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§1. Definitions.
(a) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) established pursuant to Division 16 (commencing with Section 26000 of the Public Resources Code) or its agent.
(b) “Borrower” means an Investor-Owned Utility customer who receives an Eligible Loan from a Participating Financial Institution or Participating Finance Lender for the purpose of making Eligible Improvements to an Eligible Property.
(c) “Bill Impact Estimate” means an estimate of the anticipated energy cost savings that are expected from the installation of Eligible Energy Efficiency Measures, which is provided by the Qualified Contractor to the Borrower prior to work being performed on the Eligible Property.
(d) “Combustion Appliance” means an appliance or other home improvement that burns natural gas or other fuel inside the building envelope.
(e) “Commission” or “CPUC” means the California Public Utilities Commission.
(f) “Eligible Energy Efficiency Measures” means energy efficiency measures identified by the Investor-Owned Utilities and approved by the CPUC as eligible for rebates or incentives and accessible from the Authority’s website.
(g) “Customer Information Standardized Request” or “CISR” is a legal release that is developed, required, and provided by the IOUs that its customers may use to give authorization to a designated agent and to receive service account information or act on their behalf.
(h) “Eligible Finance Lender” means a finance lender licensed by the California Department of Business Oversight that meets the requirements specified in Section 3 of these regulations.
(i) “Eligible Financial Institution” means any insured depository institution, insured credit union, or community development financial institution, as those terms are each defined in Section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).
(j) “Eligible Improvements” means improvements made to Eligible Properties by Qualified Contractors or Self-Installers.
(1) Eligible Improvements may include:
   (A) The installation of Eligible Energy Efficiency Measures as specified by the IOU(s) that provide(s) the Eligible Property with the corresponding gas and/or electric service and demand response measures.
   (B) Related home improvements to the Eligible Property.
(2) Eligible Improvements do not include solar photovoltaic, solar thermal or other distributed generation or renewable energy systems.
(k) “Eligible Loan” means a loan, or retail installment contract made by a Participating Financial Institution or Participating Finance Lender to a Borrower to finance Eligible Improvements on an Eligible Property.
(1) An Eligible Loan must meet the requirements specified in Section 4 of these regulations.
(2) An Eligible Loan does not include any of the following:
   (A) Open end loans (e.g. line of credit, home equity line of credit).
   (B) A loan for the construction or purchase of residential housing.
   (C) A loan for the refinancing of existing debt.
(l) “Eligible Property” means a residential property of no more than four (4) units that receives gas and/or electric service from one or more Investor-Owned Utilities. Rented or leased properties are eligible with the owner’s written consent to have the Eligible Improvements installed.

(m) “Enrolled Loan” means an Eligible Loan approved by the Authority for enrollment in the Program pursuant to Section 8.

(n) “Executive Director” means the Executive Director of the Authority or her or his designee.


(p) “Infiltration Measure” means an Eligible Improvement that, when installed, prevents the infiltration of outside air from entering the envelope of an Eligible Property.

(q) “IOU-Program Holding Account” means the account established and maintained by the Trustee at the Authority’s direction to hold funds allocated by an IOU for the Program.

(r) “IOU-Program Reservation Account” means the account established and maintained by the Trustee at the Authority’s direction to hold funds reserved for PFIs and PFLs pursuant to Section 7.

(s) “Loss Reserve Account” means an account established and maintained by the Trustee at the Authority’s direction for the benefit of a Participating Financial Institution or Participating Finance Lender to hold the Loss Reserve Contribution for Enrolled Loans in a given IOU territory.

(t) “Loss Reserve Contribution” or “Loan Loss Reserve Contribution” means the financial assistance provided by the Authority to the Loss Reserve Account for the benefit of a PFI or PFL for each Eligible Loan it enrolls in the Program as described in Section 8.

(u) “Loss Reserve Reservation” means funds set aside in an IOU-Program Reservation Account at the request of a PFI or PFL in accordance with Section 7.

(v) “Low-to-Moderate Income” or “LMI” means income at or below the current annual income limits as determined by the California Department of Housing & Community Development according to county and family size and adopted in Section 6932 of Division 1 of Title 25 of the California Code of Regulations.

(w) “Participating Finance Lender” or “PFL” means an Eligible Finance Lender that has been approved by the Authority’s Executive Director to participate in the Program.

(x) “Participating Financial Institution” or “PFI” means an Eligible Financial Institution that has been approved by the Authority’s Executive Director to participate in the Program.

(y) “Program” means the set of activities related to the Single Family Loan Program described in these regulations.

(z) “Project Pre-Approval” means the Authority’s consideration and pre-approval of a project at the request of a PFI or PFL in accordance with Section 7.

(aa) “Qualified Contractor” means a contractor who is licensed for the work the contractor performs, completes all work according to all applicable laws, rules, and regulations including those set out in these regulations and meets the requirements specified in Section 5.

(bb) “Self-Installer” means a Borrower installing Eligible Improvements without a Qualified Contractor.

(cc) “Trustee” means the bank or trust company chosen by the Authority to hold or administer some or all of the IOU-Program Holding Accounts and Loss Reserve Accounts.
“Unique Identifier” or “Unique ID” means an identification number associated with a Borrower and/or Eligible Loan created by the Authority and provided to the PFI or PFL at the time of reservation, pre-approval, or enrollment of an Eligible Loan in the Program. The Unique ID will be used to identify the corresponding Eligible Loan in all subsequent correspondence between the PFI or PFL and the Authority.

