

EFFICIENCY MAINE TRUST
Master Servicer for the Maine Energy Savings Revolving Loan Fund
REQUEST FOR PROPOSALS (RFP)

Efficiency Maine Trust is soliciting proposals for a Master Servicer to manage and administer the Maine Energy Saving Revolving Loan Fund per the terms of this request for proposals.

1. DATE ISSUED: October 4, 2010

2. PROJECT NAME: EM-03-2010; Maine Energy Savings Revolving Loan Fund Master Servicer

3. CONTACT PERSON: Peter Roehrig, Peter.Roehrig@efficiencymaine.com

4. SUBMISSION REQUIREMENTS: One original and 3 copies of the proposal must be clearly marked "Response to: RFP EM-03-2010; Maine Energy Savings Revolving Loan Fund Master Servicer" and submitted to the Efficiency Maine Trust no later than 3:00 pm local time, October 22, 2010:

Proposals may be mailed to:

Peter Roehrig
Efficiency Maine Trust
19 State House Station
Augusta, ME 04333-0019

Proposals may be delivered to:

Peter Roehrig
Efficiency Maine Trust
101 Second Street
Hallowell, ME 04347

The Trust assumes no liability for any costs incurred by a prospective provider for the preparation and production of a proposal or for any work performed prior to the issuance of a contract.

Minority, women-owned and economically disadvantaged businesses are encouraged to submit proposals in response to this RFP.

5. PROPOSAL SCHEDULE:

RFP Issued: Monday, October 4, 2010

Question period closes: Friday, October 8, 2010 at 3:00 pm local time

Response to questions will be issued by close of business on Friday, October 15 by fax or email

Proposals due: Friday, October 22, 2010 at 3:00 pm local time

Award Date: Friday, October 29, 2010

Efficiency Maine Trust reserves the right to delay award of the contract for up to one additional week.

Questions regarding this RFP should be sent by email to Peter Roehrig and must be received no later than 3:00 pm local time on Friday, October 8, 2010. The subject line must include "Questions for RFP EM-03-2010; Maine Energy Savings Revolving Loan Fund Master Servicer".

6. SCOPE OF WORK

A. Project Overview

The Efficiency Maine Trust (Trust) is soliciting proposals from qualified financial service providers to serve as the Master Servicer (Contractor) for the Maine Energy Savings Revolving Loan Fund (Fund). The Fund was created to implement the policies of Maine's Property Assessed Clean Energy (PACE) Program as established in Maine Public Law 2009, chapter 591 (LD 1717). The Fund is being capitalized with federal funds received through an American Recovery and Reinvestment Act of 2009 (ARRA) grant under the BetterBuildings initiative of the Energy Efficiency and Conservation Block Grant Program (EECBG) administered by the U.S. Department of Energy (DOE). The Fund will provide loans to residential property owners for the purchase and installation of energy efficiency and renewable energy measures for residential buildings located in municipalities participating in the PACE Program by the adoption of a PACE ordinance as established by LD 1717.

The Contractor will provide all back office administrative operations for Maine's statewide PACE Program including but not limited to: conducting loan origination; researching applicant information for meeting underwriting standards; packaging closing documents; coordinating with participating bank branches to provide closing services; loan servicing; managing delinquency; discharging PACE mortgages and providing regular and frequent data reporting. Efficiency Maine Trust will be the actual lender and that position will be included in all loan documents. The Contractor will have limited access to funds for loan disbursements and loan closing costs. The funds necessary for these functions will be periodically replenished as needed, with a maximum amount available to the contractor determined by mutual agreement. The funds available to the Contractor may not be used to fund the costs of the contracted services. Payments for contract services will be made by the Trust against an invoice submitted by the Contractor and approved invoice for payment by the Trust.

The Efficiency Maine Trust intends to use up to \$20 million of a \$30 million DOE ARRA grant under the BetterBuildings initiative of the EECBG Program to fund the Loan. DOE is encouraging cities and states to use their ARRA funding not only to support current energy efficiency and renewable energy projects, but also to establish sustainable and replicable programs and establish long-term funding mechanisms, such as the Fund, that will provide lasting energy and economic benefits and lead to long-term market transformation. It is the desire of the

Efficiency Maine Trust to make the loan application process as easy and expeditious as possible, and applicants are encouraged to highlight how they can and would address this item.

