRES

Customer inquiries regarding direct loan-related questions, complaints regarding services, or questions about installed equipment should be directed to the contractor. The HEF On-Bill Loan Program is administered by Michigan Saves. In this role, Michigan Saves reviews certain credentials of the contractors; Michigan Saves does not “certify,” “approve,” or “qualify” contractors, however. Michigan Saves cannot endorse or make any warranties as to the work and business practices of a contractor. Michigan Saves encourages each customer to research the contractor’s work through word of mouth, contractor ratings, customer networks (such as Angie’s List), and the Better Business Bureau.

If a customer files a complaint with Michigan Saves regarding a contractor’s performance, workmanship, or professionalism, Michigan Saves will note the complaint in the contractor’s permanent file and take appropriate action. Repeated customer complaints can result in a contractor’s suspension or termination from the program. Please see the Quality Assurance section in the Michigan Saves Implementation Guide for detailed information on contractor status.

Customers should direct any billing questions to Holland BPW.

## MICHIGAN SAVES ONLINE PORTAL

The Michigan Saves Online Contractor Portal (OCP) allows contractors to view and revise all of their account and project information in one convenient, central place. To apply to the Michigan Saves program, contractors should submit an application via the OCP. Each project completed using the HEF On-bill Loan Program should be entered in to the OCP as an individual record. The record must indicate that the project is an HEF On-bill Loan. *Certificates of Completion*, signed by customers and contractors, should also be uploaded to each project record. Contractors can log in to their account at [https://www2.michigansaves.org/users/sign\\_in](https://www2.michigansaves.org/users/sign_in).

## QUALITY ASSURANCE

Contractors promoting financing must provide high-quality work and comply with the requirements outlined in this Implementation Guide. The Michigan Saves Quality Assurance Coordinator (QAC) will perform certain quality assurance (QA) functions to confirm that—on a consistent basis—the financed measures qualify under program guidelines and were installed in accordance with applicable program requirements and industry standards, ensuring that energy savings can reasonably be achieved. QAC objectives and procedures are documented in the [Michigan Saves Implementation Guide](#).

## EVALUATION, MEASUREMENT AND VERIFICATION

As program administrator of the HEF On-Bill Loan Program, Michigan Saves will monitor the effectiveness and impacts of the loan program. Key metrics include:

1. Number of loans
2. Loan value (average and total)
3. Energy savings (average and total)

Michigan Saves will have access to information on customer participation, measures installed, and utility savings in accordance with authorizations signed by participating customers. Michigan Saves and its officers, directors, and agents will take necessary precautions to protect the confidentiality of the customer and contractor information, and will only use the information for evaluation and program management purposes.

## MARKETING

The Holland Energy Fund will rely on two primary marketing efforts to promote the HEF On-Bill Loan Program. These two efforts will be spearheaded by the City of Holland Home Energy Retrofit Program and Michigan Saves respectively.

### City of Holland Home Energy Retrofit Program Marketing Efforts

The City of Holland Home Energy Retrofit Program will be housed in the City's Department of Community and Neighborhood Services. In conjunction with the Holland Board of Public Works, the Program will provide direct communication to property owners in the City of Holland with regard to the Home Energy Retrofit Program and the HEF On-Bill Loan Program.

The City of Holland Home Energy Retrofit Program marketing materials will be available at a future date on the City of Holland website and at City Hall, including rack cards and program flyers.

- **At no time shall any authorized Michigan Saves contractor represent its business as an agent or representative of the City of Holland.** Contractors may represent themselves as Michigan Saves Authorized Contractors. The City of Holland does **not** “certify,” “approve,” or “qualify” contractors. Any contracts between the contractor and its customers or any third parties shall clearly and conspicuously express that no agency relationship exists between the contractor and City of Holland.

## Michigan Saves Marketing Efforts

Michigan Saves Authorized Contractors will receive a contractor marketing tool kit that provides marketing guidelines and resources to help Authorized Contractors promote the financing program to customers. The tool kit includes information such as permitted and required uses of logos and other branding requirements, contractor identification cards, and sample copies of marketing materials.

