

Welcome to part 3 of **Direct Finance 101**, where we break down the financing solutions available to for-profit customers that will use the solar power or energy efficiency solutions.

Whether you're asking "What is the best product for a for-profit business?" or a member of the Open Energy Group team is asking "What kind of organization is your customer?", we are focused on the same thing--what products may work for your customer. All seven direct finance products on the Open Energy Finance Exchange could be a solution for your for-profit customer.

Direct Financing **Product Details**

	Operating Lease	Capital Lease	Direct Loan	C-PACE	Power Purchase Agreement	Energy Services Agreement	Deposit / Prepaid Lease
Deal Size	\$500k+	\$50k+	\$100k+	\$100k+	\$50k+	\$50k+	\$50k+
Terms	5-15 years	4-10 years	10-20 years	20+ years	10-30 years	6-20 years	6 years
Buyout	Fair Market Value	\$1	None (ITC paydown required)	None	Fair Market Value or None	Fair Market Value	None (up to 85% upfront payment)
Eligibility							
For-Profit	✓	✓	✓	✓	✓	✓	✓
Non-Profit				✓	✓	✓	✓
Keeps Tax Benefits		✓	✓	✓			
Ownership	Lessee owns at end of term	Lessee owns	Borrower owns	Borrower owns	Option for Offtaker to own at the end of term	Offtaker owns at the end of term	Offtaker owns at the end of term

Let's dive into solutions for your for-profit customer and look at how tax liability and ownership factor into which products may be a good match for your for-profit customer.

In part 1 of Direct Finance 101, we broke down tax liability. Here's a recap:

Tax liability refers to the amount of tax you owe. If you owe \$5,000 in tax, but the ITC is \$100,000-you may not have adequate **tax liability**. Please note that every business should consult a tax professional when determining their tax liability.

Tax benefits and ownership

Through a **capital lease, direct loan, and C-PACE**, your for-profit customer owns the system and all the tax benefits. In other words, they can use the ITC and depreciation, as long as they have sufficient **tax liability**.

No tax benefits, no stress

Maybe your for-profit customer simply doesn't want to immediately own and operate the system or deal with using the tax benefits. In this case, **operating leases, PPAs, energy services agreements**, or the **deposit lease** may be the answer. With these products, the lender or investor takes the tax benefits instead of the energy user.

On the next edition of Direct Finance 101, we'll look at the other side of the coin: non-profits.

To get started securing financing for your customer's solar or energy efficiency project, register and begin an application on **Open Energy Group's application portal** or give us a call at **917-410-7282**.

Have a topic you'd love for OEG to cover in Direct Finance 101? Tell us about it by emailing info@openenergygroup.com.