SIMPLE · TRANSPARENT · EXPERT · **TRUSTED**

National Energy Improvement Fund

2020 Annual Report

FINANCING THE TRANSITION TO EFFICIENT AND RESILIENT HOMES & BUILDINGS

Certified B Corporation
This company meets the highest standards of social and environmental impact

U.S. DEPARTMENT OF ENERGY
HOME IMPROVEMENT EXPERT™

NEIF
NATIONAL ENERGY IMPROVEMENT FUND
A Certified B Corp™

WE FOCUS ON ENVIRONMENT AND CLIMATE

Every NEIF loan reduces carbon emissions and energy costs. 71% of NEIF's loans have been for efficient heating, cooling and related improvements and 29% have been for roofing, insulation and other energy and resilience measures.

WE MAKE ENERGY AND RESILIENCE IMPROVEMENTS AFFORDABLE

NEIF serves all income levels including low-moderate income borrowers, where access to affordable energy improvements is vital. Low and moderate-income households account for 43% of all loans.

Low	Moderate	Above moderate
18.54%	24.92%	56.54%

WE PROVIDE AFFORDABLE FINANCING TO SMALL BUSINESS, COMMERCIAL & NON-PROFIT PROJECTS

A typical financed residential project reduces energy use by 5-10% and commercial energy use by 15% or more. NEIF has completed almost 5,000 residential projects and commercial projects.

Residential Improvement by Type

Resilience & Building Envelope

HVAC, Efficiency & Renewables

881

TOTAL APPROVED CONTRACTOR BUSINESS PARTNERS

WE PRIORITIZE RESILIENCE

NEIF recently completed the acquisition of MyStrongHome. The MyStrongHome platform finances and insures home roofing, windows, and exteriors against hurricanes and other extreme weather events.

MyStrongHome INSURANCE
From NEIF-a Certified B Corp™

WE SUPPORT SMALL BUSINESS & JOB DEVELOPMENT

NEIF currently supports over 850 contractors, the vast majority of which are small businesses. NEIF helps small businesses grow by offering trusted financing to contractors' customers to help increase contractor sales.

$22,667,239
EFFICIENCY AND RESILIENCE LOAN SERVICING PORTFOLIO

$35,467,585
TOTAL PROJECTS FUNDED

4,402
LOANS BEING SERVICED

22
ACTIVE RESIDENTIAL STATES

18,635,000
ESTIMATED KWH SAVINGS FROM FUNDED PROJECTS (5 YEARS)

12
ACTIVE COMMERCIAL UTILITY PROGRAMS

Your investment's energy impact

$1,000

Reduced greenhouse gas emissions equivalent to 1,228 miles driven by an average car

$5,000

Carbon sequestered equivalent to 40 tree seedlings grown for 10 years

$10,000

Reduced C02 emissions equivalent to 5,453 pounds of coal burned

Climate Action INVESTMENT NOTES
From NEIF-a Certified B Corp™

Estimates are derived from epa.gov/energy/greenhouse-gas-equivalencies-calculator based on 5 year kwh savings of 10% of original baseline usage on an average U.S. home.

About the National Energy Improvement Fund

- With a management and lending heritage dating to 1947, NEIF was organized as a for-profit Benefit Corporation, commencing operations in July 2018.
- Providing fair and transparent financing for essential energy and resilience improvements like HVAC, roofing, lighting & battery storage.
- Led by a seasoned team of energy financing innovators responsible for over $800 million in financing.
- Delivered through partnerships with contractors, distributors, manufacturers, utilities and governments.
- Supervised as a consumer lender and servicer in 22 states and operating a commercial financing platform nationally in partnership with 12 utilities.
- Acquired the MyStrongHome financing and insurance platform in May 2020, providing services to the growing resilience market in the Southeast U.S.
- Earned Certified B Corporation® status and was named a Home Improvement Expert Partner by the U.S. Department of Energy in 2019.
- To date, NEIF has financed over 5,000 energy and resilience projects for over $35 million and services an energy efficiency loan portfolio of almost $23 million.

The National Energy Improvement Fund, LLC (NEIF) is the nation's only Certified B Corp™ lender specializing in improvements that make homes and buildings stronger and more energy-efficient.

NEIF is committed to affordability, climate impact and job development.

NEIFUND.org
Allentown, PA | Denver, CO

NEIF NATIONAL ENERGY IMPROVEMENT FUND A Certified B Corp™ Certified B Corporation

The Company

General Business Information

The National Energy Improvement Fund, LLC ("NEIF" or the "Company"') is a Pennsylvania public benefit, for profit, limited liability company (LLC) organized on July 12, 2017. NEIF is a Certified B Corporation. The Company is located at 1005 Brookside Road, Suite 200, Allentown, PA 18106. The Company's website address is www.neifund.org. The Offering is being made through Raise Green, Inc. ("Raise Green") in its capacity as a funding portal intermediary. Information about the Company is provided on the Offering Page maintained for this Offering by Raise Green, which is located at www.raisegreen.com.

Business

NEIF operates as a multi-state non-bank financial services company. NEIF provides financing for essential energy and resilience improvements like heating, ventilation, Air-Conditioning (HVAC), roofing, lighting, and battery storage, which make homes and businesses more resilient, efficient, healthy, and comfortable and helps contractors grow their businesses. Led by energy financing pioneers, Peter Krajsa, and Matthew Brown, and a team responsible for over $800 million in innovative energy financing programs, NEIF is currently the nation's only Certified B Corporation® specializing in energy efficiency and resilience lending and is supervised as a consumer lender and servicer in 22 states. NEIF operates its commercial financing platform nationally.

With a heritage dating to 1947 (AFC First), the National Energy Improvement Fund was organized as a for-profit Public Benefit Corporation in 2017 and commenced operations in July 2018. NEIF went through additional assessment and scrutiny to officially be designated as a Certified B Corporation® by the international certification board. Certified B Corporations are businesses that balance purpose and profit, and are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. Certified B Corporations® (B Corps™) meet the highest verified standards of social and environmental performance, public transparency, and legal accountability in five categories: governance, workers, customers, community, and the environment. NEIF is also an approved Home Improvement Expert™ Partner of the U.S. Department of Energy.

