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**EXECUTIVE DIRECTOR**  
Deana J. Carrillo

February 13, 2018

**California Hub for Energy Efficiency Financing  
Residential Energy Efficiency Loan (“REEL”) Assistance Program  
Notice of Re-Adoption of Emergency Regulations with Modifications**

The California Alternative Energy and Advanced Transportation Financing Authority (“Authority” or “CAEATFA”) organized and operating pursuant to Division 16 (commencing with Section 26000) of the California Public Resources Code proposes to re-adopt the emergency regulations with modifications for the REEL Program that were enacted on September 5, 2017 (OAL Matter #2017-0823-04), prior to their expiration on March 4, 2018. The Authority considered all comments, objections, and recommendations regarding the proposed action.

CAEATFA proposes regulations to amend Sections 10091.1, 10091.2, 10091.3, 10091.4, 10091.5, 10091.6, 10091.7, 10091.8, 10091.9, 10091.10, 10091.12, 10091.13, 10091.14, and 10091.15 of Article 5 of Division 13 of Title 4 of the California Code of Regulations to clarify and update definitions, contractor eligibility, Low-Moderate Income determinations, project and measure eligibility, loan eligibility requirements, enrollment data requirements, loss reserve account structure and funding levels, rebalancing and claim processes, quality assurance standards, and information security disclosures under the REEL Program (the “Program”).

Government Code Section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed re-adoption of emergency regulations with modifications to the Office of Administrative Law (OAL), the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency regulations to OAL, OAL shall allow interested parties five (5) calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6. Upon filing, OAL will have ten (10) calendar days within which to review and make a decision on the proposed emergency rulemaking package. If approved, OAL will file the regulations with the Secretary of State, and the re-adopted emergency regulations with modifications will become effective for ninety (90) days. Within the 90-day effective period, CAEATFA will proceed with regular rulemaking action, including a public comment period.

In accordance with its authority under California Public Resources Code 26009, CAEATFA is proposing to adopt the regulation with modifications as emergency regulations. Attached to this Notice is the specific regulatory language of CAEATFA's proposed regulatory action and the Finding of Emergency. You may also review the proposed regulatory action and the Finding of Emergency on CAEATFA's website at the following address: <http://treasurer.ca.gov/caeatfa/cheef/reel/index.asp>.

The subject of the proposed regulations was discussed at prior public workshops and webinars on July 19, 2017, and January 10, 2018. The proposed regulations were publically noticed, considered, and approved by the CAEATFA Board at public meetings held on August 15, 2017, at 10:30 A.M., and on February 12, 2018, at 1:30 P.M. in Room 150 of the State Personnel Board Building, 801 Capitol Mall, Sacramento, CA 95814.

If you prefer to receive a hard copy of the proposed emergency regulations, please contact Chor Vue at (916) 651-3756 or [chor.vue@treasurer.ca.gov](mailto:chor.vue@treasurer.ca.gov). If you have any questions regarding this proposed emergency re-adoption action, please contact Susan Mills at (916) 651-3760 or [smills@treasurer.ca.gov](mailto:smills@treasurer.ca.gov), or Chor Vue at (916) 651-3756 or [chvue@treasurer.ca.gov](mailto:chvue@treasurer.ca.gov).

Sincerely,



Deana J. Carrillo  
Executive Director

Attachments: Proposed Text of Regulations  
Finding of Emergency

cc: Robert Hedrick, CAEATFA Legal Counsel

## **FINDING OF EMERGENCY**

### CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Title 4, Division 13, Article 5 (commencing with Section 10091.1)

#### **Finding of Emergency**

Pursuant to California Public Resources Code 26009, the regulations being re-adopted with modifications herewith by the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) as emergency regulations (“Emergency Regulations”) are, by legislative mandate, deemed to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

#### **Necessity**

These Emergency Regulations are necessary for the Authority to carry out its functions as the administrator of the California Hub for Energy Efficiency Financing under its Memorandum of Agreement with the California Public Utilities Commission (“CPUC”). Specifically, these Emergency Regulations will implement, interpret and make specific the Residential Energy Efficiency Loan (“REEL”) Assistance Program, one of several pilots authorized under the CPUC-approved *Decision Implementing 2013-14 Energy Efficiency Financing Pilot Programs* (“Decision”) and other related CPUC actions.

California has adopted aggressive energy efficiency goals in its effort to reduce State greenhouse gas emissions. Lack of access to affordable financing is one of the hurdles to homeowners and business owners undertaking energy efficiency retrofit projects. Through these pilots, the CPUC seeks to develop “scalable and leveraged financing products to stimulate deeper [energy efficiency] projects than previously achieved through traditional program approaches.”<sup>1</sup> The pilots will offer various forms of credit enhancements (“CEs”) for residential properties and small businesses. The CEs are expected to provide additional security to third-party lenders, thereby attracting more capital to efficiency finance offerings and expanded consumer access to enhanced loan terms. The pilots will also include on-bill repayment (OBR) mechanisms which are intended to “test whether payment on the utility bill increases debt service performance across market sectors.”<sup>2</sup>

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<sup>1</sup> Page 3 of the *Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs*, available online at: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M077/K182/77182202.pdf>.

<sup>2</sup> Page 5 of the Decision.

## **Authority and Reference**

Authority: Public Resources Code Section 26009. Section 26009 of the Public Resources Code authorizes the Authority to adopt emergency regulations necessary for the immediate preservation of the public peace, health, safety, or general welfare in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Reference: Public Resources Code Sections 26003(a)(3)(A), 26003(a)(8)(A), 26003(a)(6) and 26040. On September 19, 2013, the CPUC approved the Decision, and requested the Authority act as the master administrator of the California Hub for Energy Efficiency Financing (“CHEEF”), funded by ratepayer funds collected by the four investor owned utilities—Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company (collectively, the “IOUs”). CAEATFA’s purpose is to advance the State's goals of reducing the levels of greenhouse gas emissions, increasing the deployment of sustainable and renewable energy sources, implementing measures that increase the efficiency of the use of energy, creating high quality employment opportunities, and lessening the State's dependence on fossil fuels. CAEATFA’s statute enables it to provide financial assistance to various participating parties that carry out eligible projects. In July 2014, CAEATFA received Legislative budget authority to administer the CHEEF functions, and subsequently entered into a Memorandum of Agreement with the CPUC, and a receivables contract with the IOUs.

## **Informative Digest**

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and authorizes the Authority to support the State’s broader energy efficiency and environmental policy goals through leveraging private capital for energy retrofits. The REEL Assistance Program (“Program”) is a pilot program which targets the single-family residential market. The Program mitigates the risk of default for lenders by providing a credit enhancement in the form of a loan loss reserve (“LLR”) for enrolled loans. This protection enables participating lenders to offer more attractive financing terms to a broader group of borrowers, including financing 100% of the energy upgrade which removes the first cost barrier for consumers.

On February 17, 2015, the CAEATFA Board approved initial regulations for the REEL Program which were adopted and made effective through the emergency rulemaking process on March 9, 2015. CAEATFA re-adopted the Emergency Regulations twice: on September 8, 2015 and again on December 7, 2015. The CAEATFA Board approved regulations again in February of 2016 under the regular rulemaking process which was completed on April 13, 2016.

Throughout early Program development and implementation CAEATFA advocated for specific changes to the pilots to broaden their relevance to the private market and to streamline operations for participants. These efforts were necessary, from CAEATFA’s perspective, to facilitate Program uptake and increase its effectiveness. In March of 2017, the CPUC issued

Decision 17.03.027 (D.17.03.027) which granted CAEATFA some additional flexibility to modify the REEL Program from previous guidance Decisions.

The re-adoption with modifications presented in these regulations stems from both the flexibility to modify the Program provided by D.17.03.027 as well as additional opportunities for streamlining discovered during initial Program operations. Since Spring of 2015, CAEATFA staff has enrolled and on-boarded several financial institutions, as well as over 175 contractors and enrolled loans for home energy efficiency upgrades. Through these experiences, CAEATFA staff identified solutions to several Program implementation challenges as well as opportunities for improvement.

