



LOAN PROGRAM®

Featuring Same-As-Cash Payment Options.

A proven selling tool to increase sales & make more money!

Authorized Contractor Training

Provided by

EnerBankUSA



*By the end of this session you will
have learned . . .*

- 1. The important difference between people who NEED financing and people who DON'T need financing**
- 2. The different types of loans that will be available to your customers, and why you should offer only one type**
- 3. The quick and easy loan application and closing process**
- 4. How following the Golden Rule can increase your/your company's sales by 30% to 50% or more**



What's the Lyon Financial Loan Program?

- Lyon Financial and EnerBank USA have teamed up to offer a loan program to help INCREASE your SALES, GROW YOUR BUSINESS & MAKE MORE MONEY.
- It gives customers MORE VALUE—a QUICK, EASY, SECURE & SMART payment option for home improvement projects.
- It helps prospective customers decide to BUY from YOU – not your competitors.
- **And to BUY from you NOW!**



Program Overview

- **Unsecured installment loans (featuring same-as-cash payment options)**
- **Loan Amounts from \$1,000 to \$45,000**
- **100% financing for eligible home improvements**
- **Credit commitment valid for 120 days from loan approval date**
- **Repayment terms from 1 to 10 years**

- **Loan-by-phone, paperless application with customer, including credit decision, usually in about 10 minutes**
- **ACH payment of loan proceeds to your business bank account**
- **Convenient application calling hours:**
 - M-F 8:00 AM - 1:00 AM (EST)**
 - Saturday 9:00 AM - 8:00 PM (EST)**
- **No recourse for defaulted loan payments**

IMPORTANT NOTE: Borrowers must both own and occupy the home to be improved.



Eligible Equipment List

EnerBankUSA

- Addition
- Appliance – Major Energy Consuming
- Appliance Conversion to Gas
- Architectural Design – Exterior/Interior
- Attic
- Awning
- Baseboard Heating & Piping
- Basement
- Bath Remodeling
- Bathroom Appliances/Fixtures
- Boat Docks
- Boiler
- Brick & Stone Work
- Cabinets & Refacing
- Carpet & Flooring
- Carports
- Ceiling Fans
- Ceilings
- Central Air Conditioning
- Central Vacuum
- Ceramic Coating
- Chimney/Chimney Liner
- Closets
- Conversion Burner
- Countertop
- Deck
- Dehumidifier
- Den/Family Room
- Dishwasher
- Doors
- Driveway & Paving
- Dryer
- Drywall
- Ductless A/C
- Ductwork
- Electric Window Air Conditioner
- Electric Work
- Enclosures
- Evaporative Coolers
- Equipment Relocation
- Excavation
- Fan
- Fencing
- Filters, Air Cleaners, Humidifier
- Fireplaces
- Flooring
- Foundation
- Freezer
- Furnace
- Garage
- Garage Doors
- Garbage Disposal
- Gas Grill
- Gas Work
- Gazebo
- Geothermal Heating & Cooling
- Gutters
- Gutter Protection
- Handicap Access
- Hauling & Cleaning
- Heat Pump
- Insulation
- Infrared Heater
- Kitchen Remodeling
- Landscaping
- Landscaping/Putting Green
- Lighting – Indoor/Outdoor
- Masonry

