

Bonneville Power Administration Residential Loan Program – Questions and Answers

Q: I'm interested in the loan program. How does it work?

A: This is a Utility-based program designed to work in cooperation with vendors in the Utility's community. Many vendors have financing available to assist with their sales process. BPA has competitively selected First Mutual Bank of Bellevue, Washington, "the lender behind the vendor," to work with the region's Utilities to increase the sales of energy conservation measures through vendor networks. Once you sign up for the program, vendors you refer are offered the opportunity to provide competitive loans to your consumers through First Mutual. First Mutual reviews vendor applications and integrates them into their systems. The vendor offers the loan to the homeowner, First Mutual provides the funds to the vendor to pay the cost of the measures installed (less a 3% fee), and the homeowner repays First Mutual. There is no recourse to BPA or the Utility.

Q: Who does the installation work?

A: The conservation measures are installed by participating vendors. Utilities will recommend to First Mutual Bank vendors who are familiar with the Utility's programs and specifications. These can include vendors you've worked with on weatherization programs, plus others who might install specialty measures such as heat pumps or solar thermal systems.

Q: How are the vendors qualified and what is the Bank's quality control on vendors' work?

A: Vendors referred by the Utility complete and submit a Dealer Application to First Mutual Bank. First Mutual evaluates vendors to see if they are licensed and bonded, runs a credit report, and checks their status with the Better Business Bureau. First Mutual checks with the vendor's suppliers and the state authorities that license the vendors for any available information. First Mutual's Dealer Approval Committee approves vendors with good reputations that are established in business, pay their bills, and have a reasonable amount of profitability and equity.

Once approved, vendors sign a Master Dealer Agreement that contractually binds them to First Mutual. The Agreement is very specific as to the representations and warranties and standards of doing business that First Mutual expects from the vendors. The Agreement requires vendors to install measures in accordance with Conservation and Renewables Discount program (C&RD) specifications, or the Utility's specifications if they are more stringent. In addition, the Agreement requires that vendors only offer the BPA loan program in service territories of participating Utilities.

First Mutual uses several methods to ensure quality control. After the installation, the vendor has the homeowner sign a Completion Certificate. The homeowner's signature indicates satisfaction with the job. A First Mutual employee will often contact the homeowner directly to make sure the job is complete, the homeowner is satisfied, and whether First Mutual is authorized to disburse funds to the vendor. In addition, First Mutual takes pictures of 5% of the completed projects and customer feedback cards are sent to 10% of the homeowners. These checks are all used to measure, monitor and maintain the service quality provided by vendors.

Q: Who makes sure the measures have been installed in accordance with the C&RD specifications?

A: Participating Utilities or, in limited cases, BPA will ensure measures are installed in accordance with the specifications.

Q: How were the eligible measures selected?

A: The conservation measures for this program are a subset of the residential measures eligible for the C&RD program.



Q: Can homeowners finance improvements that are not mentioned on the eligible conservation measures?

A: Yes. First Mutual Bank will provide loans to homeowners for more than the conservation measures eligible for this program.

Q: Can the Loan Program be run in conjunction with other Utility run programs?

A: Yes. Participating Utilities may offer the loan program to expand the range of an existing loan program or offer to consumers as a means to pay for measures promoted through a Utility designed or BPA sponsored residential conservation program.

Q: Will I be required to support the program financially?

A: Participating Utilities do not have to pay First Mutual, BPA, or vendors to participate in the Loan Program. BPA asks only that Utilities participating in the program agree to promote the program to their end use consumers and work with First Mutual Bank to recruit vendors.

Q: What are the loan terms?

A: Homeowners may borrow up to \$20,000 for up to 12 years. Interest rates depend on a number of factors and recently they've ranged between 7.49 and 10.25 percent. The loans are unsecured, and no deed of trust is required by the bank. Within the range noted above, homeowners receive lower rates for electing the automatic payment option and/or a UCC filing (see program description for more information on UCC filing).

Q: How do homeowners qualify for loans?

A: Vendors will present loan documents, which may be submitted by Internet, fax, or mail. Once they've been received, First Mutual looks at credit scores and other factors to determine if the homeowner qualifies for a loan. Decisions are often almost instantaneous, and are almost always given to the vendor within 24 hours.

Q: If I decide to participate, what's the next step?

A: Please fill out the sign-up sheet and we'll get you started. The next step is to get vendors in your territory signed up with First Mutual.

Q: Who counts the energy savings?

A: If a participating Utility offers a financial incentive to homeowners in conjunction with another BPA program, such as the C&RD, then the participating Utility counts the savings. If loans are made without Utility incentives based on another BPA sponsored program, then BPA will count the savings.

Q: If I choose not to participate, can a vendor still make a loan in my territory?

A: The Master Dealer Agreement between First Mutual and the vendors requires that vendors only offer loans under BPA's Residential Loan Program in service territories of participating Utilities.

Q: Can apartment buildings and commercial properties qualify for loans?

A: Homeowners of single-family homes (up to a four-plex), including manufactured homes, are eligible to apply for a loan under the Residential Loan Program. Loans for commercial properties are handled differently and are not eligible under this program.

Q: Can I buy down the interest rate?

A: Yes. First Mutual has a rate buy down schedule for Utilities interested in this feature. Buy down rates are set by First Mutual and depend on the amount of the loan and the amount of the buy down. The participating Utility and First Mutual must establish a method for the Utility payment to First Mutual.