



CITY COUNCIL STAFF REPORT

DATE: May 04, 2016 CONSENT CALENDAR

SUBJECT: Authorization to allow Palm Springs to participate in the CaliforniaFIRST PACE Program

FROM: David H. Ready, City Manager

BY: Office of Sustainability

SUMMARY:

CaliforniaFIRST operates under AB 811 and is enrolled in the Open PACE program, which has oversight from the California Statewide Communities Development Authority (CSCDA). This action requests City Council approval to allow the CaliforniaFIRST program to operate within the City of Palm Springs, as an additional option available to Palm Springs residents pursuing financing of energy efficiency improvements on their real property.

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY OF THE CITY IN THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) OPEN PACE PROGRAMS; AUTHORIZING THE CSCDA TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY; AND AUTHORIZING RELATED ACTIONS."

BACKGROUND:

Assembly Bill (AB) 811 was signed into law on July 21, 2008, and AB 474, effective January 1, 2010, amended Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") and authorizes a legislative body to designate an area within which authorized public officials and willing property owners may enter into voluntary contractual assessment programs known as Property Assessed Clean Energy (PACE) programs. PACE programs are intended to finance the installation of distributed generation renewable energy sources, energy efficiency, and/or water conservation improvements that are permanently fixed to real property.

The City of Palm Springs and Coachella Valley Association of Governments (CVAG) have both approved implementation of PACE programs on a city and regional level. The City of Palm Springs currently has three programs operating within City boundaries

ITEM NO. 2.F.

including HERO, Ygrene and Figtree. CVAG has endorsed these and staff has developed a consistent process for vetting potential PACE programs.

The CaliforniaFIRST program represents the fourth PACE program considered for adoption by the City. The first PACE program adopted in the Coachella Valley was adopted only by the City of Palm Springs in 2012; this program, finalized December 2012 by the City of Palm Springs, is known as the FIGTREE program. Subsequently, CVAG has provided regional coordination with PACE programs within the Coachella Valley, and formally vetted two other programs: Ygren and HERO. The City adopted the Ygrene program on June 5, 2013, and adopted the HERO program on January 15, 2015. Those PACE programs adopted valley wide through CVAG rather than City by City have proven to be the most successful.

STAFF ANALYSIS:

CaliforniaFIRST is now the third PACE program formally vetted and recommended for approval by CVAG. The CaliforniaFIRST program gives the City of Palm Springs another PACE program that provides property owners a choice among multiple pre-qualified PACE financing providers based on their rates, experience and capital commitment to the California PACE market. There are currently three approved PACE providers authorized by CSCDA under the Open PACE¹ program; CaliforniaFIRST is one of these approved providers and the CSCDA provides oversight of this program.

CSCDA's function is similar to that provided by CVAG for the CV Upgrade/Ygrene program and by Western Riverside Council of Governments for the HERO program. The consumer protection policies and procedures adopted by CVAG are used by CSCDA for this PACE program and are adopted by CaliforniaFIRST. These are the same policies used by the City's already implemented PACE programs.

Just as Ygrene is the administrator for the CV Upgrade program, Renew Financial is the administrator for the CaliforniaFIRST program. Similarly, Renovate America² is the contract administrator for the HERO program. Renew Financial was founded in 2008 by Cisco DeVries, who brought together a multidisciplinary team of experts in finance, technology, operations and government policy to innovate the Property Assessed Clean Energy (PACE) financing model. Renew Financial is an Oakland, California based company that CVAG will be the designated authority in agreement with Renew Financial. This provides Renew Financial the ability to be a PACE provider in the Coachella Valley with CVAG oversight of the CaliforniaFIRST program and consistency with the policies, procedures and oversight that are currently in place with existing programs. This agreement allows CVAG to provide oversight to: 1) minimize issues that may arise from the operation of multiple programs simultaneously in the Coachella Valley; 2) assist with marketing and outreach; 3) coordinate with and assist the City; and 4) handle property owner or contractor complaints.

¹ <http://cscda.org/Open-PACE>

² <https://renovateamerica.com/>

Upon adoption of the Resolution, the City will allow CaliforniaFIRST to operate within the City, with CVAG overseeing its administration by Renew Financial. Pursuant to the agreement with CVAG and Renew Financial:

1. Renew Financial will:
 - a. Provide all administration and financing of the program at no cost to the City. At this time, the program is anticipated to be available only for residential property owners.
 - b. Serve as the program administrator for the CaliforniaFIRST program. And will participate in the program for the Coachella Valley as conduit issuer of bonds while coordinating with CVAG.
2. CVAG will provide program oversight including:
 - a. Review and approve projects submitted by property owners participating in the CaliforniaFIRST program within the CVAG region.
 - b. Coordinate with Renew Financial on program marketing and outreach, to ensure that marketing and outreach is compatible with existing PACE programs and property owners in the CVAG region are aware of the other PACE programs.
 - c. Provide Renew Financial with a "local presence" at the CVAG offices.

CaliforniaFIRST is a public/private financing PACE program administered by Renew Financial. CaliforniaFIRST operates under AB 811 and is enrolled in the Open PACE program, which has oversight from the CSCDA. The CSCDA was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments an effective tool for the timely financing of community-based public benefit projects, such as the Open PACE program. Palm Springs previously became a member agency of the CSCDA.

Similar to our other three existing PACE programs, the CaliforniaFIRST Program is offered to allow property owners in participating cities and counties to finance renewable energy, energy and water efficiency improvements on their property. If a property owner chooses to participate, the installed improvements will be financed by the issuance of bonds. The bonds are secured by a voluntary contractual assessment levied on the owner's property, with no recourse to the local government. Property owners who wish to participate in the program agree to repay the amount borrowed through the voluntary contractual assessment collected together with their property taxes.

Some benefits to property owners include cost savings, the payment obligation stays with the property, and a prepayment option. Potential benefits to the City include increased local jobs, increase in property values and increase in sales, payroll and property tax revenue. As in conventional assessment financing, the City is not obligated to repay bonds or to pay delinquent assessments levied on the participating properties.

For our City to participate in the CaliforniaFIRST program we must adopt the resolution accompanying this staff report. This enables the CaliforniaFIRST Program to be available to owners of property within our City to finance renewable energy, energy efficiency and water efficiency improvements.

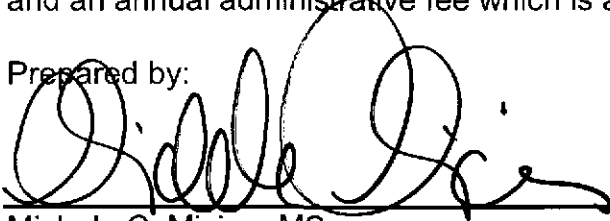
ENVIRONMENTAL IMPACT:

This action is not considered a "project" under the California Environmental Quality Act, because the action does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4). Therefore no negative environmental impact is noted.

FISCAL IMPACT:

No negative fiscal impact to the City of Palm Springs will be incurred by consenting to the inclusion of properties within the City limits in the CaliforniaFIRST Program. CaliforniaFIRST Program administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee which is also collected on the property owner's tax bill.

