



Since 1947

A National Leader in Financing and Programs
for Energy-Efficient Home Improvements

Energy Efficiency Financing



A HUD
Approved
PowerSaver
Lender

Peter Krajsa
Chairman and CEO, AFC First

AFC First – A National Leader in Residential Energy Efficiency Lending and Programs

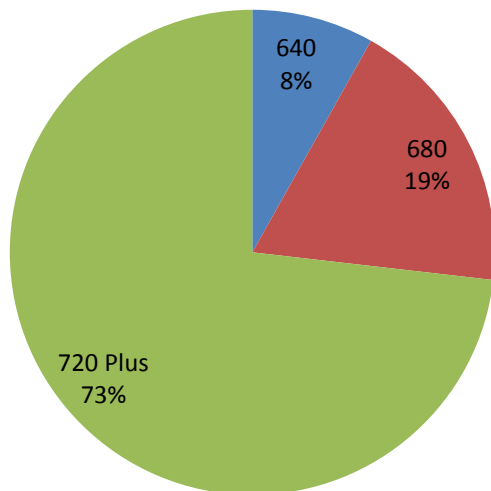
- **Contractor-driven, energy related home improvement lending is our primary business.** Founded in 1947, our complete focus since 1999 has been assisting high-quality contractors and motivated consumers to affordably install energy related home improvements.
- AFC First is one of only three Fannie Mae approved Energy Lenders in the U.S. and considered a national leader in this market
- National footprint with over 3,000 Approved Contractors, Manufacturer, Utility and State and Municipal Partners and Sponsors
- We operate the Green Energy Training Center & Academy for Home Performance, BPI and contractor sales training
- **Creating new Green Energy Federal Credit Union for program expansion**
- **Named nation's first private Home Performance with ENERGY STAR sponsor by US DOE on October 1, 2011 (non-utility, state, municipal or non-profit)**
- **Selected as one of 18 national Power Saver pilot lenders by HUD and DOE**



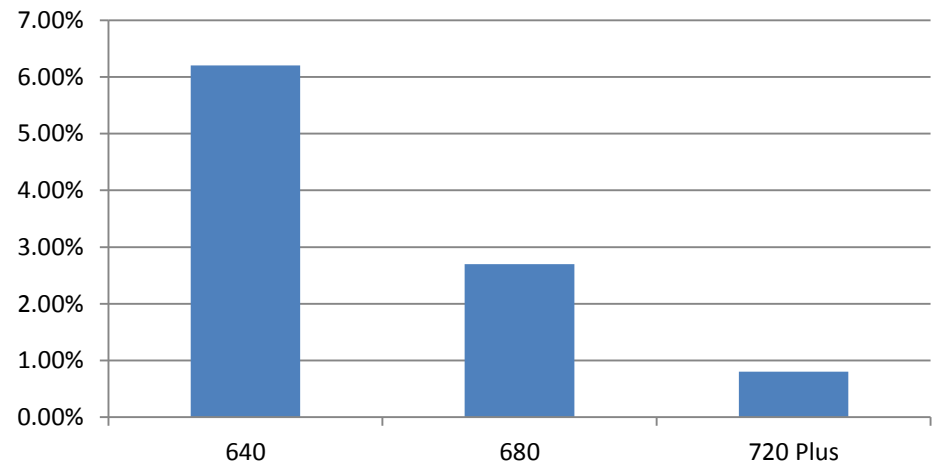
Overview of Keystone HELP

- Keystone HELP is one of the most successful programs in the nation with recognition by ACEEE
- Over 10,000 and \$70 million in unsecured loans
- Over 1,000 and \$20 million in secured loans
- 85% for Single Measure (HVAC, Insulation etc)
- 70% Approval Rate
- 1.62% Cumulative Charge Off for Unsecured Loans Since Inception

Loans Made by Credit Score



Charge Off % by Credit Score



Broad Credit Approval for Keystone HELP loans



- Homeowners who own and are making qualifying improvements to their 1 to 2 unit primary residence located in Pennsylvania are eligible
- **Tier 1 to \$15,000**
 - 680 FICO minimum
 - 50% Debt to Income Ratio
 - No Bankruptcy in the past 7 years
- **Tier 2 to \$7,500**
 - 640 FICO minimum
 - 45% Debt to Income Ratio
 - No Bankruptcy in the past 5 years
- **Secured loan options (PowerSaver) to \$35,000**
 - 620 FICO minimum
 - 45% Debt to Income Ratio
 - No Bankruptcy in the past 2 years



Warehouse for Energy Efficiency Loans

- Based upon the success of Keystone HELP, PA Treasury recognized an opportunity to execute a secondary market sale to recapitalize its initial investment in the program
- However, the lack of a functioning secondary market has made such a transaction difficult to arrange
- PA Treasury decided to work with national partners to develop a financing facility to aggregate, package and sell similar assets from around the country
- This facility – WHEEL – is intended to stimulate the development of a national secondary market for energy efficiency financing assets

WHEEL Structure and Financing

- A firm has been selected to act as an aggregation conduit and master servicer, with loans transferred to a remote (special purpose vehicle) SPV owned by the firm
- The aggregation conduit will acquire loans at par from approved originators and serviced by approved subservicers (originators and servicers may, but are not required to be, the same entities)
- Senior capital for loan aggregation is expected to come from the PA Treasury and Citigroup in equal proportions, with subordinated capital coming from utilities or other state and local partners
- When sufficient scale is reached, the pool of loans in the SPV will be securitized and sold as a rated instrument to secondary market investors
- Current proposed schedule targets the first quarter of 2013 for all appropriate contracts, agreements, etc. to be executed and for loan aggregation to commence

The Future...

- Foundation of WHEEL program to create national secondary market
- Improved integration with utility programs to offer additional incentives for specific measures
- On-Bill financing
- Greater emphasis on Whole House, simplifying and demystifying process
- More automation, less paperwork for contractors
- Full integration of Power Saver loans