



EnergySmart Partners LLC Product Guideline
City of Fort Collins Utilities
“Home Efficiency Loan Program”
H.E.L.P.

Eligible Borrowers:	Applicants who own residential property located in Fort Collins that is to be improved by the loan and are current City of Fort Collins electric utility customers (for qualified energy efficiency and renewable energy improvements) or water utility customers (for qualified water improvements). For energy efficiency and renewable energy improvements, customers must have scheduled or received a City of Fort Collins Home Efficiency Audit . Eligibility of Utility customers to participate is based on credit scores and stated or verified income and pursuant to other criteria and procedures adopted in administrative rules and regulations adopted by the City of Fort Collins Chief Financial Officer. Utilities reserves the right to also base qualification on utility bill payment history (<i>reviewed by City of Fort Collins Utility staff</i>). All applicants claiming ownership interest in the subject property must be natural persons (<i>no legal entities</i>) and provide a single valid Social Security Number or Individual Tax Identification Number (ITIN), consistent among all forms of income verification. Further eligibility defined within a classification table shown below on page three.
Loan Amount	Minimum loan amount is \$1,000; Maximum loan is \$15,000 (per utility premise). Loans can be up to 100% of eligible project costs within loan limits stated above.
Rebates	Home Efficiency Program rebates are processed and distributed separately from the “ Home Efficiency Loan Program ” loan. The rebate check is sent directly to the homeowner by Fort Collins Utilities staff.
Property Type:	Eligible properties are single family dwellings or townhomes. Residential rental properties are eligible with loan application from the owner, a natural person. A loan secured by a deed of trust on a rental property will be billed directly to the person who obtained the loan.
Collateral:	Loans will be secured by a deed of trust recorded with Larimer County. Electric service may be discontinued for nonpayment of past-due accounts directly or indirectly related to the provision of electric service, in which event written notice shall be given in accordance with Section 26-713 of the Fort Collins Municipal Code and any Council-approved service rules and regulations.
Interest Rate:	Fixed interest calculated at time of application based upon a classification table shown below on page four. Interest rates to be revised annually by the City Financial Officer.
Income Threshold:	Loan terms may depend upon verified household income though no maximum income limit is imposed for program eligibility.
Debt Ratio:	When borrower debt-to-income ratio requires verification, proposed loan repayment amount combined with all other obligations of the borrower shall not exceed standards defined by borrower classification table shown below on page three.
Repayment:	Monthly payment of principal and interest will be collected by the City of Fort Collins Utility Billing Office as a line item on the borrower’s City of Fort Collins monthly utility bill. Escrow for hazard insurance and property taxes are

not provided by EnergySmart Partners LLC (ESP) and remain the sole responsibility of the home owner.

- Term: Loan amounts of \$1,000 to \$15,000 are available with terms of 60, 84 and 120 months; and are fully amortizing, with all outstanding principal, interest and other sums due at maturity.
- Loan Payoff: Loans will be closed after receipt of all principal and interest. Loans must be paid off at time of property sale or refinancing of the property first mortgage. Loans can be prepaid in full, at any time, without penalty.
- Use of Funds: Permitted capital improvement projects shall enhance the health, safety, and energy or water efficiency of the home, including installation of renewable energy systems as allowed by the City of Fort Collins Utilities On-Bill Financing Program administrator. A list of qualifying energy improvements and the rebates available can be found by accessing the links on the Home Efficiency Program (HEP) home page: www.fcgov.com/homeefficiency. A list of qualifying renewable energy projects and the rebates available can be found by accessing the links on the Solar Rebates home page: www.fcgov.com/utilities/residential/conserv/renewables/solar-rebates. Water service line repairs qualify as described on the service line repair page: www.fcgov.com/utilities/what-we-do/water/water-distribution/service-line-repairs.
- Loan Fees: A one-time non-refundable application fee in the amount of \$25 shall be due and payable upon submittal of all City of Fort Collins Utilities **Home Efficiency Loan Program** loan applications. An additional origination fee in the amount of \$150 is due to ESP at time of loan settlement. Customer may choose to pay the origination fee at closing or add the amount to the loan principle (not to exceed loan maximum). Public recording and any other third party service fees are the responsibility of the borrower and assessed at the time of loan settlement.

Origination Procedures

- Application: EnergySmart Partners LLC, a wholly-owned subsidiary of Funding Partners for Housing Solutions, Inc. collectively referred to as “ESP”, will receive completed residential loan applications from applicants through ESP’s website: www.energy-smart-partners.com, a signed Authorization to Release Information and supporting documentation. A credit report and processing fee of \$25 shall be due ESP at time of application and paid by applicant on ESP website.
- Processing: ESP will order third party verifications including credit report(s), the property owner and encumbrances report, evidence of hazard insurance and the City of Fort Collins Utility estimated rebates. Under normal circumstances and if ESP has received all required information, an applicant can expect receive information about whether the applicant is eligible to receive a loan within 24 hours or one-business day. Confirmation of credit determination, loan terms and remaining documentation requirements, as applicable, will be delivered in electronic format to the applicant for review and acceptance.
- Pre-Settlement: ESP will prepare loan closing documents that shall include a Lien Waiver & Completion of Work Affidavit wherein the borrower must acknowledge the amount paid to the project contractor upon loan settlement. The project contractor is required to acknowledge that all work is or will be completed according to the Fort Collins Utilities program standards and in a good and workmanlike fashion within the agreed-upon timeframe. The project contractor is required to verify that all suppliers and/or subcontractors for the project are paid in full with no further recourse to the borrower, and furnish lien waivers to

that effect. The building permit for the project must have received final approval from the City of Fort Collins Building Department and the project work must be approved by the HEP inspectors and staff prior to loan closing.

