

Holland Energy Fund On-Bill Loan Program

Implementation Guide

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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
1.3	November 18, 2016	Updated Appendix B: Eligible Measures List Added loan application Updated loan agreement Added Memorandum of On-Bill Financing Added Discharge of Memorandum and Notice of On-Bill Payment Agreement
1.4	December 19, 2016	Updated Memorandum of On-Bill Financing
1.5	February 17, 2017	Updated Memorandum of On-Bill Financing
1.6	February 28, 2017	Updated Discharge of Memorandum
1.7	March 31, 2017	Clarified interest rate and loan term relationship table. Clarified billing due date. Revision to Michigan Saves role.
2.0	December 3, 2021	<ul style="list-style-type: none"> • Updated language regarding stipulations in Key Underwriting Criteria in Exhibit 1 • Updated language to provide Pearl Certification rating as an accepted alternative to the Home Energy Score rating requirement • Updated Appendix A: Glossary • Added the following definitions to Glossary in Appendix A: APR, Certificate of Completion (CoC), HEF, HER, Holland BPW, MEMD, Pearl Certification rating, solar photovoltaic (PV), specification sheet, test-in diagnostics, test-out procedure • Updated Appendix B: Eligible Measures List • Added Air Sealing Measures section to Appendix B • Added Nonenergy Building Performance Measures section to Appendix B • Added Energy Efficiency Pyramid to Appendix B • Updated Appendix C: Alternative Programs for Free or Low-Cost Home Weatherization • Updated Appendix D: Rebate Programs • Added updated loan application • Added updated HEF loan agreement • Added updated memorandum of On-Bill financing • Added updated discharge of memorandum and notice of On-Bill payment agreement

This document is available on the City of Holland website (<https://hollandenergyfund.com/on-bill-loan-program/>) and for review at the city clerk's office at 270 South River Avenue, Holland, Michigan 49423. Lynn McCammon, 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 simple, affordable loans from the HEF to City of Holland homeowners for qualifying energy efficiency and renewable energy improvements. Customers repay the loan through a per-meter charge on their Holland Board of Public Works (Holland 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 who 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

The Holland Energy Fund, Inc. was incorporated as a 501(c)(3) 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, including substantially increasing 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 homeowner repays the energy efficiency improvements on their monthly utility bill.

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

Strengthen community and neighborhood by:

1. Encouraging deep energy savings (environment)
2. Increasing access (equity)
3. Administratively operating in a cost-effective manner (economic)

The following objectives are used to achieve HEF goals:

- **Encouraging deep energy savings:** The program provides a mechanism to attract home-owning participants who 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 (e.g., completing a home energy audit, installing multiple measures, etc.), and will require a contractor specializing 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 who make the process easy and streamlined.

- **Increasing access:** People with tarnished credit rarely pass the credit checks required by most lenders. Renters and homeowners who do not plan to stay for a long time currently have no incentive to invest in energy upgrades, because the obligation of the upgrade is tied to them, and they will be long gone before debt is paid. Landlords who do not pay the utility bills may not want to invest in energy efficiency improvements because they see little financial incentive for them to do so, as utility costs are the tenant's responsibility. To overcome these barriers, the On-Bill Loan Program offers expansive, nontraditional 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 a financing program 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, and 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, which would reduce the interest rate and/or the amount to be financed.

Other residential financing mechanisms are currently available for customers who want to make energy efficiency improvements, including 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 \$125,300, and a credit score of at least 620. Homeowners should select the financing option that best suits their needs.

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 regarding 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 or fewer units) within the City of Holland can finance any eligible energy efficiency improvement; the improvement must be implemented by an authorized contractor after 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 photovoltaic (PV) systems and solar thermal systems, provided that the property has achieved a Department of Energy Home Energy Score of 8 or higher or a Pearl Certification rating of gold or higher.

The 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. The causes of the environmental hazard or physical defect, however, must be addressed and the necessary remediation or repairs must be completed so that the efficiency measure can be installed.

Loans under this program are unsecured 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 Exhibit 1.

Exhibit 1. Loan Product Details



Structure/Minimum Standards									
Eligible properties	Single-family homes (one–four units) within the City of Holland								
Loan type	<p>An unsecured loan that may be added to the borrower’s 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 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.</p> <p>Multiple loans per customer are allowed if the total amount financed does not exceed the maximum allowable loan amount (shown below) of \$30,000. Multiple loans will be consolidated into one loan at the interest rate(s) in effect at the time of issuing the additional loan.</p>								
Repayment mechanism	Customers will pay back the loan through a per-meter charge on their monthly Holland BPW bill for electric services. The payment is considered part of the charges for electric services to the property.								
Eligible improvements	Energy-saving home improvements listed in the MEMD and installed by an authorized contractor following the completion of a comprehensive whole-home energy assessment.								
Loan amounts	\$5,000–\$30,000								
Loan term	Up to 15 years (180 months)								
Loan rates	<p>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 following chart. Final APR is dependent on loan amount and length of loan.</p> <table border="1"> <thead> <tr> <th colspan="2">Loan Rates</th></tr> <tr> <th>Term</th><th>Interest Rate</th></tr> </thead> <tbody> <tr> <td>Up to 10 years</td><td>4.99%</td></tr> <tr> <td>Up to 15 years</td><td>5.99%</td></tr> </tbody> </table>	Loan Rates		Term	Interest Rate	Up to 10 years	4.99%	Up to 15 years	5.99%
Loan Rates									
Term	Interest Rate								
Up to 10 years	4.99%								
Up to 15 years	5.99%								
Key underwriting criteria	Twelve consecutive months with no delinquencies on electric utility bill payment history and no current delinquent property taxes. A credit report is pulled to check that there are no bankruptcies, foreclosures, or repossessions greater than \$1,000 within three years (from discharge), and no unsatisfied money judgements.								

