



HOW A GEOTHERMAL COMBO LOAN WORKS

TWO PARTS, NO MONEY DOWN

A geothermal combo loan is actually two separate loans that, when combined, provide homeowners with an optimized, no-money-down finance strategy for their geothermal system installation. Here's how the two parts work.

PART 1 OF 2: Short-Term Balloon Loan for 12 or 18 Months 26%

In 2020, you may be eligible for a federal income tax credit equal to 26% of the cost of your geothermal system installation (NOTE: please consult your tax advisor). The intention of this short-term balloon loan is to float the amount of this 26% tax credit until after your next annual tax filing. As a result, the principal and interest from this short-term loan MUST be repaid in full within 12 or 18 months of your geothermal system installation. Significant penalties apply for late repayment (17.99% interest over your full loan term). As such, this loan is only a good fit for homeowners who are able to use the full 26% tax credit to pay off their loan on time. This short-term loan can be prepaid at any time without penalty and homeowners are encouraged to schedule a one-time, automatic balloon payment on or before their loan maturity date.

PART 2 OF 2: Long-Term Loan for 12 or 15 Years 74%

The remaining 74% of the cost of your geothermal system installation is covered in the form of a long-term loan subject to a fixed interest rate and payable in identical monthly installments of principal and interest for a period of either 12 or 15 years. This long-term loan can be prepaid at any time without penalty, and homeowners are encouraged to schedule automatic monthly payments.

SAMPLE \$20,000, 6.0%, 15-YEAR GEOTHERMAL COMBO LOAN PAYMENT PROFILE

