

Success Stories in Off-Bill Finance Programs

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John Hayes
President/ COO

AFC First Financial Corporation



AFC First – A National Leader In Energy Efficiency Lending

- **AFC First Financial Corporation is an experienced specialty energy efficiency lender and the provider of the EnergyLoan® program.**
 - Founded in 1947 in Allentown, PA. AFC has processed over 50,000 energy efficiency loan applications.
 - Retail contractor-driven energy lending to consumers has been primary business since 1999.
 - AFC First is one of only three Fannie Mae approved Energy Lenders in the nation.
 - Currently lending in 24 states with over 3,000 Approved Contractors, Manufacturer, Utility and State and Municipal Partners



AFC First – A National Leader In Energy Efficiency Lending

- **AFC First Financial's key energy efficiency services**
 - Contractor Recruitment, Screening and Training
 - Loan Application Intake and Processing
 - Loan Servicing, Off and On Bill
 - Rebate Processing
 - Payments to Approved Contractors including Verification of Satisfactory Completion
 - Installed Equipment and Energy Savings tracking
 - **BPI,RESNET and Contractor Certification through new Green Energy Training Center programs (Awarded Rockefeller Foundation Grant)**
 - Home Performance Program Management (PA Home Energy)

AFC's National Programmatic Expansion

- **National Energy Loan Platform (25 States)**
- **PA's Keystone HELP**
- **CT Solar Lease**
- **CT Energy Efficiency Loan Program**
- **Iowa Energy Loan**
- **Maryland Energy Loan**
- **Illinois On Bill Finance Program**
- **Kentucky Home Performance Finance**
- **Efficiency Maine**
- **Progress Energy**
- **National Grid**
- **Arizona**

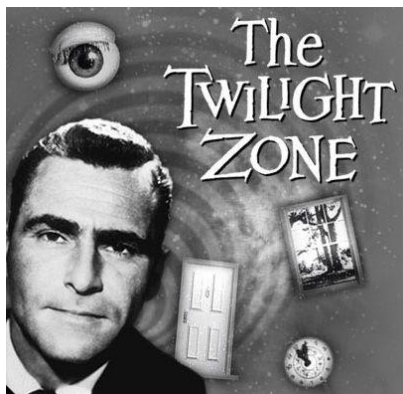
Successful Consumer Energy Efficiency Programs....

- **Assists consumers in making better decisions regarding the energy efficiency of their home improvements** by providing affordable monthly payment options.
- **Recruits and trains contractors on how to better utilize special financing and monthly payment plans** to increase both their closing rates and market penetration for more energy efficient home improvements.
- **Utilizes state-of-the-art technology to provide maximum efficiency and customer service to both consumers and contractors** in loan origination, administration and loan servicing.
- **Provides consumers with efficient, knowledgeable and exceptional personal service** as it relates to the financing of their energy efficient home improvements.
- **Provides customers with a *special* financing program** that encourages them to choose higher efficiency improvements over lower efficiency items.
- **Provides measureable results** on energy savings resulting from improvements

The Facts About Financing

- 70% of all Home Improvements up to \$15,000 are financed in one way or another, 90% of improvements greater than \$15,000 are financed
- Most consumers are motivated by necessity (Reactive – needs to replace) when it comes to energy efficiency – this is 90% of the energy efficiency market and can't be ignored
- Proactive improvements are growing, but contractor and auditor base must grow faster to support this market
- Successful programs address both Reactive and Proactive Consumer

REACTIVE Consumer - Welcome to the “Twilight Zone”



- Typical “urgent” HVAC or home repair installations (\$3,000 to \$15,000) are the consumer’s financing “twilight zone” - too big for a credit card, too small for a home equity loan.
- The vast majority of energy efficiency improvements
- Time sensitive – consumer needs work done ASAP
- Contractor-Driven
- “Come-on” or “Teaser” (0% for 6 months type) financing is not the answer
- Borrower wants longer term or lower rate than he can get from a bank
- Solution: Unsecured point of purchase loan programs with (lower rates based on simple product qualification – ENERGY STAR)

PROACTIVE Consumer - The “Thinker”



