

**Golden State Finance
Authority (GSFA)
Board of Directors Meeting**



**Wednesday, August 17, 2016
11:30 a.m.**

**1215 K Street, Suite 1650
Sacramento, CA 95814**

**Golden State Finance Authority (GSFA)
Board of Directors Meeting
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1215 K Street Suite 1650
Sacramento, CA 95814**

AGENDA

- 1. Call to Order & Determination of Quorum**
*Chair, Supervisor Kevin Cann, Mariposa County
Vice Chair, Supervisor Randy Hanvelt, Tuolumne County*
- 2. Approval of Minutes – June 22, 2016 Board Meeting** **Page 1**
Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise
- 3. Member County Concerns**
- 4. Public Testimony**
At this time any member of the public may address the Board. Speakers are asked to state their name for the record. Comments are usually limited to no more than 3 minutes per speaker.
- 5. PACE Residential Consumer Protection Policies – ACTION** **Page 5**
*Greg Norton
Craig Ferguson, Vice President*
- 6. GSFA Membership Status Update** **Page 59**
*Greg Norton
Craig Ferguson*
- 7. Program Updates**
*Greg Norton
Craig Ferguson*
- 8. Adjournment**
Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participant in a public meeting, please call Sarah Bolnik at (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item.



Golden State Finance Authority
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3551 · www.gsfa-home.org

**Golden State Finance Authority
Board of Directors Meeting
June 22, 2016
11:45 a.m.
1215 K Street, Suite 1650
Sacramento CA 95814
916-447-4806**

MINUTES

Call to Order & Determination of Quorum

Chair, Supervisor Kevin Cann, Mariposa County, called the meeting to order at 11:53 a.m. A quorum was determined at that time. Those present:

<u>Supervisor</u>	<u>County</u>
Mary Rawson	Alpine
Brian Oneto	Amador
Doug Teeter	Butte
Dave Finigan	Del Norte
Michael Ranalli	El Dorado
John Viegas	Glenn
Rex Bohn	Humboldt
Michael Kelley	Imperial
Matt Kingsley	Inyo
Aaron Albaugh	Lassen
Kevin Cann	Mariposa
Rick Farinelli	Madera
Carre Brown	Mendocino
John Pedrozo	Merced
Geri Byrne	Modoc
Tim Alpers	Mono
Diane Dillon	Napa
Anthony Botelho	San Benito
Lee Adams	Sierra
Michael Kobseff	Siskiyou
Larry Munger	Sutter
Bob Williams	Tehama
John Fenley	Trinity
Randy Hanvelt	Tuolumne
Matt Rexroad	Yolo
Roger Abe	Yuba

Absent

Cliff Edson	Calaveras
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Kim Dolbow Vann	Colusa
Anthony Farrington	Lake
Nate Beason	Nevada
Jim Holmes	Placer
Kevin Goss	Plumas
Les Baugh	Shasta

Others in Attendance

Supervisor Chris Howard, Del Norte County
Supervisor Andy Vasquez, Yuba County
Steve Palmer, Van Scoyoc Associates
Laura Morgan-Kessler, Van Scoyoc Associates
Ed Horton, Placer County Water Agency
Mike Lemyre, Ygrene Energy Fund
Mark Colby, Ygrene Energy Fund
Staci Heaton, RCRC Regulatory Affairs Advocate
Justin Caporusso, RCRC Director of Public Affairs
Sarah Bolnik, RCRC Office Manager
Terrance Rodgers, Economic Development Officer
Paul A. Smith, RCRC Senior Legislative Advocate
Tracy Rhine, RCRC Legislative Advocate
Lisa McCargar, RCRC Chief Financial Officer
Randall Echevarria, RCRC Legislative Analyst
Nick Konovaloff, RCRC Legislative Analyst
Santinia Pasquini, RCRC Legislative Analyst
Maggie Chui, RCRC Governmental Affairs Assistant
DeAnn Baker, CSAC
Cara Martinson, CSAC
Graham Knaus, CSAC
Robert Bendorf, Renovate America

Staff in Attendance

Greg Norton, Executive Director
Patricia Megason, Deputy Director
Craig Ferguson, Vice President

Approval of Minutes – April 21, 2016 Board Meeting

Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise

Supervisor Rex Bohn, Humboldt County, motioned to approve the minutes of the April 21, 2016 GSFA Board of Directors Meeting. Supervisor John Viegas, Glenn County, seconded the motion. Motion unanimously passed.

Abstaining:

Supervisor Brian Oneto, Amador County; Supervisor Dave Finigan, Del Norte County; Supervisor Michael Kelley, Imperial County; Supervisor Rick Farinelli, Madera County; Supervisor John Pedrozo, Merced County;

Supervisor Tim Alpers, Mono County; Supervisor Michael Kobseff, Siskiyou County; Supervisor Matt Rexroad, Yolo County

Member County Concerns

None

Public Testimony

Mike Lemyre, Senior Vice President, Ygrene Works, provided the GSFA Board of Directors an update on the Program. Mr. Lemyre also addressed the accusations directed at Ygrene Works by a competitor, Renovate America. Mr. Lemyre assured the Board that independent audits have been, and will be performed on Ygrene operations to ensure that good business measures are performed and continue to be performed.

Robert Bendorf, Renovate America, briefly addressed the GSFA Board of Directors on behalf of Renovate America.

Greg Norton, GSFA Executive Director, discussed with the Board of Directors recent meetings with both of the CEO's of Ygrene and Renovate America, and the steps that GSFA is taking to validate the GSFA/Ygrene program activities, services and practices.

GSFA 2015 Audited Financial Statements

Lisa McCargar, CFO, presented the 2015 audited financial statements and information letter for the Golden State Finance Authority (GSFA) which had received an unqualified "clean" opinion from Moss Adams LLP. Moss Adams had presented the financial statements and letter to the GSFA Executive Committee, in their capacity as the Audit Committee on May 11, 2016.

Recommendation:

It is recommended that the GSFA Board of Directors approve and adopt the 2015 audited financial statements and communication letter as presented.

Supervisor Randy Hanvelt, Tuolumne County, motioned to approve the 2015 GSFA Audited Financial Statements and Communication Letter as presented. Supervisor Michael Kobseff, Siskiyou County, seconded the motion. Motion passed unanimously.

GSFA Membership Status Update

Greg Norton called attention to the updated GSFA Membership list that was provided to each Board Member. The member list provided reflects members through May 24, 2016. Mr. Norton added that there are thirty-three regular member counties, twenty-two associate member counties, one-hundred fifty-six associate member cities, and one associate member joint powers authority.

Program Updates

Craig Ferguson provided an update on the Single Family, Multi-Family and Energy Retrofit Programs.

Adjournment

Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Board of Directors at 12:19 p.m.

To: GSFA Board of Directors

From: Greg Norton, Executive Director
Lisa McCargar, Chief Financial Officer
Craig Ferguson, Vice President

Date: August 9, 2016

Re: PACE Residential Consumer Protection Policies - **ACTION**

Summary

At the Executive Committee meeting of July 13, 2016, the Executive Committee reviewed and approved the proposed Golden State Finance Authority (GSFA) Ygrene Works Residential PACE program Consumer Protection Policies (CPP) with additional edits directed.

Issues

Residential Consumer Protection Policies:

To ensure adherence to "industry standards", the basis for the GSFA Residential CPP is the CPP approved by PACENation, a national non-profit for the advancement of PACE programs. Edits were made to the PACENation version to:

- Provide enhanced consumer protections, disclosures and clarity to homeowners;
- Provide clarification where deemed appropriate regarding differences in SB 555 and AB 811 established/based PACE programs; and
- Reflect operational differences where necessary.

The attached CPP is the version approved by the Executive Committee, including some addition revisions. Upon review of the proposed CPP, the Executive Committee directed GSFA to make additional revisions to the CPP which are identified in track changes and with identifying comments. Additionally, Ygrene suggested minor additional revisions for consistency purposes, also identified in track changes and comments. Lastly, revisions were made to remove references to PACENation, headers and footers, etc. to result in a final GSFA CPP document. All of the revisions made to the version presented to and approved by the Executive Committee are reflected in track changes. A clean version of the proposed CPP is also attached.

The residential PACE Consumer Protection Policies document is intended to address best practices and guidelines for GSFA/Ygrene's residential property assessed clean energy (PACE) program for single-family homes and multi-family (less than 5 units) properties. The consumer protection policies include the areas of risk, disclosures & documentation, financing terms, operations, post-funding support, data security,

privacy, marketing & communications, protected classes, contractors, eligible products, pricing, reporting, and closing & funding. It is important to note that the document is intended to be a living document that evolves with industry best practices and any changes in applicable laws and regulations.