In order to increase external stakeholder participation and Program uptake, these regulatory amendments reduce the number of forms, certifications and other operational hurdles in the Program. The regulations provide clarification on eligibility questions that have arisen during initial operations. Additionally, these amendments make the credit enhancement more attractive to lenders by consolidating four utility-specific loss reserve accounts into a single, statewide account and introduce an option for lenders to access a larger credit enhancement for credit-challenged borrowers. The amendments include incorporation of the list of Eligible Energy Efficiency Measures into the regulations, as opposed to referencing IOU lists, and they expand the measures allowable for financing. These changes will allow the Authority to continue to promote energy savings and the reduction of greenhouse gases in California through affordable home efficiency upgrades.

CAEATFA posted proposed modified emergency regulations, held a lender roundtable to solicit input, and conducted a public workshop on July 19, 2017 followed by a 10-day public comment period. Additional modifications to the proposed regulations were made as a result of discussions with stakeholders during the comment period as well as written comments received. The CAEATFA Board approved the emergency regulations on August 15, 2017, which then OAL approved, and they took effect on September 5, 2017.

For the re-adoption of emergency regulations with modifications, CAEATFA posted proposed modified Emergency Regulations, held stakeholder discussions soliciting input, and conducted a public workshop on January 10, 2018, followed by a 10-day public comment period. There were no written comments during the comment period. The CAEATFA Board approved the re-adoption of emergency regulations with modifications on February 12, 2018. Meanwhile, CAEATFA has begun work on the Initial Statement of Reasons to prepare for an initial 45-day public review period and intends to hold a workshop this Spring as part of the Regular Rulemaking process.

The substantive amendments and objectives for each section of the regulations are as follows:

## **§10091.1: Definitions**

This Section defines and describes the terms used throughout the REEL Assistance Program regulations.

*§10091.1(i): “Credit-Challenged Borrower” was added as a new defined term.*

The addition of this term clarifies that a borrower with a credit score below 640 is considered credit-challenged.

Necessity. The addition of this term is to define criteria for borrower eligibility in the Credit-Challenged Program, defined below and described in Section 10091.2(b). The FICO score is established at 640, to require lenders to offer credit to borrowers beyond their industry standard, and appropriately balancing it with the State’s risk.

*§10091.1(j): “Credit-Challenged Program” was added as a new defined term.*

The addition of this term defines an optional program through which participating lenders can receive a larger Loan Loss Reserve (“LLR”) contribution for loans to Credit-Challenged Borrowers.

Necessity. This term was added to define a new optional program which is referenced in the regulations. The reasoning for the program is described below in Section 10091.2(b).

*§10091.1(k): “Credit Enhancement Basis” was added as a new defined term.*

The addition of this term clarifies how CAEATFA calculates Loan Loss Reserve (“LLR”) contributions for enrolled lenders. There are no changes as to how the LLR contribution is calculated.

Necessity. This change is for clarification.

*§10091.1(j): “Customer Data” was removed as a defined term.*

*§10091.1(k): “Customer Data Release Form” was removed as a defined term.*

These subsections were struck as the Customer Data Release Form and its associated customer data were removed from the Program.

Necessity. The raw energy consumption data that borrowers consented to provide through this form was expensive to transmit and store and not valuable from a public reporting standpoint. In order to streamline Program operations for contractors, lenders, and borrowers, as well as to reduce operational costs, the form was eliminated and the Authority and the CPUC are exploring alternate ways of information sharing.

*§10091.1(m): “Eligible Contractor” was updated.*

CAEATFA has refined its requirements to be an Eligible Contract, requiring that a contractor’s license must not have been the subject of disciplinary action by the Contractors State License Board (CSLB) within the previous twelve months.

Necessity. The update serves to improve consumer protections by screening out contractors that are under active or recent discipline by the CSLB.

*§10091.1(n): “Eligible Energy Efficiency Measures” or “EEEMs” was updated.*

The definition establishes that measures eligible for financing under the Program are now determined by CAEATFA, as granted by CPUC Decision 17.03.026, and specified in Section 10091.10, rather than by the IOUs. The definition also establishes that any measure eligible for an IOU rebate or incentive program, assuming the rebate is sought, is eligible for financing under the Program.

Necessity. The EEEMs list as previously contemplated was complicated and hindered the use and growth of the Program. As authorized by CPUC Decisions 17.03.026, CAEATFA will implement a simple and streamlined, statewide list of eligible measures. This is necessary to attract and retain program participants and increase efficiencies. The inclusion of measures that are eligible under an IOU rebate and incentive program is necessary to be consistent with the purpose of the Decision, and bring financing to the IOU projects.

*§10091.1(o): “EEEMs ID” was updated.*

The update reflects that CAEATFA, instead of the IOUs, may assign the specific numbers that correspond to an Eligible Energy Efficiency Measure.

Necessity. This definition was changed to reflect the way in which reference numbers are assigned to measures.

*§10091.1(p): “EEEMs Measure Name” was updated.*

The update reflects that CAEATFA, instead of the IOUs, will assign the specific names that correspond to an Eligible Energy Efficiency Measure.

Necessity. This definition was changed to accurately reflect the way in which names are assigned to measures.

*§10091.1(s): “Eligible Improvements” was updated.*

The update clarifies that electric upgrades may be made when an IOU provides electricity, and gas upgrades may be made when an IOU provides gas.

Necessity. As CAEATFA will now determine the list of Eligible Energy Efficiency Measures, it is necessary to reword this provision to clarify that electric upgrades may be made when an IOU provides electricity, and gas upgrades may be made when an IOU provides gas. This is required to ensure that the credit enhancement is being applied to finance measures that are anticipated to save energy specific to the fuel source provided by the IOU. This is necessary to comply with the purpose of the program.

*§10091.1(t): “Eligible Loan” was updated.*

The update qualifies the prohibition on refinancing. Lenders will be permitted to use non-REEL financing products to lend borrowers funds for deposits on energy efficiency equipment (which

are sometimes required by contractors) and subsequently use the REEL product to pay off the deposit loan as well as the rest of the cost of installation within a three month timeframe.

Necessity. Lenders wanted to offer borrowers financing for down payments on energy equipment, prior to receiving a REEL loan. Program requirements had to be changed to allow for this. Three months allows sufficient time for the REEL financing process to be completed while ensuring that financing is for new energy efficiency projects with REEL, not for refinancing previous projects completed outside the program.

*§10091.1(u): “Eligible Property” was updated.*

This definition was updated to clarify that mobile and manufactured homes qualify as eligible properties provided that the foundation is permanent and site-built.

Necessity. This change was made to clarify that manufactured and mobile homes are eligible for the program as long as they are truly dwellings, not vehicles.

*§10091.1(cc): “Low-to-Moderate Income” or “LMI” was updated.*

This update makes two changes to how lenders determine whether a Borrower qualifies as LMI. First, if lenders use the borrower’s income, CAEATFA establishes that the lenders may assume that households are comprised of four persons but must include spousal income, if applicable, in income calculations. Second, the update adds an additional option for lenders to qualify Borrowers as LMI, which is to compare the income of the Borrower’s census tract to the income of the County, Metropolitan Area or State.

Necessity. CAEATFA had previously defined LMI by referring to the California Department of Housing & Community Development’s (HCD) annual publication on household income limits and family size. The definition of LMI is important not just for reporting purposes, but also to assist in targeting program assistance and providing a 20% Loan Loss Reserve (LLR) contribution (as opposed to 11%) to the Lender’s LLR account for LMI borrowers.

Discussion with lenders revealed that standard industry practices preclude lenders from identifying spousal or household incomes when there is a single loan applicant, which was initially contemplated by CAEATFA to ensure accurate reporting and compliance. CAEATFA proceeded to clarify the household income methodology in case future Participating Lenders are able to ascertain household income. In addition, CAEATFA established an alternative method for Participation Lenders to establish a consistent and accurate way to determine Borrower’s LMI status under their industry practices. For the second methodology, lenders determine if a borrower is LMI by using the income of the census tract as a proxy. LMI will be defined as a tract with an Area Median Income (AMI) no greater than 120% of the Metropolitan Area, County or State AMI. This is consistent with HCD’s definition of Moderate Income. These modifications were necessary to more effectively target credit enhancement funds to low and moderate income borrowers, and to accurately report on program activity and impact. Lenders will need to inform CAEATFA which methodology they used to make their LMI determination to ensure data is reported accurately.

*§10091.1(dd): “Qualified Contractor” was renamed as “Participating Contractor”*  
This update was for clarification.

Necessity. This change was made because “Participating Contractor” has a clearer meaning for Program users than the previous term.

