



**HBC**

ENERGY CAPITAL

A DIVISION OF



# WELCOME *packet*

A GUIDE TO SELLING ENERGY EFFICIENCY FINANCING





## SECTION 1

# HOW TO GET AN ESTIMATE

To get started on customized financing for your project, HBC Energy Capital will need a few key pieces of information. Often, much of this information can be found in a customer report, audit, scope of work or similar, so feel free to start there.

HBC Energy Capital will return your estimate within 2 business days.\*

### What to Submit

When submitting a request for a custom estimated financing proposal, we'll want to see the following data points:

- » **Total Project Cost (including sales tax, if applicable)**
- » **Savings**
  - Estimated Energy Cost Savings
  - Estimated Maintenance Cost Savings (if available)
  - Estimated HVAC Savings (if available)
- » **Utility Information**
  - Estimated Utility Incentive
  - Objective of Utility Incentive
    - Does customer want to keep the utility incentive, or use the utility incentive to reduce the financed amount of the project cost?
- » **Contact information**
  - Your name, email, phone number
  - Your customer's business name
  - If you allow us to contact your customer: your customer's (or point of contact's) name, email, and phone number

*\* Some larger dollar amount projects requiring additional discussion and customization may take longer.*



## How to Decipher the Estimate

The estimate is intended to be a simple-to-read overview of custom financing scenarios available to you through HBC Energy Capital's lender network. It is *not an approved offer*, but a sample of the potential monthly finance payments that your customer could qualify for, should they choose to move forward with an approval. The numbers on the estimate are usually quite accurate. There are three main sections:

Project Summary		Financing Metrics	
<p>John Smith of Example Lighting and HVAC has engaged HBC Energy Capital to procure low cost financing for your project. The figures on this sheet explain the payments and savings calculated specifically for your project. If you are interested in moving forward with this offer, let us know and we will submit your project for financing approval.</p> <p><i>Please note: indicative quotation amounts are subject to credit review; interest rates and final payment amounts may vary.</i></p>		<p><b>Project Cost</b> \$100,000</p> <p><b>Utility Incentive</b> \$20,000</p> <p><b>Net Financed</b> \$80,000</p>	
Project Savings Metrics		Project Financing Estimates	
<b>Annual Savings</b>	\$31,000 <i>Energy Cost Savings</i>	<b>Term</b>	<b>Monthly Savings</b>
<b>Ten Year Savings</b>	\$310,000 <i>Energy Cost Savings</i>	<b>2 years</b>	\$2,583
<b>6 Month Cost of Delay</b>	\$15,500 <i>Last Energy Cost Savings From Waiting 6 Months to Install Project</i>	<b>3 years</b>	\$2,583
		<b>4 years</b>	\$2,583
		<b>Term</b>	<b>Monthly Payment</b>
		<b>2 years</b>	\$3,700
		<b>3 years</b>	\$2,566
		<b>4 years</b>	\$2,002
		<b>Term</b>	<b>Net Monthly Cash Flow</b>
		<b>2 years</b>	-\$1,116
		<b>3 years</b>	\$17
		<b>4 years</b>	\$581
Next Steps			
<input type="checkbox"/>	<b>Step 1</b>	Review indicative quote- notify HBC Energy Capital if you want to move forward with this offer	
<input type="checkbox"/>	<b>Step 2</b>	HBC Energy Capital will notify you of a credit decision or the need for additional information required to get you approved	
<input type="checkbox"/>	<b>Step 3</b>	Receive notification of financing approval, sign closing docs, and begin equipment installation	
		<p><b>Questions?</b> To learn more about your financing options today contact:</p> <p>Jeremy D. Epstein HBC Energy Capital Phone: (720) 724-7673 Email: <a href="mailto:Jeremy.Epstein@hbcenergycapital.com">Jeremy.Epstein@hbcenergycapital.com</a></p>	

### PROJECT FINANCING ESTIMATES

Project Financing Estimates aim to show you and your customer the term options and the resulting monthly *cash flow*.

Customized monthly terms are available to better match monthly savings to monthly financing payments, so ask us if that's something you are interested in.

$$\text{Cash flow} = [\text{Monthly Energy Cost Savings}] - [\text{Monthly Financing Payment}]$$

When a project is *cash flow positive*, that means the monthly energy cost savings exceed the monthly financing payment.

### PROJECT SAVINGS METRICS

Project Savings Metrics are very simple calculations to show the customer: (1) their annual utility cost savings if they implement the project; (2) what they could save over 10 years; (3) the total amount of energy cost savings they would leave on the table if they delay for 6 months.

### FINANCING METRICS

Financing Metrics should reflect: (1) your total cost for the project; (2) the estimated utility incentive; (3) if you have elected to finance net of rebates, the difference between the first two numbers as *net financed*.