§ 2. Eligible Financial Institution and Eligible Finance Lender Applications to Participate.

(a) An Eligible Financial Institution or Eligible Finance Lender seeking to become a Participating Financial Institution (PFI) or Participating Finance Lender (PFL) in the Program, will submit an enrollment application to the Authority that includes the following information:

1. Name and address of the Financial Institution or Finance Lender.
2. Name, address, telephone and fax numbers, email address and title of contact person.
3. Type of Financial Institution or Finance Lender.
4. A list of the counties in California where its loan program may be available, or an indication that the loan program may be available statewide.
5. Names of the regulatory agency and the insuring agency to which the Eligible Financial Institution or Eligible Finance Lender is accountable, if applicable.
6. A detailed description of its loan program to finance Eligible Improvements, including, but not limited to anticipated loan product details, such as collateral required (if any), maximum and minimum loan amounts, interest rates (whether fixed or variable), loan terms, property type (owner occupied vs. leased or rented), and a description of underwriting criteria, with reference to any minimum FICO score or maximum debt-to-income ratio.
7. A description of the transactional activities associated with the loan issuance, including any fees that will be assessed to the borrower such as application, loan origination, UCC-1 filing, property valuation cost, and title and tax search fees.
8. The mechanism by which benefits resulting from the Loss Reserve Contribution are passed on to Borrowers in the form of lower cost financing, longer loan terms and other advantageous features, or through more inclusive underwriting criteria. This should include a comparison of terms and interest rates between its existing loan products and loan products that the Eligible Financial Institution or Eligible Finance Lender anticipates providing as a PFI or PFL. If the Eligible Financial Institution or Eligible Finance Lender does not have an existing loan product that could be used for energy efficiency installations, it should compare the proposed Eligible Loan product with other, similar loan products.
9. Certification that the Eligible Financial Institution or Eligible Finance Lender is not subject to a cease and desist order or other regulatory sanction with the appropriate federal or state regulatory body, which would impair its ability to participate in the Program.
10. The Eligible Financial Institution or Eligible Finance Lender’s agreement to follow the Program regulations as set forth in this Article.
11. The Eligible Financial Institution or Eligible Finance Lender's agreement to permit an audit, by the Authority or its agents, of any of its records relating to Enrolled Loans during normal
business hours on its premises, and to supply such other information concerning Enrolled Loans as shall be requested by the Authority.

(12) The Eligible Financial Institution or Eligible Finance Lender’s acknowledgment that the Authority and the State will have no liability to the PFI or PFL under the Program except from funds deposited in the Loss Reserve Account(s) for the PFI or PFL.

(13) The Eligible Financial Institution or Eligible Finance Lender’s agreement to include in its loan documentation certain disclosures and agreements to be signed by the Borrower and/or Qualified Contractor.

(14) The application shall be signed by a person authorized to legally bind the Eligible Financial Institution or Eligible Finance Lender, and shall include the signatory’s printed name, title and date.

(15) Eligible Finance Lenders will also submit evidence of compliance with or a certification that the Eligible Finance Lender meets the additional requirements specified in Section 3.

(b) Upon receipt of a completed application, the Authority will, within ten (10) business days, review and determine whether additional information is required, or whether the application is sufficient to permit the applicant to be a PFI or PFL. The Authority’s decision as to whether an application is sufficient shall be final. The Authority will notify the PFI or PFL of its decision and provide a Program-assigned identification number for the PFI or PFL.

§ 3. Additional Requirements for Finance Lenders
To be accepted as a Participating Finance Lender, Eligible Finance Lenders must meet the following additional requirements:

(a) Maintain the following insurance coverage:

(1) General liability with limits of not less than $2,000,000 per occurrence for bodily injury and property damage liability combined. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the contractor’s limit of liability. The policy must include the State of California, its officers, agents, employees and servants as additional insureds, but only insofar as the operations under the contract are concerned.

(2) Motor vehicle liability with limits of not less than $1,000,000 per accident. Such insurance shall cover liability arising out of a motor vehicle owned, hired, and non-owned motor vehicles.

(3) Statutory workers’ compensation and employer’s liability coverage for all its employees who will be engaged in the Program, including special coverage extensions where applicable. Employer’s liability limits of $1,000,000 shall be required.

(4) All insurance coverage shall be in force for the complete term during which the Eligible Finance Lender is enrolled as a PFL. If insurance expires during this term, a new certificate must be received by the State at least ten (10) days prior to the expiration of the insurance. The new insurance must still meet the terms required in this section.
(5) All insurance policies shall contain a provision that coverage will not be cancelled without thirty (30) days prior written notice to the State.

(6) The PFL is responsible for any deductible or self-insured retention contained within the insurance program.

(7) In the event the PFL fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate the PFL’s participation in the Program on the occurrence of such event, subject to the provisions set forth in these regulations.

(8) Any insurance required shall be primary, and not excess, to any other insurance carried by the State.

(b) Have net worth in excess of $1,000,000 and assets that exceed 0.5% of assets under servicing.

c) Have as one of its principal businesses the origination of consumer loans or retail installment contracts.

(d) Demonstrate a proven ability to originate consumer loans or retail installment contracts in accordance with all applicable laws, including related expertise and experience trained and qualified personnel, and suitable systems, processes and facilities to support the business.

e) Demonstrate experience with home improvement financing and the coordination of such financing with home improvement contractors and consumers.

