

SEE Action Network

**Forum on Enhancing the Delivery of Energy  
Efficiency to Middle Income Households**

March 26, 2012

Jeff Pitkin, Treasurer

# Green Jobs-Green New York Program

## Legislative Authority

### **Green Jobs-Green New York Act of 2009 (Oct 2009)**

- Establishes revolving loan fund and innovative financing mechanisms to finance energy efficiency improvements for:
  - Residential 1-4 family dwelling (up to \$25,000)
  - Multifamily buildings (program limit \$5,000/unit or \$500,000 per building)
  - Small business (<101 employees) and not-for-profit structures (up to \$50,000)

### **Power NY Act of 2011 (Aug 2011)**

- Establishes an on-bill recovery charge for repayment of GJGNY loans
- Statewide – customers of 6 IOUs and Long Island Power Authority
- Tariff obligation – subject to termination of service, deferred payment arrangements
- Survives changes in property ownership
- Provides fees to utilities to fund costs for billing system changes and administration
- Loans require borrower provide mortgage – subordinated; can't be used for foreclosure; intent is solely to provide notice to purchaser
- Pending legislative amendment to fix compliance with State Banking Laws
  - Replace filing of mortgage with filing of a Declaration (similar to easement)
  - Not a lien – provides notice in same way

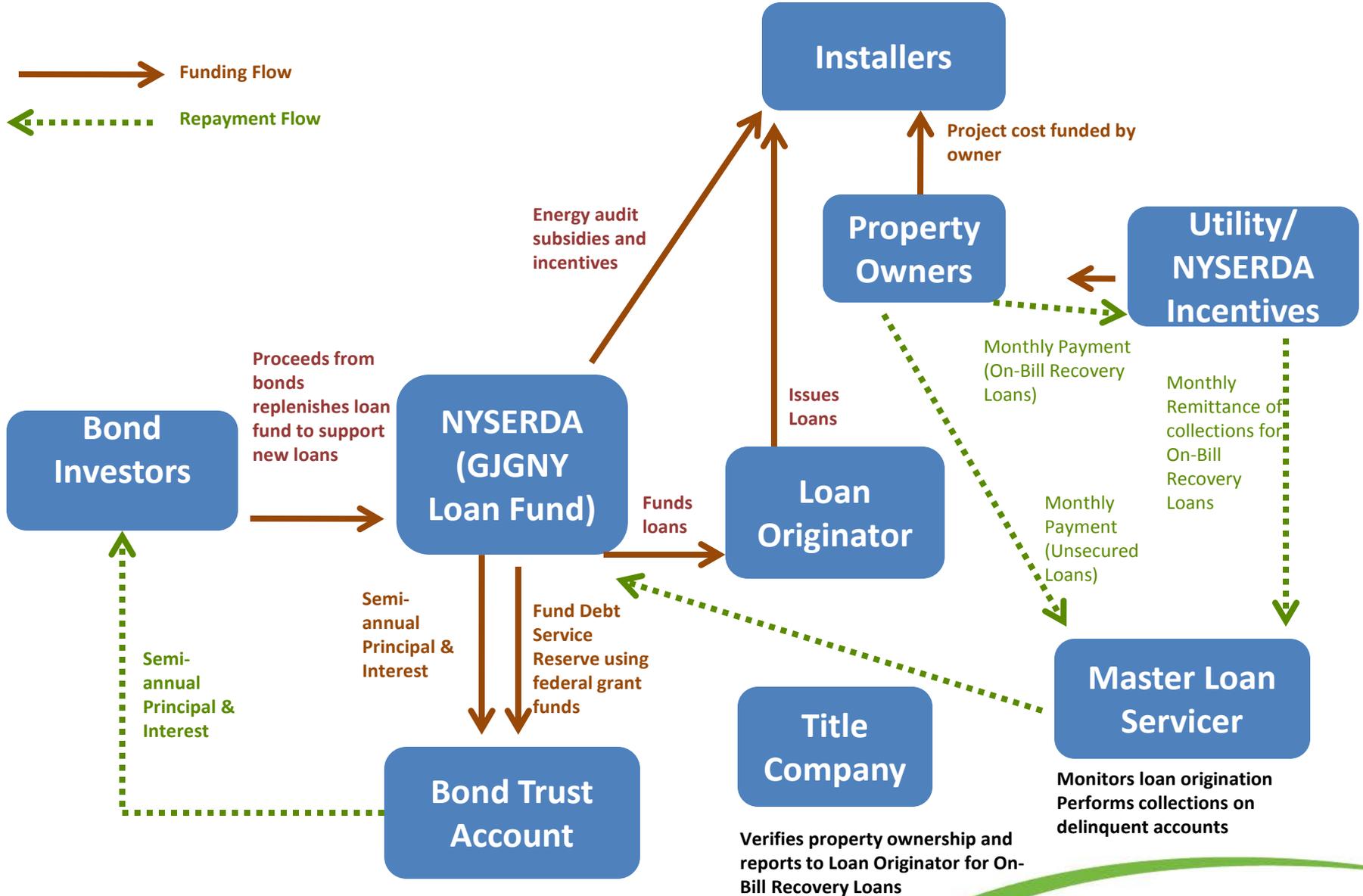
# GJGNY Funding

- \$112 M From Regional Greenhouse Gas Initiative (RGGI)
  - \$51.26M revolving loan fund (\$26.7 M residential)
- DOE Better Buildings Grant
  - \$9.3M loan loss/debt service reserve
- Leverage RGGI and DOE funds through Capital Markets bonds issued by NYSERDA
  - Issue as Qualified Energy Conservation Bonds – 70% federal subsidy reduces cost of capital – lower loan interest rate
  - Rated public bond issuance – On-bill Recovery structure may qualify for AAA rating

