

Attachment B



Financing for Assisted Home Performance with ENERGY STAR® Program Lender Partnership Agreement

September 1, 2008 to September 30, 2009

SAMPLE ONLY - DO NOT FILE

Lender: _____

Contact Person: _____

Mailing Address: _____

Telephone Number: _____ Fax Number: _____ E-mail Address: _____

This Assisted Home Performance with ENERGY STAR® Program Lender Participation Agreement, dated as of _____, 200__, by and between the New York State Energy Research and Development Authority (NYSERDA) and _____ (the "Program Lender") supplements the **New York Energy \$martSM** Loan Fund Lender Partnership Agreement to provide financial support to Program Lenders that provide financing and program support for customers participating in the Assisted Home Performance with ENERGY STAR Program.

Assisted Home Performance with ENERGY STAR is a grass roots strategy to develop an infrastructure of trained home performance contractors to assess and improve energy efficiency in low-income 1-4 family residences. Contractors must complete a training program and become accredited through the Building Performance Institute (BPI). Customers participating in the program request a Comprehensive Home Assessment from a BPI-accredited contractor to identify energy efficiency improvements for the home. Households with incomes at or below 80% of the State Median or Area Median Income, whichever is greater are eligible for a work scope subsidy for up to 50% of the total cost of the approved efficiency improvements.

Under this Partnership Agreement lending institutions agree to offer financing to homeowners with credit scores of 550 and above and will be responsible for processing applications for Assisted Home Performance with ENERGY STAR in accordance with program guidelines, determining the income qualification of applicants, reviewing proposed work scopes for adherence to program requirements, including cost-effectiveness, pre- and post installation inspection services for compliance purposes, financial management education, and providing interaction between the borrower, the home performance contractor, and the Program Implementer. Only Lenders that have qualified for this Participation Agreement will be eligible to receive the special incentives and fees associated with the Program Lender services.

This Agreement is completely voluntary and can be terminated at any time for any reason by the Program Lender or by NYSERDA.

By executing this Agreement, the Program Lender agrees to provide the services described in Section I, the Statement of Work, and NYSERDA agrees to pay the fees described in Section II, Fee Schedule.

I. STATEMENT OF WORK

Task 1. **Program Application and Loan Application Intake System:** The Program Lender shall establish and implement a Program and loan application intake system. The intake system shall include a phone number for consumer access, data collection including applicant household size and income level, project costs, loan amount, household size, applicant, co-applicant and total household income, Assisted Subsidy eligibility, a brief description of targeted improvements, and utility provider. Customers will apply for the work scope subsidies and loans using the Assisted Home Performance with ENERGY STAR Application and the Loan Fund Application with supplements as determined necessary by the Program Lender.

For each Assisted Subsidy application received, the Program Lender shall verify and document household size and income level against income guidelines provided by NYSERDA. Households with a total income level at or below the greater of 80% of the State Median Income (SMI) or Area Median Income (AMI) are eligible to receive an Assisted Subsidy not to exceed the lesser of 50% of the qualifying measures or \$5,000 per applicant for single family homes. Up to \$10,000 may be available for households with income eligible customers in 2-4 family dwellings. The homeowner then may qualify for financing through the Program for the balance of the cost of qualifying measures.

Occasionally, NYSERDA may modify the guidelines and policies of the Assisted Home Performance program to accommodate changing needs (e.g. maximum subsidy, income eligibility, etc). The Program Lender will be notified in writing via email or program announcement of any changes, both temporary and permanent, to the Assisted Home Performance program.

For each loan application received, the Program Lender shall process and underwrite the loan application based on its own current agreed upon underwriting criteria and financing guidelines. The Program Lender shall make every effort to ensure that it will respond to loan and Assisted Subsidy applications within five days of receipt.

Deliverable: Prior to the commencement of services each Program Lender shall prepare a report verifying that the intake system has been established and is prepared to take applications and shall submit copies of any supplemental loan application forms and any other materials to NYSERDA for approval.

Task 2. **Pre-Approval Procedures:** The Program Lender shall offer pre-approval for loans and the Assisted Subsidy so that customers can know the resources available to them before requesting a Home Performance contractor conduct a Comprehensive Home Assessment.