Residential and Commercial Program Handbooks:

For purposes of full communication of underwriting criteria or guidelines which participating jurisdictions may impose with respect to the GSFA/Ygrene PACE Program Handbooks, and at the suggestion of Ygrene legal counsel, a provision will be added to the Residential and Commercial Program Handbooks to reiterate that all PACE financing is valid, binding and collectible regardless of variation in eligibility criteria. The clarification is necessary as some participating municipalities have required variations in eligibility criteria and other variances may, at times, occur. Further, such statement is an important matter for program investors. The current draft of this additional language includes:

"Any Unanimous Approval Agreement duly signed and recorded by the Authority is considered a binding obligation for repayment regardless of any variation in the program criteria. Any immaterial variances to eligibility or underwriting requirements or guidelines under the Program will not release the owner(s) from the obligations incurred by the Unanimous Approval Agreement and the special tax on the property, and the Authority deems Program financing with such immaterial variances to be compliant under the Program. The foregoing shall apply to additional eligibility or underwriting requirements or guidelines which jurisdictions may impose with respect to the Program to the extent such jurisdiction has not adopted a resolution specifically stating that deviation from such additional eligibility or underwriting requirements of guidelines would deem the Unanimous Approval Agreement and special tax lien void."

Additionally, GSFA is requesting a revision to the Unanimous Approval Agreement (UAA) document requiring property owner initial the specific statement regarding the potential need for payoff of the PACE lien upon sale or refinance of the property. This is being requested to ensure no confusion regarding property owner(s) understanding of the potential impacts of the lien upon the sale or refinance of the property.

The original process approving the Handbooks permits the amendment of the Program Handbook from time to time. No action is necessary regarding the Program Handbook revisions.

Recommendations:

It is recommended that the GSFA Board of Directors review and approve the proposed Consumer Protection Policies.

Attachments

- Proposed PACE Consumer Protection Policies - Clean
- Proposed PACE Consumer Protection Policies – Track Changes

Golden State Finance Authority
PACE Consumer Protection Policies



(Residential PACE Programs)

(August 17, 2016)

1. OVERVIEW

Property Assessed Clean Energy (“PACE”) programs enable a much broader range of homeowners to implement energy efficiency, renewable energy, weather resiliency, water efficiency and seismic safety improvements that increase the value, functionality, and sustainability of their homes. Such improvements (“Improvements” or “Measures”) 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 only costlier, access to these Measures.

PACE Programs (“PACE Programs”), including the government authorities sponsoring and administering them and, where applicable, the entities who help implement them (“Partners”), provide advice, tools and resources that enable homeowners to make smart, informed and responsible choices regarding such Measures. PACE Programs must be responsible for ensuring that the advice, tools and resources are appropriate and accurate, which means that care must be taken with homeowners before, during and after the origination of Program financing. Consumer protections that serve homeowners must be a core value of PACE Programs and Partners. In this document, “Partner” refers to the government authority in all cases where a Program does not include a third party non-government partner.

The Golden State Finance Authority (“GSFA”) PACE Program consumer protection policies meet or exceed the standards set forth by PACENation, addressing the following areas: (1) Eligibility and Risk, (2) Disclosures and Documentation, (3) Financing Terms, (4) Operations, (5) Post-Funding Support, (6) Data Security, (7) Privacy, (8) Marketing and Communications, (9) Protected Classes, (10) Registered Contractors, (11) Eligible Products, (12) Pricing, (13) Reporting, and (14) Closing & Funding.

PACE Programs that meet or exceed these standards provide homeowners with a greater level of consumer protection than any other form of PACE financing. The recommended consumer protection policies set forth herein can help guide PACE Program implementation to ensure homeowners realize maximum benefit.

GSFA Statement on Public Benefits of PACE Programs:

Thirty-two states and the District of Columbia have enacted legislation enabling PACE programs. PACE programs provide an essential public benefit and contribute to the general public welfare by reducing carbon emissions, improving the quality of the environment, and improving energy and water resiliency of the U.S. building stock.

PACE programs provide demonstrated public benefit while enabling 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. Such improvements make homes less costly to operate and more comfortable to live in, while reducing energy and water consumption. Without PACE programs many homeowners would have no, or more costly, access to such benefits.

1. ELIGIBILITY AND RISK

Policy Summary:

The GSFA and Ygrene Energy Fund's "Ygrene Works" PACE Program (the "Program") blends traditional credit risk considerations together with statutory requirements and administrative policy objectives to develop specific risk and eligibility criteria for participation in the Program. These criteria take into account the unique risk profile that PACE financing presents to enable qualifying homeowners to access it. While this process will exclude unqualified homeowners and properties, special consideration has been given to develop inclusive standards. The criteria examine four key attributes of every financed project: (1) the real property ("Property") on which the improvements will be installed, (2) the encumbrances presently recorded against the Property, (3) the nature of the improvements to be installed; and (4) 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 within the jurisdictional boundaries of the Program. Properties for which the Consumer Protection Policies (CPP) does not apply include: (i) commercial properties (including residential properties comprising five (5) or more units), (ii) new commercial properties under construction and (iii) properties that cannot be subject to an assessment or levy. If requested in good faith by a homeowner whose Property has been found ineligible, the Program or Partner may undertake a "second look" eligibility review of the applicant's Property, 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 in determining whether or not they qualify 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 derived from residential industry accepted and reputable third-party valuation services;
 - 1.2.3. The financing may not exceed (A) (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) minus (B) any existing PACE assessments on the Property;
 - 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 the statutory cap as established by the relevant PACE law.

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 anything not specified in Section 11, subject to an appeal and review of specific measures on a case by case basis by the Partner and/or Program. 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 applicable state law and data and ratings from the U.S. Department of Energy, the Environmental Protection Agency, and other federal and state government agencies and applicable PACE laws in determining what constitutes an eligible Improvement or Measure.

1.4. **Homeowners.** PACE Program assessments typically 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 a homeowner of record is, thus, an important factor in determining a homeowner's eligibility to participate in the Program. Accordingly, at the time of application, homeowners eligible for Program financing will at a minimum have status and payment histories that are consistent with the following:

- 1.4.1. The applicant is the homeowner of record;
- 1.4.2. Property tax payments for the assessed Property are current. Additionally, the homeowner must certify that there has been 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. The homeowner is current on all mortgage debt, and does not have an active Notice of Default (NOD) recorded on the property;
- 1.4.4. The homeowner is not currently in bankruptcy; and
- 1.4.5. The homeowner has no involuntary lien(s) recorded against the Property in excess of \$1,000.

2. DISCLOSURES & DOCUMENTATION

***Policy Summary:** The enforceability of the Program is derived from the documentation established and approved by GSFA consistent with enabling state legislation. In states where judicial validation proceedings are available, it is considered best practice to complete judicial validation of the Program prior to commencement. The GSFA Ygrene Works program judicial validation was completed on July 22, 2015. Documentation for Program participants should ensure compliance with these consumer protection policies and must be clear, complete, and fair*

to all parties. 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. Best practices counsel the Program to disclose traditional "know before you owe" financing terms ("Disclosures" e.g., interest rates, financing term, payment amounts). Disclosures covering the Program financing's specific repayment cycle (typically, annual or semiannual) and the Federal Housing Finance Authority's announcement regarding payoff of Program financing at the time of sale or refinance are among the new considerations. 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 must: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms and disclosures summarized in this Section. Following installation of the Measures, a homeowner must: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) receive and approve 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 Disclosures comprise: (i) the amount financed including the cost of the installed Measure(s), together with Program fees and capitalized interest, if any, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) the term of the financing (that does not exceed the average useful life of the Measures), (v) the rate of interest charged (such rate to be fixed and not variable), (vi) a payment schedule that fully amortizes the amount financed, (vii) the nature of the lien or obligation created upon recordation, (viii) the specific improvements to be installed, (ix) the 3-day right to cancel the financing, (x) the right to withhold approval of payment until the project is complete, and (xii) any other relevant state specific rights, notices, or requirements (e.g. in California, 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 Policy.** Disclosures ensure that homeowners are aware of and understand key Program financing terms and risks that appear in the Program's 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 key Disclosures of the Program provided by Partners in a financing summary in the form substantially similar as attached hereto as Attachment A.

Disclosures	Description
Term of financing	The maximum time period of the financing
Amount financed	The total amount financed, including the installed cost of the Measure(s), Program fees and capitalized interest, if any
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 special tax or 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 with clearly defined penalties, if any, depending on the option and terms selected by the homeowner.

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	Description of the property tax payment process and the line item for repayment of the Measures that the Program financed
Tax benefits	Tax credits or 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 risk of foreclosure and the foreclosure process in the event of a homeowner default

24 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)-(h) 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)-(h) 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.
- (h) That before any assessment contract or application (the "Pending Project") is executed, the Partner has asked and the homeowner has confirmed that no Measures other than the Pending Project are underway, and has agreed, at any time before funding of the Pending Project, to inform Partner if homeowner has authorized any new Measures.

2.5 Lender Disclosure Policy. For all program financing contracts, a notification must be sent to all lenders of record outlining the key terms of the project to be undertaken on the Property. This notification shall be transmitted by the partner on behalf of, and with the consent of, the Property Owner.

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 things learned into policy improvements which benefit homeowners.

