



Program Sustainability Peer Exchange Call: *Lender-based Revenues and Cost-savings*

Call Slides and Summary

February 14, 2013

- Welcome
- Lender-based Revenues and Cost-savings in Oregon
 - [Brian Alfano, Clean Energy Works Oregon](#)
- Q&A and Discussion
 - How are programs structuring (or thinking of structuring) lender-based fees?
 - How are programs sharing costs with lending partners?
 - What are strategies for transitioning to lender-based fees or cost-sharing arrangements?

Participating Programs

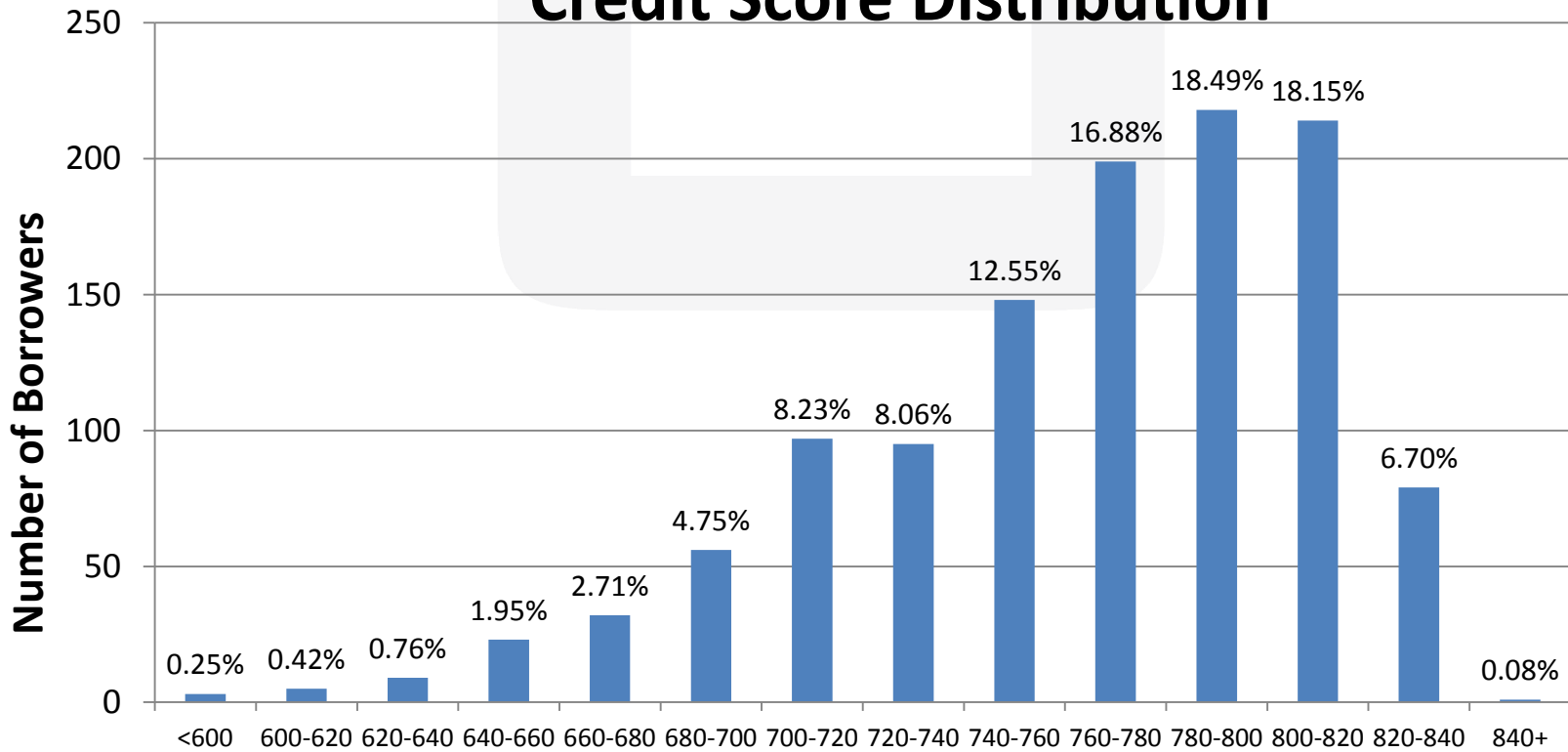
- Portland, OR
- Madison, WI
- Boulder County, CO
- Cincinnati, OH
- Chicago, IL
- Michigan
- Los Angeles County, CA
- Omaha and Lincoln, NE
- Sacramento, CA
- Kansas City, MO

CEWO EVOLUTION



OVER 89% OF 1,179 BORROWERS HAVE A 700+ CREDIT SCORE

Credit Score Distribution



LENDER MARKETING

- Incorporate lender specific marketing
- Utilize lenders existing customer base
- Contributed over 15% of leads in the fall

YOUR DINNER JACKET SHOULDN'T BE INSULATED.



