



A Proposal to Develop New Loan Programs for Solar Systems

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**Solare
800-945-0009
5 Great Valley Parkway-Suite 210-Malvern- PA 19355**



Why Solar Systems are Bankable

Banks Lend to Purchase Cars, Why Not Solar Systems?

Car Facts

Cars Depreciate as much as 30% the minute you drive off the lot

Cars continue to depreciate over the life time of the loan

Solar Facts

Solar systems appreciate over time as the cost of energy increases.

Solar systems add value to the real estate they are attached to by a factor of 20-1.

Example: Every \$1 of energy savings provides \$20 in added property value

Where would the car industry be without the car loan or lease? We ask this question in an effort to emphasize how important financing is to any industry and, of course, Solar will be no different. We at Solare, the regions first full service solar company, recognize the incredible opportunity the emerging solar industry provides local and national lending institutions. The goal of this summary proposal is to make the compelling case that solar systems provide a safe and highly profitable lending opportunity to banks and other lending institutions. However, the opportunity will only be realized by those banks that demonstrate the capability of forward thinking and the ability to adapt to our rapidly changing renewable energy economy.

Car Loans vs. Solar Loans.

We began this proposal with a question. The partners at Solare, also asked ourselves another question. If banks can lend on a depreciating asset like a car, why wouldn't they lend on a solar system which actually appreciates over time? The answer is ultimately up to each individual bank to decide. However, Solare is confident once the industry begins to understand the enormous potential solar systems provide the answer to the question we asked will be a resounding YES!

Solare believes solar provides banks with multi faceted collateral protections. The solar system holds its value and continues to appreciate during the term of the loan. The system also affords the bank the ability to secure the loan by placing liens against the added value to the property, as well as secure the various federal and state rebates and grants available. Solar also affords the bank the ability to collateralize the value of the **Solar Renewable Energy Credits** the system will generate over its lifetime. When viewed as a whole, Solar Systems provide reliable and securable sources of collateral that Car loans could never provide.

Why Solar Is Here To Stay!

We are currently experiencing a major turning point on how our country and the world produces the power we need to sustain our life style and economy. The days of energy being produced by distant fossil fuel facilities and transmitted over long distances is coming to an end. This 20th century approach to energy production fueled by oil and coal will be slowly eliminated and replaced by a more eco friendly solution. We use the term **eco** not just to imply **ecologically** beneficial, but **economically** as well. With deregulation comes the undeniable issue of higher energy prices. In Pennsylvania, where energy rates have been capped for a decade, this new reality of a deregulated market place will soon become painfully apparent. This harsh truth of major increases in the cost to heat and cool our homes and businesses will be an unwanted wake up call for most. These increases are scheduled for enforcement on January 1, 2011. By some estimates this increase could reflect a rise of 30% in the first year alone. The answer is Renewable energy and conservation. With new federal and state rebates and incentives solar is not only a viable solution to offset future costs, it is the best solution. The industry with increased production, innovation and competition is now affordable and poised to have sustainable and rapid growth opportunities for decades to come.





Corporations Believe in Solar

Mitsubishi Electric New Expanded Solar Plant. Top
SunDrum Solar Thermal –Solar PV Hybrid System (Right)

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888-945-0009

www.solareamerica.com

The Case for Solar

Solar Systems: A Secure Investment

Banks agree that a depreciating asset like a car is a bankable product. Conversely, an appreciating asset must also be a bankable product. Obviously, the partners at **Solare** believe solar systems are not only bankable but could be one of the safest loan products in the banking industry.

Solar Energy History and How it Works.

Solar energy is a technology despite popular belief. is not a new concept. In fact, it dates back over a hundred years. In the 1800's during the Industrial Revolution, it was first experimented with by Henri Becquerel and Werner Siemens. Despite the enormous potential of the technology, large advances would not take place until the space race in the 1960's. However, the bigger advances in the technology would have to wait until the 21st century. Solar still remains a mystery to the vast majority of people. Solar systems harness the limitless power of the Sun to produce energy in the form of DC electricity and heat. Given the fact Solar panels only need sunlight to produce energy, the cost to produce is included in the installation of the system. Even though an installation of a solar system or systems is relatively expensive, the ROI provided by government incentives and rising costs of electricity makes solar energy affordable and practical. Solar systems have the advantage of having their costs to produce frozen in today's dollars. Since solar systems use a free source of energy the systems cost to produce energy decreases as inflation and rising costs fossil fuels increase. Solar panels, the component that converts the sunlight into electricity, typically carry a 20-25 year manufacturing warranty. The life span of a typical polycrystalline or monocrystalline panel runs in excess of 40+ years. The potential to realize a substantial return on your original investment is a certainty. The system components not only carry substantial warranties but they are also insurable under standard insurance policies.

Costs vs. Payback

Currently, Solar Systems fully installed run between \$6 -\$9 a watt, with pricing decreasing every year. The average U.S. Household monthly Kwh usage is between 6-8Kwh. So a typical solar system, depending on the viability of the site will run between 3-10 Kw in size. Using a 6Kw system in Pennsylvania as an example, the total cost of the system before rebates will run \$45,000 (6,000 watt system X \$7.50 a watt). That size system will provide between 80-100% of that home, or buildings, electrical use. The **ROI** calculated over time, taking into consideration normal inflation and rising cost of electricity can be substantial and in some cases could reach over 300%. In addition, accelerated paybacks and additional savings can be realized by incorporating solar thermal into the system. A solar thermal system (i.e. Solare Hybrid System) can provide up to three times the energy production per sqft over PV only systems. The added benefit of this system provides ROI that are more than competitive in comparison to any other investment vehicle.

Typical PA Residential Solar Install Example:

Total Cost \$ 45,000 (6kw system X \$7.50 a watt installed)

- **State Rebate PA- \$13,500 Rebate (\$2.25 a watt Step 1 Rebate)**
- **Federal Tax Grant \$ 9,450 Grant or Tax Credit (30% of \$31,500 balance after applying State Rebate)**
- **Net cost to the Consumer \$ 22,050.00**
- **80-100% of Electrical Requirement Provided by Solar**
- **Typical Payback With Rebates 3-6 years**



Solar Feature **Benefit** Summary

- **Solar Energy Proven History**
Benefit – Proven technology and large volume of performance data available
- **Solar Energy uses Free and Unlimited Source of Energy**
Benefit- Allows Solar to lock in cost to produce to present day values
- **Solar Systems cost to produce goes down over time**
Benefit- The system actually pays back at a higher percentage over time
- **Solar Systems appreciate over of time**
Benefit- Bank Loan collateral actually maintains its value over the term of the loan
- **Solar Panels are backed with 20-25 year performance warranty**
Benefit- Provide Consumer and Lender output certainty of the system over time
- **Solar Systems are eligible for large Federal and State rebate programs**
Benefit- Brings down the total initial costs of a system to manageable terms.
Benefit-Provides banks with up to 60% of the loan principle in the first year
- **Solar Systems have a proven history to produce electricity in excess of 40+ years**
Benefit- Solar provides an enormous ROI opportunity for both the consumer and Bank
- **Solar Systems also generate SREC Credits that can be sold and traded for cash**
Benefit- SREC generation provides yet another revenue stream Banks can use to provide additional collateral in order to securitize the loan
- **Solar Systems increase the value of the Property they are attached to by a factor of 20-1**
Benefit- Provides bank with another opportunity to securitize the loan by placing a lien on the added value the solar system provided.
- **Solar system is insurable under standard property insurance policies**
Benefit- Solar system is protected against unforeseen damage caused by weather or Fire

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www.solareamerica.com | john@solareamerica.com

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