



# Join the California Hub for Energy Efficiency Financing!

## DEAR CONTRACTOR,

Congratulations! If you are reviewing this Introductory Toolkit, it means that you are ahead of the game and want to offer your customers solutions to pay for their energy projects. We want to help you create more deal-flow by reaching new customers, closing more deals and increasing the scope and value of the projects that you do.

The California Hub for Energy Efficiency Financing (CHEEF) was established by the State of California to create more attractive financing options accessible to more of your customers so that more energy projects with greater savings can be completed. The CHEEF oversees the Residential Energy Efficiency Loan (REEL) Assistance Program. Through REEL, private lenders can participate and access over \$20 million in Loan Loss Reserve funds<sup>1</sup> for financing qualified residential projects (1-4 units) with better rates, lower fees or more inclusive underwriting criteria. By participating in REEL, you can make these financing products available to your customers and share in the benefits. Additionally, the State has launched a multi-million dollar marketing, education and outreach campaign promoting the availability of special financing for energy projects, like yours.

## WHY SHOULD I PARTICIPATE?

- Grow project scope and size... and your bottom line.
- Offer 100% financing to your customers with more attractive rates and terms.
- Offer financing that does not use the home as collateral
- Increase deal-flow by reaching new customers.
- Close more deals by offering financing created especially for energy projects.
- Access a network of approved lenders to help source potential projects.
- Reach more potential customers and get featured on the statewide [EnergyUpgradeCA.org](http://EnergyUpgradeCA.org) website.
- Receive up to \$7,000 for professionally designed marketing materials co-branded with your company's information or for customized promotional campaigns to advertise your services.
- Access free training to help your company drive volume and increase project scope.
- No cost to participate.

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<sup>1</sup> A loan loss reserve fund is a monetary provision provided to lenders in order to reduce their risk in the case that a borrower defaults on their loan. As a result of the reduced risk, lenders are typically able to offer their prospective borrowers better terms, lower fees or interest rates, or more inclusive underwriting requirements.



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## WHAT IS IN THIS TOOLKIT?

This Introductory Toolkit provides information on the REEL Program and the benefits of participating. Inside, you'll find the following:

1. REEL Qualified Contractor Application Process
2. REEL Program Overview
3. REEL Project Completion and Document Checklist
4. Frequently Asked Questions
5. REEL Participating Lender Profiles
6. Cooperative (Co-op) Marketing Flyer
7. Sample Marketing Document
8. REEL Qualified Contractor Application Form

Please visit us at [www.TheCHEEF.com](http://www.TheCHEEF.com) for more information and to apply online. For additional questions, please contact us at [858.633.8564](tel:858.633.8564) or [christopher.foster@energycenter.org](mailto:christopher.foster@energycenter.org). We're here to help!

Sincerely,  
Statewide Energy Financing Program staff

## REEL Qualified Contractor Application Process

1

### REVIEW THIS CONTRACTOR TOOLKIT.

This Introductory Toolkit is intended to be an overview of the REEL Program and the benefits that will be available to you when you participate. It's anticipated you will have questions. Please contact me and I will help to answer those questions and/or put you in touch with the organization that is approving lenders and enrolling loans for this program.

Christopher Foster

858.633.8564

[Christopher.Foster@energycenter.org](mailto:Christopher.Foster@energycenter.org)

2

### ATTEND MANDATORY PROGRAM COMPLIANCE TRAINING.

Attend Mandatory Program Compliance Training for REEL to learn about project and property eligibility, credit requirements, required forms and Participating Lenders. This training is taken prior to submitting your REEL enrollment application. A calendar of trainings is available at [www.theCHEEF.com](http://www.theCHEEF.com). You should only take this training if you can comply with the minimum contractor eligibility requirements listed in Step 3 of this document.

3

### COMPLETE THE ENROLLMENT APPLICATION

Complete and submit the attached Qualified Contractor Application along with proof of insurance to the email address on the form. All questions about the forms and compliance requirements can be sent to [cheef@treasurer.ca.gov](mailto:cheef@treasurer.ca.gov).