NEIF provides fixed rated, point-of-purchase financing for most installed products that improve a home's energy efficiency, health, resilience, or comfort, installed by Approved Contractors. These include heating, cooling, insulation, roofing, generators, window, and renewables. NEIF also offers

financing for commercial energy improvements such as lighting, battery storage, solar and mechanical systems, typically as a program administrator for utilities. In addition, the company provides advance funding to contractors for utility and other rebates, and insurance services through its MyStrongHome resilience platform.

Impact of Covid-19

Current revenue is potentially insulated from economic downturns

Over 75% of NEIF's revenues are based on long-term servicing contracts and retainers from dependable parties with monthly revenues locked-in for multiple years. Since the advent of the COVID 19 crisis, NEIF has seen no measurable effect on delinquency or requests for loan deferrals. NEIF's predecessor, AFC First, experienced the 2008 downturn with almost no change in loan portfolio performance, maintaining an annual charge-off rate of less than 1% throughout the financial crisis

Revenue growth is potentially downturn-resistant

NEIF funds essential projects for homes (HVAC, roofing), businesses (lighting and other business-critical functions), resilience (responding to hurricanes or wildfires). These types of projects tend to be in demand in economic downturns. NEIF's project volume has continued to grow since the pandemic – further validating NEIF's position in the market. NEIF's diversity in product offerings and market position as a trusted financing source has meant that NEIF's loan volume has grown as the pandemic has developed, while loan performance has remained steady.

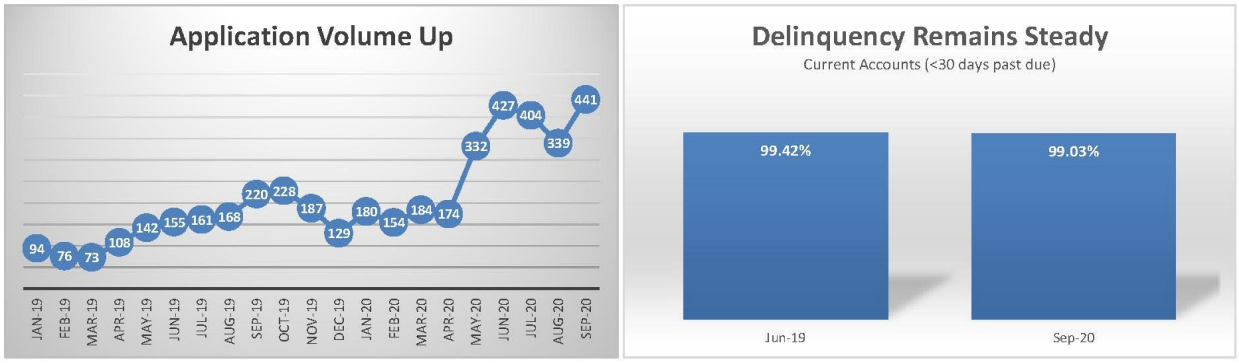


Figure 1. (Left) NEIF Residential Application volume trend from Jan 2019 until September 2020. (Right) Residential portfolio comparison of delinquency rates between June 2019 and September 2020.

State	Lending Requirement	License Status
Alabama	Consumer Credit Act License	MC 22708
California	Finance Lender	60DBO-106993 (PA) 60DBO-111768 (CO)
Colorado	Supervised Lender	Exemption per Rate Trigger
Connecticut	Small Loan Company	SLC-1723196
DC	Money Lenders License	ML1723196
Delaware	Licensed Lender	26639
Florida	Consumer Finance Company	Exemption per Rate Trigger
Georgia	Industrial Loan License	Exemption per Dollar Trigger
Illinois	Consumer Installment Loan Act License	Pending
Kentucky	Consumer Loan License	Pending
Louisiana	Licensed Lender	1723196
Maine	Supervised Lender	1723196
Maryland	Consumer Loan License	03-2384
Massachusetts	Small Loan License / Third Party Loan Servicer	SL1723196 / LS1723196
New Hampshire	Small Loan License	22915-SM
New Jersey	Licensed Lender	Exemption per Rate Trigger
New York	Licensed Lender	Exemption per Rate Trigger
North Carolina	Consumer Finance Lending License	Exemption per Rate Trigger
Ohio	Small Loan Company License	GL.502107.000
Pennsylvania	Consumer Discount Company	66007
Rhode Island	Small Loan Lender License/Lender's License	20204114LL
South Carolina	Supervised Lender	S-9130
Texas	Regulated Lender License	Pending
Vermont	Lender License	7530
Virginia	Consumer Finance License	Exemption per Rate Trigger
West Virginia	Regulated Consumer Lender	Exemption per Rate Trigger

Table 1. NEIF operates commercial programs nationally and maintains or is pending residential lending licensing or exemptions in these states.

NEIF Background

NEIF's mission and strategic focus

- Mission: To increase the affordability of energy efficiency and resilience improvements in homes and commercial properties, and to help contractors grow their businesses in the energy efficiency and resilience markets.
- Strategic focus:
    - **Climate —** NEIF finances energy efficiency improvements that reduce energy usage and the carbon footprint.
    - **Affordability —** NEIF financing makes energy and resilience improvements more affordable for homeowners and businesses of all sizes and income levels, with additional focus on low and moderate income borrowers.
    - **Resilience —** NEIF provides specialty financing and insurance programs for buildings in high impact weather regions.
    - **Business and Job Development —** NEIF accelerates contractor growth and employee development with training, products, and programs.

