



Easy. Affordable. Smart.

Loan Product Details and Underwriting Guidelines

The Michigan Saves Home Energy Loan Program provides an affordable, easy financing solution to homeowners for qualifying energy efficiency improvements. Michigan Saves loans must satisfy minimum underwriting standards established by Michigan Saves. These standards, along with the other loan product details, are outlined in the following table. Each lender sets its own underwriting criteria and makes its own decision about which loans to approve.

Loan Product Details	Structure/Minimum Standards
Loan type	Unsecured
Eligible improvements	Energy-saving home improvements recommended by a Michigan Saves authorized contractor
Loan amounts	\$1,000 to \$20,000
Loan term	For loan amounts up to \$5,000, at least 12 months per \$1,000. For loan amounts \$5,000 to \$20,000, lengths up to 120 months.
Loan rates	Not to exceed 7.0% per year or such other rate as Michigan Saves may determine on a semi-annual basis. Lenders may offer rates below 7.0%. Fixed rate with no prepayment penalty.
Eligible properties	Owner-occupied, single-family (1–4 unit) homes, primary residence
Credit scores	
Minimum FICO (credit score)	Minimum 680 (if there are multiple borrowers, the lower score, regardless of income, must be used for qualification). Lenders have the option of approving loans with FICO scores of 640 to 679, but the amount claimed from lender's reserve fund would be less (70 percent of loss vs. 80 percent for a score of 680 or more). Each lender may set more stringent underwriting criteria.
Bankruptcy, foreclosure, repossession	None in at least the last 4 years (nothing opened, must be settled)
Unpaid collection accounts	No more than \$1,000, excluding medical collections
Judgments and tax liens	Must be paid or in repayment
Lenders make all final underwriting decisions. Loans may be approved, declined, or subject to further review if underwriter determines that FICO score or other factors are inconsistent with actual credit profile.	

Loan Product Details

Structure/Minimum Standards

Income verification requirements

Income verification is not required when the loan amount is less than \$4,000 OR for any loan amount if the FICO is 720 or greater OR at the underwriter's discretion. When income verification is required (i.e., the loan amount is \$4,000 or more and the FICO is less than 720 OR at the underwriter's discretion) the following income verification is required:

Salaried employment income	<ul style="list-style-type: none"> One pay stub with YTD earnings dated within 30 days of the application.
Retirement income	<ul style="list-style-type: none"> Award/benefit letter for SSI or pension showing income amount, payment frequency, and start and end dates or A copy of a bank statement showing direct deposit of retirement income.
Self-employment income	<ul style="list-style-type: none"> Two most recent federal income tax returns (first two pages of 1040) plus Schedule C, if applicable.
Other income (if applicable)	When income other than primary income is being used to qualify for the loan, such as rental, alimony, or investment income, verification is required.

Debt to Income Ratio

Total monthly obligations	<ul style="list-style-type: none"> Any loan that has a remaining term of less than six months may be excluded from the calculation. When revolving accounts do not show a minimum payment, use the greater of 3% per month or \$10. Real estate taxes and homeowners insurance (if not included in the mortgage payment) must be included in ratio.
Total monthly obligations to total monthly income	<ul style="list-style-type: none"> All qualifying FICO scores – 50% or less

BALLPARK ESTIMATION CHART

		Loan Amount (\$ in thousands)														
		\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9	\$10	\$12	\$14	\$16	\$18	\$20
Loan Term (Years)	1	\$87														
	2		\$90													
	3			\$93												
	4				\$96											
	5					\$99	\$119	\$139	\$158	\$178	\$198	\$238	\$277	\$317	\$356	\$396
	6					\$85	\$102	\$119	\$136	\$153	\$171	\$205	\$239	\$273	\$307	\$341
	7					\$76	\$91	\$106	\$121	\$136	\$151	\$181	\$211	\$242	\$272	\$302
	8					\$68	\$82	\$95	\$109	\$123	\$136	\$164	\$191	\$218	\$245	\$273
	9					\$63	\$75	\$88	\$100	\$113	\$125	\$150	\$175	\$200	\$225	\$250
	10					\$58	\$70	\$81	\$93	\$104	\$116	\$139	\$163	\$186	\$209	\$232