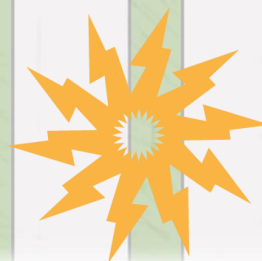


Residential Energy Efficiency Financing: Getting Customers Off the Fence

Consumers can be indecisive when it comes to making energy improvements
What's stopping them?

What's Old, What's New and Lessons Learned

Peter Krajsa
Matthew Brown
Co-Chairs & Founders
National Energy Improvement Fund



NEIF
National Energy Improvement Fund

About the **National Energy Improvement Fund**

- The National Energy Improvement Fund (“NEIF”) is a for-profit Pennsylvania public benefit, licensed lender specializing in **contractor-driven financing programs for energy improvements** to homes and businesses.
- **With a lending legacy dating to 1947** (AFC First), the NEIF team has been responsible for over \$700 Million in contractor-driven energy improvement through innovative programs such as Pennsylvania’s **Keystone HELP**.

NEIF is built on the foundational work of energy financing pioneers AFC First and Harcourt Brown & Carey



PETER KRAJSA
Co-Chair

Previously CEO of AFC First, a groundbreaking energy efficiency lender founded in 1947 with over 6,000 participating contractors, creators of Pennsylvania's Keystone HELP, the national EnergyLoan program, and many other market-based and state and utility backed financing programs.



MATTHEW BROWN
Co-Chair

Founder and Principal of Harcourt Brown & Carey and HBC Energy Capital, the nation's top designer of energy finance programs for states and utilities including California, Michigan and many others.

The NEIF Team Has Been Innovators in the Nation's Most Successful Energy Financing Programs

- 
- Pennsylvania Treasury – Keystone HELP
 - West Penn Power Sustainable Fund
 - Sustainable Energy Fund
 - Building Performance Institute (BPI)
 - Efficiency Maine
 - Connecticut Green Bank
 - Eversource
 - United Illuminating
 - Michigan Saves
 - Energy Kinetics
 - P&N Distribution (Rheem)
 - PECO
 - WHEEL
 - FannieMae National EnergyLoan
 - HUD PowerSaver
 - California Treasurer & Utilities
 - Kentucky Home Performance
 - Maryland Clean Energy Fund
 - Delaware Sustainable Energy Utility
 - Illinois Energy Association
 - ComEd
 - Ameren
 - Progress Energy
 - Atas International
 - Knauf Insulation
 - Xcel Energy
 - AEP Ohio