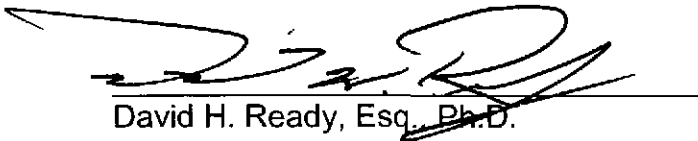
Prepared by:



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Assistant City Manager/City Engineer



David H. Ready, Esq., Ph.D.
City Manager

Attachments:

1. Resolution
2. California FIRST FAQ
3. Consumer Protection Information
4. Participating California FIRST areas

ATTACHMENT 1

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY OF THE CITY IN THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) OPEN PACE PROGRAMS; AUTHORIZING THE CSCDA TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is a joint exercise of powers authority, the members of which include numerous cities and counties in the State of California, including the City of Palm Springs; and

WHEREAS, the Authority is implementing Property Assessed Clean Energy (PACE) programs, which it has designated CSCDA Open PACE, consisting of CSCDA Open PACE programs each administered by a separate program administrator (collectively with any successors, assigns, replacements or additions, the "Programs"), to allow the financing or refinancing of renewable energy, energy efficiency, water efficiency and seismic strengthening improvements, electric vehicle charging infrastructure and such other improvements, infrastructure or other work as may be authorized by law from time to time (collectively, the "Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29") within counties and cities throughout the State of California that consent to the inclusion of properties within their respective territories in the Programs and the issuance of bonds from time to time; and

WHEREAS, the program administrators currently active in administering Programs are the AllianceNRG Program (presently consisting of Deutsche Bank Securities Inc., CounterPointe Energy Solutions LLC and Leidos Engineering, LLC), PACE Funding LLC and Renewable Funding LLC, and the Authority will notify the City of Palm Springs in advance of any additions or changes; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner or owners of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City of Palm Springs desires to allow the owners of property ("Participating Property Owners") within its territory to participate in the Programs and to allow the Authority to conduct assessment proceedings under Chapter 29 within its territory and to issue bonds to finance or refinance Improvements; and

WHEREAS, the territory within which assessments may be levied for the Programs shall include all of the territory within the City of Palm Springs official boundaries; and

WHEREAS, the Authority will conduct all assessment proceedings under Chapter 29 for the Programs and issue any bonds issued in connection with the Programs; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs;

NOW, THEREFORE THE CITY COUNCIL DETERMINES, RESOLVES AND APPROVES AS FOLLOWS:

Section 1. This City Council hereby finds and declares that properties in the territory of the City will benefit from the availability of the Programs within the territory of the City and, pursuant thereto, the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 and the issuance of bonds to finance or refinance Improvements.

Section 2. In connection with the Programs, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the territory of the City and the issuance of bonds to finance or refinance Improvements; provided, that:

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs.

Section 3. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the Programs available to all property owners who wish to finance or refinance Improvements; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the City Manager of the City from time to time, are hereby designated as the contact persons for the Authority in connection with the Programs: Sustainability Manager.

Section 4. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the Programs.

Section 5. The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 6. This Resolution shall take effect once it is adopted only for a program administrator who has entered into an administration agreement with the Coachella Valley Association of Governments (CVAG) and provides the City a fully executed copy of such agreement with CVAG. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the Authority at: Secretary of the Board, California Statewide Communities Development Authority, 1400 K Street, Sacramento, CA 95814.

Adopted this 4th day of May, 2016.

CITY OF PALM SPRINGS

David H. Ready
City Manager

ATTEST:

James Thompson
City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on May 4, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

ATTACHMENT 2



FREQUENTLY ASKED QUESTIONS

CaliforniaFIRST is a government-supported PACE (Property Assessed Clean Energy) financing program that provides upfront funding for home energy efficiency, renewable energy and water saving improvements. With CaliforniaFIRST PACE financing, there's no out-of-pocket cost, and you repay on your property tax bill over the course of up to 25 years.

1. What is CaliforniaFIRST?

CaliforniaFIRST is a Property Assessed Clean Energy (PACE) financing program for residential and commercial properties. CaliforniaFIRST allows property owners to finance the installation of energy and water improvements on homes or businesses without putting any money down.

Property owners pay back the funds that were used to finance their home improvement project as a line item on their property tax bill.

CaliforniaFIRST is a public/private partnership, administered by Renew Financial. The program is sponsored by the California Statewide Community Development Authority (CSCDA).

2. How do I know if my city or county is participating in CaliforniaFIRST?

CaliforniaFIRST is available to more than 13 million Californians in cities and counties across the state, from San Diego to Humboldt and El Dorado to Monterey. See the CaliforniaFIRST website for a list of all participating jurisdictions.

CaliforniaFIRST may only accept financing applications from property owners located in jurisdictions that have opted in to the program. Local governments around the state can join CaliforniaFIRST by passing a simple "opt-in" resolution.

Give us a call if you have questions about getting your city or county involved in the program.

3. How is CaliforniaFIRST different from traditional financing?

CaliforniaFIRST is financed through assessments collected on the property tax bill, and the assessment obligation is almost always assumed by the new owner when the property is sold.



FREQUENTLY ASKED

QUESTIONS

4. Does CaliforniaFIRST use taxpayer dollars to fund projects or administer the program?

No. CaliforniaFIRST uses private capital to fund every project. Costs to administer the program are paid by program participants through fees that are rolled into each project's financing.

County tax assessors and tax collectors incur small costs to place each PACE assessment on the tax rolls and to collect and distribute the PACE assessment payments. Counties are reimbursed for these costs through the above-mentioned fees. Cities do not incur any costs as a result of opting in to the program.

5. What are the benefits?

CaliforniaFIRST solves many of the financial hurdles facing property owners wanting to install energy and water improvements:

- Competitive, fixed interest rates (which are effectively even more competitive when homeowners are eligible to deduct the interest portion of the PACE payments from their taxes)
- Up to a 25-year payback term
- Decreased utility bills from reduced electricity and water usage
- Qualifying for financing does not consider FICO score
- The PACE lien payment obligation usually transfers to the new owner if the property is sold

6. Is this a voluntary program?

Yes. Utilizing CaliforniaFIRST financing is completely voluntary. Properties and property owners that don't participate remain unaffected.

7. How do I qualify for financing?

Qualifying for CaliforniaFIRST financing is primarily based on:

- The property's estimated market value;
- The amount of the property owner's equity in the property;
- The property owner's recent mortgage and property tax payment history; and
- The dollar value of the proposed renewable energy and energy- and water-saving improvements.
- Qualifying is not based on FICO score.



FREQUENTLY ASKED QUESTIONS

8. How much money can I borrow?

The minimum amount that can be financed is \$5,000. The maximum financing amount is 15% of the property value, but may not exceed \$200,000.

9. What are the interest rates?

As of March 25, 2015, our interest rates are:

Years to Repay	Interest Rates
5	6.75%
10	7.59%
15	7.99%
20	8.29%
25	8.39%

Consult with your contractor to confirm if interest rates have changed.

10. How is the length of the repayment period determined?

Repayment periods can be 5, 10, 15, 20 or 25 years, depending on your preference and are limited by the expected useful life of the most costly product of the project's CaliforniaFIRST-financed improvements.

11. How does repayment work?

As a property owner applying to CaliforniaFIRST, you will agree to the levy by CSCDA of a "contractual assessment" on your property. You will receive funds to pay the up-front costs of installing the approved improvements. The PACE assessment will appear as a new line item on your property tax bill.



FREQUENTLY ASKED QUESTIONS

12. Are there any penalties for prepayment of the PACE assessment?

There are no penalties for paying all or a portion of the PACE assessment early. Please see Question 19 below for additional information.

13. What happens when I sell my property?

As part of the property record, the assessment will be disclosed at the time of property sale, and the remaining unpaid balance of the financed amount may be transferred to the new property owner.

14. Can CaliforniaFIRST finance solar leases or Power Purchase Agreements (PPAs)?

Yes, pre-paid solar leases and PPAs can be financed through CaliforniaFIRST.

15. Do I need to complete an energy audit of my home?

No, but it is encouraged. In certain cases you may want to have a qualified auditor evaluate your home to determine the most cost-effective measures to reduce the home's energy use.

The costs of an energy assessment can be financed with CaliforniaFIRST financing.

16. Is there an application fee?

No, there is no fee to apply for CaliforniaFIRST.