As a revolving loan fund, the Fund is designed to extend the life of the ARRA EECBG BetterBuildings grant funds and ensure that these funds continue to support the Trust's commitment to energy efficiency and renewable energy well into the future by providing an ongoing source of funding for these purposes. Loan payments made to the Fund under the PACE Program must be used to make loans for the same purpose (energy efficiency improvements and renewable energy systems) or used in the servicing of any future bond issues that may be established to extend and expand the availability of revolving loan funds for these purposes. This service may evolve over time to include other similar funding products. It is expected that the revolving loan fund will have at least a 10-year life or until any and all bonds issued to capitalize the loan fund and outstanding loans are paid in full.

Loans made by the Fund may be used to purchase and install energy efficiency measures and renewable energy systems that meet the requirements of LD 1717, PACE program rules adopted by the Trust, and the program guidelines for the Trust's current Home Energy Savings Program (HESP). These may include, but are not limited to: general air sealing; mechanical systems and components, including heating, ventilation and air conditioning (HVAC) and hot water, electrical systems and components, including lighting and energy management systems; doors and windows; significant insulation; and solar thermal, solar photovoltaic, wind, biomass, biofuel and geothermal energy systems. The average loan is expected to be approx. \$7500 with a maximum loan amount of \$15,000.

B. Description of Key Tasks:

1. Loan Program Administration

The Contractor will be responsible for all aspects of the administration of the loan program including but not limited to:

- Administer relevant loan servicing and loan origination and closing responsibilities.
- Assist the Trust in developing and implementing a loan pricing model to provide sufficient future funds for a self-supporting revolving loan fund without sacrificing participation by those who would benefit from the Fund.
- Maintain a call center for loan qualification and related assistance for consumers and energy service providers
- Provide consumers with a pre-qualification determination via phone and a web-based tool. Both methods are required to encourage consumer participation.
- Develop necessary forms for use in the loan application process, including applications, disclosures, mortgage notices, discharges, educational materials, rules and requirements, etc.

- Develop a network of participating banks and credit unions to act as closing agents so that borrowers may have their loan closing scheduled as close as possible to their home and/or with a financial institution where they do business.
- Verify that the homeowner's physical residence address is in a municipality that has an approved PACE Ordinance. The Trust will maintain an updated Municipality PACE Ordinance database which is the basis for the Master Provider's verification. Only properties within municipalities that have adopted a PACE ordinance are eligible for loans issued through the Fund
- The Contractor shall comply with the underwriting standards as prescribed by Efficiency Maine's Rulemaking that conform with the minimum underwriting standards as required by the Maine's PACE law - Public Law 2009, LD 1717, Section 10155, Part 1:
http://mainelegislature.org/legis/bills/bills_124th/chapters/PUBLIC591.asp

Work associated with underwriting research will include but is not limited to:

- Obtain applicants credit report for pre-qualification
 - Calculate Loan to Value ratio for property
 - Verify that there are no outstanding taxes or liens on the property
 - Verification that there are no reverse mortgages on the property
 - Verify that the applicant is current on mortgage payments
 - Calculate and verify of applicants debt to income ratio
- After conducting a thorough credit review of applicant's financial information to determine applicant's loan qualifications, establish an individual applicant's maximum loan amount and then approve loans within that maximum, consistent with the rules of the Trust.
- Turn down applicants who lack the ability to repay the loan or whose credit profile falls outside of the underwriting standards established by the Trust. Send the applicant a notice of turn down as established by law.
- Coordinate loan closing with participating bank and credit union branches statewide to provide widely available closing agent services and administer the delivery and return of loan and other closing documents and the payment of closing agent fees
- Deliver loan disbursements to borrowers via check or electronic transfer following the compulsory three day rescission period (3 business days)
- File PACE mortgage notices, liens and discharge documents at the appropriate Registry of Deeds
- Assure that the loan receivable is properly entered into the loan system and that the appropriate notices, coupon books or statements are delivered to the borrower in a timely manner
- Receive and process payments from borrowers (or their agents) and maintaining transactions records and contacts with the borrower