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Eligible Equipment List



- **Outbuilding-Permanently Affixed**
- **Outdoor Boiler/Furnace/Stove**
- **Outdoor Playground Equipment**
- **Package Terminal AC & Heat Pump**
- **Painting – Exterior/Interior**
- **Patio**
- **Pipe Work**
- **Plaster Work**
- **Plumbing**
- **Porch**
- **Power Generator**
- **Programmable Thermostat**
- **Radiant Slab or Ceiling**
- **Range/Ovens**
- **Refrigerator**
- **Remodeling – Interior**
- **Repair Work – Appliance**
- **Repair Work – HVAC System**
- **Repair Work – Water Heater**
- **Retaining Wall**
- **Roofing**
- **Roofing Repairs**
- **Screening**
- **Seal Coating**
- **Security System**
- **Septic System**
- **Sewer Lines**
- **Shades & Shutters**
- **Shading Device**
- **Shelving & Storage**
- **Sidewalks**
- **Siding**
- **Smoke & Fire Damage**
- **Pool Heater**
- **Solar HVAC**
- **Solar Panel**
- **Spa**
- **Sprinkler System – Outdoor/Indoor**
- **Stone Walls**
- **Storm Door**
- **Storm Shutters**
- **Structural Bracing**
- **Structural Improvement – Interior/Exterior**
- **Sun Room**
- **Surge Protection**
- **Swimming Pool**
- **Swimming Pool Repair/Service**
- **Thermostat**
- **Tiling**
- **Trash Compactor**
- **Tree Service**
- **Trim Work-Interior/Exterior**
- **Tub Resurfacing**
- **Wallpapering**
- **Washer**
- **Water Conserving Shower Head**
- **Water Damage**
- **Water Heater**
- **Waterproofing – Exterior/Interior**
- **Weather Stripping & Caulking**
- **Weatherization**
- **Window Film**
- **Window Treatment**
- **Windows**
- **Wind Power System-Residential**
- **Wind-proofing**
- **Winterizing**
- **Wood Heating Appliance**
- **Zone Control System**

August 10, 2009

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Who NEEDS Financing?

(Old Paradigm)

People . . .

- Who are low on cash
- Who are over-extended on credit or don't have access to credit
- Who have no other way to pay

These people rarely turn into customers



Who does NOT NEED Financing? *(New Paradigm)*

People . . .

- Who have access to cash
 - ❖ *Or who WILL have access to cash shortly*
- And who have access to credit

These are the people we can turn into customers



Your Payment Option Starting Line-up

➤ 90/180/365-Day & 18-Month Same-As-Cash

Promotional Code
Required

- For jobs from \$1,000 to \$45,000
- No interest if paid in full during SAC period
- 3, 6, 12 or 18 month payment deferral
- # of Disbursements by ACH—One

IMPORTANT NOTE: Interest accrues from day one on ALL loans. Interest is waived on SAC loans if paid in full on or before SAC date.

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Your Payment Option Starting Line-up

➤ 180/365-Day & 18 Month Same-As-Cash Flex Loan

Promotional Code
Required

- For jobs from \$4,000 to \$45,000
- No interest if paid in full during SAC period (6, 12 or 18 months after 1st advance ACH payment made)
- # of Disbursements by check—Two...an initial advance upfront and final payment upon job completion
- Dealer & customer agree on initial advance % or \$ amount
- Maximum first advance amount—50% (minimum amount of \$1,000)
- SAC & Payment Deferral Period—6, 12 or 18 months after 1st advance ACH payment made
- No interest if paid in full before SAC date—6, 12 or 18 months after 1st advance ACH payment made

IMPORTANT NOTE: Interest accrues from day one on ALL loans. Interest is waived on SAC loans if paid in full on or before SAC date.

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By The Way, There's Another Type of SAC

The Bank offers two types of SAC.

- **SAC Option 1** (requires higher FICO credit score)
 - ❖ No Interest—If borrower pays-off loan on or before SAC date
 - ❖ No Payment—Until the SAC date

- **SAC Option 2** (for applicants that don't qualify for option 1)
 - ❖ No Interest—If borrower pays-off loan on or before SAC date
 - ❖ Payments—Start 30 days after the loan closes

Counter-Offer Payment Options

➤ 90/180/365 Days Deferred First Payment

Promotional Code
Required

- For jobs from \$1,000 to \$45,000
- Payment deferral up to 90, 180 or 365 days
- Interest accrues from day one
- Competitive terms
- # of Disbursements by ACH—One at job completion

➤ FP-30 Loan

- For jobs from \$1,000 to \$45,000
- Low monthly payments up to 10 years
- Competitive terms
- # of Disbursements by ACH—One at job completion

For the small percentage of customers that don't want same-as-cash, EnerBank USA lenders will counter-offer with one of these payment options to help dealers close their sales.



MOST Homeowners Don't Need Financing

- They use SAC as “Bridge Loans”.
- They understand the “time-value of money”.
 - ❖ They prefer to “use someone else’s money” interest-free for home improvement projects.
- They have no intention of paying any interest.
- They do not care about the customer note rate or monthly payment amount.
- Most intend to pay-off SAC Loan prior to expiration date with:
 - ❖ Income tax return or annual bonus
 - ❖ Home Equity Loan or Credit Line / or by refinancing 1st mortgage
 - ❖ Balance Transfer to credit card
 - ❖ Proceeds from the sale of their home
 - ❖ Insurance proceeds
 - ❖ Cash or check



The Golden Rule—100% Presentation

Offer SAC to every prospective customer.