The Program Lender shall review the Assisted Subsidy and loan applications following the intake system approved in Task 1.

The Program Lender shall notify the applicant of the Assisted Subsidy and loan decision in writing. Should an applicant be denied a loan, yet is qualified for a subsidy under the Assisted Home Performance with ENERGY STAR program, the Program Lender shall indicate in the loan denial letter to the applicant the maximum subsidy level and the subsidy as a percent of the work scope that the applicant is eligible to receive.

Once a customer has been pre-approved, the Program Lender will notify the customer to schedule a Comprehensive Home Assessment, and then provide a loan application and copy of the proposed contract.

Deliverables: On a weekly basis, the Program Lender shall provide NYSERDA's Home Performance Program Implementer with loan approvals and denials, and the number of applicants that have been denied a loan, but are requesting a letter stipulating their Assisted Subsidy eligibility. The reports will include key data to be used for program tracking and evaluation, as mutually agreed by the Program Lender and NYSERDA. At a minimum, the report shall include

data on Assisted Subsidies and loans approved (based on completed and signed applications) including customer name and address, amount of loan and Assisted Subsidy, loan term, income level, credit score, and Home Performance contractor, if identified. NYSERDA's Program Implementer will process the weekly reports and forward them to NYSERDA as part of its own monthly or biweekly reporting requirements under the Program.

The Program Lender is responsible for sending invoices to NYSERDA for fees earned for performing income verification services.

Task 3. Program Lender and NYSERDA Review and Approval Procedures: Upon determination that the household is eligible for the Assisted Subsidy and a loan, the customer and Home Performance contractor will negotiate a scope of work and contract. The Program Lender shall review the proposed work scope for eligibility under the program guidelines.

Next, the customer/borrower and the Program Lender complete and sign their respective sections of the Loan Fund Application and the Program Lender submits the completed Application and a copy of the contract, if available, to NYSERDA Loan Fund by regular mail, e-mail, or by fax.

At the same time the Program Lender submits a copy of the Assisted Home Performance Application, a signed Customer Information Form, and a copy of the contract, if available, to the Program Implementer by regular mail, e-mail, or by fax.

The Program Implementer shall review the work scope and the contract, verify participation of the contractor in the program (which includes proper BPI certification and accreditation), and verify that the proposed measures are cost-effective and meet program eligibility requirements. If approved, the Program Implementer will notify NYSERDA. If an issue is identified that prevents approval, the Program Implementer will work with the contractor and the Program Lender to resolve the issue.

Upon notification of approval by the Program Implementer, NYSERDA will conduct its review and, if approved, complete the Lump Sum Interest Reduction Calculation and notify the Program Lender in writing via e-mail.

Deliverable: The Program Lender is responsible for promptly sending the completed Loan Fund Application and a copy of the contract to NYSERDA and sending a copy of the Assisted Home Performance Application, Customer Information Form, and the contract to the Program Implementer. The Program Implementer will notify the Program Lender, Home Performance contractor, and NYSERDA of the results of the review.

Task 4. Signing of Loan Agreement and Project Installation: The Program Lender shall allow the customer/Home Performance contractor up to 90 days from the signing of the loan agreement or loan closing to install the eligible measure(s). If a change order is executed that modifies the requested Assisted Subsidy or loan amounts, the customer will need to contact the Program Lender to be re-qualified at the new loan amount and new Assisted Subsidy amount. The Home Performance contractor must then submit a copy of the change order to the Program Implementer who will coordinate review with NYSERDA.

Deliverable: The Program Lender shall promptly process any change orders.

Task 5. Payments to Home Performance Contractors: [Upon completion of work within the allowed time frame from execution of the loan agreement, the installing Home Performance contractor and the customer must complete, sign and submit a Certificate of Completion to NYSERDA's Program Implementer along with a final invoice and a change order (if required). The Program Implementer will, within five days of receiving the Certificate of Completion, review the Certificate of Completion, schedule a quality control inspection (if appropriate), verify that the installed measures are consistent with the approved work scope and the contract that the customer signed. If all is in order, the Program Implementer will instruct the Program Lender to forward payment to the installing Home Performance contractor. The Program Lender shall make every effort to process

and mail a check or initiate an Automated Clearing House (wire transfer) into the Home Performance contractor's account within ten (10) business days of receipt of the Certificate of Completion.

