Press Release
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U.S. Homeowners to Benefit from Groundbreaking Home Energy Loan Financing Platform

New National Public-Private Partnership to Transform the Home Energy Loan Market – Warehouse Facility to Facilitate $100 Million Medium Term Note Program

San Francisco, CA – Homeowners across the United States will benefit from an innovative public-private partnership announced today to make it easier to find lower-cost loans for home energy efficiency improvements. Leading institutions from the public and private sectors today announced the formation of a national financing platform that will for the first time bring low-cost, large-scale capital to government and utility-sponsored residential energy efficiency loan programs – which can be utilized by homeowners in states that participate.

The Warehouse for Energy Efficiency Loans (WHEEL) opens the residential energy efficiency finance market to large institutional investors – bringing low-cost capital to loans for home energy efficiency improvements. Loans will be made to consumers and the investment grade securities available to institutional investors. (Additional information about the program can be found at wheel.renewfund.com)

WHEEL is the product of a years-long collaboration between national leaders in the worlds of finance and energy, including Citigroup; the Pennsylvania Treasury Department; Renewable Funding; the Energy Programs Consortium; National Association of State Energy Officials and the U.S. Department of Energy. The Commonwealth of Kentucky has also joined the WHEEL program as a charter member. In addition, key financial support for the project was provided by Energy, Ford, Rockefeller, Surdna and William Penn Foundations.

"WHEEL is designed to serve a $200 billion unmet need for financing in the home energy efficiency market," said Cisco DeVries, CEO of Renewable Funding. "Now, we are making it easier for consumers and contractors to utilize affordable loans, supported by their state or utility, to make energy efficiency improvements. We are

also making it easier for investors to find a path into this important and urgently needed market."

WHEEL makes financing programs simple for states, utilities, contractors, and homeowners. Approved local contractors will offer low-cost financing directly to consumers. The loans will be purchased by Renewable Funding with a credit facility provided by Citi and the State of Pennsylvania Treasury, aggregated into diversified pools, securitized, and sold to institutional bond investors, thereby replenishing the capital to be loaned to consumers.

WHEEL builds on Pennsylvania's successful Keystone HELP Loan program. The State of Pennsylvania has supported low-rate loans for energy efficiency improvements since 2006. These loans, originated by AFC First Financial Corporation, an energy efficiency lender, have helped more than 13,000 homeowners reduce their energy use – and provided the robust performance data necessary to launch the national WHEEL program.

"WHEEL demonstrates that innovative thinking by government, especially in partnership with the private investment sector, can save homeowners money, help the economy, create jobs, and reduce greenhouse gases," said Pennsylvania Treasurer Rob McCord, one of the architects of WHEEL. "WHEEL, which will increase access to low-cost capital for energy efficiency investments, is the culmination of a careful strategy by the Pennsylvania Treasury to develop a national capital market for energy efficiency loans. Capital market resources will now provide more loans to homeowners to improve their homes, save money, and reduce their energy bills."

Mark Wolfe, Executive Director of the Energy Programs Consortium, added that "WHEEL represents an important milestone for state energy programs because it will provide a platform specifically designed to work with state and local government-sponsored programs as well as provide attractive pricing to support the further development of those programs."

Key factors driving this new financing platform include:

- McKinsey & Co. reported in 2009 that the U.S. could reduce energy consumption in homes by 28% by 2020, with an upfront investment of $229 billion.
- States and utilities are expected to double spending on energy efficiency rebate and incentive programs by 2025 – to approximately $15.6 billion.
- That leaves more than $200 billion in unmet need for financing to make homes more energy efficient. By tapping into the asset backed securities (ABS) bond market, WHEEL will help meet that need.

Taking the WHEEL concept to states across the country required an innovative capital partner. Today, Citi announced a warehouse facility for Renewable Funding

to purchase loans to facilitate a $100 million ABS medium term note program that will create bonds that can be sold to institutional investors.