* 50-60% will apply

1	2	3	4	5	6	7	8	9	10	11	12
Loan Applications			Loan Applications			Loan Applications			Loan Applications		
\$\$\$\$\$\$\$\$			Same As Cash			\$\$\$\$\$\$\$\$			FP-30 Declined		

* For every 12 applications:

- 11 will be approved (92% approval rate)
- 1 customer will select an FP-30 loan (10%)
- 10 customers will select an SAC loan (90%)

SAC Rules!

* Statistics reflect results expected by EnerBank USA for contractors who offer SAC Loans to EVERY prospective customer.

Why Does SAC Rule?

**You Can Increase Sales By 30% to 50% or more
because you can...**

- Increase the number of sales leads.
- Increase sales close rates.
- Increase average job size.
- Reduce sales appointment and job cancellations.
- Guarantee your customer has a way to pay for the project...get peace-of-mind by transferring the payment risk to the Bank.
- Improve customer satisfaction with higher loan approval rates.

Why Does SAC Flex Loan Rule?

In addition to achieving the results on the preceding page, you can...

- Improve your company's cash flow.
- Eliminate or reduce the need for a down payment—providing your customers one more reason to “buy” today.



How Can Lead Generators Make SAC Rule?

Say this to EVERY lead—when you are qualifying the lead
and setting up an appointment with a sales rep:

“One of the benefits of working with our company for your home improvement project is 180-Day Same-As-Cash as a payment option. Many customers like the no interest and no payment features. Ask your sales rep about this SAC payment option.”



How Can Sales Reps Make SAC Rule?

Say this to EVERY customer **at least twice**—at the beginning of your meeting and when you deliver the estimate:

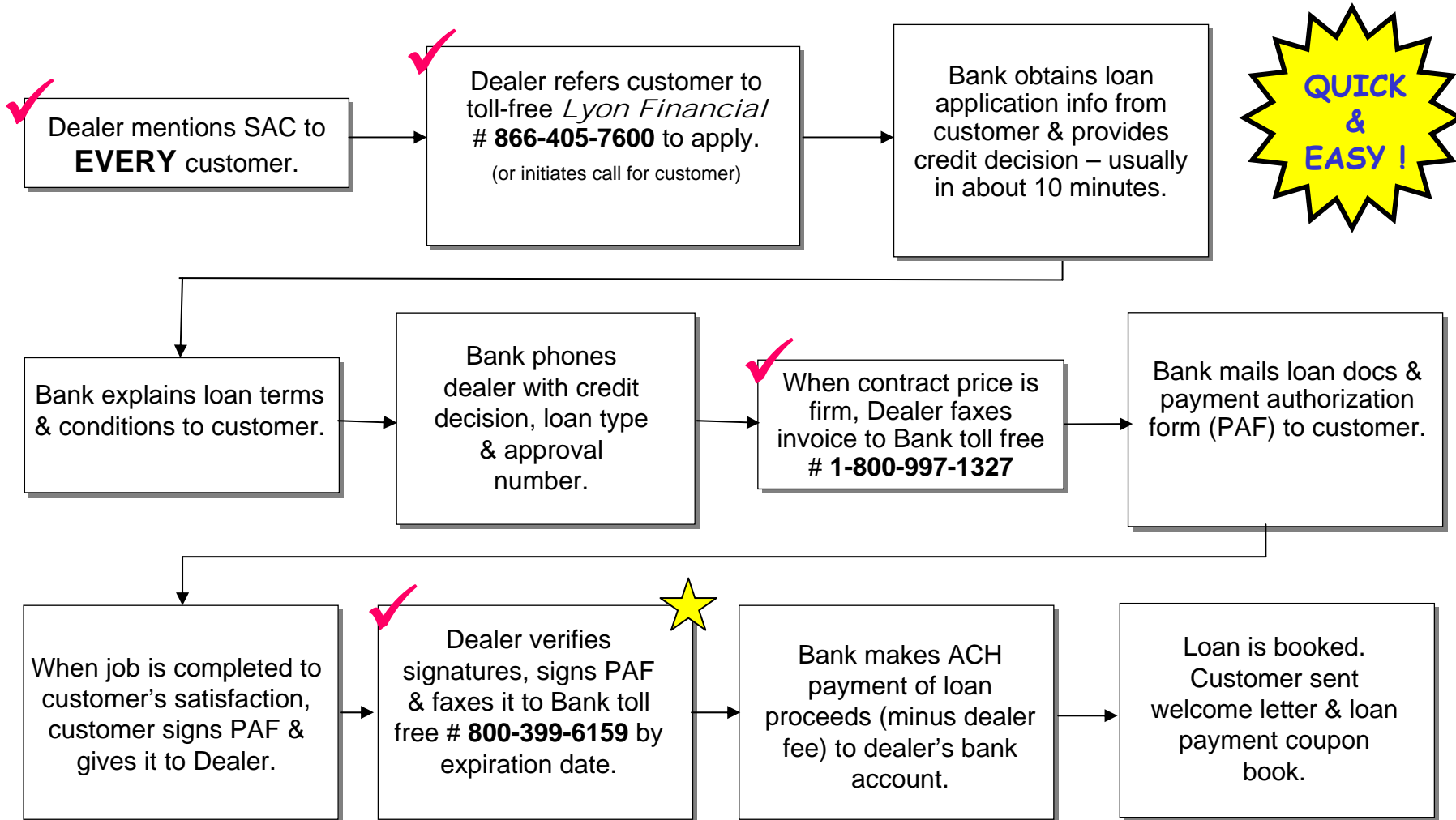
➤ *When you build rapport during the warm-up say...*