- Maintain a comprehensive reporting format to track and report principal, interest and fees due and collected on individual loans. Take all appropriate steps necessary for collection of overdue payments
- Administer all loan delinquency responsibilities including recommendations to the Trust for loan loss reserve set asides, rewriting overdue loans and charging off uncollectible loans with or without releasing PACE mortgages
- Administer credit bureau reporting responsibilities
- Prepare and submit monthly invoicing to the Trust for services provided by the Master Provider for applications accepted and processed, loans prepared and closed, outstanding loans serviced and fees paid on behalf of the Fund or the Trust.
- Securing all data consistent with state and federal statutes and regulations
- Fulfilling reporting requirements as required by the Trust and DOE and specified in Section 9, Reporting Requirements

2. Loan Monitoring Services

- Provide periodic reports on the status and condition of PACE loans and promptly notify the Trust if it becomes aware of any problems or irregularities concerning such projects or the ability of the Borrower to make payment on the loan
- Provide the Trust with timely notice of any payment delinquency, shortfall or default, as well as any notice of prepayment
- In accordance with prudent loan monitoring and portfolio management practices, prepare regular detailed reports of the future repayment prospects of PACE loans.
- Report timely to the Trust on the business and financial substance of any proposed amendment to, or assignment of any loan document

3. Additional Services

- Monitor the network of participating banks and credit unions that act as closing agents to assure that all closing documents are properly completed and returned to the Master Provider in a timely manner. Make recommendations to the Trust for removal of a participating bank or credit union should it consistently fail to either properly complete the loan documents required or return the closing file timely
- Solicit banks and credit unions that are not closing agents to participate in the program as closing agents.
- Develop and maintain a quality assurance plan for the loan program, subject to the Trust's review and approval
- Maintain all records, files, data and information in formats which can readily be transferred to the Trust or a successor Contractor when the contract terminates.
- Provide all deliverables in electronic formats compatible with the Trust's software applications.

C. Administrative Costs

The Contractor shall propose a cost or fee structure for program administration costs that will allow the Fund's capital base to remain intact. Contractor's costs for administering the program should be reasonable to perform the necessary tasks, but should be kept low in order to maximize the benefits of the program and the interest rate that can be extended to participants. This proposed cost or fee structure should include the flat fee that local banks and credit union branches will receive to act as the closing agent.

D. Communication and Promotional Activities

The Contractor will be expected to utilize the Efficiency Maine name and branding in all communications related to the PACE program and the Fund. The relationship between the Contractor and the Trust will be expressed as a contractual partnership

The Contractor will add federal funding acknowledgement and disclaimer language as a requirement for any publications, forms, or documents as required for the EECBG Program.

E. Required Insurance

The Contractor will be required to carry errors and omissions insurance covering negligent acts or omissions that will cover the Contractor's actions under the contract with the Trust.

F. Compliance

The Contractor shall comply with the requirements of all applicable Federal, State and local laws, codes, regulations, DOE and EECBG policy and guidance, and instructions in this RFP, unless relief has been granted by the DOE and the Trust. The Contractor shall ensure flow down of the requirements of applicable Federal, State, and local laws, regulations, DOE policy, and guidance and instructions in this RFP to sub-recipients at any tier to the extent necessary to ensure the Contractor's compliance with the requirements.

7. REPORTING REQUIREMENTS

The Fund is being capitalized with federal ARRA and EECBG funds and as such, the Contractor will be required to provide ongoing monitoring and reporting to the Trust in accordance with both federal reporting requirements and statewide reporting requirements as established by law.

A. Statewide Reporting Requirements

The Contractor will be required to provide a discussion of monthly program activities and shall measure, verify and report required monthly data to the Trust, including but not limited to:

- Number of loan applications received, approved, and denied

- Tracking of funds disbursed to borrowers by municipality
- Number and dollar amount of loans provided by municipality
- Summary of the energy efficiency improvements and renewable energy systems that the loan funds will be used for
- Loan principal and interest payments received
- Administrative costs incurred, including closing agent fees
- Delinquency reports and statistics related to overall loan performance

B. Federal Reporting Requirements

The Contractor shall submit the following data on a quarterly basis:

- Total expenditures
 - Expenditure details – narrative
- Number of hours to be billed to contract
- Number of staff positions billed to contract
- Jobs created/retained – narrative
- Quarterly activities/project activities – narrative
- Vendor transactions of \$25,000 or more (purchase of goods/services)
 - Sub-recipient vendor name
 - DUNS# or zip code of vendor headquarters
 - Product and service description
 - Payment amount; and, Payment date

More information on federal reporting requirements available at:

http://www1.eere.energy.gov/wip/pdfs/eeecbg_financing_guidance2010_08_10.pdf

The Contractor's responsibility for federal reporting requirements will end at the conclusion of the EECBG grant period on June 3, 2013.

