



REQUEST FOR QUALIFICATIONS:

Advanced PLUS Contractors for Michigan Saves Home Mortgage Program

Michigan Saves is seeking applications to select up to ten qualified home performance contractors to participate in the initial rollout of the **Michigan Saves Home Mortgage Program** during the summer of 2011. This program provides an affordable, easy approach to include the cost of energy efficiency and renewable energy improvements in a mortgage (new purchase or refinancing) or major renovation loan.

Background

Michigan Saves has an agreement with one of the nation's largest independent mortgage lenders, Prospect Mortgage, to offer a suite of secured financing products as part of the Michigan Saves Home Mortgage Program. This program is suitable for large renovation projects performed in conjunction with the sale of a home, but is also available for refinancing and secured loans for large renovation projects. Specific products include 203k renovation loans (streamlined and full), 203K EEM/EIM, 203K renovation blended with EEM/EIM, VA EEM/EIM, and Fannie Mae EEM/EIM. This program will complement the existing Michigan Saves Home Energy Loan Program, which offers unsecured loans up to \$20,000. Together, the two programs provide customers a comprehensive range of financing options and tools to help drive business opportunities for contractors.

The program presents the opportunity to achieve significant energy savings for existing housing stock across Michigan, including the large number of foreclosures, while also making homes more affordable to live in. It is designed to break through existing barriers associated with energy efficiency and energy improvement mortgage products. Michigan Saves is working with utilities to align the program with new or existing utility rebate programs tailored to comprehensive, whole-home improvements.

The program will be available statewide but for Fall 2011 outreach has been launched in Michigan Consolidated Gas Company's (DTE Energy's) natural gas territory..

Key Program Features

- The program is designed to be marketed primarily by realtors, who will identify properties and explain benefits and details of the financing to the customer. Energy audits and the installation of energy improvements will be performed by Michigan Saves authorized contractors with special training and qualifications (Advanced PLUS contractors).
- The program is designed to achieve deep energy savings through comprehensive whole-home energy improvements (building shell, mechanical, appliances). The package of improvements must exceed a savings-to-investment ratio greater than 1 when compared to the installed and financed costs over the applicable life of the product(s). Homes are also expected to achieve at least 20 percent total home energy savings compared to applicable baseline. Certain renewable energy installations may qualify if efficiency improvements are included and will

be handled on a case-by-case basis. Non-energy measures, such as general remodeling or kitchen and bathroom upgrades, would also qualify for financing.

- Contractors must conduct full-home energy assessment with diagnostic testing in accordance with audit standards of the Building Performance Institute (BPI) and prepare a work scope in accordance with guidelines provided by Michigan Saves and applicable loan product(s). Home Energy Rating System (HERS) ratings are required in some cases.
- Referrals (real estate professional contacts or home buyers) will be assigned to contractors by Michigan Saves, with the exception of leads generated by specific contractors or based on an existing relationship. Such leads will be retained by that contractor. Leads will be distributed on a rotational basis for each specific target region. As the program becomes more established, past performance within the program, including ability to generate leads, will affect lead distribution. Unsatisfactory quality assurance performance may also effect the number of leads distributed to contractor
- Contractors who do not meet all of the minimum qualifications will not be assigned program leads until minimum qualifications are satisfied. If all program requirements are not met within 30 days of notice of acceptance into the program, the contractor will not be allowed to continue with the program.
- No contractor fees are assessed (Michigan Saves reserves the right to institute a fee in the future).
- Contractors make the improvements following the loan closing.
- Quality assurance, mentoring, and training will be provided by Building Science Energy Services (BSES). BSES will also review all job specifications/work scopes prior to closing.

Process

Michigan Saves will work with utilities and other partners to recruit and train a network of realtors and contractors to promote this program. The major steps in the process for customers are outlined below.

- Real-estate professional makes customer aware of the available energy efficiency program, including financing and utility rebates, and outlines benefits to customer when identifying and showing properties. (The refinancing and renovation loans will be promoted to customers by Michigan Saves contractors and as part of the websites and promotional materials of Michigan Saves, utilities, and others.)
- Customer finds a Michigan Saves “Advanced PLUS” contractor to conduct an energy assessment on the property. Contractor could market directly to customer or the customer could find a contractor through the Michigan Saves website or through referral by the real estate professional (in which case contractor assigned by Michigan Saves). Work scope is developed that outlines work to be completed, energy savings benefits, financial investment calculations, and benefits to customer in terms of health, safety, and monthly cost to customer.
- Customer selects improvements with the auditor verifying that the package meets applicable guidelines. Customer signs off on improvements.
- Loan goes through underwriting process with appraisal performed as for a traditional mortgage; the customer works directly with Prospect Mortgage on the loan application process to find the financing product that meets the customer’s needs.
- Loan closes with funds for improvements put in escrow. After work is satisfactorily completed, funds are released from escrow and paid to contractor. Utility rebates will be issued to the customer at time of closing or thereafter.

- Quality assurance is conducted on the job, including file reviews (see Quality Assurance section below for details).

Advanced PLUS Minimum Qualifications

Michigan Saves will select up to ten qualified contractors to participate in the initial rollout of the program. Selected contractors will receive training and mentorship on the process and technical requirements free of charge. Michigan Saves reserves the right to select fewer than ten contractors depending on the geographies targeted, demand, and other considerations and expects to have two to three contractors per targeted location. Contractors will not be employees or subcontractors of Michigan Saves; rather, the contractor will contract directly with the borrower.