# Loan Underwriting Standards

- **Tier1 loans:** traditional (FNMA) standards
  - These loans will be aggregated and financed through capital markets
- **Tier2 loans:** originated under alternate criteria (utility bill paying history) and slightly relaxed debt-to-income criteria
  - Loans held in revolving loan fund
  - Monitor loan performance over time (2-3 yrs) and added to pool of loans financed through capital markets

# Green Jobs-Green New York Residential Loans



# Residential Loan Underwriting Standards

Standard	“Tier 1” Loans	“Tier 2” Loans
Minimum FICO or alternate	640 (680 self-employed 2yrs+) (720 self-employed <2yrs)	None, however minimum score may apply based on debt-to-income ratio.
Utility and mortgage payment history	None	<ul style="list-style-type: none"> <li>• Current on all energy bills for at least 2 consecutive billing periods during each of the last 2 years.</li> <li>• Current on all mortgage payments for the last year.</li> <li>• No energy/mortgage payments more than 60 days late for the last 2 yrs.</li> </ul>
Max Debt-to-Income ratio	Up to 50%	Up to 55% <sup>1</sup> Up to 70% if FICO score of 680+ <sup>2</sup> Waived for applicants who qualify for Assisted HPwES subsidy (50%/up to \$5,000 of cost) <sup>3</sup>
Bankruptcy	No bankruptcy, foreclosure, or repossession within last 7 yrs	No bankruptcy, foreclosure, or repossession within last 5 yrs
Judgments	No outstanding collections, judgments or tax liens > \$2,500	

Revision history

<sup>1</sup> Added 1/26/2011

<sup>2</sup> Added 7/21/2011

<sup>3</sup> Added 10/17/2011

Tweak standards

# Residential Loan Portfolio Status 2/29/2012

## Applications Status

<u>Status</u>	<u>Total</u>		<u>Trend</u>
Approved	2,152	63%	↑
Denied	997	29%	↓
Didn't pursue Tier2	<u>294</u>	<u>9%</u>	
Total	3,443	100%	
Pending	14		
Withdrawn prior to approval	<u>246</u>		
Total Applications Received	3,703		