“One of the benefits of working with us for your home improvement project is 180-Day Same-As-Cash as a payment option. Many customers like the no interest and no payment features.”

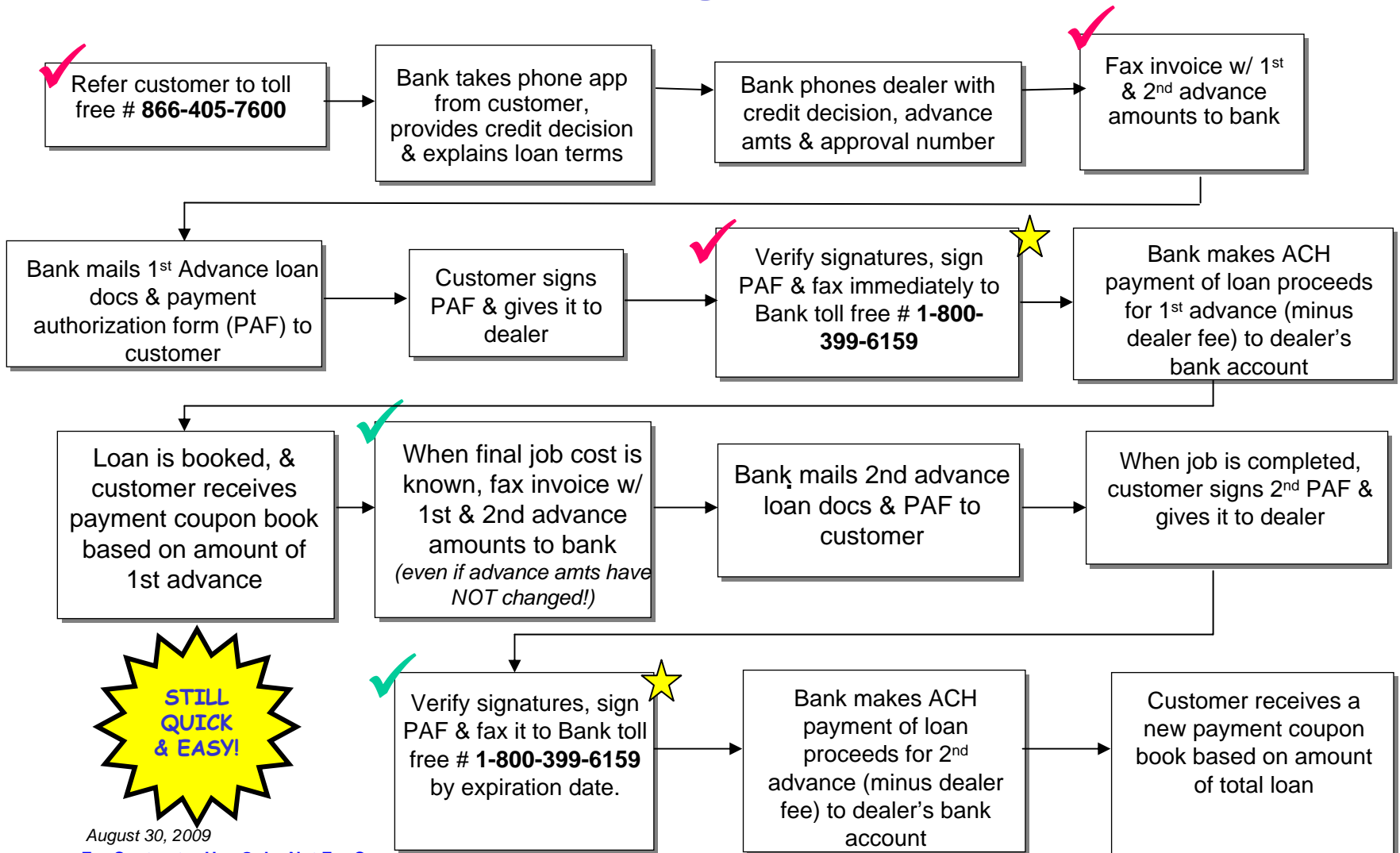
➤ *When you deliver the estimate say...*

