

REEL Opportunity for California Lenders

Residential Energy Efficiency Loan Assistance Program

Supporting private capital lending for energy efficiency upgrades.

Administered by the California State Treasurer's Office



**REEL
Program**

gogreen
FINANCING™



California Legislature has set ambitious climate change goals

but . . .

Residential energy retrofits face financing barriers



- ✓ Projects require **large upfront costs** and consumers **lack necessary capital**
- ✓ Contractors don't offer the most energy efficient options if they think customers lack funds
- ✓ Existing loan products don't meet needs
 - Many homeowners do not want to use their **property as collateral**
 - Credit card **rates are high**
 - Credit Union and Bank unsecured loans are **limited to 5 year terms** and max loan amounts do not cover full retrofit

The Residential Energy Efficiency (REEL) Loan Assistance Program addresses those barriers by offering lenders...

Credit enhancement to help mitigate risk

- ✓ Receive a loan loss reserve (LLR) contribution for every enrolled loan
- ✓ Participate at no cost to lender or borrower
- ✓ Recover up to 90% of outstanding principal in the event of a default

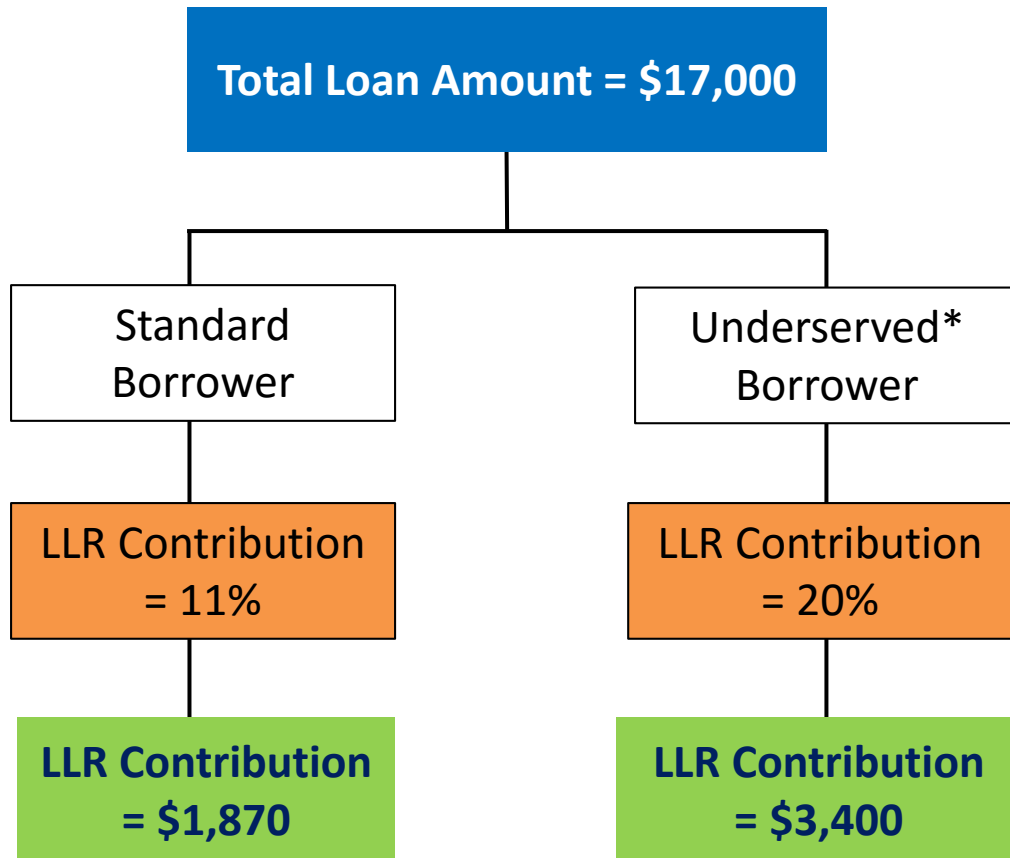
Statewide financing marketing to grow your membership base

