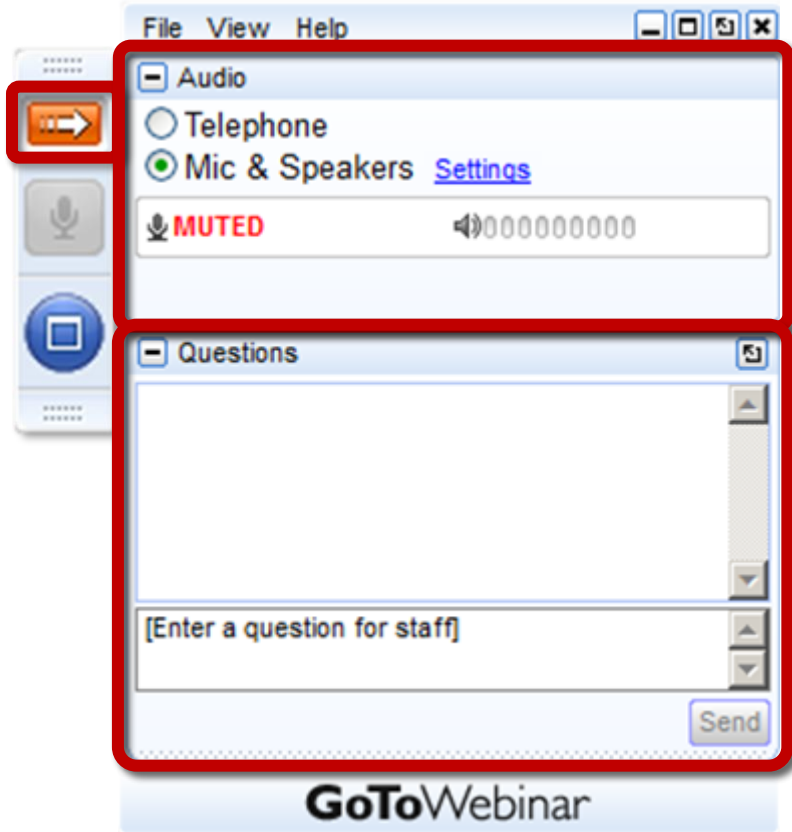


How SMART-E Loans Can Make Residential Energy Upgrades More Accessible

September 14, 2021

Webinar Logistics



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CleanEnergy States Alliance



GOVERNOR'S
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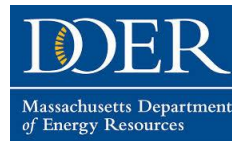
Maryland
Energy
Administration



NYSERDA



Department of Commerce
Innovation is in our nature.



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Webinar Speakers



Neda Arabshahi

Director, Inclusiv
Center for Resiliency
and Clean Energy



Madeline Priest

Senior Manager, Market
Engagement, Inclusive
Prosperity Capital



Nate Hausman

Project Director, Clean
Energy States Alliance
(moderator)





INCLUSIVE
PROSPERITY CAPITAL

**SMART-E LOAN PROGRAM —
A NATIONAL RESIDENTIAL
LOAN PLATFORM**

SCALING LOCAL LENDING AND
CONTRACTOR TRADES FOR INCLUSIVE
HOUSEHOLD, ECONOMIC DEVELOPMENT
AND CLEAN ENERGY IMPACTS



**CENTER FOR RESILIENCY AND
CLEAN ENERGY**

BUILDING AND SUPPORTING A
NETWORK OF COMMUNITY LENDERS
COMMITTED TO SCALING ACCESSIBLE
CLEAN ENERGY FINANCING

Inclusiv Overview



Inclusiv is a Certified CDFI (Community Development Financial Institution) founded in 1974.

We represent and advocate for the growth and success of a national network of community-development credit unions.

Our mission: To help low-income people and communities achieve financial independence through credit unions

/ inclusiv /network



400 Community Development Credit Unions in 47 states, Washington D.C. and Puerto Rico



\$207 Billion in combined assets



14.6 Million members across the country



75% Low Income Designated



55% Certified as Community Development Financial Institutions (CDFIs)



30% Minority Depository Institutions



13 Associated Credit Union Leagues

Inclusiv Center for Resiliency and Clean Energy

Inclusiv's Center for Resiliency and Clean Energy is building and supporting a network of community lenders in designing and scaling financing solutions that combat climate change, improve community resilience, and **increase access to affordable and sustainable energy for all people.**

Training and Support to Build Green Loan Products

- Instructor-led training cohorts with accessible online trainings
- Alumni network and follow-up technical support
- Professional Certificate in Solar Lending