NEIF's distinction

- Experienced leadership and staff who have previously built, operated, and transitioned innovative and successful energy finance businesses.
- A unique market position as a focused energy and resiliency lender, filling product and distribution gaps with programs, expertise, compliance, and technology.
- Third-party B Corp certification for strong ethical practices and a commitment to the environment, compliance, and accountability.
- A licensed and regulated consumer lender under physical supervision of the Pennsylvania Department of Banking and numerous other state banking agencies.
- Fully audited with ongoing and annual CPA review of financial statements, processes, and procedures.
- Certified as a Home Improvement Expert™ partner by the U.S. Department of Energy.
- Fully compliant processes for loan origination, servicing, and payment processing and integrated Statement on Auditing Standards (SAS)-compliant software.
- Offering loans to customers of NEIF-approved contractors, providing training to contractors, working capital to support small businesses, job development, and help to increase their sales.
- An innovative, compliant and time-tested fintech company with end-to-end Service Organization Control (SOC)-compliant systems for loan origination, servicing, and payment processing.

NEIF's current operating status

- Servicing over $22 million in loans across nearly 5,000 completed energy efficiency projects, and hosts a contractor network of 825 companies as of September 2020.
- Offering commercial loan programs nationally and residential lending programs in 22 states in the Northeast, Mid-Atlantic, Southeast, Gulf Coast, and California.
- Currently operating special programs in partnership with state government and utilities in Maine, California and Pennsylvania.
- Holds administrative program contracts with Efficiency Maine, Xcel Energy, AEP Ohio, Rocky Mountain Power, Eversource and many others.
- Successfully raised over $4.7 million in first stage capital from energy funds and individuals which includes investment by management of over $1.25 million.
- In May 2020, acquired and integrated MyStrongHome (MSH), a resiliency-based lending and insurance benefit corporation operating in the Southeast U.S. MyStrongHome Insurance launched its new website and expanded offering in the fourth quarter of 2020 and has aligned with Assure Alliance to offer a broader range of insurance products and services to home and business owners.
- NEIF maintains exclusive partnerships with manufacturers, distributors, and trade associations such as Energy Kinetics, Rheem distributors, Building Performance Association, and Pearl Certification to provide financing to their customers and members.
- NEIF's proprietary commercial finance portal features custom-branded finance proposals, customer pre-screen, rate buy-downs, sponsor-specific project tracking and the ability to fund projects via multiple different lenders. NEIF is integrating this advanced technology into its established residential lending and reporting systems.

NEIF products adhere to four essential pillars

- **Simplicity —** Uncomplicated products and processes. Responsive communication. Knowledgeable service. Straightforward technology.
- **Transparency —** Financing options with clear terms and no hidden costs to customers or contractors. Supporting informed and confident decision-making.
- **Trust —** Third-party certified to meet the highest standards of compliance, social and environmental focus, accountability and fair lending practices.
- **Expertise —** Staff with years of innovation in energy and resiliency financing. Knowledge, expertise and broad industry perspective for best contractor and customer experience.

NEIF's comprehensive solutions address four market gaps

- **Confusing and high cost financing —** Many contractors offer non-transparent, high contractor fees, and "promotional financing" which can increase the cost to the customer and limit affordability.
- **Contractor cash constraints —** Contractors are often cash-strapped, time-strapped, and lacking a true partner to grow their business.
- **Generic and limited products —**Generic lending products don't fully address the specialized needs of energy programs nor the emerging and fast-growing markets for resiliency solutions (high quality roofs, battery storage, etc.).
- **Inadequate support to Utilities, States, and Green Banks —** Most lenders lack the specialized expertise required to effectively partner with programs that promote energy efficiency, renewable energy, and resiliency.

NEIF serves four customer types

- **Homeowners —** Point of purchase financing and insurance for qualifying energy and resiliency improvements.
- **Businesses —** Financing for commercial, industrial and municipal energy and resiliency upgrades.
- **Contractors —** Bridge financing for HVAC, roofing, lighting and other contractors.
- **Governments, Utilities, Manufacturers, Distributors, and Programs —** Administration and delivery of program and contractor network-driven efficiency and resiliency lending.

NEIF provides essential products and services

- **Lending to consumer and commercial customers —** Loan origination and servicing for efficient HVAC, windows, roofs, lighting, battery storage and other efficiency, and resilience upgrades.
- **Bridge financing for contractors —** Advance funding programs to cover contractor short-term capital needs with rebate advance payments, working capital, and related funding.
- **Program administration services —** Portal technology, loan servicing, and origination for governments, utility, and other sponsors and their contractor networks.
- **Property Insurance based on resilience —** Insurance services for homeowners, which provide reduced premiums after resiliency upgrades such as roofs that are fortified against hurricane-force winds.

NEIF brings its products to market through four channels

- **Manufacturers, Distributors and Industry Associations —** Partnering with industry leaders such as Energy Kinetics, Rheem distributors, ATAS Roofing, Pearl Certification, BPI, Building Performance Association, and CEMA.

- **Direct to Contractor —** Providing a network of qualified energy and resiliency contractors vetted for financial and ethical stability, with tools and training to integrate fair financing.
- **Government Efficiency and Resilience Programs —** Developing and managing programs for government agencies such as Efficiency Maine, Pennsylvania Treasury, Philadelphia Energy Authority, and US Department of Energy.
- **Utilities and Insurance Companies —** Administering targeted financing programs for utilities such as Eversource, AEP Ohio, Xcel Energy, etc. and resilience-related programs for insurance companies.

Industry background

Residential Financing Market

- The annual home improvement market is $250 billion.
- 15% of this is financed with point of purchase financing.
- NEIF's principal competitors like Synchrony, GreenSky and EnerBank focus on short term promotional financing programs ("Zero %") with high costs to the contractors.
- NEIF focuses on transparent, fixed-rate installment financing with no cost to the contractor.
- NEIF required share of the market to hit its planned maximum volume is a 0.25% (less than quarter of one percent)
- Additional market data is included in the attached supporting materials in Appendix 4.

Financing options for core energy and resiliency improvements remain unfocused and fragmented

- 80% of all energy-related improvements are "reactive" – that is, they are a response to a heating or cooling system outage or other urgent upgrade.
- For many homeowners, these "reactive" home improvements ($2,500 to $25,000) come as a surprise, un-budgeted major capital expense and can often fall into the consumer's financing "twilight zone" – too big for a credit card, too small for a home equity loan.
- Credit cards, short-term promotional programs, or cumbersome traditional financing do not address the needs of buyers and contractors looking for fast turn-around, fair pricing and longer-term affordability for a major capital purchase in energy-related improvements.
- Because a reactive improvement is time sensitive and consumers may have limited, less-than-affordable or inefficient financial options available to them, they often are only able to afford cheaper and less efficient systems or improvements.
- Small and mid-size commercial borrower(s) face similar hurdles with limited and mostly short-term payment options available.