- **“Whole house” improvements up to \$15,000 may be applicable for a streamlined on-bill finance program because they can be addressed with an unsecured loan**
- **More project driven, less time sensitive**
- **More customer thought, engagement and foresight**
- **Loans above \$15,000 typically involve home equity financing which may be difficult in today’s economy without a special program**
- **Solution: “Home Performance” model with Energy Audit, recommendations and lower rate than “Reactive” financing**

Financing Programs Should Not Exclude, But Rather Incent

- Consider “Tiered” Financing Approach which accommodates both Reactive and Proactive Consumers
- Don’t exclude the consumer who wants to install an ENERGY STAR or high efficiency improvements but doesn’t have time to go through the whole audit protocol
- But...provide lower interest rate to the consumer who will do the “Whole house” improvement program
- Contractors have to “buy in” to the ease of the program and can’t be put off by complexity – need to accommodate their customers
- Use simple, consumer recognized national standards such as ENERGY STAR for equipment standards – no need to “reinvent the wheel” or confuse the market

PA's Keystone HELP (Home Energy Loan Program)

- **One of the most successful state sponsored consumer energy efficiency finance programs in the nation**
- Over 8,000 loans and close to \$65 million funded since 2006 with rapidly increasing consumer demand
- A model DOE and EPA program and a principal prototype for the proposed federal Home Star program as it addresses both “reactive” and “proactive” energy improvement needs
- Based on a pilot started by the West Penn Power Sustainable Energy Fund it has involved into a unique public-private partnership which leverages loan capital provided by **PA Treasury** and **PHFA** with **DEP** (ACT 1 and ARRA) funds to provide greatest incentives



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DEPARTMENT OF ENVIRONMENTAL PROTECTION

PHFA
PENNSYLVANIA HOUSING FINANCE AGENCY

Keystone HELP® Addresses Both Reactive and Proactive

FOR THE REACTIVE ENERGY IMPROVEMENT

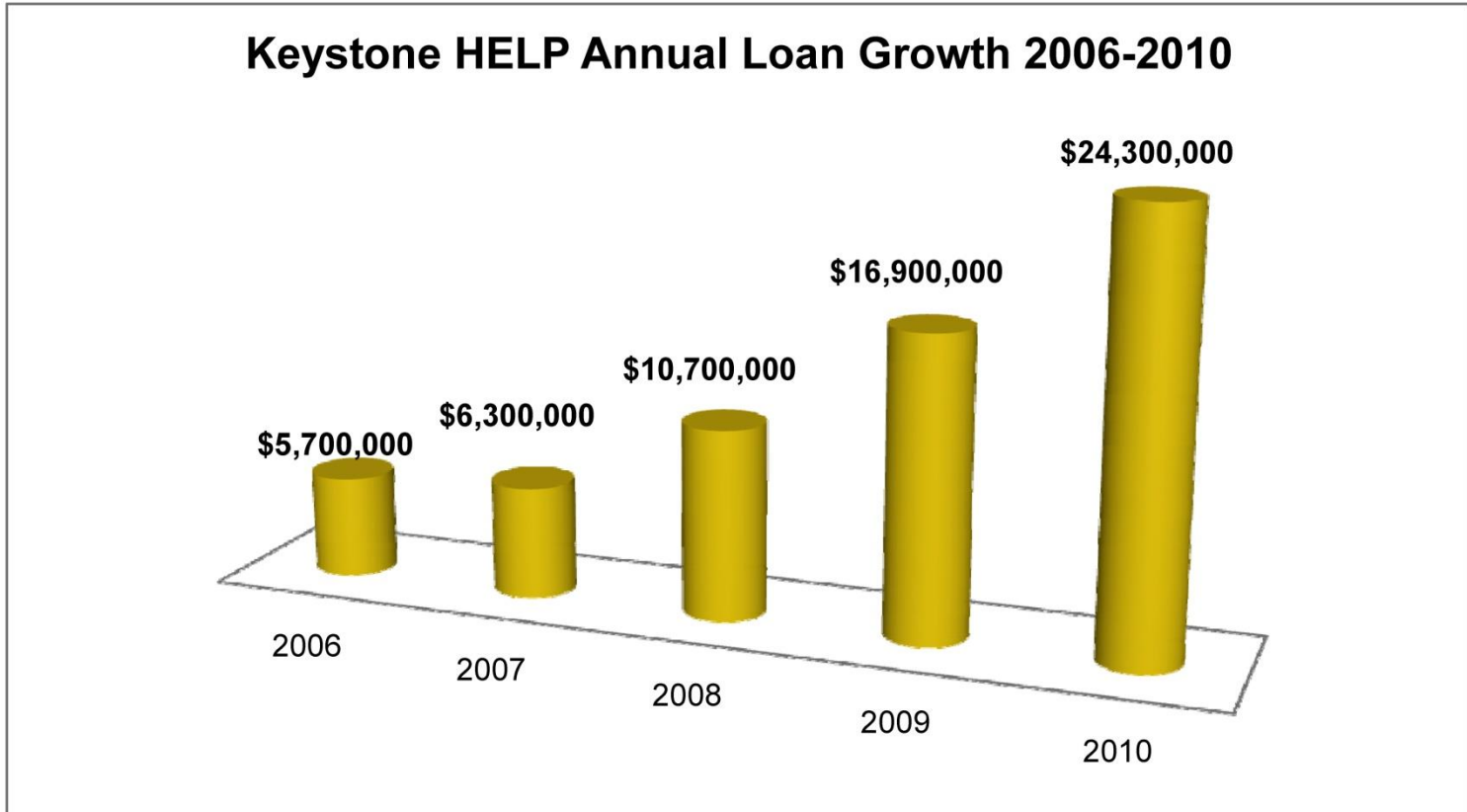
- Low Rate Unsecured Loan - 8.99, 10 Year Term to \$15,000 for ENERGY STAR Improvements
- Lower Rate Unsecured Loan – 7.99, 10 Year Term to \$15,000 for Advanced Performance Improvements