EnergyPlus Loan

NATIONAL ENERGY IMPROVEMENT FUND

Financing for Energy Efficiency & Home Comfort

**Residential Energy
Improvement
Financing**



NEIF Commercial
Energy Finance

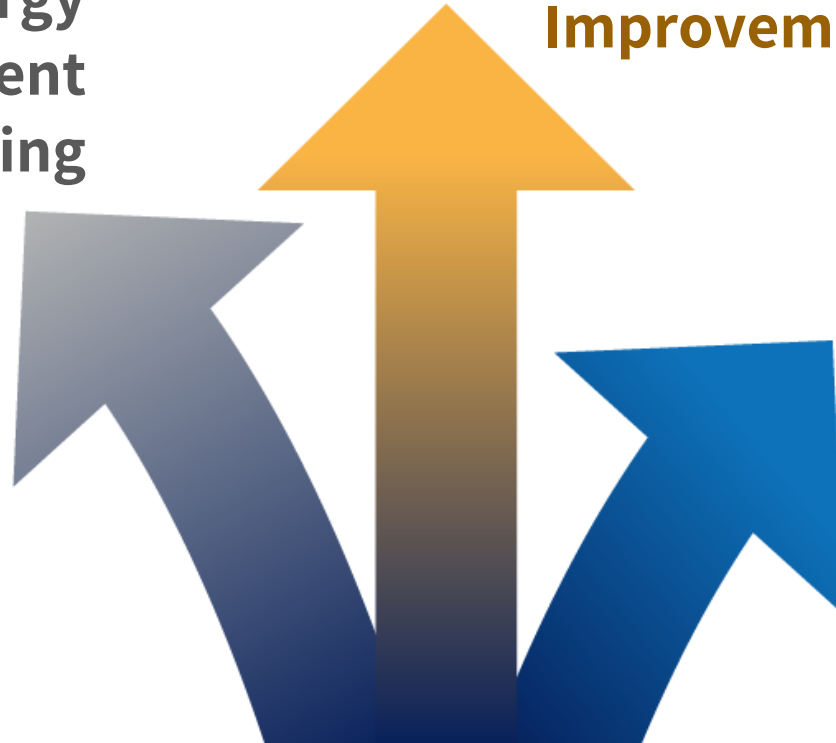
NATIONAL ENERGY IMPROVEMENT FUND

**Commercial Energy
Improvement Financing**

RebateBridge

FROM RB FUNDING, LLC  **NEIF**
powered by

**Rebate
Advance
Funding**



NEIF SUPPORTS AFFORDABLE ENERGY IMPROVEMENTS IN 3 WAYS

“Can We Afford It?”



**The #1 Issue for
Consumers
Considering Home
Energy and other
Major Upgrades**



THE PROBLEM:

- **Even Basic Home Improvements Are Expensive**

- Homeowners need \$2,500 up to \$25,000 or more to pay for replacement or upgrade of heating, air conditioning, lighting, insulation and other core remodeling projects.

- **Tight Budgets**

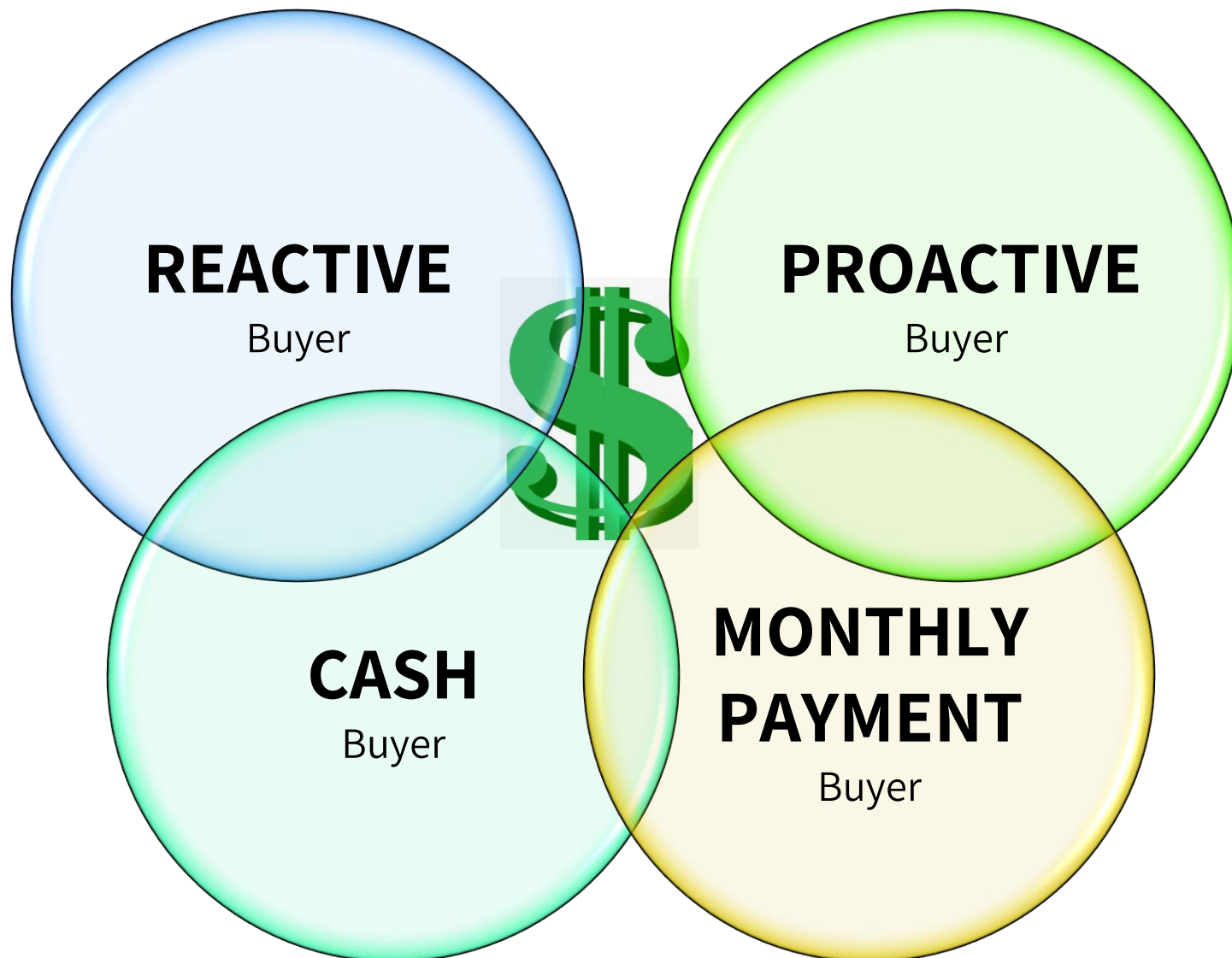
- Many homeowners delay the upgrade or install the cheapest, least efficient model possible just to “get by”.