Basic eligibility requirements are:

- Current Contractor's State License Board (CSLB) license relevant to work performed
- No outstanding liens or judgments.
- Maintain and provide evidence of commercial general liability insurance coverage (at least \$1,000,000 per occurrence).
- Maintain and provide evidence of workers' compensation insurance as required by law.
- For a full description of the requirements refer to the CHEEF's *Residential Energy Efficiency Loan Assistance Program Regulations* which can be found at [www.TheCHEEF.com](http://www.TheCHEEF.com).

4

### EARN UP TO \$7,000 FOR MARKETING

The State has launched a multi-million dollar marketing, education and outreach campaign promoting the availability of special financing for energy projects. A portion of that has been reserved for contractors, like you, to promote their participation in REEL.

Marketing and sales training is offered free to contractors that have been approved to participate in REEL. These fun, interactive trainings utilize videos to teach you and your employees how to use



## Join the California Hub for Energy Efficiency Financing!

financing as part of the sales pitch to different types of customers. By taking the training, you and your employees can earn up to \$7,000 that can be used to purchase items like door hangers, lawn signs and postcards with your name on it! Even your staff can earn money (a \$25 gift card) by taking the training.

**That's it! 4 easy steps to increased scopes of work, deeper energy savings, and additional customer offerings.**



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## REEL Program Overview<sup>2</sup>

### CONTRACTOR ELIGIBILITY

- Valid Contractors State License Board (CSLB) license relevant to work performed.
- No outstanding liens or judgments.
- Maintain and provide evidence of commercial general liability insurance coverage (at least \$1,000,000 per occurrence).
- Maintain and provide evidence of workers' compensation insurance as required by law.

### REEL PARTICIPATING LENDERS

- Access to \$20 million in Loan Loss Reserve funds, which helps lenders offer financing with better rates, lower fees or more inclusive underwriting criteria.
- CHEEF has multiple Participating Lenders and is actively recruiting additional ones. The current list can be found at [www.theCHEEF.com](http://www.theCHEEF.com).
- Profiles and loan product information for REEL Participating Lenders are included in this Toolkit.
- CHEEF provides lenders with minimum requirements for underwriting, property and project eligibility. Lenders can structure their loans in a variety of different ways while complying with the REEL Program requirements.

### PROPERTY & PROJECT ELIGIBILITY

#### Property Eligibility

- 1-4 unit residential properties.
- Rental properties are eligible with property owner's permission (depending on the lender).
- Must receive gas or electric service from either Southern California Gas Company, San Diego Gas and Electric, Pacific Gas and Electric, or Southern California Edison.

#### Project Eligibility

- 70% of the loan must be for Eligible Energy Efficiency Measures (EEEMs). A list can be found at <http://eeems.azurewebsites.net>. Other alterations necessary to complete the project may be included in the 70%. Examples include the cost for installation, patching, painting, permits and other necessary alterations.
- The remaining 30% of the loan may finance other home improvements including general remodeling and water efficiency projects. Solar may not be financed as part of the 30%.
- Some REEL Participating Lenders may offer a loan option that allows borrowers to finance solar and other renewable projects. Only the portion of the loan that complies with the REEL requirements will qualify for the benefits associated with REEL participation.
- Only contractors approved to participate in REEL may install projects financed by a REEL Participating Lender.

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<sup>2</sup> Information provided in this overview does not represent the full set of rules and regulations governing the CHEEF Residential Energy Efficiency Loan Program. A copy of the full set of Regulations may be found at [www.theCHEEF.com](http://www.theCHEEF.com).



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- The project must comply with all Title 24, code and legal requirements.

## MINIMUM UNDERWRITING REQUIREMENTS

CHEEF provides lenders with minimum underwriting criteria; however, lenders may require stricter underwriting requirements or establish additional requirements.

- 70% of the portion of the loan enrolled in REEL must fund EEEMs. See “Project Eligibility” above.
- Maximum loan amount = \$50,000 per unit (with FICO) and \$35,000 total (without FICO).
- Maximum interest rate = interest rate on a new 10-year treasury bond plus 750 basis points.
- Minimum FICO score = 580 (some loans may be underwritten without a FICO).
- Maximum DTI = 55%.

