

Green Jobs-Green New York Financing Status Update Advisory Council Meeting December 6, 2011

Jeff Pitkin, Treasurer

Agenda

- Unsecured loan portfolio status
- Revisions to loan underwriting standards
- Changes to loan terms
- On-bill recovery financing implementation
- Capital markets approach developments

Unsecured Residential Loan Portfolio Status

10/31/2011

<u>Status</u>	<u># Loans</u>	<u>Amount</u>
Closed and Purchased	664	\$5,541,238
Closed Awaiting Purchase	21	177,129
Approved Pending Completion	<u>256</u>	<u>2,376,484</u>
Subtotal	941	<u>\$8,094,851</u>
Pre-approved	<u>448</u>	
Total	<u>1,389</u>	

Unsecured Residential Loan Portfolio Status

10/31/2011

<u>Loans Outstanding</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Total</u>
Number of Loans	637	23	660
Weighted Avg FICO score	747	680	744
Weighted Avg Original Term	11.9	14.1	12.0
Weighted Avg Term Remaining	11.6	13.8	11.7
Weighted Avg Interest Rate	3.57%	3.60%	3.57%
Average Monthly Payment	\$81	\$69	\$81
Average Loan	\$8,351	\$8,789	\$8,366
Average Current Balance	\$8,102	\$8,625	\$8,120
Current Balance of Loans	\$5,160,997	\$198,372	\$5,359,369
% of Total	96.3%	3.7%	100.0%

Unsecured Residential Loan Portfolio Status

10/31/2011

<u>Delinquency analysis</u>	<u>Tier 1</u>		<u>Tier 2</u>	
	<u># Loans</u>	<u>% of Loan\$</u>	<u># Loans</u>	<u>% of Loan\$</u>
Current	634	99.6%	22	97.4%
31-60 days past due	2	0.3%	0	0.0%
61-90 days past due	0	0	0	0.0%
90+ days	<u>1</u>	<u>.1%</u>	<u>1</u>	<u>2.6%</u>
Total	637	100.0%	23	100.0%

Unsecured Residential Loan Portfolio Status

10/31/2011

<u>Loan Application Approval</u>	<u># Loans</u>	<u>% of Total</u>	<u>Adjusted</u>
Approved	1,389	60%	54%
Denied	765	33%	36%
Denied Tier1, but didn't pursue Tier2	<u>178</u>	<u>8%</u>	<u>n/a</u>
Total	2,322	100%	100%

<u>Reason for Denial</u>	<u># Loans</u>	<u>% of Total</u>
Debt Ratio	397	42%
Credit Score	215	23%
Bankruptcy, foreclosure, repossession	163	17%
Collections, judgments, chargeoffs	144	15%
Other	<u>24</u>	<u>3%</u>
Total	943	100%

Revisions to Loan Underwriting Standards

Standard	Unsecured "Tier 1" (Funded from revolving loan fund, aggregated, and financed through capital markets)	Unsecured "Tier 2" (Funded from revolving loan fund, monitor for 2-3yrs acceptable performance, and financed through capital markets)
Minimum FICO or alternate	640 680 if self-employed 2yrs+ 720 if self-employed < 2yrs	No minimum FICO • Current on energy bills for at least 2 consecutive months in each of last 2yrs • No utility/mortgage payment > 60 days late in past 2 yrs • Current on any mortgage payments for last year
Debt:Income	Up to 50%	Up to 55% * Up to 70% if FICO 680+ ** Waived for applicants who qualify for Assisted Home Performance with ENERGY STAR (50%/\$5,000) subsidy ***
Bankruptcy	None within last 7 yrs	None within last 5 yrs **
Judgments	No outstanding collections, judgments, or liens > \$2,500	

* Revised 1/26/2011

** Revised 7/21/2011

*** Revised 10/17/2011

Impact of Changes to Standards

Loan Denials Down/ Tier 2 penetration up

	Cumulative 9/30/2011	%	% of Decisions	Cumulative 11/13/11	%	% of Decisions
Preapproved						
- Tier 1	1,188	95.5%		1,490	94.9%	
- Tier 2	57	4.5%		80	5.1%	
- Total	1,245	100.0%	59.7%	1,570	100.0%	61.4%
Denials	839		40.3%	987		38.6%
Total	2,084		100.0%	2,557		100.0%

Changes to Improve Effectiveness for Customers/ Contractors

- Implementing 25% contractor advance
- Implementing change to allow consumers to assign LIPA/utility incentive
- Change to access utility account payment history

