



# An Opportunity for Finance Companies



## *GoGreen Home Energy Financing Program*

Administered by the California State Treasurer's Office

Supported by California's Investor-Owned Utilities (IOUs)

# The Problem

***California has set ambitious climate goals for 2030...***

- 40% reduction in total greenhouse gas emissions from 1990 levels
- Doubling of energy efficiency savings in existing buildings from 2015 levels

***...but energy retrofits needed to achieve these goals face financing barriers.***

- Energy efficiency projects come with **high upfront costs**, and consumers **lack necessary capital** to undertake them
- Existing loan products don't meet customer needs:
  - Many homeowners do not want to use their **property as collateral**
    - PACE programs face challenges from local governments and consumer advocates
  - Credit card **interest rates are high**
  - Unsecured term loans are often **limited to five years**, and typical maximum loan amounts **do not cover full retrofit**

# GoGreen Home: The Solution

*The GoGreen Home Program addresses barriers by offering finance companies:*

- A **credit enhancement** to help mitigate risk
  - Receive a loan loss reserve (LLR) contribution for every enrolled loan
  - **Participate at no cost** to finance company or borrower
  - Recover up to **90% of outstanding principal** in the event of default
- **Statewide marketing** to grow your customer base
  - Leverage a growing network of **500+ approved contractors** promoting GoGreen Home financing to borrowers
  - Benefit from **statewide marketing campaigns**, including efforts led by your customers' energy utility
  - Be featured as a GoGreen Home finance company on **GoGreenFinancing.com**
- Strategic collaboration with **trusted organizations**
  - Administered by the California Hub for Energy Efficiency Financing in the **California State Treasurer's Office**
  - Supported by **California's four IOUs** – Pacific Gas & Electric (PG&E), San Diego Gas & Electric (SDG&E), Southern California Edison (SCE), and Southern California Gas (SCG)

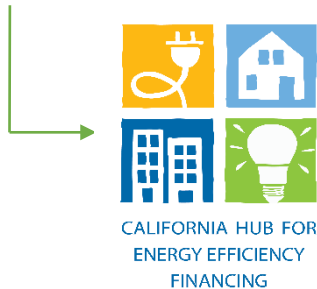
# Who We Are



California State Treasurer's Office



California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA, pronounced "kate-fuh")



**California Hub for Energy Efficiency Financing (the CHEEF)**



**GoGreen Home Energy Efficiency Financing Program**

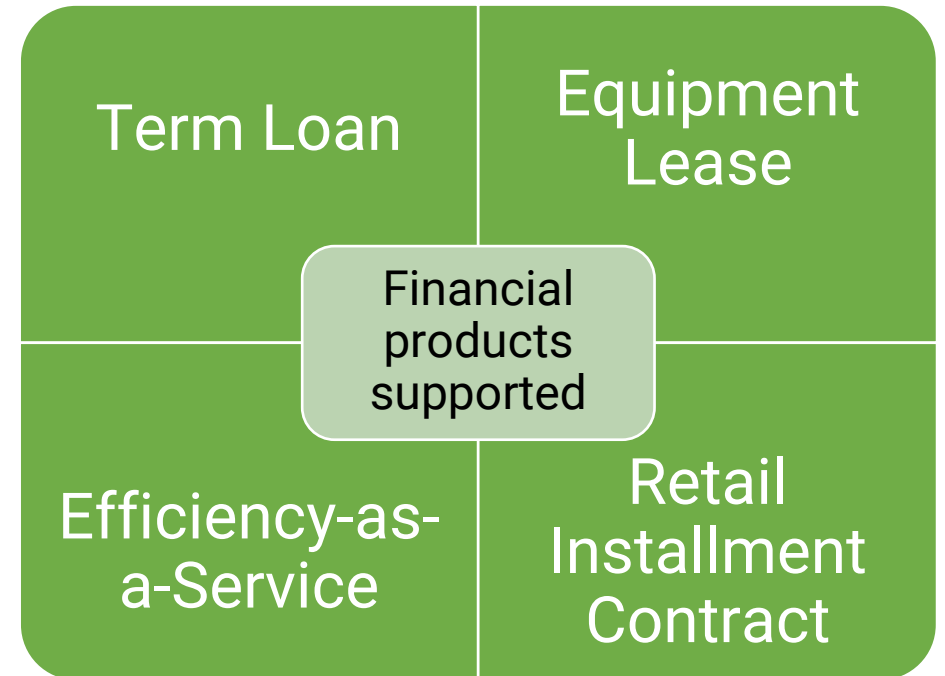
The CHEEF was authorized by the **California Public Utilities Commission** (CPUC) to bring private capital into the energy efficiency (EE) marketplace.

The CHEEF launched its first EE financing program, serving homeowners and renters, in **2016**.