Fees Collected: Application, public recording and other third party fees shall be assessed and detailed within a settlement statement prepared by ESP. Borrower must pay the loans fees at time of settlement.

Settlement: ESP will present all loan documents to borrower at the time of loan settlement. Each Borrower must acknowledge receipt of a standard Colorado Notice of Rescission, allowing cancellation of the deed of trust within three business days of settlement. The deed of trust documents must be signed in the presence of a notary public, which will be arranged between ESP and the borrower.

Funding: Upon receipt and acceptance of completed and signed Lien Waiver & Completion of Work Affidavit and HEP Rebate Application forms from the project contractor(s) and, if applicable, subcontractors, ESP shall release loan proceeds directly to project contractor(s) upon confirmation that all work is complete. Dependent upon the scope of the proposed project, ESP will disburse funds to all applicable contractors and will disburse payment directly to the borrower for any deposits the borrower has paid to the contractor upon receipt of a paid receipt. Execution of a release of lien affidavit, and a completed Rebate Application sent to Fort Collins Utilities, is required from all applicable contractors prior to each distribution of loan proceeds. Disbursement of funds is prohibited prior to expiration of the three business day rescission period.

Post Closing: ESP shall retain all original documents and permanent loan file, record deed of trust documents and UCC filings as necessary, process and issue subsequent project draw requests, and issue release of collateral obligations upon final satisfaction of the Note. Copies of all executed loan documents will be provided to City of Fort Collins after loan settlement.

Loan Qualifications: *In order to obtain a loan from ESP under the City of Fort Collins “Home Efficiency Loan Program”, a borrower must meet the following requirements:*

Credit Metrics	Tier 1	Tier 2
Minimum FICO (Credit Score) <ul style="list-style-type: none"> Each borrower must meet the minimum FICO score If there are multiple borrowers, the lower the score (regardless of income) must be used for qualification 	<ul style="list-style-type: none"> 680 if salaried (or fixed income) 720 if self-employed less than 2 years 	<ul style="list-style-type: none"> 640 if salaried (or fixed income) 680 if self-employed more than 2 years 720 if self-employed less than 2 years
<ul style="list-style-type: none"> Utility Bill History (if available, reviewed by Fort Collins Utility staff) 	<ul style="list-style-type: none"> 6 months timely payments 	<ul style="list-style-type: none"> 12 months timely payments
Bankruptcy, Foreclosure, Repossession	None in the last 7 years	None in the last 5 years
Unpaid Collection Accounts, Judgments, Tax Liens	No more than \$2,500	No more than \$2,500
Loan Amounts	\$1,000 to \$15,000	\$1,000 to \$15,000

*Loans may be assigned to a different approval tier, be declined or subject to further review if underwriter determines that FICO score or other factors are inconsistent with actual credit and employment profile.

Interest Rate and Loan Term Schedule:

Tier	60 Month Term (\$1,000 - \$15,000)	84 Month Term or less (\$1,000 - \$15,000)	120 Month Term or less (\$1,000 - \$15,000)
1	5.00%	5.00%	5.00%
2	6.00%	6.00%	6.00%

The Interest Rates above have Annual Percentage Rates (APR'S) that may range as low as 5.47% to as high as 14.32% based on the borrower's credit worthiness, loan amount, term and income verification type, and is subject to our credit qualifications. Interest Rates and APR's are subject to change without notice.

Income Verification Requirements:

Salaried Employees, Pension, SSI Income, etc.	Self Employed
<p><u>Stated Income (No Verification Required)</u></p> <ul style="list-style-type: none"> When the loan amount is less than \$5,000 Or any loan amount if the FICO is greater than 680 <p><u>Income Verification Required</u></p> <ul style="list-style-type: none"> When the loan amount is greater than \$5,000 And the FICO is less than 680 One pay stub with YTD earnings dated within 30 days of the application or award/benefit letter for SSI or pension showing income amount, payment frequency; start and end dates. Rental income verified by lease or Schedule E from tax return. <p>NOTE: Any "other" income (not primary income), which is being used to qualify the loan, must be verified.</p>	<p><u>Stated Income (No Verification Required)</u></p> <ul style="list-style-type: none"> When the loan amount is less than \$5,000 Or any loan amount if the FICO is greater than 680 <p><u>Income Verification Required</u></p> <ul style="list-style-type: none"> When the loan amount is greater than \$5,000 The FICO is less than 680 Most recent federal income tax return (first 2 pages of 1040) plus Schedule C if applicable. Rental income verified by lease or Schedule E from tax return. <p>NOTE: Any "other" income (not primary income), which is being used to qualify the loan, must be verified.</p>

Maximum Debt to Income Ratio Requirements ("Max DTI Ratio"):

Debt to Income Ratio	Tier 1	Tier 2
<p>List Total Monthly Obligations</p> <ul style="list-style-type: none"> Any loan which has a remaining term of less than 6 months may be excluded from the calculation When revolving accounts do not show a minimum payment use the greater of 1% per month or \$10 Real Estate taxes and homeowners insurance (if not included in the mortgage payment) must be included in ratio Reductions to the Borrower's monthly Utility Obligations derived from improvements may be considered at the underwriter's discretion <p>List Total Monthly Income Divide Total Obligations by Total Income to determine DTI Ratio</p>	<p>Maximum total monthly obligations to total monthly income (Max DTI Ratio).</p> <p>50% Max DTI Ratio</p>	<p>Maximum total monthly obligations to total monthly income (Max DTI Ratio).</p> <p>45% Max DTI Ratio</p>