- 3.1. **Interest Rates.** It is the policy of the Program that Partners offer fixed simple interest rates and payments that, whether they are level or vary over the term of financing, fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted.
- 3.2. **Sustainable Funding Source.** It is the policy of the Program that Partners establish a sustainable source of capital for funding PACE projects separate from the Authority's general fund or budget and have access to capital markets to ensure funding for qualified projects is available on a consistent basis. A Partner must demonstrate the capacity to fund assessments that the Program and Partner anticipate originating through such Partner over a six (6) month period immediately following the Program's review of such Partner's financial statements.
- 3.3. **Subordination.** For Programs in states with senior lien PACE statutes, a Program and/or its Partners may accommodate owners of PACE assessed homes and prospective buyers of such homes by offering to subordinate certain of its/their rights derived from the 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 provide a mortgage 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 PACE Program and the Partner.
- 3.4. **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 refers to the staff, procedures, and systems that Partners use to deliver the Program to homeowners and provide them with ongoing support. For Partners, operational competence rests on the ability to perform well in a range of areas and disciplines, such as accounting, finance, capital markets, risk assessment, legal, compliance, government affairs, municipal engagement, training, marketing and sales, contractor engagement, business development, 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.

- 4.1. **Operational Consumer Protection Policies.** The Program and its Partners will provide people and develop 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 Program and its Partners proactively 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 for homeowners 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 each Partner have disclosures and resources in place to resolve any homeowner questions regarding payments. The Program requires that each Partner implement procedures for responding to requests for prepayment of their PACE property tax assessment in a timely and complete manner, matters regarding impound account catch up payments, payment timing inquiries and payment amount reconciliation among others.
- 5.4. **Inquiries and Complaints.** It is the policy of the Program that its Partners receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. This policy contemplates Partners have an ability to perform inspections, meet with homeowners and contractors, investigate matters, and mediate resolutions with homeowners and contractors. Partners 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 Program's policy that Partners 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 a 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 each Partner develop and comply with secure and tested processes to protect the personal identifiable information of the homeowner described in Section 7 below. Security policies and practices utilized are to, at a minimum; comply with all applicable government laws and regulations for the protection of personal data and information as well as remain current with applicable industry standards. Security measures and practices, including but not limited to those listed below, are subject to audit as directed by the Authority.
- 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. A protocol for access to information based upon job function and need-to-know criteria.
 - 6.1.3. Measures that protect the security and confidentiality of consumer records and 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. Monitoring and logging all remote access to its systems, whether through VPN or other means.
 - 6.1.5. Data security policies that 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. 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.

Security policies and practices utilized are to, at a minimum; comply with all applicable government laws and regulations for the protection of personal data and information as well as remain current with applicable industry standards. Security measures and practices are subject to audit as directed by the Authority.

6.2. **Personnel.** Each partner is responsible for:

- 6.2.1. Informing and enforcing 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. 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 the Program extends to the Partners' 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, the Program must protect and manage sensitive consumer information, respect the privacy of all homeowners, and implement robust controls to prevent unauthorized collection, use and disclosure of such information. These protections are subject to the limitation that property owner names, property address, special tax or assessment amount, payment amount and other terms of the PACE financing are public information consistent with property tax law.*

- 7.1. **Privacy Policy.** The Program obtains sensitive personal identifiable information (e.g., full name, home address, social security number, date of birth) from homeowners as part of the Program application process or through other homeowner touch points with the Program. It is the Program's policy that each Partner develop and deliver to homeowners prior to receipt of such personal identifiable information, a privacy policy that complies with state and federal law (e.g., the Gramm-Leach-Bliley Act). The privacy policy must expressly prohibit sharing personal identifiable information with third parties 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 a 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 homeowners, contractors, the governing authorities, government officials and staff, investors, finance partners, real estate professionals, mortgage lenders, and its Partner(s) among others. Communications or acts and practices that mislead stakeholders, add ineligible expense to PACE financing or to the Program, abuse stakeholders, or otherwise fail to meet the core communication standards of appropriateness for the Program are not acceptable.

- 8.1. **Prohibited Practices.** The Program prohibits practices that are or could appear to be unfair, deceptive, abusive, or misleading, violate federal or state laws or regulations, provide tax advice, or are in any way inappropriate, incomplete or inconsistent with the Program's purpose. Marketing practices that are likely to add unnecessary expense to a homeowner, that unlawfully use sensitive consumer data or that violate any other law or regulation are prohibited. Partners and Registered Contractors that make marketing or sales telephone calls must not violate federal or state "Do-Not-Call" laws. Each Partner is responsible for developing and enforcing marketing practices that meet the approval of the Program.
- 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 decisions 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 that meet the approval of the Program Administrator. 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 other related third party who is not a tax expert may provide tax advice to homeowners regarding Program financing, including affirmative statements or claims as to the tax deductibility of the PACE 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 provide a direct cash payment, monetary incentives, gifts, or other thing of material value to a Registered Contractor or Affiliated Individual (as those parties are defined in Section 10) in exchange for or related to such contractor or Affiliated Individual's (i) signing up or continuing to work with such Partner or (ii) offering Program financing to a homeowner. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent a Partner from either (A) paying for co-marketing materials that name the Partner and the Registered Contractor to whom such payment is made after the Partner receives receipt(s) from the Registered Contractor evidencing the amount spent on such co-marketing or (B) providing a Registered Contractor or Affiliated Individual with other non-cash things of value that by their nature directly contribute to the value of the Program.

9. PROTECTED CLASSES

Policy Summary: Each Partner must ensure compliance with all state and federal laws that cover individuals in protected classes, including those based on race, religion, color, marital status, gender, sexual orientation, national origin, citizenship, presence of children, disability, age, veteran status, participation in 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 specific requirement of the Program. Unintentional non-compliance will not excuse a failure to comply with all state and federal laws regarding protected classes.

- 9.1. **General.** The Program requires that Partners develop controls and methods to monitor and test compliance with all state and federal laws covering homeowners in protected classes.
- 9.2. **Elders.** Each Partner must develop and implement a protocol to ensure that all homeowners over 64 years of age understand the purpose of each Measure for which Program financing is sought, and the terms of such financing as described in Section 2.4.
- 9.3. **Financing Application Access and Decisions.** It is the responsibility of the Partner to provide legally unbiased access to and decisions regarding Program participation to all applicants for Program financing.

10. REGISTERED CONTRACTOR REQUIREMENTS

Policy Summary: Contractors and their sales persons are one of the primary means by which homeowners become aware of Program participation options. Contractors and their sales persons enter into contracts with a Partner, and register with all relevant state and local licensing boards and agencies. Contractors are required to complete training courses, follow a code of conduct, maintain

insurance, post bonds, follow marketing requirements, among other 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 Measures will have become “Registered Contractors” with the Program. Registered Contractors and all of their employees, entities, owners, partners, principals, and sub- contractors (collectively, the “Affiliated Individuals”) must meet the requirements of the Program, which include:

- 10.1.1. Compliance with any relevant state contractor code of conduct, attached hereto as Attachment B;
- 10.1.2. Maintenance of an active license, and being in good standing, with any relevant state licensing board, as well as maintenance of insurance and an ability to meet bonding requirements;
- 10.1.3. Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;
- 10.1.4. Meeting all other state and local licensing, training and permitting requirements;
- 10.1.5. Compliance with the Program’s marketing policies; and
- 10.1.6. Ensuring all Affiliated Individuals register with the Program, including completing the Program’s identity verification procedures.

- 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

- 102.3. 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.
- 103 **Contractor Management.** It is the policy of the Program that the Partner implement contractor management systems and procedures that manage and track contractor training, homeowner complaints, and compliance violations on an individual and company basis.
- 104 **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.
- 105 **Remedial Action.** Partners may warn, suspend or terminate a Registered Contractor and/or Affiliated Individual from the Program based on violations of these policies or at the discretion of the Partner in the best interest of homeowners and the Program. 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 which are permissible under state law and designed to save energy or water, generate renewable energy, or produce other public benefit (e.g. seismic retrofits). The Program is responsible for implementing practices and controls (e.g., eligible product databases and product confirmation processes) to ensure 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, renewable energy generation, seismic retrofits, or other state specific approved Measures. 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 to 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, and/or other federal and state agencies or other reputable parties have established;
 - 11.1.4. Use credible third party sources to determine the useful life of each installed product, which will be used to set the maximum term for financing from the Program; and
 - 11.1.5. Require that each 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 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 procedures to monitor conformance with generally accepted market pricing ranges.

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

- 12.1. It is the policy of the Program to develop generally accepted market pricing ranges based on market data and each 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 generally accepted market pricing ranges for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- 12.3. 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, consistent with and in consideration of the key product pricing attributes that dictate what pricing within such low to high range is justified.
- 12.4. It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the generally accepted market pricing ranges (as described in Section 12.3) for every project.
- 12.5. A product may only be funded for an amount that 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 & water 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, (vii) seismic safety improvements installed and (viii) estimated economic stimulus and 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 satisfactory to the Authority. 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 the 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.

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 protect 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. Each permit must be signed off by the issuing authority as evidence of project completion.
- 14.3. **Funding.** It is the policy of the Program to disburse funds only for specified phased payments or progress payments for completed phases, or for projects that are fully completed.
- 14.4. **Recording.** It is the policy of the Program to record the Notice of Assessment and Payment of Special Tax/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 including proof of completion by City Inspector or other third-party inspector and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.