*§10091.1(ii): “IOU Program Holding Account” was renamed as “Program Holding Account.”*  
CPUC Decision 13.03.027 allowed CAEATFA to combine credit enhancement funds from the four IOUs to fund single, statewide LLR accounts for enrolled lenders. The renaming of these accounts reflect the fact that the Program Holding and Reservation Accounts will now combine funds from each of the IOUs.

Necessity. These changes were made to reflect changes to the Credit Enhancement structure for the Program.

*§10091.1(kk): “IOU Program Reservation Account” was renamed as “Program Reservation Account.”*

CPUC Decision 13.03.027 allowed CAEATFA to combine credit enhancement funds from the four IOUs to fund single, statewide LLR accounts for enrolled lenders. The renaming of these accounts reflect the fact that the Program Holding and Reservation Accounts will now combine funds from each of the IOUs.

Necessity. These changes were made to reflect changes to the credit enhancement structure for the Program.

*§10091.1(mm): “REEL Borrower Form” was added as a defined term.*

The addition of this term clarifies the name of a Program form that obtains borrower certifications about energy efficiency projects.

Necessity. This change is for clarification.

*§10091.1(oo): “Self-Installer” was updated.*

A change was made to the Self-Installer definition to clarify that a Self-Installer can install Eligible Improvements in addition to certain EEEMs.

Necessity. The REEL Program provides borrowers with the flexibility to use 30% of financing for home improvements that are non-energy efficiency measures, like water efficient landscaping or painting. During the course of Program implementation, lenders encountered borrowers who wanted to do this additional work themselves and use the proceeds of the loan to purchase supplies. This is necessary to consistently implement the program.

*§10091.1(qq): “Title 20” was added as a new defined term.*

*§10091.1(rr): “Title 24” was added as a new defined term.*

The minimum efficiency specifications that CAEATFA set for the EEEMs list rely on Title 20 (appliance standards) and Title 24 (building code) of the California Code of Regulations.

Necessity. These new terms are for clarification and specify the requirement for participants of the Program to follow current appliance and building codes, as CAEATFA intends for the minimum efficiency specifications of the EEEMs list to be current with the most recent versions of Title 20 and Title 24 as they are updated.

### **§10091.2. Eligible Financial Institution and Eligible Finance Lender Applications to Participate.**

This Section outlines the processes by which an Eligible Financial Institution or Eligible Finance Lender applies to become a Participating Financial Institution (“PFI”) or Participating Finance Lender (“PFL”), describing the information it must provide in its application and responsibilities under the Program. Throughout this document, we use the term “lender” to refer to either PFIs or PFLs.

#### *§10091.2(a)(3-17): Information provided by lenders at the time of application.*

Requirements for lenders’ applications to the Program were updated to require provision of loan officer contact information to CAEATFA one time at enrollment in the Program, as opposed to CAEATFA obtaining contact information upon each loan enrollment. Language was updated to reflect changes in requirements for and the name of Program forms.

Necessity. Obtaining contact information for loan officers and staff once up-front instead of repeatedly with each individual loan reduces the amount of work for lenders and is necessary to gain efficiencies and make participation in the program more attractive. The references to specific fees were removed as CAEATFA wishes the lender to disclose all fees, which is necessary to ensure transparency.

#### *§10091.2(a)(18)(C-D): IOUs as third party beneficiaries and lender indemnifications.*

The subsection providing that IOUs may pursue their rights against PFIs/PFLs was removed. Other language was updated to bring the Regulations into accord with the CAEATFA-IOU contract.

Necessity. Language stating that the IOUs may pursue rights against lenders was open-ended and caused concern for lenders regarding the circumstances under which the IOUs might choose to take action. CAEATFA worked with the IOU attorneys to strike the problematic flow-down provision from the CAEATFA-IOU contract, and to clarify, separately, that the IOUs are express beneficiaries of the lender’s indemnity. The Regulations were changed to reflect this and other language adjustments from the CAEATFA-IOU contract.

#### *§10091.2(a)(20-21): Lender certifications provided upon application to the Program.*

Certifications that lenders previously provided at the time of each loan enrollment were incorporated into the lender’s application to the Program. The certification regarding Eligible Loans was amended to clarify that these loans are for Eligible Improvements at Eligible Properties.

Necessity. The change to require loan officer contact information and lender certifications of loan eligibility upon application to the Program eliminates the requirement to provide individual

certifications and contact information for every loan, thus eliminating the need for lenders to provide an additional form. This reduces staff work and streamlines the loan enrollment and pre-approval process.

*§10091.2(b): Instructions for PFIs or PFLs who wish to participate in the Credit-Challenged Program.*

The added provision requires lenders who wish to participate in the Credit-Challenged Program to describe in detail the loan product they propose to offer and the additional benefits to Credit-Challenged Borrowers that will result from their access to an increased Loan Loss Reserve Contribution.

Necessity. CAEATFA is introducing a new aspect of the Program to incentivize lenders to offer better financing terms to borrowers with low credit scores (as described in Section 10091.8(1)). Part of the intent of the REEL Program as authorized by the CPUC is to provide attractive financing to underserved homeowners. Borrowers with low credit scores are frequently denied credit or offered credit with very high interest rates. Early REEL implementation has shown that the Program is tending to serve borrowers with credit scores of 660 and above, hence the need for an added incentive to serve those with scores from 580 (the current Program minimum) to 640. CAEATFA already requires lenders to describe their proposed loan program and benefits to borrowers as they are receiving a credit enhancement for all enrolled loans. This provision prompts the lenders to describe how receipt of an additional incentive through the Credit-Challenged Program would benefit borrowers and is necessary for the Authority to evaluate if a Lender qualifies for the Credit-Challenged Program.

*§10091.2(d): Participating PFIs or PFLs responsible for updating Program information.*

A new subsection was added to make clear that the Authority must approve changes to a lender's product offering and that it is the responsibility of lenders to update the Authority with any changes in contact information or entity status.

Necessity. The new subsection on PFI/PFL reporting requirements was added to make explicit that CAEATFA must approve changes to their product offering. CAEATFA needs to ensure that ratepayers will continue to benefit from the lender's use of a credit enhancement, providing necessary oversight of ratepayer funds.

#### **§10091.4. Loan Eligibility and Minimum Underwriting Criteria**

This Section lays out the criteria a loan must meet to be eligible under the Program. It was designed to safeguard the use of ratepayer funds while maintaining the intent of the pilots to allow lenders the flexibility to broaden access to financing to a wider set of borrowers while mitigating risk.

*§10091.4(e)(1): Verification of Borrower's income.*

The income verification requirement was modified to apply in cases where borrowers with scores below 640 receive loans greater than \$20,000.

Necessity. The change was necessary to strike a balance between ensuring that consumers have the means to repay the financing they acquire and streamlining the Program to better reflect, and create operational efficiencies with, the underwriting process for higher volume lenders.

### **§10091.6. Establishment and Funding of Loss Reserve Accounts**

This Section explains the process by which each lenders' LLR Accounts are established and funded under the Program by CAEATFA's contracted Trustee Bank.

*§10091.6(a) and (b): Set-up of LLR accounts and funding upon loan enrollment.*

Edits were made to facilitate the consolidation of LLR accounts for lenders from four separate accounts to one statewide account.

Necessity. Moving from individual IOU loss reserve accounts to statewide accounts makes the Program more attractive to lenders and more efficient to implement. The statewide accounts are much more valuable to lenders as they can use contributions received for any loan enrolled in the Program to cover claims in the event of a default, regardless of where, geographically, that default occurs. This change does not affect the amount of funds contributed to LLR accounts; it only affects the structure of those accounts. This modification is necessary to increase the attractiveness of participating in the program and gain efficiencies in implementation.

*§10091.6(c): Rebalancing of accounts.*

This change revises the methodology of rebalancing Loss Reserve Accounts. The frequency of the rebalancing is changed from quarterly to annually. Additionally, CAEATFA will recapture funds only for loans that have been fully paid off. Finally, CAEATFA makes an allowance if a Lender has made a claim during the fiscal year when calculating the amount to recapture and will deduct the claim amount from the recapture amount.