## SECTION 2

# HOW TO TALK FINANCING

### Early and Often

Now that you've got a proposal, how do you present this to your customers? In the world of sales, it is always suggested that you mention the availability of financing *early and often*. Say it *early* to reduce your customers' number one stress: "How am I going to pay for this?" Say it *often* because it may get lost among all of the other great information about efficient equipment upgrades that your customers are hearing about for the first time.

### Tips for Discussing & Selling EE with Financing to Customers: How to Work it into the Sales Pitch

#### Cash Flow Positive Projects

When the project cash flows, the value proposition to your customer is the following:

- Customer will pay nothing up front
- Customer will have more money in pocket on day 1
- Customer receives brand new equipment for facility

#### Projects that Do Not Cash Flow

So what if the project doesn't cash flow? The value proposition to your customer is the following:

- Zero out-of-pocket. Your customer is still paying nothing up front for brand new equipment
- Customer does not have to touch capital budget
- Customer is making the smart choice by reducing operating costs over the long term through reduced utility bills



### Cost of Delay

What is the cost of delay, and why bring it up? Putting the *cost of delay* in front of your customer can help create a *sense of urgency*. If you are offering the customer a way to save \$1,000 every month, let them know that every month the customer does not take action means they are, effectively, leaving \$1,000 on the table.

## SECTION 3

# OUR PROCESS

What happens next? If your customer is interested in the offer and wants to finance their upgrade, you (or your customer) should notify HBC Energy Capital of the chosen financing term for your project. With that information, we can begin the approval process.

- We typically provide a decision within 2 business days.
  - If cash availability is a concern for your company, ask us about a contractor pre-payment option and receive 50–100% of the project cost up front.
- Your customer will sign closing documents reflecting the financing relationship between their company and the lender.
- In some cases, the lender may ask that your customer present a personal guarantee with the closing documents.
- Once closing documents are signed, you will be notified to begin the install.
- When the install is complete, you will notify HBC Energy Capital. We verify that the customer is satisfied, and you will be paid the financed amount within 2 business days.
  - Or, if you chose a pre-payment option, you will be paid the remainder of the project cost within 2 business days by electronic funds transfer to your bank account. Payment by check is also an option.
- Your customer makes their first monthly payment plus a small, one-time closing fee of \$150–\$250 (depending on the lender).
- Your customer will then make equal monthly payments for the specified term of the financing.
- Once the customer pays off the financing, the customer shall own the equipment.

# START to FINISH

CUSTOMER	HBC ENERGY CAPITAL	CONTRACTOR
		 Contractor sends project info to HBC Energy Capital so we can generate estimate.
 Customer indicates interest in moving forward with project financing.	 HBC Energy Capital generates an estimate for you to show to your customer.	
	 We provide approval offer(s) for customer from lender(s) within two business days.	 Pre-payment option for contractors: 50-100% of project cost up front.
 In some cases, lender may require a personal guarantee from the customer.		
 Approved customer signs closing documents.	 HBC Energy Capital can assist your customer with completing closing documents, if necessary.	 Once closing documents are signed, begin project install.
		 Notify HBC Energy Capital when project install is complete.
	 HBC Energy Capital verifies that your customer is satisfied with project install.	 Submit your invoice, including shipping and billing addresses.
		 Receive financed amount (or remainder of the project cost) by ACH or check within two business days.
 Customer makes first monthly payment + one-time closing fee.		
 Customer makes equal monthly payments for the duration of the lender's term.		
 Customer owns new equipment at end of term.		



## SECTION 4

# FREQUENTLY ASKED QUESTIONS

### **1. Financing rates start at 5%? What is the maximum rate?**

Rates can vary anywhere from 5%–9% on a typical project. For some borrowers with challenged credit, rates may range up into the low double digits. Rates depend on project size, borrower credit, and term. There are two types of people: those you can persuade based on monthly payment, and those who need to know the rates. We always start with the monthly payment, but if your customer is a *rate type*, we can certainly provide that information. Just let us know.

### **2. What kind of fees and closing costs are there?**

Closing costs typically range from \$150–\$295. This is paid by the borrower with the first monthly payment. For example, if regular monthly payments are \$1,000, the first month's payment may be \$1,150. A closing cost is a fee charged by the lender.

### **3. Will you finance the entire project or only the products that are rebate eligible?**

Yes. We provide 100% project financing, including labor costs, non-rebated measures, and all associated costs.

### **4. Are the payments added to the customer's utility bill?**

Payments are made from the borrower directly to the lender. This is not an On Bill Finance option.



## **5. Is there penalty for early pay off?**

Usually not, and some of our lenders actually offer discounts for early payments. It's a good thing to know up front if the customer plans to prepay.

## **6. My customer does not want to carry the financing on his/her balance sheet. What are my options?**

For certain projects, HBC Energy Capital can structure the financing as a service, rather than as debt, when the customer requests it.

## **7. Where is your service available?**

HBC Energy Capital's services and lending products are available in all 50 States and some US territories as well.