Michigan Saves®

MichiganSaves.org

Michigan Saves Overview

Sally Talberg, CEO, Michigan Saves

Clean Energy States Alliance Meeting

September 2026

What May Be Important to You Today?

- Learn about the role of green banks in addressing affordability, reliability, and environmental challenges
- Explore how state government can support public or nonprofit green banks and different green bank models
  - Loan loss reserve and other credit enhancements
  - Concessionary loan capital
  - Seed funding for initial development and ongoing operations

Established in 2009 with state seed funding

Nation's first nonprofit green bank

Expands access to affordable energy improvements through financing and outreach

Network of over 1,500 authorized contractors

Strategic lending partnerships that drive accessible financing solutions

A proven track record of collaboration with utilities to enhance energy efficiency and minimize waste

Michigan Saves Financing Programs

Who

- Homeowners
- Business owners
- Nonprofits
- Governmental entities

What

- Energy efficiency
- Battery storage
- Electric vehicle charging
- Solar
- Geothermal
- Lead abatement
- Septic system replacement

How

- Affordable financing through partnering lenders
- Installations by skilled contractors
- Loan loss reserve by Michigan Saves
- Coordination with state agencies, utility rebates, and other incentives

Strong ROI on state investment in Michigan Saves

State investment supports loan loss reserve that enables mission-aligned lenders to offer lower-cost loans while maintaining prudent underwriting standards.

Transforming Michigan's Energy Landscape

From September 2010 through December 2025, Michigan Saves has supported:

$787
million

Financed in energy improvements

$492
million

Lifetime utility bill savings for residential and commercial projects

17,000
full-time jobs

Supported through Michigan Saves

58,000+
residential projects

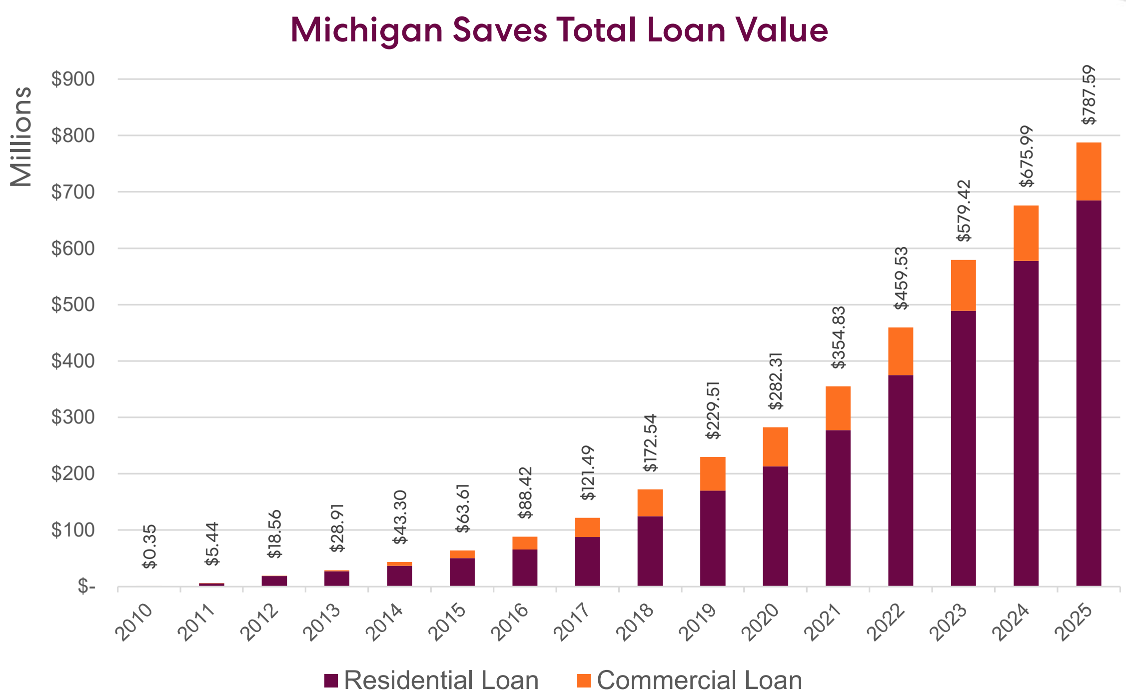
Financed through Michigan Saves' lending partners

