

July 3, 2025

To Whom It May Concern,

Re: Letter of Intent to Partner on Community Efficiency Financing Program – City of Nanaimo

Vancouver City Savings Credit Union (“Vancity”) is pleased to provide this Letter of Intent (“LOI” or “Letter”) to express its interest to partner with the City of Nanaimo (the “City”) on its application to the Federation of Canadian Municipalities’ Community Efficiency Financing (“CEF”) program. Vancity is keen to explore opportunities to partner with the City for the CEF program as a lender and offer a program to residents that will seek to increase the number of energy retrofit projects in the region of Nanaimo.

This LOI is intended solely as an expression of interest and shall not create any legally binding obligations on either party. Any binding commitment in relation to the proposed partnership shall only arise upon execution of a definitive agreement, subject to the completion of due diligence and any required approvals.

Vancity is a financial co-operative that has been serving the needs of its members and community for over 79 years. Vancity currently manages over \$36 billion in assets and serves more than 570,000 member-owners across Metro Vancouver, the Fraser Valley, Victoria, Squamish, and Alert Bay in the territory of the Coast Salish and Kwakwaka’wakw people. As a provincially regulated credit union, Vancity provides its services province-wide in British Columbia. Through its digital online journey for accounts opening and award-winning call center, Vancity can provide a high-quality, reliable and accessible experience to Nanaimo residents.

Vancity recognizes that achieving large-scale impact requires innovative financing models that combine public and private capital to overcome the financial barriers homeowners face in undertaking retrofits. To further this objective, Vancity is actively seeking partnerships with all levels of government to pilot and scale new, forward-thinking financing solutions. This opportunity to utilize the CEF program is strongly aligned with Vancity’s values and climate commitment to achieving net-zero emissions across its loans and mortgages by 2040, while supporting a just and equitable transition to a clean economy. Approximately 50 per cent of Vancity’s financed emissions originate from residential mortgages, prompting a strategic focus on developing products and services that facilitate energy retrofits amongst its membership. These initiatives include but are not limited to complementary Home Energy Advice through City Green Solutions, the Planet-Wise Renovation Loan, and an EnerGuide assessment rebate.

This LOI has been prepared based on current information regarding the City’s proposed program and the existing Community Efficiency Financing (CEF) framework. While Vancity proposes the following approach to potential participation in the City’s CEF program, it acknowledges that feedback from the Federation of Canadian Municipalities (FCM), significant shifts in economic conditions, changes to Vancity’s strategic priorities, or substantial modifications to the City’s program may impact the proposed partnership model in whole or in part.

Vancity Planet-Wise Renovation Loan

One of Vancity's current products for financing home energy retrofits is the Planet-Wise Renovation term loan. This loan is unique in the Canadian landscape as it provides a preferred rate for unsecured personal loans at Prime + 0.75% for those needing funds for eligible home energy improvement projects such as installing heat pumps, solar panels or adding insulation. Vancity has offered a version of this product since 2004, when it became the first financial institution in Canada to create a purpose-built lending product for home energy efficiency. This product was updated in 2020 and expanded to include a home equity line of credit and personal line of credit. In the last 5 years, Vancity has financed over \$8.5 million across this product suite, and it has seen especially strong growth for this product in 2024 and 2025 as awareness and demand for home energy upgrades has increased.

When compared to the Canada Greener Homes Loan ("CGHL"), the Planet-Wise Renovation Loan is differentiated in a few key areas (see Appendix I). These differentiating factors were introduced to this program to provide an alternative to homeowners who may need 1) the funds up front, 2) to access more funds than they are eligible for through the CGHL, 3) to implement some non-energy upgrades as part of their project, those who have trouble navigating the process to apply for funding. Vancity's Planet-Wise Loan can also serve as a bridge loan for individuals awaiting repayment from the CGHL or as a top-up to address funding gaps.

This loan also provides more assurance on the use of funds compared to a line of credit and has a defined repayment schedule which can allow Vancity to better track results and manage its profit margins. It is Vancity's intention to utilize the Planet-Wise Renovation Term Loan for the City of Nanaimo retrofit program as it provides Vancity with a proven and effective way to deliver capital to Nanaimo residents.