Eligible Improvements & Guidelines

In order to qualify for Ygrene funding, all projects must:

- Meet or exceed applicable local, state, and federal codes and standards;
- In California, comply with Title 24, Part 6, Subchapters 1. (General Provisions); 2. (Mandatory Requirements for the Manufacture, Construction, and Installation of Systems, Equipment and Building Components); 7. (Mandatory Features and Devices); and 9. (Additions and Alterations in Existing Low-Rise Residential Buildings);
- Be installed by Ygrene-certified contractors or participating property owners; and
- Be installed in accordance with manufacturer recommendations.

Alternative Energy Upgrades

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Alternative Energy		
	Alternative Energy Storage System	10
	Co-generation System	20
	Electric Vehicle Charging Station	20
	Fuel Cell Power System	20
	Hydrogen Fuel Power System	20
	Natural Gas System	20
	Wind Turbine Power System	20
	Emerging Energy or Water Saving Technologies	Call
	Custom Measures which can be shown to conserve water and energy or generate energy (with management approval)	varies

Renewable Generation Upgrades

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Solar Photovoltaic		
	Solar Photovoltaic System	30
	Solar Inverter (free-standing)	10
	Emerging Energy Saving or Generating Technologies	call
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
Solar Thermal		
	Solar Thermal Water Heating	20
	Solar Thermal Pool Heating	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies

Energy Efficiency Upgrades

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
High-Efficiency Lighting		
	Indoor LED Lighting Fixture	20
	Lighting Control System	20+
	Outdoor LED Lighting Fixture	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
High-Efficiency Pool Equipment		
	Automatic Pool Cover	10
	Electric Heat Pump Pool Heater	20
	Gas Pool Heater	20
	Pool Pump and Motor	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies

Energy Efficiency Upgrades (cont'd)

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Building Envelope		
	Air Sealing	20
	Cool Wall Coating	20
	Insulation - Attic	50+
	Insulation - Exterior (walls only)	20
	Insulation - Hot Water Pipe	30
	Insulation - Under-floor	50+
	Insulation - Wall	50+
	Insulating Carpet and Padding (must show insulation rating)	10
	Patio Covers	20
	Radiant Barrier	20
	Reflective Paint	10
	Roofing - Cool (energy saving)	30
	Roofing - Insulated	30
	Roofing - Reflective (energy saving)	30
	Weather Stripping	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
Heating, Venting & Air Conditioning (HVAC)		
	Air Conditioner - Central	20
	Air Conditioner - Mini-Split	20
	Air Filtration System	20
	Biomass/Wood Stove	20
	Boiler	20-40
	Duct Replacement	20
	Duct Sealing	20
	Evaporative Cooler	20
	Fan - Ceiling	20
	Fan - Whole House	20
	Furnace - Electric	20
	Furnace - Gas	20
	Heat Pump - Geothermal	20
	Heat Pump - Mini-Split	20
	HVAC Systems	20
	Hydronic Radiant Heating System	20
	Pellet Stove	20
	Ventilation System	25
	Ventilator - Exhaust Fixture	25
	Ventilator - Heat/Energy Recovery	25
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
High-Efficiency Water Heating		
	Electric Heat Pump Storage Water Heater	20
	Electric Tankless Water Heater	20
	Gas Storage Water Heater	20
	Gas Tankless Water Heater	20
	Heating Water Circulating Pump	20
	Heating Water Controller	20
	Recirculation Hot Water System	20
	Whole House Water Manifold System	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
	Additional building openings to provide natural light	50+

Energy Efficiency Upgrades (cont'd)

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Windows, Doors and Skylights		
	Doors	50+
	Exterior Window Shading Device (must be permanently secured to the interior of the property)	10
	Interior Window and Door Blinds (must be sized to the windows and mounted permanently)	10
	Interior Window Shutters (must be sized to the windows, movable and adjustable and permanently mounted)	20
	Window Shading Device - Exterior Awning (must be permanently secured to the exterior of the property)	10
	Window Shading Device - Exterior Shutter (must be permanently secured to the exterior of the property)	20
	Glass Doors - Sliding	30
	Glass Doors - French	30
	Light Tubes	20
	Skylights	30
	Windows	30
	Window Filming	10
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies

Water Conservation Upgrades

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Indoor Water Efficiency		
	Core Plumbing System (to replace/repair leaks)	20
	Demand Hot Water System	20
	Demand Water Softener	20
	Faucet Aerators	20
	High-efficiency Faucet Fittings	20
	High-efficiency Showerheads	20
	High-efficiency Toilets	50+
	High-efficiency Toilet Fixtures	50+
	Hot Water Delivery System	20
	Recirculation Hot Water System	20
	Waterless Urinals	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
Outdoor Water Efficiency		
	Artificial Turf	15
	Drip Irrigation System	20
	Drought Tolerant Landscaping	20
	Gray Water System	20
	Gutters (only if part of water collections or part of eligible re-roof)	20
	Pavers (only if replacing grass or other watered features)	30
	Sewer Lateral	20
	Sewer Lateral Repair (must be repair of existing damaged and leaking pipes)	20+
	Trenchless Sewer Lateral Lines	30
	Septic to Sewer Conversion (must comply with local codes, permitting and fee requirements)	20+
	High-efficiency Sprinkler Nozzle	10
	High-efficiency Irrigation Pump	20
	High-efficiency Irrigation System	20
	Irrigation Control System	20+
	Rainwater Catchment System	20
	Weather-based Irrigation Controller	20+
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies

Wind Resistant Measures (FLORIDA ONLY)

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Wind Resistant Measures (FLORIDA)		
	Gable-end Bracing	20
	Cable Hold-Downs	20
	Foundation Strengthening	20
	High-Impact Doors	20
	High-Impact Windows	20
	Opening Protections	varies
	Roof Deck Attachment Strengthening	20
	Roof-to-Wall Reinforcement	20
	Sea Walls	20
	Secondary Water Barrier	20
	Sill Plate Attachment Strengthening (tie downs)	20
	Storm Shutters	20
	Waterproofing	20
	Wind Resistant Roofing	20
	Wind Resistant Shingles	20
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies

Additional Building Improvements (NON-RESIDENTIAL)

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Control Systems		
	Building Energy Efficient Management Control Systems	20+
	Elevator Motors and Controls (energy efficient)	20-30
	HVAC Duct Zoning Control System (energy efficient)	20+
	HVAC Control System	20+
	Industrial Process Equipment Motors and Controls (energy efficient)	20+
	Irrigation Pumps and Controls (energy efficient)	20+
	Kitchen Exhaust Air Volume Control System (energy efficient)	20+
	Lighting Control System (energy efficient)	20+
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
High-Efficiency Lighting		
	High-efficiency Lighting (classroom, office, industrial, etc.)	20
	Occupancy Sensor Lighting	20
	Lighting Control System	20+
	Refrigeration Case Lighting with Occupancy Sensors	20
	SMART Parking Lot Fixtures	20
	SMART Parking Garage Fixtures	20
	SMART Pathway Lighting	20
	SMART Wall Pack Fixtures	20
	Task Ambient Lighting	20
	Wireless Lighting Controls	20+
	Custom Measures (with management approval). Written explanation and assertion of energy savings required.	varies
Water Efficiency		
	Cooling Condensate Reuse	20
	Cooling Tower	25
	Cooling Tower Controllers	25
	Core Plumbing System (to replace/repair leaks)	20
	Deionization Equipment	20
	Industrial Process Water Reuse	20

Additional Building Improvements (NON-RESIDENTIAL)(cont'd)

PRODUCT TYPE	ELIGIBLE UPGRADE MEASURE	USEFUL LIFE (YEARS)
Water Efficiency		
	Pre-rinse Spray Valves	20
	Recycled Water Sources	20
	Custom Measures (with management approval)	varies

Ygrene Certified Contractor Code of Conduct



Contractor, for itself and on behalf of its employees, entities, owners, partners, principals, independent contractors, subcontractors, third party agents or other affiliated person(s) (individually and in the aggregate the "**Certified Contractor**") shall perform any sales, installation, advising, construction, creative services, digital marketing, lead generation, inspection or any other services for property owners (the "**Property Owner(s)**") financing approved projects under Ygrene PACE programs (the "**PACE Program**") in accordance with the following Ygrene Certified Contractor Code of Conduct:

- 1. BUSINESS CONDUCT.** Certified Contractor shall conduct business with Property Owners on a legal, respectful and ethical basis.
- 2. IDENTIFICATION.** Certified Contractor shall present identification upon initial contact with a Property Owner and on any other occasion upon which the Certified Contractor enters Property Owner's property.
- 3. NO TAX ADVICE.** Certified Contractor shall not provide tax advice to Property Owners relating to any aspect of PACE Program financing. If Property Owner inquires about the tax aspects of PACE Program financing the Certified Contractor shall direct Property Owners to consult their tax advisor.
- 4. FINANCE PROGRAM DOCUMENTS.** Certified Contractors shall provide Property Owners with a complete set of PACE Program Documents as specified by Ygrene. Certified Contractor shall instruct Property Owners to contact Ygrene directly with any PACE Program financing questions.
- 5. COMPLETION CERTIFICATE.** Certified Contractors shall furnish a signed Certificate of Completion, for counter signature by the Property Owner, only after the project is completed, the Property Owner is satisfied and the PACE Program has all documentation it requires to release funds.
- 6. ELIGIBLE MEASURES.** Certified Contractors shall:
 - a. Evaluate each Property Owner's energy usage and estimate the energy generation and/or energy/water savings likely to result from financed projects.
 - b. Complete projects that adhere to eligible measures, in conformance with the PACE Program requirements, at reasonable, market-based prices.
- 7. NO UNDUE INFLUENCE.** Certified Contractors shall not engage in any unfair, deceptive, or abusive acts or practices, or exercise any undue influence that could lead to adverse purchasing, pricing or financing decisions, whether or not Property Owners are in protected classes.
- 8. CONTRACTOR STATE LICENSE BOARD (CSLB).** Certified Contractors shall hold active and appropriate licenses and bonding, and maintain good standing with the CSLB. As required by CSLB, Certified Contractors shall also maintain appropriate Worker's Compensation insurance and a minimum of \$1 Million in commercial general liability insurance.
- 9. PAYMENT OF SUBCONTRACTORS.** Certified Contractors shall timely pay all subcontractors and vendors any undisputed amounts due, and shall take all steps necessary to prevent mechanics liens from being recorded against Property Owners because of Certified Contractor's failure to pay any subcontractor or vendor.
- 10. WRITTEN CONTRACT.** Certified Contractors shall enter into and abide by a written contract with the Property Owner accurately and completely stating all proposed products, services and prices.
- 11. BUILDING PERMITS.** Certified Contractors shall obtain all required building permits, on behalf of the Property Owner and obtain applicable final approval from any authority with jurisdiction over any project on which Certified Contractor works.

12. EMPLOYMENT PRACTICES. Certified Contractor shall use legally compliant hiring practices, including but not limited to conducting credit, background and screening checks on all employees, temporary staff, contract employees, subcontractors and third party associates, to assure that such persons comply with Certified Contractor's legal and ethical obligations described herein.

13. PACE PROGRAM TRAINING. Certified Contractor shall attend PACE Program training for all Certified Contractor employees, subcontractors and third party associates.

14. YGRENE COMPLIANCE. Certified Contractor shall provide Ygrene with copies of all requested documents that relate to projects financed by or through the PACE Program or that relate to Certified Contractor certifications, licenses, insurance and bonding.

15. COMPLAINTS. Certified Contractor shall act in good faith to promptly resolve any complaints that a Property Owner files with the Certified Contractor or the PACE Program, and shall document and retain records regarding the resolution of all Property Owner disputes for the PACE Program's review and assessment.

16. LAWS/REGULATIONS. Certified Contractor shall comply with all federal state and local laws, ordinances, rules and regulations, including with all marketing, telemarketing and business laws, including, but not limited to, Telephone Consumer Protection Act, the Older American's Act including Elder Rights Protection principles, and the California Business and Professions Code, relevant to the Certified Contractor's business.

17. ADDITIONAL REQUIREMENTS; COLLABORATIVE SERVICE AGREEMENTS (CSA's). Certain cities, counties, and government entities (i.e. associations or councils of local government) have developed Collaborative Services Agreements (CSAs), that the PACE Program must comply with when operating in the applicable jurisdictional boundaries. Certified Contractor shall comply with the terms, conditions and requirements of CSAs where appropriate.

18. GENERAL TERMS. Contractors will be terminated from the program for non-compliance.

I certify that I have read and understand the Ygrene Certified Contractor Code of Conduct and that I will be terminated from the program in case of non-compliance.

Signature

Name

Company

Date

Please return a signed copy of this Ygrene Certified Contractor Code of Conduct with:

- Copy of Liability Insurance
- Copy of Workers' Comp Insurance
- Copy of Contractor's License



FINANCING ESTIMATE AND DISCLOSURE

Notice to Property Owner: You have the right to request that a hard copy of this document be provided to you before and after reviewing and signing. The financing agreement described below will result in the levy of a special tax, and the recordation of a notice of a special tax lien on your property. The special tax will be collected along with your property taxes. You should read and review the terms carefully, and if necessary, consult with a tax professional or attorney. This financing is not a loan, but rather a special tax, and as such, descriptions below of "interest" or "interest rate" are for illustrative purposes only, and should be taken to reference "interest equivalent" or "interest rate equivalent," respectively.

Customer Service Toll-Free Telephone Number and Email

In the event you have a consumer complaint, questions about your financing obligations related to the special tax or your contractual rights under the terms of your financing contract, you can contact either this toll-free telephone number or email address provided below and receive a response within 24 hours or one business day.

Toll-free telephone number: 1-877-819-4736

Customer service email address: customer.care@ygrene.us

PROPERTY OWNER

PROJECT ID:	TYPE:	FINANCE AGREEMENT DATE:
DISTRICT:	TERM:	COUNTY:
PROPERTY ADDRESS:	APN:	
OWNER NAME(S):		
TRUST NAME:		
LEGAL ENTITY NAME:		
PROPERTY FAIR MARKET VALUE:	PURPOSE:	
RATE LOCK: <input type="checkbox"/> NO <input type="checkbox"/> YES EXPIRATION DATE: <i>(After the expiration date, interest rate equivalents and closing costs can change.)</i>		

PRODUCTS AND COSTS (INCLUDING LABOR AND INSTALLATION)

\$_____ BOILER	\$_____ CONTROL SYSTEMS	\$_____ ENERGY EFFICIENT WINDOWS & DOORS	\$_____ HVAC	\$_____ IMPACT WINDOWS & DOORS
\$_____ INSULATION	\$_____ LIGHTING	\$_____ REFLECTIVE COATING	\$_____ ROOFING	\$_____ SOLAR
\$_____ WATER CONSERVATION	\$_____ HURRICANE PROTECTION	\$_____ OTHER	PLEASE DESCRIBE:	

FINANCING COSTS

APPLICATION FEES AND COSTS	\$_____	TOTAL COST OF FINANCING AS AN ANNUAL RATE	_____ %
PREPAID INTEREST	\$_____	SIMPLE INTEREST RATE	_____ %
OTHER COSTS	\$_____	TOTAL ANNUAL FUNDED AMOUNT, INTEREST, AND ADMINISTRATIVE FEES	\$_____
TOTAL AMOUNT FINANCED	\$_____		



FINANCING ESTIMATE AND DISCLOSURE (CONTINUED)

Note: If your property taxes are paid through an impound account, your mortgage lender may apportion the amount and add it to your monthly payment. See "Other Important Considerations" below.

TOTAL AMOUNT YOU WILL HAVE PAID OVER THE LIFE OF THE FINANCING: \$ _____

OTHER COSTS

APPRAISAL FEES	\$ _____
UNDERWRITING RELATED COSTS (WHERE APPLICABLE; INCLUDES BOND-RELATED COSTS)	\$ _____
ANNUAL ADMINISTRATIVE FEES	\$ _____
ESTIMATED CLOSING COSTS	\$ _____
CREDIT REPORTING FEES	\$ _____
RECORDING FEES	\$ _____

TOTAL FINANCING COSTS AND CLOSING COSTS \$ _____

ESTIMATED CASH (OUT OF POCKET) TO CLOSE \$ _____

OTHER TERMS

PREPAYMENT FEE ☐ NO ☐ YES \$ _____

ASSUMABLE BY NEW OWNER ☐ NO ☐ YES

ADDITIONAL INFORMATION ABOUT THIS FINANCING

COMPARISONS [USE THIS INFORMATION TO COMPARE TO OTHER FINANCING OPTIONS]

	\$ _____	Financed amount you will have paid off.
	\$ _____	Amount of interest you will have paid
IN 10 YEARS	\$ _____	Amount of financing and other costs you will have paid.
	\$ _____	Total you will have paid.