On-bill Recovery Financing Implementation

Schedule

- Legislation calls for program to be implemented by 5/30/2012 (300 days after signing)
- Working on early implementation
- Phased implementation
 1. Residential
 2. Small Business/Not-for-Profit
 3. Multifamily Buildings

On-bill Recovery Financing Implementation

Roles

- ❑ NYSERDA – administrator, capital provider
- ❑ Utility – billing and collection
 - Central Hudson, Con Ed, National Grid (upstate), NYSEG, Orange & Rockland, Rochester Gas & Electric, Long Island Power Authority
- ❑ Lender - reviews eligibility, prepares financing agreement, disburses loan proceeds
 - Residential – Energy Finance Solutions to launch; add additional lenders
 - Small Business/NFP/Multifamily – Participating lenders
- ❑ Loan Servicer (Concord Servicing Corporation) – tracks loan account status, data exchange with utilities
- ❑ Mortgage Servicer (Signature Title & Escrow) – performs last owner search, records mortgage and satisfaction associated with on-bill recovery financing agreement

On-bill Recovery Financing Implementation

Residential Loan Terms

- Borrower eligibility: Own structure and named on utility account
- Eligible for financing: Same as unsecured
 - BPI-accredited Home Performance with ENERGY STAR
 - Savings-to-Investment ratio > 1.0
- Loan amount: up to \$13,000 (\$25,000 if payback 15yrs or less)
Minimum loan \$3,000 (\$1,500 for consumers who qualify for Assisted Home Performance with ENERGY STAR 50%/\$5,000 subsidy)
- Loan Term: 5, 10, 15 years
Monthly payment may not exceed 1/12th of estimated energy savings
- Interest Rate: 2.99%
- Fees: Lender processing fee (EFS - \$150); late payment charge 1.5%
subject to Public Service Law

On-bill Recovery Financing Implementation

Residential Loan Process

- Customer qualifies for financing by Lender
- Customer is provided statutory Notice and Right to Rescind documents
- Customer signs Note and Mortgage
- Contractor paid in full by Lender upon completion of work and submission of certificate of completion signed by contractor and customer
- Lender transmits loan information to Loan Servicer; Loan Servicer notifies NYSERDA for loan payment, and notifies Utility to commence utility account installment charge
- Mortgage Servicer files mortgage
- NYSERDA Loan Installment charges commences in next 1-2 bills
- Weekly/monthly data exchange between Utility and Loan Servicer
- Utility remits collections monthly to Loan Servicer

On-bill Recovery Financing Implementation

Residential Loan Process (Cont'd)

- ❑ Utility collections first applied to utility service charges, then NYSERDA Loan Installment charge
- ❑ Late payment charges and adjustments calculated by utility using normal practices and communicated to Loan Servicer
- ❑ Utility follows normal practices for Notice of Termination, deferred payment arrangements
- ❑ Customer can make partial or full prepayment by contracting NYSERDA; Loan Servicer reports adjustment to Utility
- ❑ If customer voluntarily suspends/terminates service, Utility reports closure to NYSERDA/Loan Servicer and Loan Servicer commences direct statement (“off-bill”) billing to customer until successor customer establishes service at address
- ❑ Utility notifies NYSERDA/Loan Servicer when successor customer establishes service; NYSERDA confirms to start installment charge for successor customer unless prior customer satisfied prior to sale

On-bill Recovery Financing Implementation

Residential Loan Process (Cont'd)

- Customers eligible for bimonthly billing and budget billings
- NYSERDA complaint handling procedures
 - NYSERDA phone/email contact info printed on bill; complaint procedures provided to customer up front and included as bill insert annually
 - NYSERDA will receive complaint and make determination of disputed amount
 - Appeals process established
- Social Services and HEAP payment eligibility
- NYSERDA payments to utilities
- Loan Servicer provides annual interest reporting to customer – interest component of payments may be tax-deductible
- NYSERDA annual reporting requirements

Capital Markets Approach Developments

- Obtaining access to Moody's Analytics/Equifax CreditForecast.com - provides access to NY home equity loan payment statistics and forecasts
- Exploring acceleration of bond issuance
 - Concern over reversion of Qualified Energy Conservation Bond (QECB) bonding authority, which reimburses ~70% of interest costs. Initial loan interest rate 3.99%/3.49%/2.99% predicated on subsidy
 - Issue bonds prior to having loan pool fully lent out – results in financing costs being incurred at issuance, but more than offset by preservation of bond interest subsidy
 - RFP to select bond underwriters
 - 3 firm co-manager syndicate (large, regional, MWBE)
 - Issue RFP Dec/Jan
 - Meetings with Rating Agencies
 - NYSERDA Board/PACB Approval
 - Possible issuance 1st Quarter 2012