



Energy Upgrade California In Los Angeles County

California's Homeowner
Energy Efficiency Solution

Improve your home. Get rebates. Save money.



Residential EE Financing Pilot

**Loan Loss Reserve &
Interest Rate Buy Down**



Overview

- Offers both secured and unsecured fixed rate loans with varying terms.
 - **2% unsecured loan available for a limited time!**
 - **10% Loan Loss Reserve**
- Loans for EUC and/ or CSI projects
- Leverages the pre-existing utility QA/QC processes on projects
- No up front or closing costs for property owner
- Convenient application process and quick approvals



Eligibility

Property Owner Eligibility

- 680 minimum FICO score + meet other credit criteria.
- No bankruptcy in the last 7 years or a late mortgage payment over the last two years.
- Debt to income ratio of 50%

Property Eligibility

- Located in LA County
- Served by *either* SCE or SoCalGas.
- Owner-occupied, single-family detached residence.

Project Eligibility

- Energy efficiency projects must be enrolled in the Flex Path incentive or the Existing Home incentive.
- Solar projects must be enrolled in the California Solar Initiative (CSI).
- If solar is to be financed, it must be installed concurrently or after the installation of energy efficiency measures.

LLR & IRBD Quick Facts

Loan Loss Reserve

- 10% Loan Loss Reserve per project
- First 5 projects funded at 90%
- Available for 2% Loan product, and other secured and unsecured negotiated interest products.
- Effectively buys down rate by 2 points

Interest Rate Buy Down (2% Loan)

- Works in conjunction with LLR
- Averages 12.5% of total loan value

Process

Step 1

Scope Project

- Property owner contacts a contractor or receives finance packet
- Contractor scopes project costs and property owner approves
- Property owner visits LA Portal to learn about program

Step 2

Submit Applications

- Property owner applies for financing
- Contractor applies for utility incentive

Step 3

Install Project

- Financial institution issues a “Commitment to Lend”
- Contractor receives permission from utilities to proceed
- Contractor installs project