Collaborative Infrastructure for Credit Unions to Engage in Solar Finance

- Operating and technology platforms
- Investment vehicles and funds
- Loan participation mechanisms and secondary markets
- Partnerships between lenders

Movement Building

- Policy development and advocacy
- Industry analysis
- Cross-sectoral convenings



Contact: narabshahi@inclusiv.org

Community Lenders: The Opportunity

Community lenders (Credit Unions, CDFIs, Community Banks)

have:

- deep community relationships and underwriting experience
- existing and engaged membership/customer bases
- have available capital to offer affordable financing
- expertise in lending to low- and moderate-income communities and communities of color



But often lack capacity to vet contractors and develop their own green lending programs.

Smart-E enables community lenders to quickly and efficiently launch their green loan programs to communities that have historically lacked access to clean energy.

Green Lending Trends – Credit Unions

There are over 5,000 credit unions in the U.S.

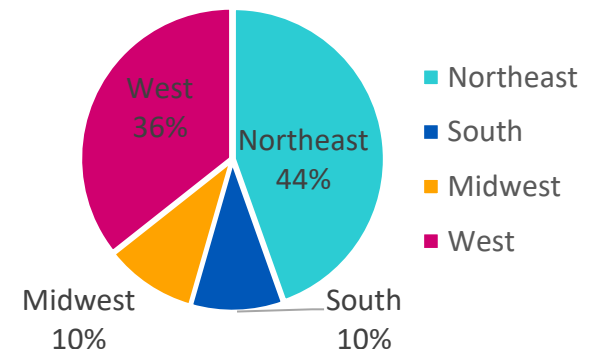
- 100 million members
- \$1.7 trillion in combined assets
- Originated \$590 billion in new loans over the past 12 months

252 credit unions across the country currently offer dedicated green loan products

22 of these 252 credit unions disclosed a combined total of \$1.1 billion in green loans originated

These 252 credit unions have capacity to grow their green lending programs:

- have \$244.7 Billion in combined total credit union assets
- represent a combine 14.4 million members
- originated 2.85 million loans for a total value of \$91.4 billion over the past year
- geographic distribution across the U.S.



Green Lending Trends – LMI Credit Unions

142 of the credit unions offering dedicated green loan products are CDFI, Low-Income, and/or Minority Depository designated.

- These 142 credit unions have \$138.9 Billion in combined total credit union assets
- They represent a combine 8.4 million members
- They originated 1.86 million loans for a total value of \$58.2 billion over the past year
- Geographic distribution
 - 38% are in the Northeast (54 CUs, \$24.8 bn assets)
 - 13% are in the South (18 CUs, \$30.4 bn assets)
 - 11% are in the Midwest (15 CUs, \$36.6 bn assets)
 - 39% are in the West (55 CUs, \$47.1 bn assets)



For questions about Inclusiv/Clean Energy, contact:

Neda Arabshahi
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narabshahi@inclusiv.org
212.809.1850 x 252





Who is IPC

The “Why”



We believe everyone should have access to the **benefits** of clean energy:

- A **cleaner, more resilient environment** in the face of climate change
- Healthier communities & buildings that create **positive social externalities**
- **Sustainable economic value creation**: reduced energy burdens, increased household/business savings, and enhanced community productivity

We can **change the conversation** in underinvested neighborhoods and underserved markets, helping to deliver Inclusive Prosperity.



INCLUSIVE
PROSPERITY CAPITAL

What is Smart-E

Problem We're Solving – Scaling Green Home Upgrades

Homeowners

- ❖ Don't know who to trust
 - What to install
 - How to find a good contractor
- ❖ Challenged to pay for upgrades

Lenders

- ❖ (Many) don't know green consumer lending
- ❖ Don't know how to get started
- ❖ Collateral and Risk

Contractors

- ❖ Need convenient and affordable financing options
- ❖ Need working capital to handle multiple jobs with financing

Governments

- ❖ Need all hands on deck to meet policy goals, particularly private capital partners

- ❖ Energy Efficiency and Home Performance
- ❖ Solar + Storage + EV Chargers
- ❖ Strategic Electrification of Heating & Cooling
- ❖ Green and Healthy Homes
 - ❖ Resilience
- ❖ Low-to-Moderate Income and Credit-Challenged
 - ❖ Local Lenders and Contractors as Advocates



17:1

Policy Impact

Jobs

Leverage

Smart-E Loan for Homeowners – National Platform

Smart-E mobilizes the **lending capacity of local lenders**, a **vetted contractor network**, and the **experience** of trusted program partners to scale clean energy home upgrades in a **national residential loan platform** using a **proven, standardized product** that supports **underserved borrowers**.