Structure/Minimum Standards	
	If there is only one late payment occurrence in the past 12 consecutive months, and no other late payments in the past 24 months, or the applicant has a credit score of 640 or higher and meets the other qualifying criteria, a loan will be pre-approved.
Loan agreement	Loans are made directly by the HEF to the customer.

Numerous organizations are involved in all program aspects, including the program's marketing to the installation and financing of improvements, and program monitoring. Roles of key entities, referenced in this guide are summarized in Exhibit 2.

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

Entity	Roles
Customer/homeowner	<ul style="list-style-type: none"> Selects authorized contractor for improvements and applies for loan
City of Holland 	<ul style="list-style-type: none"> Develops, markets, and administers the Home Energy Retrofit Program Coordinates marketing efforts of the Home Energy Retrofit Program with stakeholders (including Michigan Saves and Holland BPW)
Holland BPW 	<ul style="list-style-type: none"> Offers utility energy waste reduction programs with customer incentives Promotes loan program to customers and provides support (e.g., customer service, contractor outreach) Bills customers Collects loan payments
Holland Energy Fund (HEF) 	<ul style="list-style-type: none"> Provides loan capital Pays installation contractor upon completion of work Holds loan agreements with customers Records notice of loan with register of deeds in county where property is located Discharges loan from register of deeds upon notification of full repayment
Michigan Saves 	<ul style="list-style-type: none"> Registers and oversees authorized and advanced contractors who promote financing under the program Develops contractor training materials and conducts contractor training Develops and maintains systems for making contractor materials available to contractors and databases for project data entry Conducts customer satisfaction surveys and quality assurance inspections Monitors program results and impacts
Energy auditor/home energy assessment professional	<ul style="list-style-type: none"> Promotes financing to customers Conducts comprehensive whole-home energy assessments

Entity	Roles
Installation contractor	<ul style="list-style-type: none"> Promotes financing to customers (can be the same company as energy auditor) Installs energy-saving or renewable energy improvements under contract with the customer
<ul style="list-style-type: none"> Loan originator 	<ul style="list-style-type: none"> Maintains license per federal and state laws and follow legal guidelines in the lending and decision-making processes Accepts loan applications from customers Reviews underwriting criteria to determine loan eligibility Creates and distributes loan packet to customer Provides signed loan packet to the HEF Sends new loan information to servicer
Loan servicer 	<ul style="list-style-type: none"> Processes loan payments Keeps track of principal and interest paid Monitors delinquencies Notifies Holland BPW of monthly loan payment amounts to be collected on utility bill Provides customer loan payoff amount and daily interest charge upon request Notifies customer, Holland BPW and the HEF upon full repayment of loan

LENDING REQUIREMENTS

Overview

The 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 through a per-meter charge on their monthly Holland 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 an on-bill program. Exhibit 3 shows the following assumptions used to capitalize the HEF.

Exhibit 3. Program Scale Assumptions for the HEF

Year	Number of Completed Retrofits	Number of Expected Participating On-Bill Customers	Expected Value of Issued Loans (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. If 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 are as follows:

- Property must be located within the City of Holland.
- Holland BPW must be the electric service provider, and the Holland BPW customer of record must be the homeowner and loan applicant.
- Applicant must meet underwriting criteria. (Refer to Exhibit 1 for details).
- Applicant must complete a whole-home energy audit. (Refer to the Comprehensive Energy Assessment section on page 10)
- Rental properties are eligible (single family, one to four 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 this 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; and the City of Holland Home Repair 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 outreach efforts. In some cases, customers will seek authorized contractors via 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 one: The customer identifies an authorized contractor (to search for an authorized contractor, visit <https://www.michigansaves.org/>.)

Step two: The contractor performs an energy assessment and identifies qualifying energy improvements (for details, refer to the Eligible Improvements section on page 9). As part of the energy assessment, the contractor should perform test-in diagnostics, unless asbestos or other hazardous materials are present in the home.

Step three: The contractor provides loan program information to the customer and initiates the loan application process for the customer by accessing the loan application center online. The contractor is asked to provide their unique six-digit contractor identification number at the initiation of the application. The customer completes the loan qualification application online and receives a decision within minutes. If the customer sends a completed paper copy of the loan qualification application by mail (including consent to authorize release of utility bill payment history to the loan application center) they will be contacted as soon as possible to receive a decision notice. 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 (the 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 four: The contractor(s) works with approved customer to finalize the work plan based on the customer's needs and approved loan amount.

Step five: 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 six: 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" on page 9 for more details). Payments are made by the HEF directly to the contractors and normally arrive within seven to ten days.

Step seven: Contractors log into their accounts through the Michigan Saves website (https://www2.michigansaves.org/users/sign_in) and create a new Specification Sheet (also called Spec Sheet or Project Record). Contractor attaches a copy of the signed CoC to the Spec Sheet. Once the Spec Sheet is complete, contractor submits it to Michigan Saves.

Step eight: The customer repays the loan via direct billing by the utility on their monthly Holland BPW electric bill. The billing due date for the entire utility bill is the 22nd of the month.