Necessity. The move from quarterly to annual rebalancing reduces the administrative burden for Program staff and Lenders by reducing the amount of hours both parties must dedicate to reconciling adjustments to the LLR accounts. The methodology is consistent with the original guidance Decision, D. 13.08.044, which requires recapture for paid-off loans. Reducing the recapture amount by any claims during the fiscal year also reflects the intention of the Loss Reserve Accounts to serve as portfolio insurance for the lenders; well-performing loans help provide a financial cushion that mitigates the risk of a default. The modification was necessary to increase the attractiveness of the program and create efficiencies in implementation.

## **§10091.7. Optional Loss Reserve Reservation and Project Pre-Approval**

This Section lays out an optional reservation and project pre-approval process for lenders. Project pre-approval allows lenders to submit a proposed project to the Authority prior to closing the loan and receive assurance that the project meets the eligibility requirements of the Program. Loss reserve funds are then set aside for the loan's future enrollment in the Program.

*§10091.7(a)-(b): Lender certifications upon Reservation and Pre-Approval submission.*

Revisions to this Section remove certifications from Pre-Approvals as those certifications will now be provided only once, upon the lender's enrollment in the Program.

Necessity. This change is necessary to streamline Pre-Approval submissions and allows for the elimination of a cumbersome form.

*§10091.7(a)(4): Indication of Borrower as Low-to-Moderate Income.*

This update requires the PFI or PFL to report which of the two acceptable methodologies were used to determine borrower as Low-to-Moderate income. This change is consistent with the changes made to Section 10091.1(cc).

Necessity. For the Authority's program analysis and reporting purposes, it is necessary to know which methodology was used in determining a Borrower as Low-to-Moderate Income to ensure that data is being represented accurately.

*§10091.7(b)(5) Utility Bill requirements.*

The requirement that lenders submit a utility bill for the borrower was changed from a bill that is current within 60 days of loan enrollment to within 60 days of loan approval.

Necessity. This change is necessary to improve lenders' interactions with their customers as they do not have to obtain updated utility bills in cases where projects take several weeks to complete.

*§10091.7(a)(10), (b)(4-7), (c)(2) Other updates consistent with Program changes discussed above.*

Language was also updated to reflect the removal of the Customer Data Release Form from the Program and to support the consolidation of the lenders' LLR accounts into statewide accounts.

Necessity. These updates are necessary for consistency, specifically to bring the Pre-Approval section in line with Program wide changes: removal of the Customer Data Release Form (necessary to streamline the program) and the move to a single, statewide LLR account for each lender (discussed above in §10091.6.).

## **§10091.8. Loan Enrollment**

This Section describes all of the documentation and data required for a loan to be enrolled into the Program, the Authority's timeframe for reviewing the loan, and LLR contributions for the loan. The Section covers documentation provided by the contractor, borrower and lender,

though lenders are responsible for compiling and submitting the package. Changes to this Section are grouped below into four subcategories: Program Requirements, Program Forms, Clarifications, and Loan Loss Reserve Contributions.

### **Program Requirements:**

*§10091.8(c)-(d): List of documents for loan enrollment.*

Language referencing that a project completed in whole or in part by a Participating Contractor or Self-Installer was added and requirements for modeling documentation was removed. We clarify that any time a Participating Contractor is completing a project, the lender needs to submit a Certificate of Completion for each Participating Contractor. For any project that has a Self-Installer component, the lender needs to submit a self-installer form.

Necessity. Due to early marketing successes, the Program has experienced borrowers hiring multiple participating contractors to work on completely separate aspects of the project, such as air sealing and windows. Also, lenders have encountered situations in which a borrower wanted to hire a contractor for part of the project, but complete a portion themselves as a Self-Installer. The updates to this section are necessary to adapt to this activity under the Program. References to modeling documentation were removed as modeling is no longer applicable to measure installation.

*§10091.8(c)(5): Requirement for current utility bill(s).*

This was amended to change the requirement of current utility bills from within 60 days of the loan application to with 60 days of the PFI/PFL's loan approval.

Necessity. Changing the requirement for current utility bills to be current at the time of lender approval prevents lenders from having to obtain additional copies of the utility bill from borrowers, improving the process for both parties. This change is necessary to create efficiencies and streamline program participation.

*§10091.8(e)(2): Loan enrollment application data.*

Loan officer's business name and e-mail address were removed as required data points.

Necessity. This modification is necessary to incorporate CAEATFA decision to collect lender's contact information at the time the lender applies to participate in the Program. This modification is necessary to create efficiencies in program implementation.

*§10091.8(e)(13): Loan enrollment application data.*

Specifying which of the two acceptable methodologies were used to determine Low-to-Moderate income was added.

Necessity. CAEATFA needs to understand the methodology used to perform accurate analysis and reporting as to whom the Program is serving.

*§10091.8(e)(27), (28), (29): Certifications from Lender.*

Loan certifications were removed from loan enrollment requirements.

Necessity: Lenders' applications to the Program were changed to collect certifications up front so that the loan enrollment process could be streamlined for lenders.

*§10091.8(e)(27): Loan enrollment application data.*

The Loan Enrollment application was updated for lenders to state whether the project had a self-installer component and/or more than one participating contractor was added.

Necessity: As described above in Section 10091.8(c)-(d), the Program is enrolling more loans for projects that include both a Self-Installer and a Participating Contractor completing work or multiple Participating Contractors. Including this data point helps CAEATFA track that all required forms for the project have been submitted and the types of projects enrolled.

*§10091.8(e)(28): Loan enrollment application data.*

The census tract of Borrower was added as a required data point.

Necessity. This is needed so that CAEATFA can conduct analysis as to whom the Program is serving and accommodate the modification to allow lenders to determine LMI eligibility by looking at the income of a Borrower's census tract.

*§10091.8(f): Contractor and Borrower Certifications of Completion.*

Requirements for the Contractor's certifications were updated to allow Natural Gas Appliance Testing (NGAT), a test that PG&E requires for many of its residential programs, to satisfy safety test requirements under the Program. Other data points related to the safety testing qualifications were updated. Borrower's certifications were updated to reflect the fact that the Program requires borrowers and/or contractors to obtain permits for work completed, but those permits may still be in process at the time of Loan Enrollment. A slight adjustment was made to language certifying that the use of proceeds is for Eligible Improvements to reflect that borrowers likely have not yet received loan proceeds at the time they complete their certifications.

Necessity. Allowing for the NGAT to be used in safety testing brings the Program in line with standard industry practices. Adjustments to the Borrower's certifications recognizes the reality that borrowers are still in the process of securing permits when they sign their certifications and, additionally, that they likely have not yet received funds from the lender at the time they sign their certifications.

*§10091.8(l): LLR determination and contributions.*

Language was updated to reflect the consolidation of IOU jurisdictional LLR accounts into one statewide LLR account for lenders. Language was also updated to use the new defined term, "Credit Enhancement Basis," to describe the LLR calculation.

Necessity. The need for statewide LLR accounts is discussed in §10091.6. The use of the new defined term, "Credit Enhancement Basis," clarifies how CAEATFA calculates the LLR contributions for enrolled lenders. These modifications are required for consistency and clarity.

## **Program Forms**

*§10091.8(c): List of documents for loan enrollment.*

The Customer Data Release Form was removed as a requirement at loan enrollment.

Necessity. The Customer Data Release Form was removed in the interest of streamlining the Program for all parties, this form creates an operational burden while yielding little data of value. CAEATFA and the CPUC have determined that data on customer energy usage can be gathered through other channels.

*§10091.8(g): Itemized Invoice.*

New language was added to provide for collection of additional data points: indication of whether a measure is new or a replacement, indication of whether the installation resulted in a fuel switch for the measure, and indication of whether the project added square footage to the house.

Necessity. The Itemized Invoice was updated as the Authority and the CPUC determined that the data points were necessary for Program evaluation and determination of energy savings.

*§10091.8(h): Self-Installer Form.*

The Self-Installer Form was updated to reflect the fact that the determination for which a measure is available for self-installation is now outlined in §10091.10(c) of these regulations, instead of determined by the IOUs. Also, The Self-Installer Form certification was updated to clarify that a Self-Installer may install non-EEEMs, additional related home improvements (as mentioned above in Section 10091.1(oo)) and that the financing was used to pay for either EEEMs or, additional related home improvements.

Necessity. The Self-Installer Form was updated to reflect the provision of the Regulations that now governs measures available for Self-Installation. Borrowers were requesting to install additional measures and this clarifies that borrowers wishing to self-install non-EEEM home improvements are able to do so. These modifications are necessary for consistency in program implementation.

