

EnergySmart Partners LLC Product Guideline Energy Smart Colorado Revolving Loan

Eligible Borrowers:	Applicants who own residential property wishing to make eligible energy efficiency improvements to their homes located in Eagle, Pitkin, and Gunnison Counties (Energy Smart Colorado service area). Properties can be single family residences, townhomes or condos. 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 on page 3.
Loan Amount:	Minimum loan amount is \$1,000; Maximum loan is \$25,000, to include all project management and loan settlement costs. Loan amount may not exceed 100% of project costs permitted by the Energy Smart Colorado program administrator.
Collateral:	Loan amounts in excess of \$15,000 to be secured by a Deed of Trust on single family owner-occupied property. Under such circumstances, the proposed loan amount, combined with all other mortgage obligations, may not exceed 115% of the public tax assessed value of the property.
Interest Rate:	Fixed interest calculated at time of application based upon a classification table shown on page 3.
Income Threshold:	Loan terms may depend upon verified household income though no maximum income limit is imposed for program eligibility.
Debt Ratio:	Proposed loan repayment amount combined with all other contractual obligations of the borrower shall not exceed standards defined by borrower classification table shown on page 3.
Minimum Investment:	Borrower must demonstrate sufficient funds to cover any project costs disallowed by the Energy Smart Colorado program administrator.
Repayment:	Monthly payment of principal and interest will be due on the 5 th day of every month beginning no later than 45 days following the final disbursement of loan proceeds. 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 less than \$7,500 will mature within 84 months. Loan amounts equal to or greater than \$7,500 will mature within 120 months with all outstanding principal, interest and other sums due.
Use of Funds:	Permitted capital improvement projects shall enhance the health, safety, and energy efficiency of owner occupied housing, including installation of renewable energy systems as allowed by the Energy Smart Colorado program administrator. A list of permitted improvements is show on page 4.
Loan Fees:	A one-time non-refundable fee in the amount of \$25 shall be due and payable upon submittal of all Energy Smart Colorado loan applications and Energy Smart Colorado is currently paying this fee . An additional origination fee in the amount of \$125 shall be payable to ESP at time of loan settlement. Public recording and any other third party service fees are the responsibility of the borrower and assessed at the time of loan settlement. <i>At the time of application the borrower can request the loan fees can be financed in the Energy Smart Colorado loan.</i>
Exceptions Policy:	All aspects of program eligibility and underwriting criteria are subject to approval of ESP and Energy Smart Colorado program administrator.

Origination Procedures

- Application: EnergySmart Partners LLC, a wholly-owned subsidiary of Funding Partners, collectively referred to as “ESP”, will process completed residential loan applications from applicants applying through the ESP website and a signed Authorization to Release Information disclosure. A credit report and processing fee of \$25 shall be due ESP at time of the loan application **and is currently being paid by Energy Smart Colorado**. In the event the applicant does not have internet access they can fill out the ESP paper application form and provide a \$25 check directly to ESP or to the general contractor to remit the documents to ESP.
- Processing: ESP will order third party verifications, including credit report(s), the property owner and encumbrances report and evidence of hazard insurance (as applicable). Under normal circumstances, a contractor or a borrower can expect a loan commitment to be returned to the applicant within 4 hours or less during normal business hours. Applications submitted after 2:00pm will be processed the following business day. Confirmation of credit determination, loan terms and remaining documentation requirements and mortgage disclosures, as applicable, will be delivered in electronic format to the applicant for review and acceptance.
- Pre-Settlement: ESP may contact the applicants and request supporting income documentation as outlined on the Loan File Checklist shown on page 5. ESP will order evidence of insurances and documentation of all payments due upon closing, as applicable. Final loan documentation shall be prepared and delivered to the project contractor for presentation to borrower. Loan documents shall include a lien waiver affidavit wherein the borrower must acknowledge the amount paid to the project contractor upon loan settlement. The project contractor shall acknowledge that all work is or will be completed according to local standards and in a good and workmanlike fashion within the agreed upon timeframe. The Project contractor shall 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.
- Fees Collected: Application, public recording and other third party fees shall be assessed and collected at time of settlement, as detailed within a settlement statement prepared by ESP. ***The loan fees can be financed in the Energy Smart Colorado loan, but the borrower must request them at time of application.*** Distribution of loan proceeds shall be net of loan settlement fees.
- Requirements: As facilitator, the project contractor will be asked to present all loan documents at the time of loan settlement. If the loan is secured by a subordinated deed of trust, each Borrower must acknowledge receipt of a standard Colorado Notice of Rescission, allowing cancellation of the mortgage within 3 business days of settlement. The deed of trust must be signed in the presence of a notary public, which will be arranged between FP, the contractor and borrower as applicable.
- Settlement: Project contractor will be asked to facilitate delivery of the executed promissory note, a Deed of Trust (if applicable), and any other instruments evidencing the debt undertaken to ESP within 48 hours of settlement. Upon receipt and acceptance of executed documents as well as lien waivers from the contractor and, if applicable, subcontractors (“the Loan Documents”), ESP shall release loan proceeds, less its own fees, directly to project contractor upon confirmation that all work is complete. Dependent upon the scope of the proposed project, ESP may elect to disburse funds incrementally and may allow payment directly to the borrower if so opted. Execution of a release of lien affidavit shall be required prior to each distribution of loan proceeds. No changes to the Loan Documents or loan amount shown on the settlement statement are permitted

without prior ESP authorization. Disbursement of funds is prohibited prior to expiration of the rescission period.