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 loan originator, Slipstream Energy Finance Solutions (EFS), performs the following functions:

- Verifies the contractor initiating the loan application and performing the work is authorized by Michigan Saves
- Obtains consent to pull credit history (according to underwriting criteria) and to determine eligibility for loan
- Obtains consent from borrowers for the 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
- Confirms compliance with program requirements
- Communicates loan approval to customer immediately (within minutes or even seconds) upon receiving the loan application submission via web or phone
- Facilitates the fulfillment of the HEF loan requirements, including customer enrollment, and generates loan agreement (see Appendix E for sample loan agreement)

Note: Some sales financed through the program are 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 PM 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 customer will sign the loan documents in person at City Hall, 270 South River Avenue, Holland, Michigan 49423. Payment to the contractor will not occur until the work is completed and the borrower has signed a Michigan Saves Certificate of Completion. The certificate will contain information about the improvements that were made in the home and will certify 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 their utility bill after the loan is closed in accordance with its established billing practices. Customers are permitted to pay off the loan early and without penalty if they so choose. Consequence for nonpayment will be the same as that of other electric service charges: service can be shut-off 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](#). The balance owed may be added to borrower's 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 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 contractor 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.

ELIGIBLE IMPROVEMENTS

Financing may only be used for qualifying efficiency improvements installed by a [Michigan Saves authorized contractor](#). Measures installed by the homeowner—or by any other individual or company not authorized (or not acting as a subcontractor for an authorized contractor)—are not eligible for financing. Additionally, improvements must save energy (no cosmetic improvements), unless the improvements are nonenergy 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. It is conducted by a qualified person using building performance diagnostic equipment and complies with American National Standards Institute (ANSI) approved home energy audit standards. The audit must meet both of the following requirements:

1. Determines how best to optimize energy performance while maintaining or improving human comfort, health, and safety, as well as the durability of the structure.
2. 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 Residential Energy Services Network (RESNET) standard for blower door test procedures when suspected asbestos or other hazardous materials are present.

Energy assessments must be conducted no more than 12 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 utilities for the availability of assessment rebates. Refer to Appendix D for more information.

Eligible Measures List

Homeowners can finance any eligible energy efficiency improvement that is implemented by a Michigan Saves 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. The full list of eligible measures is available in Appendix B. The measure life is determined by the MEMD in effect at the time the loan is issued. The loan program can also be used for renewable energy measures like solar photovoltaic (PV) systems and solar thermal systems, given the property has achieved a Department of Energy Home Energy Score of 8 or above or a Pearl Certification rating of Gold or higher (refer to the Renewable Energy Measures section on page 11 for more details).

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 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 reused.

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. It is recommended that homeowners follow the energy efficiency pyramid in planning their projects. Appendix B contains the Eligible Measures list and Energy Efficiency Pyramid.

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 begins with the 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 financing renewable energy measures. A Pearl Certification rating of Gold or higher is an available option to the Home Energy Score.

Solar photovoltaic (PV) systems must comply with Holland BPW distributed generation interconnect policies found in the Electric Service Distributed Generation Program.

For all solar photovoltaic (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 the authorization letter with the certificate of completion.

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

Nonenergy 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 provided they are coupled with appropriate efficiency measures and address the cause(s) of the environmental hazard or physical defect. Examples of this type of work include, but are not limited to, the following:

- Asbestos abatement with air sealing or when installing a new boiler system
- Electric service upgrade, necessary when installing a new heating/cooling unit
- Upgrading knob and tube wiring to install insulation
- Radon and lead abatement work
- Oil tank removal costs, 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, if 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 for which they do not have proper training or qualifications to repair. Doing so increases a contractor's liability and jeopardizes their participation in the program. Authorized contractors 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 home improvements). Michigan Saves, as program administrator, authorizes and manages contractors. To be authorized, the contractor must meet certain minimum requirements, including appropriate insurance, licensure, and authorized contractor program training, as set forth in the [Michigan Saves Implementation Guide](#). These requirements are reflected in the application the contractor must be complete to register with Michigan Saves. Authorized contractors can implement any energy efficiency measure on the eligible measures list (Appendix B). In all cases, a baseline home energy audit must be conducted before an energy project is undertaken (details about requirements for the audit are in the Comprehensive Energy Assessment' section on page 10).

Contractor Training

Authorized contractors must participate in training before performing any work as part of the program. In addition to the training articulated in the Michigan Saves Implementation Guide, and 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 or the 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 program operations. The fee will be deducted from the amount sent by the lender to the contractor.

BILING 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 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 to ten days of receipt of the signed Certificate of Completion (CoC) 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 9.

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 (e.g., rebates, cash back, etc.). The contractor shall report any incentives accepted by the customer on the specification

CUSTOMER INQUIRIES

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 Angi (formerly 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 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 the project is a HEF On-Bill loan. Certificates of Completion (CoCs) 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.

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, MEASUREMENTS, 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 is located within the City's Department of Community and Neighborhood Services. In conjunction with the Holland Board of Public Works, the program provides direct communication to property owners in the City of Holland with regards to the Home Energy Retrofit Program and the HEF On-Bill Loan Program.

The City of Holland Home Energy Retrofit Program marketing materials are available on the City of Holland and Holland Energy Fund websites and rack cards and program flyers are also at City Hall.

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.

