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Energy Retrofit Financing Requirements

California Energy Commission
1516 Ninth Street, MS-29
Sacramento, CA 95814-5512

Nearly a month ago, when the Federal Housing Finance Administration (FHFA) halted the Public Access Clean Energy (PACE) or AB 811 programs, it put jobs and the Home Performance industry in California at risk. We applaud the CEC on their rapid response to ensure ARRA funds are protected.

To ensure the continued success and performance of the industry, Efficiency First is proposing alternative financing options for homeowners interested in having energy retrofits performed on their home. The following criteria are needed to have successful financing options for homeowners who need to finance their home energy improvements.

Efficiency First supports a system that encourages a diversity of financing options. There is no silver financing bullet.

- Start by buying down rates on simple loan products, such as unsecured loans, that are already in the market and being used by home performance contractors
- Fixed interest rate of 5% or less
- Fast payment process for the contractor
 - Contractors should be paid within 15 days of job completion
- Homeowner eligibility:
 - Quick and simple credit approval process, including phone and/or internet approval
 - Establish a system using loan loss reserves or other mechanisms to ensure home owners with lower credit score lower can participate in lending programs
- No prepayment penalties
- Synchronize standards for participating contractor's compliance with the Federal HOME STAR program standards
- Require a minimum 10% energy reduction in compliance with the CEC loading order, or other incentive based solutions to encourage EE in conjunction with RE
- Loan providers should be required to track default rates and report these rates publicly to develop a case that EE loans perform above average
- Assumable loan, assignable to subsequent owners
- Loan terms up to 15 years

- Incentive **performance based** energy efficiency -- interest rate buy down based on the amount of projected energy savings

Projected Energy Savings	Resulting Loan Interest Rate
10%	7.99%
20%	6.9%
25%	5.9%
30%	4.9%
35%	3.9%
40%+	2.9%

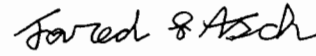
Sincerely,



Brett Knox, CA Policy Chair
GreenHomes America; Irvine, CA



Matt Golden, National Policy Chair
Recurve; San Francisco, CA



Jared Asch, National Director
Efficiency First; San Francisco, CA

ABOUT US:

Efficiency First represents 238 business owners and an estimated 2,500 workers in California.

Efficiency First is a national nonprofit trade association that unites the Home Performance workforce, building product manufacturers and related businesses and organizations in the escalating fight against global warming and rising energy costs. Efficiency First represents its members in public policy discussions at the state and national levels, to promote the benefits of efficiency retrofitting and to help our industry grow to meet unprecedented demand for quality residential energy improvements.