



A National Leader in Financing and Programs  
for Energy-Efficient Home Improvements

# Aggressive Underwriting and Smart Product Delivery



A HUD  
Approved  
PowerSaver  
Lender

**Tessa Shin**

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# AFC First – A National Leader in Residential Energy Efficiency Lending and Programs

- **Contractor-driven, energy related home improvement lending is our primary business.** Founded in 1947, our complete focus since 1999 has been assisting high-quality contractors and motivated consumers to affordably install energy related home improvements
- AFC First is one of only three Fannie Mae approved Energy Lenders in the U.S. and considered a national leader in this market
- National footprint with over 3,000 Approved Contractors, Manufacturer, Utility and State and Municipal Partners and Sponsors
- We operate the Green Energy Training Center & Academy for Home Performance, BPI and contractor sales training
- **Creating new Green Energy Federal Credit Union for program expansion**
- **Named nation's first private Home Performance with ENERGY STAR sponsor by US DOE on October 1, 2011 (non-utility, state, municipal or non-profit)**
- **Selected as one of 18 national Power Saver pilot lenders by HUD and DOE**



# What is Keystone HELP®?



- Principally supported statewide by the **Pennsylvania Treasury, Department of Environmental Protection** and **Housing Finance Agency** and administered by **AFC First Financial Corporation**, a Home Performance with ENERGY STAR® Sponsor and energy efficiency lender
- Started as a pilot program in 2005 with the AFC First and the West Penn Sustainable Energy Fund, expanded statewide with PA Treasury in 2006 and PHFA in 2008
- Initial capital provided by AFC which then sells loan to Treasury and PHFA
- Programmatic support money for loss reserves and rate buydown currently coming from DEP
- For work performed by a network of over 1,600 independent Pennsylvania contractors who have been approved to participate in Keystone HELP®



# What is *True Fixed Rate*<sup>™</sup> Financing?



	Credit Card or Promotional Finance Company Programs	Keystone HELP
	18 to 26.99%! or a Short Term "Teaser" Rate	0.99% to 8.99% depending on program
	<u>Interest Rate is Never Really Locked in</u> Read the Fine Print	<i>True Fixed Rate</i> <sup>™</sup> Rate and Payment are Fixed for Life of Loan
\$2,000	\$50	\$26
\$5,000	\$125	\$66
\$10,000	\$250	\$132
\$15,000	\$375	\$198
<small>"Credit Card" payments based on 2.50% minimum payment factor EnergyLoan payment based on ten year, fixed rate, 8.99% APR</small>		

Many home improvement financing options are finance company- type programs with "promotional" or "teaser" interest rates for an introductory time which then revert to a very high rate if the loan balance is not paid off during the promotional period. **These "credit card" types of financing also do not necessarily guarantee a fixed rate or payment for the loan term.**

Keystone HELP is a **True Fixed Rate** simple interest, loan with longer terms and lower payments available than typical bank or other types of unsecured home improvement financing.

And since there is no penalty for pre-payment, the customer may pay it off or make additional principal payments at any time.



# Tiered Financing Options for Pennsylvania Homeowners – The Deeper the Retrofit the Lower the Rate

- **Single Measure Installed Energy Improvements**  
**Most types of HVAC, Windows, Insulation etc.** can be financed using Keystone HELP or AFC First's National Energyloan®
- **Special Programs for “Whole House” Energy Improvements** – Home Performance with ENERGY STAR through Keystone HELP
- **Special Programs for Geothermal Heat Pumps** through Keystone HELP
- **Larger Loans (to \$35,000 ) for Solar and Other Improvements** through AFC First's Renovate and Repair and Power Saver Programs



# Credit requirements for Keystone HELP loans?



- **Tier 1**
  - 680 FICO minimum
  - 50% Debt to Income Ratio
  - No Bankruptcy in the past 7 years



- **Tier 2**
  - 640 FICO minimum
  - 45% Debt to Income Ratio
  - No Bankruptcy in the past 5 years



- **Secured loan options**
  - 620 FICO minimum
  - 45% Debt to Income Ratio
  - No Bankruptcy in the past 2 years



# FACT: Low Monthly Payments and “No Money Down” Drives Sales Of Higher Efficiency Energy Home Improvements

“Can We Afford It?”



- A 2012 university research survey found that 81% of homeowners who completed energy upgrades would not have done so without affordable monthly payment financing!
- Whether its Heating, Cooling, Windows, Insulation, “Whole House” or Renewable Energy, Most Homeowners want the Best Combination of Affordability and Efficiency
- Successful, Top-Notch Contractors Reinforce Affordability by Giving Consumers a Monthly Payment Option on Every Estimate They Do
- A Low Monthly Payment Offset by Likely Energy Savings Removes the “Affordability Barrier” and Drives the Sales of Higher Efficiency Improvements

# Engaged Contractors and Well Designed Financing Programs Drive Residential Energy Efficiency

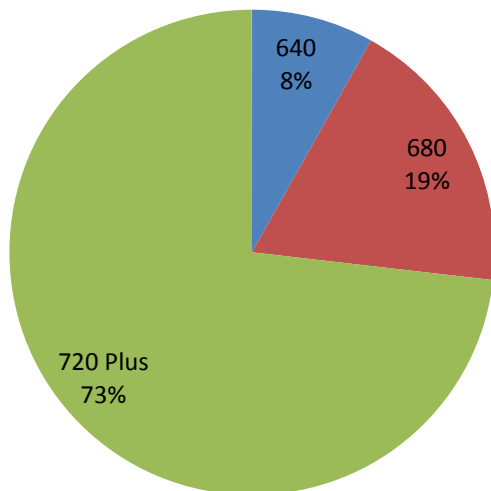
- In the current “Perfect Storm” of Energy Cost crunch and Credit Contraction, consumers and contractors more than ever need simple financing options to make energy improvements
- 70% of all Home Improvements up to \$15,000 are financed in one way or another, 90% of improvements greater than \$15,000 are financed
- Contractors drive most of this demand
- Rebates and tax credits are great – but where does the rest of the money come from?
- Keep it simple for contractor and consumer – the goal is work performed and energy savings, not the number of audits conducted



