

### Purpose

High up-front costs can be a significant challenge to investing in home energy improvements. A program that provides affordable loans that a customer can repay on their monthly electric bill is one way to overcome this cost barrier. The Holland Energy Fund (HEF), a nonprofit corporation facilitating and financing the Holland Community Energy Plan, created the On-Bill Loan Program to help homeowners implement energy-efficiency and renewable energy improvements. For more information, see [hollandenergyfund.com](http://hollandenergyfund.com).

### Loan Product Details

### Structure/Minimum Standards

<b>Eligible Properties</b>	Single-family (one- to four-unit) homes. Rental/income properties are eligible provided the landlord meets program requirements.
<b>Location</b>	Homes must be within the city limits of the City of Holland. Homes within Holland Charter Township and the rest of the Holland Board of Public Works (BPW) service area are not eligible.
<b>Loan Type</b>	Unsecured consumer loan. Notice of the loan is recorded with the county register of deeds. Any unpaid amount can be added to property tax bill and enforced through a tax lien foreclosure process.
<b>Transferable</b>	If property is sold, the loan can stay with the property if agreed upon by buyer.
<b>Eligible Improvements</b>	Qualifying energy-saving home improvements, installed by an authorized contractor. A whole-home assessment with diagnostic testing is required for each financed project. Renewable energy measures are permitted if the home has a Home Energy Score of eight or higher (on a ten-point scale) or a Pearl Home Certification level of gold or higher.
<b>Loan Amounts</b>	\$5,000–\$30,000. Multiple loans per customer are allowed if the total amount financed does not exceed the maximum allowable loan amount. Multiple loans are consolidated into one loan at the current interest rate.
<b>Loan Term</b>	Up to 15 years or life of the measure, whichever is less.
<b>Loan Rates</b>	4.99% interest rate for loan terms up to 120 months. 5.99% interest rate for loan terms greater than 120 months.
<b>Repayment Mechanism</b>	Customers repay the loan through a per-meter charge on the monthly BPW bill for electric services. The payment is considered part of the charges for electric services to the property. There is no penalty for early repayment.
<b>Key Underwriting Criteria</b>	Twelve consecutive months with no delinquencies on electric utility bill payment history. If an applicant has no more than one delinquency in the past 12 months, HEF may pre-approve the applicant if there is no more than one delinquency in the last 24 months or the applicant has a credit score of 640 or higher. Applicants should not have any delinquent taxes, bankruptcies within the last three years (from discharge), foreclosures, repossessions greater than \$1,000, or unsatisfied money judgements.
<b>Loan Agreement</b>	The loan agreement is between HEF and the customer. Upon completion of the energy-efficiency improvements, HEF pays the contractor directly and the loan payments begin.

## Loan Application Process

1. The customer connects with a Michigan Saves authorized contractor working in the Holland On-Bill Loan Program. See [hollandenergyfund.com/on-bill-loan-program](http://hollandenergyfund.com/on-bill-loan-program).
2. The contractor completes an assessment, performs diagnostic testing, and prepares a report.
  - a. Existing whole-home assessments can be used if done within the last 12 months.
  - b. No diagnostic testing is necessary if asbestos-containing material is found.
  - c. If customer is seeking the rebate from the Home Energy Retrofit program, the assessment must be approved by the Holland residential energy advisor.
3. The customer and contractor agree on work scope and the contractor explains the Holland On-Bill Loan Program.
  - a. If seeking the rebate from the Home Energy Retrofit program, the residential energy advisor must participate in the development of the work scope.
4. The customer initiates the loan application process.
  - a. Online application is preferred; paper application is also available at [energyfinancesolutions.com/sites/energyfinancesolutions.com/files/pdfs/holland-energy-fund-credit-app-fillable.pdf](http://energyfinancesolutions.com/sites/energyfinancesolutions.com/files/pdfs/holland-energy-fund-credit-app-fillable.pdf).
5. The loan originator, Energy Finance Solutions (EFS), provides a loan decision.
  - a. If pre-approved, EFS issues a conditional pre-approval letter to the customer.
    - i. The conditional pre-approval letter indicates which documents must be provided to EFS to receive the approval.
    - ii. Conditional pre-approval is also subject to review of tax and utility repayment history and conformance with program requirements.
  - b. Once documentation is provided by the customer, and the customer qualifies for the loan, EFS issues an approval letter.
  - c. If the customer is denied, EFS sends a denial letter stating the reason for denial and notifies the contractor.
6. Upon approval, EFS sends the loan documents to the customer for signature.
  - a. The customer takes the loan documents (e.g., loan agreement and notice of on-bill payment agreement) to the HEF office at the Holland City Hall for signatures and notarization.
  - b. The customer has three days to cancel the loan by submitting a rescission notice to HEF. If the loan is not cancelled, EFS notifies the contractor that the work can proceed.
  - c. The loan approval is valid for 90 days. The work must be completed within this period.
7. The contractor completes the work.
  - a. If there is a change in the work scope, the customer or contractor should submit a change order to EFS.
    - i. EFS will resend the loan documents to the customer for a signature.
8. The customer signs a Michigan Saves certificate of completion and submits it to EFS.
  - a. The contractor must provide documentation of diagnostic testing, when applicable.
9. The loan is closed. HEF pays the contractor and records the loan with the county register of deeds.
10. The customer repays the loan via monthly charge on their electric utility bill.
  - a. BPW changes the billing cycle due date to the 22nd of the month for all on-bill loan customers.
  - b. Loan servicing is provided by Concord. For a pay-off statement, a loan balance inquiry, or other loan-related questions, customers should call Concord at 866-493-6393.

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## Program Contacts



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