- ✓ Leverage an ever-growing network of REEL approved contractors promoting lenders' products to borrowers
- ✓ Benefit from a statewide financing marketing campaign
- ✓ Be featured as a REEL lender on www.GoGreenFinancing.com

Strategic collaboration with trusted organizations

- ✓ Administered by California Alternative Energy and Advanced Transportation Financing Authority, (CAEATFA) in the State Treasurer's Office
- ✓ Authorized by the California Public Utilities Commission (CPUC) and supported by the State's four Investor Owned Utilities (IOUs)
- ✓ Customers and contractors are eager to participate in a state-supported financing program

How the Loan Loss Reserve (LLR) Works



- ✓ For each enrolled loan, a contribution is made to the Lender's LLR account, held at a trustee bank. Lender's LLR account can be accessed in case of default to recoup up to 90% of the unpaid balance on a charged-off loan.
- ✓ REEL has up to \$20MM available for credit enhancement.

*Underserved Borrowers are those defined as either:

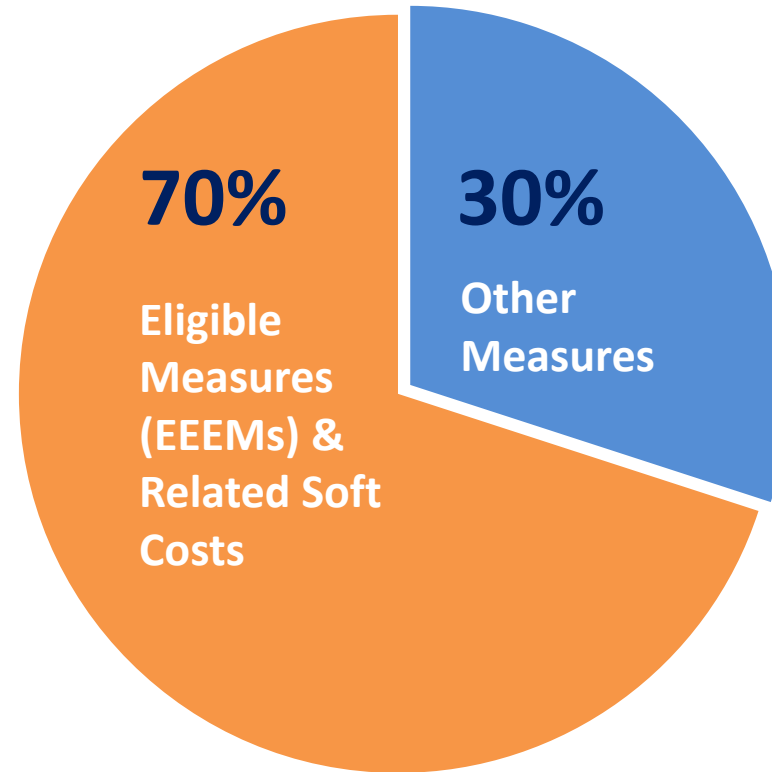
1. *Low-to-Moderate Income (LMI)* – Area Median Income (AMI) of the Borrower's census tract does not exceed 120% of the AMI for the Metropolitan Area, County, or State.
2. *Credit-Challenged* † – A borrower whose credit score is < 640.

† Lenders must opt-in to the Credit-Challenged facility by demonstrating additional benefits to credit-challenged borrowers.

REEL provides for flexible project scopes

Eligible REEL Measures Include:

- ✓ HVAC and duct sealing
- ✓ Water heaters
- ✓ Insulation and air sealing
- ✓ Window replacements
- ✓ Pool pumps and motors
- ✓ Home upgrades (whole house) projects
- ✓ Cool roofs
- ✓ Appliances
- ✓ And much more!