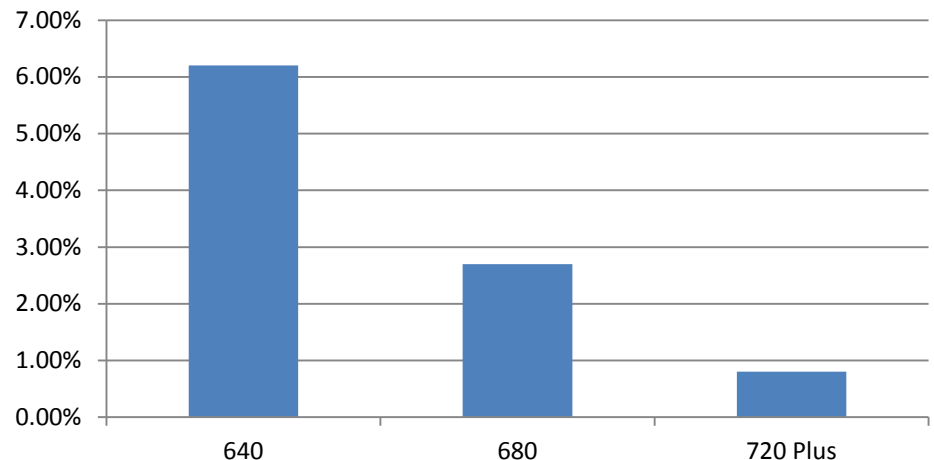
# Where we are with Keystone HELP

- Over 10,000 and \$70 million in unsecured loans
- Over 1,000 and \$20 million in secured loans
- 85% for Single Measure (HVAC, Insulation etc)
- 65% Approval Rate
- 1.62% Cumulative Charge Off for Unsecured Loans Since Inception

## Loans Made by Credit Score



## Charge Off % by Credit Score



# How Did We Get Here?

## CONTRACTORS

- Build Relationships
- Marketing Tools
- Sales Training
- Simple Process
- Involvement and Buy In

## CUSTOMERS

- Build Relationships
- Trust in Quality Contractors
- Trust in AFC First
- Ease and Affordability
- Know What They Want



# Simple Consumer & Contractor-Friendly Loan Process



Customer contacts an AFC First Approved EnergyLoan® Contractor to get an estimate for qualifying improvements.

• **Customer Gets Estimate**

For fastest approval, customer applies online at the application integrated on the contractor's website, at [energyloan.net](http://energyloan.net) or by phone at (888) 232-3477.

• **Easy Customer Application**

We'll have a quick decision on the application, (typically within an hour), advise the contractor and consumer and answer any questions. We take care of the details!

• **Fast Approval**

Contractor sends us a copy of their estimate/proposal and Contractor Spec Sheet identifying final price and qualifying improvements. BPI "test in" and "test out" required for "Whole House" programs

• **Contractor Provides Job Info**

Customer signs the simple one page loan note we will provide to them (or to the contractor for delivery to the customer).

• **Customer Signs Note**

We pay the Contractor same day upon receipt of Completion Certificate and verbal customer confirmation that the work has been done to their satisfaction.

• **We Pay the Contractor**

(888) 232 -3477 [afcfirst.com](http://afcfirst.com)



# Program Delivery

The screenshot shows the homepage of the Keystone HELP program. At the top left is the logo for Keystone HELP, Home Energy Loan Program, powered by AFC FIRST. To the right are logos for the Commonwealth of Pennsylvania, Department of Environmental Protection, and the Pennsylvania Housing Finance Agency (PHFA). A contact number is provided: Contact AFC First • (888) AFC FIRST.

A navigation bar contains the following links: WHAT IS KEYSTONE HELP?, ENERGY EFFICIENCY INFORMATION, APPLY NOW ONLINE, FIND AN APPROVED CONTRACTOR OR ENERGY AUDITOR, and INFORMATION FOR CONTRACTORS AND ENERGY AUDITORS.

The main content area features a photograph of a family (mother, father, and child) looking at documents, with a cartoon house icon. The headline reads: "Pennsylvania's Special Loan and Rebate Program for Energy Efficiency Home Improvements".

Below the headline is a list of services: "What's Keystone HELP?", "Eligible Improvements", "Find a Contractor", "Apply Now Online", and "Apply By Phone (888) AFC FIRST".

The left sidebar contains the following text:  
**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](#)

The right sidebar features a graphic for the "PA Home Energy Conference 2009" held from March 18-19 at State College, PA, with a "Get more info" link. Below the graphic is a list of events:

- 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 Contractor's Website
- Call Center and Toll Free Numbers
- Utility Links and Call Center Direction

## Where We are Going with Keystone HELP?

- Foundation of WHEEL program to create national secondary market
- Greater emphasis on Whole House, simplifying and demystifying process
- More automation, less paperwork for contractors
- Full integration of Power Saver into secured loan segment
- Development of on-line contractor training



## AFC First Keystone HELP® Contacts

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- **Peter Krajsa** Chairman and CEO
- **John Hayes** President and COO
- **Julie Unger** VP of Operations
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**(888) 232 -3477**

**keystonehelp.com afcfirst.com**