Contractors can also use the following 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. 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 HEF seeks to continuously improve the On-Bill Loan Program. Suggestions may be sent to Lynn McCammon, President, Holland Energy Fund, at 270 S. River Ave., 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 district boundaries, substantive changes to the Loan Product Details (defined in Exhibit 1 of the Implementation Guide), and substantive changes to Customer Eligibility requirements. All other program changes do not require a public hearing.

APPENDIX A: GLOSSARY

Term	Definition
Advanced contractor	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.
APR	Annual percentage rate
Authorized contractor	A contractor who meets the minimum requirements—including appropriate insurance, licensure, and Michigan Saves program training—and may only work within the à la carte eligible measures track.
BPI	Building Performance Institute
Certifications	Formal documentation that indicates an individual is qualified to perform a specified function or practice a specified skill.
Certificate of Completion (CoC)	Document signed by the homeowner and contractor at the end of a project which provides confirmation of satisfaction with the energy efficiency measures installed.
Department of Energy Home Energy Score	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.
HEF	Holland Energy Fund
HER	Holland Energy Retrofit program: Program which creates a financial partnership between the Holland Energy Fund and residents and helps homeowners in the City of Holland make energy efficiency improvements.
Holland BPW	Holland Board of Public Works
MEMD	Michigan Energy Measures Database: The database which serves as a basis for development of initial energy efficiency savings calculations and potential savings for energy efficiency programs.
Michigan Saves	The nonprofit organization that directs the activities of the Michigan Saves Loan Center; registers and oversees Michigan Saves authorized contractors; and monitors program results and impacts.
Pearl Certification rating	Certification system which provides standard energy efficiency ratings to improve home performance and help empower homeowners to increase the comfort and resilience of their homes over time.
Quality assurance (QA)	Quality assurance: The systematic monitoring and evaluation of the various aspects of a project, service, or facility to ensure that applicable standards of quality are met.
Quality assurance inspector	A qualified professional assigned by the QAC to visit the 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.

Term	Definition
Quality assurance coordinator (QAC)	Quality assurance coordinator: The 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.
RESNET	The Residential Energy Services Network. The body responsible for creating the Home Energy Rating System (HERS) and Combustion Appliance Zone (CAZ) testing for energy efficiency rating and certification. This system qualifies a contractor to perform energy assessments under the Home Energy Loan Program.
Site inspection	The visit by a QA inspector to the home where the project was completed in order to review quality of installation work.
Solar photovoltaic (PV)	A system which uses one or more solar panels, combined with an inverter and other hardware, to convert energy from the Sun and generate electricity.
Specification sheet	A document describing in detail the scope of work, materials to be used, methods of installation, and quality of workmanship for measures installed in an energy efficiency project.
Test-in diagnostics	Part of the whole home energy assessment that contractors perform, which tests the performance of existing energy efficiency measures installed in a home
Test-out procedure	Procedure completed to ensure that the energy efficiency improvements were installed properly and to identify any health and safety issues which may need to be addressed during the installation process.
WAP	The Weatherization Assistance Program: This federally funded program is managed by local Community Action Agencies and reduces energy costs for low-income households by increasing the energy efficiency of their homes.

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 2021 proposed measures as of 11/05/2021.

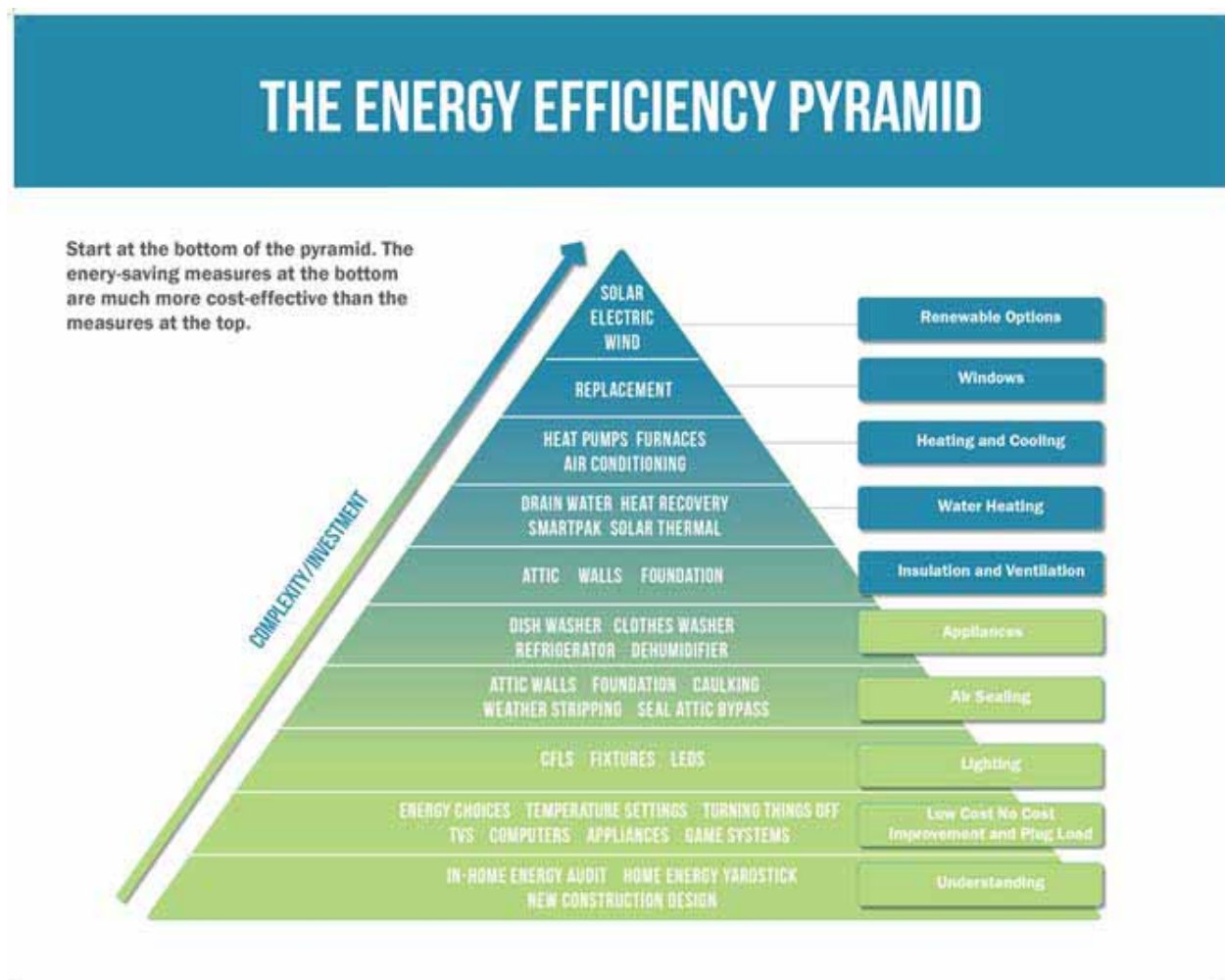
Measure Description	Useful Life
Air Sealing	
Air seal can lights	15
Door weatherstripping	5
Infiltration reduction (Any %)	13
Appliances	
Clothes dryer	14
Clothes washer	11
Dehumidifier	12
Dishwasher	11
Freezer (chest)	21
Refrigerator/freezer	16
Room air conditioner	15
Building Envelope	
Attic/roof insulation	25
Attic hatch insulation	20
Basement wall insulation	25
Cool roofing	20
Crawlspace wall insulation	25
Door (exterior)	20
Duct insulation	20
Floor insulation	25
Kneewall insulation	20
Pipe wrap	15
Rim joist insulation	25
Wall insulation	25
Window insulation	25
HVAC Improvements	
Air conditioner (package system)	15
Air conditioner (split system)	15
Air source heat pump (ASHP)	15