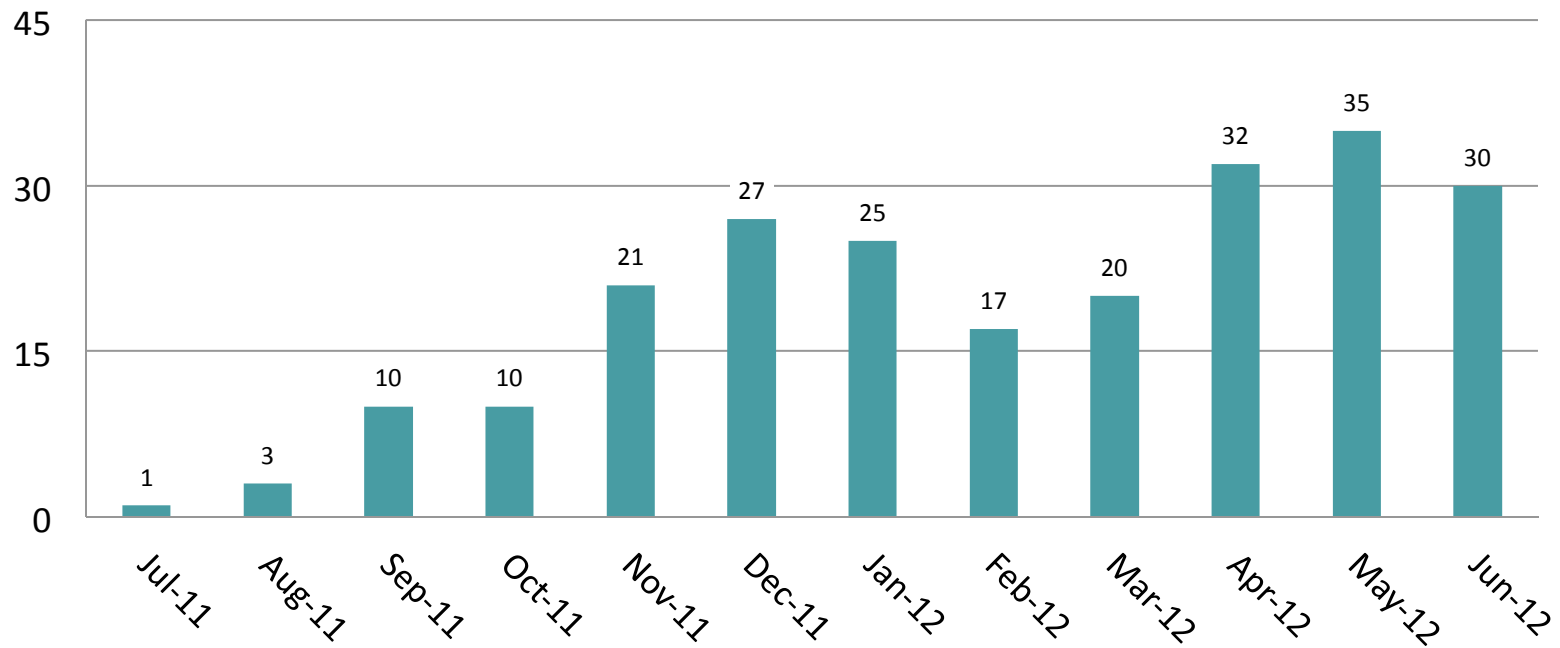
Step 4

Receive Funds

- Contractor submits required docs for incentive / Property owner submits required docs for financing
- Lender issues loan documents / Property owner signs and returns
- Lender funds the loan to either the contractor or property owner
- Property owner receives incentive check

Applications

All Loan Applications



- 210% increase in Nov – began marketing & offer 2% product
- Expect an increase due to Flex Path addition in April

Loan Statistics

Loan Statistics

	Count of Applications	Avg. Interest Rate	Avg. Terms (months)	Avg. Monthly Payment	Avg. Loan Application	Avg. Days to Funding
2% Loans	126	2.00%	60	\$262.47	\$14,930.06	61
Other Unsecured Loans	8	8.24%	98	\$241.82	\$12,993.39	72
Defaulted Loans	0	-	-	-	-	-

- The 2% loan product has been successful:
 - Applications increased
 - Loan amount increased

More Loan Statistics

Summary Dashboard (Funded + Committed Loans)

	Count of Applications	Total Loan Value	10% LLR	2% Buy Down
EECBG Funds	-	-	\$450,000.00	\$538,000.00
Funded Loans	67	\$863,471.48	\$140,815.05	\$104,152.47
Approved/Pending Loans	47	\$765,525.98	\$76,552.60	\$95,690.75
Total	114	\$1,628,997.46	\$217,367.65	\$199,843.22
Remaining EECBG Funds	-	-	\$232,632.35	\$338,156.78

- Just added an additional \$200,000 to LLR and \$238,000 to IRBD

Successes

- Appx. 40% of financing applications are from muni territories (Long Beach & LA City leading)
- 210% increase in applications due to marketing and the 2% product
- Deeper retrofits are achieved
 - Average non-loan retrofit is \$12,400
- 0 Late or defaulted payments

Lessons Learned

- Streamline the process
 - 24 hour approval turn-around
 - Hotline
 - Close loan after project completion is verified
- Train the contractors (simple messaging)
- 2% catches attention!
 - Most home owners want low interest rate (based on current mortgage rates)
- Requests for funding for related expenses
- Simple process for banks needed.

LA County Commercial PACE Program

Upgrade buildings. Enhance value. Create jobs.



What is PACE?

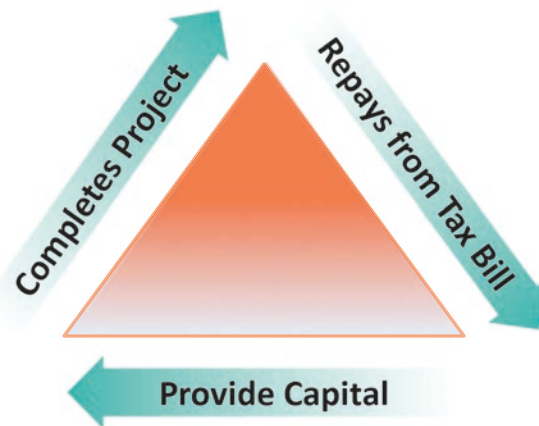
Government



Property Owner



Financer



Property **A**ssessed **C**lean **E**nergy

Benefits of PACE

- Funding for up to 100% of installed costs (hard + soft)
- Lower rates and longer terms
- Fund seismic upgrades or upgrades required by Health and Safety or AQMD