Michigan Saves marketing materials regarding the On-Bill Loan Program are available on the Michigan Saves website. Printed rack cards and program flyers will also be available. These can be customized with the contractor’s logo and contact information.

Contractors can also follow the Michigan Saves branding guidelines to develop their own customized marketing materials with the Michigan Saves logo.

- Michigan Saves reserves the right to request changes to, or the termination of, Michigan Saves Brand Logo presentation that does not meet guidelines.
- The contractor bears all changes and associated costs.
- Contractors can request a review of draft materials, but this is not required. Send drafts to [registration@michigansaves.org](mailto:registration@michigansaves.org). Expect response within three business days.

**At no time will the contractor represent its business as an agent or representative of Michigan Saves.** Contractors may represent themselves as Michigan Saves Authorized Contractors. Michigan Saves does **not** “certify,” “approve,” or “qualify” contractors. Any contracts between the contractor and its customers or any third parties shall clearly and conspicuously express that no agency relationship exists between the contractor and Michigan Saves.

## PROCESS TO AMEND ON-BILL LOAN PROGRAM

The Holland Energy Fund seeks to continuously improve the On-Bill Loan Program. Suggestions may be sent to Tim Vagle, President, Holland Energy Fund, at 270 S. River Avenue, Holland, MI 49423. They will be reviewed by program staff and may be presented to the HEF Board of Directors for consideration.

Proposed amendments to the Program must be approved by resolution of the Holland City Council. Amendments requiring a public hearing include changes to the District boundaries, substantive changes to the Loan Product Details as defined in Table 1 of the Implementation Guide, and substantive changes to Customer Eligibility requirements. All other changes to the Program do not require a public hearing.

## APPENDIX A: GLOSSARY

List of Acronyms and Terms	
<b>Advanced Contractor</b>	A contractor with one or more of the third-party certifications or accreditations related to building science or a specific skilled trade, who may work within the whole-home energy assessment track and the à la carte eligible measures track.
<b>Appeal</b>	Process by which a dispute between a Michigan Saves contractor and the Quality Coordinator and/or Michigan Saves is administrated.
<b>Authorized Contractor</b>	A contractor meeting the minimum requirements—including appropriate insurance, licensure, and Michigan Saves program training—who may only work within the à la carte eligible measures track.
<b>BPI</b>	Building Performance Institute
<b>CAR</b>	Corrective Action Request; a form used to document a noncompliance/deficiency and subsequent activities related to the correction of the noncompliance/deficiency.
<b>CAZ</b>	Combustion Appliance Zone; CAZ testing for dangerous gas build-up around combustion appliances is required for any projects that change the airflow of a home. Home Energy Rating System (HERS) raters can get certified to perform CAZ testing to qualify as Advanced Contractors.
<b>Certifications</b>	Formal documentation indicating an individual is qualified to perform a specified function or practice a specified skill.
<b>Comprehensive Energy Assessment Projects</b>	Air sealing or insulation projects must have a comprehensive energy assessment to qualify for financing through Michigan Saves. The energy assessment is performed by a certified energy auditor to the Building Performance Institute (BPI) standard. All certified energy auditors are considered Advanced Contractors in Michigan Saves.
<b>Department of Energy Home Energy Score</b>	Conducted by a Home Energy Score Assessor, the Department of Energy Home Energy Score allows homeowners to compare the energy performance of their homes to other homes nationwide.
<b>EEBA</b>	The Energy and Environmental Building Association
<b>Eligible Measures List Projects</b>	All Authorized Contractors with the appropriate licensing may install measures from the <i>Eligible Measures List</i> . The latest version of the list is available on the Michigan Saves website. This option is designed for homeowners in need of quick improvements (such as a replacement furnace).
<b>Enhanced Supervision (Contractor Participation Status Category)</b>	One or more instances of failing to follow program procedures or requirements; may continue to participate in the program and enroll customers but subject to enhanced quality assurance and written action plan required.
<b>Full (Contractor Participation Status Category)</b>	Authorized or Advanced Contractors that have passed quality assurance inspections and minimum number of jobs.