TOTAL COST OF FINANCING AS AN ANNUAL RATE: _____ %

TOTAL INTEREST PAID (AS A PERCENTAGE OF ALL THE PAYMENTS YOU HAVE MADE): _____ %



FINANCING ESTIMATE AND DISCLOSURE (CONTINUED)

OTHER IMPORTANT CONSIDERATIONS

ASSUMPTION BY NEW BUYER:	<p>I understand that if I refinance my home, my mortgage lender may require me to pay off the full remaining balance of this obligation, unless I request that the lien be subordinated to an existing mortgage and the holder of the lien agrees to subordinate (allow the mortgage lien to take a higher priority). If I sell my home, the buyer or their mortgage lender may require me to pay off the full remaining balance of this obligation.</p> <p><input type="checkbox"/> YES, allowed on original terms <input type="checkbox"/> NO, not allowed on original terms</p>	OWNER 1	OWNER 2	OWNER 3	OWNER 4
MONTHLY MORTGAGE PAYMENTS:	<p>Your special tax payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector, you will need to save an estimated \$_____ for your first special tax payment. If you pay your taxes through an impound account, you should notify your mortgage lender, so that your monthly mortgage payment can be adjusted by your mortgage lender to cover your increased property tax bill.</p>	OWNER 1	OWNER 2	OWNER 3	OWNER 4
TAX BENEFITS:	<p>Consult your tax advisor regarding tax credits, credits and deductions, tax deductibility, and other tax benefits available. Making an appropriate application for the benefit is your responsibility.</p>	OWNER 1	OWNER 2	OWNER 3	OWNER 4
THREE DAY RIGHT TO CANCEL:	<p>You, the property owner, may cancel the financing contract at any time prior to midnight on the third business day after the date of the transaction to enter into the financing contract without any penalty or obligation. To cancel the financing contract, you may mail or deliver a signed and dated copy of the contract with notice of cancellation to: Ygrene Energy Fund at 815 5th Street, Santa Rosa, CA 95404. You may also cancel the financing contract by sending notification of cancellation by email to the following email address: customer.care@ygrene.us</p>	OWNER 1	OWNER 2	OWNER 3	OWNER 4

CONFIRM RECEIPT

This confirms the receipt of the information in this form. You do not have to accept this financing just because you acknowledge that you have received or signed this form, and it is NOT a contract.

PROPERTY OWNER 1	DATE	PROPERTY OWNER 2	DATE
PROPERTY OWNER 3	DATE	PROPERTY OWNER 4	DATE



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Golden State Finance Authority
PACE Consumer Protection Policies

~~Version 1.0 (PACENation date May 10, 2016)~~

(Residential PACE Programs)

(August 17, 2016)

~~GSFA Proposed Amendments Included~~

1. OVERVIEW

Property Assessed Clean Energy ("PACE") programs enable a much broader range of homeowners to implement energy efficiency, renewable energy, weather resiliency, water efficiency and seismic safety improvements that increase the value, functionality, and sustainability of their homes. Such improvements ("Improvements" or "Measures") 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 only costlier, access to these Measures.

PACE Programs ("PACE Programs"), including the government authorities sponsoring and administering them and, where applicable, the entities who help implement them ("Partners"), provide advice, tools and resources that enable homeowners to make smart, informed and responsible choices regarding such Measures. PACE Programs must be responsible for ensuring that the advice, tools and resources are appropriate and accurate, which means that care must be taken with homeowners before, during and after the origination of Program financing. Consumer protections that serve homeowners must be a core value of PACE Programs and Partners. In this document, "Partner" refers to the government authority in all cases where a Program does not include a third party non-government partner.

The Golden State Finance Authority ("GSFA") ~~PACENation recommends that~~ PACE Programs implement consumer protection policies ~~that~~ meet or exceed the standards set forth by PACENation ~~herein~~, addressing the following areas: (1) Eligibility and Risk, (2) Disclosures and Documentation, (3) Financing Terms, (4) Operations, (5) Post-Funding Support, (6) Data Security, (7) Privacy, (8) Marketing and Communications, (9) Protected Classes, (10) Registered Contractors, (11) Eligible Products, (12) Pricing, (13) Reporting, and (14) Closing & Funding.

PACE Programs that meet or exceed these standards provide homeowners with a greater level of consumer protection than any other form of PACE financing. The recommended consumer protection policies set forth herein can help guide PACE Program implementation to ensure homeowners realize maximum benefit.

GSFA Statement on Public Benefits of PACE Programs:

Thirty-two states and the District of Columbia have enacted legislation enabling PACE programs. PACE programs provide an essential public benefit and contribute to the general public welfare by reducing carbon emissions, improving the quality of the environment, and improving energy and water

resiliency of the U.S. building stock.

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PACE programs provide demonstrated public benefit while enabling 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. Such improvements make homes less costly to operate and more comfortable to live in, while reducing energy and water consumption. Without PACE programs many homeowners would have no, or more costly, access to such benefits.

1. ELIGIBILITY AND RISK

Policy Summary:

The GSFA and Ygrene Energy Fund's "Ygrene Works" PACE Program (the "Program") blends traditional credit risk considerations together with statutory requirements and administrative policy objectives to develop specific risk and eligibility criteria for participation in the Program. These criteria take into account the unique risk profile that PACE financing presents to enable qualifying homeowners to access it. While this process will exclude unqualified homeowners and properties, special consideration has been given to develop inclusive standards. The criteria examine four key attributes of every financed project: (1) the real property ("Property") on which the improvements will be installed, (2) the encumbrances presently recorded against the Property, (3) the nature of the improvements to be installed, and (4) 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 within the jurisdictional boundaries of the Program. Properties for which the Consumer Protection Policies (CPP) does not apply include: (i) commercial properties (including residential properties comprising five (5) or more units),
(ii) new commercial properties under construction and (iii) properties that cannot be subject to an assessment or levy. If requested in good faith by a homeowner whose Property has been found ineligible, the Program or Partner may undertake a "second look" eligibility review of the applicant's Property, 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 in determining whether or not they qualify 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 derived from residential industry accepted and reputable third-party valuation services;
 - 1.2.3. The financing may not exceed (A) (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) minus (B) any existing PACE assessments on the Property;
 - 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 the

statutory cap as established by the relevant PACE law.

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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 anything not specified in Section 11, subject to an appeal and review of specific measures on a case by case basis by the Partner and/or Program. 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 applicable state law and data and ratings from the U.S. Department of Energy, the Environmental Protection Agency, other federal and state government agencies and applicable PACE laws in determining what constitutes an eligible Improvement or Measure.

1.4. **Homeowners.** PACE Program assessments typically 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 a homeowner of record is, thus, an important factor in determining a homeowner's eligibility to participate in the Program. Accordingly, at the time of application, homeowners eligible for Program financing will at a minimum have status and payment histories that are consistent with the following:

1.4.1. The applicant is the homeowner of record;

1.4.2. Property tax payments for the assessed Property are current. Additionally, the homeowner must certify that there has been 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. The homeowner is current on all mortgage debt, and ~~does~~has not ~~have~~had an active Notice of Default (NOD) recorded on the property ~~for the last 3 years~~;

1.4.4. The homeowner is not currently in bankruptcy; and

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

~~1.4.5. There may be no pending Notice of Default on the property and no more than one recorded Notice of Default for the shorter of (i) the previous three years, or (ii) since the present homeowner acquired the Property.~~

Commented [GN1]: Revised to make consistent with current CAEATFA guidelines, although Ygrene's current practice is to not have a NOD recorded on the property for the last 3 years

Commented [GN2]: Consistent with 1.4.3

2. DISCLOSURES & DOCUMENTATION

***Policy Summary:** The enforceability of the Program is derived from the documentation established and approved by GSFA consistent with enabling state legislation. In states where judicial validation proceedings are available, it is considered best practice to complete judicial validation of the Program prior to commencement. The GSFA Ygrene Works program judicial validation was completed on July 22, 2015. Documentation for Program participants should ensure compliance with these consumer protection policies and must be clear, complete, and fair to all parties. 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. Best practices counsel the Program to disclose traditional "know before you owe" financing terms ("Disclosures" e.g., interest rates, financing term, payment amounts). Disclosures covering the Program financing's specific repayment cycle (typically, annual or semiannual) and the Federal Housing Finance Authority's announcement regarding payoff of Program financing at the time of sale or refinance are among the new considerations. 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 must: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms and disclosures summarized in this Section. Following installation of the Measures, a homeowner must: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) receive and approve 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 Disclosures comprise: (i) the amount financed including the cost of the installed Measure(s), together with Program fees and capitalized interest, if any, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) the term of the financing (that does not exceed the average useful life of the Measures), (v) the rate of interest charged (such rate to be fixed and not variable), (vi) a payment schedule that fully amortizes the amount financed, (vii) the nature of the lien or obligation created upon recordation, (viii) the specific improvements to be installed, (ix) the 3-day right to cancel the financing, (x) the right to withhold approval of payment until the project is complete, and (xii) any other relevant state specific rights, notices, or requirements (e.g. in California, 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.

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2.3. **Disclosures Policy.** Disclosures ensure that homeowners are aware of and understand key Program financing terms and risks that appear in the Program's 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 key Disclosures of the Program provided by Partners in a financing summary in the form substantially similar as attached hereto as Attachment A.

Disclosures	Description
Term of financing	The maximum time period of the financing
Amount financed	The total amount financed, including the installed cost of the Measure(s), Program fees and capitalized interest, if any
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 special tax or 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 with clearly defined penalties, if any, depending on the option and terms selected by the homeowner.

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	Description of the property tax payment process and the line item for repayment of the Measures that the Program financed
Tax benefits	Tax credits or 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 risk of foreclosure and the foreclosure process in the event of a homeowner default

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- 24 **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)-(h) 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)-(h) 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.
- (h) That before any assessment contract or application (the "Pending Project") is executed, the Partner has asked and the homeowner has confirmed that no Measures other than the Pending Project are underway, and has agreed, at any time before funding of the Pending Project, to inform Partner if homeowner has authorized any new Measures.

