

## Promote existing loan products when possible before developing new ones

Developing new energy efficiency loan products requires financial expertise and resources that not every program has available or that might not even be necessary. Finding and promoting existing energy efficiency loan products, such as loans that may be offered by a local credit union, your state energy office, or national lenders, or loan products available to contractor networks that meet the needs of your target audience is a simpler, low-cost, low-risk approach to improving access to financing for home energy upgrades. Many programs have partnered with lenders to offer the Federal Housing Administration's [PowerSaver Loans](#) [1], a trio of national loan products available for home energy efficiency improvements.

- [EnergyWorks of Philadelphia](#) [2] decided to leverage an established and successful state financing program rather than starting a financing initiative from scratch. This approach enabled the program to offer loans more quickly and leverage existing consumer and contractor acceptance of its loan offerings. The program leveraged the Keystone Home Energy Loan Program (Keystone HELP), Pennsylvania's award-winning residential financing program with low fixed rates for single measure and whole house improvements. EnergyWorks provided financial support from its Better Buildings Neighborhood Program grant to make Keystone HELP loans available at even lower interest rates to homeowners in the Greater Philadelphia area. By leveraging the existing Keystone HELP loan, and by providing additional consumer and contractor outreach, EnergyWorks was able to help finance over 1,900 upgrades totaling more than \$17 million between 2010 and 2013. This represented an annualized increase of close to 40% over pre-EnergyWorks Keystone HELP volume in the Philadelphia region.
- In addition to helping to develop new loan products, [Efficiency Maine](#) [3] offers and promotes the use of the federally insured FHA unsecured and secured PowerSaver loans. The PowerSaver loan is an energy-related home improvement loan offered under the Federal Housing Administration Title 1 home improvement loan insurance program. PowerSaver provides homeowners with low-cost, long-term funds to make cost-effective energy efficiency improvements to their homes. FHA supports lenders by offering insurance that covers 90% of the loss amount on loans up to \$25,000. Between 2010 and October 2013, AFC First—Efficiency Maine's authorized lender—issued 106 PowerSaver loans with a total loan value of nearly \$1.3 million, and average loan amount of \$12,000.
- When [Colorado's Xcel Energy](#) [4] set out to establish a program to offer financing to the residential market, they decided to partner with lenders and sponsor existing loan products rather than provide a loan loss reserve, on-bill repayment, or other more costly and resource-intensive financing option. Xcel first contracted with a finance consultant to evaluate partnership opportunities. The consultant identified two existing residential energy efficiency loans: an unsecured energy efficiency loan offered by Elevations Credit Union, and the federally insured PowerSaver second lien product offered by Bank of Colorado and WJ Bradley Mortgage Company. Xcel chose to sponsor both products and signed letters of alliance with all three financial institutions. Under this arrangement, Xcel works with the lenders to present their loan products to contractors and Xcel customers through workshops, their [website](#) [4], and other promotional avenues.

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**Source URL:** <https://rpsc.energy.gov/tips-for-success/promote-existing-loan-products-when-possible-developing-new-ones>

### Links

[1] <http://energy.gov/eere/buildings/powersaver-loans>

[2] <http://energy.gov/eere/better-buildings-neighborhood-program/philadelphia-pennsylvania>

[3] <http://www.efficiencymaine.com/>

[4]

[https://www.xcelenergy.com/Save\\_Money\\_&\\_Energy/Residential/Additional\\_Programs/Energy\\_Efficiency\\_Financing\\_for\\_Residential\\_CO](https://www.xcelenergy.com/Save_Money_&_Energy/Residential/Additional_Programs/Energy_Efficiency_Financing_for_Residential_CO)