MAKE YOUR HOME ENERGY CONFIDENT.
To get comfortable, you've had to get creative. Time to do better: reclaim the comforts of home with the help of Clean Energy Works Oregon. We are energy efficiency pros working with Energy Trust of Oregon, utilities, certified contractors, and local lenders to make home energy remodels happen. A free assessment pinpoints energy waste, then your upgrade team gets to work. When it's complete, your improvements are inspected to verify performance – and your home's comfort is transformed. Sign up today at CEWO.org

NO MONEY DOWN FINANCING + Instant Rebates up to \$2,000* Only through November 30




 Every Project Independently Inspected

*This offer 11/30/2012 is subject to availability and is for qualified customers who complete upgrades through CEWO. Instant rebates may include federal, state and local incentives and rebates. Energy Trust website for more information. Some restrictions apply. See us today to make sure you're eligible.

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Shocked by your energy bill?




The power is in your hands! Let SELCO and Clean Energy Works Oregon help you turn your home into a comfortable living space with an affordable all-in-one program that provides a free home energy assessment, certified contractors, and local financing. Increasing your home's energy efficiency has never been easier!

It starts with four steps:

- 1 Apply—Submit an application online
- 2 Assess—Determine energy savings opportunities
- 3 Finance—SELCO, your local lender, has you covered
- 4 Transform—Sit back and relax as your home starts saving you money

If your single-family home was built before 1993, you may be eligible for this program. Clean Energy Works Oregon grants are available to those that qualify, please see SELCO for details. Get started today—visit cawo.org and enter Instant Rebate code: PASEL.



SELCO
COMMUNITY CREDIT UNION

Solutions

selco.org

LENDER SELECTION

NEXT STEPS

LOAN AMOUNT You need \$16,734.00 in financing on your project.

Customize your loan options by adjusting the filters below, then select a loan.

Show me:

Secured Loans (4) Un-Secured Loans (3) Rate: All Term: All


SELCO Umpqua Sort By: None

Craft3 Advantis

7 of 7 total loans match your criteria:

Lender:	UMPQUA	CRAFT	Advantis	SELCO
Rate:	5.75%	5.99%	5.75%	4.00%
Term:	10 years	20 years	10 years	15 years

UMPQUA

 **UMPQUA**
B · A · N · K

Rate: **5.75%**
As low as 5.75%

Term: **10 Years**
Up to 10 years (120 months)

CONTRACTOR SUGGESTED

Unsecured loan \$5,001 to \$20,000

SELECT THIS LOAN

- Drives competition between lenders
- Allows homeowner choice
- Introduced additional products to market to serve homeowner needs
- Sets program up to charge lenders for leads

- Leverage competition between lenders
 - Bringing in new partners who were unsubsidized helped put pressure on other lenders to move away from subsidies
 - Gives homeowner choice
 - Requires lenders to make their products attractive to obtain market share
 - Additional lending partners who are willing to pay to participate puts program in a position to charge existing partners
 - Be careful to keep the lenders happy; they are also your customers
- Know your lenders
 - Medium to smaller credit unions have experience with smaller loans (e.g. auto loans) and cash, receptive to the loan capital a program can bring
 - Larger lenders may not provide desired service to homeowners
- Showcase customer attributes to attract lending partners
 - High credit scores, owner-occupied single-family homes

- Forge partnerships between contractors and lenders
 - On site, contractors can recommend particular loans suited to the project
 - Contractor may utilize lender for public marketing event (e.g. hosting home energy retrofit event at lender location)
- Push the responsibility for homeowner-lender work to the lender
 - CEWO uses a single loan verification form to collect all the information lenders will need as well as information sharing and legal disclosures – and gives this form to the lender electronically through the Energy Savvy platform, which the lender can use to track project progress
 - This approach is efficient and helps keep program from getting bogged down as the intermediary between the homeowner and lender (CEWO processes about 100 loans/mo, but only deals directly with ~10% of these)

Lessons Learned, cont.

- Have lenders do their own marketing
 - Can help drive program leads from the lenders' market
 - Lowers program marketing budget, freeing up dollars to use in other program areas
- Offer cash as well as financing options
 - Requiring 100% financing created unintended consequences; homeowners who did not want loan paid off immediately, costing lenders money
 - 10-30% of homeowners in CEWO pay cash; rest are financing
- Fee potential in the CEWO program model:
 - Test-in (first fee CEWO is considering)
 - Leads given to contractors (contractors currently responsible for 30% of leads)
 - Lender fees (e.g. loan fees)
 - Utility funds for incentives
- Avoid the one-size-fits-all loan product
 - Different products fit different homeowner demographics

Future Program Sustainability Call Topics



Program Sustainability calls will be on Thursdays from 12:30-2:00 PM on the dates below

- Program Sustainability Mastermind Session (TBD)
- Administering Non-profit Energy Efficiency Programs (March 14)
- Unique Fee-For-Service Revenues (April 11)

Please email other suggested call topics to:
peerexchange@rossstrategic.com