



# Proposed GJGNY Residential Loan Interest Rates for Sustainability

Green Jobs – Green New York Advisory Council  
October 23, 2015

# Principles

- Continue 3.49% for current LMI consumers ( $\leq 80\%$  AMI)
- Expand access to low-rate loans for consumers with income up to 120% AMI
- Revise interest rate for consumers  $> 120\%$  AMI to operate program/fund sustainably

# Changes

- Consumers  $\leq 80\%$  AMI – No change 3.49%
- 81-120% AMI – Change to 4.99%
- $>120\%$  AMI – Change to 7.99% EE; 9.99% PV

## Effective Date

Applications received on or after December 1, 2015:

- Change 81-120% AMI to 4.99%
- Interim change >120% AMI to 5.99% (EE/PV)

Applications received on or after April 1, 2016:

- Final change >120% AMI to 7.99% EE/ 9.99% PV

\* NYSERDA to communicate changes to contractors, installers, CBOs and continue to promote information exchanges for market-based finance products

## Recommended GJGNY Loan Rates

(\$ in millions)	Energy Efficiency				PV				Total
	<=80% AMI	81-120% AMI	121%+ AMI	Total	<=80% AMI	81-120% AMI	121%+ AMI	Total	
Loan\$ Issued per Year	\$7.9	\$6.7	\$13.7	\$28.3	\$4.0	\$6.9	\$32.1	\$43.0	\$71.3
<b>Proposed Interest rate</b>	<b>3.49%</b>	<b>4.99%</b>	<b>7.99%</b>		<b>3.49%</b>	<b>4.99%</b>	<b>9.99%</b>		
Cost deficit (over loan term)	\$1.0	-0-	None	1.0	\$0.6	-0-	None	\$0.6	\$1.6
Cash deficit (overcollateralization)	\$1.8	\$0.9	-0-	\$2.7	\$1.0	\$1.0	0	\$2.0	\$4.7

## Cash Flow Effects – Holding Period

(\$ in millions)	Energy Efficiency				PV				Total
	<=80% AMI	81-120% AMI	121%+ AMI	Total	<=80% AMI	81-120% AMI	121%+ AMI	Total	
Loan\$ Issued per Year	\$7.9	\$6.7	\$13.7	\$28.3	\$4.0	\$6.9	\$32.1	\$43.0	\$71.3
-Tier 1	\$6.3	\$5.8	\$12.7	\$24.8	\$2.9	\$4.9	\$30.9	\$38.7	\$63.5
-Tier 2	\$2.6	\$0.9	\$1.0	\$4.5	\$1.1	\$2.0	\$1.2	\$4.3	\$8.8
RLF Necessary									
-Tier 1	\$6.3	\$5.8	-0-*	\$12.1	\$2.9	\$4.9	-0-*	\$7.8	\$19.9
-Tier 2 (+3 yr hold period)	<u>\$10.4</u>	<u>\$3.6</u>		<u>\$14.0</u>	<u>\$4.4</u>	<u>\$8.0</u>		<u>\$12.4</u>	<u>\$26.4</u>
Total	\$16.7	\$9.4		\$26.1	\$7.3	\$12.9		\$20.2	\$46.3

\* Loans funded from external borrowing facility

## Considerations

- Market players standing ready for Market Rate financing
  - These organizations have greater capital resources than GJGNY Fund
  - Existence of subsidized GJGNY financing is currently delaying market entry
- Market providers not as well poised to serve LMI consumer market
  - GJGNY Tier2 loan performance data will support more market providers

## Market-based Financing Products - EE

	Admirals Bank, No Dealer Fee	Admirals Bank, Deferred Loan, No Dealer Fee	GreenSky Credit
Max Loan	\$45,000	\$45,000	\$55,000
FICO, Min	700	700	Mid-600s
Debt:Income, Max	45%	45%	Avg 40%
Term/Interest Rate	7 yrs: 5.99% 10 yrs: 6.99% 12 yrs: 7.99%	7 yrs: 6.49% 10 yrs: 7.49% 12 yrs: 8.49%	Up to 12 years
Interest Rate			3.99%, 5.99%, 7.99%
Secured/Unsecured	Unsecured		Unsecured
Developer Fee	No. Homeowner pays a 5% loan origination fee + a 1% annual maintenance fee, paid monthly (funds Admirals' loan loss reserve)		No
Notes:	For the homeowner to incur no origination fee, the Contractor can pay a developer fee on a graduating scale.		Contractors have the option to buy down the interest rate to 3.99%

Addition: ReHome New York (AFC First/Renew Financial)  
7.99% 10 yrs

# Market-based Financing Products - PV

	Sungage Financial	Kilowatt Financial	Hudson Clean Energy	Admirals Bank, Unsecured Loan	Admirals Bank, Secured Loan (FHA Backed)	GreenSky Credit	Dividend Solar
Max Loan	\$50,000	\$60,000	\$70,000	\$45,000	\$40,000	\$55,000	\$50,000
FICO, Min	680	660	680	700	650	640	680
Debt:Income, Max	50%	NA	TBD for NYS. Needed with FICO is below 700	45%	45%	Avg 40%, but depends on credit score	55%
Terms	5, 10, 15, 20 yrs	15 and 20 yrs	20 yrs	5, 7, 10, 15 and 20 yrs	5, 7, 10, 15 and 20 yrs	Up to 12 yrs	20 years
Interest Rates	4.5-7.25%	4.99-9.99% 20 yrs: 5.99-10.99%	5.99% (APR)	4.99-9.99%	4.99-9.99%	0%-9.99%	6.5%
(Un)Secured	Unsecured; UCC-1 filing	Unsecured; UCC-1	Unsecured; UCC-1 filing	UCC-1 filing	Secured with a 2 <sup>nd</sup> mtg	UCC-1 filing	Ucc-1 filing
Deferred Payment Option?	12, 15 and 18 mos, interest free	12 mos	12-18 months	Up to 16 mos (4 mos construction + 12 mos), interest free	30% (tax credit portion) only	18 months, 0% interest. Balance re-amortized over (up to) 12 years	0%, 12 months
Developer Buy-Down?	No	Yes		6% Fee = 9.99% 7% Fee = 8.99% 8% Fee = 7.99% 9% Fee = 6.99%	No buy-down permitted. Developer fee built into the loan; no out-of-pocket cost to the borrower	Yes. Amount depends on which of the 24 programs is selected.	5% developer fee
Developer Fee	5-7%	Yes; competitive				Available for PV and HP projects	