8. SITE VISITS

Authorized representatives of the Trust and the US Department of Energy have the right to make site visits of Contractor facilities at reasonable times to review project accomplishments and management control systems and to provide technical assistance, if required. The Contractor must provide, and must require loan applicants to provide, access to facilities with reasonable notice. All site visits and evaluations must be performed in a manner that does not unduly interfere with or delay the work.

9. BILLING

Invoices submitted for work performed shall be sufficiently specific to allow evaluation of charges billed in light of the tasks required by this RFP.

10. RESERVATION OF RIGHTS

The Trust reserves the right to request additional information of the applicants and to accept or reject any and all proposals received without right of recourse and to award the resulting contract to the contractor deemed to provide the best value and level of services without necessarily being the lowest cost proposal.

11. SUBMITTAL REQUIREMENTS Each proposal submitted must contain one (1) original and three (3) copies of the following documents:

A. Letter of Transmittal

The signed letter of transmittal must include the following:

1. A brief statement of the work to be performed
2. The total cost to administer the program
3. A statement assuring that the person signing the letter is authorized to bind the offer presented in the letter and accompanying proposal

B. Cover Page

Name of Offertory's organization, local address, telephone number, email address, name of contact person(s), and date submitted.

C. Proposal Narrative

The proposal narrative should outline a comprehensive strategy for administration of the Fund. The narrative must include a detailed statement of the methodology to be utilized to carry out the Scope of Work, including:

- Describe the Contractor's experience in the implementation and administration of residential and commercial energy efficiency loan financing programs.
- Discuss programmatic details including costs and timeframes for each step of the loan process including pre-qualification, loan application, application review, loan closing procedures with local banks and credit unions, project construction and completion (after the work is done and post-audit), loan repayment, and tracking and monitoring of loan performance.
- Discuss plans to coordinate with the Trust throughout the development implementation and maintenance of the Maine Energy Savings Revolving Loan Fund Program.
- Discuss the proposed make-up and functioning of a loan review committee. It is suggested that a loan review committee be established to develop a loan application

and a single sheet prequalification notice with preliminary underwriting guidance for homeowners.

- Discuss proposed criteria for screening and ranking loan applications in order to maintain the financial security of the program and to accomplish the objectives of the ARRA EECBG by maximizing benefits in terms of jobs created/retained, energy saved, renewable energy generated, and Greenhouse Gas emissions reduced.
- Outline proposed methods for data collection and monthly reporting of program metrics as specified in Section 7, Reporting Requirements.
- Provide suggestions for covering program administration costs through interest alone or interest and fees and/or securing additional funding sources so that the fund's capital base remains intact. Proposed startup costs and projected annual management costs shall be broken out and identified separately.

D. Tasks Statement and Timeline

Outline major tasks and services to be provided. Include a timeline for task initiation, implementation and completion. The ARRA EECBG grant period ends 6/3/2013.

E. Project Budget

The project budget should outline the expenditures for the project and should include a reasonable fee for the administration of the Fund. Any additional funds and/or in-kind services provided to the Fund by the proposing organization or others should be shown in column two as leveraged funds. Proposal preparation costs are not reimbursable.

F. Qualifications

Provide acceptable evidence of the organization, experience, qualifications, skills, and capabilities of the bidder to perform the services requested in this RFP that conform to the proposal evaluation criteria in Section 14, Proposal Evaluation.

12. RATES/PRICES

Submissions should reflect an understanding that, whatever contractual arrangement is established between the Trust and a contractor, the contractor will be required to complete all tasks specified in that agreement, without charges above the total agreement price, except in instances where Efficiency Maine requires the contractor to perform tasks not described in the original agreement. It should especially be noted that submissions must include expenses.