2.5 Lender Disclosure Policy. For all program financing contracts, a notification must be sent to all lenders of record outlining the key terms of the project to be undertaken on the Property. This notification shall be transmitted by the partner on behalf of, and with the consent of, the Property Owner.

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 things learned into policy improvements which benefit homeowners.

- 3.1. **Interest Rates.** It is the policy of the Program that Partners offer fixed simple interest rates and payments that, whether they are level or vary over the term of financing, fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted.
- 3.2. **Sustainable Funding Source.** It is the policy of the Program that Partners establish a sustainable source of capital for funding PACE projects separate from the Authority's general fund or budget and have access to capital markets to ensure funding for qualified projects is available on a consistent basis. A Partner must demonstrate the capacity to fund assessments that the Program and Partner anticipate originating through such Partner over a six (6) month period immediately following the Program's review of such Partner's financial statements.
- 3.3. **Subordination.** For Programs in states with senior lien PACE statutes, a Program and/or its Partners may accommodate owners of PACE assessed homes and prospective buyers of such homes by offering to subordinate certain of its/their rights derived from the 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 provide a mortgage 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 PACE Program and the Partner.
- 3.4. **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 refers to the staff, procedures, and systems that Partners use to deliver the Program to homeowners and provide them with ongoing support. For Partners, operational competence rests on the ability to perform well in a range of areas and disciplines, such as accounting, finance, capital markets, risk assessment, legal, compliance, government affairs, municipal engagement, training, marketing and sales, contractor engagement, business development, 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.*

- 4.1. **Operational Consumer Protection Policies.** The Program and its Partners will provide people and develop 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 Program and its Partners proactively 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 for homeowners 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 each Partner have disclosures and resources in place to resolve any homeowner questions regarding payments. The Program requires that each Partner implement procedures for responding to requests for prepayment of their PACE property tax assessment in a timely and complete manner, matters regarding impound account catch up payments, payment timing inquiries and payment amount reconciliation among others.
- 5.4. **Inquiries and Complaints.** It is the policy of the Program that its Partners receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. This policy contemplates Partners have an ability to perform inspections, meet with homeowners and contractors, investigate matters, and mediate resolutions with homeowners and contractors. Partners 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 Program's policy that Partners 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 a 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 each Partner develop and comply with secure and tested processes to protect the personal identifiable information of the homeowner described in Section 7 below. Security policies and practices utilized are to, at a minimum; comply with all applicable government laws and regulations for the protection of personal data and information as well as remain current with applicable industry standards. Security measures and practices, including but not limited to those listed below, are subject to audit as directed by the Authority.

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. A protocol for access to information based upon job function and need-to-know criteria.

6.1.3. Measures that protect the security and confidentiality of consumer records and 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. Monitoring and logging all remote access to its systems, whether through VPN or other means.

6.1.5. Data security policies that 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 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.

Security policies and practices utilized are to, at a minimum; comply with all applicable government laws and regulations for the protection of personal data and information as well as remain current with applicable industry standards. Security measures and practices are subject to audit as directed by the Authority.

Commented [GN3]: 6.1.1 – 6.1.6 and following statement added to the proposed policy at the direction of the GSFA Executive Committee.

6.2. **Personnel.** Each partner is responsible for:

- 62.1. Informing and enforcing 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.
- 62.2. 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 the Program extends to the Partners' 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, the Program must protect and manage sensitive consumer information, respect the privacy of all homeowners, and implement robust controls to prevent unauthorized collection, use and disclosure of such information. These protections are subject to the limitation that property owner names, property address, special tax or assessment amount, payment amount and other terms of the PACE financing are public information consistent with property tax law.

- 7.1. **Privacy Policy.** The Program obtains sensitive personal identifiable information (e.g., full name, home address, social security number, date of birth) from homeowners as part of the Program application process or through other homeowner touch points with the Program. It is the Program's policy that each Partner develop and deliver to homeowners prior to receipt of such personal identifiable information, a privacy policy that complies with state and federal law (e.g., the Gramm-Leach-Bliley Act). The privacy policy must expressly prohibit sharing personal identifiable information with third parties 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 a 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 homeowners, contractors, the governing authorities, government officials and staff, investors, finance partners, real estate professionals, mortgage lenders, and its Partner(s) among others. Communications or acts and practices that mislead stakeholders, add ineligible expense to PACE financing or to the Program, abuse stakeholders, or otherwise fail to meet the core communication standards of appropriateness for the Program are not acceptable.

8.1. **Prohibited Practices.** The Program prohibits practices that are or could appear to be unfair, deceptive, abusive, or misleading, violate federal or state laws or regulations, provide tax advice, or are in any way inappropriate, incomplete or inconsistent with the Program's purpose. Marketing practices that are likely to add unnecessary expense to a homeowner, that unlawfully use sensitive consumer data or that violate any other law or regulation are prohibited. Partners and Registered Contractors that make marketing or sales telephone calls must not violate federal or state "Do-Not-Call" laws. Each Partner is responsible for developing and enforcing marketing practices that meet the approval of the Program.

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 decisions 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 that meet the approval of the Program Administrator. 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 other related third party who is not a tax expert may provide tax advice to homeowners regarding Program financing, including affirmative statements or claims as to the tax deductibility of the PACE payments. Homeowners are encouraged to seek the advice of an expert regarding tax matters related to the Program. ~~Therefore, it is acceptable for marketing materials to include a statement such as: "PACE financing may have certain tax benefits. Consult your tax advisor to find out what, if any, may apply to your individual circumstances".~~ 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.

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- 8.4. **Payments in Exchange for Financing.** It is the policy of the Program that no Partner provide a direct cash payment, monetary incentives, gifts, or other thing of material value to a Registered Contractor or Affiliated Individual (as those parties are defined in Section 10) in exchange for or related to such contractor or Affiliated Individual's (i) signing up or continuing to work with such Partner or (ii) offering Program financing to a homeowner. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent a Partner from either (A) paying for co-marketing materials that name the Partner and the Registered Contractor to whom such payment is made after the Partner receives receipt(s) from the Registered Contractor evidencing the amount spent on such co-marketing or (B) providing a Registered Contractor or Affiliated Individual with other non-cash things of value that by their nature directly contribute to the value of the Program.

9. PROTECTED CLASSES

Policy Summary: Each Partner must ensure compliance with all state and federal laws that cover individuals in protected classes, including those based on race, religion, color, marital status, gender, sexual orientation, national origin, citizenship, presence of children, disability, age, veteran status, participation in 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 specific requirement of the Program. Unintentional non-compliance will not excuse a failure to comply with all state and federal laws regarding protected classes.

- 9.1. **General.** The Program requires that Partners develop controls and methods to monitor and test compliance with all state and federal laws covering homeowners in protected classes.
- 9.2. **Elders.** Each Partner must develop and implement a protocol to ensure that all homeowners over 64 years of age understand the purpose of each Measure for which Program financing is sought, and the terms of such financing as described in Section 2.4.
- 9.3. **Financing Application Access and Decisions.** It is the responsibility of the Partner to provide legally unbiased access to and decisions regarding Program participation to all applicants for Program financing.

10. REGISTERED CONTRACTOR REQUIREMENTS

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

which are designed to assure positive and productive homeowner interaction with the Program.

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- 10.1. **Policies.** It is the policy of the Program that all contractors who sell, install, or manage subcontractors who install eligible Measures will have become “Registered Contractors” with the Program. Registered Contractors and all of their employees, entities, owners, partners, principals, and sub- contractors (collectively, the “Affiliated Individuals”) must meet the requirements of the Program, which include:
 - 10.1.1. Compliance with any relevant state contractor code of conduct, attached hereto as Attachment B;
 - 10.1.2. Maintenance of an active license, and being in good standing, with any relevant state licensing board, as well as maintenance of insurance and an ability to meet bonding requirements;
 - 10.1.3. Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;
 - 10.1.4. Meeting all other state and local licensing, training and permitting requirements;
 - 10.1.5. Compliance with the Program’s marketing policies; and
 - 10.1.6. Ensuring all Affiliated Individuals register with the Program, including completing the Program’s identity verification procedures.
- 10.2. **New Contractors.** Regarding Registered Contractors new to the Program, it is the policy that the Partner:
 - 102.1. 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;
 - 102.2. 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
 - 102.3. 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.
103. **Contractor Management.** It is the policy of the Program that the Partner implement contractor management systems and procedures that manage and track contractor training, homeowner complaints, and compliance violations on an individual and company basis.
104. **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.

- 105 **Remedial Action.** Partners may warn, suspend or terminate a Registered Contractor and/or Affiliated Individual from the Program based on violations of these policies or at the discretion of the Partner in the best interest of homeowners and the Program. 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 which are permissible under state law and designed to save energy or water, generate renewable energy, or produce other public benefit (e.g. seismic retrofits). The Program is responsible for implementing practices and controls (e.g., eligible product databases and product confirmation processes) to ensure 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, renewable energy generation, seismic retrofits, or other state specific approved Measures. 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 to 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, and/or other federal and state agencies or other reputable parties have established;
 - 11.1.4. Use credible third party sources to determine the useful life of each installed product, which will be used to set the maximum term for financing from the Program; and
 - 11.1.5. Require that each 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.**
 - 113.1. Financing of ineligible products under the Program is prohibited.
 - 113.2. 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 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 procedures to monitor conformance with generally accepted market pricing ranges.