<b>Home Performance with ENERGY STAR</b>	Home Performance with ENERGY STAR is a program framework sponsored by the US EPA to deliver enhanced rebates to customers for high efficiency home energy upgrades.
<b>LiUNA</b>	Laborer's International Union of North America. LiUNA provides a certification program for energy auditors recognized by Michigan Saves.
<b>Loan Application Center</b>	Central body, accessible by phone or Internet, that receives customer information and approves or recommends an application for denial. The center forwards applications to the lender for closing.
<b>Michigan Saves</b>	Nonprofit organization that directs the activities of the Michigan Saves Loan Center; registers and oversees Michigan Saves Authorized Contractors; monitors program results and impacts.
<b>NABCEP</b>	North American Board of Certified Energy Practitioners
<b>NATE</b>	North American Technician Excellence
<b>NCI</b>	National Comfort Institute. The National Comfort Institute certifies HVAC installers with additional training. This certificate qualifies a contractor for advanced status under the Home Energy Loan Program.
<b>NEAT</b>	National Energy Audit Tool. Energy modeling software.
<b>Provisional (Contractor Participation Status Category)</b>	New Authorized Contractors first ten jobs subject to enhanced quality assurance or new Advanced Contractors first 14 jobs subject to enhanced quality assurance.
<b>Quality Assurance (QA)</b>	The systematic monitoring and evaluation of the various aspects of a project, service, or facility to ensure that applicable standards of quality are met.
<b>Quality Assurance Inspector</b>	Qualified professional assigned by QAC to visit site of Michigan Saves financed projects to review the quality of the installation work on the project, and to ensure the contractor has met Michigan Saves standards and guidelines.
<b>Quality Assurance Coordinator (QAC)</b>	Quality Assurance Coordinator. Body designated by Michigan Saves to perform quality assurance functions to confirm that, on a consistent basis, energy-saving measures financed through Michigan Saves program guidelines were installed with applicable program requirements and industry standards.
<b>RESNET</b>	Residential Energy Services Network. RESNET HERS rater certification, with CAZ testing, qualifies a contractor to perform energy assessments under the Home Energy Loan Program.
<b>Site inspection</b>	Visit by QA Inspector to the home where the project was completed in order to review quality of installation work.
<b>Suspended (Contractor Participation Status Category)</b>	Temporary ban on program participation due to repeated or serious noncompliance or other factors; may complete existing jobs for which financing already approved but cannot enroll new customers; subject to enhanced quality assurance, written action plan required, and accreditation organization notified (if applicable).

<b>Terminated (Contractor Participation Status Category)</b>	Banned from any current or future participation in program due to failure to resolve issues or other reasons, as determined by Michigan Saves; accreditation organization notified (if applicable).
<b>TREAT</b>	Targeted Retrofit Energy Analysis Tool. Energy modeling software.
<b>WAP</b>	Weatherization Assistance Program. This federally-funded program is managed by local Community Action Agencies. The program provides up to \$6,500 of weatherization services for homeowners who fall below 200% of poverty.

## APPENDIX B: ELIGIBLE MEASURES LIST

The [Michigan Energy Measures Database](#) contains the most recent and ruling version of the list of eligible measures. The following table has been inserted for reference, adapted from the 2016 proposed measures as of 10/30/2015.