Borrower's Choice:

- ✓ Borrowers can use up to 30% of the total loan amount to finance non-eligible energy efficiency measures (e.g. painting, water-saving landscaping, etc.)
- ⚠ Distributed Generation (like solar) is not eligible for the 30% non-eligible energy efficiency measures project scope.

REEL offers real benefits to lenders and their members

Helps You.

- ✓ Mitigate risk with the credit enhancement to recover up to 90% of outstanding principal in case of default.
- ✓ Use the credit enhancement to offer a product with lower rates, extended terms, or larger loan limits.
- ✓ Attract new members with REEL and introduce them to your other products and services.
- ✓ Offer a new “Green” product

Helps Your Members.

- ✓ Access an opportunity to make a wide range of energy efficiency upgrades to their homes.
- ✓ Save money with lower interest payments or access more affordable payments through longer loan terms.
- ✓ Borrowers love that REEL requires no lien on their property and no pre-payment penalties.

REEL Highlights as of November, 2018

Lenders have financed more than

\$5.3 Million

In REEL Loans

\$17,200

Average loan size

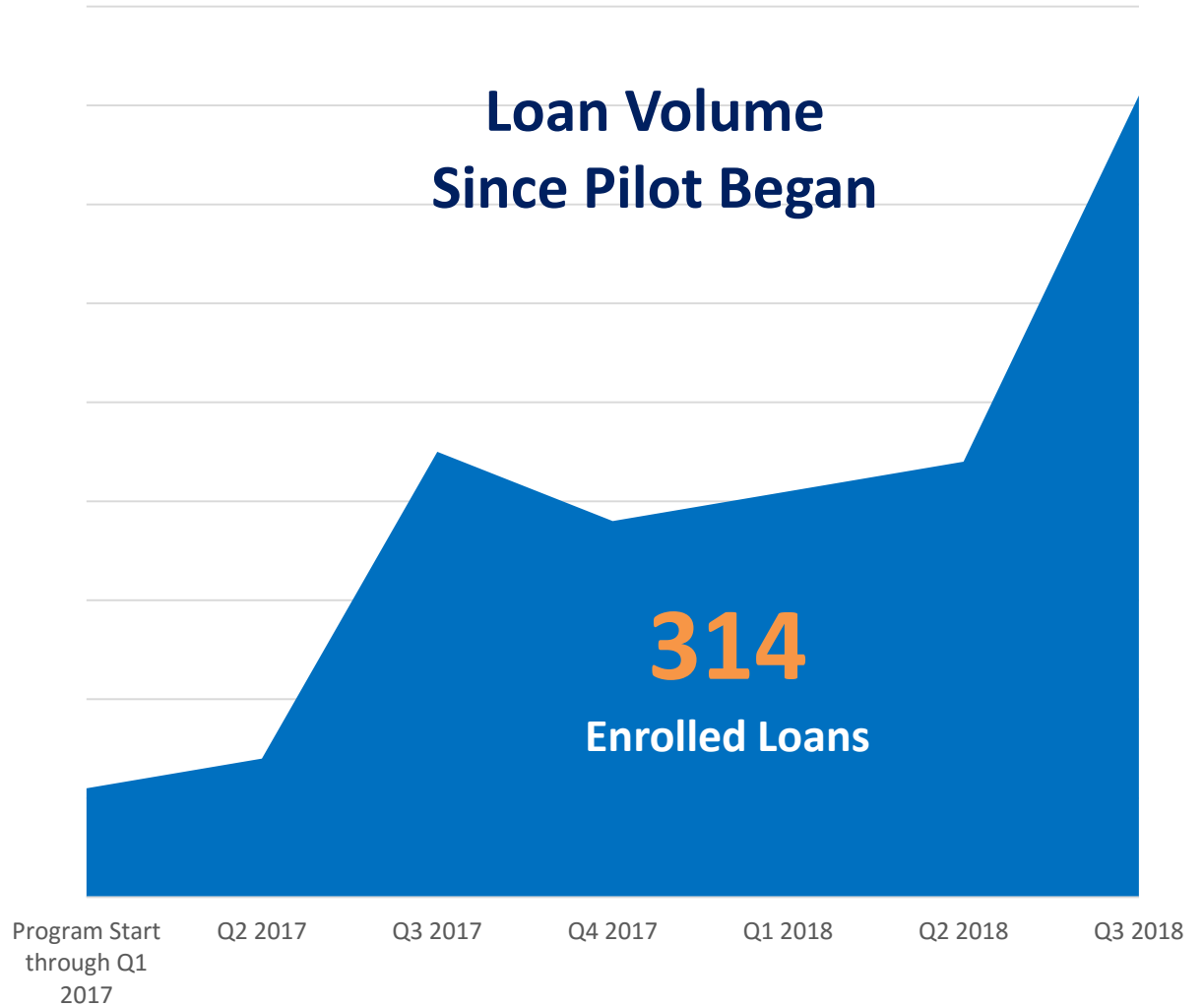
284 *and growing!*

Participating
Contractors

7

Active
Lenders

Loan Volume
Since Pilot Began



What People Are Saying About REEL



BORROWERS

“My air conditioner stopped working and I was getting quotes to get it fixed. I originally planned to pay for it upfront, but my Contractor told me about REEL. The Lender was really helpful and they had great interest rates. I liked the program so much, I referred my sister!” -- REEL Borrower in Ridgecrest, CA



LENDERS

“We have been looking for consumer-friendly energy loans for 5 – 6 years now...so when we heard about the REEL program, we got on board because it’s a great fit for us. We are always excited to bring new products that bring value to our members.” – REEL Participating Lender



CONTRACTORS

“REEL has no fees and the interest rates are better than Cal First or HERO. I would like to get away from using these other financing products because I can save my customers \$1,500 - \$2,000 in fees!” –REEL Participating Contractor