## **Clarifications**

*General changes to support electronic data transfer.*

Language was added throughout the Section to specify that data points will be provided “in a form approved by the Authority” to clarify that lenders have flexibility in providing data by electronic means.

Necessity. Updates to the regulations were necessary to allow for ease in data transfer and to ensure the program could support standard industry practices.

*§10091.8(l): Loan Loss Reserve terminology.*

Language was updated to reflect the consolidation of IOU jurisdictional LLR accounts into one, statewide LLR account for lenders, to use the new defined term, “Credit Enhancement Basis,” and to describe the LLR calculation.

Necessity. Changes were made to incorporate the new defined term and to reflect the new, consolidated, statewide LLR account which are necessary to ensure consistent and streamlined program implementation.

### **Loan Loss Reserve Contributions**

*§10091.8(l): Loan Loss Reserve Contribution Rate.*

The section was updated to include a 20% Loan Loss Reserve contribution for loans made to Credit-Challenged Borrowers, where the lender is participating in the Credit-Challenged Program, as described in Section 10091.2(b).

Necessity. The addition of a 20% LLR contribution for borrowers in the Credit-Challenged Program provides an incentive for lenders to improve financing terms for Credit-Challenged Borrowers, as described in Section 10091.2(b). Because some loans may be made to a borrower who is both LMI and Credit-Challenged, CAEATFA is clarifying that the Loss Reserve Contribution is not cumulative and will be a maximum of 20%, which is necessary to ensure that ratepayer funds are leveraged appropriately and prudently.

### **§10091.9. Claims**

This Section specifies the process for making a claim reimbursement when a lender charges off an Enrolled Loan.

*General changes to reflect the consolidation of LLR accounts.*

Language was updated to reflect the consolidation of IOU jurisdictional LLR accounts into single, statewide LLR accounts for lenders. Claims will now be paid out from the lender’s single LLR account, rather than proportionally by the corresponding IOU LLR account.

Necessity. As discussed above, the consolidation of LLR accounts provides lenders with a much more valuable credit enhancement to further incent participation in the Program, and the language in this Section needed to be updated for consistency with the new account structure.

### **§10091.10. Project Requirements**

This Section describes measure and project eligibility for the Program, safety testing requirements and the Authority’s field verifications and inspections of projects.

*§10091.10(b): Removal of specific Finance-Only project requirements.*

Language describing IOU eligibility requirements is no longer applicable and was struck.

Necessity. This Section had previously specified that Finance-Only projects (those not receiving an IOU rebate or incentive) still had to follow the IOU’s requirements for self-installation,

bundling of measures and modeling. Most of this language is no longer applicable since D.17.03.027 allowed the Authority to remove bundling and modeling requirements. While the phrasing in this Section that required Finance-Only projects to obtain a permit is still accurate, the permitting requirement is captured elsewhere in the regulations and so was also struck.

*§10091.10(c-d): Criteria for projects available for self-installation.*

This Section describes the criteria by which measures are deemed to be eligible for self-installation and thus do not require installation by a Participating Contractor. With a few exceptions, measures must be electric and fall into one of several select categories of appliances. This section was updated to include “Dishwashers” and “portable air purifier or air cleaner” to the list measures eligible for self-install as CAEATFA is adding both measures to the list of EEEMs. “Cooking Products and Food Service Equipment” was removed from the measure list as there are no EEEMs offered that fit into this category.

Necessity. As the Authority is now the entity to determine which measures are eligible for installation without a contractor, the determining criteria for self-installation eligibility is specified. These criteria restrict self-installation to measures which are simple enough that:

1. installation does not pose a safety hazard to the occupants of the residence, and
2. there is low risk that improper installation will result in reduced energy savings.

*§10091.10(f):*

This subsection referring to Combustion Appliance Safety or Combustion Appliance Zone test requirements was updated to *§10091.10(h)* and was reconfigured to describe required Safety Testing and include NGAT testing or another industry standard safety test as an acceptable form of test.

Necessity. As discussed above, allowing for the NGAT to be used in safety testing brings the Program in line with standard industry practices. Subsequent to the launch of the REEL program, CAEATFA learned that NGAT was a method of safety testing widely used by PG&E. This change makes allowance for the inclusion of NGAT as well as for any other standard safety testing that may be unknown to staff or becomes newly adopted within the industry. These changes are necessary to incorporate standard industry practices into the program and increase its effectiveness.

*§10091.10(j): Multiple contractor projects and safety tests.*

This update clarifies that if the measures installed by multiple contractors together trigger the Safety Test requirement, the contractor that installed the triggering measure must arrange the test.

Necessity. The REEL Program has safety test requirements that are triggered when particular EEEMs are installed on a project with three or more EEEMs, per Section 10091.10(h). The Program has seen project applications in which more than one Participating Contractor takes part without any single contractor acting as the “General Contractor” for the project. Therefore, CAEATFA finds it necessary to define responsibility for arranging the Safety Test.

*§10091.10(o): Eligible Energy Efficiency Measures (EEEMs) Table.*

This new sub-section provides a list of EEEMs for the Program and instructs participants that if there is a difference in Title 24 requirements and the EEEMs table, Title 24 supersedes the EEEMs table.

Necessity. CPUC Decision 17.03.026 gave CAEATFA, instead of the IOUs, authority over the list of eligible measures for the Program. D. 17.03.026 also allowed financing of to-code measures through the Program. One statewide list is necessary to reduce complexity and streamline the program, which will increase program participation. CAEATFA decided that publishing the list in the Regulations was the most effective way to allow for public engagement and comment on the list of EEEMs, following a lengthy stakeholder engagement and deliberative process. In that process, CAEATFA consulted home energy retrofit contractors participating in the Program, California Energy Commission, IOU Program staff, and several energy efficiency industry experts.

In creating the list of Eligible Measures, CAEATFA considered: measures identified by the IOUs as energy saving measures, measures that are widely accepted to save energy in a variety of contexts, and common home appliances expected to have demand under the Program. For the most part, CAEATFA is allowing the financing of measures to-code, in line with the policy direction of AB 802. The vast majority of California homes are not up to current building code standard and there are energy savings to be realized when these customers take on a retrofit to bring their home up to current building code. Where there are prudent reasons to mandate a higher level of minimum efficiency specifications, we do so. For example, Energy Star represents a higher-than-code standard for appliances that are widely available on the market. Additionally, some measures, like mini-split systems, are readily available above-code at reasonable prices.

**§ 10091.15. California Hub for Energy Efficiency Financing Disclosure**

This Section describes the CHEEF Disclosure Form which advises the borrower of their privacy rights under the CHEEF. It informs the borrower that certain information may be shared with the utility companies and other state or federal agencies.

*Phone number, release of phone number and address.*

The disclosure was updated to ask for a contact phone number and explain that the borrower may be contacted by phone or address by CAEATFA or the information may be provided to the CPUC's Program Evaluation team to invite borrowers to participate in surveys for Program evaluation. Grammatical and clarifying changes were made.

Necessity. Through outreach to borrowers, CAEATFA, the CPUC, and those acting on their behalf can gather data on the effectiveness of REEL's approach to energy efficiency. Surveys and site-visits, where agreed to, are necessary for the CPUC's evaluation of the Program.

*Information which may be shared.*

This Section was updated to strike a reference to "usernames and passwords." The Section was also updated to include "Energy savings data from your project." The sentence regarding customer energy usage data was updated from "The information will be combined..." to "The

information may be combined...” to reflect the possibility that not every borrower’s energy usage data will be combined with their loan data.

Necessity. Changes to the references to username and password reflect updates to the CAEATFA-IOU contract. The change to the disclosure was to make it more transparent that data that is ultimately shared (and derived from consumption data) may be energy savings data. CAEATFA is working with the CPUC to determine the value of sharing energy consumption (usage) data versus switching to sharing energy savings data and whether the data will ultimately be combined with loan related data.

*General edits*

An edit was made to clarify execution of the form to allow for future electronic transfer.

Necessity. The update was made as electronic transfer of data is more attractive to many Program Participants and consistent with standard industry practices.

**Other Matters Prescribed by Statutes Applicable to the Specific State Agency or to any Specific Regulation or Class of Regulations**

No other matters are prescribed by statute applicable to the Authority or any specific regulation or class of regulations pursuant to Section 11346.1(b) or 11346.5(a)(4) of the Government Code pertaining to the Emergency Regulation or to the Authority.