Electric/ Gas	Proposed Technologies for Measures Library	Proposed Efficiency Level	Measure Life
<b>Electric</b>	CFL bulbs	Compact fluorescent lamps, CFL Torchiere	9 - 12
<b>Electric</b>	CFL fixtures	Compact fluorescent fixtures	12
<b>Electric</b>	Cold Cathode lamps	Cold Cathode fluorescent lamps	25
<b>Electric</b>	LED bulbs	LED night light, indoor / outdoor lamps, A-line, Flood/PAR, Globe, Candelabra, and Holiday Lights	10 - 15
<b>Electric</b>	LED fixtures	LED downlights, Exterior fixtures	12 - 15
<b>Electric</b>	HPT8 4ft lamps replacing T12	HPT8 4ft 1 lamp, 2 lamp, 3 lamp, and 4 lamp	8
<b>Electric</b>	LW HPT8 4ft lamp replacing T12	HPT8 4ft 1 lamp, 2 lamp, 3 lamp, and 4 lamp	8
<b>Electric</b>	Occupancy Sensor	Control	10
<b>Electric</b>	ENERGY STAR Ceiling Fan	ENERGY STAR ceiling fan with CFL lighting	10
<b>Electric</b>	Heat Pump Water Heaters, <= 55 gallons	Heat pump water heater EF>=2.0	10
<b>Gas</b>	Gas Water Heaters	High-efficiency Gas Water Heater EF>= 0.67 – 0.80	13 - 20
<b>Elec&amp;Gas</b>	Pipe Wrap	Insulated Pipe with R2 – R5	11 - 15
<b>Elec&amp;Gas</b>	Low Flow Showerheads - gas water heater	Low Flow 1.75, 1.5, 1.25, 1.0, and 0.5 gal/minute	10
<b>Elec&amp;Gas</b>	Low Flow Kitchen and Bathroom	1.5, 1.0, and 0.5 gpm	10

	Faucet Aerators - electric water heater		
<b>Gas</b>	Shower Start with Shower Head	Shower start technology with low flow showerhead 1.75 and 1.5 gpm	10
<b>Elec&amp;Gas</b>	TubSpout with Showerhead	TubSpout technology with low flow showerhead 1.75 and 1.5 gpm	10
<b>Elec&amp;Gas</b>	Shower Start	Shower start on existing showerhead	10
<b>Elec&amp;Gas</b>	Gravity Film Heat Exchanger GFX	40-60 ft GFX unit installed	20
<b>Electric</b>	Room AC	ENERGY STAR A/C unit, 11.3 EER, CEE Tier 1 A/C unit, 11.3 EER, CEE Tier 2 A/C unit, 11.8 EER	12 - 15
<b>Elec&amp;Gas</b>	Furnace/AC, ECM Furnace	SEER 14 – 21, ECM Furnace	10 - 15
<b>Electric</b>	Pumps and Motors	High-efficiency pumps and motors, varying wattage	10 - 15
<b>Elec&amp;Gas</b>	Clothes Washer ENERGY STAR	Clothes washer IMEF= 2.22	11
<b>Electric</b>	Smart Strip plug outlets	Smart Strip plug outlet, Tier 2 Advanced Power Strip	5 - 8
<b>Electric</b>	Refrigerators ENERGY STAR	ENERGY STAR refrigerator	16
<b>Electric</b>	Freezers ENERGY STAR	ENERGY STAR freezer	21
<b>Electric</b>	Appliance recycling	Old refrigerator, freezer, room AC, or dehumidifier removed	8
<b>Electric</b>	Dehumidifier ENERGY STAR	ENERGY STAR Dehumidifier	12
<b>Elec&amp;Gas</b>	Dishwasher ENERGY STAR	ES High-efficiency Dishwasher	11
<b>Elec&amp;Gas</b>	Clothes Dryers	High-efficiency Clothes Dryer with Moisture Sensor.	14
<b>Electric</b>	Residential PV	1 kW PV system	20
<b>Elec&amp;Gas</b>	Solar Domestic Hot Water	Solar water heater	20
<b>Elec&amp;Gas</b>	Behavior Modification: Home Energy Reports	home energy reports	1
<b>Electric</b>	ENERGY STAR 6.0 TV	ENERGY STAR 6.0 TV	6
<b>Electric</b>	ENERGY STAR + 10% Display	ENERGY STAR + 10% Display	5
<b>Electric</b>	ENERGY STAR + 30% Display	ENERGY STAR + 30% Display	5
<b>Electric</b>	ENERGY STAR + 50 % Display	ENERGY STAR + 50 % Display	5
<b>Electric</b>	ENERGY STAR PC	ENERGY STAR PC	4
<b>Elec&amp;Gas</b>	Airtight Can Lights	Air tight can light	15
<b>Electric</b>	Central Air Source Heat Pump	SEER 14 – 21	15
<b>Elec&amp;Gas</b>	Central Dual Fuel Heat Pump	SEER 14 - 21	15
<b>Elec&amp;Gas</b>	Basement Wall Insulation	Varies	25