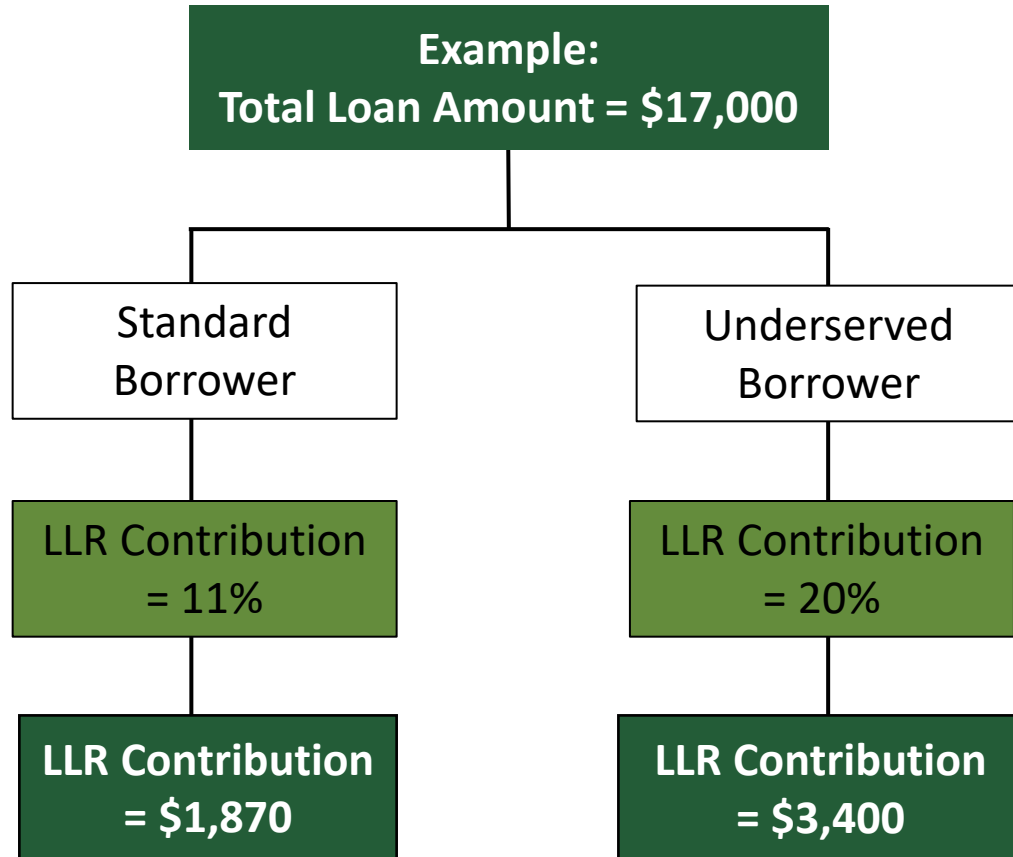
# Variety of Business Models Supported

## *GoGreen Home provides choice and flexibility for borrowers and finance companies*

- Loans **up to \$50,000** supported
- Microloan pathway ( $\leq \$5,000$ ) with **streamlined requirements for low-dollar financing**
  - Additional flexibility with underwriting
  - Borrower may use any CSLB-licensed contractor, not just those enrolled with GoGreen Home
- Optional “**Channel Partner**” role allows finance companies to **bring on partners** to assist with marketing, deal generation, and collecting and submitting loan data to CAEATFA
- **Multiple data submission options** to support finance company preferences, including batch submission
- Finance companies **set their own credit approval** rules