Existing products and providers do not fully address the financing needs of the multi-billion energy and resiliency improvement market

- Large National Banks and Finance Companies offer sophisticated point of purchase programs for contractors, but are generally focused on "promotional" finance programs with high costs and dealer fees that may result in a hidden finance charge to consumers. For most of these programs, lenders' energy improvements are just another line item to finance like hot tubs and All-terrain vehicles (ATV)s. Additionally, there is no motivation to integrate with utility or other energy programs, or provide specific energy industry know-how to consumers and contractors.
- Fintech platforms and internet lenders need massive volume to feed venture capital and private equity investor returns, requiring them to focus on large, high cost improvements like solar. Access to loan capital is based on the "big Wall Street banks" interest to provide financing and price. While some fintech lenders offer financing for basic energy improvements, it is typically treated as an "add-on" and not a core product.
- Local Banks and Lenders commonly focus on home equity loans or financing products that are more complex and require a longer time to process, making them unresponsive to the immediate needs of the consumer. They are generally not engaged in point-of-purchase financing, contractor network development and management, or energy-specific program administration.

NEIF's Focus

NEIF prioritizes resilience and has acquired and begun integrating MyStrongHome (MSH)

- MyStrongHome (MSH), a resiliency-based lending and insurance benefit corporation, is an innovative platform that operates primarily in the Southeastern U.S.
- The MSH platform finances and leverages discounts on insurance premiums for home roofing, windows, and exteriors against hurricanes and other extreme weather events. MSH assists homeowners by providing affordable financing for resilient improvements that meet the standards of the FORTIFIED for Safer Living Program of the Insurance Institute for Business and Home Safety.
- The cost of financing is reduced by saving on insurance premiums for homes that meet the FORTIFIED standard.
- NEIF provides resilience financing for battery storage, generators and related improvements. NEIF is providing battery storage financing as a resilience measure against California wildfires.

NEIF has extensive energy, lending, compliance and regulatory knowledge led by a leadership team with decades of experience

- The NEIF management team is made up of energy finance veterans, with decades of industry and innovation and lending legacy dating to 1947.
- The team has collectively completed over $800 million in energy lending.

- Peter Krajsa, Co-Chair and Founder - Previously CEO of AFC First, a groundbreaking energy efficiency lender founded in 1947 with over 6,000 participating contractors, creators of Pennsylvania's Keystone HELP, the national EnergyLoan program, and many other market-based and state- and utility-backed financing programs. He successfully sold AFC First to Renew Financial, the creator of PACE financing, in 2015. Peter has over 30 years of industry experience.
- Matthew Brown, Co-Chair and Founder - Founder and Principal of Harcourt Brown & Carey and HBC Energy Capital, the nation's top designer of energy finance programs for States and Utilities, including California, Michigan and many others. Matthew has over 25 years of industry experience.
- Laura Nelson, Chief Operating Officer - Previously CFO of AFC First, and VP of Renew Financial and Deutsche Bank. She was instrumental in the creation of the national Warehouse for Energy Efficiency Lending and has been involved in financial management, operational controls, process improvement and regulatory and investor compliance. Laura has over 20 years of industry experience.
- Margot Brandenburg, Senior Advisor - Former founder of MyStrongHome, with over 10 years of industry experience and experience in mission-driven business and non-traditional finance. She is currently a Senior Program Manager in the Mission's Investment Team at the Ford Foundation, and was formerly Senior Associate Director at the Rockefeller Foundation. She is the co-author of the book The Power of Impact Investing.
- Tessa Shin, Vice President, Lending and Programs – Former Director of Lending and Programs at AFC First and Renew Financial. Tessa has over 15 years of industry experience.
- Teri Stoffey, Vice President, Accounting and Servicing – Former Accounting Manager at Renew Financial, and former Director of Process and Reporting at AFC First. Teri has over 10 years of industry experience.
- Heather Braithwaite, Vice President, Commercial Finance – Previously led State and Utility engagements to establish finance programs while at Harcourt Brown and Carey. Operated NEIF and HBC Energy Capital Commercial Finance Programs. Heather has over 10 years of industry experience.
- Randy Bak, Senior Director, Business Development - Experienced national dealer and channel sales professional formally with Renew Financial, Toshiba and other technology companies.
- Greg Burns, Director, Business Development – Previously channel development for Renew Financial and AFC First. Extensive Energy Industry experience with StarGas and others.
- Les Robertson, Director, Insurance Services – Over 20 year of experience in operating property casualty agencies and programs, including the MyStrongHome products.
- NEIF currently has 17 employees.

NEIF team members have been part of the development of the nation's most innovative energy financing programs

- NEIF is a trusted brand among contractors that seek a transparent, monthly payment option for customers.
- NEIF is well-known in the energy industry and works closely with utilities, state green banks, state energy offices, utility program implementers and others, including programs and partners such as: Pennsylvania Treasury –Keystone HELP, Efficiency Maine, Connecticut Green Bank, Eversource, United Illuminating, Michigan Saves, Energy Kinetics, P&N Distribution (Rheem), PECO, WHEEL, FannieMae National EnergyLoan, HUD PowerSaver, California Treasurer & Utilities, Kentucky Home Performance, Maryland Clean Energy Fund, Delaware Sustainable Energy Utility, Illinois Energy Association. West Penn Power Sustainable Energy Fund, The Sustainable Energy Fund, Philadelphia Energy Authority, ComEd, Ameren, ATAS International, Knauf Insulation, Rocky Mountain Power, Xcel Energy, Sacramento Municipal Utility District, and AEP Ohio.

