Michigan Saves:
Using Loan Performance Data to Inform Program Implementation

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Executive Director
Michigan Saves
Michigan Saves
Structure and Role

- Provide loss reserve for lenders
- Oversee authorized contractors
- Drive demand for energy efficiency through outreach and incentives
- Set program guidelines and provide quality control

State and Federal Governments

Contractors

Lenders

Customers

www.michigansaves.org
What data do we track?

More importantly, what do we do with the data we track?
Home Energy Loan Program to Date

Losses paid: 51 (1.5%) through Feb

Monitoring to perform better than national average of 3–4%
Monthly Loan Volume

Tracking performance to goals, seasonality, performance of incentives
## Approval Rates

<table>
<thead>
<tr>
<th>Decision</th>
<th>Count</th>
<th>% of Total</th>
<th>Avg Income</th>
<th>Avg Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>3,466</td>
<td>60.04%</td>
<td>$76,036.29</td>
<td>740</td>
</tr>
<tr>
<td>Denied</td>
<td>2,286</td>
<td>33.56%</td>
<td>$57,019.80</td>
<td>630</td>
</tr>
<tr>
<td>Pending</td>
<td>211</td>
<td>3.32%</td>
<td>$55,411.34</td>
<td>699</td>
</tr>
<tr>
<td>Recommend</td>
<td>218</td>
<td>3.08%</td>
<td>$56,632.70</td>
<td>626</td>
</tr>
<tr>
<td>Denied</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>6,181</td>
<td>100.00%</td>
<td>$67,615.88</td>
<td>696</td>
</tr>
</tbody>
</table>

## Loan Approvals (LSI Report)

Taking a deeper look at the last 6 months:

<table>
<thead>
<tr>
<th>Month</th>
<th>Approved</th>
<th>Denied</th>
<th>% Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
<td>93</td>
<td>69</td>
<td>57%</td>
</tr>
<tr>
<td>Nov</td>
<td>77</td>
<td>58</td>
<td>57%</td>
</tr>
<tr>
<td>Dec</td>
<td>59</td>
<td>47</td>
<td>56%</td>
</tr>
<tr>
<td>Jan</td>
<td>61</td>
<td>61</td>
<td>50%</td>
</tr>
<tr>
<td>Feb</td>
<td>67</td>
<td>35</td>
<td>65%</td>
</tr>
<tr>
<td>Mar</td>
<td>76</td>
<td>38</td>
<td>66%</td>
</tr>
</tbody>
</table>

Reduced minimum credit score to 640 to drive more approvals
Customer Satisfaction: Likes

• Easy, fast process
• Contractors
• Professionalism
• Customer service
• Home Improvement/new equipment
• Saving money

“It was a really good deal. And we love our new windows—they’re a big improvement over what we had before.”
— Steve McMullen
Customer Satisfaction: Needs Improvement

- Lower interest rates
- More local lenders
- More marketing
- Contractor oversight
- Contractor education

“The difference was immediately noticeable ... the temperature is much more even throughout the house.”

— Brian Catlett
Leveraging Customer Feedback

- Build off of satisfied customers
- Utilizing contractor ratings in online database
- Seeking more local lenders in underserved areas
- Talking to current lenders about rates
Jobs that are **financed** ... are **230%** larger

have **29%** more measures

save **37%** more energy

... than cash jobs

**Average project size of financed jobs:**

$**10,130**

**Average project size of non-financed jobs:**

$**4,365**

Analysis of more than 2,500 jobs, 35% financed and 65% cash (889 financed and 1,655 cash).
Contacts

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