## REEL PROJECT COMPLETION AND DOCUMENT CHECKLIST

### 1. Use your Contractor Portal

Once you are approved to be a REEL Qualified Contractor, you will receive an email giving you access to your own web portal where you can manage your public online profile and access all the resources you might need in one place. It is your one-stop-shop for accessing the marketing and sales training, the documents and forms you need to do a project, and helpful guidelines and tips. Your Contractor Portal can be entered through the [www.theCHEEF.com](http://www.theCHEEF.com) or from [www.EnergyUpgradeCA.org](http://www.EnergyUpgradeCA.org) under the “Partners” tab.

### 2. Meet with Homeowner prior to project start.

#### Bill Impact Estimate

Prior to beginning work on a REEL qualifying energy project, you must meet with your customer, create a scope of work, an estimate Itemized Invoice, and provide them with a Bill Impact Estimate. You may use your own modeling software to create a Bill Impact Estimate or provide your customer with the REEL template. The REEL template can be found at [www.theCHEEF.com](http://www.theCHEEF.com) or in your Contractor Portal.

*Note: Don't forget to verify the measures included in your scope of work with the Eligible Energy Efficiency Measures (EEEMs) list which can be found at <http://eeems.azurewebsites.net>.*

#### Contractor Document Checklist

- Get copies of customer's bills from each utility (gas and/or electric) within the last 60 days.
- Verify that 70% of the measures included in your scope of work are in the EEEMs list for the utility servicing your customer.
- Provide customer with an estimate Itemized Invoice.
- Provide customer with completed Bill Impact Estimate.

## 3. Identify a REEL Participating Lender

Prior to beginning work is an ideal time to help your customer identify the financing for the project. This allows you to better plan which types of measures can be financed, the budget available for the energy project and the documentation needed to receive the financing. It also helps relieve any sticker shock when the customer sees the work proposal if they have already figured out how much they can afford.

## 4. Complete Financing Application.

Once the potential financing is identified, your customer should complete a financing application by either following the link on [www.theCHEEF.com](http://www.theCHEEF.com) or contacting the lender directly. Each lender has its own application and its own process and timing for approving applications.

### Optional Project Pre-approval

Project pre-approval is an optional step which allows the lender to verify the eligibility of the proposed measures and other project characteristics. It can be requested from the CHEEF if desired by the Participating Lender or Qualified Contractor. It is not a requirement to move forward with CHEEF financing. The customer's REEL Participating Lender must request project pre-approval and submit the documents to CHEEF. The contractor will need to provide the customer or lender with the items listed below in order to make this submittal. The CHEEF will review the documents and provide pre-approval within 5 days.

### Contractor Document Checklist

- Completed Financing Application for chosen REEL Participating Lender
- Copies of customer's utility bill(s) from each utility (gas and/or electric) within the last 60 days.

*If Pre-approval is desired, contractor supplies customer with these additional items for their REEL Participating Lender:*

- Contractor's name and company contact information
- Estimate Itemized Invoice
- Executed Customer Data Release Form (if required by lender)

## 5. Obtain required permits and begin construction/ installation.

Once a financing source has been identified, you must obtain the required permits for the proposed work and begin construction.



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## 6. Complete energy project.

### **Conduct CAS/CAZ test.**

After project construction/installation is complete, you must conduct a CAS/ CAZ test (if applicable for the project).

### **Provide customer with required documents.**

In order for your customer to close on the financing and pay your invoice, they need to provide their REEL Participating Lender with some documents that they receive from you. These include:

- **Certificate of Completion**  
Complete and sign the REEL Certificate of Completion and provide to your customer for their signature. Your customer needs this form in order to receive financing from their lender.
- **Itemized Invoice**  
Provide customers with the CHEEF's Itemized Invoice which can be found on [www.theCHEEF.com](http://www.theCHEEF.com) or in your Contractor Portal. You must also email the completed template to the lender.
- **CHEEF Disclosure**  
If requested by the lender, provide customer with the form for signature. The lender must submit this executed form to CHEEF for enrollment.
- **Customer Data Release Form**  
If requested by lender, provide customer with the form for signature. The lender must submit this executed form to CHEEF for enrollment. One form is necessary for each utility company servicing the property.
- **Utility Bills**  
Remind your customer that they will need to submit utility bills within the last 60 days from each utility company servicing their property (gas and/or electric). This is needed in order to close the loan and receive payment.