FOR THE PROACTIVE ENERGY IMPROVEMENT

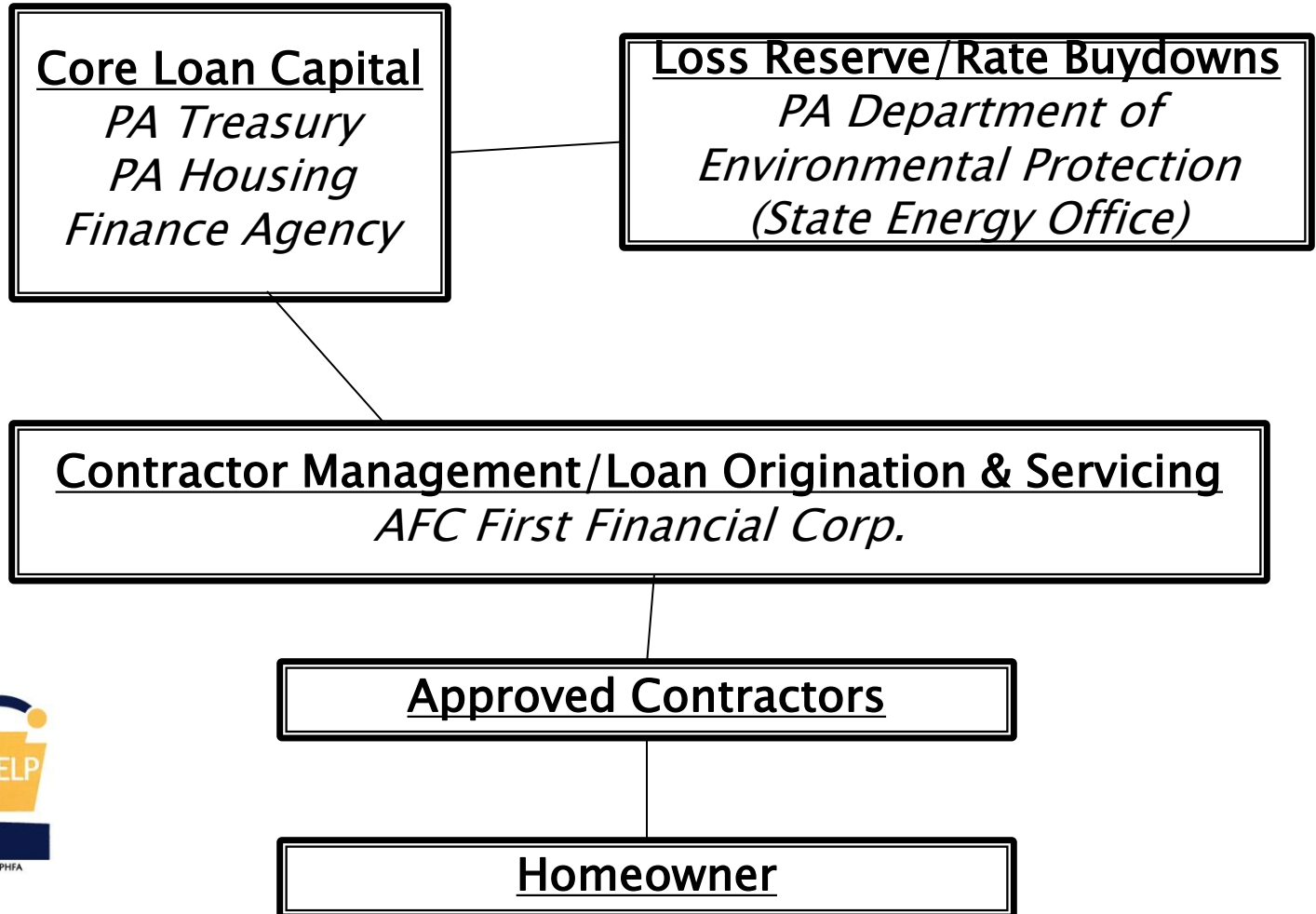
- Lowest Rate Loans – 2.99% Unsecured BPI Only loan emulates Home Star Gold- **Improvements with Air Sealing**
- Secured Loans Up to \$35,000 with both BPI and RESNET **PA Home Energy Protocol** – state HPwES program