NEIF's business model combines recurring revenue and transaction fees

- NEIF earns recurring revenue on its loan servicing portfolio and retainer contracts, and transaction fee revenue on loan placement, insurance commissions and other services.
- For selected loan products, NEIF originates and funds loans to homeowners and businesses for eligible energy and resilience improvements installed by qualified contractors. NEIF sells the underlying loans into pre-committed capital pools. NEIF retains ownership, for the life of the loan, of a loan servicing spread for account management, payment processing, collections and reporting, as well as a program management spread for contractor management, training, improvement qualification, and reporting. These spreads are paid out of the loan yield on the outstanding balance of the loan portfolio and range from 1.5% to 4% annually depending on the level of services.
- NEIF receives monthly retainers from utilities and other programs. Services include the management of lending activities for a utility's commercial and small business initiatives, and range from $1,000 monthly to $5,000 monthly depending on the level of service.
- NEIF provides premium subscription services to contractors for preferred access to sales tools, NEIF's proprietary financing portals, and additional marketing services.
- A $25 million servicing portfolio generates about $2 million in lifetime servicing revenue. This assumes $25 million in loans originated results in $2.088 million in servicing revenue based on an 87 month average life and 2.49% spread.
- NEIF originates commercial transactions (and soon residential loans) for financing products provided by third-party lenders that enhance NEIF's product offerings. Examples include larger loan amounts or different financing structures like commercial Property Assessed Clean Energy (PACE), Power Purchase Agreements (PPA), working capital lines of credit for contractors, and certain types of lease arrangements. NEIF receives a funding transaction fee of 1% to 4% of the loan amount.

- NEIF earns processing fee revenue and profit participation for advance payment to contractors for utility and government rebates through its interest in RB Funding, LLC (Rebate Bridge).
- NEIF-MSH Insurance, LLC, a wholly-owned subsidiary of NEIF, is a property & casualty insurance agency that earns insurance commissions on homeowner insurance premiums for policies associated with the MyStrongHome program for resilient home improvements such as roofing. Plans are underway to broaden the carriers, programs and footprint of the agency.
- NEIF is a licensed or compliant lender in all the states in which it operates. It maintains a full origination and servicing operation, deriving revenue for ongoing servicing fees, origination and placement fees paid by capital sources, retainers by utilities, and service fees paid by programs.
- NEIF is a 50% owner and administer of RB Funding, which provides advance funding on rebate and other cash-flow programs for contractors under the Rebate Bridge product line.

NEIF has built robust partnerships, alliances and integrations

- Aggregation and forward purchase commitment of community bank, credit union, foundation, and socially responsible investor capital provides access to low cost, sustainable and diverse sources of funding.
- Alliances and integration with state green banks, utilities and others provide access to deal flow, to credibility and to subsidy funds that reduce loan rates, enhance marketing and increase contractor usage.
- State-of-the art origination, contractor support and servicing technology enhances contractor close rates, consumer uptake of energy improvements, and loan payment performance.
- The NEIF team understands the nuances of energy efficiency and resilience marketing and lending and how to build strong contractor and sponsor relationships that use financing to drive sales of energy efficiency with effective sales training and integrated marketing.

NEIF has a high focus on risk management and lending compliance

- Management has deep consumer lending experience with systems and documents that are fully compliant and current. Origination and servicing comply with regulations & bank partner expectations.
- The business model is built on controlled and sustained growth derived through systematic deployment through contiguous geographic areas or related vertical channels. Projections are based on receiving 1.25 applications per month for each approved contractor, with a pull through rate of .35%. These metrics are based on management's previous experience in an identical business line and have been consistent since NEIF's founding.

Figure 2: Loan Servicing Portfolio including 2019 and 2020 actuals and projections for 2021-2025

NEIF is successfully creating high-performing loans for a wide variety of energy and improvement loans, as well as helping to create affordability across a diverse group of income demographics.

- Strong credit: The average credit score for all energy and resiliency funded loans by NEIF to date is 737. Annual charge-offs are historically less than 1%.
- Strong repayment performance: The 60-day delinquency for all standard NEIF loans is less than 1.0%, (anticipated losses are 0.90% annually based on historical performance metrics for similar portfolios originated by NEIF's management at previous companies).
- Serving all income levels: NEIF serves all income levels including low-to-moderate income borrowers – representing more than 45% of the NEIF loan portfolio AND maintains an industry-leading low delinquency rate. NEIF 30-day past-due loans as of 09/30/20 are less than 0.75% of portfolio vs. the national average of 1.83% based on Federal Reserve data: https://www.federalreserve.gov/releases/chargeoff/delallsa.htm
- Diversified projects: 64% of NEIF's loans have been for efficient heating, cooling and related improvements and 36% have been for insulation and other energy and resiliency measures.
- Reducing carbon emissions and energy costs: A typical financed residential project reduces energy use by 5-10% and commercial energy use by 15% or more based on Department of Energy data: https://www.energy.gov/energysaver/articles/how-much-can-you-really-save-energy-efficient-improvements
  https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/save-energy/find-cost-effective-investments

- Funding spread across diverse income demographics: For all energy and resiliency funded loans by NEIF, 18.54% have been for low income (less than 80% of Area Median Income), 24.92% have been for moderate income (between 80% and 120% of Area Median Income) and 56.54% have been for above moderate income (greater than 120% of Area Median Income.

NEIF's 2019-2020 Highlights

- Over $22 million in residential loans being serviced
- Expanded Efficiency Maine financing program
- B Corporation ® Certification achieved in August 2019
- EnergyPlus Loan financing expanded into 22 states from Maine to Florida
- Selected as Home Improvement Expert Partner by U.S. Department of Energy
- Entered resilience financing market with My Strong Home in Southeast U.S.
- Signed Sponsor/Partner agreements with Corning Natural Gas, P&N (Rheem), NAPAC, WinSupply, Pearl, Sealed
- Completed acquisition of My Strong Home
- Launched Solarize Philly with Philadelphia Energy Authority, and programs with AEP Ohio, Sealed, CEMA and NYSEC, preliminary work for Keystone HELP
- Launched a new commercial finance program with Eversource Energy in Connecticut, New Hampshire and Massachusetts
- Launched financing program for Orange & Rockland commercial utility customers
- Awarded contract to provide multi-family financing at subsidized rates for Los Angeles County
- Awarded contract to provide financing to Xcel Energy Colorado customers
- 3x increase in number of commercial finance proposals year over year
- Launched newly enhanced commercial finance portal and new working capital finance program offer for contractors
- In 2020, NEIF listed three Regulation Crowdfunding offerings on Raise Green Inc.'s Investment Marketplace, raising $268,000

