

All work financed with an Energy Loan must be installed by a participating contractor. To ensure that only qualified, reputable contractors are participating in the program, the following guidelines and controls are established which regulate how contractors are approved and the ongoing verification that standards are being met. Sponsor and/or EFS reserves the right to restrict contractor participation or remove them from the program at any time for any reason.

Standards for Approving Contractors

Contractors interested in participating in the program and who become eligible to offer Energy Loans, apply for approval by: (1) completing a Contractor Application (including the Portal Use Agreement, Contractor Participation Agreement, and ACH Authorization), (2) supplying EFS with an insurance certificate from its insurance company documenting the level of insurance coverage, and (3) completing the IRS W9 Form. All forms are forwarded to EFS for consideration.

To participate in the program, contractors must meet the following criteria which EFS verifies from information supplied on the Contractor Application:

1. Established in business for not less than one year:
2. Maintain applicable licenses and permits to perform installations:
3. Maintain a tangible net worth of at least \$50,000.*
4. Principal owners must have a satisfactory credit history as verified from a credit report.*
5. Maintain a "satisfactory" rating from the Better Business Bureau.*
6. Maintain a "satisfactory" standing with three trade references.*
7. Maintain business insurance coverage in the following amounts: \$1 million general liability coverage and workers' compensation in amounts established by state law.

**These items have been temporarily waived.*

In addition, all contractors must sign a Contractor Participation Agreement, which sets forth the conditions of contractors' participation in the program.

Contractors approved by Sponsor and EFS to offer Energy Loans are supplied with customer Credit Application and Installation Completion Certificate and Customer Warranty forms as well as detailed procedures on the operation of the loan program. Sponsor and EFS may provide training sessions on loan program procedures in connection with trade association meetings, or, for utility-sponsored programs, in connection with regularly scheduled utility meetings held with contractors. Ongoing communication with approved contractors will take place by use of special mailings or EFS' Web site.

Ongoing Verification of Contractor Activity

Sponsor and EFS' involvement with contractors does not end once the contractor has been approved to offer Energy Loans. Ongoing verification of contractor activity is triggered by each installation completed, as well as annually. Where verification activity identifies deficiencies in a contractor's performance, Sponsor and/or EFS reserves the right to remove the contractor from the participating contractor list, making the contractor ineligible to offer Energy Loans.

Each Completion

After each installation is completed, contractors obtain the homeowner's signature on an Installation Completion Certificate and Customer Warranty. The homeowner's signature on the form informs Sponsor and EFS that all work has been completed to the homeowner's satisfaction, and the customer authorizes release of funds directly to the contractor. The Installation Completion Certificate and Customer Warranty is submitted to EFS by the contractor with a detailed invoice listing all items installed and financed with the proceeds of the Energy Loan.

Upon receipt of the contractor's invoice and Installation Completion Certificate and Customer Warranty, EFS verifies that the invoice amount and measures installed agree to the loan agreement with the homeowner, and the homeowner has signed the Installation Completion Certificate and Customer Warranty. An on-site inspection may be conducted for each contractor.

The purpose of the inspection is to verify that all work financed by an Energy Loan has been installed. Sponsor, EFS or EFS' designee will conduct inspections and an Inspection Report is completed for each inspection. When inspections are conducted, an acceptable outcome must be made before any funds are released to the contractor. Where re-work is deemed necessary, it must be completed at the contractor's expense and will be re-inspected before loan funds are released.

In addition to on-site inspections, EFS also may conduct a random sample mail survey with homeowners to follow-up on the quality of the installation. The purpose of the follow-up is to allow customers the opportunity to provide feedback on such items as whether the contractor conducted business in a professional manner, the response time for initial contact and any callbacks, whether the contractor arrived when promised, whether the work site was left in a clean condition following the installation, and whether any problems were resolved as expected. Feedback received from homeowners will be shared with the contractor.

A fee may apply in the event that a Contractor fails to submit correct and final documentation to EFS prior to the closing of a loan. EFS reserves the right to recover penalty costs associated with a repurchase due to contractor negligence.

Annual Verification

On an annual basis, contractors must be re-certified to offer Energy Loans. The annual certification process is designed to be easy and is initiated by EFS.

The purpose of the annual certification is to remove contractors not using the program and to verify that active contractors continue to meet the requirements for participation. A simple, one-page re-certification form is sent to all contractors. Contractors must supply EFS with current information to confirm that requirements are being met.

Contractors failing to provide EFS with the requested information, or no longer meeting the minimum qualifications for participation are removed from the program. Contractors removed due to failure to provide information or failing to meet the minimum qualifications can reapply at their discretion by completing a new application and submitting it to EFS for consideration.

EFS reserves the right to change contractor participation standards at any time as deemed appropriate by program directors or Energy Finance Solutions.