

H O W T O F I N A N C E  
A H E A T P U M P  
I N Y O U R P R E S E N T  
H O M E S W E E T H O M E .



### YOU'RE PRACTICALLY HOME FREE IF:

- 1 You've been receiving permanent electric service in your existing home for a year or more. (Or for any length of time if you live in a manufactured home.)
- 2 You've completed a "Heat Pump Loan Application" form.
- 3 You received an "Agreement to Participate" form with a loan approval number, which means you received a favorable credit review.
- 4 You select a heat pump which qualifies under your local power company's program standards. Check with your local power company on the types of heat pumps and efficiency requirements included in their program.
- 5 To receive a loan you may need to install weatherization measures that follow *energy right* guidelines: A minimum of R-19 attic insulation, plus necessary caulking and weather-stripping. These and other measures such as storm windows can often be financed along with your heat pump if they, too, follow program guidelines. Your local power company can help you determine which measures qualify under their program.

### THE DREADED FINE PRINT.

Actually, there isn't much. But there are a few special loan conditions to be aware of:

**RENTERS & MANUFACTURED HOME OWNERS.** If you rent, the owner of your home must be the loan applicant. If you own a manufactured home, but not the land where it's located, the landowner must co-sign.

**LOAN LIMITS.** The amount available to you is spelled out in your "Agreement to Participate" form.

**LOAN COVERAGE.** The loan may be used to pay the contractor who installs the heat pump and any additional weatherization necessary. The loan covers both materials and labor. Heat pumps require installation by qualified professionals. You may not install the heat pump yourself and still qualify.

**LOAN SECURITY.** You'll have to furnish some security for the loan. Usually, you'll need to sign a security agreement and a Uniform Commercial Code form which is included in the packet of materials from your local power company. This form will be filed to notify others that your local power

company has a security interest in the heat pump. You may be required to pay the cost of securing this loan.

**ADDITIONAL FINANCING.** If the cost of your heat pump and needed weatherization is more than the amount of financing available from your local power company, take heart. Additional financing may be available from traditional sources: your local banks, savings and loans, finance companies and credit unions.

#### HOW TO GET THE BALL ROLLING.

**1** Complete and sign the “Heat Pump Loan Application”. Your local power company or Quality Contractor Network member will process your application and obtain a loan approval number.

**2** Read and sign the “Agreement To Participate” form. You should take no action towards installing improvements until you have an assigned loan approval number. Once signed, the form is valid for up to 90 days, during which time the improvements must be made, inspected, and the loan documents completed. If you need additional time, ask your local power company for assistance. Keep in mind that signing this form does not obligate you to accept the loan. It simply makes you aware of the terms and conditions required.

**3** Select a member of the Quality Contractor Network. Your packet includes a list of these member contractors who have agreed to use and install materials in a manner which follows program guidelines. Because this list is constantly updated, check the expiration date on your Agreement to Participate. If you will be unable to arrange installation before this date, call your local power company for a new list.

#### BE PICKY WHEN PICKING.

The process of selecting a contractor can sometimes be confusing. Your local power company can provide a list of members of the Quality Contractor Network. In making the decision, here are a few helpful tips.

**COMPARE PRICES.** It’s always a good idea to get more than one estimate and compare. Feel free to ask for explanations of any significantly higher or lower prices, as one may include items another does not.

**GET REFERENCES.** Ask for names of people who have had similar services performed under the program. Call and ask if they were satisfied with the contractor’s work. You may also wish to check your contractor’s reputation with your local Better Business Bureau.

**ASK FOR SPECS AND SAMPLES.** To compare apples to apples, ask for spec sheets on recommended heat pumps so that you can cross-check features and efficiency levels. (Higher efficiency units are generally more expensive, but are recommended for long-term savings.) Ask to see samples of weatherization materials.

**ASK ABOUT SUBCONTRACTING.** If your contractor uses subcontractors, but doesn’t pay them, you may be legally responsible. To simplify things, you may want to ask your contractor to guarantee payment to all subcontractors and suppliers. Otherwise, the subcontractor could legally place a lien on your home for the value of services performed and materials installed. Forewarned is forearmed.

**GET AN ITEMIZED ESTIMATE.** Have the contractor itemize exactly what will be done – and when – in a written contract. Included should be licenses, permits or certificates



obtained by the customer/contractor, responsibility for removing old equipment, description and efficiencies of new equipment to be installed, prices and terms of payment, plus a description of all warranties for materials and labor.

## GETTING PAYMENT FROM YOUR LOCAL POWER COMPANY.

It's easy. And fast. Just follow these steps.

- 1 Promptly notify your local power company when your contractor has finished the installation and you have an invoice from your contractor.
- 2 The contractor will verify the installation with a self-check inspection.
- 3 TVA or your local power company heat pump inspector may need to check the work. If it fails to meet program guidelines, you will receive an "Inspection Checklist" form which will explain corrections necessary. A reinspection must be scheduled once the contractor has made these corrections. Ask your local power company about this inspection.
- 4 You need to sign the "Work Completion/ Data Tracking" form, "Repayment Agreement" and the required loan documentation once work is completed to your satisfaction.
- 5 Your inspector or contractor will turn all appropriate forms and receipts over to the local power company who will then pay the contractor for the cost of the installation, up to the authorized loan amount. You will then be billed monthly by the local power company for repayment of the loan.

## IMPORTANT THINGS TO REMEMBER.

Please read the following carefully to make sure you understand completely.

**INSPECTIONS** made under the program are solely to help your local power company assure that program guidelines have been followed. You are responsible for any necessary inspections to protect your own interests. There is no guarantee or warranty, express or implied, by TVA or your local power company, as to the cost, adequacy or effectiveness of any work performed by your contractor in connection with the program.

Your "**AGREEMENT TO PARTICIPATE**" form must include a loan approval number before you can receive financing. It expires after 90 days and explains how much financing is available.

## LIKE WE SAID, YOU'RE SMART TO ASK.

Thank you for requesting information on low-interest heat pump financing through the *energy right* Program. The *energy right* Program was developed to help consumers become more energy-efficient. A modern electric heat pump can go a long way in helping you do just that.

