Solar Lending Practices by Community and Regional Financial Institutions

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Community and Regional Financial Institutions (CRFIs) Increasingly Providing Solar Loans

Questions explored:

• What sectors are CRFIs typically offering solar financing for?
• What types of financial products are CRFIs developing?
• What are the financial characteristics of borrowers to date?
• How have solar loans performed to date?
• Are there lessons learned or best practices for other CRFIs to consider?

Types of PV Loans

Three basic types of PV loans to date (with variations)

- Secured on the real estate
- Secured based on the solar equipment itself
- Based solely on the credit, outstanding debts and income of the borrower
Qualitative Perspectives of PV Loans by CRFIs

- PV loan product development benefits from a thoughtful research, approval, and product-rollout period
- PV loan products and processes vary across institutions and evolve over time
- Financier and solar developer partnerships are critical and can drive the product line
- CRFIs are willing to extend PV loans to lower-credit borrowers, but practical limits exist
Performance of PV Loans from 6,770 loan sample

- Quantitative data on 6,770 loans representing over $186 million in lending suggest PV loans are performing very well to date—although these results must be put in the context by:
  - high credit quality of borrowers
  - early state of the loans, and
  - recent robust economy
Conclusions and Future Needs

• Although most CRFI investment to date has targeted standalone distributed PV, other applications will likely emerge, such as community PV and PV coupled with battery storage.

• Additional data needs
  • Higher-fidelity PV loan performance and borrower credit data
  • Information provided through dedicated PV lending training or educational material

• More information and webinar available here featuring Carol Chernikoff of Alternatives Credit Union and Lance Griswold of US Eagle Credit Union