Deliverable: Upon receipt of the Certificate of Completion from NYSERDA's Program Implementer, the Program Lender shall close on the loan and disburse the loan proceeds and Assisted Subsidy to the Home Performance contractor within ten (10) business days. The Program Lender shall then invoice NYSERDA for the approved amount of the Assisted Subsidy and the lump sum interest rate reduction.

Task 6. Income Verification for Loans that have been Denied, for Consumers Paying Cash or using Alternative Financing In instances when the applicant has been denied financing by the Program Lender, or when the applicant will be paying cash or using alternative financing, the Program Lender shall collect all required income data, determine if the applicant qualifies for an Assisted Subsidy, then inform both NYSERDA's Program Implementer and the applicant of his or her subsidy eligibility, and amount of subsidy if known. The applicant will then be required to pay the Home Performance contractor the unsubsidized portion of the agreed upon work scope.

Deliverables: No later than on a weekly basis, the Program Lender shall provide NYSERDA's Program Implementer with the name of applicant, address, subsidy amount (if known), and name of the Home Performance contractor via fax or e-mail. This report shall be forwarded to NYSERDA on a monthly basis.

The Program Lender is responsible for sending invoices to NYSERDA for fees approved by NYSERDA for performing income verification services.

Task 7. On-Site Quality Assurance (QA): The Program Lender shall be responsible for conducting on-site quality assurance for all projects that are approved for financing. This quality assurance shall at a minimum verify that the following objectives are being met:

- Project is completed in accordance with the terms of the customer contract and the approved work scope.
- Customer has signed the Certificate of Completion.
- Customer confirms that the Contractor tested in and tested out.

Deliverables: Prior to the commencement of Program Lender services a QA plan shall be submitted for NYSERDA's approval. The plan shall include provision for reporting all deficiencies to the Program Implementer.

Task 8. Financial Management Education: The Program Lender shall provide financial management education to borrowers to help ensure low-default rates on approved loans. In the Statement of Qualifications, Proposers must outline plans, including schedule and content of financial management education, and prior experience in delivering this type of service.

Deliverable: Prior to the commencement of Program Lender services a plan for financial management education shall be submitted to NYSERDA for approval.

Task 9. Reporting: The Program Lender shall compile concise monthly progress reports throughout the course of the project to highlight the status of activities and major events. The progress reports shall be submitted to NYSERDA and/or the Program Implementer no later than the 10th of each month. The reporting format shall be in table format and shall include but may not be limited to the following information:

- Title of project, agreement number, and period of report.
- Number of loans made during the month, year-to-date, and program-to-date
- Number of households qualifying for work scope subsidies during the month, year-to-date, and program-to-date
- Dollar value of the Assisted Subsidy for the month, year-to-date, and program-to-date basis.

It is anticipated that NYSERDA will develop a web-based project tracking and reporting mechanism for this program. The Program Lender will work with NYSERDA staff to reasonably accommodate the requirements of this system.

Deliverable: The Program Lender shall submit monthly reports to the Program Implementer at the appropriate times. The Program Lender shall work with NYSERDA to implement an online project tracking and reporting system.

II. FEE SCHEDULE

NYSERDA will reimburse for Program Lender services at the following rates:

1. Assisted Home Performance with ENERGY STAR® Application Review	\$75 for each customer approved for the work scope subsidy
2. Work scope review, on-site quality assurance to verify the installed work meets program standards, and Financial Management Education	\$350 per job

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed, intending to be legally bound hereby, the day and date first above written.

LENDER: _____

BY: SAMPLE - DO NOT SIGN
 PRINT
 NAME: _____

TITLE: _____

DATE: _____
 FEDERAL
 TAX ID #: _____

NYSERDA: New York State Energy Research and Development Authority

BY: SAMPLE - DO NOT SIGN
 PRINT
 NAME: Gregory Frank

TITLE: Assistant Director, Contract Management

DATE: _____

Mail **two** completed Agreements to:

New York State Energy Research and Development Authority
 Attn: Assistant Contracts Director
 17 Columbia Circle
 Albany, NY 12203-6399