# Residential Loan Portfolio Status 2/29/2012

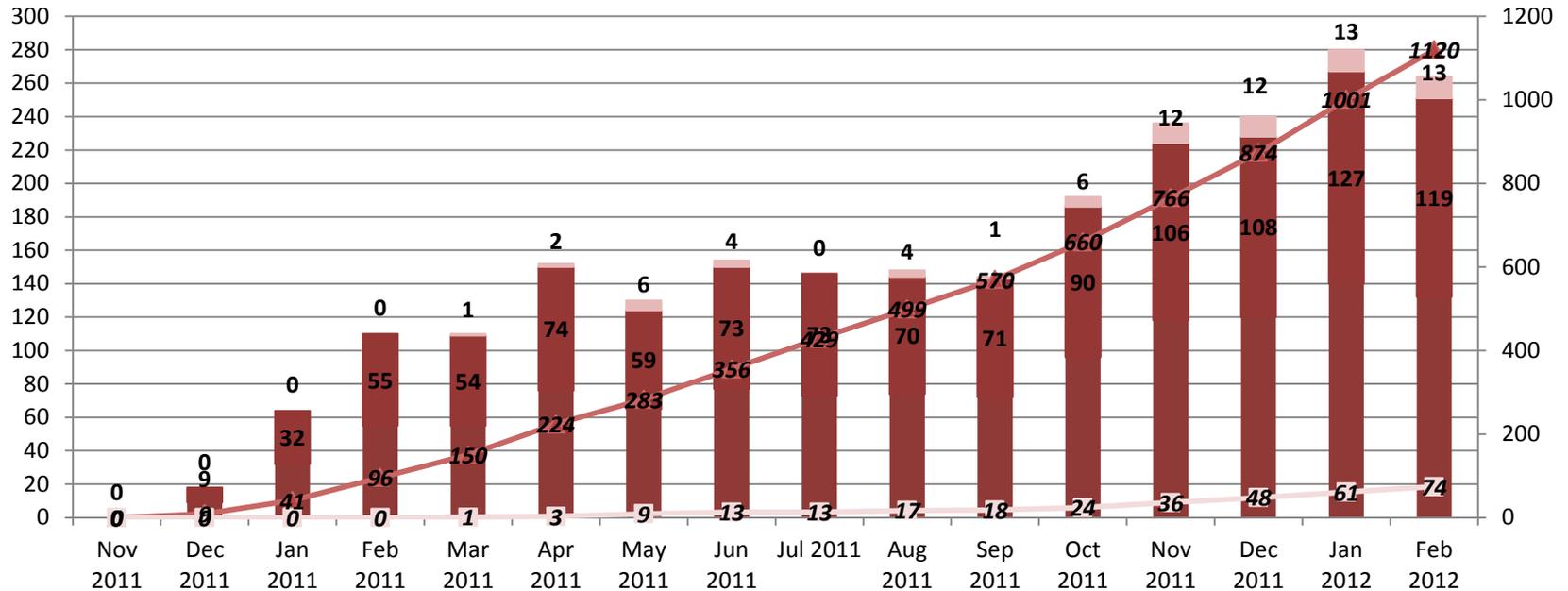
## Application Denials

<u>Reason for Denial</u>	<u>Unsecured</u>		<u>On-Bill Recovery</u>		<u>Total</u>	
Debt Ratio	508	42%	31	41%	539	42%
Credit Score	298	25%	26	37%	326	25%
Bankruptcy, foreclosure, repossession	198	16%	9	12%	207	16%
Collections, judgments, chargeoffs	182	15%	7	9%	189	15%
Other	<u>30</u>	<u>2%</u>	<u>0</u>	<u>0%</u>	<u>30</u>	<u>2%</u>
Total	1,216	100%	75	100%	1,291	100%

# GJGNY Residential Loan History

## Green Jobs-Green New York Financing Loans Issued by Tier

■ Monthly Activity      ■ # Tier 1 Loans Closed / Month      ■ # Tier 2 Loans Closed / Month  
▲ Total Tier 1 Loans Closed      ▲ Total Tier 2 Loans Closed



# Residential Loan Portfolio Status 2/29/2012

## Loan Statistics

	<u>Unsecured Loans</u>	
<u>Loans Outstanding</u>	<u>Tier 1</u>	<u>Tier 2</u>
Number of Loans	1,086	70
Weighted Avg FICO score	750	672
Weighted Avg Original Term	11.9	13.3
Weighted Avg Term Remaining	11.5	13.1
Weighted Avg Interest Rate	3.57%	3.54%
Average Loan	\$8,912	\$10,039
Average Current Balance	\$8,556	\$9,880
Current Balance of Loans	\$9,292,230	\$691,581
% of Total	93.1%	6.9%

# Residential Loan Portfolio Status 2/29/2012

## Loan Performance

<u>Status</u>	<u>Unsecured Loans</u>			
	<u>Tier 1</u>		<u>Tier 2</u>	
	<u>#</u>	<u>% of \$</u>	<u>#</u>	<u>% of \$</u>
Current	1,085	99.95%	69	99.25%
31-60 days past due	0	0%	0	0%
61-90 days past due	0	0%	0	0%
90+ days	<u>1</u>	<u>0.05%</u>	<u>1</u>	<u>0.75%</u>
Total	1,086	100.0%	70	100.0%