(f) Be properly licensed and authorized to originate consumer loans and/or retail installment contracts in all jurisdictions in which it does business.

(g) Maintain quality control and management systems to evaluate and monitor the overall quality of its loan or financing-related activities, including underwriting reviews and consumer complaint resolution processes.

(h) Hold a California Finance Lender license in good standing with the California Department of Business Oversight.

(i) Make the following representations, warranties and covenants to the Authority. These contractual warranties are not limited to matters of which the Eligible Finance Lender had knowledge. Matters that are of public record will be deemed to be known by the Eligible Finance Lender.

(1) Organization and Good Standing. The Eligible Finance Lender is duly organized and validly existing under the laws of the state of its organization and California with due power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted, and had at all relevant times, and has, the power, authority and legal right to participate in this Program.

(2) Due Qualification. The Eligible Finance Lender is duly qualified to do business and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business will require such qualifications.

(3) Power and Authority. The Eligible Finance Lender has the power and authority to execute and to carry out the terms of the Program.

(4) No Proceedings. There are no proceedings or investigations pending or threatened, before any court, regulatory body, administrative agency nor other governmental instrumentality having jurisdiction over the Eligible Finance Lender or its properties: (i) asserting the invalidity of these regulations, (ii) seeking to prevent the consummation of any of the transactions contemplated
by these regulation, or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Eligible Finance Lender of its obligations under these regulations.

(5) Due Experience. The Eligible Finance Lender has the experience and expertise to underwrite, originate, and service loans in accordance all applicable regulations and laws.

(6) Qualified Staff and Adequate Facilities. The Eligible Finance Lender has trained and qualified employees and suitable facilities and operating systems for the performance of the underwriting, origination, and servicing functions required to carry out the Program. The Eligible Finance Lender must maintain a written disaster recovery plan that covers the restoration of the facilities, backup and recovery of information in electronic data processing systems. Alternate processing facilities and systems are required to ensure continuous operations. Eligible Finance Lender shall allow the Authority, at no additional cost, to inspect its disaster recovery plan and facilities.

(7) Bad Acts. Eligible Finance Lender has established and shall maintain adequate internal audit and management control systems to guard against dishonest, fraudulent or negligent acts by employees and contractors involved in the origination process.

§4. Loan Eligibility and Minimum Underwriting Criteria.

(a) Loan proceeds must be used for Eligible Improvements to Eligible Properties with the following requirements:

(1) At least 70 percent of the proceeds must be used to fund Eligible Energy Efficiency Measures as specified in Section 1 (j)(1)(A), other related costs such as installation, permitting, and legally required improvements, and demand response measures.

(2) No more than 30 percent of the proceeds may be used for other related home improvements as described in Section 1 (j)(1)(B).

(b) The Eligible Loan amount shall not exceed $50,000 per unit of the Eligible Property. If the Eligible Loan is underwritten without a FICO score pursuant to subsection (d)(2) below, the Eligible Loan amount shall not exceed $35,000 without regard to the number of units of the Eligible Property.

(c) The interest rate shall not exceed the interest rate on new 10-year treasury bonds plus one thousand (1,000) basis points as calculated at a time pursuant to the PFIs and PFLs standard business practices.

(d) Borrower FICO score requirements:

(1) The Borrower must have a minimum FICO score of 580 except as allowed pursuant to subsection (2) below. For Borrowers with FICO scores between 580 and 640, the PFI or PFL must verify the Borrower’s income as part of the underwriting process.

(2) Eligible Loans may also be provided to Borrowers with no FICO score and Low-to-Moderate Income, provided they do not have any unexplained derogatory credit reports.

(e) The Borrower’s debt-to-income ratio shall not exceed fifty-five percent (55%).

(f) In addition to the underwriting criteria described above, Participating Financial Institutions and Participating Finance Lenders may use a Borrower’s utility billing and payment history to aid in underwriting an Eligible Loan.
(g) A PFI or PFL may establish additional underwriting criteria beyond what is described in this Section. A PFI or PFL has responsibility for underwriting decisions and legal compliance with respect to the Eligible Loans it makes pursuant to these regulations.

(h) A PFI or PFL may not enroll an Eligible Loan in any substantially similar program.

§5. Contractor Eligibility and Management

(a) To be eligible to perform work funded by Eligible Loans a contractor must be:

1. Approved by one or more IOUs to participate in the Energy Upgrade California Home Upgrade or Advanced Home Upgrade programs; or,

2. Approved by the League of California Homeowners; or,

3. Certified by the Building Performance Institute; or,

4. Identified by a Participating Financial Institution or Participating Finance Lender with a contractor qualification program that has been approved pursuant to subdivision (b), provided, however, that a contractor whose eligibility is established pursuant to this subdivision shall be eligible only to perform work funded by loans made by the entity upon whose list the contractor’s name appears.

(b) A Participating Financial Institution or Participating Finance Lender may seek approval of a contractor qualification program by submitting documentation to the Authority demonstrating that the program features include:

1. A requirement that contractors possess the appropriate license to perform the work to be funded by the Eligible Loan.

2. A procedure to verify the license with the Contractors State Licensing Board.

3. A requirement that the contractor produce documentation of general liability insurance in the amount of $1,000,000 or more and Workers Compensation Insurance to the extent required by law.

4. A procedure to verify that there are no outstanding unsatisfied judgments or liens against the contractor.

5. Periodic recertification of contractors.

6. A quality control procedure for completed projects.

7. A procedure to remove contractors from eligibility.

(c) In addition to the requirement set forth in subdivisions (a) and (b) above, contractors must also receive training as specified by the Authority regarding these regulations and the applicable requirements set forth herein.

