

ACI Conference

New Orleans, LA
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Financing Best Practices

Conduct strategic planning - set program goals and objectives

- What is important to your program?
- Scale?
- Improving conversion rates?
- Leverage your funding?
- What do you have to work with?

Define Your Target Market – Who Are Marketing Too?

- Proactive or reactive customers

Find the right contractors to serve your target market

- Large or small companies?
- Home Performance contractors, HVAC installers, Remodelers, others

Two Main Types of Consumers

Reactive Consumers

- Equipment failures
- Highly motivated
- Need a quick turnaround
- May or may not have cash on hand



Proactive Consumers

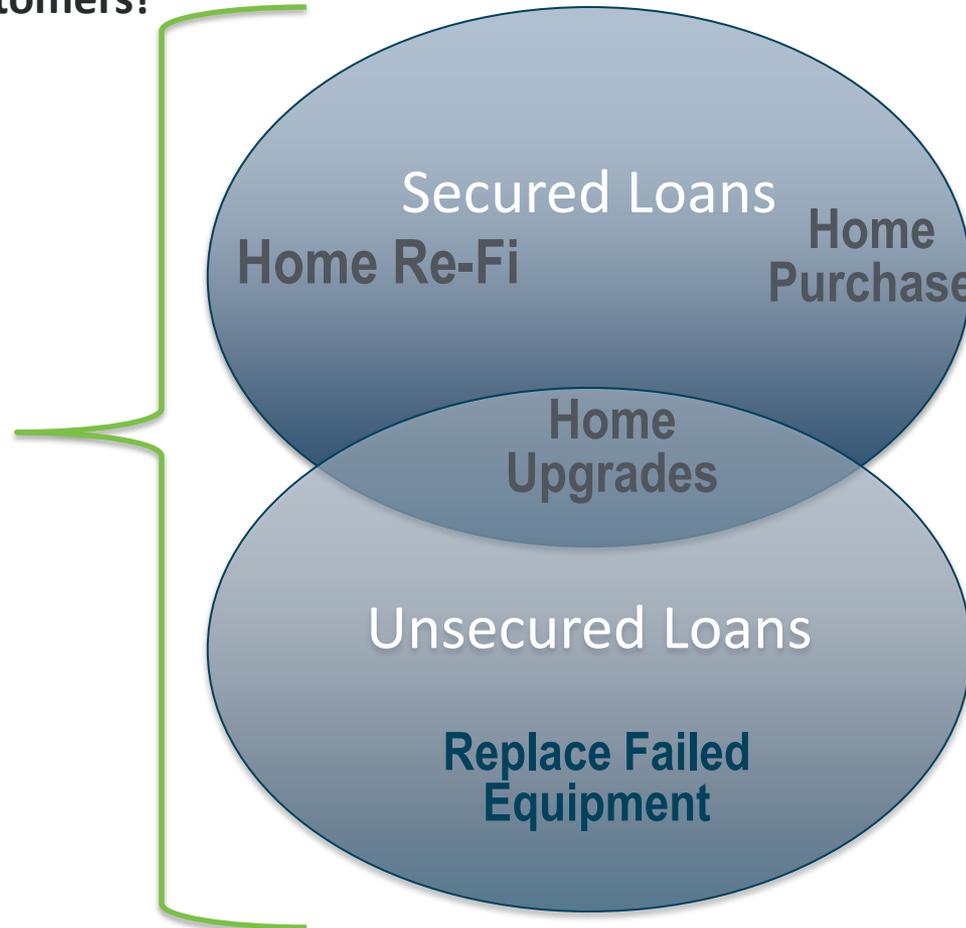
- Planning a project
- Usually a larger job – whole house job, remodel or adding a renewable such as geothermal
- Not in a hurry

Offer Products for Both Proactive and Reactive Consumers

Proactive and Reactive Customers!

Offer financing to meet both needs

Provide financing options for a variety of home upgrade projects and scenarios



Financing Best Practices

Consider offering a single measure prescriptive “Path to Performance” in addition to whole-house as part of your program design

Seek Partners with mutual goals and objectives

- Utility integration to leverage energy evaluations and rebates in a thoughtful way for one stop shopping
- Equipment Manufactures – rebates can help close sales
- Other partners – State and City Programs and State HFA’s

Offer financing as a way to attract and provide value to contractors and consumers. Over 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

Why Programs and Contractors Should Offer Financing

Longer terms with competitive rates mean low monthly payments:

- Ability finance larger jobs
- Consumers can add more energy efficient measures
- Consumers may select upgraded equipment

Contractors gets paid in a timely fashion – know they will be paid and paid quickly

Improves customer experience and over all satisfaction

Can be no cost to contractor and no financing costs to pass on to customer

Seek better executions then other unsecured financing available in the marketplace

- Contractor can save 5% to 10% over other unsecured financing available
- Long term fixed rates – no balance due to be paid by customers at the end of 24 or 36 months

Consider Offering Tiered Financing



Loan Amount = \$7,500

Estimated Monthly Payments by Financing Types

- **36 Month Same as Cash = \$208.33**
- **5 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 3.99% = \$138**
- **7 Year up to \$7,500 unsecured @ 4.99% = 106**
- **10 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 6.99% = \$87**
- **10 Year Single Measure KHP Power Plus Unsecured 9.9% = \$99**

Loan Amount = \$10,000

Estimated Monthly Payments by Financing Types

- **36 Month Same as Cash = \$277.78**
- **5 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 3.99% = \$184.12**
- **10 Year Single Measure KHP Power Plus Unsecured 9.9% = \$132.10**
- **10 Year Whole-house or Geo Thermal KHP PowerPlus Unsecured 6.99% = \$116.06**
- **15 Year KHP Secured PowerSaver or Geo Thermal 6.99% = \$89.93**

Best Practices: Integrating Financing into Home Performance

Find the right contractors

- Contractors who already offer financing – have a better product
- Recruit contractors with volume
- Contractors who need financing in their business model and get it
- Contractors targeting reactive customers
- Contractors targeting proactive customers where financing makes sense

Keep it simple

- Quick approvals
- Lender models that are appropriate for the contractor and consumer
- Offer longer terms w fixed rates – low monthly payments
- Make it easy for contractors and consumers

Offer tiered financing to help meet program objectives

The Opportunity – Embrace Change!

- Attract more of the right contractors for your program
- Become and award winning program through innovation
- Grow your contractor base – find the right contractors
- Close more jobs
- Leverage your funding
- Increase conversion rates
- Increase energy efficiency and overall program metrics
- Partner with utility rebate programs to all succeed together

Success

And now the Big Ass.....k!



What are YOU going to do about it?