## 7. Loan Close and Project Funding

Your customer must submit the project's final documents discussed in Step 5 to their REEL Participating Lender in order to close on the loan and receive financing for their project. Some lenders may pay the contractor directly after loan close and others will remit funds to the customer to settle the contractor's invoice. Check with the Participating Lender for additional information.



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## Frequently Asked Questions

### WHAT IS CHEEF?

The California Hub for Energy Efficiency Financing (CHEEF) is funded through the auspices of the California Public Utilities Commission using utility ratepayer funds. Its goal is to encourage more accessible financing to consumers by mitigating the lender risk on energy efficiency loans. The CHEEF administers 7 financing pilot programs across multiple market sectors including residential, multi-family, small business and other non-residential. The pilots are being developed and managed by CAEATFA (The California Alternative Energy and Advanced Transportation Financing Authority), an authority of the State of California's Treasurer's Office.

### WHAT IS CHEEF'S RESIDENTIAL PROGRAM?

CHEEF's Residential Energy Efficiency Loan (REEL) Assistance Program is the first of the 7 pilot programs to launch. It is designed to help residents (1-4 units) access low-cost financing for energy efficiency projects by mitigating the risk to REEL Participating Lenders. Through REEL, Participating Lenders can access over \$20 million in Loan Loss Reserve funds for financing qualified residential projects with better rates, lower fees or more inclusive underwriting criteria. By participating in REEL, you can make these financing products available to your customers and share in the benefits. Additionally, the State has launched a multi-million dollar marketing, education and outreach campaign promoting the availability of special financing for energy projects, like yours.

### WHAT ARE THE BENEFITS OF PARTICIPATING IN THE REEL ASSISTANCE PROGRAM?

- Grow project scope and size... and your bottom line.
- Offer 100% financing to your customers with more attractive rates and terms.
- Offer financing that does not use the home as collateral
- Increase deal-flow by reaching new customers.
- Close more deals by offering financing created especially for energy projects.
- Access a network of approved lenders to help source potential projects.
- Reach more potential customers and get featured on the statewide [EnergyUpgradeCA.org](http://EnergyUpgradeCA.org) website.
- Receive up to \$7,000 for professionally designed marketing materials co-branded with your company's information or for customized promotional campaigns to advertise your services.
- Access free training to help your company drive volume and increase project scope.
- No cost to participate.



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## HOW DO I PARTICIPATE?

It is really easy to participate and application approval is quick.

1. Review the *REEL Qualified Contractor Application Process* document included in this Introductory Toolkit.
2. Visit [www.theCHEEF.com](http://www.theCHEEF.com) to learn more and to sign up for a training.
3. Take the Mandatory Program Compliance Training for the REEL Program found on the events calendar located on [www.theCHEEF.com](http://www.theCHEEF.com).
4. Complete the attached *Enrollment Application* and submit proof of insurance.

CHEEF staff will review your application within 10 business days. If you need help completing the application, please contact us at 858.633.8564 or [Christopher.foster@energycenter.org](mailto:Christopher.foster@energycenter.org).

## WHAT TYPES OF INSURANCE ARE REQUIRED?

- General Liability, not less than \$1,000,000 per occurrence.
- Statutory Worker's Compensation as required by law.

## WHAT TYPES OF PROJECTS ARE ELIGIBLE? AND WHO VERIFIES THAT THEY ARE ELIGIBLE?

Projects must be located on residential properties (1-4 units) that receive receive gas and/or electric service from either Southern California Gas Company, San Diego Gas and Electric, Pacific Gas and Electric, or Southern California Edison. At least 70% of the enrolled loan must finance Eligible Energy Efficiency Measures (EEEMs) and other alterations necessary to complete the project, while the remaining 30% of the loan may finance any other home improvement, excluding any distributed generation, i.e. solar. The project must be installed by a REEL Qualified Contractor who will verified that measures to be installed are EEEMs.