Directors and Officers

Directors

Peter J. Krajsa

Dates of Board Service: July 2017-present

Principal Occupation: Co-Chair and Founder, Managing Member

Employer: National Energy Improvement Fund, LLC

Dates of Service: July 2017 - present

Matthew H. Brown

Dates of Board Service: July 2017-present

Principal Occupation: Co-Chair and Founder, Managing Member

Employer: National Energy Improvement Fund, LLC

Dates of Service: July 2017 - present

Officers

The term officer means a president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any person routinely performing similar functions.

Peter J. Krajsa

Peter Krajsa, Co-Chair and Founder is a recognized innovator in energy efficiency finance for over two decades. Peter spear-headed the creation of a number of major national energy finance programs as CEO of AFC First Financial Corporation, a specialty residential energy efficiency lender, operating programs nationally with a network of over 6,000 participating contractors. Most recently, he headed national channel business development for the innovative energy lender, Renew Financial, which acquired AFC First in 2015, as part of its national expansion plans.

As CEO of AFC First, a company founded by his parents in 1947, Peter led the development of the company's national EnergyLoan® program as one of Fannie Mae's approved lenders; created the Keystone Home Energy Loan Program in cooperation with the Pennsylvania Treasury Department, DEP and PHFA, which laid the foundation for WHEEL, (Warehouse for Energy Efficiency Loans), the world's first investment grade rated securitization of a portfolio of unsecured energy loans, the Connecticut Solar Leasing program which is the nation's first state sponsored solar leasing program, and many other state, utility and manufacturer financing programs, including on-bill financing programs in Connecticut and Illinois. After running AFC with his brother, primarily as a mortgage banker and direct lender, Peter moved the company exclusively into energy efficiency lending in 1999. Under his leadership, AFC First closed over $500 million in energy efficiency loans, was named by the U.S. DOE as the nation's first private Home Performance with ENERGY STAR sponsor, selected as one of five national pilot lenders for the HUD PowerSaver program, received the Alliance to Save Energy Andromeda Award and established the Green Energy Training Academy supported by the Rockefeller Foundation. He holds a B.S. Economics from the Wharton School, University of Pennsylvania.

Matthew H. Brown

Matthew Brown, Co-Chair and Founder has worked in the energy finance and policy field for more than 20 years, beginning his work with the accounting and consulting firm of KPMG in New York. He subsequently worked with an environmental, energy and finance consulting firm conducting research on viability of clean coal companies in the late 1980s. He went on to work with the City of New York, where he was in charge of establishing public-private partnerships for the financing of natural gas fueling stations, among other related activities.

In 1994 he moved to Denver where he headed the National Conference of State Legislatures energy program for 11 years. In this role, he directed a program that provided non-partisan advice on a wide variety of state clean energy policies, including renewable energy standards, tax policy, and establishment of public benefit funds, among numerous other roles. During this time, he testified in more than 35 state legislatures, as well as in front of the Federal Energy Regulatory Commission. In 2005, Matthew moved to Paris, France to begin consulting work with the International Energy Agency, focusing on renewable energy and energy efficiency. Upon his return to Colorado, Matthew built upon his background in a combination of clean energy policy and finance to develop an extensive practice that involves assisting state governments, utilities, lenders, the U.S. Department of Energy, national associations and others in the area of clean energy finance.

Matthew has led HB&C's engagement with the four California investor owned utilities to develop and implement energy efficiency financing programs as well as a similar engagement to develop a third party financing program with utility bill collections for the Hawaii Public Utilities Commission. He had led the engagement with Xcel Energy advising on financing. Matthew has worked extensively with financial institutions to advise on deployment of capital through loans and leases for clean energy in the western United States as well as nationally. Matthew's expertise in advising governments that are looking to support financing program development has led to the development of multiple public-private partnerships between state governments and private capital providers and lenders. Matthew holds a BA from Brown University and an MBA from New York University's Stern School of Business.

Laura Nelson

Laura Nelson, Chief Operating Officer & Founding Member - has been involved in financial management, operational controls, process improvement and regulatory and investor compliance for over fifteen years. Most recently she was Vice President, Financial Operations for Renew Financial where she was engaged in all financial aspects of unsecured and PACE lending prior to Renew's acquisition of AFC. First in 2015, she served as AFC's Chief Financial Officer. As AFC's CFO, she oversaw all investor reporting to states, utilities and financial institutions as well as managing systems, IT, licensing, accounting and compliance. She was previously Vice President, Corporate Actions Department at Deutsche Bank, and worked in mutual fund accounting at State Street. She holds an MBA from Boston College and a BSBA from Bucknell University.

Tessa Shin

Tessa Shin, Vice President – Lending and Programs has helped develop and manage some of the nation's most innovative energy financing programs including Keystone HELP and on-bill programs in Connecticut and Illinois. Most recently she was Director of Unsecured Lending for Renew Financial and prior to Renew's acquisition of AFC First she was AFC's Director of Lending and Programs where she managed policies and procedures for AFC's energy efficiency lending programs as well as AFC First's Home Performance with ENERGY STAR and Power Savers programs. She has earned her BPI Building Analyst designation, and holds a B.S. from Cedar Crest College.

Teri Stoffey

Teri Stoffey, Vice President – Accounting and Servicing has had leadership roles in both accounting and loan servicing management, overseeing general ledger, audit and internal systems and controls as well as loan level servicing reporting and financial compliance for relationships with states, utilities and capital sources. Most recently she was Accounting Manager for Renew Financial, and prior to Renew's acquisition of AFC First, she was AFC's Director of Process and Reporting. She holds a B.S. in Business Administration/Accounting from Bloomsburg University and an MBA with a concentration in Accounting from DeSales University.