Keystone HELP Annual Loan Growth 2006-2010

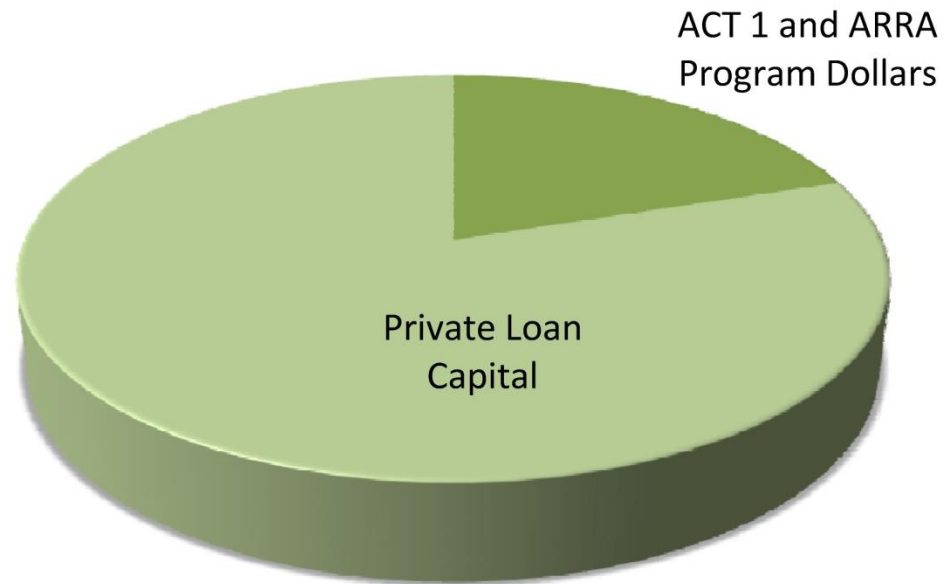


CASE STUDY - Pennsylvania's Keystone HELP



Program Dollars for Loss Reserves and Other Incentives Promote Private Capital Investment