17. Why do you need my Social Security Number on the application?

As part of the application, CaliforniaFIRST requests a credit bureau report for each homeowner. FICO score is NOT used as part of the application, but other elements of the credit report such as mortgage payment history are necessary to determine maximum financing amounts.



FREQUENTLY ASKED QUESTIONS

18. Can I use any contractor?

In order to participate, contractors must be registered with CaliforniaFIRST. As long as contractors meet program requirements, they can quickly and easily register by visiting californiafirst.org/contractor.

All participating contractors must have a valid and active contractor's license with the Contractors State License Board.

19. How are tax credits, rebates and other incentives incorporated into CaliforniaFIRST financing?

We encourage you to pursue available Federal Investment Tax Credits (ITCs), utility rebates and any other incentives. All or a portion of total incentives may be subtracted from the amount financed under the program; however, it is not required that the financed amount be reduced by the estimated value of the incentives.

Once you receive your rebates and tax credits, those funds may be used to pay down the PACE assessment balance; the balance would then be re-amortized, resulting in lower annual PACE assessment payments.

20. Is the interest on the PACE assessment payment tax deductible?

The interest portion of payments made under the CaliforniaFIRST Assessment Contract may be deductible for income tax purposes.

The interest portion will vary from year to year, and any tax savings will depend on your tax bracket and other variables. Consult with your tax advisor to determine if, and to what extent, you may deduct the interest component of payments made under the Assessment Contract.

21. Who do I contact with additional questions?

CaliforniaFIRST staff are available 8 am to 9 pm Monday to Friday and 9 am to 6 pm Saturday to answer additional questions. We can also be reached via email at info@californiafirst.org or by phone at 844-589-7953.

CaliforniaFIRST is administered by Renew Financial.



CaliforniaFIRST is sponsored by the California Statewide Communities Development Authority (CSCDA) a joint powers authority co-sponsored by the California State Association of Counties and the League of California Cities.

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ATTACHMENT 3

CSCDA

Open PACE Consumer Protection Policies

Version 1.0

(Residential PACE Program)

November 30, 2015

OVERVIEW

Property assessed clean energy (“PACE”) programs enable an unprecedented range of homeowners to access energy efficiency, renewable energy, and water efficiency measures that improve the financial, functional and environmental aspects of home ownership. Improvements such as these make homes less costly to operate and more comfortable to live in, while simultaneously reducing energy and water consumption. Without PACE Programs many homeowners would have no, or costly, access to such benefits.

PACE Programs (“PACE Programs” or the “Program”), including the government authority sponsoring and administering them (“Authority”, Program Administrator” or “Administrator”) and, where applicable, the entity or entities who help implement them (“Partner”), deliver tools and resources that enable homeowners to make smart, informed and responsible choices regarding such measures (“Measures”). Appropriate use of such tools is the responsibility of all Programs, which means that care needs to be taken with homeowners before, during and after origination of Program financing. In other words, consumer protections that serve homeowners must be a core value of the Program, the Authority and the Partner. In this document, “Partner” refers to the government authority in all cases where the Program does not include a third party non-government partner.

The baseline consumer protection policies of the Program cover the following areas: (i) Risk, (ii) Disclosures and Documentation, (iii) Financing Terms, (iv) Operations, (v) Post-Funding Support, (vi) Data Security, (vii) Privacy, (viii) Marketing and Communications, (ix) Protected Classes, (x) Contractors, (xi) Eligible Products, (xii) Pricing, (xiii) Reporting, (xiv) Closing & Funding and (xv) Examination. These Policies provide homeowners with a greater level of consumer protection than any other form of financing. They also guide the Program’s implementation, enabling the transformation of its potential into tangible benefits for homeowners.

1. RISK

Policy Summary: The Program blends traditional credit risk considerations together with statutory requirements and legislative policy to develop risk criteria that are fitted to the Program. These criteria take into account the unique risk profile that this form of financing presents to enable qualifying homeowners to access it. While this process will exclude unqualified homeowners and properties, special consideration has been given to developing inclusive standards. These criteria examine four key attributes of every financed project: (i) the real property on which the improvements will be installed (“Property” or “Properties”), (ii) the encumbrances presently recorded against the Property, (iii) the nature of the improvements to be installed; and (iv) the homeowner’s mortgage and property tax payment history.

- 1.1. Properties. Consistent with foundational considerations, it is the policy of the Program to make the Program available to the entirety of the existing residential housing stock in political boundaries of the Program. Properties for which this form of financing is not available include: (i) commercial properties (including residential properties comprising four (4) or more units), (ii) new properties under construction and (iii) tax exempt properties (properties not subject to levy), such as tribal, non-profit or state-owned residential properties. If requested in good faith by the homeowner applying for the Program, the Partner is responsible for completing a “second look” eligibility review of all applications related to properties initially determined to be excluded, re-examining the specific attributes of the Property in question and confirming or modifying the original determination.
- 1.2. Encumbrances. The encumbrance profile of Properties is an important element of the decisioning process for Program participation. The Program is designed to harness unused financing capacity of homes in which eligible improvements are installed. Such financing is inappropriate if it burdens Properties and their owners too greatly. Accordingly, Properties eligible for Program financing will have the following attributes:
 - 1.2.1. All mortgage-related debt on the Property may not exceed 90% of the Property’s fair market value (“FMV”), or assessed value if market value data is unavailable or unreliable, at the time of initial approval;
 - 1.2.2. Reliability of the Program FMV model should be verified through an accepted and regular audit process, sampling appraisal data as a means of measurement and verification;
 - 1.2.3. The financing may not exceed (i) fifteen percent (15%) of the FMV of the Property, up to the first seven hundred thousand dollars (\$700,000) of the Property’s FMV, and (ii) ten percent (10%) of the remaining value of the Property above seven hundred thousand dollars (\$700,000);
 - 1.2.4. The total mortgage-related debt on the underlying Property plus Program financing

may not exceed the FMV of the Property; and

1.2.5. The total amount of any annual property taxes and assessments shall not exceed five percent (5%) of the Property's FMV, determined at the time Program financing is approved.

1.3. Eligible Improvements. The Program provides financing for a broad range of eligible products and projects permanently-affixed to the Property, the details of which are set forth in Section 11 below. The Program is not available to finance ineligible products and projects, which comprise everything not specified in Section 11. While the Program is responsible for confirming compliance with the Section 11 requirements, it is not responsible for determining post-installation energy performance, savings or efficacy of such products or projects. The Program relies on U.S. Department of Energy, the Environmental Protection Agency and other government agencies in determining what constitutes an Eligible Improvement.

1.4. Homeowners. PACE Program assessments appear as line items on property tax bills and homeowners repay their financing when they pay their property tax bills. The mortgage and property tax payment history of homeowners of record thus is an important decisioning element of Program eligibility criteria. Accordingly, at the time of application, homeowners eligible for Program financing will have status and payment histories that are consistent with the following:

1.4.1. The Applicants are the owners of record;

1.4.2. Property tax payments for the assessed Property are current. Additionally, the homeowner must certify that there is no more than one late payment for the shorter of (i) the previous three years, or (ii) since the present homeowner acquired the Property;

1.4.3. Homeowner(s) are current on all mortgage debt, and have been late on such payments no more than once (30 days maximum) during the 12-month period preceding funding;

1.4.4. No homeowner applicant has had any active bankruptcies within the last 7 years; provided, however, that this criterion can be met if a homeowner's bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and non-mortgage) past due for more than 60 days in the most recent 24 months; and

1.4.5. Homeowner(s) have no involuntary lien(s) recorded against the Property in excess of \$1,000.

2. DISCLOSURES & DOCUMENTATION

Policy Summary: The documentation of the Program gives it shape, integrity and enforceability. Program participation documentation embodies principles key to the Program such as clarity, fairness, compliance, disclosure, knowledge and completeness. A reader who has spent time with the documentation should develop an unambiguous understanding of each and every right, risk and obligation associated with the Program's financing product. PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for homeowners. Disclosures covering Program financing's unique repayment cycle (annual or semiannual) and the Federal Housing Finance Authority announcement regarding payoff of Program financing at the time of sale or refinance are among the new considerations. Best practices counsel the Program to disclose traditional financing terms (e.g., interest rates, financing term, payment amounts) as well. In the end, a homeowner who understands the Program's disclosures will be informed and have a clear understanding of the Program's traditional and non-traditional features.