Measure Description	Useful Life
Boiler	20
Duct sealing	18
Electric water heater	15
Furnace with electronically commutated motor (ECM)	15
Gas tanked water heater	13
Ground source heat pump (GSHP)	15
Heat pump water heater	10
Instant gas water heater	20
Room air conditioner	15
Thermostat	9
Renewable Energy Improvements	
Solar domestic hot water	20
Solar Photovoltaic (PV)	20
Nonenergy Building Performance Measures	
Asbestos abatement	10
Attic fan	10
Bath exhaust fan	15
Basement waterproofing	15
Building envelope repair	25
Chimney liner	15
CO Detector	5
Crawlspace sealing	18
Duct cleaning/repair/sealing	18
Electrical system upgrades	15
Energy recovery ventilation	10
Gas leak repair	20
Glass block windows	25
HVAC system tune-up	5
Lead abatement	10
Mold abatement	10
Ridge vents	25
Soffit/eave vents	20
Other Improvements	
Ceiling fans	15

Measure Description	Useful Life
CFL bulbs	9
Faucet aerators	10
LED bulbs	15
Showerheads (low flow)	10
Whole house fan	15

Energy Efficiency Pyramid

It is recommended that homeowners follow the recommended order of energy-saving measure installations found on the energy efficiency pyramid when planning their home projects



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

Program Title	Qualification	Services offered	Contact
Weatherization Assistance Program (WAP) Through Michigan Department of Human Services	Homeowners making up to 200 percent of the federal poverty level	Receive funds for 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
Property Improvement Program (PIP) through the Michigan State Housing Development Authority	Homeowners with annual household incomes up to \$125,300 and a credit score of at least 62	Loans up to \$25,000 which vary depending on property type	Call 517-373-1974 or visit https://www.michigan.gov/mshda , (click on Homeownership) for details on how to participate
Utility rebate programs through local electric or natural gas provider	Must live within the service area of the utility offering the rebate	Rebates on weatherization installations and energy efficient appliances are available from most electric and gas service providers in Michigan	Your electric or gas provider for details on the specific incentives offered
Home Repair Loan/Grant through the Michigan branch of USDA Rural Development	For loans, homeowner must earn below 50 percent of the area median income. Grants available for those age 62 and older	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 percent loan that may be repaid over a 20-year period	Call 517-324-5190 or visit https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-direct-home-loans/mi
City of Holland Home Repair Program	Single family, owner-occupied, low-income households	The City will provide a portion of the cost up to \$8,000 for NON-LEAD projects and \$5,000 for lead projects	Call 616-355-1338 or visit https://www.cityofholland.com/844/Home-Repair-Program---Citywide

Program Title	Qualification	Services offered	Contact
Lakeshore Habitat for Humanity Home Repair Program	Homeowner must have reasonable credit history, no bankruptcy within two years of application, and must not be able to qualify for a conventional mortgage. Other stipulations apply.	Program provides an opportunity for interest-free financing up to \$5,000 for qualified applicants. Home repairs are limited to exterior projects on houses within the City of Holland	Call 616-393-8001 or visit https://www.lakeshorehabitat.org/home-repairs

APPENDIX D: REBATE PROGRAMS

Holland Board of Public Works (Holland BPW)

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

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

City of Holland

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

<https://www.cityofholland.com/>

SEMCO ENERGY Gas Company

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

<https://www.semcoenergygas.com/>

APPENDIX E: HEF CREDIT APPLICATION

CREDIT APPLICATION

This is not a contract for a loan nor does it lock you into any commitment with a contractor. This is an application that will allow us to proceed with your request for a loan to finance your energy improvement(s). This will include reviewing your utility bill repayment, tax and credit history.