(d) The Qualified Contractor must comply with the requirements specified in Section 10 for all projects funded by Eligible Loans.

§6. Establishment and Funding of Loss Reserve Accounts.

(a) Upon the Authority’s acceptance of an application from an Eligible Financial Institution or Eligible Finance Lender, the Authority shall instruct the Trustee to establish a Loss Reserve Account for the
PFI or PFL for each IOU territory in which the PFI or PFL will be participating. The Loss Reserve Account(s) will be held by the Trustee and will be used to:

1. Receive and hold Loss Reserve Contributions deposited by the Authority for the benefit of a PFI or PFL; and,

2. Pay claims in accordance with Section 9.

(b) For each of the PFI or PFL’s loan enrollments in that IOU territory, the Authority shall direct the Trustee to transfer a Loss Reserve Contribution from the corresponding IOU-Program Holding Account to the corresponding Loss Reserve Account of that PFI or PFL pursuant to Section 8 below.

1. Where an Eligible Loan is enrolled that previously received a Loss Reserve Reservation or Project Pre-Approval pursuant to Section 7, the Authority shall direct the Trustee to transfer the Loss Reserve Contribution from the IOU-Program Reservation Account to the appropriate corresponding Loss Reserve Account. If the Loss Reserve Contribution exceeds the Loss Reserve Reservation amount for the Eligible Loan, the remainder of the Loss Reserve Contribution will be transferred from the IOU-Program Holding Account to the Loss Reserve Account, provided funds are available.

(c) On a quarterly basis, the Authority shall compare the balance of each Loss Reserve Account to the outstanding principal of Enrolled Loans corresponding to that account as reported by the PFI or PFL pursuant to Section 11. If the Authority finds that the balance exceeds the weighted average percentage of Loss Reserve Contributions earned for those Enrolled Loans, it shall instruct the Trustee to return the excess funds to the IOU-Program Holding Account.

§ 7. Optional Loss Reserve Reservation and Project Pre-approval.
(a) A PFI or PFL may submit a request for a Loss Reserve Reservation to the Authority prior to enrolling an Eligible Loan so that loss reserve funds may be set aside. Funds reserved will be used as the Loss Reserve Contribution for the Eligible Loan upon the submission of a Loan Enrollment Application in accordance with Section 8 below.

1. A Loss Reserve Reservation request shall include the following information:
   (A) The PFI or PFL’s name and Program-assigned identification number.
   (B) Loan officer name, telephone number and e-mail.
   (C) PFI or PFL loan identification number.
   (D) The city and zip code of the Eligible Property.
   (E) Indication whether the Borrower has Low-to-Moderate Income.
   (F) The anticipated Eligible Loan amount.
   (G) The name of the IOU providing gas service to the Eligible Property, if applicable.
   (H) The name of the IOU providing electric service to the Eligible Property, if applicable.

(b) In addition to requesting a Loss Reserve Reservation pursuant to subsection (a) above, a PFI or PFL may submit a request for a Project Pre-Approval to the Authority prior to enrolling an Eligible Loan to verify the eligibility of proposed measures and other proposed project characteristics. When
requesting a Project Pre-Approval, a PFI or PFL shall submit the following information in addition to
the information described in subsection (a)(1) above:
(1) The Borrower’s IOU account number(s).
(2) A list of the proposed Eligible Improvements and the estimated costs for each in the manner
specified in Section 8(c)(5).
(3) Qualified Contractor name and eligibility type.
(4) A copy of the CISR form provided by each IOU providing service to the Eligible Property and
signed by the Borrower.

(c) Upon receipt of a request for Loss Reserve Reservation and/or Project Pre-Approval the Authority
will:
(1) Review the request for completeness and eligibility;
(2) Determine the Loss Reserve Reservation amount by calculating the Loss Reserve Contribution
pursuant to Section 8 below. Where the Borrower of an Enrolled Loan is a customer of more
than one IOU, the Loss Reserve Reservation set aside in each IOU-Program Reservation Account
will be equal to the Loss Reserve Contribution.

(d) The Authority shall approve Loss Reserve Reservation and Project Pre-Approval requests from PFIs
or PFLs, if the Executive Director determines that the proposed Eligible Loan meets the
requirements of this Article. The Authority shall notify the PFI or PFL of approval and reservation,
the reservation amount(s) and the Unique ID for the proposed Eligible Loan within one (1) business
day after receipt by the Authority of all documentation required by this Article. The Executive
Director’s determination to approve or deny a Loss Reserve Reservation or Loss Reserve Reservation
and Project Pre-Approval request shall be final.

(e) Upon approving a Loss Reserve Reservation request, the Authority will instruct the Trustee to
transfer the Loss Reserve Reservation from the IOU-Program Holding Account to the IOU-Program
Reservation Account.

(f) Funds reserved in the IOU-Program Reservation Account may be returned to the IOU-Program
Holding Account under the following circumstances:
(1) If a PFI or PFL fails to enroll an Eligible Loan corresponding to a Loss Reserve Reservation in
accordance with Section 8 within one hundred eighty (180) days of the reservation approval.
The Executive Director may allow a sixty (60) day extension of a reservation upon a written
request from a PFI or PFL.
(2) Upon enrollment of an Eligible Loan that has received a Loss Reserve Reservation in accordance
with this section, any funds reserved for that Eligible Loan in excess of the final Loss Reserve
Contribution shall be returned to the IOU-Program Holding Account.
(3) Upon rejection of the application to enroll an Eligible Loan that has received a Loss Reserve
Reservation in accordance with this section.

