



ENERGY STAR[®] Program Requirements for Lenders

Financing of Energy-Efficient Products

Partner Commitments

Commitment

The following are the terms of the ENERGY STAR Partnership Agreement as it pertains to financing of energy-efficient products. The ENERGY STAR Partner must adhere to the following program requirements:

- comply with current ENERGY STAR Eligibility Criteria, defining the criteria that must be met for use of the ENERGY STAR certification mark on financing for energy-efficient products;
- comply with current ENERGY STAR Logo Use Guidelines, describing how the ENERGY STAR label and name may be used. Partner is responsible for adhering to these guidelines and for ensuring that its authorized representatives, such as advertising agencies, dealers and contractors, are also in compliance. If Partner offers ENERGY STAR financing through contractors, Partner shall cease to allow contractor to offer ENERGY STAR financing if, after three notices from Partner and/or EPA, contractor continues to violate the ENERGY STAR Logo Use Guidelines;
- fund at least 150 ENERGY STAR loans within one year of activating the ENERGY STAR financing of energy-efficient products portion of the agreement;
- submit proposed product(s) to EPA program manager for review. After EPA determines that the finance product(s) complies with the current ENERGY STAR Eligibility Criteria, the financing shall be considered ENERGY STAR financing. The Partner may begin to associate the ENERGY STAR logo and name with that product;
- submit to EPA in writing any proposals to modify ENERGY STAR financing. Any proposed modification of the financing product by the Partner will constitute a new application for its designation as ENERGY STAR financing, and shall be reviewed in accordance with the ENERGY STAR Eligibility Criteria. Partner must submit notice 60 days in advance of effective date of proposed modification. The EPA program manager shall review modifications to ENERGY STAR financing within 14 working days of receipt of request for modifications by the Partner;
- provide to EPA, on an annual basis, an updated list of ENERGY STAR financing products. Once the Partner submits its first list of ENERGY STAR financing products, the Partner will be listed as an ENERGY STAR Partner. Partner must provide annual updates in order to remain on the list of participating ENERGY STAR lenders;
- for ENERGY STAR financing materials targeted to consumers, include in its promotional literature information about ENERGY STAR financing and general information regarding the financial and environmental benefits of energy efficiency. This information should include a description of the ENERGY STAR program and the fact that purchasing more efficient equipment prevents pollution;
- for ENERGY STAR financing materials targeted to consumers, place the ENERGY STAR logo on materials including the loan application form (if Partner uses one and space permits) in accordance with the ENERGY STAR Logo Use Guidelines to help consumers become familiar with ENERGY STAR financing;
- if partner uses the same application form or promotional materials for ENERGY STAR financing and financing for standard efficiency equipment, clearly identify the preferential financing terms for ENERGY

STAR labeled equipment in the materials;

- for ENERGY STAR financing materials targeted to consumers, clearly state to consumers that ENERGY STAR financing is being offered by Partner. Partner shall not promote product in such a way that will lead consumers to conclude that the EPA or the government is providing or guaranteeing the funds;
- maintain a toll-free phone and fax number, staffed by personnel that are familiar with the ENERGY STAR financing product, for consumers, contractors, retailers, sales representatives, or contractors to call for information about Partner's ENERGY STAR financing product;
- work cooperatively with EPA to track ENERGY STAR financing and loans so their performance can be evaluated;
- actively market its ENERGY STAR financing product(s);
- notify EPA of a change in the designated responsible party or other contacts for financing for energy-efficient products within 30 days.
- provide information about its ENERGY STAR financing to all of its employees whose jobs are relevant to the development, marketing, promotion, and servicing of ENERGY STAR loans;

Performance for Special Distinction

In order to receive additional recognition and/or support from EPA for its efforts within the Partnership, the ENERGY STAR Partner may consider the following voluntary measures and should keep EPA informed on the progress of these efforts:

- consider energy-efficiency improvements in company facilities and pursue the ENERGY STAR label for buildings;
- purchase ENERGY STAR labeled products. Revise the company purchasing or procurement specifications to include ENERGY STAR. Provide procurement officials' contact information to EPA for periodic updates and coordination. Circulate general ENERGY STAR labeled financing product information to employees for use when purchasing products for their homes;
- ensure the power management feature is enabled on all ENERGY STAR qualified monitors in use in company facilities, particularly upon installation and after service is performed;
- feature the ENERGY STAR label(s) on Partner Web site and in other promotional materials. If information concerning ENERGY STAR is provided on the Partner Web site as specified by the ENERGY STAR Web Linking Policy (this document can be found in the Partner Resources section on the ENERGY STAR Web site at www.energystar.gov), EPA may provide links where appropriate to the Partner Web site;
- provide a simple plan to EPA outlining specific measures Partner plans to undertake beyond the program requirements listed above. By doing so, EPA may be able to coordinate, communicate, and/or promote Partner's activities, provide a EPA representative, or include news about the event in the ENERGY STAR newsletter, on the ENERGY STAR Web pages, etc. The plan may be as simple as providing a list of planned activities or planned milestones that Partner would like EPA to be aware of. For example, activities may include: (1) increase the availability of ENERGY STAR labeled products by converting the entire product line within two years to meet ENERGY STAR guidelines; (2) demonstrate the economic and environmental benefits of energy efficiency through special in-store displays twice a year; (3) provide information to users (via the Web site and user's manual) about energy-saving features and operating characteristics of ENERGY STAR qualified products, and (4) build awareness of the ENERGY STAR Partnership and brand identity by collaborating with EPA on one print advertorial and one live press event;

- provide quarterly, written updates to EPA as to the efforts undertaken by Partner to increase availability of ENERGY STAR financing products, and to promote awareness of ENERGY STAR and its message.



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Eligibility Criteria

Below is the specification for ENERGY STAR financing products. A financing product must meet all of the identified criteria if it is to be labeled as ENERGY STAR by its lender.

- 1) Specifications for Qualifying Financing Products: Partner must agree to meet the criteria below to qualify its financing product(s) as ENERGY STAR.
 - A. Partner agrees that the overall goal of ENERGY STAR financing is to make ENERGY STAR labeled equipment and products more financially attractive to purchase than standard, lower efficiency equipment purchased with conventional financing.
 - B. Partner agrees to work with EPA to provide customers with a financing product that will result in monthly positive cash flow. Positive cash flow occurs when the sum of monthly energy costs and financing payments associated with ENERGY STAR labeled equipment and products is less than the sum of the monthly energy costs and financing payments associated with standard efficiency equipment and products.
 - C. Partner agrees to offer a financing product that meets the following criteria:
 1. The financing clearly provides an incentive for consumers to purchase ENERGY STAR labeled products rather than standard efficiency products by including lower interest rates and longer repayment terms for ENERGY STAR labeled products than for standard efficiency products. In general, ENERGY STAR financing products offer interest rates at least two points lower than rates for standard efficiency products and repayment terms at least 2 years longer. If Partner can show that the financing product meets the overall goal listed in item A above, by some other means, these requirements can be modified. For example, if the partner is unable to provide a two point interest ratio differential and two year longer term, the partner can opt to not finance standard efficiency products with their ENERGY STAR financing product.
 2. The financing is made available on a national basis (i.e., in at least 25 states). EPA will allow regional pilot loan programs, if the pilot serves as a basis for a nationwide financing program after the pilot is completed.
 3. If Partner offers financing for standard efficiency equipment and products otherwise commonly available in the marketplace and not associated with the ENERGY STAR label, then Partner shall clearly differentiate ENERGY STAR financing from financing for standard efficiency equipment.
 4. In order to increase sales of ENERGY STAR labeled equipment and products, Partner shall strive to process ENERGY STAR financing applications and notify customer or authorized representative of approval/disapproval of application within 24 hours of receipt.
 5. In order to increase sales of ENERGY STAR labeled equipment and products, Partner shall strive to pay contractors, retailers, sales representatives, or consumers quickly upon equipment installation completion and/or financing approval (within 3-5 days). This may include the use of overnight mail, wire transfer of funds, or other similar means.
 6. In order to increase sales of ENERGY STAR labeled equipment and products, Partner agrees to keep paperwork for ENERGY STAR financing to a minimum. Partner shall strive to have one application form, printed on front and back that can be faxed to Partner for processing.
 - D. Partner agrees to submit to EPA Program Manager marketing plans for the ENERGY STAR

financing product.

- 2) Effective Date: The ENERGY STAR Financing for Energy-Efficient Products specification is effective immediately.
- 3) Future Specification Revisions: ENERGY STAR reserves the right to change the specification should market changes affect its usefulness to consumers, industry, or the environment. In keeping with current policy, revisions to the specification are arrived at through industry discussions.