Please complete all fields. Incomplete applications will be returned to you for completion. Only residential work that has not been started is eligible for financing. All owners must be applicants. If there are more than two property owners, please complete additional application forms. Upon completion of the application, please submit all requested items to:

Energy Finance Solutions, 431 Charmany Drive, Madison, WI 53719 or fax to 608.249.5788

SECTION A – INDIVIDUAL APPLICANT INFORMATION					
Note: If the property is owned by a trust, the trust has to apply as a joint applicant in Section C.					
Mr/Mrs/Ms	Last Name		First Name		MI Jr/Sr/I/II/III
Birth Date	Home Phone	Social Security Number	Dwelling Type <input type="checkbox"/> Single Family <input type="checkbox"/> Duplex <input type="checkbox"/> 3 or 4 Unit <input type="checkbox"/> Other		
Installation Address (where home improvements are to be made)		Unit #	City	State	Zip
How are you associated with the installation property? <input type="checkbox"/> Own <input type="checkbox"/> Rent		Who resides at the installation property? <input type="checkbox"/> Owner <input type="checkbox"/> Tenant		If owner, how many years have you owned the installation property?	
Current Address (if different from the installation property)			City	State	Zip
Mailing Address (if different from the installation property)			City	State	Zip
SECTION B – JOINT APPLICANT					
Complete only for joint credit. Joint applicant must own and occupy the home at the above installation address.					
Mr/Mrs/Ms	Last Name		First Name		MI Jr/Sr/I/II/III
Birth Date		Home Phone	Social Security Number		
Current Address (if different from the installation property)			City	State	Zip
How are you associated with the installation property? <input type="checkbox"/> Own <input type="checkbox"/> Rent		Who resides at the installation property? <input type="checkbox"/> Owner <input type="checkbox"/> Tenant		If owner, how many years have you owned the installation property?	
SECTION C – TRUSTS					
If the property is held in a trust, list the name of the trust, the name of each trust signatory and the associated title of the trust signatory.					
Name of the Trust					
Signatory Name			Signatory Title		
Signatory Name			Signatory Title		

CREDIT APPLICATION

SECTION D – UTILITY INFORMATION

Electric Utility Co.

Gas Utility Co.

Have you paid your electric utility bill on time in the last 12 months? ☐ Yes ☐ No

SECTION E – CONTRACTOR

Contractor (leave blank if not selected yet):

SECTION F – DESIRED LOAN TERM

The desired loan term will be applied unless the useful life of the measures installed is less than the desired loan term.

Select Desired Loan Term: ☐ 5 years ☐ 6 years ☐ 7 years ☐ 8 years ☐ 9 years ☐ 10 years
☐ 11 years ☐ 12 years ☐ 13 years ☐ 14 years ☐ 15 years

SECTION G – ASSET AND DEBT INFORMATION

If Section B has been completed, include information about both the applicant and joint applicant.

Are there any delinquent property taxes associated with the installation address? ☐ Yes ☐ No

Are there any unsatisfied judgments against you?

☐ Yes ☐ No

If yes, to whom owed?

Total Amount Owed

\$

Have you declared bankruptcy discharged in the last 3 years?

☐ Yes ☐ No

If yes, which city/state?

Year

By completing and submitting an application, I/we certify that I/we am/are of legal contracting age and that I/we have read, understood and agree to all of the terms stated here. By signing below, I/we certify that all information provided on this application is correct and complete to the best of my/our knowledge. My/our signature(s) also authorizes Energy Finance Solutions (EFS), a service offered by Wisconsin Energy Conservation Corporation (WECC), or a lender of choice, to obtain my/our utility bill repayment history, delinquent tax, and property owner information from the City of Holland. My/our signature(s) further authorize EFS to obtain a credit report(s) in connection with my/our loan request. If necessary, I/we further agree to provide additional information to WECC/EFS, or lender of choice, to underwrite my/our loan request. I/we further understand and authorize EFS and WECC to retain this application whether or not it is approved. Additionally, if this application is approved and the loan I/we have requested is made, I/we also authorize WECC/EFS to share such information concerning: my/our electric and/or gas utility billing account number; the charges payable by me/us under the promissory note that I/we will sign; and other non-public information that I/we provided for the purpose of underwriting and servicing my/our loan.

I/we understand and agree that EFS and WECC do not guarantee the security of any data submitted electronically and will not be held responsible or liable for interception by third parties. I/we understand and agree that in no event will EFS or WECC be liable for any technical, hardware or software failure of any kind, any interruption in the availability of this service, any delay in operation or transmission, any incomplete transmission, computer virus, loss of data, or other similar loss.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applications on the basis of race, color, religion, national origin, sex, marital status or age.