<b>Gas</b>	Boiler	87 – 95 AFUE	20
<b>Electric</b>	Cool roof	40% reflectance	20
<b>Elec&amp;Gas</b>	Crawlspace Wall Insulation	Varies	25
<b>Elec&amp;Gas</b>	Door Weather-stripping	Weather-stripped door	5
<b>Elec&amp;Gas</b>	Duct Insulation	Insulate to R-6	20
<b>Elec&amp;Gas</b>	Duct Location	Ducts within conditioned space	30
<b>Elec&amp;Gas</b>	Duct Sealing	Seal from baseline to 6%	18
<b>Elec&amp;Gas</b>	ENERGY STAR Door	ENERGY STAR Door	20
<b>Elec&amp;Gas</b>	Floor Insulation	Varies	25
<b>Gas</b>	Hot Water Temperature Reset	Reset control	15
<b>Elec&amp;Gas</b>	Infiltration Reduction	Varies	13
<b>Elec&amp;Gas</b>	Windows	Varies	25
<b>Elec&amp;Gas</b>	Programmable Thermostat	Varies	10
<b>Electric</b>	RCA Improvement	Nameplate SEER	5
<b>Elec&amp;Gas</b>	Rim Joist Insulation	R-20 rim joist foam insulation	25
<b>Elec&amp;Gas</b>	Roof Insulation	Varies	25
<b>Elec&amp;Gas</b>	Wall Insulation	Varies	25
<b>Electric</b>	Whole House Fan	Increase ventilation to 10 ACH	15

## APPENDIX C: ALTERNATIVE PROGRAMS FOR FREE OR LOW-COST HOME WEATHERIZATION

<b>Program Title</b>	<b>Qualification</b>	<b>Services offered</b>	<b>Contact</b>
<b>Weatherization Assistance Program (WAP) Through Michigan Department of Human Services</b>	Homeowners making up to 200 percent of the federal poverty level (about \$44,000 a year for a family of four)	Up to \$6,500 per home in energy efficiency upgrades such as insulation, air sealing, and furnace safety check	Local community action agency, or the Michigan Community Action Agency Association at 517-321-7500
<b>Property Improvement Program (PIP) Through the Michigan State Housing Development Authority</b>	Homeowners with annual household incomes up to \$65,000 (\$74,750 in certain areas)	Loans from \$7,500 to \$50,000 for improvements that increase the value or safety of the home. Terms are 4, 6, or 8%, depending on income, over 20 years.	Call 517.373.1974 or visit <a href="http://www.michigan.gov/mshda">www.michigan.gov/mshda</a> , (click on Home Improvement) for details on how to participate.
<b>Utility rebate programs Through local electric</b>	Must live within the service area of the utility offering the	Rebates on weatherization installations and	Your electric or gas provider for details on the specific incentives

