

Spring 2021 REEL Program Regulation Updates

What Lenders Need to Know

In May 2021, following the adoption of new Regulations for the REEL Program, operational improvements will take effect. These changes make projects easier to enroll and open the door for program growth.

You can find the new regulations [here](#); below you can find an overview highlighting the changes most relevant to lenders. A detailed account of eligibility and data changes will be available in an updated Lender Manual, to be released in June 2021.

Ease with Eligibility Checks

- Lenders no longer have to verify and ensure submittal of permit and safety test data at loan enrollment; permits and safety tests are still required, but CAEATFA will check this as part of the QA/QC process after enrollment.
- In addition to verifying utility service with a utility bill, customers can also submit a letter from the utility establishing service or evidence of a Master Meter set-up for a mobile home park.
- Contractors now need to be enrolled in the program by the time the lender approves the project (as opposed to when they start work). Some contractors actually start work prior to lender approval, so this provides flexibility in case the contractor has started discussing the project with the customer prior to enrolling in REEL.

Changes to Forms, Data and Documentation

Updated forms will be available on the [Lender Resources](#) page on Monday, May 24th.

- The Self-installer and Borrower & Privacy Disclosure forms were combined into a single form to simplify loan enrollment paperwork management. There is no longer a separate Self-installer form.
- Lenders must now submit both utility bills (or proof of service) with loan enrollment, including non-IOU utility bills (e.g. electricity bills from SMUD or LADWP).
- The invoice/Loan Enrollment Workbook has been updated; lenders will have a few new data points to provide including Borrower Name, Phone # and email. Several data points have also been removed.
- The Certificate of Completion has also been updated. We are actively communicating with contractors about switching to the new COC and invoice; lenders are not expected to enforce this change; the old forms will still be accepted.

Monthly Reporting Simplified

- In response to lender feedback, we've taken steps to enable monthly reporting automation by removing data points which require more manual intervention. Access the new report template on the [Lender Resources](#) page on Monday the 24th.
- CAEATFA will continue requesting info monthly via a survey to collect the number of applications received and approved during the reporting period. Additionally, through the same survey, we will request a description of any current marketing promotions, and any changes in interest rates for comparable non-REEL products. This data will in part be used to help REEL demonstrate the effectiveness of the loss reserve.

New Opportunities for Growth and Scaling

We recognize that not all of these new features are necessarily relevant to all Credit Unions, but we want you to be aware of your options.

- A new Channel Partner role allows lenders to bring on a third-party entity to assist with marketing, deal generation, and collecting and submitting loan data to CAEATFA.
- Batch processing available: for lenders with a larger deal flow and/or a need for automation, enrollment submittals, reports and claim applications can now be submitted in batches. Contact us to get started!
- Lenders can now offer an equipment lease/service agreement product to borrowers.
- A new microloan option provides a streamlined route for small loans (<\$5,000):
 - Calculating debt-to-income ratio is optional.
 - Measures can be installed by any CSLB-licensed contractor, not just those enrolled in REEL.
- Lenders now have the option to refinance existing REEL loans to offer borrowers better rates or additional improvements.

Additional Changes to Note:

- The formal Pre-Approval process in the Regulations has been removed; we are exploring other, operational ways to approve projects and relieve lenders of the project eligibility check burden.
- The method by which charged-off amounts are recovered by a lender and applied during the claims process has been updated to provide additional clarity for lenders.
- A number of EEEMs have been modified or added to the EEEMs list. See the next page for details.



New EEEMs

Additional measures now eligible for financing

Category	Measure Name
Lighting	LED Tape Lighting
HVAC	Air Filter Alarm or Sensor
	Air Filter Upgrade – MERV 13
	Diagnostic or Fault Detection Alert Systems
	Duct Sizing or Optimization
	ECM Furnace Fan Motor
	Fan or Motor Control
	HVAC Tune-up and Optimization
	Water Pipe Insulation
	Ventilation Fan (ENERGY STAR)
Building Envelope	Insulated Siding
Pool Products	Pool Cover
Water Heating	Water Tank Insulation
Appliances	Induction Range or Cooktop
	Range Hood (ENERGY STAR)
	Convection Oven (Gas/Electric)
Demand Response	Thermal Energy Storage (TES) System

Changes to Existing EEEMs

Modified eligibility requirements

Category	Measure Name
Lighting	“LED Lighting” now includes LED bulbs as well as fixtures.
Pool Products	“Pool Pump Motors” must now be ENERGY STAR.
Building Envelope	Gas IOU eligibility was added for “Radiant Barrier”.
Water Heating	Water heaters now require professional installation.

Find the complete, updated EEEMs list at
www.gogreenfinancing.com/residentialmeasures

Contact us at CHEEF@treasurer.ca.gov if you have any questions.