

| <b>BASIC PROGRAM INFORMATION</b>                           |   |
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| <b>Program Name, Location, and Geographic Scope:</b>       | Michigan Saves, based in Lansing, Michigan<br>Statewide energy efficiency lending program   |
| <b>Launch Date:</b>  | September 2010  |
| <b>Web Site URL:</b>                                       | <a href="http://www.michigansaves.org/">www.michigansaves.org/</a>  |
| <b>Target Market:</b>                                      | Residential to start, but commercial programs to come in the future   |
| <b>Particular Income or Credit Target:</b>                 | None  |
| <b>Brief Description of Program:</b>                       | Michigan Saves began as a result of a \$6.5 million grant from the Michigan Public Service Commission to allocate state funds to create an energy efficiency lending program. The program started with the idea of leveraging the grant funds to attract local lenders, and over a period of several months resulted in a program that leveraged \$3 million of the funds to create a \$60 million lending facility, with loan capital provided by credit unions. |
| <b>Financing Capital Source:</b>                           | Lenders provide loan capital. Credit unions have been the only participating lenders in the early stage of the program.   |
| <b>CREDIT ENHANCEMENTS</b>                                 |   |
| <b>Credit Enhancements (if applicable):</b>                | Loan loss reserves are set at 5% of the outstanding balance of outstanding loans. Lenders receive 80% of any defaulted loan amount.   |
| <b>Source of Capital for Credit Enhancement:</b>           | Michigan Saves is using state funds to begin with. ARRA funds to begin shortly.   |
| <b>Custodian of Credit Enhancement:</b>                    | Michigan Saves establishes an account for each participating lender.  |
| <b>Interest Rate Buydown:</b>                              | None  |
| <b>Structure of Interest Rate Buydown (if Applicable):</b> | Not applicable  |
| <b>PARTNERS</b>  |   |
| <b>Method of Selecting Participating Lenders:</b>          | Open invitation to participate in a collaborative process to develop the loan product; open enrollment period during which lenders could choose to participate in the program based on terms developed during the collaborative process.  |
| <b>SECURITY</b>  |   |
| <b>Security:</b>   | Residential loans are unsecured.  |
| <b>Disconnection Threat for Nonpayment:</b>                | None  |
| <b>REPAYMENT STRUCTURE</b>                                 |   |
| <b>Repayment:</b>  | Michigan Saves is agnostic as to whether loans are repaid through the lender billing, the utility bill, or other method. All loans have been set up to be repaid through the lender with the exception of one pilot program in Traverse City.   |
| <b>MAJOR LOAN FEATURES</b>                                 |   |
|  | Interest Rate – Fixed APR not to exceed 7%<br>Loan Term – 10 years max.<br>Loan Size – <i>Minimum</i> : \$2,500; <i>Maximum</i> : \$12,500<br>Credit Score – 680 minimum in most case. At lender's option, score of 640 is allowed. Lender is only allowed to recover 70% of defaulted amount of a loan if lender chooses to allow a 640 score.<br>Debt-To-Income – 50% max   |

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|   | Costs – 1.99% fee charged to contractor   |
| Origination/Servicing:                                | Performed by a centralized entity, LSI, that operates an online application and a telephone-based application service. Costs are \$15/application for online and \$58/loan for telephone. LSI does initial screening, but loans are closed by the credit union. |
| <b>LOANS SALE BUILT IN TO PROGRAM</b>                 |   |
| Are Loans Held to Maturity?                           | Yes   |
| If Loans are Sold prior to Maturity, Please Describe: |   |
| <b>CONTRACTOR PROGRAM</b>                             |   |
| Are Energy Evaluations Required:                      | No  |
| Contractor Program:                                   | Contractor training also operated by Michigan Saves   |
| Comments:   |   |