

Step 1: Model the home and proposed improvements using the green-colored “Audit Data Collection” worksheet tab

Instructions on completing the “Audit Data Collection” worksheet tab can be found in Residential Energy Audit Program Tool User Guide, provided to Participating Auditors in the Residential Energy Audit Program. If the loan is being completed by a contractor that does not provide the required energy audit, the contractor must get the Audit Data Collection worksheet from the auditing company.

Step 2: Enter the project information on the yellow-colored “Loan Application – Step 1” worksheet tab

Enter measures which are eligible for financing on the “Loan Application – Step 1” worksheet tab, column “C”. When you click on a yellow cell in column “C”, a drop-down box will appear with a list of the prequalified measures. Once you’ve selected an improvement, enter the measure cost and any applicable notes. The dollar savings in column “H” will automatically populate based on the information filled out in the “Audit Data Collection” worksheet and previous columns.

Step 3: Verify that the project meets the loan eligibility criteria on the yellow-colored “Loan Application – Step 2” worksheet tab

- a) Once the “Loan Application – Step 1” worksheet tab has been filled out, then the total project cost, non-energy saving measure costs, first year (FY) energy savings, and average measure life on the “Loan Application Step 2” worksheet tab will auto-populate. **You must select the interest rate and the type of loan the customer wants.**
- b) Verify that the project “Passes All Criteria” on row 70 for the desired loan type (On-Bill Recovery or Smart Energy), interest rate, and length of term (5, 10, or 15 years). A green “YES” or red “NO” indicates if the project passes.

Projects must meet the Cost Effectiveness Requirements as follows:

On-Bill Recovery Loan:

- The monthly loan payment may not exceed 1/12th of the estimated annual energy cost savings over the loan term. (1/12th rule)
- Average measure life must be greater than or equal to the loan term.

Smart Energy Loans less than or equal to \$13,000:

- Pre-qualified eligible home energy improvements are at least 85% of the loan amount.
- OR
- Estimated energy cost savings over the anticipated life of all eligible home energy improvements must be at least 80% of the total principal and interest to be paid on the loan.

Smart Energy Loans greater than \$13,000:

- Savings to investment ratio (SIR) of 0.80 or greater, as calculated by the “Loan Application – Step 2” worksheet tab.
- Simple payback period is less than or equal to 15 years.
- Average measure life must be greater than or equal to the loan term.

c) If the project fails one or both criteria, verify that the “Customer Contribution” and “FY Energy Savings” in the “Project Information” section are appropriate for the loan type and term desired. To bring the project into passing status revise the “Customer Contribution” in the “Project Information” section, ask the customer to contribute the minimum required out-of-pocket costs. You may also revise the “Loan Application – Step 1” worksheet tab by increasing the annual savings of the proposal by changing the measures being financed, and/or reducing the amount of the work scope costs.

A project that fails for OBR may switch loan products if it “Passes All Criteria” for the Smart Energy Loan.