# How the Loan Loss Reserve Works

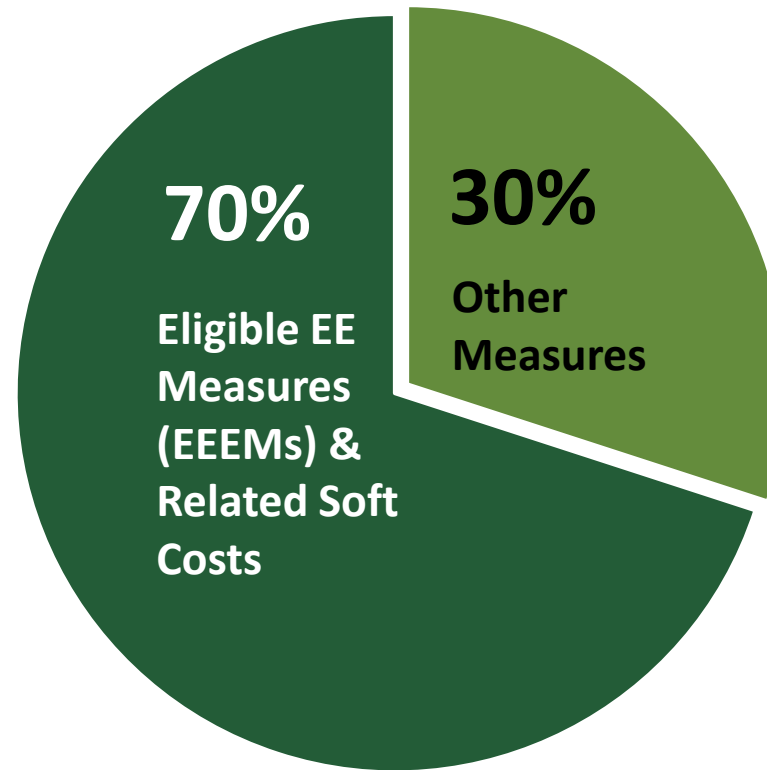


- GoGreen Home has **up to \$20 million** authorized for credit enhancements
- For each enrolled loan:
  - A contribution is made to the finance company's LLR account, held at a trustee bank
  - The LLR account may be accessed in case of default to **recoup up to 90% of the unpaid balance** of a charged-off loan
- A higher contribution rate is made to **support underserved borrowers**
  - 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  $\leq 640$ . Finance companies may opt in to the Credit-Challenged facility by demonstrating additional benefits to credit-challenged borrowers.

# How Customers Use GoGreen Home

## GoGreen Home's Eligible Energy Efficiency Measures (EEEMs) include:

- HVAC and duct sealing
- Water heaters, including heat pump water heaters
- Insulation and air sealing
- Window replacements
- Pool pumps and motors
- Heat pumps
- Cool roofs
- Appliances and smart thermostats
- Whole-house projects
- *And much more!*



## Borrower's Choice:

- Borrowers can use up to 30% of the total loan amount to finance non-energy measures like painting, remodeling and landscaping
- ⚠ Distributed Generation (like solar) is **not eligible** for GoGreen Home financing, even as part of the 30% available for non-energy saving measures

# Finance Companies and Customer Benefits

***GoGreen Home offers real benefits to finance companies and borrowers alike.***

## GoGreen Home helps **finance companies**:

- ✓ **Mitigate risk** with the credit enhancement to recover up to 90% of outstanding principal in the event of default
- ✓ Offer a product with **lower rates, extended terms, and/or larger loan limits** by leveraging the support from the credit enhancement
- ✓ **Attract new customers** through GoGreen Home and introduce them to your other products and services
- ✓ **Offer a “green” product** and explore new market sectors

## GoGreen Home helps **borrowers**:

- ✓ Make a **wide range of upgrades** to their homes to improve their energy efficiency and increase comfort
- ✓ **Save money** with lower interest payments
- ✓ Obtain **affordable monthly payments** through longer loan terms
- ✓ **Access financing** without placing a lien on their property



# What People Are Saying



**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 GoGreen Home. The lender was really helpful and they had great interest rates. **I liked the program so much, I referred my sister!**"*

-- GoGreen Home Borrower in Ridgecrest, CA



**CONTRACTORS**

*"GoGreen Home 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!"*

– GoGreen Home Participating Contractor



**FINANCE  
COMPANIES**

*"We have been looking for consumer-friendly energy loans for 5-6 years now...so when we heard about the GoGreen Home 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.**"*

– GoGreen Home Participating Finance Company

# Is there enough demand for more Finance Companies to join GoGreen Home?

*Yes – we're just getting started!*

- **Aging Homes = High Potential**
  - 75% of California's existing housing was built before the State implemented energy efficiency building standards (Title 24)
  - 71% of households think EE is important, but only 35% describe their homes as energy efficient\*
- GoGreen Home is **growing rapidly**
  - In April 2020, GoGreen Home was approved by the CPUC to transition from pilot to program, opening the doors for new growth
  - In August 2022, GoGreen Home enrolled **\$2.47 million in loans**.
- IOUs, RENs and CCAs in California all run energy efficiency programs **for millions of customers**
  - GoGreen Home supports the financing of any energy efficiency measure eligible for these programs

## Quick Stats

**\$47 Million**

in GoGreen Home loans made by participating finance companies

**\$17,500**

Average GoGreen Home loan size

**636**

Participating Contractors

**9**

Participating Finance Companies

**56%**

of GoGreen Home loans are made to upgrade properties in Low-to-Moderate Income census tracts

# Become a GoGreen Home Finance Company



## You Apply

Finance company develops a GoGreen Home product and submits GoGreen Home program application to CAEATFA

## We Approve

CAEATFA reviews application and approves finance company for participation

## We Set Up

CAEATA sets up finance company's loan loss reserve account with our trustee bank and works with you to integrate GoGreen Home into your existing operations

## We Promote

Finance company's GoGreen Home product is promoted in statewide marketing, on the GoGreen Financing website, and through our contractor network

## You Launch!

Finance company begins offering new GoGreen Home product

# Contact Us and Learn More

***Call or email the GoGreen Home marketing team:***

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***Learn more about GoGreen Home online:***

**[GoGreenFinancing.com/ResidentialLenders](https://www.GoGreenFinancing.com/ResidentialLenders)**

[GoGreen Home Program Regulations](#)

[GoGreen Home Participating Finance Company Chart](#)

[Eligible Energy Efficiency Measures \(EEEMs\) List](#)