- 2.1. Document timing. Before commencement of any Program-financed project, a homeowner needs to: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms described in this Section and in the Disclosures summarized in this Section. Following construction of the Measures, a homeowner needs to: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) receive a final summary of costs and payments. Delivery to, and execution of all such documentation by, the homeowner is the responsibility of the Partner.
- 2.2. Terms. Terms that are fundamental to the Program and that need to be reflected in its documents comprise: (i) the amount financed, fees and capitalized interest included, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) a term that does not exceed the useful life of the improvements, (v) the rate of interest charged, (vi) a rate of interest that is fixed (not variable), (vii) a payment schedule that fully amortizes the amount financed, (viii) the nature of the lien created upon recordation, (ix) the specific improvements to be installed, (x) the 3-day right to cancel the financing, (xi) the right to withhold approval of payment until the project is complete, and (xii) Section 5899.2 rights for solar lease improvements. It is the responsibility of the Partner to prepare, deliver and arrange for execution of documents reflecting such terms.
- 2.3. Disclosures Policies. Disclosures heighten homeowner's awareness of key program financing terms and risks that appear in the Program terms and documentation. It is the policy of the Program that Partners confirm delivery to, and receipt by, homeowners of

these disclosures, and obtain written acknowledgement that homeowners have read and understand them. The following comprise the key disclosures of the Program provided by Partners in a financing summary in the form attached hereto as Attachment A.

Disclosures	Description
Term of financing	The maximum time period of the financing
Amount financed	The total amount financed, including fees and capitalized interest
Annual payment amount	The amount due each year, even if paid in semi-annual installments or through impound payments
Annual interest rate/APR	The effective interest rate after taking into account all fees and capitalized interest
Improvements financed	The Measures installed
FHFA risks	The risk that the homeowner may need to pay off the PACE assessment at the time of sale or refinance
Right to cancel	The 3-day right to rescind the financing
Prepayment	The right to prepay the Program financing without penalty

The following comprise additional key disclosures of the Program provided by Partners.

Disclosures	Description
Program overview	A document or section of a document that provides a comprehensive summary of the Program, including a summary of a homeowner's rights and obligations
Property tax repayment process	Payment of a homeowner's property tax bill that will include a line item related to the installed Measures
Tax benefits	Benefits associated with the purchase of certain Measures and the annual payments related to them.
Privacy	A notice describing the privacy policies of the Program
Federal disclosures	Those appearing in the Program application
Foreclosure	The foreclosure process in the event of a homeowner default

2.4 Confirmation of Terms. For all Program financing applications associated with contractors that are either new to the Program or are on a Partner's "watch list" (i.e. those contractors that are not "Top Rated Contractors" defined below), it is the policy of the Program that such Partner confirm live by telephone with the homeowner applicant each Program financing term listed in (b)-(g) of this Section 2.4 below. These confirmation requirements do not apply to contractors who have reached the Partner's top rating category (the "Top Rated Contractors"). For Top Rated Contractors, it is the policy of the Program that the Partner conduct randomized calls to homeowners to confirm financing terms.

Notwithstanding the above, irrespective of the contractor with whom the Program financing is associated, it is the policy of the Program that the Partners confirm live by telephone for each applicant who is over 64 years old the Program financing terms listed in (a)-(g) of this Section 2.4 below, and any other special categories of homeowners as designated by the Program. For avoidance of doubt, for homeowners over 64 years old, a voicemail message does not satisfy the requirement of Program financing term confirmation under this Section 2.4.

When confirming terms of a Program financing with a homeowner, the Partners will request the homeowner to describe generally the improvement(s) being financed using the Program financing, and will ascertain that the homeowner understands:

- (a) The reason for the specific improvement(s) being obtained by such homeowner.
- (b) His or her total estimated annual payment.
- (c) The date his or her first tax payment will be due.
- (d) The term of the Program financing.
- (e) Any additional fees (including recording fees) that will be charged to him or her.
- (f) That payments for the Program financing will be added to his or her property tax bill and will cause the property tax bill to increase.
- (g) That he or she may make payments on the Program financing either directly to the county assessor's office or through his or her mortgage impound account.

3. FUNDING

Policy Summary: PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for financing capital sources and structures. Best practices counsel the Program to proactively solicit feedback from Program stakeholders and homeowners and incorporate learnings into policy improvements which benefit homeowners.

Interest Rates. It is the policy of the Program that the Partner offers fixed simple interest rates, and payments that fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted.

Sustainable funding source. It is the policy of the Program that Partners establish a sustainable source of capital for funding PACE financed projects separate from the Authority's general fund or budget and have access to capital markets to ensure funding of qualified projects is available on a consistent basis. A Partner must demonstrate the capacity to fund assessments that the Administrator anticipates originating through such Partner over the six (6) month period immediately following the Administrator's review of such Partners' financial statements.

Subordination. The Program is not required but may offer the capability to accommodate homebuyers and homeowners by offering subordination of certain rights of its PACE assessment lien to the lien of a mortgage or deed of trust. The subordination may provide the lien under a mortgage or deed of trust with senior rights such that the lender will be induced to make a loan on a PACE-assessed property. The subordination option may be made available to homebuyers and homeowners in accordance with policy agreed upon by the Authority and the Partner.

Contractor fees. It is the policy of the Program that Partners can only charge fees to contractors offering Program financing as long as Partners (i) clearly and conspicuously disclose such fees to homeowners and (ii) require that contractors absorb such obligations and not pass such fees on to homeowners.

4. OPERATIONS

Policy Summary: Operations delivers the Program to homeowners. Operations commercializes, productizes and draws on the work completed in a broad range of disciplines by the Partner or its Partner, such as sales, training, risk, contractor engagement, municipal engagement, accounting, finance, legal, capital markets, compliance, business development, marketing, government affairs and corporate development. While each operating unit incorporates thoughtful and highly effective consumer protections in the work it produces, Operations is the gatekeeper responsible for assuring that the Program has the people, processes, tools and technology necessary to deliver to homeowners the Program financing product, as well as the consumer protections described in these Policies.

Operational consumer protection policies. It is the policy of the Program that the Administrator and its Partner develop and provide people, processes, tools and technology necessary to support the consumer protection measures described in detail elsewhere in this policy, including: (i) risk and underwriting processes; (ii) terms and documentation delivery systems; (iii) documentation, maintenance and retrieval processes; (iv) disclosure development, delivery and acknowledgment receipt; (v) post-funding support for homeowners and other stakeholders such as real estate professionals; (vi) data security measures; (vii) privacy policy development and protections; (viii) marketing and communication oversight; (ix) protected class data and communication processes; (x) contractor management and engagement; (xi) eligible product database and/or list development and maintenance; (xii) implementation of the maximum financing amounts; (xiii) key metrics reporting; (xiv) closing and funding processes (including the ability to fulfill financing obligations); (xv) examination data production; and (xvi) implementation of procedures to identify and prohibit conflicts of interest within and associated with the Program.

5. POST-FUNDING HOMEOWNER SUPPORT

Policy Summary: A public/private partnership is at the core of the Program. This partnership carries with it elevated consumer protection responsibilities that apply to the Program with as much significance during the post-funding period as they do during the time of application and origination. Establishing and operating an executive office responsible for customer care that responds to inquiries, complaints, contractor and workmanship concerns, product performance questions and related matters for the lifecycle of the improvements financed is fundamental to the consumer protections that the Program provides.

