

City of Laredo's Energy Efficiency Revolving Loan Program

EECBG & SEP South
Central Regional Peer
Exchange Meeting
San Antonio Texas
March 15-16, 2011

Background

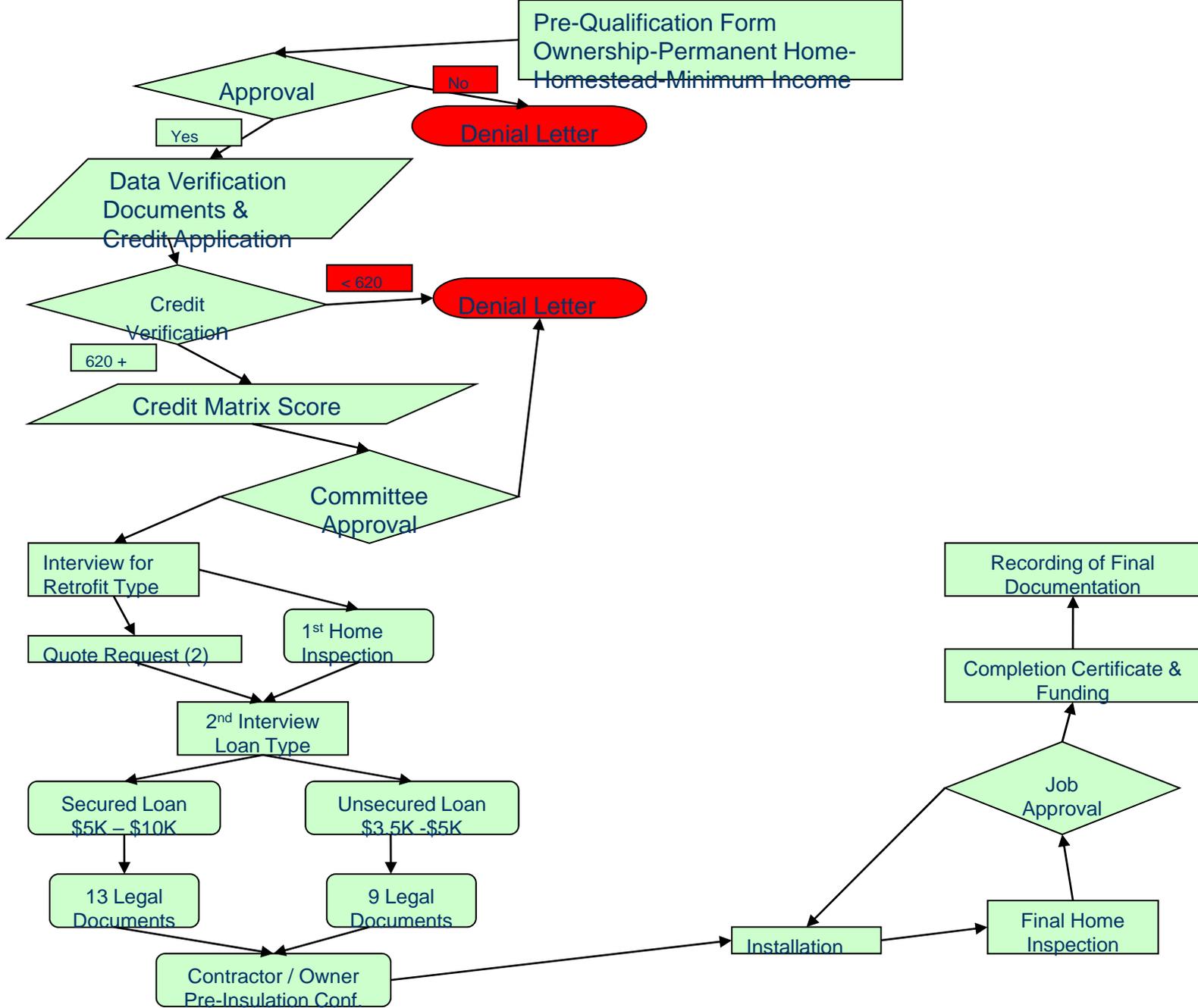
- City of Laredo received approximately \$2.1 million in funds under the EECBG.
- City developed seven projects that include solar projects, HVAC retrofits, solar trash compactors, and downtown LED lighting retrofits.
- Established the Energy Efficiency Revolving Loan Fund (EERLF) with around \$416,000 in funds.

Ground work

- City not in the loan business.
- Hired financial consultant to develop Protocols and Procedures (P&P) .
- Developed financial matrix to determine approvals/denials.
- Formed Loan Review Committee (LRC)
- Took P&P to City Council for approval.

Matrix

- Credit score greater than 620
- Look at debt to income ratio.
- Look at bankruptcies
- Look at number of delinquencies
- Etc.



Energy Efficiency Loan Program Reports and Statistics

Approval Ratio			39%		
Number of Approved Applications			14		
Number of Denied Applications			22		
Average Amount Requested			\$ 6,416		
Number Secured Approvals			3		
Number of Unsecured Approvals			11		
Average Monthly Income			\$ 2,487.88		
Number of Pending Applications			20		
Average Credit Score			621		
	Average Credit Score Approved		683		
	Average Credit Score Denied		582		
Average Number of Denial Reasons			2.8		
Amounts Approved			\$ 57,991.61		
Funded			\$8,500.00		
Loan Approvals Pending Funding			\$ 49,492		
Total Grant			\$ 416,000		
Remaining Monies Available			\$ 358,008		
Matrix Risk Tolerance Rating Scale 1 - 10			<u>8</u>		
Note: 90% of all Approved applications were for Air Conditioning upgrades					
Unsecured loans range from \$3500 - \$5000 and Secured loans range \$5001 - \$10,000					

QUESTIONS

City of Laredo
Environmental Services Department
John Porter, Assistant Director
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Or

Gerardo Cantu, Environmental Specialist
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Energy Efficiency Retrofit Loan Program – Shreveport, LA

Creating Lender
Interest



Program Planning

- Have preliminary lender agreement prepared with LRF and IRB terms.
- Most banks need a local project to help brand their community involvement.
- Make sure the bank knows there will be a contact person and who it is for the program management.
- Identify Regional banks and Credit Unions

Identify Lender contact

- Locate the person at FI that handles community development lending.
- Research lenders that do special programs (ex. Energy Efficient Mortgages or HUD 203k rehab loans)
- Work through face to face meetings to discuss and explain your program (You are the best advocate of your program!)

Identify Needs of FI Partner

- **New customers/Cross sell additional products**
- **Great PR (Included in media outreach without incurring cost.**
- **Risk is diminished due to: LRF and IRB**
- **Could be favorable on FDIC exams for the bank to participate in program**

CHALLENGES

- Lenders not clear on terms of contract
- Not getting lender commitment in writing
- New program-(Risk)
- Streamlined contract without exposure for grantee or lender