(g) The Authority’s approval for a Loss Reserve Reservation or a Project Pre-Approval request is only
valid if all other regulatory requirements are met upon final loan enrollment. The Authority’s
approval of a Project Pre-Approval request is only valid if the project specifications are unchanged
upon final loan enrollment. Loss Reserve Reservations and Project Pre-Approvals are not valid beyond the program expiration.

§ 8. Loan Enrollment.
(a) The terms and conditions of Eligible Loans, including interest rates, fees and other conditions, shall be determined solely by agreement between the PFI or PFL and the Borrower.
(b) A PFI or PFL shall be authorized to enroll an Eligible Loan in the Program by submitting the documents described in subsection (c) within fifteen (15) business days after it receives a signed Certificate of Completion from the Qualified Contractor and/or Borrower certifying that the project is complete and has satisfied all Program requirements. For Eligible Loans involving multiple Certificates of Completion from Qualified Contractors, the fifteen (15) business day period shall start upon the date of receipt by the PFI or PFL of the last required Certificate of Completion.
(c) To enroll an Eligible Loan a PFI or PFL will submit the following documents to the Authority:
   (1) a Loan Enrollment Application;
   (2) a Certificate of Completion;
   (3) a Customer Information Standardized Request (if not already provided pursuant to Section 7);
   (4) a California Hub for Energy Efficiency Financing Release as described in Section 16;
   (5) an itemized list of the Eligible Improvements installed in sufficient detail to clearly identify the Eligible Energy Efficiency Measures, indicating whether measures are gas or electric, and the associated costs for each Eligible Improvement.
(d) The Loan Enrollment Application shall be in a form specified by the Authority and shall include the following information:
   (1) Participating Financial Institution name and Program-assigned identification number.
   (2) Loan officer name, telephone number and email.
   (3) Loan Identification number.
   (4) Address, city, county and zip code of the Eligible Property.
   (5) Description of property type (e.g. owner occupied, rental, lease, number of units).
   (6) Name of the IOU providing electric service to the Eligible Property, if applicable.
   (7) Name of the IOU providing gas service to the Eligible Property, if applicable.
   (8) Borrower’s FICO score range, denoting a score of 580-640, 641-700, 701-760, 761-820, 821 or higher, or no FICO score.
   (9) Borrower’s income and debt-to-income ratio.
   (10) Household income and number of persons in household.
   (11) Amount of the Eligible Loan being enrolled.
   (12) Type of the Eligible Loan (e.g. term loan, second mortgage).
   (13) Indication as to whether the loan is secured.
   (14) Date the Certificate of Completion is received by the PFI or PFL.
   (15) Term and maturity date of the Eligible Loan.
   (16) Interest rate applicable to the Eligible Loan and whether it is fixed or variable.
   (17) The interest rate the Eligible Loan would have received had the loan not been enrolled in this Program.
(18) Estimated savings to the Borrower in the form of lower cost financing over the term of the loan.

(19) Certification that the loan is an Eligible Loan, and that the Borrower receiving the Eligible Loan meets the Minimum Underwriting Criteria set forth in this Article.

(e) The Certificate of Completion shall be in a form specified by the Authority and shall include the following information:

(1) Project information to be provided by the Qualified Contractor, Self-Installer, or Borrower:
   (A) The street address, city and zip code of the Eligible Property.
   (B) The IOU(s) providing gas and/or electric service to the Eligible Property.
   (C) The Borrower’s IOU account number(s).
   (D) Indication of whether the Qualified Contractor or Borrower has received or will apply for an IOU energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Qualified Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, and the name of the corresponding rebate and/or incentive program. In the case of incentives, the expected incentive amount should be the estimated amount as reported by the IOU incentive program.
   (E) The Qualified Contractor’s name and company, or denotation that the Eligible Improvements were installed by a Self-Installer.
   (F) Qualified Contractor’s California State License Board number and license type(s).
   (C) Qualified Contractor’s additional certification type(s) and certification number(s), including how the Qualified Contractor meets the criteria in Section 5.
   (E) Permit numbers for all permits required by law for the installation of the Eligible Improvements.

(2) Certification from the Qualified Contractor of the following:
   (A) He or she is licensed to perform the work for which the Eligible Loan is made and is a Qualified Contractor as identified in Section 5.
   (B) The improvements installed are Eligible Improvements.
   (D) The installation complies with all applicable California building standards (all sections of Title 24) and any additional laws, ordinances, regulations and standards applicable in the jurisdiction where the installation occurred.
   (E) All permits and approvals required to install the Eligible Improvements have been secured.
   (F) The Qualified Contractor provided the Borrower with a Bill Impact Estimate.
   (G) Combustion Appliance Safety or Combustion Appliance Zone testing was completed if the Eligible Improvements included one or more infiltration or combustion measures.

(3) Certification from the Borrower of the following:
   (A) The Eligible Improvements have been completed to their satisfaction.
   (B) He or she understands that the Authority and its directors, officers, and agents do not guarantee the performance, quality, or workmanship of the Eligible Improvements.
   (C) The Eligible Loan proceeds were used to pay for Eligible Improvements.
(D) Acknowledgement that the Authority, to the extent allowed by these regulations, including its officers, directors, employees, agents, or designees, has received and will receive information related to the project. The Authority may use this information for program management and evaluation and shall treat the information as confidential unless otherwise required by law.