**Mandate on Local Agencies or School Districts**

The Executive Director of the Authority has determined that the Emergency Regulations do not impose a mandate on local agencies or school districts (pursuant to Government Code Section 11346.5(a)(5)).

**Fiscal Impact**

The Executive Director of the Authority has determined that the Emergency Regulations do not impose any additional mandated cost or savings requiring reimbursement under Section 17500 et. seq. of the Government Code, or any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Sections 6601-6616, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as there are no fiscal impact disclosures required. There will be no cost or savings to any State Agency or effect on Federal funding to the State.

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**CALIFORNIA CODE OF REGULATIONS**  
**Title 4. Business Regulations**  
**Division 13. California Alternative Energy and Advanced Transportation**  
**Financing Authority**

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED  
TRANSPORTATION FINANCING AUTHORITY REGULATIONS  
IMPLEMENTING THE RESIDENTIAL ENERGY EFFICIENCY  
LOAN ASSISTANCE PROGRAM

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**§10091.1. 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) “Bill Impact Estimate” means an estimate of the anticipated energy cost savings that are expected to result from the installation of Eligible Energy Efficiency Measures, which is provided by the QualifiedParticipating Contractor to the Borrower prior to work being performed on the Eligible Property.
- (c) “Borrower” means an individual or individuals who receive(s) an Eligible Loan from a Participating Financial Institution or Participating Finance Lender for the purpose of making Eligible Improvements to an Eligible Property.
- (d) “California Hub for Energy Efficiency Financing Disclosure” or “CHEEF Disclosure” means the disclosure described in Section 10091.15.
- (e) “CHEEF Loan Identifier” or “CHEEF Loan 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 CHEEF Loan ID will be used to identify the corresponding Eligible Loan in all subsequent correspondence between the PFI, PFL, or Successor Servicer and the Authority.
- (f) “Claim-Eligible Principal Amount” means the principal amount of an Enrolled Loan which qualifies for reimbursement pursuant to Section 10091.9 and which may be less than the Total Loan Principal Amount.
- (g) “Commission” or “CPUC” means the California Public Utilities Commission.
- (h) “Community Choice Aggregator” or “CCA” is defined in Section 331.1 of the California Public Utilities Code.
- (i) “Credit-Challenged Borrower” means a Borrower with a credit score below 640.
- (j) “Credit-Challenged Program” means the optional program in which an Eligible Financial Institution or Eligible Finance Lender can be approved, per the application process described in Section 10091.2(b), to receive higher Loan Loss Reserve contributions described in Section 10091.8(l) for Credit-Challenged Borrowers.
- ~~(k)~~ “(k) “Credit Enhancement Basis” means the original Claim-Eligible Principal Amount of the loan less the actual or anticipated amount of any IOU, REN or CCA rebate or incentive amount not applied to the cost of the project.
- ~~(l)~~ “(l) “CSLB” means the California Contractors State License Board.
- ~~(j)~~ “(j) “Customer Data” means all information and data regarding an IOU customer that is furnished, disclosed, or otherwise made available by an IOU to an authorized agent, including, without limitation, personal information such as the customer’s name, address, contact information, service agreement number on the customer’s electric bill, user name, password, financial status and social security number, and any information regarding the customer’s energy usage or billing. No confidential Customer Data shall be provided to CAEATFA or its Providers except pursuant to a Customer Data Release Form.
- ~~(k)~~ “(k) “Customer Data Release Form” is a legal release that is developed and provided by the IOUs, and executed by an IOU’s customer that is required to give authorization to a designated agent to provide Customer Data to the Authority.

- (+) (m) “Eligible Contractor” means a contractor or contractor company with an active license with the Contractors State License Board to do the work he, she, or it performs. Disciplinary action must not have been taken against the contractor’s license within the previous twelve months.
- (+) (n) “Eligible Energy Efficiency Measures” or “EEEMs” means energy efficiency measures ~~identified by the Investor Owned Utilities and approved by the CPUC as eligible for rebates or incentives~~ eligible for financing under the Program. The Authority establishes allowable measure categories and efficiency standards in Section 10091.10. A ~~The~~ list of EEEMs will be accessible from the Authority’s website. A measure that is eligible for an IOU, REN or CCA rebate or incentive program and is not on the EEEMs list is eligible for financing as long as the rebate or incentive is being sought. The list of EEEMs shall include demand response measures to the extent that they are approved for energy efficiency rebates or incentives.
- (+) (o) “EEEMs ID” means the unique identification number associated with an individual EEEM as assigned by the ~~IOUs~~ Authority.
- (+) (p) “EEEMs Measure Name” means the name associated with a particular EEEM as assigned by the ~~IOUs~~ Authority.
- (+) (q) “Eligible Finance Lender” means a finance lender licensed by the California Department of Business Oversight that meets the requirements specified in Section 10091.3 of these regulations.
- (+) (r) “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).
- (+) (s) “Eligible Improvements” means improvements made to Eligible Properties.
- (1) Eligible Improvements must be installed by ~~Qualified~~ Participating Contractors, except as set forth in Section 10091.10 ~~(b)(1)(c).~~
  - (2) Eligible Improvements may include:
    - (A) The installation of EEEMs ~~as specified by the IOU(s)~~ that provide ~~(s) gas savings where an IOU provides gas service to~~ the Eligible Property ~~with the corresponding gas and/or electric service and/or electric savings where an IOU provides electric service to the Eligible Property.~~
    - (B) Additional related home improvements to the Eligible Property.
  - (3) Eligible Improvements do not include solar photovoltaic, solar thermal or other distributed generation or renewable energy systems.
- (+) (t) “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) The Eligible Loan that is being enrolled must meet the requirements specified in Section 10091.4 of these regulations. The proceeds of an eligible loan may be used to fund improvements beyond Eligible Improvements, however, the portion of the Eligible Loan proceeds so used shall not be Claim Eligible.
  - (2) An Eligible Loan does not include any of the following:
    - (A) A loan secured by an interest in real property.
    - (B) Open end loans (e.g., line of credit, home equity line of credit).
    - (C) A loan for the construction or purchase of residential housing.

- (D) A loan for the refinancing of existing debt unless both loans are made within three (3) months by the same lender for the same project.
- ~~(t)~~(u) “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, or Community Choice Aggregators. Rented or leased properties are eligible with the owner’s written consent to have the Eligible Improvements installed.
- (1) Manufactured and mobile homes are considered Eligible Properties if the mobile or manufactured home is anchored to a permanent, site-built foundation constructed of durable materials (i.e., concrete, mortared masonry, or wood).
- ~~(u)~~(v) “Enrolled Loan” means an Eligible Loan approved by the Authority for enrollment in the Program pursuant to Section 10091.8.
- ~~(v)~~(w) “Executive Director” means the Executive Director of the Authority or her or his designee.
- ~~(w)~~(x) “Finance-Only Project” means an Eligible Loan financing Eligible Improvements for which no IOU, REN or CCA rebate or incentive will be sought.
- ~~(x)~~(y) “Investor-Owned Utility” or “IOU” (collectively referred to as “IOUs”) means Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, or Southern California Gas Company.
- ~~(y)~~ ~~“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.~~
- ~~(z)~~ ~~“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.~~
- ~~(aa)~~(z) “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, Participating Finance Lender or Successor Servicer to hold the Loss Reserve Contribution for Enrolled Loans ~~in a given IOU territory.~~
- ~~(bb)~~(aa) “Loss Reserve Contribution” or “Loan Loss Reserve Contribution” means the financial assistance provided to the Loss Reserve Account pursuant to these regulations for the benefit of a PFI or PFL for each Eligible Loan it enrolls in the Program as described in Section 10091.8, or for the benefit of a Successor Servicer for each Enrolled Loan it purchases pursuant to Section 10091.12.
- ~~(ee)~~(bb) “Loss Reserve Reservation” means funds set aside in ~~an IOU~~<sup>a</sup> Program a Program Reservation Account at the request of a PFI or PFL in accordance with Section 10091.7.
- ~~(dd)~~(cc) “Low-to-Moderate Income” or “LMI” means either:
- (1) Borrower’s household income is 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. PFIs and PFLs may assume households are comprised of four persons but must include spousal income, if applicable, in income calculations.
- (2) Area Median Income (AMI) of Borrower’s census tract does not exceed 120% of AMI for Borrower’s Metropolitan Area, County or the State.
- ~~(bb)~~(dd) “Participating Contractor” means an Eligible Contractor who has been approved to participate in the Program by the Authority pursuant to Section 10091.5.