“As I mentioned earlier, one of the benefits of working with us is 180-Day Same-As-Cash as a payment option for this project. It’s quick and easy to apply by telephone directly to our bank. If you have any questions or want to apply, I can give you the toll-free #.”

Loan Origination Process



SAC Flex Loan Origination Process



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Here's what your customer must know before applying for SAC...

Standard SAC

- To obtain final approval...
 - ❖ Name of contractor
 - ❖ Contractor ID#
 - ❖ Eligible improvement to be financed
 - ❖ Final project cost
 - ❖ SAC promotional code
- To pre-qualify...
 - ❖ Eligible improvement to be financed
 - ❖ Rough estimate of project cost

SAC Flex Loan

- To obtain final approval...
 - ❖ Name of contractor
 - ❖ Contractor ID#
 - ❖ Eligible improvement to be financed
 - ❖ Project cost
 - ❖ Initial advance percentage or dollar amount
 - ❖ SAC promotional code
- To pre-qualify...
 - ❖ Eligible improvement to be financed
 - ❖ Rough estimate of project cost

For fast payment here's what is required...



Standard SAC (Also FP-30 & DFP)

- Fax invoice to Bank as soon as final project cost is firm
- Invoice must include accurate business information
 - ❖ Business name & address
 - ❖ Contractor ID#
 - ❖ Sales Rep's Name
- Invoice must include accurate customer and project information
 - ❖ Loan approval #
 - ❖ Customer's first & last name and installation address
 - ❖ Description of eligible improvement
 - ❖ Project cost
 - ❖ Dollar amount to be financed
- Provide quality goods and services, and complete jobs on time

SAC Flex Loan



- Fax 2 invoices to Bank instead of 1
 - 1st invoice after customer has agreed to proceed with the project
 - 2nd invoice when job is almost done and you have the final project cost including any change orders (even if advance amounts have NOT changed)
- Each invoice must include accurate business information
 - ❖ Business name & address
 - ❖ Contractor ID#
 - ❖ Sales Rep's Name
- Each invoice must include accurate customer and project information
 - ❖ Loan approval #
 - ❖ Customer's first & last name and installation address
 - ❖ Description of eligible improvement
 - ❖ Project cost
 - ❖ Initial advance amount and final payment amount
- Provide quality goods and services, and complete jobs on time



Let's Review How This Origination Process Is Different

- You fax us two invoices instead of one.
 - ❖ The first invoice after your customer has agreed to proceed with the project
 - ❖ The second invoice when the job is almost done and you have the final project cost including any change orders *(even if advance amounts have NOT changed)*
- You indicate the initial advance amount, final payment amount, and total project cost on each invoice.
- When your customer applies, they need to state the initial advance percentage or dollar amount in addition to the project cost and SAC Flex Loan promotional code
- You will be charged the SAC Flex Loan Fee at the time of each advance



What Are "Pre-qualified" Loans?

