North Carolina Clean Energy Fund

Proposal for the Buncombe County Loan Loss Reserve (LLR) Funds For Electrification and Energy Efficiency Upgrades in LMI households

May 13,2025

In 2023, the Buncombe County Commission authorized a Loan Loss Reserve (LLR) of $100,000 to be managed by the NC Clean Energy Fund, enabling a lending program that supports household electrification as the county strives to meet its 100% clean energy targets. Currently, $20K of the LLR is earmarked for Self Help Credit Union to offer the Energy Saver Loan to Buncombe County residents at a reduced interest rate. NCCEF charges a fee of 2.99% for technical assistance and LLR administration, which is included in the loan amount and paid by the borrower.

Energy Saver NC (or the HOMES/HEAR) program is scheduled to begin in Buncombe County on June 1, 2025. The program provides weatherization and electrification assistance to individuals with incomes below 150% of the Area Median Income, approximately $105,000 per household per year. Financing will be an important complement for individuals who are eligible for a partial rebate (80 – 150% AMI) or people who have applied for the rebate but do not qualify due to other factors.

The funds Buncombe County has allocated to NCCEF can be used for strategies beyond a loan loss reserve to make financing more accessible. We propose using up to $30,000 of the funds to cover the NCCEF fee for consumer loans made to households with incomes below 150% AMI. This aligns the threshold for Energy Savers NC and lowers the financing cost for low- and moderate-income households.

Below, the chart illustrates how utilizing available funds to cover fees for consumer loans of $10,000 would deplete the reserve.

Number of projects	Amount of Lending	Fee Amount	Anticipated Drawdown to Cover Loan Losses	Total Anticipated Reduction of $100,000
1	$ 10,000	$ 299	$ 300	$ 599
10	$ 100,000	$ 2,990	$ 3,000	$ 5,990
25	$ 250,000	$ 7,475	$ 7,500	$ 14,975
50	$ 500,000	$ 14,950	$ 15,000	$ 29,950
75	$ 750,000	$ 22,425	$ 22,500	$ 44,925
100	$ 1,000,000	$ 29,900	$ 30,000	$ 59,900

*Charge-offs to the LLR are anticipated on 3% of projects.

After financing $1 million in projects, the lending program will still have $40,100+ accumulated interest to continue.

Current balance in the Self-Help Credit Union Accounts:

- SECU LLR: $20,589.56
- SECU Other: $83,096.39