- (ee)“Participating Finance Lender” or “PFL” means an Eligible Finance Lender that has been approved by the Executive Director to participate in the Program.
- (ff)“Participating Financial Institution” or “PFI” means an Eligible Financial Institution that has been approved by the Executive Director to participate in the Program.
- (gg)“PFI/PFL/Successor Servicer’s Program Participation ID” refers to an identification number for the participating financial lender or institution, assigned by the Authority, when the PFI/PFL is approved to participate in the Program.
- (hh)“Program” means the Residential Energy Efficiency Loan Assistance Program described in these regulations, which is replacing the Single Family Loan Program (SFLP) in this and all subsequent references. The SFLP was established by the CPUC in Decision 13-09-044, and further referenced in the Single Family Loan Program Implementation Plan filed by the IOUs, as well as in Resolution E-4663.
- (ii) “Program Holding Account” means the account established and maintained by the Trustee at the Authority’s direction to hold funds allocated by the IOUs for the Program.
- ~~(ii)~~(ji) “Program Identifier” or “Program ID” means a number assigned by CAEATFA or its agents that represents a pilot program. The Program ID will be used to track in which pilot or pilots a PFI, PFL, or Successor Servicer is participating, and in which pilot a particular loan is enrolled.
- (kk) “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.
- ~~(jj)~~(ll) “Project Pre-Approval” means the Authority’s pre-approval of a project at the request of a PFI or PFL in accordance with Section 10091.7.
- ~~(kk) “Qualified Contractor” means an Eligible Contractor who has been approved to participate in the Program by the Authority pursuant to Section 10091.5.~~
- (mm) “REEL Borrower Form” includes the certifications described in Section 10091.8(f)(3).
- ~~(ll)~~(nn) “Regional Energy Network” or “REN” means a Regional Energy Network authorized by the California Public Utilities Commission.
- ~~(mm)~~(oo) “Self-Installer” means a Borrower who installs any ~~EEEM~~ Eligible Improvement that may be self-installed pursuant to Section 10091.10~~(b)(1)(c)~~.
- ~~(nn)~~(pp) “Successor Servicer” means an Eligible Financial Institution or Eligible Finance Lender approved by the Authority pursuant to Section 10091.12 to service Enrolled Loans sold by a PFI or PFL.
- (qq) “Title 20” means Appliance Efficiency Regulations described in Title 20, Division 2, Chapter 4, Article 4 of the California Code of Regulations, as applicable to the Eligible Improvements and as amended from time to time.
- (rr) “Title 24” means the Building Standards Code of the California Code of Regulations, as applicable to the Eligible Improvements and as amended from time to time.
- ~~(oo)~~(ss) “Total Loan Principal Amount” means the total principal of an Enrolled Loan. This principal amount is not necessarily the same as the Claim-Eligible Principal Amount.
- ~~(pp)~~(tt) “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.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), ~~26003(a)(8)(A)~~, 26003(a)(6),  
26003(a)(8)(A) and 26040, Public Resources Code

**§10091.2. 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 shall submit an enrollment application to the Authority that includes the following information in a form to be specified by the Authority:
- (1) Name and address of the Eligible Financial Institution or Eligible Finance Lender.
  - (2) Name, business address, business telephone number, email address, and title of contact person.
  - (3) Name, business address, business telephone number, email address, and title of all loan officers or staff who will be submitting reservations, pre-approvals, or loan enrollments to the Authority under the Program.
  - ~~(3)~~(4) An indication that the Eligible Financial Institution or Eligible Finance Lender is applying to enroll in the REEL Assistance Program.
  - ~~(4)~~(5) Type of financial institution or finance lender, denoting insured depository institution, insured credit union, community development financial institution, or finance lender.
  - ~~(5)~~(6) 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.
  - ~~(6)~~(7) Names of the regulatory agency and the insuring agency to which the Eligible Financial Institution or Eligible Finance Lender is accountable and license number(s), if applicable.
  - ~~(7)~~(8) A detailed description of its loan program(s) 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 (including maximums and 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 total debt-to-income ratio.
  - ~~(8)~~(9) A description of the transactional activities associated with the loan issuance, including any fees that will be assessed to the Borrower or the contractor ~~such as application, loan origination, and UCC-1 filing fees.~~
  - ~~(9)~~(10) An indication as to whether the Eligible Financial Institution's or Eligible Finance Lender's participation in the Program will result in benefits to the Borrower in one or more of the following ways:
    - (A) Lower interest rates.
    - (B) Longer loan terms.
    - (C) More inclusive underwriting criteria.
    - (D) Any other advantageous features.
  - ~~(10)~~(11) A detailed description of the benefits to Borrowers resulting from the Eligible Financial Institution's or Eligible Finance Lender's participation in the Program

as indicated in subsection (a)~~(9)~~(10) above. This description should include a comparison between the terms, underwriting criteria, interest rates, or other critical features of the loan program(s) described in subsection (a)~~(7)~~(8) above and any existing, similar loan product offered by the Eligible Financial Institution or Eligible Finance Lender.

- ~~(11)~~(12) An acknowledgement and agreement that these regulations constitute a lender services agreement.
- ~~(12)~~(13) Certification that the Eligible Financial Institution or Eligible Finance Lender is not subject to a cease and desist order or other regulatory sanction from the appropriate federal or state regulatory body, which would impair its ability to participate in the Program.
- ~~(13)~~(14) The Eligible Financial Institution's or Eligible Finance Lender's agreement to follow the Program regulations as set forth in this Article.
- ~~(14)~~(15) The Eligible Financial Institution's or Eligible Finance Lender's agreement to permit an audit, by the Authority, 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.
- ~~(15)~~(16) The Eligible Financial Institution's 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.
- ~~(16)~~(17) The Eligible Financial Institution's or Eligible Finance Lender's agreement to include in its loan documentation the following documents in a form approved by the Authority, as applicable to each Eligible Loan submitted for enrollment in the Program: utility bill(s), ~~Customer Data Release Form~~, California Hub for Energy Efficiency Financing Disclosures, REEL Borrower Form, Itemized Invoice, Self-Installer Project Submission, and the Certificate of Completion described in Section 10091.8 to be signed by the ~~Borrower and/or Qualified~~ Participating Contractor.
- ~~(17)~~(18) The Eligible Financial Institution's or Eligible Finance Lender's agreement to and acknowledgement of the following, upon enrollment in the Program:
  - (A) The PFI or PFL is solely responsible for identifying and making any and all disclosures and providing periodic reports to its Borrowers as required under applicable laws.
  - (B) The PFI or PFL shall comply with all applicable laws, possess and maintain all required state and federal licenses, and remain in good standing with all governmental authorities having jurisdiction over its business.
  - ~~(C) The IOUs are third party beneficiaries of the lender services agreement and may pursue their rights against the PFI or PFL individually. Alternatively, any IOU may, in its sole discretion, authorize CAEATFA or another IOU to pursue such rights (including by instituting legal proceedings or alternative dispute resolution proceedings) on its behalf.~~
  - ~~(D)~~(C) The PFI or PFL shall indemnify, defend and hold harmless CAEATFA, each of the IOUs, their affiliates, and each of their respective officers, directors, employees, agents, and representatives (each of which is an

express beneficiary of this indemnity) from and against any and all losses arising in connection with any claim:

- (i) resulting from the negligent or unlawful acts or omissions, or willful or tortious conduct of the PFI or PFL, including any failure of the PFI or PFL, or its agents, to comply with applicable laws in connection with Enrolled Loans;
- (ii) resulting from any error or omission by the PFI or PFL or any ~~third party of its agents~~ in the calculation or presentation of principal repayments or interest with respect to an Enrolled Loan ~~related-interest agreement~~, fees and charges, the receipt and processing of payments received from ~~customers~~ Borrowers, or any collection or enforcement action;
- (iii) alleging any breach of a representation, warranty or covenant by such PFI or PFL;
- ~~(iii)~~(iv) alleging any misrepresentation by the PFI or PFL or its agents with respect to the energy savings to be achieved in connection with an Enrolled Loan, or any failure or deficiency in the products, materials or work supplied to a Borrower in connection with an Enrolled Loan; and/or
- ~~(iv)~~(v) arising from the PFI's or PFL's ~~failure breach~~ or alleged ~~failure to comply with the provisions breach~~ of ~~the these~~ regulations and/or its confidentiality or privacy obligations under these regulations or with respect to the Program.