- 5.1. Proactive Engagement. It is the policy of the Program that the Partner and its Partner proactively to monitor and test the consumer protections delivered to homeowners, and to request feedback from homeowners and contractors to identify areas in need of improvement.
- 5.2. Onboarding. It is the policy of the Program that Partners develop and implement a post-installation onboarding procedure to reinforce key characteristics of the Program, such as those highlighted in the Program disclosures.
- 5.3. Payments. It is the policy of the Program that the Partner have disclosures and resources in place to resolve homeowner questions regarding matters such as impound account catch up payments, payment timing inquiries and payment amount reconciliation. It is also the policy of the Program that the Partner implement procedures for responding to requests for partial or full prepayment of their PACE property tax assessment in a timely and complete manner.
- 5.4. Inquiries and complaints. It is the policy of the Program that the Partner receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. This policy contemplates development of a team with the skills necessary to perform inspections, meet with homeowners and contractors, investigate matters, and mediate resolutions with homeowners and contractors. The Partner must proactively work to resolve inquiries and complaints in a reasonable and timely manner and in accordance with the Program guidelines and must make communication for homeowners available during regular business hours by phone, email and facsimile communication.
- 5.5. Real estate transactions. It is the policy of the Program that the Partner develop capabilities to assist homeowners who are refinancing or selling their Properties. The Partner must support real estate professionals providing services to refinance and sales transactions for properties with PACE assessments.

6. DATA SECURITY

Policy Summary: Trust is fundamental to any financing relationship, and Program financing is no exception. The public/private partnership at the center of the Program, as well as the confidential relationship homeowners have with the Program Partner mandate that any market-ready Program be in robust compliance with sturdy cyber-security standards, and in particular develop secure and tested processes that protect homeowner personal identifiable information at points of potential vulnerability, especially during the application process.

6.1. Information systems. It is the policy of the Program that the Partner develop and comply with secure and tested processes to protect the personal identifiable information of the homeowner described in Section 7 below. Such secure and tested processes should, at a minimum, include:

- 6.1.1. A cyber-security policy and protocol that, at a minimum, requires data encryption “during transmission” and “at rest,” and compliance with sturdy cyber-security standards.
- 6.1.2. The Partner is responsible for controlling access to information, based upon, job function and need-to-know criteria.
- 6.1.3. The Partner is responsible for taking security measures that protect the security and confidentiality of consumer records and information in proportion to the sensitivity of the information, including, without limitation, requiring all computers and other devices containing any confidential consumer information to have all drives encrypted with industry standard encryption software.
- 6.1.4. The Partner is responsible for monitoring and logging all remote access to its systems, whether through VPN or other means.
- 6.1.5. Data security policies are subject to auditing and penetration testing conducted by an independent auditor hired by the Authority at least annually and any time a change is made that may have any potential impact on the servers, security policies or user rights.
- 6.1.6. The Partner is responsible for ensuring minimum viable configurations are in place on all servers. All firewalls should have continuous logging enabled. In addition, access control lists and audited server configurations should be used to ensure that data security is maintained.

6.2. Personnel.

- 6.2.1. The Partner is responsible for informing and enforcing the compliance with the Program’s data privacy and security policies on the part of every employee, contractor, vendor, agent, service provider, representative, and associate who is exposed to personal identifiable information of homeowners.

6.2.2. The Partner is responsible for implementing protections and controls to prevent unauthorized copying, disclosure, or other misuse of sensitive consumer information.

7. PRIVACY

Policy Summary: The trusting and confidential relationship that exists between homeowners and Program extends to the Partner's use of homeowner data. Compliance with the Gramm- Leach- Bliley Act as well as the establishment of clear opt-in and opt-out protocols for information sharing are the pillars of the Program's privacy policy. More broadly, Program must protect and manage sensitive consumer information, must respect the privacy of all homeowners, and must implement robust controls to prevent unauthorized collection, use and disclosure of such information.

The following summarizes the Program's privacy policy:

- 7.1. Privacy policy. The Program obtains sensitive consumer information from homeowners as part of the application process for Program participation or through other homeowner touch points with the Program. It is the policy of the Program that the Partner develops and delivers to homeowners who apply for the Program or who otherwise provide personal identifiable information (e.g., full name, home address, social security numbers, date of birth,) a privacy policy that complies with state and federal law (e.g., the Gramm-Leach-Bliley Act) and, in particular, prohibits sharing with third parties personal identifying information of homeowners without the homeowners' express authorization except where expressly permitted by state and federal law. Such privacy policy will cover (i) the sources from which sensitive consumer information is obtained, (ii) the Partner's use of sensitive consumer information, and (iii) a mechanism by which a consumer may opt-out of sharing information. The Partner will deliver to homeowners any updates to such privacy policies.
- 7.2. Application process. It is the policy of the Program that all personal identifying information provided by a homeowner to the Partner during the application process is provided directly by the homeowner to the Partner. The Partners will establish processes and controls to ensure that personal identifiable information of a homeowner is obtained directly from such homeowner (or his verifiable legal representative or attorney in fact) and not from a contractor or other third party.

8. MARKETING & COMMUNICATIONS

Policy Summary: Clear, informative, truthful, balanced, transparent and complete communications are essential for the Program. The stakeholders of any Program include (without limitation) homeowners, contractors, the Authority, government officials and staff, investors, finance partners, real estate professionals and lenders. Communications, acts and practices that mislead stakeholders add ineligible expense to PACE financing or to the Program, abuse stakeholders, and otherwise fail to meet the core communication standards of appropriateness for the Program and are not acceptable.

- 8.1. Prohibited practices. It is the policy of the Program to prohibit practices that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate, incomplete or are inconsistent with the Program's purpose (e.g., use of check facsimiles to dramatize the amount of PACE Program financing available or presented as if a negotiable instrument). Marketing practices that are likely to add unnecessary expense to a homeowner (e.g., paying consumers for applications), that unlawfully use sensitive consumer data or that violate any other law or regulation (including, for example, practices related to telemarketing) are prohibited.
- 8.2. Permitted practices. It is the policy of the Program to adhere to all legal and regulatory requirements (e.g., telemarketing) pertaining to its advertising and marketing efforts. On the basis of providing clear and concise communication to consumers, any practice that promotes informed decisioning on the part of homeowners and is not prohibited as described in section 8.1 above is permitted. The Partner is responsible for developing, delivering to and enforcing marketing guidelines for the Program's Registered Contractors. Any marketing materials that fall outside of marketing guidelines established must be approved by the Partner to ensure that they are not unfair, deceptive, abusive and/or misleading.
- 8.3. Tax advice. It is the policy of the Program that no Partner, contractor or third party (who is not a tax expert) may provide tax advice to consumers regarding their Program financing which includes making affirmative statements or claims as to the tax deductibility of the payments. Homeowners are encouraged to seek the advice of an expert regarding tax matters related to the Program. The Program shall monitor and test the sales practices of employees and contractors to confirm adherence to the policy set forth in this Section 8.3.
- 8.4. Payments in Exchange for Financing. It is the policy of the Program that no Partner, contractor or Affiliated Individual may provide a direct cash payment or other thing of value to a homeowner explicitly in exchange for such homeowner's selecting Program

financing. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent the Program from offering to homeowners, contractors or Affiliated Individuals promotions that are not explicitly part of the exchange referred to in the preceding sentence.

9. PROTECTED CLASSES

Policy Summary: It is the Partner's responsibility to ensure compliance with all state and federal laws that cover individuals in protected classes (e.g., race, religion, color, marital status, sex, national origin, citizenship, presence of children, disability, gender, age and/or sexual preference because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act.) Heightened protections for homeowners over 64 years old, such as confirming understanding of financing terms and project specifications, is a focus of the Program. The Partner is responsible for protecting against intended and unintended non-compliance with such standards, and in particular for providing legally unbiased access to, and decisioning of, requests for Program financing.

