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Financing startup for residential solar grows fast at Charlotte fintech hub

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Sunlight Financial's operations center in Charlotte has grown from three people to 20 over the last 11 months. By this time next year, it will be at 60, says CEO **Matt Potere**.



CEO Matt Potere left Bank of America in 2015 to join Sunlight Financial.

Sunlight develops loan products for residential solar projects. Potere says it is primarily a financial technology company. It is part of [Charlotte's growing fintech community](#), with its offices uptown in the HQ Charlotte startup hub.



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Sunlight Financial, based in New Jersey, develops loan products for residential solar projects, and those loans are processed in the company's Charlotte operations center.

“We are positioned to make hundreds of millions of dollars worth of residential solar loans next year,” Potere says. “We have the capacity to make a broad range of loans in all 50 states and already have partnerships with seven of the top 10 residential installers nationwide.”

Capital raised

Sunlight was founded in 2013 by **Neil Auerbach**, the CEO of billion-dollar private equity firm Hudson Clean Energy Partners. Its headquarters is in Teaneck, N.J.

It has developed new loan products and paperless phone and online credit applications that allow solar installers to offer residential customers a broad range of long-term project loans as the sale is being made. The loans are processed at the Charlotte center.

In 2015, Sunlight scored \$220 million in capital for lending from several financial institutions and \$80 million in growth capital from Hudson and lead investor Tiger Infrastructure Partners.

That’s when it hired Potere.

Long commute

Potere has 20 years of experience in lending, including work at MBNA, Swift Financial and Bank of America.

He had come to Charlotte in 2012 to lead a BofA home equity and auto products business with a \$90 billion loan portfolio. And he stayed here.

“At first I commuted between Charlotte and New Jersey,” he says. But he says he knows the financial workforce the company needed existed in Charlotte, so he pushed to put the operations center here.

He set up shop in HQ Charlotte last December.

“When there were just three of us, they got us up and running,” he said of the startup hub. “They’ve done a really nice job of supporting us as we grow.”

The company will still be operating out of its offices in Packard Place next year, when Potere expects its staff to be at 60 people.

Financial technology

Charlotte is already Sunlight's largest location. The center houses almost 60% of the company's 35 employees.

"Charlotte is a leader in financial technology and the ideal home for Sunlight Financial's expansion," says **Tim Parsons**, Sunlight's chief operating officer.

Potere says the company now has about \$450 million in capital for lending. And it is working the markets for more as it prepares to ramp up operations. The financial services expertise available in Charlotte has helped Sunlight get access to additional capital, Potere says.

He says three factors are driving Sunlight's rapid growth.

Installation partners

The first is the expanding roster of solar installers that it partners with. Sunlight does not have its own sales staff looking for residential solar customers. It works through the installers who offer the Sunlight loans in the course of the sales process.

"Our loan products offer a lot advantages," Potere says.

For the installer, the loans can be used as a private label and co-marketed. And the credit limit allows for 100% financing of installations.

The second factor is the broad loan products the company has available, all through easy "point of sale" applications.

For customers, the loans allow direct ownership of their solar system, avoiding the need for leases or power-purchase agreements. This makes solar available to more customers, Potere says. States such as North Carolina, for instance, don't allow leases and PPA's between solar installers and homeowners.

Another selling point for Sunlight's loans is that the installations are the collateral. The customer does not have to borrow against his home to buy the system.

Expanding market

The third factor is just the growth of the residential solar market itself. Potere says its largest markets for now are where you would expect them to be — largely in the Southwest and the Northeast, driven by high electricity rates.

But the market is expanding.

“We are seeing significant demand in states like, Minnesota, Missouri and Utah — places you would not necessarily expect to see a lot of solar,” he says.

It has even made loans in North Carolina, which is a notably weak market for residential solar despite its success as a leader in utility-scale solar development.

Potere says the market for residential solar is projected to increase 60% in 2017, and Sunlight intends to grow with it.

Also, he says, the market is shifting away from the lease deals and power-purchase agreements. Loans are becoming increasingly the preferred financing method,

“And we can offer loans on installations wherever our channel partners build them,” he says.

John Downey covers the energy industry and public companies for the Charlotte Business Journal.