Heather Braithwaite

Heather Braithwaite, Vice President – Commercial Finance manages business development and program management for NEIF Commercial Energy Finance and Rebate Bridge. She has been a Senior Associate with Harcourt Brown and Carey and project manager for HBC Energy Capital where she has worked across all financing sectors, including residential, commercial and government delivered through utility and contractor channels. Heather holds a degree in Environmental Studies with a focus in sustainability from the University of Colorado at Boulder and an MBA from Pinchot University, Seattle WA that focuses on sustainable systems.

Ownership and Capital Structure

Beneficial Owners

Below are the names and ownership levels of each person, as of the most recent practicable date, who are beneficial owners of 20 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power. Class C and Class D Common Units are the only Voting Equity in the Company, and Peter Krajsa and Matthew Brown are the two and only beneficial owners of NEIF.

Name of Holder	Number and Class of securi Now Held	% of Voting Power Prior to Note Offering	% of Voting Power After Note Offering
Peter J. Krajsa	Class C Common 331.52 Class D Common .05	50%	50%
Matthew H. Brown	Class C Common 331.52 Class D Common .05	50%	50%

Table 2. Beneficial Owners' ownership percentages as of February 22, 2021

Capital Structure

This is the Capital Structure of NEIF as of February 22, 2021.

Class of Security	Securities Authorized	Securities Outstanding	Voting Rights
Common Units	Class C 663.04	663.04	yes
	Class D 372.96	372.96	yes
Preferred Units	Class A 100.00	1.00	no
	Class B 100.00	89.16	no
	Class E 15.00	12.67	no
Debt Securities	Regulation CF	268.00	no

Table 3. Capital Structure

A Preferred Equity Offering of A and B classes is underway but, as of October 1, 2020, is not completed. See Exempt Offerings below.

Indebtedness

The company has warehouse and operating lines of credit, loans from officers and forgivable PPP loans. The company also has subordinated debt raised in its initial Regulation CF offering.

Creditor(s) Date 12/31/2020	Amount Outstanding	Interest Rate	Maturity Date	Other Material Terms
Hatch Bank	$0.00	LIBOR plus 3.5%	April, 2021 with provisions for annual	Warehouse line of credit, used to fund loans prior to sale to Hatch Bank. Total amount available: $1,000,000

			renewal	
Amalgamated Bank	$200,000	Prime Rate plus 1%	January 2021 with provisions for annual renewal	Operating line of credit that is available for NEIF to draw upon and pay back as needed. Secured by the cash flows in the Maine program. Total amount available: $350,000
Loan from Officers	$140,000	4.75%	No maturity date	Interest only, payable upon demand
FirstTrust Bank	$294,900	---	---	PPP loans, anticipated 100% forgiveness
Climate Action Investment Notes	$268,000	5.00%	January 1, 2026	Quarterly coupon payments

Table 4. Material indebtedness of the Issuer as of 12.31.2020

Exempt offerings conducted by the issuer within the past three years

The Company has raised capital from Common Equity and Preferred Equity Offerings for a total amount of $4.734 million as of December 2020. These offerings are exempt from registration with the SEC, considered private offerings under Regulation D and not available publicly. As referenced in the Capital Structure section, the Company is currently seeking additional investment in Preferred Stock A and B shares. The Company has also conducted two Regulation Crowdfunding offerings of Climate Action Investment Notes through Raise Green, Inc.'s investment portal as noted in the table below.

Date of Offering (as of 02/22/2021)	**Exemption Relied Upon**	**Securities Offered**	**Amount Sold ($)**	**Use of Proceeds**
December 22, 2017 (offering is not complete)	Regulation D, Rule 506(b)	Various classes of preferred equity (A,B,E) and common equity	$4,835,000 (offering is not complete)	Company's general operations and operating expenses
October 1, 2020 - December 31, 2020	Regulation CF	Climate Action Investment Notes	$97,000	Program expansion including

		(Subordinated Debt)		personnel, licensing and operating capital, Technology, Marketing and program development, Pilot portfolio loan programs
July 10, 2020 - August 12, 2020	Regulation CF	Climate Action Investment Notes (Subordinated Debt)	$109,000	Program expansion including personnel, licensing and operating capital, Technology, Marketing and program development, Pilot portfolio loan programs
August 17, 2020 - September 16, 2020	Regulation CF	Climate Action Investment Notes (Subordinated Debt)	$62,000	Program expansion including personnel, licensing and operating capital, Technology, Marketing and program development, Pilot portfolio loan programs

Table 5. Exempt Offerings conducted by the issuer within the past three years

Financial Condition

NEIF was organized in 2017, and became operational in 2018, with planned operating losses during the startup and growth phase through 2022, when NEIF is, based on information currently available as well as certain assumptions from the management team, projected to achieve positive returns when total loans being serviced approach $75 million. Investment has been, and continues to be, made in technology and product development during this period and development is on plan with the company now operating energy efficiency and resilience programs in 22 states and commercial programs nationally.

Revenues (increase/decrease, etc. drivers)

NEIF's revenues are based on a mix of residential, commercial, and service income streams.

These include recurring revenue derived from the servicing of consumer and commercial loans (collected monthly from each loan being serviced); program delivery and administration contracts from utilities, states, and others; subscriptions for premium services; and insurance commissions from resilience-based insurance agency. Project Fee Revenue is derived from transaction fees paid upon funding of commercial energy improvements, loan origination and documentation fees, bridge financing service and related fees, and management fees for resilient roofing retrofits.

NEIF derives its primary revenue in its commercial financing from brokerage fees paid by banks and other lenders where it places loans. NEIF currently places loans with twelve lenders and assumes no credit risks. Its other primary revenue stream is a dozen retainer agreements with utilities who contract with NEIF to administer their lending programs for small business customers.

NEIF earns revenue from its investment in RB Funding by providing interim financing to contractors for rebate funds due them and other cash-flow related issues. Capital for these programs is provided by EnergyOne Finance, the other 50% owner of RB Funding, NEIF bears no credit risk on the financings and earns revenue primarily from administrative fees.