Loans are pre-qualified (versus approved) for two reasons:

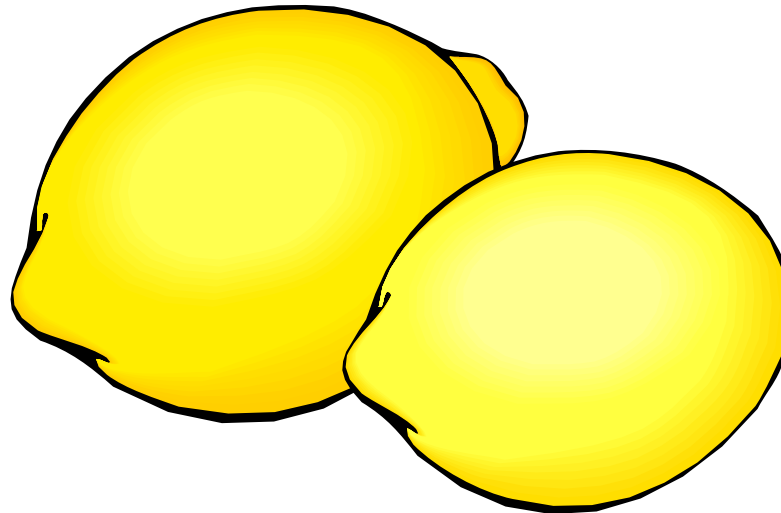
- Missing application information (such as exact project cost)
- Applicant is required to submit supporting documentation to Bank to obtain approval (such as proof of home ownership or proof of stated income)*
 - * *Not a requirement on most loans. In order to expedite processing, applicant may fax required documentation to bank*

What "pre-qualified" means:

- Something else must happen before the loan is approved.
- When the bank has pre-qualified a loan application, we will inform you. When the loan is approved, we will call you back with an approval number.

What if...

The Bank Declines My Customer's
Loan Application?





The bank will automatically forward your customer's application information* to Lyon Financial. Lyon Financial will search its other lending programs for the best financing option for your customer and call you with the results.

** The bank will obtain the customer's permission before taking this step and will inform you during the routine contractor-phone-back-call that the application was declined by EnerBank USA and forwarded to Lyon Financial for further action. Lyon Financial will contact you with a final credit offer or decision usually within 24 hours.*



“No-No-No” Guidelines

- **DON'T** charge customers any loan related fees.
- **DON'T** request a credit report from a credit agency for a customer before they apply for a loan through EnerBank USA.
- **DON'T** complete any consumer credit application with a customer before they apply and are declined for a loan through EnerBank USA.
- **DON'T** make any...
 - ❖ assumptions about customer's credit worthiness.
 - ❖ observation or give any opinion about the likelihood of approval.
 - ❖ commitment or claim about the terms of the finance program. (Let the Bank handle it.)
- **DON'T** disclose (I.e., hold in strict and absolute confidence)...
 - ❖ the fact that the customer applied for a loan.
 - ❖ any information related to the application or loan.
 - ❖ the credit decision.
- **DON'T** provide access to anyone else, trade, give away, barter, lend, sell or otherwise disclose or make copies of customer information.

Failure to follow these guidelines could subject your company to lender liability, resulting in civil and criminal penalties, and termination in the program.



Truth in Lending Act Compliance

- You must forward all advertising and marketing materials (relating to the Lyon Financial Loan Program) to Lyon Financial in advance for review and approval.

- Compliance with all laws:
 - ❖ Is required under the terms of your agreement with Lyon Financial.
 - ❖ Will ensure that you avoid any fines or penalties that can arise for violation of the Act or any other laws.



A Winning Solution for Contractors!

When you offer SAC to every prospective customer, you'll...

- Significantly increase sales by:
 - ❖ Closing more sales.
 - ❖ Increasing average sales revenue per job.
 - ❖ Getting a higher loan approval rate.
- Get a quick and easy application process.
 - ❖ No paperwork for contractor or customer
 - ❖ Simple referral to paperless, loan-by-phone #
 - ❖ Quick loan decision
- Get quick payment for completed jobs.
- Reduce costs because SAC dealer fees are less than your merchant credit card fees.
- Reduce lender liability claims and customer complaints.