(E) Authorization for the Qualified Contractor and Participating Financial Institution to share information with the Authority, except as required by these regulations, including contract information, data on work performed and Eligible Improvements installed, information regarding the Qualified Loan, and other information relating to or arising from participation in the Program.

(F) All permits and approvals required to install the Eligible Improvements have been secured.

(G) The Qualified Contractor provided the Borrower with a Bill Impact Estimate.

(H) The information regarding rebates and/or incentives provided pursuant to subsection (e)(1)(d) above, is accurate to the best of his or her knowledge.

(I) Acknowledgement and agreement to be subject to random post-project inspections, as described in Section 10(c)(3).

(f) The PFI or PFL shall be authorized to base the information requested in subdivision (e) above upon representations made to it by the Borrower and/or the Qualified Contractor, provided that no such representation may be relied upon if it is known to be false by the lending officers at the PFI or PFL who are directly involved in the negotiation of the Eligible Loan.

(g) The Authority shall, upon receipt of documentation as required under this section from the PFI or PFL, have (10) ten business days to enroll the Eligible Loan if the Executive Director determines that the Eligible Loan meets the requirements of this Article. The Executive Director’s determination whether an Eligible Loan shall be enrolled in the Program shall be final.

(h) Upon enrollment of an Eligible Loan:

(1) The Authority will determine the Loss Reserve Contribution:

(A) For Enrolled Loans to Borrowers with Low-to-Moderate Income, the Loss Reserve Contribution shall be twenty percent (20%) of the principal amount of the Enrolled Loan.

(B) For all other Enrolled Loans, the Loss Reserve Contribution shall be eleven percent (11%) of the principal amount of the Enrolled Loan.

(C) Where the Borrower has indicated that she or he will seek an IOU rebate or incentive for the Eligible Energy Efficiency Measures being installed, the principal amount shall be reduced by the following amounts for the purposes of calculating the Loss Reserve Contribution:

1. The anticipated incentive amount as reported on the Certificate of Completion pursuant to Section 8(e)(1)(d), where the Borrower is seeking an incentive.
2. Five hundred dollars ($500) where the Borrower is seeking a rebate.

(D) Where the Borrower of an Enrolled Loan is a customer of more than one IOU, the Loss Reserve Contribution shall be split between the PFI or PFL’s Loss Reserve Accounts for the corresponding IOUs.
1. Using the itemized list of Eligible Improvements described in subsection (c)(5), the Authority will calculate the percentage cost of gas EEEMs and electric EEEMs relative to the total EEEMs cost.
2. Where an EEEM is both gas and electric, the percentage cost for gas and electric will be divided equally.
3. These percentages will be applied to the Loss Reserve Contribution to determine the amount contributed from each IOU to each of the PFI or PFL’s Loss Reserve Accounts.

(2) The Authority will instruct the Trustee to transfer the Loss Reserve Contribution in accordance with Section 6.

(3) The Authority will notify the PFI or PFL of the enrollment, the Unique ID corresponding to the Eligible Loan, the Loss Reserve Contribution transferred, and how those contributions were split between accounts, if applicable.

(i) Without regard to the term and maturity date of the Eligible Loan, the term of enrollment in the Program shall not exceed ten (10) years.


(a) A PFI or PFL shall be authorized to make a claim for reimbursement for up to ninety percent (90%) of a loss from the outstanding principal amount of an Eligible Loan prior to the liquidation of collateral, or realization on personal or other financial guarantees or from other sources.

(b) A PFI or PFL shall notify the Authority within sixty (60) days of charging off an Enrolled Loan.

(c) To make a claim, the PFI or PFL shall submit a claim application to the Authority within six (6) months of the date of charge off of an Enrolled Loan. The claim application shall include the following information:

(1) Name and identification number of the PFI or PFL.
(2) Name, address, telephone number and email address of contact person.
(3) Unique ID number of the Enrolled Loan.
(4) Original principal amount of the Eligible Loan.
(5) Amount of charge-off.
(6) Amount of claim.
(7) Date of charge-off.
(8) If the loan is secured, a statement of whether the PFI or PFL has commenced enforcement proceedings.
(9) If a PFI or PFL files a claim while one or more claims are already pending the Authority’s review, a statement of the priority of payment of the claim compared to the other claims in the event the balance of the Loss Reserve Account is not sufficient to pay all claims.
(10) Certification that notice was filed with the Authority as required by this Section (b), and certification that such charge-off was made in a manner consistent with the PFI or PFL’s usual methods for taking action on loans which are not enrolled as Eligible Loans under the Program.
(11) The claim application shall be signed by a person authorized to bind the Participating Financial Institution or Participating Finance Lender, and shall include the signatory’s printed name, title and date.

(d) If, subsequent to the payment of a claim by the Authority, the PFI or PFL recovers from the Borrower, from liquidation of collateral or from any other source, amounts for which the PFI or PFL was reimbursed by the Authority, the PFI or PFL shall promptly pay to the Authority or its agent, for deposit in the IOU-Program Holding Account, the amount received, net of reasonable and customary costs of collection, that in aggregate exceeds the amount needed to fully cover the PFI or PFL's loss on the Enrolled Loan. The PFI or PFL may retain recoveries that exceed reimbursements to the Loss Reserve Account.