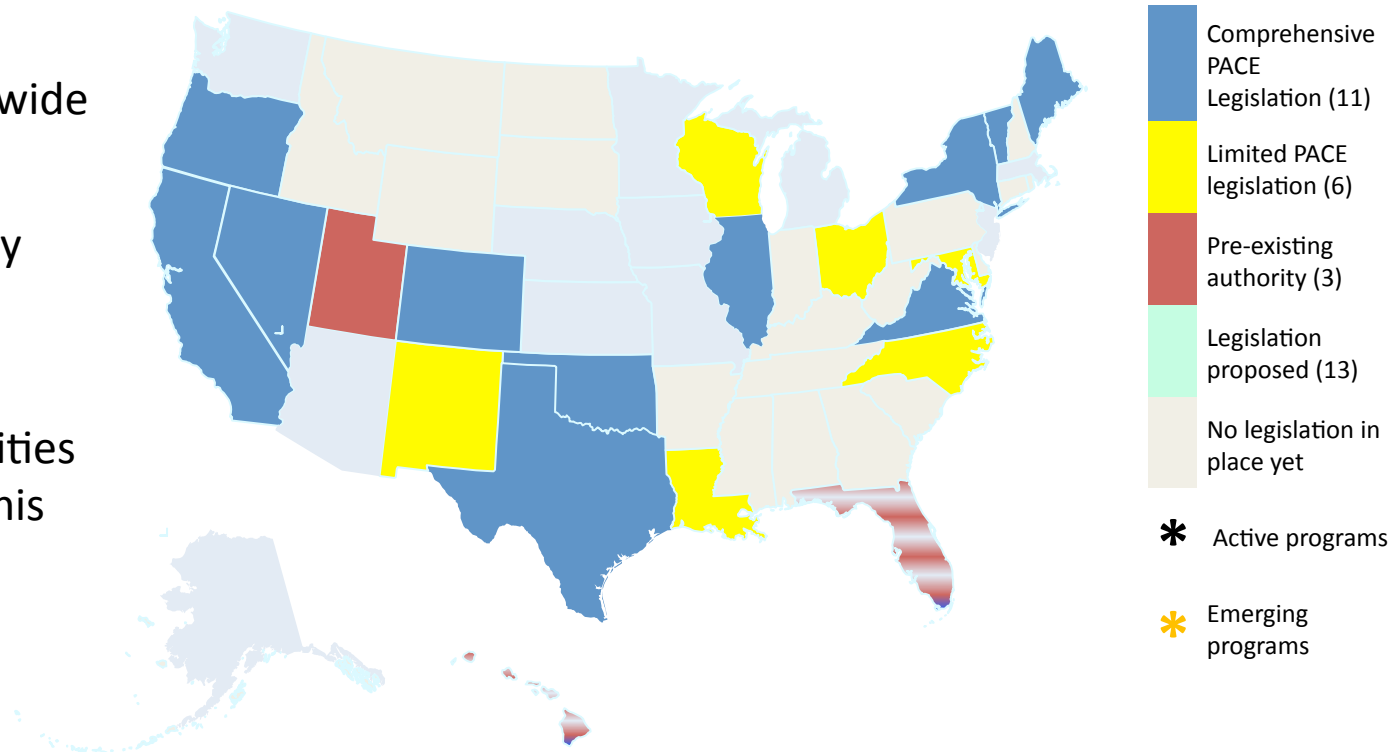
Benefits of PACE

- Allows projects to be “cash-flow positive” from day one
- Assessment transfers if the building is sold
- Assessment is a “pass-through” under most leases
- Portfolio projects/properties can be financed under a single bond with individual assessments



LA County Commercial PACE Program

- PACE is nationwide
- 79 of 88 Los Angeles County cities have adopted PACE
- Participating cities can leverage this for no cost



PACE Process

1. Owner engages contractor, gets audit & SOW

2. Owner submits PACE reservation to County

3. Owner finds Investor and negotiates financing terms

4. County sells bond to Investor. Assessment is placed on property.

5. Owner completes improvements

6. Owner pays assessment with taxes. County remits payment to Investor.



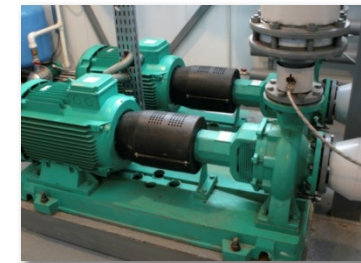
PACE Project Eligibility Criteria

Eligible upgrades must be:

- 1) Permanently affixed to the property
- 2) Proven to save either energy or water, or generate clean power

Examples

- HVAC
- Building automation systems
- Building envelope (roof, windows)
- Elevator modernization
- Solar PV or fuel cells
- High-efficiency lighting fixtures and lamps
- Occupancy and day-lighting sensors



Ideal Candidates

- Properties leased to government agencies
- Older buildings in need of major upgrades
- Properties with low loan to value
- Portfolios of properties with a single owner
- Industrial/manufacturing facilities
- Properties needing to comply with legal requirements



Questions?