The acquisition of the MyStrongHome resilience platform provides another channel of residential loan origination and an expansion into the southeast U.S. NEIF will also earn fee revenue from insurance commissions.

Overall revenue in 2020 increased 36% over 2019. This was due to an increase in loans being serviced and the resulting cash income derived from monthly servicing fees. Commercial transaction fee revenue and rebate program revenue increased by 10% from 2019 to 2020. as a result of additional projects being financed and additional retainer contracts with utilities.

While NEIF loan volume and cash revenue have both increased through the pandemic period, some program launches have been delayed and this may impact our full year 2020 forecast and the remaining 5 year projections.

Costs of Products Sold, Expenses

NEIF acts as the licensed funding lender for its residential programs, it funds loans from its own capital, from warehouse lines of credit or from funds held by NEIF on behalf of others. NEIF then periodically sells the underlying loans to capital sources where it has forwarded purchase commitments and retains a recurring revenue "spread" earned for the loan servicing and program administration.

Operating expenses are largely due to the investment in personnel, technology and capital costs during the start-up period. Operating expenses increased by 17% from 2019 to 20120 with the largest increases being planned investments in personnel and technology. While staffing is now fully stable and able to support revenue growth, additional hiring is anticipated to support new programs. Investments in technology will also increase to provide enhanced program delivery.

Net Income

The bulk of NEIF's revenue is earned from servicing and program administration fees earned on the servicing book. NEIF incurs program setup and operating program costs while related income ramps up.

This means that NEIF will incur operating losses until the servicing book is large enough to cover program costs. It is anticipated this will occur in late 2021.

NEIF's net income decreased by 6% primarily due to revenue from program launches lagging behind startup expenses for those programs. As the servicing book increases, this disparity is projected to be eliminated.

COVID-19 Update

NEIF loan volume and cash revenue have both increased through the pandemic period and expenses are lower than budgeted; however, some program launches have been delayed which may impact our full-year 2020 actual financial results and the remaining 5-year projections.

Balance Sheet 2020 (Audited)		
	2020	2019
Assets		
Cash and equivalents	$ 919,186	$ 623,044
Loan servicing fees receivable	$ 111,557	$ 60,904
Other receivables	$ 15,050	$ 10,150
Loans held for resale	$ 7,023	$ 85,210
Prepaid expenses	$ 16,802	$ 18,344
Loan servicing asset	$ 1,013,882	$ 700,220
Furniture and equipment, net	$ 28,433	$ 40,600
Intangibles, net	$ 181,894	$ 63,815
Security deposits	$ 7,000	$ 7,000
Investment in RB Funding, LLC	$ 109,277	$ 43,467
Limited-use assets, restricted cash	$ 902,883	$ 771,889
	$ 3,312,987	$ 2,424,643
Liabilities		
Note payable, bank line of credit	$ 203,500	
Accrued expenses	$ 40,683	$ 33,139
Amounts due on serviced loans	$ 1,047,565	$ 812,094
Loan loss reserve	$ 92,047	
Deferred revenue		$ 9,000
PPP loan payable	$ 247,100	
Subordinated debt	$ 171,000	
Due to preferred members	$ 49,796	$ 34,726
Due to common members	$ 516,339	$ 288,461
Member earnout payable	$ 335,987	$ 36,586
	$ 2,704,017	$ 1,214,006
Members' Equity		
Class A Preferred	$ 30,000	
Class B Preferred	$ 2,575,000	$ 1,975,000
Class E Preferred	$ 380,000	
Class C Common	$ 500,000	$ 500,000
Class D Common	$ 1,250,000	$ 1,250,000
Accumulated Deficiency	$ (4,126,030)	$ (2,514,363)
Total Members' Equity	$ 608,970	$ 1,210,637
Total Liabilities and Member's Equity	$ 3,312,987	$ 2,424,643

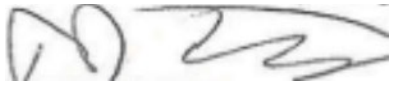
Statement of Operations & Projections							
	2019 Audited	2020 Audited	2021 Proj	2022 Proj	2023 Prog	2024 Proj	2025 Proj
Revenue							
Loan servicing fees	$ 425,059	$ 559,824	$ 943,699	$ 1,750,453	$ 2,677,449	$ 3,800,498	$ 5,175,747
Commercial fees	$ 134,461	$ 146,665	$ 333,502	$ 555,727	$ 813,917	$ 1,094,626	$ 1,583,779
Rebate income	$ 126,107	$ 158,571	$ 294,982	$ 387,992	$ 437,199	$ 492,647	$ 555,127
Insurance income	$ -	$ -	$ 38,615	$ 83,584	$ 162,347	$ 302,078	$ 511,071
Gain on loan servicing rights	$ 181,090	$ 313,662	$ 963,444	$ 1,211,597	$ 1,377,841	$ 1,741,071	$ 1,924,530
Total Revenue	$ 866,717	$ 1,178,722	$ 2,574,242	$ 3,989,354	$ 5,468,753	$ 7,430,920	$ 9,750,255
Total Expenses	$ 2,145,083	$ 2,532,815	$ 3,246,907	$ 3,743,082	$ 4,199,472	$ 4,966,481	$ 5,684,643
Net Profit	$ (1,278,366)	$ (1,354,093)	$ (672,665)	$ 246,272	$ 1,269,280	$ 2,464,439	$ 4,065,612

Certification of Financial Statements

A principal executive officer certifying financial statements as described above must provide the following certification**:

I, Peter Krajsa as Chief Executive Officer of National Energy Improvement Fund, LLC certify that:

1. the financial statements of National Energy Improvement Fund, LLC included in this Form are true and complete in all material respects; and
2. the tax return information of National Energy Improvement Fund, LLC included in this Form reflects accurately the information reported on the tax return for National Energy Improvement Fund, LLC filed for the fiscal year ended 2019.



Peter Krajsa
Managing Member
National Energy Improvement Fund, LLC
(Issuer)

** Intentional misstatements or omissions of facts constitute Federal criminal violations. See 18 U.S.C. 1001.