Backers & Partners

/ inclusiv /



Michigan Saves™



Program Snapshot

- ❖ Over \$250M loans, 25,000 homeowners in 3 states (CT, MI, CO)
- ❖ 16 community lenders
- ❖ 1,000+ contractors across all trades – solar, efficiency, HVAC and more
- ❖ Excellent portfolio performance

- Residential **unsecured loan** product for homeowners
 - ❖ 1-4 unit, owner-occupied residential properties
- **Low-interest** financing with **flexible terms**, enabled by **loss reserve**

Term	5-Years	7-Years	10-Years	12-20-Years
Rate (not to exceed)	4.49%	4.49%	4.99%	5.49%

- **Easy** application through **local lenders**
- 40+ energy improvements
 - ❖ Heating and cooling, solar, insulation, windows, etc.
- \$500 - \$40,000 **loan amounts** available
 - ❖ 25% of loan for “other”
- Progress payments built into the loan (1/3 upon closing, 2/3 upon proof of completion)



Qualifications

Contractors

- ❖ Participate in a training
- ❖ Properly licensed and insured
- ❖ No negative BBB rating
- ❖ Submit proper paperwork on jobs
- ❖ Maintains quality

Customers

- ❖ 580+ credit score
- ❖ Debt-to-Income less than 50%
- ❖ No bankruptcies in last 5 years

Assuming lenders on credit-challenged term sheet. Standard term sheet has higher credit score and lower DTI.

Projects

- ❖ Owner-occupied and owner-financed
- ❖ 1-4 unit residential property
- ❖ Equipment meets technical standards



How the Program Works

Who's Involved in Smart-E?

> Program Staff

- ❖ Recruits and manages lenders
- ❖ Qualifies and oversees contractors
- ❖ Manages project technical review

> Lender



- ❖ Manages customer credit review
- ❖ Disburses loan payment to contractors

> Contractor

- ❖ Provides scope of work to customer
- ❖ Inputs technical specs of project into portal
- ❖ Manages installation

> Everyone is involved in customer acquisition



Sign in

Email

Password


☐ Remember me

[Log in](#) [Forgot your password?](#)

[New Contractor? Sign up here.](#)

Simple, secure

- > New Contractor registration
 - > Insurance, license and compliance tracking
- > Lender, Contractor, Admin log-in



Jobs Programs Ratings

Joe's Energy Contracting (#00200730) Joe Buonannata ▼

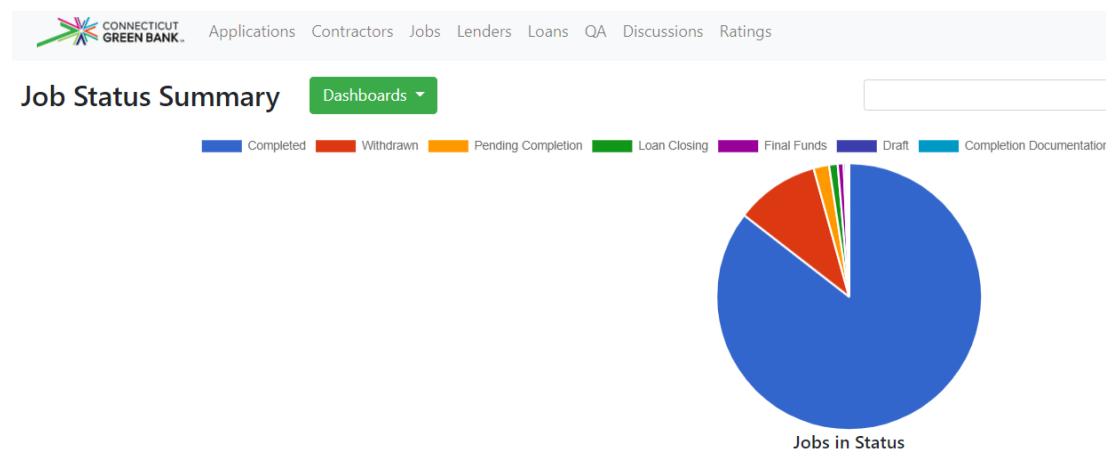
Jobs - Recently Updated View All					
Job #	Job Status	Customer	Address	Project Cost	Last Updated
#00109308	Withdrawn	Minnie Mouse	123 Main Street	\$9,000.00	10/7/2019 03:16 PM
#00109300	Pending Completion	Mickey Mouse	1600 Main Street	\$12,000.00	9/27/2019 09:42 AM
#00109410	Submitted	Joe Buonannata	865 Brook Street	\$10,000.00	8/22/2019 09:53 AM
#00109291	Completion Documentation	Fred Flinstone	845 Brook Street	\$3,000.00	8/19/2019 02:35 PM