13. CONTRACT TERM

The resulting contract is expected to be issued for a period of three years. This contract may be extended by mutual agreement for up to two years. Contractor will notify the Trust no less

than six months before the contract's original termination date as to its interest in extending the contract for an additional two year period. Failure to submit that notification will release the Trust from negotiating any contract extension. Any negotiations or contract extension must be completed 120 days before the original contract termination date. During the term of the initial contract there will be no increase in the cost of the annual contract. The Contractor may propose an increase in compensation for each of the successive extensions, subject to negotiation and agreement by the Trust.

14. TERMINATION OF CONTRACT

The Trust reserves the right to terminate the contract due to a lack of funding, insufficient participation by borrowers, lack of repayment by borrowers, changes in enabling legislation, laws, rules or regulations which govern the source of capitalization funds, or other laws, rules or regulations which impact the Fund or the Trust. The Trust reserves the right to terminate the contract for cause should the contractor fail to perform as required by the terms of the contract or should the contractor's performance cause concerns for the Trust, where its effectiveness and ability to perform is called into question. Should the contract be terminated before the contract expiration date the contractor shall be entitled for payment through the contract termination date only, and the contractor will provide sufficient information to justify the final invoicing.

15. PROPOSAL EVALUATION

Proposals should address all of the items requested below in the order stated. Brevity and clarity will be appreciated. Proposals should not exceed fifty (50) pages in length (double-sided), not including a one-page cover letter, exhibits and appendices. Firms are forewarned that small font size, narrow page margins and uninformative boilerplate on the firm will not be helpful to reviewers in scoring the proposal. Information contained in appendices, if any, should be summarized in tables in the body of the proposal. Appendices not requested or sanctioned by this RFP will not necessarily be reviewed by the selection panel.

The proposals received will be scored on the basis of three primary sections: experience, qualifications and skills; cost and performance. The maximum scoring assigned for each section is sections: experience, qualifications and skills (30 points); cost (30 points) and performance (40 points).

The proposal will be evaluated in the following manner:

1. Experience, qualifications and skills – maximum 30 points: The previous experience, expert qualifications, demonstrated skill of the persons who will perform the work and physical accessibility of the contractor will be of major importance in evaluating the proposals.

The firm should be able to provide, as needed, the services of persons thoroughly capable and having past experience and demonstrated ability in the areas for which services are being

requested. Brief bios of key staff and a table summarizing roles, and project leader(s) background, expertise and authority to represent the firm are acceptable. Brief resumes of key staff may be included.

Provide summaries of up to three similar projects that the key individual(s) and/or your firm have completed in the past five years. Each individual project summary should not exceed one page and should include information such as jurisdiction, project timeline and budget, the loan application process, etc. Please include the name of the customer and/or jurisdiction and contact information. These contacts may be used as references.

2. Cost – maximum 30 points: The cost for the completion of work required is a significant factor, and, therefore, an economical rate for the completion of the work will be favorably considered in proposal evaluation. Cost considerations will include but not be limited to:

Monitoring and servicing fees includes [25 points]:

- a. Interest Rate Setting: Describe your proposed approach to setting the interest rate on the Loans. The Trust requires that each loan bears a fixed rate over the life of the loan, and as such this section seeks to understand how that interest rate would be set for each loan
- b. Loan origination fees and any and all other loan servicing fees
- c. Periodic examinations and reports to the Trust on loan performance including executive level briefings and decision support and borrower default, loan prepayment and future prepayment prospect evaluations

Additional fees for services may include [5 points]:

- a. Prompt notification of special situations that may require Trust or Master Servicer intervention
- b. Audits to measure the quality of various operational controls
- c. Development and maintenance of a quality assurance plan for the loan program, subject to Trust review and approval
- d. Annual reviews to ensure quality assurance

3. Performance – maximum 40 points: Quality of a proposed work plan to manage and administer the Fund and provide reporting in a cost-effective and efficient manner that includes:

- a. Detailed description of deliverables and timelines for task completion
- b. Substantiated plan for availability of closing services with local bank branches in every region of Maine
- c. Proposed loan application process that offers a seamless, streamlined and timely service by minimizing paperwork and time delays and consolidating the number of

- steps required to reduce demands on homeowners and mitigate potential for customer dropout
- d. Applicant screening methodology
- e. Describe the type of investor relations program your firm would recommend to maximize investor demand for the Loan Program and to optimize the interest rate
- f. Proposed methods for data collection and monthly reporting of program metrics

The Trust reserves the right to request additional information of the applicants and to accept or reject any and all proposals received without right of recourse and to award the resulting contract to the contractor deemed to provide the best value and level of services without necessarily being the lowest cost proposal.

