



## **SELF-HELP CLIMATE CAPITAL, LLC** **RESPONSE TO QUESTIONS**

### **Residential Solar Loan Purchase RFP #1**

**This Response to Questions is a combination of responses to specific questions from Proposers as well as updates and clarifications from SHCC. This document will be updated periodically with the most recent input at the beginning.**

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**April 4, 2025**

- 1. Could you provide more details on the underwriting flexibility required for these loans to qualify as “below market” or “more flexible”? Are there minimum credit score, DTI ratio or rate guidelines?**

SHCC will work with successful RFP applicants to create underwriting guidelines to increase loan eligibility for LIDAC.

- 2. Is there a maximum interest rate or margin expectation?**

While we do not specify a maximum interest rate, we expect it to be below market rates.

- 3. Are there any restrictions on loan structures, such as step-up monthly payments?**

SHCC plans to bring fair and transparent loan products to low-income households. Any fees to be paid by the borrower must be clearly identified and reasonable (e.g., we plan to offer “no dealer fee” loans). Payment terms should be structured for affordability, whether or not solar tax credits are used to pay down the loan balance.

- 4. What documentation is required to verify that borrowers qualify under LIDAC, Rural, or Tribal designations? Would income verification be necessary?**

SHCC will provide additional guidance during a later phase of the RFP. Income verification will be required to qualify as a geographically dispersed low-income household under the LIDAC definition. Borrowers may still qualify under other LIDAC categories if income is unable to be verified.

**5. Would leased solar systems be eligible, or must borrowers own their systems?**

This RFP is solely for systems owned by homeowners. However, we are separately developing products to address the lease segment of the market.

**6. If [Proposer] retains servicing, what are the reporting and compliance expectations?**

To ensure our ability to meet reporting and compliance obligations under this award, SHCC will require:

- from all sellers, without regard to retention of servicing, a loan setup file and funding schedule at the time of purchase;
- from all servicers, a monthly report set including, but not limited to, performance, payment, and default data.

Additional details on specific requirements will be provided to successful proposers upon entering the due diligence and negotiation phase following RFP completion.

**7. What level of borrower support is expected post-sale? Would additional consumer protections be required beyond standard servicing?**

Standard consumer protections will be required, including:

- Loans to consumers must comply with the Equal Credit Opportunity Act, the Truth in Lending Act, the Consumer Financial Protection Act, and other federal consumer protection laws that apply;
- Written disclosures must be provided to consumers containing information in clear and understandable language regarding purchasing, leasing, or financing as well as the costs associated with a consumer's transaction; on the impact of the solar project on the consumer's ability to sell or refinance their home and recording of any liens on the home; consumer rights; contact information for the solar project provider; and complaint procedures for the consumer if they have a problem with the solar project or sales process;
- All in-person and telephone marketing that directly interacts, transacts, or contracts with consumers must be conducted in a language in which the consumer subject to the marketing is able to understand and communicate; and
- A process must be maintained for receiving, monitoring, and resolving consumer complaints, including ensuring that complaints are appropriately addressed and referring complaints, when necessary, to the appropriate government regulatory agency.

**8. What premium or pricing adjustments should we anticipate on loan sales? Would SHCC purchase loans at par, or is there a preferred discount/premium structure?**

Pricing terms are in development and will be negotiated with successful applicants.

**9. Are there restrictions on dealer fees, origination fees, or servicing fees?**

Any fees to be paid by the borrower must be clearly identified and reasonable (e.g., we plan to offer “no dealer fee” loans). We expect Proposers to provide their most competitive pricing terms.

**10. Does SHCC plan to provide any loss-sharing or credit enhancement structure to mitigate risk? If so, how much?**

SHCC does not anticipate using a loss-sharing or credit enhancement structure. SHCC will purchase the loans and assume 100% of the risk of loss.

**11. What is the expected forward-flow commitment volume? Would SHCC commit to a minimum monthly purchase amount?**

Our preference is for \$10m in annual purchases. Monthly volume commitments can be discussed during the next phase of the RFP.

**12. What is the expected timeline for counterparty approval and initial purchases?**

Counterparty approval, due diligence, negotiation, and program setup times will vary.

**13. Would SHCC require exclusivity in selling loans to them, or could [Proposer] maintain multiple forward-flow agreements?**

SHCC does not require exclusivity.