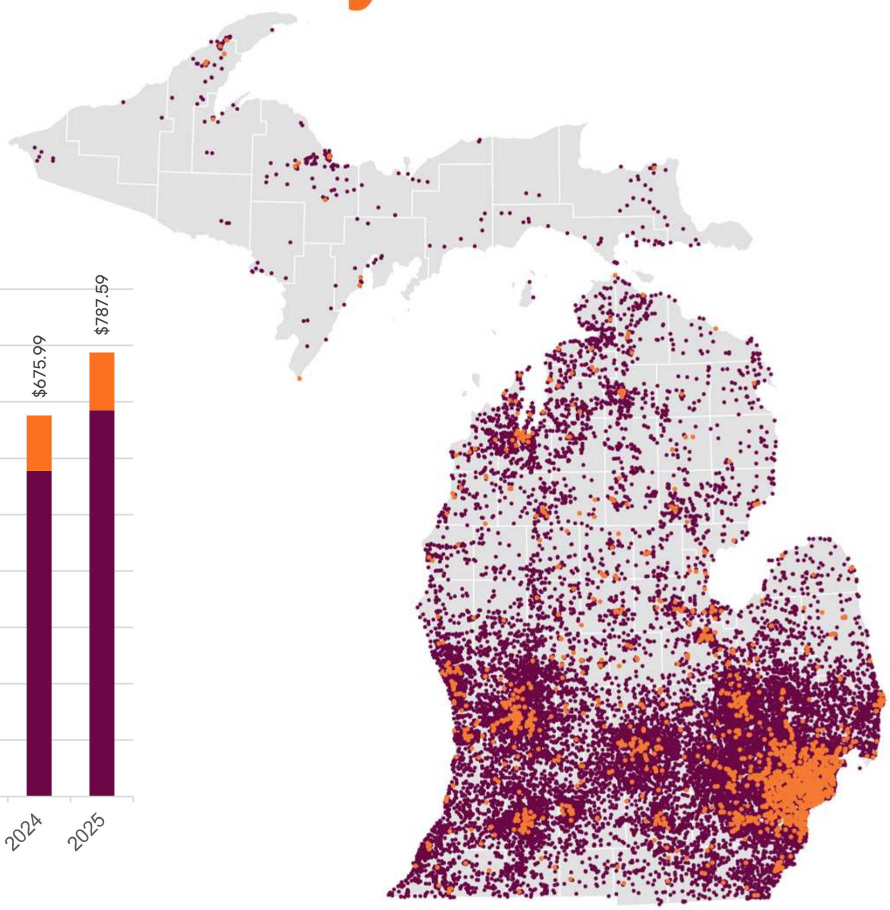
63%
of households served are low-to moderate-income

Demonstrating how our financing improves affordability for the families who need it most*

*Based on reported income of loans issued 2022-2025

Meeting Michigan's Affordability Challenges Statewide





"In the end, we were convinced by the numbers. We did this project to save money, and we've been really happy with the project."

SAM BAHOURA
Co-owner, Liberty Food Center, Detroit

"It doesn't bother me at all to pay for the furnace on a fixed income, because it's affordable."

CHARLOTTE DAWSON-BLACKLEY
Detroit Loan Fund Participant

Lessons Learned from Michigan Saves

- State leadership and funding support are critical
  - Nonprofit structure nimbler than state government but can present funding challenges
- Programs MUST work for skilled trades – they are the primary marketing force
  - Limit red tape and streamline processes
  - Direct payment to contractors
  - Quality assurance
- Single loan application and decisioning platform
- Interest rates matter, but are not end all, be all
- Financing should be accessible but is not appropriate for all customers
- Ability to leverage financing systems beyond energy, e.g., lead paint, septic
- Closely integrate with utility rebate programs

Lessons Learned from the Green Bank Industry*

Structure and Funding. Green banks come in many "flavors," including nonprofits, public sector and "quasi-public" entities. All have initial public or utility capitalization. Green banks with net assets above $50 million and/or continuity of public support are better positioned to accomplish their missions and drive market transformation.

The scale of initial and ongoing public support can significantly impact the scope and flexibility of programs.

Mission Focus. Green banks traditionally focus on energy efficiency, clean energy and climate change mitigation and frequently in LIDAC sectors. Recently, technology focus has broadened from solar and energy efficiency to deep retrofits and newer sectors such as storage, geothermal, electrification and clean transportation.

While technologies and project types vary, green banks typically focus on energy efficiency and clean energy in LIDAC areas.

Products. Green banks are creative and use many product strategies, including pre-development and construction lending, term lending, PPAs, ESAs, leases, co-lending, credit enhancements, e.g., LLRs and guaranties, and in a few cases, asset sales, bonding and securitization.

Using the balance sheet to lend capital directly to projects is the most common activity across green banks.

*Based on research for Michigan Saves conducted by Forsyth Street Advisors, Garrison Associates, and Climate Impact Advisors in Q1 2026. The research examined local and state green banks in CA, CT, MD, NY, and the District of Columbia.

Lessons Learned from Green Bank Industry (cont'd)*

Impact. A wide range of impact metrics are reported emphasizing energy, climate, and affordability. The most publicized impact metric for green banks is total cumulative $ value of investments enabled by their capital.

Methodologies vary widely so it can be difficult to compare impact across green banks.

Financial Sustainability. Many green banks get operational support from the public sector and/or private contributions. Except for NYGB at $1+ billion capitalization, no green bank appears to fully covers its operating costs with financing revenues alone.

Maintaining financial sustainability and attracting capital for growth are ongoing challenges, especially for the non-profits.

Challenges. Federal policy uncertainty is a major challenge. Green banks also face difficulties ensuring that diverse stakeholders – including key public sector partners – fully understand the challenge of maintaining financial sustainability while balancing the constraints and limitations of lending markets and achieving meaningful impact.