<b>or natural gas provider</b>	rebate	energy-efficient appliances are available from most electric and gas service providers in Michigan.	offered.
<b>Home Repair Loan/Grant Through Michigan branch of USDA Rural Development</b>	For loans, homeowner must earn below 50% of the area median income. Grants available for those over 62.	Loans of up to \$20,000 and grants of up to \$7,500 are available for repairs to improve or modernize a home, or to remove health and safety hazards. This loan is a 1% loan that may be repaid over a 20-year period.	Call 517-676-1808 x6 or visit <a href="http://www.rurdev.usda.gov/MI/sfh/sfcontact.htm">http://www.rurdev.usda.gov/MI/sfh/sfcontact.htm</a>
<b>City of Holland Home Repair Program</b>	Single family, owner occupied, low income households	The City will pay ½ the cost of needed repairs up to \$4,000.00.	Call 616-355-1338 or visit <a href="http://www.cityofholland.com/housingandneighborhoods/home-repair-program">http://www.cityofholland.com/housingandneighborhoods/home-repair-program</a>
<b>City of Holland Central Neighborhood Enhancement Program</b>	Single family and two family, owner occupied homes in the Central Neighborhood District, city taxes and mortgage up to date, home must be insured, willingness to have a five-year lien on the property in the amount of City assistance given.	The City will provide 50% of an enhancement project cost, up to \$4,000.00, to help homeowners enhance their homes.	Call 616-355-1338 or visit <a href="http://www.cityofholland.com/housingandneighborhoods/central-neighborhood-enhancement-program">http://www.cityofholland.com/housingandneighborhoods/central-neighborhood-enhancement-program</a>
<b>City of Holland and Good Samaritan Ministries Landlord Energy Efficiency Upgrade Program</b>	Single family and two family low income rental properties located in the District (bounded by 8 <sup>th</sup> Street on the north, 24 <sup>th</sup> Street on the south, Ottawa Ave. on the west, and Fairbanks Ave. on the east).	The City and Good Samaritan Ministries will provide financing for the installation of energy efficiency improvements as defined in MCL 460.963.	Visit <a href="http://www.cityofholland.com/housingandneighborhoods/city-holland-and-good-samaritan-ministries-landlord-energy-efficiency-upgrad">http://www.cityofholland.com/housingandneighborhoods/city-holland-and-good-samaritan-ministries-landlord-energy-efficiency-upgrad</a>
<b>Lakeshore Habitat for Humanity Home Repair Program</b>	Homeowner must have reasonable credit history, no bankruptcy	Habitat for Humanity will grant an affordable loan to help fund home	Call 616-393-8001 or visit <a href="http://www.lakeshoreha">http://www.lakeshoreha</a>

within two years of application, and must not be able to qualify for a conventional mortgage. Other stipulations apply.	weatherization, energy efficiency upgrades, exterior painting, siding repair and handicap accessibility repairs.	bitat.org/#!home-repairs/c16ym
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## APPENDIX D: REBATE PROGRAMS

### Holland Board of Public Works (HBPW)

Visit the Holland BPW website for latest rebates and other incentives available.

<https://www.hollandbpw.com/homerebates>

### City of Holland

Visit the City of Holland website for housing assistance programs and other incentives available.

<http://www.cityofholland.com/generalpage/community-neighborhood-services>

### SEMCO ENERGY Gas Company

Visit SEMCO ENERGY Gas Company website for latest rebates and other incentives available.

<http://efficiencyunited.com/residential/semco-energy-gas-company>

# APPENDIX E: HEF ON-BILL LOAN PROGRAM SAMPLE LOAN AGREEMENT

# Holland Energy Fund

A Michigan non-profit corporation

## Loan Agreement and Disclosure Statement On Bill Financing

Home Improvement Installment Contract

Loan Date:	Loan Number:	Account Number:

Borrower	Borrower
Name:	Name:
Address:	Address:

### Truth In Lending Disclosure

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
_____ %	\$ _____	\$ _____	\$ _____

Number of Payments	Amount of Payments	Payments Are Due:
_____ payments	\$ _____	Payments will be shown on your electric bill and due when the electric bill is due
_____ payments	\$ _____	

**Late Charge:** If you do not pay a payment on time, you will owe a late charge in the amount of 5% of your monthly payment or \$5.00, whichever is less, if your payment is 10 days or more delinquent.

**Property:** This Agreement is made to finance energy improvements to the Borrowers' property known as:  
Address: \_\_\_\_\_

### Itemization of Amount Financed

Amount Paid to/for You:	Amount Paid to Your Energy Audit Firm	Amount of fees paid to:	Maximum Amount to be Advanced to your Energy Improvement Contractor
\$ _____	\$ _____	_____ \$ _____	\$ _____
		_____ \$ _____	
		_____ \$ _____	

### Borrowers' Signatures

By signing as Borrower, you agree to the terms of the Loan Agreement.

**CAUTION: IT IS IMPORTANT THAT YOU THOROUGHLY READ THE AGREEMENT BEFORE YOU SIGN IT. DO NOT SIGN THIS AGREEMENT IF THERE ARE BLANKS.**

This Agreement is not secured by a lien on any property but may be added to your tax bill and enforced against the Property through the tax lien foreclosure process in the same manner and with the same priority as the charges for your electric service and real property taxes.

