

MA HEAT Loan Overview

HEAT Loan – What is it?

- 0% loan from participating lenders
- For **qualified** energy efficient improvements in homes & businesses
- Residential up to \$25,000, terms up to 7 years
- Commercial up to \$100,000, term up to 7 years
- Mass Save Home Energy Assessment required
- **Sponsored by:**



HEAT Loan – How is it funded?

State and local banks and credit unions

- Provide capital at Prime rate + 1% with 5% floor
- Effectively 5% since 2008
- Low cost program design not dependent on secondary lending market

Utility sponsored programs

- Provide interest rate buy-down
- Residential cost per loan ~\$1,200 in 2009-2010
- \$8,000 avg. loan – subsidy approx 15%



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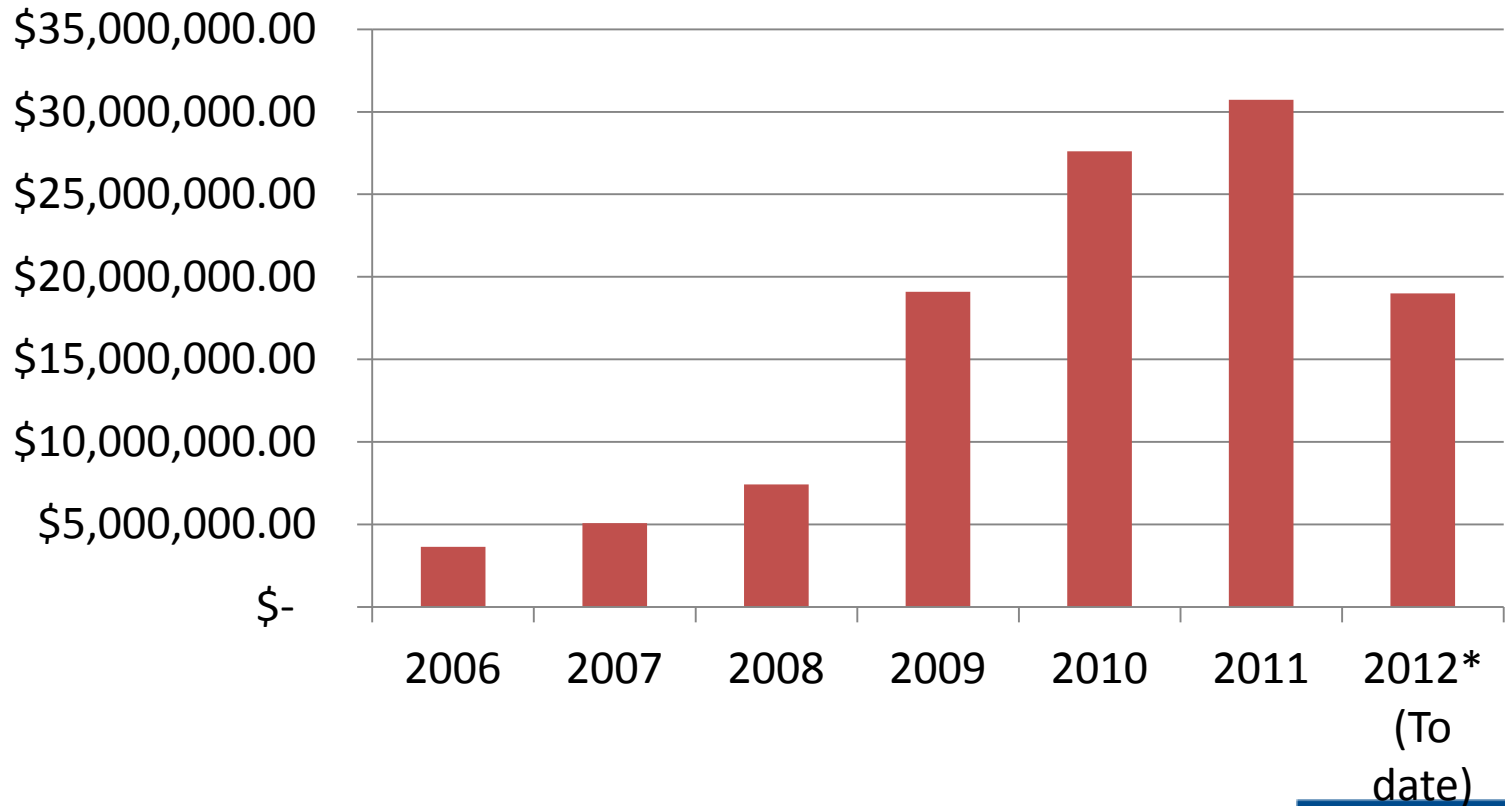
HEAT Loan – What is eligible?

Eligible Energy Efficiency Improvements:

- Attic, Wall, and Basement Insulation
- High Efficiency Heating Systems
- High Efficiency Domestic Hot Water Systems
- Solar Hot Water Systems
- 7-Day Digital Programmable Thermostats
- ENERGY STAR® Qualified Replacement Windows

HEAT loan program statistics

Annual Loan Volumes



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HEAT Loan program statistics:

The HEAT Loan has demonstrated solid credit performance and underwriting quality while maintaining attractive acceptance rates:

Default Rate (cumulative):	<0.75%*
Prepayment Rate (cumulative):	~0.75%*
Acceptance Rate (lender median):	87%

*Statistics are for EFI Lenders only and represent ~60% of all HEAT loans issued

The HEAT Loan is one of the most successful EE programs nationwide:

- Relies on local not national banks/credit unions
- Nation leading issuance (\$30+ million in 2011)
- Scalable model suitable for adoption in other states

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