- 9.1. General. It is the policy of the Program that controls be designed to monitor and test compliance with all state and federal laws covering homeowners in protected classes.
- 9.2. Elders. It is the responsibility of the Partner to develop and implement a program that validates elder homeowner (i.e., homeowners over 64 years old) understanding of the eligible improvement project for which they are seeking Program financing, including the terms of such financing.
- 9.3 Financing Access and Decisioning. It is the responsibility of the Partner to provide legally unbiased access to, and decisioning of, requests for Program participation.

10. CONTRACTOR REQUIREMENTS

Policy Summary: Contractors and their sales persons are one of the primary means through which homeowners become aware of Program participation options. Contractors and their sales persons enter into contracts with the Partner, and register with all relevant state and local licensing boards and agencies. Contractors are required to follow a code of conduct, maintain policies of insurance, post bonds, follow marketing requirements, complete training courses, among other similar obligations, all of which are designed to assure positive and productive homeowner interaction with the Program.

- 10.1. Policies. It is the policy of the Program that all contractors who sell, install, or manage subcontractors who install, eligible improvements will have executed and that all such contractors and all employees, entities, owners, partners, principals, independent contractors, third party agents or other person who perform any services for the contractor in connection with a Program financing (collectively, the “Affiliated Individuals”) meet the requirements of the Program’s Contractor Participation Agreement, which include:
 - 10.1.1. Compliance with the current Registered Contractor code of conduct, a sample of which is attached hereto as Attachment B or other code of conduct that embodies the principles outlined in Attachment B;
 - 10.1.2. Maintenance of an active license, and be in good standing, with the California Contractor State License Board (“CSLB”), including compliance with the CSLB (or equivalent agency or program) insurance and bonding requirements;
 - 10.1.3. Execution of the Program’s Contractor Participation Agreement only by a person who is listed as an Responsible Managing Owner (“RMO”), Responsible Managing Employee (“RME”), Responsible Managing Manager (“RMG”) , Responsible Managing Member (“RMM”), sole owner or qualifying partner with the CSLB and who is authorized to act on behalf of, and who is responsible for the actions of, a Registered Contractor (a “Qualifying Individual”);
 - 10.1.4. Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;
 - 10.1.5. Meeting all other state and local licensing, training and permitting requirements;
 - 10.1.6. Compliance with the Program’s marketing policies; and
 - 10.1.7. Ensuring all Affiliated Individuals register with the Program.
- 10.2. New Contractors. Regarding Registered Contractors new to the Program, it is the policy that the Partner:

- 10.2.1. Has a specified probationary period (i.e., place the new Registered Contractors on a watch list) until the new Registered Contractors have completed the required number of Measures;
- 10.2.2. Has procedures in place, during the Registered Contractor probationary period, to provide additional quality assurance steps for Measures completed by the Registered Contractors on the watch list; and
- 10.2.3. Has procedures in place to review Registered Contractor work to confirm satisfactory completion of projects conducted during the probationary period for which Program financing is used.
- 10.3 Contractor Management. It is the policy that the Partner implement contractor management systems and procedures that manage and track contractor training and compliance violations on an individual and company basis.
- 10.4 Contractor Training. It is the policy of the Program that each Partner make available contractor training regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms as required by the Program, (ii) protected classes, including, without limitation, elder protection, and (iii) other consumer protection measures as required by the Program.
- 10.5 Remedial Action. Partners warn, suspend or terminate a Registered Contractor and/or Affiliated Individual from the Program based on violations of the Contractor Participation Agreement. The Program does not accept Program applications processed by suspended or terminated contractors and/or associated representatives.

11. ELIGIBLE PRODUCTS

Policy Summary: The Program enables and encourages homeowners to install Measures on their homes which are designed but not guaranteed to save water or energy. The Program is responsible for implementing practices and controls (e.g., eligible product databases and product confirmation processes) ensuring that financing is used only for eligible Measures, and that it is not provided for ineligible ones. Program product eligibility criteria ensure that property owners are financing improvements which are industry recognized for achieving higher levels of home energy or water efficiency. While the Program is responsible for confirming compliance with the initial capacities of such products, it is not responsible for determining post-installation energy performance, savings or efficacy of such Measures.

- 11.1. Policies. Consistent with the objectives of the PACE enabling legislation, it is the policy of the Program through consultation with the Partner and the Authority to:
 - 11.1.1. Establish, and maintain an eligible products database and/or list, documenting the associated eligibility specifications for each product that conform to the requirements outlined in Attachment C hereto;
 - 11.1.2. Define a process for adding or modifying the eligible product database;
 - 11.1.3. Ensure that eligible product energy efficiency/water efficiency/energy generation (as applicable) performance standards are calibrated and verified using performance criteria that the U.S. Department of Energy, U.S. Environmental Protection Agency, the California Energy Commission and/or other federal and state agencies or other reputable third parties has established;
 - 11.1.4. Use credible third party sources to determine the useful life of the product, which will be used to set the maximum term for the Program's financing; and
 - 11.1.5. Require that the product is permanently affixed to the Property.
- 11.2. Procedures. It is the policy of the Program that the Partner establish procedures confirming that the homeowner applying for Program financing intends to install eligible products, and that at the time of funding such improvements have been installed.
- 11.3. Ineligible Products.
 - 11.3.1. Financing of ineligible products under the Program is prohibited.
 - 11.3.2. Products that are not included on the eligible products list or in the eligible products database can be submitted for review by the Program, if a homeowner has a good faith reason to believe they should have been included.

12. MAXIMUM FINANCING AMOUNT

Policy Summary: Many homeowners cannot readily access price information regarding the installation of energy efficiency, renewable energy and water conservation improvements for their homes, and cost often is a key economic consideration. While the Program does not set price controls, it implements a maximum financing amount (“MFA”) procedure based upon the fair market value of the Measures. The MFA sets the ceiling for amounts that can be financed.

The Program’s maximum financing amount policies provide as follows:

- 12.1. It is the policy of the Program to develop maximum financing amounts based on market data and the Partner’s experience, but not to set pricing for installation of eligible products and projects. In evaluating project pricing, the Partner takes into account regional factors that may contribute to the pricing of improvements.
- 12.2. It is the policy of the Program that each Partner will, at a minimum, establish an MFA for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- 12.3. Within each MFA, there is a low to high range of justifiable pricing, depending on the particular product within a product type (e.g. there may be different types of central air conditioners, solar PV systems, solar thermal systems and artificial turf). It is the policy of the Program that each Partner will establish product/project attribute related pricing rules that dictate what pricing within such low to high MFA range is justified.
- 12.4. It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the MFA rules (as described in Section 12.3) for every project.
- 12.5. A product may only be funded for an amount that is greater than the MFA for such product if the amount exceeding the MFA is justified by reasonable standards that are validated and documented through processes and systems acceptable to the Authority.

13. REPORTING

Policy Summary: Reporting the economic and environmental results of Program participation is essential for the Program, Partners, elected officials, environmental agencies, the investment community, the real estate and mortgage industry and many other stakeholders. Metrics such as economic stimulus dollars invested, greenhouse gas reduction, the number of Measures funded, the amounts funded, renewable energy production and energy savings serve this need. The Partner is responsible for producing, on a quarterly basis, a key metrics report.