- **No “One Size Fits All” Payment Solution**

- Credit cards, short-term promotional programs, or cumbersome traditional financing don’t address the needs of buyers and contractors looking for both **fast turnaround** and **longer-term affordability** for a major capital purchase
- And standard dealer finance programs can meet some consumer’s needs but can end up be very expensive (and sometime even a bit deceptive) for contractors and consumers.

The Intersection of 4 Customer Types





- 85% of all auto purchases are financed on monthly payment plans
- Today's energy home improvements can approach the cost of a car – it is a major capital improvement
- Average American current available cash is \$3,000 to \$7,000.....What is your average installation cost?
- When is the last time you bought a car and were not presented with a monthly payment option at point of purchase?
- Got you thinking?

CASH Buyers vs MONTHLY PAYMENT Buyers



- **If a contractor's closing rate is 40%, what's happening to the other 60% - why aren't they buying?**
- Is it the Contractor's reputation?
- Is it the Price?
- In today's economy are they scared of "gimmick" financing?
- **Or – is it simply that they are not being given an affordable monthly payment option that comfortably fits their budget and can be potentially offset by energy savings?**

Challenge Your Perception Regarding “Financing”

Does short term “Zero Percent” really increase close rates for energy efficiency and broaden and deepen the market?



- Customers who pay by credit card or who take advantage of 12 or 24 month Zero Percent **are most likely cash customers who would have bought anyway.**
- **They know they already have or can get the cash to pay off these options** – they are cash customers!
- There is no “free money” – somebody is paying for “0” percent. Zero percent financing can cost the contractor up to 18% in fees - that’s \$1,800 on a \$10,000 project.
Who is paying for that?

Programs available in Pennsylvania now and Keystone HELP 2.0 may be just around the corner

WHO IS ELIGIBLE?

All homeowners who are making qualifying improvements to their primary residence or vacation home (1 to 4 unit on permanent foundation). Good credit and the ability to repay are required. All income levels are eligible.

WHAT IMPROVEMENTS QUALIFY?

The NEIF Home Energy Improvement Plan is for energy-related improvements to your home. Additional work can be included if at least 50% of the project is:

- **Heating & Cooling**
Furnaces, boilers, heat pumps, air conditioning and all related work
- **Windows, Doors, Siding & Roofing**
- **Air Sealing & Insulation**
- **Electrical, Plumbing, Kitchens & Baths**
including *lighting and controls, generators, water heaters, water treatment*
- **Home Performance with ENERGY STAR®**
- **Geothermal, Solar & Other Energy Projects**



EnergyPlus Loan

NATIONAL ENERGY IMPROVEMENT FUND

Financing for Energy Efficiency & Home Comfort

When monthly payments are integrated into energy efficiency sales at point of purchase (like auto-finance) good things happen!

- More homeowners “get off the fence”
- They make larger and deeper energy retrofits
- Resulting in greater energy saving and home comfort

\$2,500	\$7,500	\$10,000	\$15,000	\$25,000
\$33	\$99	\$132	\$198	\$344
per month	per month	per month	per month	per month



Lessons learned

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