(e) The Authority shall pay claims within thirty (30) calendar days of the Authority’s receipt of a completed and qualified claim request; provided, however, that the Executive Director shall be authorized to reject a claim if it is determined that the representations and warranties provided by the PFI or PFL pursuant to Section 8 at the time of enrolling the Eligible Loan were false. The Authority shall be authorized, upon providing written notice to the PFI or PFL, to defer payment of claims up to an additional thirty (30) calendar days if the Authority requires more information in order to determine if the claim shall be paid. Prior to authorizing a disbursement from a Loss Reserve Account, the Authority may request documentation from the PFI or PFL that the loan was an Eligible Loan.

(f) Upon approval of a claim, the Authority shall direct the Trustee to disburse the approved claim amount to the PFI or PFL within five (5) business days.

(1) Where a PFI or PFL makes its first claim request within twelve (12) months of enrolling its first loan in the Program, the Authority will instruct the Trustee to withdraw the approved claim amount from the IOU-Program Holding Account and disburse those funds to the PFI or PFL. This claim reimbursement will not affect the PFI or PFL’s corresponding Loss Reserve Account balance.

(2) For all other approved claims, the Authority will instruct the Trustee to withdraw the approved claim amount from the PFI or PFL’s corresponding Loss Reserve Account.

(3) Where an approved claim corresponds to an Enrolled Loan that received a split Loss Reserve Contribution pursuant to Section 8(h)(1)(D) above, the claim will be reimbursed from each IOU-Program Holding Account in the case of subsection (1) above or each Loss Reserve Account in the case of subsection (2) above, in the same proportion.

§ 10. Project Requirements.

(a) All Eligible Improvements financed by the Program must meet applicable quality assurance requirements as outlined in this section.

(b) The Qualified Contractor or Self-Installer must obtain all applicable permits and approvals and comply with all applicable laws for the work being performed.

(c) Where Eligible Improvements are installed without participating in an IOU energy efficiency rebate or incentive program:
(1) Where Eligible Improvements include one or more Combustion Appliances, the Eligible Property must have carbon monoxide alarms installed, as appropriate.

(2) Where Eligible Improvements include comprehensive air sealing or substantial changes to the building envelope, a contractor certified by the Building Performance Institute (BPI) as a Building Analyst, Envelope Professional, Heating Professional, or Air Conditioning and Heat Pump Professional must perform a Combustion Appliance Safety or Combustion Appliance Zone test after completing the work.

(3) The Authority may inspect the Eligible Property upon enrolling the Eligible Loan to verify that the Eligible Improvements were installed correctly and in accordance with the requirements in this section. If the Authority finds that the Eligible Improvements were not installed in accordance with these requirements, the Authority may remove the contractor from the list of Qualified Contractors for the Program.

§ 11. Reporting.
(a) PFIs and PFLs will provide a quarterly report to the Authority on the status of each Enrolled Loan by the 15th following the end of the quarter.

(1) These reports will include the name and identification number of the PFI or PFL and the following information for each Enrolled Loan:
(A) The Unique ID number.
(B) The Enrolled Loan amount.
(C) The total amount of the loan outstanding.
(D) The delinquency status.
(E) Any inchoate losses or acceleration notices.

(2) Closed Enrolled Loans shall be reported in the month they pay or charge off as a zero balance. Once the PFI or PFL has reported the Enrolled Loan as a zero, it does not need to be included on future monthly reports.

(b) No later than January 15th of each year:

(1) PFIs and PFLs shall provide report to the Authority on any material changes to information or certifications provided in the initial application to participate or indicating that all statements made in the application remain materially unchanged.

(2) PFLs shall also provide evidence of current licenses and insurance.

(c) If a PFI or PFL becomes subject to a cease and desist order or other regulatory sanction with the appropriate federal or state regulatory body, the PFI or PFL shall inform the Authority in writing within thirty (30) calendar days of such action.

(d) If a PFI or PFL changes the loan term of an Enrolled Loan within the allowed term of enrollment in the Program, the PFI or PFL must notify the Authority. Under no circumstances shall the Authority provide additional Loss Reserve Contributions for an Eligible Loan whose loan term has changed, nor will the Authority extend the time for which a claim may be filed beyond the ten (10) years set forth in Section 8(i).

(e) If a PFI or PFL charges off an Enrolled Loan, the PFI or PFL shall notify the Authority within sixty (60) days pursuant to Section 9(b).
A PFI or PFL may sell an Enrolled Loan or portfolio of Enrolled Loans at its discretion.

(a) Where the PFI or PFL is retained as the servicer of the Enrolled Loan(s), the PFI or PFL will continue to report to the Authority in accordance with Section 11, and will be responsible for filing any claims pursuant to Section 9. Loss Reserve Contributions corresponding to the Enrolled Loan(s) will remain in the corresponding Loss Reserve Account for that PFI or PFL.

(b) Where the PFI or PFL is not retained as the servicer of the Enrolled Loan(s):
   (1) The original PFI or PFL will report the sale to the Authority within three (3) business days.
   (2) The new servicer must be approved by the authority as a PFI or PFL pursuant to Section 2.
   (3) The new servicer will assume reporting obligations for the Enrolled Loan(s) pursuant to Section 11, and will be responsible for filing any claims pursuant to Section 9.
   (4) The Authority will instruct the Trustee to transfer the corresponding Loss Reserve Contributions for the purchased Enrolled Loan(s) from the original PFI or PFL’s Loss Reserve Account to the Loss Reserve Account of the new PFI or PFL.