To qualify, the contractor must be a Michigan Saves authorized “advanced” contractor and meet the following additional criteria:

- If not already authorized by the Michigan Saves Home Energy Loan Program, complete the application and agreement to become a Michigan Saves Authorized Contractor (see http://www3.michigansaves.org/contractor_application/index.cfm).
- At least one designated individual with BPI Building Analyst and Envelope Professional certifications that will perform the energy assessments and oversee work; this individual will serve as the designated lead project manager and liaison with customer, realtor, and quality assurance team (BSES)
- Certified HERS Rater on staff or under contract
- Minimum of three years in business (or subsidiary or affiliate of entity in business for last three years)
- Carry pollution occurrence rider on insurance policy for, at a minimum, lead and asbestos. (This insurance rider can be obtained from insurance carrier and provided to Michigan Saves after selection. Michigan Saves must have documentation that both lead and asbestos are covered.)
- Minimum of 25 comprehensive retrofits or remodeling jobs with energy upgrades (can include new home construction; do not have to be Michigan Saves jobs); documentation required upon final selection and must include a spreadsheet or other documentation with jobs completed including identification of installation(s), estimated energy savings, contact, and phone number
- Asbestos awareness certification; documentation of both asbestos awareness and lead-safe certification required upon final selection
- A detailed sales and marketing plan identifying resources available, method of marketing, sales strategy, target markets and/or real estate professionals, weekly or monthly targets, etc. Plan no longer than 1-2 pages and must be submitted within first 30 days of acceptance of Advanced Plus Contractor status and completion of program training.
- Outline number of jobs completed in last 12 months in which a real estate professional was substantially involved (e.g., could comment on the contractor’s performance).
- Contractor agrees to set up a minimum of five (5) meetings with real estate professionals within the first 30 days of acceptance of Advanced Plus Contractor status and completion of program training. (Michigan Saves will provide outreach tools for real estate professionals for use by contractors.)
- Although not required, contractors should also indicate their experience with construction draw process and lien waivers.
- Attendance at mandatory 2–3-day training and mentoring (*to be held after contractors are selected*):

- Attend half-day group program training on loan products and process; work scope development; and audit/energy modeling
- Participate in one-on-one mentoring sessions involving specific projects; these sessions are expected to take up to two days depending on the project complexity and the contractor's prior experience

Quality Assurance

The following quality assurance inspections will apply for each Advanced PLUS contractor and will be re-evaluated after the initial rollout of the program.

- Mentorship: first 3 jobs for each contractor by BSES
- Provisional: 4 inspections of next 10 jobs
- Full: 20 percent of total jobs
- Probationary: 100 percent of next 4 jobs

Any major or safety findings as defined by Michigan Saves Quality Assurance Manual will result in automatic probation or termination after mentorship. All rules and regulations governing health and safety, codes, construction liens, as well as BPI technical standards and Michigan Saves program requirements must be followed. Asbestos and lead testing and remediation as needed must be performed by the contractor or subcontractor with requisite experience.

Application Instructions and Deadline

To be considered, interested contractors must complete the attached application and include supporting documentation, as applicable. RFQ will close upon selection of 10 contractors for pilot. Applications will be reviewed within 14 days. No applications will be accepted after December 1, 2011.

Applications can be mailed, faxed or emailed to the following address.

Michigan Saves Home Mortgage Program – RFQ
Michigan Saves
600 W. St. Joseph Street, Suite 10
Lansing, MI 48933
registration@michigansaves.org
Fax: 517-484-6549

Contact

Contact Brad Mann at brad@buildingscienceacademy.com, or 517-281-6799, or Laura James at ljames@michigansaves.org, or 517-484-4954 if you have any questions on this RFQ.



Michigan Saves Advanced PLUS Application

Contractor Name: _____

Michigan Saves ID No.: _____

Geographic reach where services are provided (list counties): _____

Preferred location(s) to do work as part of initial program rollout:

- Southeast Michigan Northwest Michigan
 Northeast Michigan Grand Rapids/West Michigan

Name of individual with BPI Building Analyst and Envelope Profession certifications (Lead Project Manager): _____

Certified HERS Rater:

- Name: _____ (check whether on staff or subcontractor)
- Certification No. _____

Please indicate experience, if any, with construction draw process and lien waivers:

By checking the boxes below, I affirm my agreement with the following conditions:

- Asbestos awareness certification training has been or will be completed (documentation required after selection)
- Pollution Occurrence Rider on insurance has been or will be obtained prior to energy audits or installations (documentation required after selection)
- Company has completed at least 25 comprehensive remodeling jobs with energy upgrades (documentation required upon selection)
- I will participate in mandatory program training and mentorship (2–3 days)

Authorized Signature

By signing this Application, I represent and warrant that (i) I am duly authorized to submit this Application on behalf of the contractor; and (ii) the information provided in the Application and any other related documents delivered to Michigan Saves, is true, accurate, and complete. I further understand and accept that the approval or rejection of the Application is at the sole discretion of Michigan Saves and only upon receipt of an Application Approval Notice will the contractor be able to participate in the Michigan Saves Home Mortgage Program.

Authorized Representative (print name)	Company	Title
Signature		Date
