

# Why Offer a Solar Loan



A solar loan product enables lenders to join the expanding \$300M Massachusetts residential solar market. These loans finance revenue generating purchases, engage new customers, and help lenders meet their community goals.

## Solar is a Revenue Generating Asset

- ▶ The average solar loan under Mass Solar Loan was \$32,000, roughly the cost of a new car, but unlike a car the system generates revenue.
- ▶ With federal and state tax incentives, state incentive programs, and the energy savings, residential customers often experience payback periods of 5-10 years on a system with a 25–30-year useful life.



## MASS Solar Loan

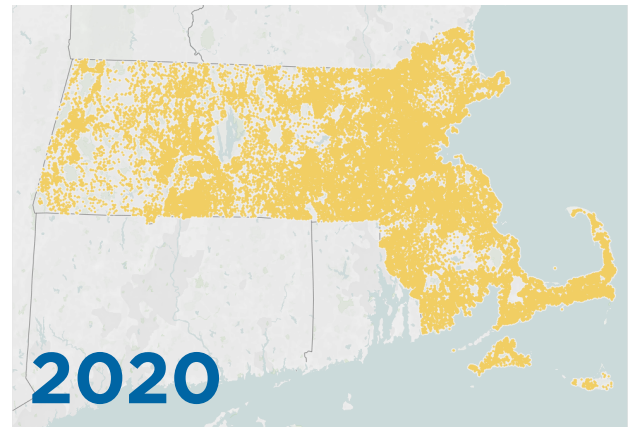
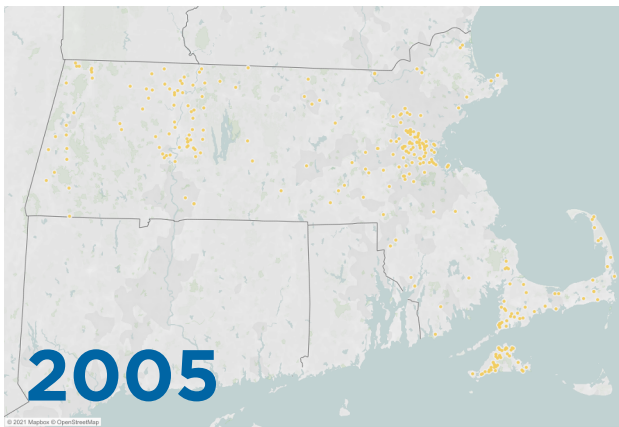
From 2015 - 2020, MassCEC helped 17 lenders originate \$180 Million in residential loans through the Mass Solar Loan program. MassCEC has developed these resources with insights from the program to support lenders in launching their own product.

## Develop Relationships with New Customers and Communities

- ▶ Solar loans can help connect new customers/members with your institution. 90% of the loans under our program were a new lender relationship.
- ▶ Solar loans can support community goals and may be eligible for CRA credit.
- ▶ Solar ownership facilitated by local lenders improves the financial benefits for homeowners and keeps more money in the local economy.

## Residential Solar is a Significant Market Opportunity

- ▶ Through Mass Solar Loan, 5 lenders each originated more than \$10 Million in loans, with one lender originating over \$60 Million.
- ▶ Since 2015, Massachusetts installed over 10,000 residential solar projects each year, over 5,500 of which have been purchased or financed with a loan.
- ▶ Massachusetts has a thriving solar PV industry with solar costs that have halved since 2010, and over 100 installers working in the state.
- ▶ Massachusetts currently has just over 120,000 solar projects. [Policy targets](#) have that more than doubling by 2030 and increasing nearly 10-fold by 2050.



Solar PV Installations: Market Growth 2005 to 2020

## Strong Loan Performance

- ▶ Loan performance to date has been very strong, with a ~0.4% default rate under the program on a loan portfolio that is on average ~3 years into a typical 10-year term.
- ▶ Looking at credit scores above 680, loans made to low-income residents perform similarly to loans made to non-income qualified residents.
- ▶ As highlighted by one of our high-volume lenders, their solar loans have performed better than their equity loans, have a higher yield, even with competitive interest rates, and are cheaper and quicker to originate with lower ongoing regulatory and reporting cost.
- ▶ Further exploration of loan performance under the program can be found on our [Loan Performance Dashboard](#).

To learn more about solar basics and how solar works visit <http://www.masscec.com/solar>