Leveraging the CEF Loan Loss Reserve

Vancity recognizes that the City requires that their financial partner for the CEF program leverage the loan loss reserve offered by FCM to create a differentiated financing product and believes this presents an exciting opportunity for Vancity to provide enhanced preferred terms compared to its existing loan offerings. Subject to approval of the City's application and signing of a definitive agreement between Vancity and City of Nanaimo, Vancity is prepared to commit to financing up to \$8.0 million over 4 years and to utilize the loan loss reserve of \$1.6 million to reduce the risk weighting of its Planet-Wise Loans. This initiative will allow Vancity to offer a further reduced interest rate to Nanaimo residents that access financing. Vancity believes that this enhanced product, in addition to the rebates offered to residents by the City, will help incentivize residents to undertake retrofits and create a more affordable and flexible financing.

As a provincially regulated financial institution, Vancity is regulated by the British Columbia Financial Services Authority ("BCFSA") and has put in place appropriate safeguards to manage risk. Vancity's qualified Special Accounts team oversees delinquency in Vancity's lending portfolio. This team of specialists works one-on-one with Vancity members to assess the member's situation and create solutions based on each member's unique needs and circumstances. Vancity tracks and monitors all defaults and delinquencies and would use all available tools and measures for recovering losses before utilizing the loan loss pool for cost recovery.

Lending Process and Adjudication

For all retail lending, Applicants must:

- Be 19 years of age or older
- Be (or become) a member of Vancity
- Be up to date and not currently deferred on any existing Vancity loans and/or mortgage payments
- Have the capacity to enter legally binding contracts,
- And be a resident of British Columbia (including non-permanent residents).

Every credit application for a personal loan would be subject to the following:

- Review of 5 C's (Character, Conditions, Capacity, Capital, Collateral)
- Review of income sources and employment. We have a variety of acceptable income sources, including:
 - o Salary or pension income
 - o Indigenous non-taxable income
 - o Self-employment income
 - o Variable income

A current credit bureau check is required within 90 days of approval and/or funding and we require a minimum beacon score of 620 and BNI of 800. Vancity may also utilize other criteria for assessing creditworthiness.

To become a Vancity member, individuals are required to be a resident of B.C., have a social insurance number and deposit \$5 at account opening for member shares. Individuals can open select chequing or savings accounts online or call into Vancity's Member Services Center and book an appointment with one of our Credit Solutions specialists. In partnering with the City of Nanaimo, Vancity endeavors to set up a process for residents that will connect them directly to its Credit Solutions team who will be trained in this program and be able to service the enquiries.

Conclusion

Vancity is excited about the opportunity to partner with the City of Nanaimo on this innovative program and to demonstrate that combining public and private capital can assist homeowners in making their retrofit upgrades a reality. Vancity is fully supportive of this City initiative and is committed to being a reliable, open, and collaborative partner in this program.

Sincerely,

Alison Coates

Alison Coates
Director, Climate Strategy & Performance
Vancity

APPENDIX

Appendix I:

	CGHL	Planet-Wise Renovation Term Loan
Max Loan Amount	\$40,000 (maximums set for each type of upgrade – insulation can receive \$5k, heat pump \$4k)	\$50,000
Interest Rate	0%	Prime + 0.75% (Rate would be lowered for this program with the use of the loan loss reserve)
Max Term Length	10 years	15 years
Minimum Loan Amount	\$5,000	\$3,500
Availability of funds	15% available upfront, remainder given upon proof of completion and obtaining post-upgrade EnerGuide report (1-6 months).	Full funding available upon approval.
Requirements	Pre & Post-upgrade EnerGuide reports. Cannot be used for any upgrades that aren't in EnerGuide evaluation (e.g back-up battery or non-energy related measures).	Funds must be used towards project related to energy efficiency or reducing GHG emissions. Can include non-energy related measures that are necessary as part of a project (e.g. drywall).