Is There Enough Demand for Additional Lenders?

Yes!

- ✓ **Millions of Potential Customers:** The Investor-Owned Utilities (IOUs) serve millions of eligible, single-family customers. IOU statewide financing marketing efforts drive these customers to the GoGreen Financing website, increasing program participation.
- ✓ **Aging Homes = High Potential for Energy Efficiency Upgrades:** 75% of California's existing housing stock was built before the state implemented energy efficiency building standards (Title 24) *"This older stock of buildings represents a critical and largely untapped market for energy efficiency improvements"**

*BerkeleyLaw, et. al. How Improved Energy Data Access Can Bolster Clean Energy Technologies & Save Money, January, 2015

Benefit from a Statewide Marketing Campaign

- ✓ Consumer-facing website drives customers to your loan application
- ✓ Contractor sales network identifies projects and customers
- ✓ Direct mail campaigns by investor-owned utilities
- ✓ Social media posts
- ✓ Co-branded collateral pieces



Tomate el control de su comodidad

Soluciones de financiamiento para sus proyectos de eficiencia energética

El programa Preseleciones para la Eficiencia Energética Residencial (Residential Energy Efficiency Loan, REEL) ayuda a los propietarios e inquilinos de California a acceder a un financiamiento atractivo para proyectos de eficiencia energética. Este es un programa administrado por el estado que está disponible para los residentes de California que son propietarios o inquilinos y reciben un servicio eléctrico o de gas natural de cualquiera de las siguientes compañías públicas propiedad de las universidades: Pacific Gas and Electric Company (PG&E) / San Diego Gas & Electric Company (SDG&E) / Southern California Edison (SCE) / Southern California Gas Company (SoCalGas).

Explore las opciones de préstamos, encuentre un contratista y más para su actualización de eficiencia energética residencial hoy mismo.