Applicant's Signature

Date

Joint Applicant's Signature

Date

Applicant's Email Address

Joint Applicant's Email Address

Apply online at www.energyfinancesolutions.com

APPENDIX F: HEF LOAN AGREEMENT

Loan Date:	Loan Number:	Account Number:

Borrower	Borrower
Name:	Name:
Address:	Address:

☐ See Addendum for additional Borrowers and their signatures

Truth In Lending Disclosure

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

Number of Payments	Amount of Payments	Payments Are Due:
_____ payments	\$ _____ per month See Note under Promise to Pay on page 2	Payments are due on the 22 nd day of the month starting not sooner than 30 days after the Contractor Paid Date

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, 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 To Be Paid to Michigan Saves	Amount To Be Paid To Your Energy Improvement Contractor(s):	Total Amount to be Advanced
\$ _____	\$ _____	\$ _____

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 monthly payments that are not paid on time 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.

The Borrowers who signed this Loan Agreement are all of the owners of the Property.

Whether or not the undersigned have elected to sign this document electronically, EFS, and or any subsequent holders of this document, shall have the right to convert and store the manual signature electronically and the undersigned consents to the use of the electronically stored version in the same manner as an original signed copy.

I understand and intend that a legal signature is formed by entering my name on this and other documents provided to me, and by entering my name on this and other documents provided in relation to this transaction I intend for my electronic signature to have the same force and effect as my manual signature. If any of the parties do not wish to sign this document electronically, all must opt out together and request a paper copy to sign manually.

By entering my name below, I am creating a legally binding signature and confirm that I agree and accept the signature terms and conditions.

Dated: __/__/____	Dated: __/__/____
X	X

Borrower:	Borrower:
Title:	Title:

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 \$<LOAN AMOUNT> to the Holland Energy Fund plus interest on the unpaid balance until what you owe has been paid in full. The interest rate is <RATE>% per year. You agree to pay <# OF PYMTS> monthly payments in the amount of \$<PYMT AMT> per month. **Note:** the amount of the last payment may be affected by early or late payments. The final payment of the entire unpaid balance of principal and interest will be due at maturity. The maturity date is the date the final payment is due.

2. **USE OF LOAN.** The loan proceeds will be used solely to pay for an energy audit of your Property and energy improvements by your Energy Improvement Contractor(s), to your Property known as <INSTALLATION ADDRESS>.

3. **CONTRACTOR PAID DATE.** This date is the future date in which loan funds are disbursed to your Energy Improvement Contractor(s). This date occurs after all material and work has been satisfactorily completed per your contract with your Contractor and a certificate of completion signed by you is submitted.

4. **METHOD OF DISBURSEMENT.** We will disburse the cost of the energy audit and the cost of energy improvements to your Energy Improvement Contractor. We will notify you of the disbursement. The total balance of the amounts advanced may not exceed the Amounts Financed set forth on page 1.

5. **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 the name of the Borrower(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 and its Board of Public Works.
- c. **You have contracted directly with an energy audit firm to audit and the Contractor to 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. **If you sell or transfer your Property, you will advise the buyer of this Agreement and the on-bill payment obligations.**
- f. **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.** The filing of such an affidavit shall not affect the ability to add delinquent payments to future tax bills.
- g. **Borrower has determined that the execution of this Loan Agreement does not violate the terms of any mortgage or land contract signed by Borrower.**

6. **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 to your Energy Improvement Contractor and arrangements are completed with the Holland Board of Public Works. Payments will be due on the 22nd day of the month, the same as your electric bill.

Payments received by the Holland Board of Public Works will be first applied to utility charges for electric, water and sewer, then to other utility charges and then to your loan payments described in paragraph 1.

7. **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.

8. **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.

9. **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.

10. **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 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.**

11. **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.

12. **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.

13. **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.

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

15. **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.

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

17. **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.

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

Information Concerning Energy Improvements Financed under Agreement

Borrower's Name(s): <CUSTOMER NAME(S)>
Loan number: <FILE NUMBER>

Borrower's Contractor 1: Name: <CONTRACTOR NAME>
 Address: <CONTRACTOR ADDRESS>

Borrower's Contractor 2: Name: <CONTRACTOR NAME>
 Address: <CONTRACTOR ADDRESS>

Borrower's Contractor 3: Name: <CONTRACTOR NAME>
 Address: <CONTRACTOR ADDRESS>

Borrower's Contractor 4: Name: <CONTRACTOR NAME>
 Address: <CONTRACTOR ADDRESS>

- a. Cash Price for Energy Improvements, including cost of audit: \$
- b. Insurance or Warranty charge, if any: \$
- c. Amount of official fees, if any: \$
- d. Direct Payment to Contractor by Borrower: \$

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

Description of Energy Improvements: <MEASURES>
Energy efficiency home improvements and related services

Notice to Borrower:

- (1) Do not sign this Loan Agreement before you read it.
- (2) You are entitled to a completely filled-in copy of this Loan Agreement.
- (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 Loan Agreement, not later than midnight on the third business day following the date you sign it by giving written notice of rescission to the Holland Energy Fund at its place of business or by mailing a notice of cancellation of the Loan Agreement to the Holland Energy Fund, 270 South River Avenue, Holland MI 49423 by depositing a properly addressed certified letter in a United States post office mail box, but if you rescind after midnight on the third 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 of the terms of your contract with the Contractor and you should receive a completed copy of it. Do not sign a contract for Energy Improvements if it contains blanks,

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

_____ / ____ / _____

Addendum to Holland Energy Fund Loan Agreement

{For when there are more than 2 Borrowers}

Loan number: <FILE NUMBER>

The following additional persons or entities are additional Borrowers on the Holland Energy Fund Loan Agreement, loan number <FILE NUMBER>. The undersigned acknowledge receiving a completed copy of the Loan Agreement, pages 1-4 and agree to be bound by its terms as a Borrower.