To Activate Your Company, It's Time For All Sales Reps To...

- Take the *Golden Rule Pledge*
 - ✓ I will mention SAC as a payment option to every prospective customer (starting today)

- Understand that our company's ongoing use of this program is dependant on every sales rep applying the *Golden Rule*



Have Any Questions?

Our Team Is Ready To Provide A Quick Response. Call...

- Contractor Support 888.390.1220
EnerBank USA Select Option #2

Need Additional Help, Call Or Email...

- Cade Bryant 888.721.2100 x715 (Office)
Relationship Mgr. 801.913.4656 (Cell)
EnerBank USA cbryant@enerbankusa.com



Frequently Asked Questions

- Q1: **What loan approval rate can we expect?**
- ❖ A1: *When you offer SAC to every prospective customer, the approval rate can be 85% to 90% or more.*
- Q2: **How much can my sales increase?**
- ❖ A2: *When you offer SAC to every prospective customer, sales can increase by 30% to 50% or more.*
- Q3: **How many borrowers pay-off their SAC Loans prior to the expiration date?**
- ❖ A3: *Most SAC customers have no intention of paying any interest. Historically, over 80% pay-off their SAC Loans prior to the expiration date.*
- Q4: **What percentage of customers will select SAC to finance their home improvement project?**
- ❖ A4: *When you offer SAC to every prospective customer, about 90% of applicants will select SAC.*

Frequently Asked Questions

➤ Q5: **Why should I offer SAC because my customers pay cash?**

❖ A5: *That's the exact description of a SAC customer. Most homeowners don't need financing. They understand the "time-value of money" and prefer to "use someone else's money" interest-free when financing home improvement projects.*

Because the no interest and payment deferral features are so attractive, you will have:

- many more sales opportunities*
- a higher sales close rate*
- a higher average job size*
- A lower job cancellation rate*

➤ Q6: **Why should I offer SAC when the customer note rate may be too high?**

❖ A6: *For SAC, the Bank earns its return from a combination of the customer note rate and dealer fee.*

When dealer fees are too high, dealers are reluctant to offer SAC despite the advantages of doing so. The Bank has set the dealer fees as low as possible so that you can use SAC to help significantly increase your sales.

SAC customers don't care at all about their customer note rate. They have no intention of paying any interest. Historically, over 80% of your customers will pay-off their SAC Loan prior to the expiration date. For those few customers that do not want a SAC Loan, we do have other loans with lower interest rates and low monthly payments (i.e., DFP & FP-30 Loans).



Frequently Asked Questions

- Q7: **Why can't I just offer unsecured financing to my customers instead of always leading with SAC as a payment option?**
- ❖ A7: *You will not be taking advantage of all of the sales opportunities that are available to you. Dealers have found that 10 out of 11 approved applicants will select SAC Loans. Only 1 out of 11 approved applicants will select either the DFP or FP-30 Loans. For example, if you offer the FP-30 Loan to every customer (instead of the SAC Loan), you will not succeed in closing the sale for the 10 customers that are interested in SAC only. You will "leave a lot of business on the table".*
- Q8: **Why should I offer SAC when my customers can use their home equity credit lines with low interest rates instead?**
- ❖ A8: *When SAC is available to prospective customers, the NO INTEREST and PAYMENT DEFERRAL features will help close the sale immediately. No matter how low the interest rate is with their home equity credit line, it's too much interest when your customer has an opportunity to finance their home improvement interest-free. They will use SAC as "bridge" loans. Prior to the SAC expiration date, your savvy customers will use their home equity credit line to pay-off the SAC loan. Home equity credit lines should be used as part of their payment option strategy and not compete with SAC Loans. By doing so, they will maximize the "time-value" of their money.*