- 13.1. Reporting categories. It is the policy of the Program that Program statistics reporting and estimated impact metrics in the following categories be developed and reported quarterly to the Authority: (i) number of projects funded, (ii) project amount funded, (iii) estimated amount of energy savings, (iv) estimated amount of renewable energy produced, (v) estimated amount of water savings, (vi) estimated amount of greenhouse gas emissions reductions, and (vii) estimated number of jobs created.
- 13.2. Reporting standards. It is the policy of the Program that all data collected for the quarterly metrics reports be developed and collected using standardized, third party verified methodologies. The methodologies and supporting assumptions and/or sources must be made available to the Authority by the Partner. It is the responsibility of the Partner to develop reports consistent with each of categories listed above and to test and verify the data collection and reporting methods and models used. All reports shall include only aggregate data, excluding any sensitive customer information.
- 13.3 Participation in CAEATFA. Residential PACE programs operating in California must participate in the PACE Reserve program of the California Alternative Energy and Advanced Transportation Authority. Accordingly, the Programs must report bi-annually on program activity to CAEATFA.

14. CLOSING & FUNDING

Policy Summary: The Program provides limited purpose financing to homeowners, and not general purpose financing that is common among traditional sources of financing. The Program has front-end (e.g., eligible product call-in requirements) and pre-funding (e.g., completion certificates and permits) procedures designed to confirm that their financing dollars are used for permissible purposes. A policy requiring such procedures is essential to protecting the integrity of the Program.

- 14.1. Installation Completion Sign-off. It is the policy of the Program to confirm, before funding, that the eligible products financed are installed, operational and in a condition that is acceptable to the homeowner and the contractor, and to require that the homeowner and the contractor attest to such by signing a document stating that all products have been installed to the homeowner's satisfaction and in accordance with product specifications. It is the responsibility of the Partner to confirm any such document is signed within the maximum allowable installation time as specified by the Program
- 14.2. Permits. It is the policy of the Program for homeowners seeking Program financing to obtain required permits for the installation of Measures and provide verification thereof upon request.
- 14.3. Funding. It is the policy of the Program to disburse funds only for projects that are complete.
- 14.4. Recording. It is the policy of the Program to record the Notice of Assessment and Payment of Contractual Assessment Required documentation in a manner consistent with state law.
- 14.5. Asset verification. It is the policy of the Program to confirm that product(s) listed on the Completion Certificate and for which Program financing has been provided have been installed and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.

ATTACHMENT 4

PARTICIPATING COUNTIES AND CITIES

Alameda

- Alameda
- Albany
- Berkeley
- Dublin
- Emeryville
- Fremont
- Hayward
- Livermore
- Newark
- Oakland
- Piedmont
- Pleasanton
- San Leandro
- Union City
- Unincorp. County

Amador

- Lone

Butte

- Chico
- Oroville
- Unincorp. County

Contra Costa

- Antioch
- Brentwood
- Clayton
- Concord
- Danville
- El Cerrito
- Hercules
- Lafayette
- Martinez
- Moraga
- Oakley
- Pinole
- Pittsburg
- Pleasant Hill
- Richmond
- San Pablo
- San Ramon
- Walnut Creek

El Dorado

- Placerville
- South Lake Tahoe
- Unincorp. County

Fresno

- Clovis
- Firebaugh
- Fowler
- Fresno
- Huron
- Kerman
- Kingsburg
- Orange Cove
- Reedley
- San Joaquin
- Sanger
- Selma
- Unincorp. County

Humboldt

- Arcata
- Eureka
- Unincorp. County

Imperial

- Unincorp. County

Kern

- Arvin
- Bakersfield
- Ridgecrest
- Shafter
- Taft
- Wasco
- Unincorp. County

Kings

- Hanford

Lake

- Clearlake

Los Angeles

See page 2 for the list of eligible areas in LA County

Madera

- Madera
- Unincorp. County

Marin

- Belvedere
- Corte Madera
- Fairfax
- Larkspur
- Mill Valley
- Novato
- Ross
- San Anselmo
- San Rafael
- Sausalito
- Tiburon
- Unincorp. County

Mendocino

- Fort Bragg
- Point Arena
- Ukiah
- Unincorp. County

Merced

- Los Banos
- Unincorp. County

Mono

- Unincorp. County

Monterey

- Carmel-By-The-Sea
- Del Rey Oaks
- Gonzales
- Greenfield
- King City
- Marina
- Monterey
- Pacific Grove
- Salinas
- Sand City
- Seaside
- Soledad
- Unincorp. County

Napa

- American Canyon
- Calistoga
- Napa
- St. Helena
- Yountville

Napa (cont.)

- Unincorp. County

Nevada

- Nevada City

Orange

- Aliso Viejo
- Anaheim
- Brea
- Buena Park
- Costa Mesa
- Fountain Valley
- Garden Grove
- Huntington Beach
- La Habra
- Laguna Beach
- Laguna Hills
- Lake Forest
- Mission Viejo
- Newport Beach
- San Clemente
- Santa Ana
- Westminster

Riverside

- Beaumont
- Moreno Valley
- Palm Desert
- San Jacinto
- Unincorp. County

Sacramento

- Citrus Heights
- Elk Grove
- Galt
- Rancho Cordova
- Sacramento
- Unincorp. County

San Benito

- Hollister
- San Juan Bautista
- Unincorp. County

San Bernardino

- Big Bear Lake
- Chino
- Chino Hills
- Colton
- Fontana
- Hesperia
- Highland
- Montclair
- Ontario
- Rancho Cucamonga
- Redlands
- Rialto
- Unincorp. County

San Diego

- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa

San Diego (cont.)

- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista
- Unincorp. County

San Francisco

- San Francisco

San Joaquin

- Lodi
- Manteca
- Stockton
- Tracy
- Unincorp. County

San Luis Obispo

- Arroyo Grande
- Atascadero
- El Paso De Robles
- Grover Beach
- Morro Bay
- San Luis Obispo
- Unincorp. County

San Mateo

- Atherton
- Belmont
- Brisbane
- Burlingame
- Colma
- Daly City
- East Palo Alto
- Foster City
- Half Moon Bay
- Hillsborough
- Menlo Park
- Millbrae
- Pacifica
- Portola Valley
- Redwood City
- San Bruno
- San Carlos
- San Mateo
- South San Francisco
- Woodside
- Unincorp. County

Santa Clara

- Campbell
- Cupertino
- Gilroy
- Los Altos
- Los Altos Hills
- Los Gatos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- San Jose
- Santa Clara

Santa Clara (cont.)

- Saratoga
- Sunnyvale

Santa Cruz

- Capitola
- Santa Cruz
- Scotts Valley
- Watsonville
- Unincorp. County

Shasta

- Anderson
- Unincorp. County

Solano

- Benicia
- Dixon
- Fairfield
- Suisun City
- Vacaville
- Vallejo
- Unincorp. County

Sonoma

- Cloverdale
- Healdsburg
- Petaluma
- Rohnert Park
- Sebastopol
- Sonoma
- Windsor
- Unincorp. County

Stanislaus

- Modesto
- Turlock
- Waterford

Sutter

- Live Oak
- Yuba City

Tulare

- Porterville
- Tulare
- Visalia
- Unincorp. County

Ventura

- Camarillo
- Fillmore
- Moorpark
- Ojai
- Oxnard
- Port Hueneme
- San Buenaventura
- Santa Paula
- Simi Valley
- Thousand Oaks
- Unincorp. County