Borrower #3: _____

Address: _____

Signature: X _____

Title: _____

Dated: _____

Borrower #4: _____

Address: _____

Signature: X _____

Title: _____

Dated: _____

APPENDIX G: MEMORANDUM OF ON-BILL FINANCING

MEMORANDUM AND NOTICE OF ON-BILL PAYMENT AGREEMENT

THIS MEMORANDUM AND NOTICE OF ON-BILL FINANCING AGREEMENT, is made this [] day of [], [] by and between <CUSTOMER NAME(S)>, of <CUSTOMER ADDRESS>: (the "Owner") and the **Holland Energy Fund** of 270 S. River Ave., Holland, MI 49423 (the "Fund").

WITNESSETH:

WHEREAS, the Fund and the Owner have entered into a Loan Agreement (the "Agreement") of even date herewith to finance energy improvements to the Property described below with payments billed as a per-meter charge on electric utility bills for the property; and

WHEREAS, the parties desire to enter into this Memorandum to give record notice of existence of the Agreement pursuant to MCL 460.969 (5).

NOW THEREFORE, for other good and valuable consideration, the Owner and the Fund acknowledge and the parties give notice that:

1. They have entered into a Loan Agreement to finance energy improvements for the property known as <INSTALLATION ADDRESS>, legally described as follows:

See full legal description on page 3.

Tax Parcel No.: <TAX PARCEL NUMBER>
(the "Property")

2. The Agreement provides for the monthly payments due under the Agreement to be billed on the electric utility bills for the Property in the amount of \$<LOAN PYMT> per month with the last bill due on or before <# OF PYMTS> months following the 22nd day of the month starting not sooner than 30 days after the Contractor Paid Date.

3. The on-bill payments are deemed part of the charges for electric services to the property pursuant to MCL 460.969 and thus, are an obligation that runs with the land and the meter for the Property requiring payment in order to obtain electric service to the property.

4. Non-payment of the electric bill and the loan payments can be enforced in the same manner as non-payment of charges for electric services to the property, i.e., by shut off of electric service and/or adding the payments to the real property tax bills for the Property and enforced through the tax foreclosure process in the same manner and same priority as real property taxes.

5. The Agreement provides that the Owner and Owner's successors must keep the electric utility account in the owner's name may not file an affidavit of tenant responsibility for any unit of the Property while the Agreement has an outstanding balance.

6. This Memorandum will be discharged only when the Agreement has been paid in full. Information about the Agreement, its terms or the amount owed can be obtained from the Holland Energy Fund at the address set forth above.

This instrument is exempt from transfer taxes since this Memorandum and Notice is not an instrument of sale or transfer of the property but merely gives notice of the Agreement.

7. EFS, and or any subsequent holders of this document, shall have the right to convert and store the manual signature electronically and consent to the use of the electronically stored version in the same manner as an original signed copy.

Memorandum and Notice of
On-Bill Financing Agreement
Page 3

{Signatures on next page}

FULL LEGAL DESCRIPTION

<FULL LEGAL DESCRIPTION>

Memorandum and Notice of
On-Bill Financing Agreement
Page 4

The parties hereto have executed this Memorandum and Notice on ____ day of _____, ____.

Owners:

By: <CUSTOMER 1>, Owner

By: <CUSTOMER 2>, Owner

STATE OF MICHIGAN)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me in _____ County, State of Michigan, this ____ of _____, ____, by _____ and _____, Owners.

Notary Public, _____ County, Michigan
My commission expires: _____
Acting in _____ County, Michigan

Holland Energy Fund

By: <LENDER CONTACT>, its <TITLE>

STATE OF MICHIGAN)
) ss.
COUNTY OF OTTAWA)

The foregoing instrument was acknowledged before me in Ottawa County, State of Michigan, this ____ of _____, ____, by <LENDER CONTACT> as <TITLE> of the Holland Energy Fund.

Notary Public, Ottawa County, Michigan
My commission expires: _____
Acting in Ottawa County, Michigan

This Instrument Prepared By:
Ronald J. Vander Veen
Cunningham Dalman, P.C.
321 Settlers Road
Holland, MI 49422
(616) 392-1821

APPENDIX H: DISCHARGE OF MEMORANDUM AND NOTICE OF ON-BILL PAYMENT AGREEMENT

**DISCHARGE OF MEMORANDUM AND
NOTICE OF ON-BILL PAYMENT AGREEMENT**

The ***Memorandum and Notice of On-Bill Payment Agreement*** dated _____, _____, which was recorded in the Office of the Register of Deeds for _____ County, Michigan, Document No. _____ on _____, _____, is, forever discharged and released. This discharge hereunder covers and affects the described real estate on the attached **Exhibit A**.

Dated this ____ day of _____, _____.

Holland Energy Fund

By:

Timothy Vagle
Its: President

STATE OF MICHIGAN)
) ss.
COUNTY OF OTTAWA)

This document was acknowledged before me on _____, _____, by Timothy Vagle, whom I know to be the President of the Holland Energy Fund.

_____, Notary Public
_____ County, Michigan
Acting in the County of _____, Michigan
My commission expires: _____

**Instrument Drafted by
and When Recorded Return To:**

EXHIBIT A

Tax Description

Parcel Number: _____