Balancing financial sustainability and achieving meaningful impact is a challenge that is often difficult to convey to stakeholders.

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Appendix

Michigan Saves Programs

Residential Programs

Home Energy Loan Program

Offers affordable unsecured loans through network of credit unions for all types of energy efficiency and clean energy improvements. Available through authorized HVAC, builders and other contractors.

Lead Poisoning Prevention Fund

Developed in partnership with the Michigan Department of Health and Human Services. Offers financing for lead abatement in residential properties with a 50/50 cost share for each project.

Septic Replacement Loan Program

Developed in partnership with the Michigan Department of Environment, Great Lakes, and Energy. Provides financing for Michigan homeowners who need to replace their failing or near-failing septic systems and connections to municipal sewers.

Home Energy Loan Program

- Unsecured loans available statewide
  - Finance energy improvements including HVAC , insulation and solar
  - Low monthly payments with low rates and extended terms
- $80-100 million in originations annually
- 40% of loans in low-income and disadvantaged communities
- 2/3 of loan recipients are below 120% area median income
- Available through network of over 1,000 skilled contractors
  - Find a Contractor at https://michigansaves.org/find-a-contractor/

$3,764

Total **interest savings** over loan lifetime*

$5,514

Lifetime **utility bill savings** per household**

*Interest savings based on a $10,000, 120-month unsecured loan through participating credit unions at 6.49% with Michigan Saves compared to 12.24% without Michigan Saves loss reserve. **Utility savings are based on the 15-year life of a 95% efficient furnace with 15.2 SEER2 air conditioner replacing 80% and 13.4 SEER2 models.

Lead Poisoning Prevention Fund

Developed in partnership with MDHHS Michigan Department of Health & Human Services

Created for those who don't qualify for state or local assistance programs

OFFERS

- Affordable loans for removing lead hazards from residential properties
- Free lead inspections
- 50/50 cost share for each project

Septic Replacement Loan Program

Developed in partnership with EGLE

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

Serves Michigan homeowners who need to replace their failing or near-failing septic systems and connections to municipal sewer

OFFERS

- Tier 1: 1% APR, for those at <300% federal poverty level, expansive underwriting criteria
- Tier 2: Market-based rates, traditional underwriting criteria

Commercial Programs

For-profit businesses | Nonprofit organizations | Local and tribal governments

Commercial Energy Loan Program

Streamlined financing for energy efficiency and renewable energy improvements. Interest rate as low as 0% with support of Consumers Energy, DTE Energy, and SEMCO Energy Gas Company, and now Michigan Saves for small disadvantaged businesses.

Tax Credit Bridge Financing

Bridge financing for nonprofits and governmental entities to access federal direct pay clean energy incentives.

Housing and Energy Affordability Fund

Construction to mini-perm financing up to $8 million with affordable rates and amortization up to 25 years for new construction and renovation projects with energy efficiency components.

Commercial Energy Loan Program

Streamlined financing process for energy efficiency and renewable energy improvements

PURPOSE

Equipment leases or installment purchase agreements

LOAN AMOUNT

$5,000–$2,000,000
(Larger projects are considered on a case-by-case basis)

AVAILABLE TO

For-profit businesses, nonprofits, and public-sector and multifamily housing

INTEREST RATES*

Start at 0% APR

PARTICIPATING LENDERS

Team Financial, Verdant, Northern Initiatives

UTILITY COLLABORATION

Interest rate buydown available through:

- Consumers Energy
- DTE Energy
- SEMCO Energy Gas Company
- Michigan Saves for disadvantaged businesses in non-IOU territories

Tax Credit Bridge Financing

Low-cost bridge financing for nonprofits and governmental entities to access federal direct pay clean energy incentives

PURPOSE

Bridges financial gap between project initiation and receipt of direct pay federal Investment Tax Credit

LOAN AMOUNT

Loans or installment purchase agreements up to $250,000

AVAILABLE TO

Non-profit and public entities, including houses of worship, schools, and local and tribal governments

INTEREST RATES

Up to 24 months at 3.99%

QUALIFYING MEASURES

Solar, batteries, geothermal

HOW TO ACCESS

- Applications processed through Team Financial Group
- Learn more at: michigansaves.org/bridge-financing

Housing and Energy Affordability Fund

Construction to mini-perm financing for projects pursuing deeper energy improvements

PURPOSE

Avoids interest rate uncertainty during and after construction while providing lower cost of construction financing.

LOAN AMOUNT

Loan amounts between $50,000 and $8,000,000

AVAILABLE TO

New construction, rehabilitation, or renovation projects for multifamily and commercial properties

INTEREST RATES

Benchmarked to the US 5-year Treasury

PERFORMANCE REQUIREMENTS

Qualifying equipment, modeled energy savings, or attainment of certifications or standards

HOW TO ACCESS

Applications submitted through Michigan Saves

Michigan Saves®

Thank you.

MichiganSaves.org

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