



Michigan Saves Home Mortgage Program

Frequently Asked Questions for Customers

What Is the Michigan Saves Home Mortgage Program?

The Michigan Saves Home Mortgage Program makes it easy and affordable to package energy-saving improvements with other renovations, like a new bath or kitchen, as part of a home mortgage at the time of sale or refinancing. Loans are also available for large home renovations.

What Are the Benefits of the Michigan Saves Home Mortgage Program?

- Upgrade your home at the time of purchase, or refinancing, with no out-of-pocket expenses
- Include improvement costs in mortgage payment
- Make energy-saving improvements such as new windows, doors, insulation, appliances, heating and air conditioning, as well as other remodeling to suit your tastes and needs
- Upgrade your new home hassle-free with authorized contractors
- Access special utility rebates and incentives to save even more on energy improvements

How Does It work? How Do I Get Started?

1. Go to <http://www.MyProspectMortgage.com/MISAVES> to fill out an application for pre-approval through Prospect Mortgage.
2. After you've been pre-qualified and identify a property to purchase (or if you are refinancing your current home), we will connect you with a Michigan Saves authorized contractor to assess the home you are looking to purchase or your current home. The contractor will identify improvements and give you a cost estimate and expected savings and identify available utility rebates.
3. Work with your Prospect Mortgage loan officer to finalize the loan application, appraisal, and closing. After closing, the authorized contractor will install the improvements according to an agreed-upon schedule, and will be paid directly by Prospect Mortgage when the work is completed, or as needed during the project.

Who Is Involved?

Michigan Saves— a nonprofit organization dedicated to making energy-saving improvements easy and affordable—has teamed up with Prospect Mortgage, the nation's largest independent mortgage company, to make you aware of this special program. Loans are available through Prospect Mortgage.¹

Where Is the Program Available?

The program is available statewide but is being rolled out first in Kent and Washtenaw Counties.

¹ Michigan Saves has no right, power, or authority, express or implied, under this program to approve loan applications, issue loan commitments, or offer renovation loans.

What Types of Loans Are Available?

Your Prospect Mortgage loan officer will work with you to choose the right type of loan. It will depend on the amount and type of improvements your property needs. Available loans include FHA, VA, conventional, 203k renovation loans, Fannie HomePath Renovation and Fannie HomeStyle Renovation.

Am I Eligible for a Loan?

Eligibility requirements vary based on the type of loan. Go to <http://www.MyProspectMortgage.com/MISAVES> to apply for pre-approval through Prospect Mortgage. A broad menu of loan options is available to meet the needs of most people.

What Improvements Are Eligible?

Any improvements recommended by the assessment can be financed into the purchase of your home. This may include energy-saving improvements such as sealing leaks, insulation, appliances, windows, and doors. Energy savings vary, but average savings would be approximately 20 percent. Remodeling, repairs, and cosmetic upgrades such as new paint and carpeting are also eligible for financing in most cases. So you can have the kitchen or bath of your dreams PLUS save on your monthly utility bills! Non-energy related eligible improvements may include roofing, gutters and downspouts; interior or exterior painting; room additions or garage; remodeling of kitchens and baths; upgraded appliances; flooring, tiling and carpeting; major landscaping, decks and fencing; structural alterations and additions; modernization of plumbing, heating AC and electrical systems; installation or repair of well or septic system; and accessibility improvements (i.e., handicapped).

The following examples of improvements are NOT eligible for financing:

- New swimming pool
- New tennis court
- Gazebo or bathhouse
- Additions or alterations to provide for commercial use
- Photo mural
- Television antenna or satellite dish
- Outdoor fireplace/hearth/barbeque pit

How Does the Assessment Work? Is There a Cost for the Assessment?

The home energy assessment will be conducted by a Michigan Saves “Advanced Plus” contractor and will be a thorough review of the home to identify energy-saving improvements and to check the safety of appliances and conditions. The home energy assessment is different from the appraisal.

In most cases the cost of the audit is covered in the total cost of the project and is included as part of the financing. If there is a circumstance where the cost of the audit is not included in the renovation cost, this will be communicated in writing prior to the audit taking place, and your approval will be required in order to proceed. Audit costs may vary among contractors but typically would not exceed the cost of a home inspection.

Who Can Install Energy Improvements? Can I Do the Work Myself?

Only a Michigan Saves Advanced Plus contractor can install the improvements and act as the general contractor or facilitator of the improvement project. After you get pre-approved, we will put you in touch with a participating contractor.

Any improvements being made to the property that are not related to energy efficiency can be completed by a qualified contractor as designated by the state of Michigan, or under certain circumstances homeowners can be allowed to complete parts of the project under the self work option of the renovation loan (i.e., appliances). This will be evaluated on a case-by-case basis as the need arises.

When Are the Improvements Made?

The improvements are installed after closing, and the contractor is paid when work is completed to your satisfaction.

What Utility Rebates Are Available?

Utility rebates for energy efficiency improvements such as insulation, appliances, and furnaces are available. Amounts and types depend on the applicable utility provider, and funding is available on a first-come, first-served basis. The contractor performing the home energy assessment will identify the applicable rebates based on the work plan for your home and help you cash in these great incentives.

Do Federal Tax Credits for Energy Efficiency and Renewable Energy Apply?

Yes, federal tax credits are available for qualifying energy efficiency improvements up to \$500 and for qualifying renewable energy systems up to one-third of the installed cost. State tax credit up to \$150 may also be available. You should review the guidelines and consult a tax advisor, as appropriate. More information on tax credits is available at: <http://www.dsireusa.org/>.

What Is the Minimum Down Payment?

Down payment on the financing, including all renovation or improvement costs, can be as low as 3.5 percent. Contact Prospect Mortgage for details.

Is the Program Available for the Purchase of Short-Sale or Foreclosed Homes?

Yes. In fact, this program is an excellent way to turn such properties into your dream home.

Are Multi-Unit Dwellings Eligible?

Yes, loans are available for 1–4 unit dwellings, including condominiums.

Are Loans Available for New Construction?

Yes, for the borrower purchasing the home. However, in most cases, utility rebates are not available.

How Do I Learn More?

For specific information about the Home Mortgage Program, contact us at mortgageloans@michigansaves.org or (855) 887-2313 (toll free).

For *general* information about Michigan Saves, contact us at info@michigansaves.org or visit www.michigansaves.org.