GoGreenFinancing.com

Beneficios

- Sin embargo precalificado
- Tasa competitiva y fija
- Sin pagar nada, sin costo alguno por cancelación
- Pueden calificar prestados desde parte de pareja
- Puede usar hasta el 30% del préstamo en mejoras energéticas

Puede elegir de una amplia variedad de proyectos de eficiencia:

- Calefacción y aire acondicionado
- Ventilación y techos frescos
- Iluminación
- Aislamiento y sellado del aire
- Calentadores de agua
- Electrodomésticos ENERGY STAR®

Comfort you can afford

Financing solutions for your energy efficiency projects

The Residential Energy Efficiency Loan (REEL) program helps California homeowners and renters access attractive financing for energy efficiency projects. REEL is a state-administered program available to California residents who own or rent and receive electric or natural gas service from any of the following investor-owned utilities: Pacific Gas and Electric Company (PG&E) / San Diego Gas & Electric Company (SDG&E) / Southern California Edison (SCE) / Southern California Gas Company (SoCalGas).

Explore loan options, find a contractor, and more for your residential energy efficiency upgrade today.

GoGreenFinancing.com

Benefits

- No fees on your property
- Competitive rates and affordable payments
- No money spent, no closing costs and no prepayment penalties
- Borrowers with a wide range of credit scores may qualify
- Use up to 30% of loan amount toward financing improvements

Broad list of energy efficiency products to choose from:

- Heating & Air Conditioning
- Windows & Cool Roofs
- Lighting
- Insulation & Air Sealing
- Water Heaters
- ENERGY STAR® Appliances

Get the financing you need with state-administered, energy efficiency loans

See the future through efficient windows

Comfort you can afford

Where Californians find financing for their energy efficiency projects

Can't afford to replace your A/C? We have energy efficiency loans for nearly everyone

STAKEHOLDER LOGO

gogreen FINANCING™

Social Media Posts and Ads: Part of statewide marketing campaign

Collateral in English and Spanish – can be co-branded with Lender Logo



Become a REEL Lender



You

Apply

Lender creates a REEL product and submits REEL program application to CAEATFA

We

Approve

CAEATFA reviews application and approves lender for participation within 10 days

We

Set-up

CAEATA sets up Lender's Loan Loss Reserve account with Trustee Bank and works to integrate REEL into lender's existing operations.

We

Promote

Lender's product promoted on REEL website and to contractor network

You

Launch

Lender begins offering their new loan product

For More Information

Call or Email Us -

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Go Online -

- Eligible Energy Efficiency Measures (EEEMs): <https://gogreenfinancing.com/residential#eligibleprojects>
- Program regulations: <http://treasurer.ca.gov/caeatfa/cheef/reel/regulations/index.asp>
- Consumer-facing website: <http://www.gogreenfinancing.com>
- REEL Lender Chart: <https://www.treasurer.ca.gov/caeatfa/cheef/reel/resources/ggflender.pdf>



The CA State Treasurer's Office - The State Treasurer's Office has broad constitutional and statutory responsibilities and authority in the areas of state government's investment and finance.



CAEATFA - housed in the State Treasurer's Office, develops programs to leverage private capital to support the State's energy and environmental policy goals.



CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

CHEEF - administered by CAEATFA, is a public-private partnership engaging lenders and contractors, designed to encourage an **uptake of energy efficiency projects** through **increased access to financing**. Funding comes from ratepayers of the four Investor-Owned Utilities, and is authorized by the California Public Utilities Commission (CPUC).

REEL Program

The **REEL Program** is the first of several CHEEF pilot programs to launch.

Who's Who in REEL



The **CPUC**, regulator of the Investor-Owned Utilities (IOUs), directed the IOUs to develop energy efficiency financing pilots and authorized \$75 million of ratepayer funds toward the pilots. The CPUC asked CAEATFA to administer the pilots through the CHEEF.

The Investor Owned Utilities (IOUs) are CAEATFA's partners in developing and implementing the CHEEF pilots. They have energy efficiency targets to meet, set in conjunction with the CPUC.