Borrower: _____	Dated: __/__/____	Borrower: _____	Dated: __/__/____
X		X	

See Additional Terms on next page(s)

## Additional Terms

In this Loan Agreement ("Agreement") all references to "Holland Energy Fund," "we," "our," or "us," mean the Holland Energy Fund whose name appears above and anyone to whom the Holland Energy Fund assigns or transfers this Agreement. All references to "you," or "your," mean each person who signs this Agreement as a borrower.

1. **PROMISE TO PAY.** You promise to pay \$\_\_\_\_\_ (or the amount actually advanced, whichever is less) to the Holland Energy Fund plus interest on the unpaid balance until what you owe has been paid in full. The interest rate is \_\_\_\_\_% per year.

2. **USE OF LOAN.** The loan proceeds will be used solely to pay for an energy audit of your Property and energy improvements to your Property known as \_\_\_\_\_, Holland, Michigan 49423.

3. **METHOD OF DISBURSEMENT.** We will advance the cost of the energy audit to you upon proof that you have paid the audit expense. Otherwise, we will pay the expense directly to the entity that performed the energy audit when authorized in writing signed by you. We will disburse additional funds to pay for energy improvements to the Property, provided that the total balance of the amounts advanced do not exceed \$\_\_\_\_\_. Advances to pay for the energy improvements will be disbursed to the contractor upon submission by the contractor of a certificate of completion signed by you.

4. **BORROWERS' REPRESENTATIONS.** You represent to us that:

- a. The Borrower(s) who signed this Agreement are all of the owners of the Property and own it in their personal name(s).
- b. You consent to the Holland Energy Fund or any third party originator or servicer sharing information about this loan with the City of Holland.
- c. **You have contracted directly with an energy audit firm and the contractor to audit and perform energy improvements to your property and agree that the Holland Energy Fund and its third party originators and servicers are not responsible for the audit firm's or contractor's performance or the quality of their work or performance of any warranty.**
- d. You agree that you may not withhold payment on this Agreement for any amounts claimed to be owed to you for any claim against the energy audit firm or energy improvement contractor except to the extent required to be allowed by MCL 445.1207.
- e. The payment term for this Agreement is not more than the useful life of the energy improvements to your Property.
- f. **If you sell or transfer your Property, you will advise the buyer of this Agreement and the on-bill payment obligations.**
- g. **If the Property is or will be used for rental property, you or future owners shall keep the utilities in your name and will not file an affidavit or notice of the Tenant's responsibility for payment of charges for electric services.**

5. **PAYMENTS BILLED ON ELECTRIC BILL.** You agree to be billed your monthly payments on your Holland Board of Public Works electric bill in the monthly amount set forth above. The payments shall be a "per meter" charge and shall run with the property. The payments will be deemed part of the charges for electric services to the Property. In other words, the monthly payment billed by the Holland Board of Public Works must be paid in order for it to provide electric service to the Property.

Payments will commence with the next monthly Holland Board of Public Works bill after disbursement and arrangements are completed with the Holland Board of Public Works. Payments will be due on the same date of the month as your electric bill.

6. **Recording of Memorandum and Notice of On-Bill Payment.** You agree that we may record a Memorandum and Notice of On-Bill Payment signed by you with respect to your Property. The Memorandum will be discharged or terminated by the Holland Energy Fund recording a notice of discharge.

7. **PREPAYMENT:** You may pre-pay the amount of principal, interest and other charges owed under this Agreement, in full or in part, at any time without penalty.

8. **DEFAULT.** You will be in default under this Agreement if you do not make a payment of the amount required on or before the date it is due. You will be in default if you break any promise or representation

that you made in connection with this loan or if you made any false or misleading statements in your loan application. You will also be in default if something happens that we believe may seriously affect your ability to repay what you own under this Agreement or if you are in default under any other loan agreement you have with us.