Yolo

- Davis
- West Sacramento
- Winters
- Woodland
- Unincorp. County

Yuba

- Unincorp. County

PARTICIPATING COMMUNITIES WITH LOS ANGELES COUNTY

- Agoura Hills
- Alhambra
- Arcadia
- Artesia
- Avalon
- Azusa
- Baldwin Park
- Bell
- Bell Gardens
- Bellflower
- Beverly Hills
- Bradbury
- Burbank
- Calabasas
- Carson
- Cerritos
- Claremont
- Commerce
- Compton
- Covina
- Cudahy
- Culver City
- Diamond Bar
- Downey
- Duarte
- El Monte
- El Segundo
- Gardena
- Glendale
- Glendora
- Hawaiian Gardens
- Hawthorne
- Hermosa Beach
- Hidden Hills
- Huntington Park
- Industry
- Inglewood
- Irwindale
- La Canada-Flintridge
- La Habra Heights
- La Mirada
- La Verne
- La Puente
- Lakewood
- Lancaster
- Lawndale
- Lomita
- Long Beach
- Los Angeles
- Lynwood
- Malibu
- Manhattan Beach
- Monrovia
- Montebello
- Monterey Park
- Norwalk
- Palmdale
- Palos Verdes Estates
- Paramount
- Pasadena
- Pico Rivera
- Pomona
- Rancho Palos Verdes
- Redondo Beach
- Rolling Hills
- Rolling Hills Estates
- Rosemead
- San Dimas
- San Fernando
- San Gabriel
- San Marino
- Santa Clarita
- Santa Fe Springs
- Santa Monica
- Sierra Madre
- Signal Hill
- South El Monte
- South Gate
- South Pasadena
- Temple City
- Torrance
- Walnut
- West Covina
- West Hollywood
- Westlake Village
- Whittier
- Unincorporated County

PARTICIPATING COUNTIES AND CITIES

Alameda

- Alameda
- Albany
- Berkeley
- Dublin
- Emeryville
- Fremont
- Hayward
- Livermore
- Newark
- Oakland
- Piedmont
- Pleasanton
- San Leandro
- Union City
- Unincorp. County

Amador

- Lone

Butte

- Chico
- Oroville
- Unincorp. County

Contra Costa

- Antioch
- Brentwood
- Clayton
- Concord
- Danville
- El Cerrito
- Hercules
- Lafayette
- Martinez
- Moraga
- Oakley
- Pinole
- Pittsburg
- Pleasant Hill
- Richmond
- San Pablo
- San Ramon
- Walnut Creek

El Dorado

- Placerville
- South Lake Tahoe
- Unincorp. County

Fresno

- Clovis
- Firebaugh
- Fowler
- Fresno
- Huron
- Kerman
- Kingsburg
- Orange Cove
- Reedley
- San Joaquin
- Sanger
- Selma
- Unincorp. County

Humboldt

- Arcata
- Eureka
- Unincorp. County

Imperial

- Unincorp. County

Kern

- Arvin
- Bakersfield
- Ridgecrest
- Shafter
- Taft
- Wasco
- Unincorp. County

Kings

- Hanford

Lake

- Clearlake

Los Angeles

See page 2 for the list of eligible areas in LA County

Madera

- Madera
- Unincorp. County

Marin

- Belvedere
- Corte Madera
- Fairfax
- Larkspur
- Mill Valley
- Novato
- Ross
- San Anselmo
- San Rafael
- Sausalito
- Tiburon
- Unincorp. County

Mendocino

- Fort Bragg
- Point Arena
- Ukiah
- Unincorp. County

Merced

- Los Banos
- Unincorp. County

Mono

- Unincorp. County

Monterey

- Carmel-By-The-Sea
- Del Rey Oaks
- Gonzales
- Greenfield
- King City
- Marina
- Monterey
- Pacific Grove
- Salinas
- Sand City
- Seaside
- Soledad
- Unincorp. County

Napa

- American Canyon
- Calistoga
- Napa
- St. Helena
- Yountville

Napa (cont.)

- Unincorp. County

Nevada

- Nevada City

Orange

- Aliso Viejo
- Anaheim
- Brea
- Buena Park
- Costa Mesa
- Fountain Valley
- Garden Grove
- Huntington Beach
- La Habra
- Laguna Beach
- Laguna Hills
- Lake Forest
- Mission Viejo
- Newport Beach
- San Clemente
- Santa Ana
- Westminster

Riverside

- Beaumont
- Moreno Valley
- Palm Desert
- San Jacinto
- Unincorp. County

Sacramento

- Citrus Heights
- Elk Grove
- Galt
- Rancho Cordova
- Sacramento
- Unincorp. County

San Benito

- Hollister
- San Juan Bautista
- Unincorp. County

San Bernardino

- Big Bear Lake
- Chino
- Chino Hills
- Colton
- Fontana
- Hesperia
- Highland
- Montclair
- Ontario
- Rancho Cucamonga
- Redlands
- Rialto
- Unincorp. County

San Diego

- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa

San Diego (cont.)

- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista
- Unincorp. County

San Francisco

- San Francisco

San Joaquin

- Lodi
- Manteca
- Stockton
- Tracy
- Unincorp. County

San Luis Obispo

- Arroyo Grande
- Atascadero
- El Paso De Robles
- Grover Beach
- Morro Bay
- San Luis Obispo
- Unincorp. County

San Mateo

- Atherton
- Belmont
- Brisbane
- Burlingame
- Colma
- Daly City
- East Palo Alto
- Foster City
- Half Moon Bay
- Hillsborough
- Menlo Park
- Millbrae
- Pacifica
- Portola Valley
- Redwood City
- San Bruno
- San Carlos
- San Mateo
- South San Francisco
- Woodside
- Unincorp. County

Santa Clara

- Campbell
- Cupertino
- Gilroy
- Los Altos
- Los Altos Hills
- Los Gatos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- San Jose
- Santa Clara

Santa Clara (cont.)

- Saratoga
- Sunnyvale

Santa Cruz

- Capitola
- Santa Cruz
- Scotts Valley
- Watsonville
- Unincorp. County

Shasta

- Anderson
- Unincorp. County

Solano

- Benicia
- Dixon
- Fairfield
- Suisun City
- Vacaville
- Vallejo
- Unincorp. County

Sonoma

- Cloverdale
- Healdsburg
- Petaluma
- Rohnert Park
- Sebastopol
- Sonoma
- Windsor
- Unincorp. County

Stanislaus

- Modesto
- Turlock
- Waterford

Sutter

- Live Oak
- Yuba City

Tulare

- Porterville
- Tulare
- Visalia
- Unincorp. County

Ventura

- Camarillo
- Fillmore
- Moorpark
- Ojai
- Oxnard
- Port Hueneme
- San Buenaventura
- Santa Paula
- Simi Valley
- Thousand Oaks
- Unincorp. County

Yolo

- Davis
- West Sacramento
- Winters
- Woodland
- Unincorp. County

Yuba

- Unincorp. County

PARTICIPATING COMMUNITIES WITH LOS ANGELES COUNTY

- Agoura Hills
- Alhambra
- Arcadia
- Artesia
- Avalon
- Azusa
- Baldwin Park
- Bell
- Bell Gardens
- Bellflower
- Beverly Hills
- Bradbury
- Burbank
- Calabasas
- Carson
- Cerritos
- Claremont
- Commerce
- Compton
- Covina
- Cudahy
- Culver City
- Diamond Bar
- Downey
- Duarte
- El Monte
- El Segundo
- Gardena
- Glendale
- Glendora
- Hawaiian Gardens
- Hawthorne
- Hermosa Beach
- Hidden Hills
- Huntington Park
- Industry
- Inglewood
- Irwindale
- La Canada-Flintridge
- La Habra Heights
- La Mirada
- La Verne
- La Puente
- Lakewood
- Lancaster
- Lawndale
- Lomita
- Long Beach
- Los Angeles
- Lynwood
- Malibu
- Manhattan Beach
- Monrovia
- Montebello
- Monterey Park
- Norwalk
- Palmdale
- Palos Verdes Estates
- Paramount
- Pasadena
- Pico Rivera
- Pomona
- Rancho Palos Verdes
- Redondo Beach
- Rolling Hills
- Rolling Hills Estates
- Rosemead
- San Dimas
- San Fernando
- San Gabriel
- San Marino
- Santa Clarita
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- Sierra Madre
- Signal Hill
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