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

- 12.1. It is the policy of the Program to develop generally accepted market pricing ranges based on market data and each 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 generally accepted market pricing ranges for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- 12.3. 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, consistent with and in consideration of the key product pricing attributes that dictate what pricing within such low to high range is justified.
- 12.4. It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the generally accepted market pricing ranges (as described in Section 12.3) for every project.
- 12.5. A product may only be funded for an amount that is justified by reasonable

standards that are validated and documented through processes and systems acceptable to the Authority.

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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 & water 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, (vii) seismic safety improvements installed and (viii) estimated economic stimulus and 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 satisfactory to the Authority. 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 the 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.

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 protect 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

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- 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. Each permit must be signed off by the issuing authority as evidence of project completion.

- 14.3. **Funding.** It is the policy of the Program to disburse funds only for specified phased payments or progress payments for completed phases, or for projects that ~~are fully completed.~~

complete.

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- 14.4. **Recording.** It is the policy of the Program to record the Notice of Assessment and Payment of Special Tax/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 including proof of completion by City Inspector or other third-party inspector and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.



To: GSFA Board of Directors
From: Greg Norton, Executive Director
Date: August 9, 2016
Re: GSFA Membership Status Update

Summary

At the January 20, 2016 GSFA Board meeting, the Board approved Resolution 16-01 fulfilling the Board's responsibilities of governance required in the Joint Exercise of Powers Agreement by documenting the process by which the Authority accepts associate members. Among other related items, the Resolution approved acceptance of the new Associate Members joining GSFA during 2016.

At the meeting, it was stated that updates will be provided at future GSFA Board of Directors meetings on the status of membership and associate membership as appropriate. Through July 25, 2016, GSFA has added thirteen additional associate member cities.

The current list of GSFA members and associate members (attached) is provided for the Board of Directors' information. Currently GSFA membership includes thirty-three regular member counties. Additionally, GSFA membership includes twenty-two associate member counties, one hundred sixty-nine associate member cities and one associate member joint powers authority.

Attachments

- GSFA Member and Associate Member List



Golden State Finance Authority (GSFA)
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfa-home.org

MEMBERS

Alpine County	Lake County	Plumas County
Amador County	Lassen County	San Benito County
Butte County	Madera County	Shasta County
Calaveras County	Mariposa County	Sierra County
Colusa County	Mendocino County	Siskiyou County
Del Norte County	Merced County	Sutter County
El Dorado County	Modoc County	Tehama County
Glenn County	Mono County	Trinity County
Humboldt County	Napa County	Tuolumne County
Imperial County	Nevada County	Yolo County
Inyo County	Placer County	Yuba County

ASSOCIATE MEMBER COUNTIES

Alameda County	Riverside County	Santa Cruz County
Contra Costa County	Sacramento County	Solano County
Fresno County	San Bernardino County	Sonoma County
Kern County	San Diego County	Stanislaus County
Kings County	San Francisco County	Tulare County
Marin County	San Joaquin County	Ventura County
Monterey County	San Luis Obispo County	
Orange County	San Mateo County	

ASSOCIATE MEMBER JOINT POWERS AUTHORITY (JPA)

Independent Cities Finance Authority (ICFA)

ASSOCIATE MEMBER CITIES

Adelanto (San Bernardino County)	Baldwin Park (Los Angeles County)
Aliso Viejo (Orange County)	Beaumont (Riverside County)
Alturas (Modoc County)	Bell (Los Angeles County)
American Canyon (Napa County)	Bellflower (Los Angeles County)
Angels Camp (Calaveras County)	Belvedere (Marin County)
Antioch (Contra Costa County)	Benicia (Solano County)
Arcata (Humboldt County)	Blue Lake (Humboldt County)
Atwater (Merced County)	Brea (Orange County)
Avenal (Kings County)	Brentwood (Contra Costa County)
Bakersfield (Kern County)	Buena Park (Orange County)

ASSOCIATE MEMBER CITIES (continued)

Burlingame (San Mateo County)	Hesperia (San Bernardino County)
Calabasas (Los Angeles County)	Highland (San Bernardino County)
Camarillo (Ventura County)	Huntington Beach (Orange County)
Campbell (Santa Clara County)	Huron (Fresno County)
Carlsbad (San Diego County)	Imperial Beach (San Diego County)
Carson (Los Angeles County)	Ione (Amador County)
Chico (Butte County)	Irwindale (Los Angeles County)
Chino (San Bernardino County)	Jackson (Amador County)
Chula Vista (San Diego County)	La Habra (Orange County)
Citrus Heights (Sacramento County)	La Mesa (San Diego County)
Clovis (Fresno County)	Lafayette (Contra Costa County)
Colton (San Bernardino County)	Lake Forest (Orange County)
Compton (Los Angeles County)	Lancaster (Los Angeles County)
Concord (Contra Costa County)	Larkspur (Marin County)
Corcoran (Kings County)	Lemon Grove (San Diego County)
Corning (Tehama County)	Lemoore (Kings County)
Corona (Riverside County)	Lomita (Los Angeles County)
Costa Mesa (Orange County)	Long Beach (Los Angeles County)
Crescent City (Del Norte County)	Los Angeles (Los Angeles County)
Danville (Contra Costa County)	Lynwood (Los Angeles County)
Del Mar (San Diego County)	Madera (Madera County)
Dinuba (Tulare County)	Malibu (Los Angeles County)
Dunsmuir (Siskiyou County)	Manteca (San Joaquin County)
El Cajon (San Diego County)	Martinez (Contra Costa County)
El Monte (Los Angeles County)	Mill Valley (Marin County)
El Segundo (Los Angeles County)	Mission Viejo (Orange County)
Elk Grove (Sacramento County)	Montclair (San Bernardino County)
Encinitas (San Diego County)	Moorpark (Ventura County)
Escondido (San Diego County)	Moreno Valley (Riverside County)
Eureka (Humboldt County)	Morro Bay (San Luis Obispo County)
Fairfax (Marin County)	Mount Shasta (Siskiyou County)
Fairfield (Solano County)	Napa (Napa County)
Ferndale (Humboldt County)	National City (San Diego County)
Firebaugh (Fresno County)	Newport Beach (Orange County)
Fontana (San Bernardino County)	Novato (Marin County)
Fort Bragg (Mendocino County)	Oakland (Alameda County)
Fortuna (Humboldt County)	Oakley (Contra Costa County)
Foster City (San Mateo County)	Oceanside (San Diego County)
Fountain Valley (Orange County)	Orland (Glenn County)
Fremont (Alameda County)	Oroville (Butte)
Fresno (Fresno County)	Palmdale (Los Angeles County)
Galt (Sacramento County)	Paramount (Los Angeles County)
Garden Grove (Orange County)	Placerville (El Dorado County)
Gardena (Los Angeles County)	Point Arena (Mendocino County)
Glendale (Los Angeles County)	Porterville (Tulare County)
Glendora (Los Angeles County)	Poway (San Diego County)
Hanford (Kings County)	Rancho Cordova (Sacramento County)
Hawthorne (Los Angeles County)	Rancho Cucamonga (San Bernardino County)
Hayward (Alameda County)	Redondo Beach (Los Angeles County)



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ASSOCIATE MEMBER CITIES (continued)

Redwood City (San Mateo County)	Solana Beach (San Diego County)
Reedley (Fresno County)	South San Francisco (San Mateo County)
Rialto (San Bernardino County)	Stanton (Orange County)
Richmond (Contra Costa County)	Stockton (San Joaquin County)
Rio Dell (Humboldt County)	Suisun City (Solano County)
Rolling Hills Estates (Los Angeles County)	Taft (Kern County)
Sacramento (Sacramento County)	Tehama (Tehama County)
Salinas (Monterey County)	Thousand Oaks (Ventura County)
San Anselmo (Marin County)	Tiburon (Marin County)
San Diego (San Diego County)	Torrance (Los Angeles County)
San Fernando (Los Angeles County)	Tracy (San Joaquin County)
San Jacinto (Riverside County)	Trinidad (Humboldt County)
San Jose (Santa Clara County)	Twentynine Palms (San Bernardino County)
San Leandro (Alameda County)	Ukiah (Mendocino County)
San Luis Obispo (San Luis Obispo County)	Union City (Alameda County)
San Marino (Los Angeles County)	Upland (San Bernardino County)
San Mateo (San Mateo County)	Vacaville (Solano County)
San Rafael (Marin County)	Vallejo (Solano County)
San Ramon (Contra Costa County)	Ventura (Ventura County)
Sanger (Fresno County)	Vista (San Diego County)
Santa Ana (Orange County)	Waterford (Stanislaus County)
Santa Fe Springs (Los Angeles County)	Westminster (Orange County)
Santa Monica (Los Angeles County)	Williams (Colusa County)
Santee (San Diego County)	Willits (Mendocino County)
Sausalito (Marin County)	Willows (Glenn County)
Shasta Lake (Shasta County)	