Manage

- > Loan and Job workflow
- > Disbursement tracking
- > Quality assurance

Data Reporting

- > Monthly loans
- > Contractor Jobs
- > Contractor ratings





Smart-E Case Study

Using Interest Rate Buy Downs to Drive Heat Pump Demand

Case Study: Using Special Promotions with CT Market Transformation in Mind



➤ Goal: Use a 7 month 0.99% interest rate buydown to achieve lasting impacts on the Connecticut market and...

1. **Support state policies** to drive customer awareness of specific technologies/packages
 - Heat pumps, solar +, going deeper
2. Create **customer “pull” with contractors** to recruit new companies to Smart-E
3. **Deepen contractor engagement** with Smart-E

The advertisement is a vertical layout. At the top, a photograph shows a person's legs and a small dog standing next to an open refrigerator. To the right of the photo, a green box contains the text "Looking for a more efficient way to chill?". Below this, an orange box highlights "LIMITED-TIME LOW RATES 0.99%" and a blue box below that says "NO MONEY DOWN / LONG-TERM FINANCING". Further down, a green box states "Heat pump technology is the solution for savings and comfort." Below the photo, a text block explains that high efficiency heat pump technology can reduce energy costs and provide year-round comfort. This is followed by a "Limited-Time Heat Pump Technology Special Offer" with bullet points detailing financing options (0.99% financing, 5, 7, and 10-year terms), full project financing, and the use of funds for related home upgrades. A URL is provided to learn more. To the right, a section titled "Qualifying Heat Pump Technology:" lists four types: Ductless mini splits, Air source heat pumps, Heat pump hot water heaters, and Geothermal/ground source heat pumps. The bottom of the ad features logos for "smart-e loan", "CONNECTICUT GREEN BANK", and "energize CT", along with the phrase "in partnership with". A blue footer bar at the very bottom contains the phrases "EASY AS CHILD'S PLAY", "EASY TO APPLY", "NO MONEY DOWN", and "LOW INTEREST FINANCING".

Looking for a more efficient way to chill?

LIMITED-TIME LOW RATES **0.99%**

NO MONEY DOWN / LONG-TERM FINANCING

Heat pump technology is the solution for savings and comfort.

High efficiency heat pump technology can reduce energy costs while cooling and heating your home. Heat pumps provide year-round comfort, making your home cooler in the summer and warmer in the winter.

Limited-Time Heat Pump Technology Special Offer

- 0.99% financing
- 5, 7, and 10-year terms available
- Finance 100% of your project
- Use up to 25% of the loan for related home upgrades like EnergyStar® appliances and healthy home improvements.

Visit www.ctgreenbank.com/smartheatpump to learn more and get started.

Qualifying Heat Pump Technology:

- Ductless mini splits
- Air source heat pumps
- Heat pump hot water heaters
- Geothermal/ground source heat pumps

smart-e loan

CONNECTICUT GREEN BANK

in partnership with energize CT

EASY AS CHILD'S PLAY | EASY TO APPLY | NO MONEY DOWN | LOW INTEREST FINANCING

Case Study: Using Special Promotions with CT Market Transformation in Mind

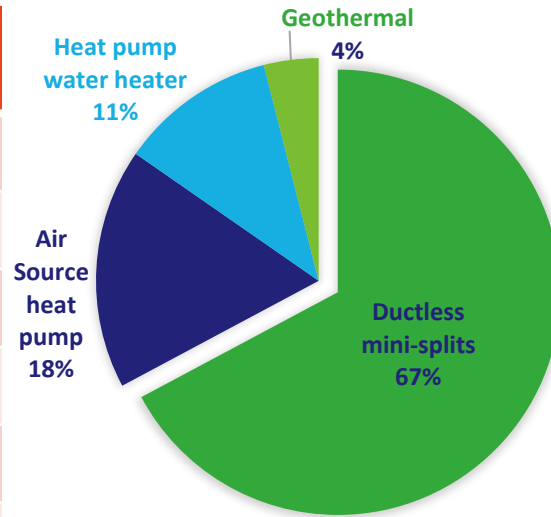


During 2017 Campaign	After Campaign – 2018
<ul style="list-style-type: none">▪ 6x increase in volume – 10x increase in heat pump volume▪ 54 new contractors<ul style="list-style-type: none">▪ Majority of new entrants are HVAC▪ Brought total to 300▪ 85% of contractors used product during campaign<ul style="list-style-type: none">▪ vs. 60% in the year before	<ul style="list-style-type: none">▪ Volume didn't collapse!<ul style="list-style-type: none">▪ 2018 run rate is 3-4x higher than the volume before campaign, including heat pumps▪ Continue training contractors<ul style="list-style-type: none">▪ Over 400 now▪ Majority of new entrants still HVAC▪ Some contractors now funding their own buydowns with lenders