## WHAT ARE ELIGIBLE ENERGY EFFICIENCY MEASURES (EEEMS)?

Eligible Energy Efficiency Measures are measures that are eligible for energy efficiency rebates or incentives from the utilities which service the property. They include items such as HVAC systems, appliances, windows, insulation, hot water heaters and lighting. A list of EEEMs can be found at <http://eeems.azurewebsites.net>. REEL Qualified Contractors are trained to use the EEEMs list to verify that products are eligible for financing. EEEMs will be itemized on the invoice prepared by the contractor for the homeowner. Participation in REEL does not require customers and contractors to apply for utility rebates or incentives. However, contractors may want to combine the utility rebate and incentive programs with financing to provide more benefits to their customers.



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## ARE SOLAR PROJECTS ELIGIBLE?

Solar projects are not eligible for enrollment in the program, neither as part of the 70% EEEMs portion of the loan nor the 30% general improvement amount. Some REEL Participating Lenders may offer a “partially enrolled” loan option that allows borrowers to finance solar and other renewable projects. Only the portion of the loan that complies with the REEL requirements can be enrolled in the REEL Program and will qualify for the benefits associated with REEL participation.

## WHAT ARE THE UNDERWRITING REQUIREMENTS?

The REEL Assistance Program provides Participating Lenders with minimum underwriting requirements. However, Participating Lenders may choose to add additional requirements or to require stricter requirements than the program. The minimum underwriting requirements for REEL include:

- Maximum loan amount = \$50,000 per unit (with FICO) and \$35,000 total (without FICO).
- Maximum interest rate = interest rate on a new 10-year treasury bond plus 750 basis points.
- Minimum FICO score = 580 (some loans may be underwritten without a FICO score).
- Maximum DTI = 55%.
- Additional property and project eligibility requirements (varies by Participating Lender).

## HOW WILL WE KNOW WHICH LENDERS ARE PARTICIPATING IN THE PROGRAM?

A list of REEL Participating Lenders can be found in 2 locations:

1. [www.theCHEEF.com](http://www.theCHEEF.com)
2. [www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/](http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/)

## I HAVE AN EXISTING LENDER THAT I USE FOR MANY PROJECTS. CAN THAT LENDER PARTICIPATE IN CHEEF?

The REEL Program has multiple Participating Lenders and is actively recruiting additional ones. It is quick and easy for lenders to apply to participate. Visit [www.theCHEEF.com](http://www.theCHEEF.com); choose “Financial Institutions” under the “Program Partners” tab for more information and to apply.

## HOW DOES THE LOAN LOSS RESERVE WORK?

The CHEEF financing pilots have access to over \$20 million in Loan Loss Reserve funds. Homeowner customers do not see or experience the Loan Loss Reserve activity; it happens after a loan has funded. Each Participating Lender has a loan loss reserve account. CHEEF sets



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aside 11% the loan's value into the reserve account(s) (20% for low-moderate income borrowers). Upon loan default, the Participating Lender may claim reimbursement from CHEEF of up to 90% of the outstanding principal loan value, provided there are sufficient funds in the reserve account. Within 30 days, claim requests are approved by CHEEF and funds transferred to the lender accordingly.

### **WHAT TYPES OF MARKETING SUPPORT WILL I RECEIVE?**

Through participation in the REEL Assistance Program you will receive both direct marketing support via access to printed materials and online listings and indirect support through a multi-million dollar statewide finance marketing and PR campaign. For additional information on the co-operative marketing benefits available to you, please reference the attached flier. Additional support includes:

- Ability to leverage the multi-million dollar statewide finance marketing and PR campaign, called The State of Saving.
- Listing in the Contractor Finder hosted on the statewide [EnergyUpgradeCA.org](http://EnergyUpgradeCA.org) website.
- Receive up to \$7,000 for professionally designed marketing materials co-branded with your company's information or for customized promotional campaigns to advertise your services.
- Apply for a micro-grant up to \$20,000 for "out of the box" marketing ideas.
- Video marketing that may be co-branded for your website.
- Help creating custom marketing solutions including social media campaigns, vehicle wraps, apparel, digital advertising, online reputation management, direct mailing lists based on proximity of completed projects and more.
- Participate in a 50% cost-match for customer marketing campaigns.
- Opportunities for bi-weekly support calls and to attend networking events.