Post Closing: As set forth within its , ESP shall retain all original documents and permanent loan file, record property liens and UCC filings as necessary, process and issue subsequent project draw requests, and issue release of collateral obligations upon final satisfaction of the Note.

Loan Qualifications: ***In order to obtain a loan from ESP under the program, a borrower shall meet the following requirements:***

Credit Metrics	Tier 1	Tier 2	Tier 3
Minimum FICO (Credit Score) <ul style="list-style-type: none"> Each borrower must have a minimum FICO If there are multiple borrowers, the lower the score (regardless of income) must be used for qualification 	<ul style="list-style-type: none"> 700 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 	<ul style="list-style-type: none"> 580 if salaried, no self employment
Bankruptcy, Foreclosure, Repossession	None in the last 7 years	None in the last 5 years	None in the last 2 years
Unpaid Collection Accounts, Judgments, Tax Liens	No more than \$2,500 total	No more than \$2,500 total	No more than \$2,500 total
Loan Amounts	Up to \$25,000	Up to \$10,000	Up to \$7,500

Interest Rate and Loan Term Schedule:

Tier	FICO >	60 Month Term	84 Month Term	120 Month Term
1	700	3.75%	4.75%	6.25%
2	640	4.75%	5.75%	7.25%
3	580	6.75%	8.50%	-

Income Verification Requirements:

Salaried Employees, Pension, SSI Income, etc.	Self Employed
<u>Stated Income (No Verification Required)</u> <ul style="list-style-type: none"> When the loan amount is less than \$4,000 And when the FICO is greater than 700 	<u>Stated Income (No Verification Required)</u> <ul style="list-style-type: none"> When the loan amount is less than \$4,000 And when the FICO is greater than 720
<u>Income Verification Required</u> <ul style="list-style-type: none"> When the loan amount is greater than \$4,000 And the FICO is less than 700 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 and start and end dates. Rental income verified by lease or Schedule E from tax return. 	<u>Income Verification Required</u> <ul style="list-style-type: none"> When the loan amount is greater than \$4,000 And the FICO is less than 720 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.
NOTE: Any "other" income (not primary income), which is being used to qualify the loan, must be verified.	NOTE: Any "other" income (not primary income), which is being used to qualify the loan, must be verified.

Debt to Income (“DTI”) Ratio Requirements:

Debt to Income Ratio	Tier 1	Tier 2	Tier 3
Total Monthly Obligations <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 Additions to the Borrower’s cash flow from energy improvements may be considered at the underwriter’s discretion 	Total monthly obligations to total monthly income. All qualifying FICO scores – 50%	Total monthly obligations to total monthly income. All qualifying FICO scores – 45%	Total monthly obligations to total monthly income. All qualifying FICO scores – 36%

Energy Smart Colorado Revolving Loan Fund Permitted Improvements:

Energy Smart Revolving Loan Fund List of Permitted Improvements

Category	Measure	Minimum Efficiency Requirements
Air Sealing	Air Sealing/HRV	Energy Smart Assessment required
	Duct Sealing	Mastic only
Insulation	Attic	R-49 minimum total assembly
	Wall	R-19 minimum total assembly
	Floor	R-38 minimum; R-10 minimum slab on grade
	Ducts	R-8 minimum
	Rim Joists	R-19 minimum
	Foundation / Basement Walls	R-10 minimum; interior or exterior
	Crawlspace	Sealed floor and edge vapor barrier. R-10 minimum wall insulation
Heating	High Efficiency Furnace	AFUE \geq 92 %
	Gas Boiler	AFUE > 92 %
	Pellet Stove/Boiler	Minimum 75% efficiency, <2 grams/hr particulate
Water Heating	Solar Thermal	Panels must be SRCC-rated and installed by a qualified contractor
	Efficient Conventional	Minimum .67 EF gas, .92 EF electric
	On-Demand/Tankless	Energy Factor of 0.82 or higher (Energy Star listed)
Doors/windows	Exterior windows and glass doors	U-.35 maximum
	Insulating shutters or blinds	R-5 minimum for shutters, R-3 for blinds
	Insulating exterior doors or storm doors	U-.35 maximum for exterior doors
All eligible measures are subject to all applicable existing regulations and permitting processes.		
Ancillary improvement costs may not exceed 20% of total project.		
This list is subject to change without notice.		