



W.J. BRADLEY COMPANY

November 21, 2011

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

Ref: *Docket 11-035-104--In the Matter of an Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program, and Docket 07-035-T14 – In the Matter of the Approval of Rocky Mountain Power’s Tariff P.S.C.U. No. 47, Re: Schedule 107 - Solar Incentive Program*

Dear Sirs and Madams,

This letter is written as a disclosure of certain facts concerning WJ Bradley Mortgage Capital Corporation’s implementation of the PowerSaver Loan Program and its interest and support of Solar Initiative’s in the State of Utah. In particular the company is stating its support of the Rocky Mountain Power Solar Incentive Pilot Program (along with an expanded, long-term Incentive Program) and would like the opportunity to participate in any future Solar Incentive Program Workgroups going forward. With an ever growing operations center employing some 200 Utahans located in South Jordan, WJ Bradley considers the development of an aggressive and sustainable solar incentive program important component of the areas overall clean energy objectives and believes residential solar will be an important contribution to the success of the PowerSaver Program.

Additionally, WJ Bradley agree with conclusion in the Division’s report that *based on upon the cost effectiveness of the current Program, it appears to be in the public interest to continue a solar incentive program.* Our company would like to see continued solar Workgroup efforts initiated as soon as possible and adhere to an expedited schedule to allow sufficient time for the Workgroup to complete its proposed tasks. Lastly, WJ Bradley recommends that any new solar program, developed through the Workgroup process and approved by the Commission, be allowed to initiate prior to the end of 2012.

We provide additional background and details below on our PowerSaver Program for your information, and we thank you for your consideration of these comments.

Background

Throughout 2010, members of the WJ Bradley executive team were discussing the lack of home improvement financing available to borrowers. Our team was of the opinion that offering Title I loans would be an ideal solution. Unfortunately, Title I financing has been nearly non-existent since late in 1998 and the ability for the Company to originate Title I



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loans was impaired by a lack of capital markets liquidity. It became clear that the only real option was to create a secondary market for the product and work began to formulate a plan for private securitization.

In December, 2010, the Company learned of the FHA PowerSaver pilot program. It was with great satisfaction that we saw our thoughts concerning home improvement and retrofit financing coincide with HUD's plans. We were anxious to participate in the program and, as prescribed in the notice, submitted our expression of interest in January 2011.

In April, 2011, when it was announced that we had been selected as a participant in the pilot program, we immediately set to work to evaluate and develop the infrastructure necessary to meet the program's objectives. We have committed thousands of man-hours to this project and truly believe that our vision and the objectives of PowerSaver can be realized. We have carefully considered the program's objectives and, together with our ideas and observations of the market and operational requirements, have formulated a comprehensive and holistic strategy for successfully implementing the PowerSaver.

PowerSaver Product Overview

The PowerSaver loan is a new FHA insured loan specifically designed for energy efficient home improvements. As a 2 year Pilot Program the PowerSaver is being implemented in an effort to determine the viability of potential future mainstream financing vehicles. W.J. Bradley has been selected as one of 18 lenders nationwide authorized to offer the loan. PowerSaver is governed by the rules and regulations covered under the Federal Title I guidelines which in part, require a participating lender to monitor contractor activity. The scope of the lenders responsibilities are covered by the guidelines. The below table is a representation of the basic elements of the loan.

Maximum Loan Amount	\$ 25,000
Minimum Loan Amount	\$7,500
Minimum FICA score	660
Amortization Schedule	15 years
100 % CLTV	
First Disbursement	50% at work commencement
Second Disbursement	50 % at work completion

In addition to fulfilling its contractors management requirements and providing the origination, processing and servicing of the PowerSaver WJB will mandate that each loan applicant have an energy audit performed on the home. The energy audit will be performed



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in conjunction with a standard appraisal. Once work is completed a final inspection will take place prior to the second disbursement of funds. The final inspection will determine that the work was completed per the original estimate of work and a test-out will be performed as defined by the energy audit.

Eligible Improvements

A qualified loan applicant may use PowerSaver funds to make any energy efficient improvements that include but are not limited to:

Insulation
Air Sealing
HVAC
Windows

Doors
Photovoltaic Systems
Solar thermal Systems
Energy Efficient Appliances

Additionally the applicant may apply 25% of the total loan amount for any home improvement as defined under the Title I guidelines.

Home Performance Appraisal

WJB has taken a leadership position amongst the other seventeen lenders selected to participate in the PowerSaver program. Our company's vision with respect to energy related financing has initiated several ancillary opportunities related to the program.

We believe that the packaging of energy related improvements to residential structures is the key to a successful implementation of our new financing product line. One important component of this approach is the Home Performance Appraisal or HPA©. The HPA© is the combination of either an FHA or conventional appraisal (FHA for the PowerSaver) and a BPI/RESNET HERS home energy audit. This audit will generate information that is entered into a modeling software program that ultimately creates a report that is specific to each property. Included in the HPA© report will be information that shows how current systems are performing and how addressing those systems can maximize energy efficiency. The HPA© also generates a nationally recognized HERS energy score. This scoring method is a nationally standardized process that compares the rated home with a reference home and assigns the home a point score depending on its relative efficiency. The lower the HERS index score the more efficient the home. WJB is performing HPA's© on all PowerSaver loans and a fair percentage of its primary mortgages. The creation of the HPA© is an important component in the overall home energy assessment approach and will be utilized for pre and post test validation, ancillary data capture and an up-sell tool for contractors.

Summary

WJ Bradley believes that home improvement financing products will continue to develop momentum as the PowerSaver is rolled out. The company has invested significant resources to develop a streamlined A-Z approach that allows a prospective borrower to apply for



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financing while receiving guidance throughout the process. As part of its complete packaged program WJ Bradley sees residential photo voltaic systems as an important component in providing additional value to an energy efficient retrofit. Without an effective program in place the average Utah homeowner will be unlikely to integrate solar system into their home's overall energy plan. As such, we look forward to continuing to be involved in continued Solar Workgroup efforts to develop a streamlined, cost-effective, and sustainable incentive program that will provide numerous benefits to Utahns.

Thank you for your consideration of these comments in your deliberations on this matter.

Sincerely,