Frequently Asked Questions

- Q9: **Should I pull a credit report before referring my customer to the Lyon Financial Loan Program?**
- ❖ A9: *No. Did you know that your customer's credit bureau score can be negatively impacted by a single inquiry? Pulling a credit report or referring your customer first to other lenders who obtain credit reports can cause your customer's application to be declined by the Bank. Plus, you will be considered an agent of the bank which creates more liability for you and your company. Refer your customer to Lyon Financial first for approval and don't pull a credit report. You will save time and money as well as give your customer the best chance for approval.*
- Q10: **What are your credit underwriting criteria?**
- ❖ A10: *According to the national credit bureaus, more than 8 out of 10 homeowners have a sufficient credit rating to pass the bank's minimum credit bureau score. When you offer SAC Loans to every prospective customer to fulfill your "good-better-best" sales approach, your loan approval rate will increase and sales will increase significantly.*
- Q11: **Isn't it best to offer financing to only those prospective customers that really need it?**
- ❖ A11: *No. You will not maximize your loan approval rate. When you offer SAC to every prospective customer, you can get an 85% to 90% or more approval rate. Your sales volume will increase because you will close more sales and the average dollar size per job will increase.*

Frequently Asked Questions

➤ Q12: **What are the dealer fees for SAC and DFP Loans?**

❖ A12:	90-Day SAC	3.45%	<i>(All dealer fees are subject to change.)</i>
	180-Day SAC/SAC Flex	4.65%	
	365-Day SAC/SAC Flex	7.25%	
	18-Month SAC/SAC Flex	11.10%	
	90-Day DFP	0.50%	
	180-Day DFP	0.75%	
	365-Day DFP	1.00%	

➤ Q13: **Will I lose control of the sale when using your direct lending program?**

- ❖ A13: *We can understand why you feel this way. Some of our most successful contractors asked the same question at the beginning of their relationship with the Bank. Let me tell you what they found—they gained more control with the direct lending program. When they offered SAC to all prospective customers,*
- they got an 85% approval rate. It is not likely that many of the remaining 15% of applicants will have a sufficient credit score or debt-to-income ratio to get approved for an unsecured loan in any other finance program.*
 - their sales revenue increased because the universe of potential sales opportunities increased significantly and they closed more sales. They not only appealed to a much broader group of sales prospects, but increased the average dollar size of their jobs.*
- There are other advantages of our quick and easy direct lending model. To maintain their privacy, your customers will prefer to apply directly with the Bank instead of through you. Plus, you will not be an agent of the bank and be responsible for asking confidential questions, handing out disclosures and rights of rescission, and getting completion orders. Your lender liability and customer complaints will also be reduced.*

Frequently Asked Questions

- **Q14: Can I require the customer to make a down payment?**
- ❖ **A14:** *Yes, the 100% financing is an option that you may offer customers, not a requirement. Some contractors require a down payment because it meets their cash flow needs or because the project cost is higher than \$45,000. Please indicate on the invoice you fax to the bank the total project cost, the amount of the down payment, and the amount to be financed. You might alter what you say to the customer as follows: “Our company offers no interest, no payment for 6 months as a payment option for up to \$45,000 of the project cost”.*
- **Q15: What percentage of home improvement projects are financed?**
- ❖ **A15:** *According to the National Association of Home Builders’ Remodeling Council and Harvard University, over 50% of all home improvement jobs of \$5,000 or more are financed each year. If you do not offer SAC to every customer, you will not have a high close rate and “leave sales on your customer’s kitchen table”.*



Frequently Asked Questions (For SAC Flex Loan)

- **Q16: What if the customer chooses not to use the second advance?**
- ❖ *A16: The second advance expires, and the customer repays the loan based on the amount of the first loan advance.*

- **Q17: What if the amount of the job changes?**
- ❖ *A17: Fax a revised invoice to the bank.*

- **Q18: What if the commitment expires before the 1st advance ACH payment is made?**
- ❖ *A18: The customer will need to reapply for a new SAC Flex Loan.*

- **Q19: What if the commitment expires before the 2nd advance ACH payment is made?**
- ❖ *A19: The customer will need to apply for any type of loan you want to offer OTHER THAN a second SAC Flex Loan.*



Frequently Asked Questions (For SAC Flex Loan)

- **Q20: After my customer receives their Payment Authorization Forms (along with their loan documents from the bank), can we ask the customer to sign each PAF and fax them to my company?**
- ❖ *A20: No. For SAC Flex Loan, you need to pick up the original signed Payment Authorization Form from the customer for the 1st advance at the beginning of the project and 2nd advance at job completion so that you can validate the customer's signature. Then, you will sign each PAF and fax the original to the bank for payment. We also recommend that you keep the originals on file.*