Keystone HELP Leverages More Than 5 to 1



CT Solar Lease

powered by  AFCFIRST

CONNECTICUT CLEAN ENERGY FUND



CONNECTICUT
CLEAN ENERGY FUND



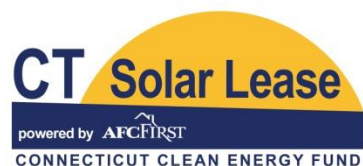


- **Affordable Solar Energy Systems for Qualifying Connecticut Homeowners**
- **Connecticut Leads the Way**
 - With The First Rate Payer Supported Residential Leasing Program for Solar Energy.
- **The Connecticut Clean Energy Fund and CT Solar Leasing**
 - Have combined the power of CCEF's innovative Solar Rebate program and the financial power of leasing to create an unbeatable way for qualifying homeowners to add solar energy to their homes for the lowest possible cost.





- **2,700 Applications through March 18, 2011**
- **70% Approval Rate on Installer Applications**
- **707 Funded, 85 Closed, 78 Pending**
- **Average System Cost just under \$52,000 – higher than expected and allocated funds moved quickly – but this also resulted in fewer total transactions as program funding was locked in place**



As of March 18, 2011		
	<i>Units</i>	<i>Total System Cost</i>
Closed / Funded Leases	707	\$37.6 million
Closed / Pending Install	85	\$ 4.0 million
Pending	78	\$ 3.7 million
Total	870	\$45.3 million

Total Power Generation – 5.7 Megawatts

Program Delivery

Keystone HELP
HOME ENERGY LOAN PROGRAM

powered by AFCFIRST

WHAT IS KEYSTONE HELP? ENERGY EFFICIENCY INFORMATION APPLY NOW ONLINE FIND AN APPROVED CONTRACTOR OR ENERGY AUDITOR INFORMATION FOR CONTRACTORS AND ENERGY AUDITORS

Contact AFC First • (888) AFC FIRST

Pennsylvania's Special Loan and Rebate Program for Energy Efficiency Home Improvements

You can improve the energy efficiency of your home.....

with **special financing and rebates** for ENERGY STAR® rated and high efficiency heating, air conditioning, air sealing, insulation, windows, doors, geothermal and "whole house" improvements using Home Performance with ENERGY STAR®.

With the **Keystone HELP® Energy Efficiency Loan & Rebate Program**, most Pennsylvania homeowners who meet the program's **eligibility guidelines** can get a low cost loan or a rebate for energy-saving **eligible improvements** installed by a Keystone HELP® **Approved Contractor**.

Qualifying homeowners can get the lowest cost financing and a \$325 cash energy audit credit for energy-saving "whole house" improvements performed by a Keystone HELP® **Trained or Certified Contractor** implementing the recommendations of a **Certified Auditor** who has conducted a comprehensive energy audit of your home.

Save Energy, Save Money with Keystone HELP®, Pennsylvania's special program to make energy efficiency opportunities available to the Commonwealth's homeowners.

For more information, contact us at (888) 232-3477.

[Download a Keystone HELP Brochure/Application](#)
[Download Keystone HELP Program Guidelines](#)

What's Keystone HELP?

- Eligible Improvements
- Find a Contractor
- Apply Now Online
- Apply By Phone (888) AFC FIRST

PA Home Energy Conference 2009
March 18 - 19
State College, PA

Get more info

- Learn About What's New with Keystone HELP - Free Update & Overview Webinars for Contractors
March 6,9,10,11,12 2009
- Home Performance 101 Training for Keystone HELP Contractors, Presented by PA Home Energy
State College, PA
March 19, 2009
- PA Home Energy Conference

- Accept Applications Online via program website
- Through Integrated App on Contractors Website
- Call Center and Toll Free Numbers
- Utility Link and Call Center Direction

Keep it Simple

- **Don't Get Caught in Red Tape**



- **Energy Efficiency lending programs are competing against credit cards.**
- **Most Consumers (and Contractors) will follow the path of least resistance even if it is more costly**
- **Accomplish your goal (helping consumers install energy efficiency improvements) without overburdening contractors or consumers with complexity**



A National Leader in Energy Efficiency Lending

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