(a) The Authority will be subrogated to the rights of the PFI or PFL in collateral, personal guarantees and all other forms of security for the Eligible Loan including reimbursement claims that may be made with other government programs substantially similar to the Program including, but not limited to, other loan loss reserve or loan guarantee programs that have not been realized by the PFI or PFL, when the PFI or PFL’s loss has been fully covered by payment of a loss claim, or by a combination of payment of a loss claim and recovery from the Borrower, liquidation of collateral, or from other sources.

(b) At the time of subrogating its rights, the PFI or PFL shall provide the Authority with all original security agreements, any documents evidencing title to real property, certificates of title, guarantees, and any other documents representing security for the Eligible Loan, duly recorded and perfected, and accompanied by enforceable assignments and conveyances to the Authority, unless such security documents also secure indebtedness to the PFI or PFL which was not covered by the Eligible Loan. In such latter cases, the PFI or PFL shall enter into an intercreditor agreement with the Authority, providing that the PFI or PFL shall be entitled to recover under such security documents, to the extent possible, the full amount of its loss on any indebtedness not covered by the Eligible Loan but secured by the same collateral as the Eligible Loan; the balance of any amounts recovered under such security documents shall be deposited in the Loss Reserve Account. The PFI or PFL shall provide monthly reports, and as requested by the Executive Director, concerning its activities in collecting moneys owed from a defaulted Borrower.

(c) The Executive Director shall be authorized to enter into agreements with any PFI or PFL to provide for such institution to act as the Authority’s agent to secure recovery under any agreement, collateral or security documents to which the Authority has been subrogated.
(a) A PFI or PFL may withdraw from the Program after giving written notice to the Authority. Such notice shall specify either:
   (1) That the PFI or PFL waives any further interest in the Loss Reserve Account(s) (including for the reason that all Eligible Loans covered by the Loss Reserve Account have been repaid or sold to a different PFI or PFL’s portfolio); or,
   (2) That the PFI or PFL will not enroll any further loans under the Program but that the Loss Reserve Account(s) shall continue in existence to secure all Eligible Loans that were enrolled prior to such notice.
(b) After receipt of a notice under subsection (a)(1) or receipt of a certificate from a PFI or PFL which has withdrawn from the Program pursuant to subsection (a)(2), certifying that all Eligible Loans secured by the Loss Reserve Account(s) have been repaid and that there are no pending claims for reimbursement under Section 9, the remaining balance in the Loss Reserve Account(s) shall be distributed to the appropriate IOU-Program Holding Account.
(c) The Executive Director shall be authorized to terminate participation of a PFI or PFL in the Program, by notice in writing, upon the occurrence of any of the following:
   (1) Entry of a cease and desist order, regulatory sanction, or any other action against the PFI or PFL by a regulatory agency that may impair its ability to participate in the Program; or
   (2) Failure of the PFI or PFL to abide by the Law or this Article; or
   (3) Failure of the PFI or PFL to enroll any Eligible Loans under the Program for a period of one year; or
   (4) Provision of false or misleading information regarding the PFI or PFL to the Authority or its agents, or failure to provide the Authority or its agents with notice of material changes in submitted information regarding the PFI or PFL.
(d) In the event of such termination, the PFI or PFL shall not be authorized to enroll any further Eligible Loans, but all previously Enrolled Loans shall continue to be covered by Loss Reserve Account until they are paid, claims are filed, or the PFI or PFL withdraws from the Program pursuant to subsection (a) above. If the terminated PFI or PFL fails to report to the Authority pursuant to Section 11 for sixty (60) days, the remaining balance in the PFI or PFL’s Loss Reserve Account(s) may be distributed to the appropriate IOU-Program Holding Account(s).

§15. Reports of Regulatory Agencies.
The Executive Director shall be authorized to seek information directly from any federal or state regulatory agency concerning any PFI or PFL participating in the Program.

The Borrower will be required to agree to the following privacy rights disclosure and release:
(a) State and federal laws protects the Borrower’s right to privacy regarding information pertaining to you. The Single Family Loan Program (“Program”) as approved by the California Public
Utilities Commission and administered by the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) requires the following information be provided by individuals applying for loans to be enrolled in the Program:

1. Information disclosing the fact that you are a customer of the lender.
2. The loan or account number associated with the loan.
3. Name, address, social security number, and contact information.
4. Financial status and underwriting criteria, including but not limited to credit scores.
5. The amount of and terms for repayment of the loan.
6. Information regarding your loan payment history.
7. The equipment or improvements funded with the proceeds of the loan.
8. Service agreement number on your utility bill, monthly energy use and utility account payment history.
9. Usernames and passwords.

(b) The information will be provided by your lender to CAEATFA or a contractor acting on its behalf. The information will be maintained by CAEATFA or its contractor for the life of the loan. The information will be combined with energy usage information provided by your utility.

(c) The information provided to CAEATFA may be released to other state agencies and the federal government pursuant to interagency agreements or if required by law. The information provided to CAEATFA will be released in an anonymized form aggregated with information from other loan recipients throughout the state to make both loan and energy efficiency project performance available to the public. The information released to the public will be anonymized and aggregated to reduce (but may not eliminate) the risk of anyone viewing the data making an association between specific information and the provider of that information.

(d) The officials responsible for maintaining the information provided regarding your loan are program personnel at the agency or its contractors. You have the right of access to records established from the information provided to the agency as it pertains to you.