**9. ACTIONS AFTER DEFAULT.** When you are in default, we may demand immediate payment of the entire unpaid balance under this Agreement. You waive any right you have to receive demand for payment, notice of intent to demand immediate payment and notice of demand for immediate payment. If we demand immediate payment, you will continue to pay interest at rate provided for in this Agreement, until what you owe has been repaid. We may also exercise any other rights given by law when you are in default.

You also agree that the payments due under this Agreement may be enforced in the same manner as charges for electric services which may include shut off of electric service to the Property and placing the delinquent amounts on the real property tax bill for the Property. **Once placed on the tax bill, the amounts due will be a lien on the your Property with the same priority and collected in the same manner as real property taxes and all fees and charges applicable to delinquent taxes will apply.**

**10. EACH PERSON RESPONSIBLE.** Each person who signs this Agreement will be individually and jointly responsible for paying the entire amount owed under this Agreement. This means we can enforce our rights against any of you individually or against all of you together.

**11. LATE CHARGE.** If you are late in making a payment, you promise to pay the late charge shown in the Truth in Lending Disclosure. If no late charge is shown, you will not be charged one.

**12. DELAY IN ENFORCING RIGHTS.** We can delay enforcing any of our rights under this Agreement any number of times without losing the ability to exercise our rights later. We can enforce this Agreement against your heirs or legal representatives.

**13. CONTINUED EFFECTIVENESS.** If any part of this Agreement is determined by a court to be unenforceable, the rest will remain in effect.

**14. NOTICES.** Notices will be sent to you at the most recent address you have given us in writing. Notice to any one of you will be notice to all. **In the event that you sell or transfer the Property, you agree that we may send notices and provide information about this Agreement to anyone who acquires an interest in the Property.**

**Notice to the Holland Energy Fund** shall be in writing and delivered or mailed by certified mail to the offices of the Holland Energy Fund, Attn. Finance Department, at 270 S. River Ave., Holland, MI 49423.

**15. COMPLETE AGREEMENT.** This Agreement is the complete agreement between the parties and supersedes any prior representation, negotiation or agreement between the parties.

**16. AMENDMENTS.** This Agreement may only be amended or changed by an agreement in writing signed by Holland Energy Fund, any other attempted or alleged amendments or changes shall be void and of no effect.

**17. GOVERNING LAW.** This Agreement shall be governed by the laws of the State of Michigan and applicable federal law.

{Additional Information on Next Page}

## Information concerning Energy Improvements Financed under Agreement

Energy Audit Firm: Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

a. Cost of audit: \$ \_\_\_\_\_

Borrower's Contractor: Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

a. Cash Price for Energy Improvements: \$ \_\_\_\_\_

b. Insurance or Warranty charge: \$ \_\_\_\_\_

c. Amount of official fees, if any: \$ \_\_\_\_\_

d. Direct Payment to Contractor by Borrower: \$ \_\_\_\_\_

e. Amount of Energy Improvements Financed: \$ \_\_\_\_\_  
(total of a, b and c less d)

Description of Energy Improvements: \_\_\_\_\_

Trade In or Other Allowances: \_\_\_\_\_

### Notice to Borrower:

- (1) Do not sign this contract before you read it.
- (2) You are entitled to a completely filled-in copy of this contract.
- (3) Under the law, you have the right to pay off in advance the full amount due and, under certain conditions, to obtain a partial refund of the finance charge.
- (4) You may rescind or cancel this contract, not later than 5 p.m. on the business day following the date thereof by giving written notice of rescission to the Holland Energy Fund at its place of business or by mailing the notice or cancellation to the Holland Energy Fund addressed to its place of business given in the contract by depositing a properly addressed certified letter in a United States post office or mail box, but if you rescind after 5 p.m. on the business day following, you are still entitled to offer defenses in mitigation of damages and to pursue any rights of action or defenses that arise out of the transaction.
- (5) You should require that your Energy Improvement Contractor sign and provide you with a written contract that contains all terms of your contract with him and you should receive a completed copy of it. Do not sign a contract for Energy Improvements if it contains blanks,

I acknowledge reading the above Notice and receiving a complete copy of this Agreement by initialing and inserting the date here:

\_\_\_\_\_ / \_\_\_\_ / \_\_\_\_\_