Smart-E Loan Heat Pump Results in Connecticut

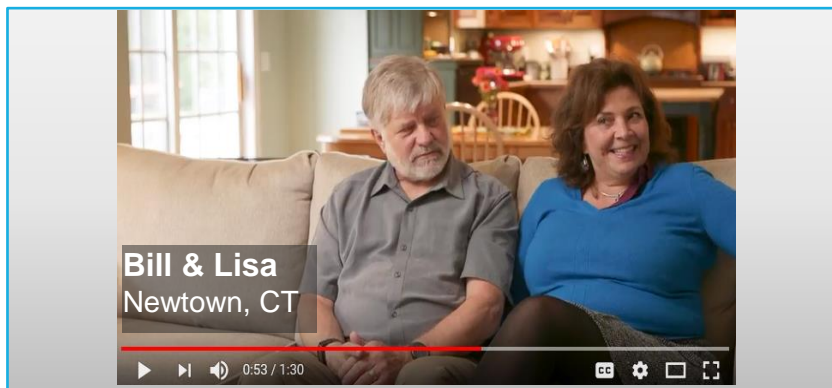


SMART-E LOANS with HEAT PUMPS	
2013-2016	174
2017	400
2018	116
2019	119
2020	172
2021	320



- **Ductless mini-splits most common**
 - Then air source heat pumps, heat pump water heaters, and geothermal
- **Heat pumps can sell even when oil prices are low**
 - Cooling and comfort are the big customer drivers
- **One third of heat pump projects were part of multi-measure jobs**
 - Heat pumps + solar, insulation or other HVAC

smart-e loan




Solar, heat pump helps couple save money and stay comfortable

Case Study: Contractor Engagement Strategies Key to CT Success



Based on engagement with 100's of contractors over the years...Nurture contractors, show them love!

- Contractor matchmaking events and conferences
- Quarterly “Coffee and...” with utilities
- Recognition programs
- “Road shows”
- Be responsive!



Looking for a more efficient way to chill?

LIMITED-TIME LOW RATES **0.99%**

NO MONEY DOWN / LONG-TERM FINANCING

Heat pump technology is the solution for savings and comfort.



Get Flexible Financing with a Smart-E Loan No money down and low-interest financing to help you upgrade your home's energy performance. Over 40 home improvement projects that reduce energy use and lower utility bill costs may qualify.

Take advantage of the Smart-E Bundle by completing two or more qualifying upgrades and save even more with the lowest rates. **Do More to Save More with a Smart-E Bundle.**

Solar PV Bundles	Insulation Bundles	Home Energy Solutions Bundle	High Efficiency HVAC Bundles
Go solar and add: <ul style="list-style-type: none"> • attic, wall or floor insulation • heat pump* • high efficiency boiler or furnace • tankless or indirect water heater • electric vehicle charging station • central air conditioning • energy efficient windows 	Attic/wall/floor insulation combined with: <ul style="list-style-type: none"> • energy efficient windows • heat pump* • high efficiency boiler or furnace • tankless or indirect water heater • solar PV 	Participate in HES and install: <ul style="list-style-type: none"> • attic, wall or floor insulation • heat pump* • high efficiency boiler or furnace 	Boiler or furnace paired with: <ul style="list-style-type: none"> • attic, wall or floor insulation • heat pump* • solar PV

Single eligible measures installed in the last 5 years, and HES participants within the last 12 months, may qualify for the bundle rate. Proof of installation is required.

LIMITED-TIME LOW RATES

0.99%

NO MONEY DOWN / LONG-TERM FINANCING

Call 860-563-0015, visit www.ctgreenbank.com/smart-e, or email smart-e@ctgreenbank.com today.



*Heat pumps include air source hot water heaters, ductless mini splits, and geothermal.

Questions?

Contacts

For more information, please reach out to:

Madeline Priest, *Senior Manager, Market Engagement*
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Thank you for attending our webinar

Nate Hausman

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For more information and resources, visit www.cesa.org