Marshal Salant, Head of Alternative Energy Finance at Citi added, "This exciting public-private partnership will create a new, large-scale source of capital to help homeowners finance energy efficiency improvements, and tap into the unmet demand from institutional investors wanting to invest in this important new market."

"Energy efficiency is the cheapest and often the fastest way to reduce carbon emissions," said David Danielson, Assistant Secretary for Energy Efficiency and Renewable Energy, U.S. Department of Energy. "Through the Energy Department's Better Buildings Initiative, innovative financing solutions are helping states, utilities and consumers implement cost-effective efficiency improvements that save money on energy bills and build a more sustainable, cleaner energy future."

Residential buildings account for 22% of all energy use, according to the Harvard University's Joint Center for Housing Studies. Older homes are significantly more inefficient than new homes. Bringing homes built prior to 1970 up to the efficiency standards of newly constructed homes would cut total residential energy use by 10 percent.

"WHEEL is the single biggest financing innovation we've seen to help states achieve aggressive goals to reduce energy use," said Mark Wolfe, Executive Director of the Energy Programs Consortium. "We strongly urge other states to join Pennsylvania and Kentucky in this exciting new program."

"As one of the first supporters of both WHEEL and the Energy Programs Consortium, we saw the potential to change the way states work with the private sector to deliver residential energy efficiency programs and financing. It's a leap, not a step, forward and yet another example of how states can utilize U.S. State Energy Program funds and private resources to catalyze innovation in energy financing," said David Terry, Executive Director of the National Association of State Energy Officials.

In addition to its energy and environmental benefits, energy efficiency is a strong economic development tool. Every $1 million invested in energy efficiency improvements creates 20 jobs – most of which are local construction jobs. Important home energy efficiency improvements include insulation, windows and doors; and energy efficient heating, ventilating and air conditioning systems. In the longer term, it is estimated that investment in energy efficiency and advanced technology would support and increase of 1.3 to 1.9 million jobs by 2050.

"Kentucky Housing Corporation has been a great partner and a recognized leader among statewide home performance programs," said Len Peters, Energy and Environment Cabinet Secretary. "The addition of WHEEL enhances the program by

providing low-interest financing for homeowners to make energy efficiency improvements. This also creates jobs for builders, remodelers and equipment providers—jobs that remain within the state."

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Renewable Funding
Renewable Funding specializes in design, administration, technology, and financing solutions for clean energy upgrade programs. Since 2008, the firm has worked with over 200 clients across the U.S. to structure and administer residential and commercial financing programs.

Pennsylvania Treasury
The Pennsylvania Treasury Department is the custodian for more than $100 billion of public funds on behalf of the Commonwealth of Pennsylvania. Since 2006, the Department has provided capital to the Keystone Home Energy Loan Program, which serves as a model program for WHEEL.

Citi
Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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Energy Programs Consortium
EPC is a nonprofit organization based in Washington, DC. EPC is a joint venture of National Association of State Energy Officials, representing the state energy policy directors; National Association of Regulatory Utility Commissioners, representing the state public service commissioners; and National Energy Assistance Directors' Association, representing the state directors of the Low-Income Home Energy Assistance Program and the National Association of State Community Services Programs, representing the state weatherization and community service programs directors.

AFC First Financial Corporation
Founded in 1947 and based in Allentown, Pennsylvania, AFC First is a national leader in energy-efficiency and renewable energy lending and program management. Nationally, it operates its EnergyLoan® program, in partnership with states, utilities, manufacturers and municipalities. Programs are offered through a network of over 5,000 approved contractors. AFC First is the nation's first private,

non-utility Home Performance with ENERGY STAR sponsor, and the original approved originator and servicer for WHEEL.

Kentucky Housing Corporation
Created by the 1972 General Assembly, KHC is a self-supporting, public corporation of the Commonwealth of Kentucky administratively attached to the Finance and Administration Cabinet. A portion of Kentucky Housing's funds are derived from the interest earned through the sale of tax-exempt mortgage revenue bonds. From these proceeds, Kentucky Housing has made homeownership possible for more than 86,000 Kentucky families.