The Trust may award additional points above the 100 point total based on applicant's geographic proximity to and operational capacity in Maine.

B. Evaluation Process. In evaluating the proposals received, Efficiency Maine reserves the right to take any or all of the following steps, either with respect to all proposals received or to all within a group of two or more proposals selected as superior to all others (on the basis of the written proposals):

1. Consultation with prior clients on the performance of firms or particular persons proposed for this project.
2. Interviews with representatives of the persons or firms submitting proposals.
3. Critical evaluation of past performance, including analyses, reports, prepared testimony, or other written material that would reflect the firm's or the persons' performance.

16. REQUEST FOR RECONSIDERATION: An aggrieved person may request reconsideration of a contract award decision by filing a written petition to reconsider to the executive Director of Efficiency Maine Trust with 14 calendar days of notification of the contract award. Each petition to reconsider must contain the award decision being appealed, the name of the aggrieved person, and the specific nature of the grievance. Additional information concerning the Trust's rules for contracting and requirements of the petition to reconsider, can be found at the www.efficiencymaine.com website under "Documents and Services", Agency Rules, Chapter 1, Contracting Process for Service Providers and Grant Recipients.

Efficiency Maine Trust

RFP: EM-03-2010; Maine Energy Savings Revolving Loan Fund Master Servicer Response Form

1. Complete legal name of entity responding to the request for proposals?
2. What type of organization is the proposing entity and in what state is it organized?
3. If the proposing entity is owned by another entity, please indicate the parent company including the type of entity and in the state where the parent company is organized?
4. Locations:
 - a. Home office of the proposing entity
 - b. Servicing office(s) of the proposing entity
 - c. Other
 - i. Home office of the parent company
 - ii. Other offices or locations of the proposing entity that will provide services under the contract
5. Will the proposing entity subcontract any portion of the work requested in this RFP? If yes, please provide information about the subcontractor(s) including information requested in items 1 -4 above and what activities the subcontractor will perform.

Please note that this contract is being funded with a federal grant, therefore the federal flow down requirement that will be included in the contractor's contract will have to be included in the subcontractor's contract. The contractor will be responsible for verifying that the subcontractor is adhering to the terms of the flow down requirements.

6. Short biographies and resumes of key staff persons who will be responsible for the contract
 - a. Who will be the primary relationship manager?
 - b. What are the key roles that will provide service under this proposal?
 - c. Where are these key roles and persons located?
7. Is the proposing entity a regulated entity?
 - a. If so, who is the proposing entity's primary regulatory agency?
 - b. Is the primary regulatory agency a federal or state agency?
 - c. Are there other regulatory agencies that oversee the activities that will be undertaken under this proposal? If so, what are the regulatory agencies and for what portion(s) of the proposal do those agencies have responsibility?

8. Is the proposing entity operating under any of the following from a regulatory agency, prosecutorial office or political subdivision:
 - a. A cease and desist order
 - b. A memorandum of understanding
 - c. Any other relevant agreement(s) under or actions
9. Please submit a copy of the proposing entity's or its parent company's audited annual financials for the past three years.
10. Please submit a copy of the proposing entity's or its parent company's most recent quarterly earnings statement.
11. Provide a description of costs for the administration and management of the lending and servicing program, including:
 - a. Loan application processing costs
 - b. Applicant credit determination costs
 - c. Notice of rejection or loan closing activities costs
 - d. Mortgage notice filing and recording costs
 - e. Costs for loan file on-boarding into your loan management system
 - f. Welcoming letter to borrowers
 - g. Costs for payment method delivery (e.g. coupon book, paper monthly statement, online statement/invoice, etc)
 - h. Costs for payment delinquent follow-up and collections
12. Will the proposing entity provide borrowers with online loan account access and online billing notices?
13. Total cost of the contract (both by calendar year and in total)?
14. Explain the amount of funds the proposing entity anticipates being available in an escrow account for closing costs and disbursements, including:
 - a. Type of account
 - b. Earnings on these funds
 - c. Identify how account funds will be securitized against loss (collateral, insurance or an irrevocable line of credit, etc.)

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