~~(E)~~(D) The PFI or PFL acknowledges that the IOUs are not responsible for, and shall have no liability for:

- (i) the energy efficiency improvements funded through the Enrolled Loans supported through the Loss Reserve Accounts,
- (ii) the assessment of potential benefits and costs associated with those improvements,
- (iii) the qualification of PFIs or PFLs,
- (iv) the PFI's or PFL's marketing and lending policies and practices, or
- (v) CAEATFA's educational and outreach activities.

~~(18)~~(19) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.

(20) The application shall include certification that for all forthcoming Project Pre-Approvals or Loan Enrollment Applications submitted by the PFI or PFL to the Authority:

(A) The loans will be Eligible Loans for Eligible Improvements at an Eligible Property, and that the Borrowers receiving the Eligible Loans will meet the Minimum Underwriting Criteria set forth in this Article, and

(B) The Claim-Eligible Principal Amounts will not finance distributed generation.

(21) The application shall include certification that for all forthcoming Loss Reserve Reservations, Project Pre-Approvals or Loan Enrollment Applications submitted by the PFI or PFL to the Authority:

- (A) All of the information provided will be true and accurate to the best of the signatory's knowledge.
- ~~(19)~~(22) 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.
- ~~(20)~~(23) 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 10091.3.
- (b) A PFI or PFL who wishes to participate in the Credit-Challenged Program should also submit the following:
- (1) A detailed description of its loan program and products to finance Eligible Improvements resulting from participation in the Credit-Challenged Program. The description should include but is not limited to anticipated loan product details, such as collateral required (if any), maximum and minimum loan amounts, interest rates (including maximums and 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 total debt-to-income ratio.
- (2) A detailed description of the additional benefits to Credit-Challenged Borrowers, resulting from the Eligible Financial Institution's or Eligible Finance Lender's participation in the Credit-Challenged Program as indicated in subsection (a)(10) above. This description should include a comparison between existing, similar loan products, and the proposed loan program with and without access to the Credit-Challenged Program.
- ~~(b)~~(c) 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 regarding enrollment 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. The Authority shall provide the PFI or PFL with a signature sheet for authorizing officials, who are authorized by the PFI or PFL to sign documents binding the PFI or PFL. The PFI or PFL shall complete, sign, and return the signature sheet to the Authority within 10 business days, or at the time the PFI's or PFL's first loan is enrolled, whichever is first.
- ~~(e)~~(d) After a PFI or PFL is enrolled in the Program, the PFI or PFL is responsible for updating the Authority with any changes to the information referenced in subsections (a)(1)-(7) above. Changes to the information referenced in subsections (a)(6) and (8)-(11) above are subject to approval by the Authority.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

**§10091.3. Additional Requirements for Finance Lenders.**

In addition to the requirements set forth in Section 10091.2, to be approved as a Participating Finance Lender, Eligible Finance Lenders must meet the following requirements in a form to be specified by the Authority:

- (a) Maintain and provide evidence of 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 and 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 Eligible Finance Lender'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 these regulations 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 Authority at least ten (10) business days prior to the expiration of the insurance. The new insurance must still meet the terms required in this section.
  - (5) The PFL is responsible for ensuring that coverage will not be cancelled without thirty (30) days' prior written notice to the Authority.
  - (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 Authority 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 Authority.
- (b) Have net worth in excess of \$1,000,000 and assets that exceed 0.5% of assets under servicing.
- (c) Unless seeking to become a Successor Servicer, demonstrate in writing 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.
- (d) Demonstrate, in writing, experience with home improvement financing and the coordination of such financing with home improvement contractors and consumers.

- (e) Maintain quality control and management systems to evaluate and monitor the overall quality of its loan or financing-related activities, including, where applicable, underwriting reviews and consumer complaint resolution processes.
- (f) Hold a California Finance Lender license in good standing with the California Department of Business Oversight.
- (g) Make the following representations, warranties, and covenants to the Authority. These 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)~~(A) asserting the invalidity of these regulations,
    - ~~(ii)~~(B) seeking to prevent the consummation of any of the transactions contemplated by these regulations, or
    - ~~(iii)~~(C) 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 with 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. Where an Eligible Finance Lender is seeking to become a Successor Servicer, such requirements related to employees, facilities and operating systems shall be sufficient to carry out all 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.
- (h) The application of the Eligible Finance Lender to enroll as a Participating Finance Lender shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.

Authority: Section 26009, Public Resources Code  
 Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
 and 26040, Public Resources Code

**§10091.4. Loan Eligibility and Minimum Underwriting Criteria.**

- (a) Loans' terms and characteristics must be consistent with the loan program described by the PFI or PFL in its application to participate pursuant to Section 10091.2(a)(~~78~~-(~~89~~), or any revised program details provided in a report to the Authority pursuant to Section 10091.11(b)(1).
- (b) The Claim-Eligible Principal Amount of the Loan proceeds must be used for Eligible Improvements to Eligible Properties in accordance with the following requirements:
  - (1) At least 70 percent of the proceeds must be used to fund EEEMs as specified in Sections 10091.1(~~m~~)(n) and 10091.1(~~r~~)(~~2~~)(~~A~~)(s)(~~2~~)(A), other necessary and related costs such as installation, permitting, and other legally required improvements.
    - (A) Where a measure is removed from the list of EEEMs or its specification is revised, that measure and specification will continue to be eligible for inclusion under this subsection where the Loan Enrollment Application is submitted within one-hundred and eighty (180) calendar days of its removal or revision.
  - (2) No more than 30 percent of the proceeds may be used for additional related home improvements as described in Section 10091.1(~~r~~)(~~2~~)(~~B~~)(s)(~~2~~)(B).
- (c) The Claim-Eligible Principal Amount shall not exceed \$50,000 per unit for the Eligible Property. If the Eligible Loan is underwritten without a FICO score pursuant to subsection (e)(2) below, the Claim-Eligible Loan Amount shall not exceed \$35,000 without regard to the number of units of the Eligible Property.
  - (1) Where an Eligible Loan is underwritten without a FICO score, the \$35,000 cap shall apply to the Total Loan Principal Amount regardless of the Claim-Eligible Principal Amount.
- (d) The interest rate, as calculated at a time pursuant to the PFI's or PFL's standard business practices, shall not exceed the interest rate on new 10-year treasury bonds plus seven hundred and fifty (750) basis points as of the first business day of the applicable calendar quarter.
- (e) 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 [if the Total Loan Principal Amount exceeds \\$20,000](#).

- (2) Eligible Loans may also be provided to Borrowers with no FICO score, provided they do not have any unexplained derogatory credit reports.
- (f) The Borrower's total debt-to-income ratio shall not exceed fifty-five percent (55%).
- (g) 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.
- (h) 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.
- (i) A PFI or PFL may not enroll the Claim-Eligible Principal Amount of the Loan in any substantially similar program.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

#### **§10091.5. Contractor Qualification and Management.**

- (a) To participate in the Program as a [QualifiedParticipating](#) Contractor, an Eligible Contractor must complete a Program training regarding these regulations and the requirements set forth herein offered by the Authority, the IOUs, or the Center for Sustainable Energy, and submit an application to the Authority including the following information in a form to be specified by the Authority:
  - (1) Business name and address of the Eligible Contractor.
  - (2) Name, website (if any), business address, business telephone number, e-mail address and title of contact person.
  - (3) CSLB license number.
  - (4) The name(s) of individual(s) who are authorized to sign loan enrollment documents on behalf of the Eligible Contractor. The list can be updated at any time by the signatory of the Program application.
  - (5) Type(s) of CSLB licenses relevant to the work performed under the Program.
  - (6) The date, location, and provider of the mandatory training attended by the Eligible Contractor, or an attachment from the provider of the mandatory training containing this information.
  - (7) Certification that the Eligible Contractor has no outstanding judgments or liens.
  - (8) The Eligible Contractor's agreement to follow the Program regulations as set forth in this Article, including the project requirements set forth in Section 10091.10.
  - (9) The Eligible Contractor's agreement to hold and maintain a commercial general liability insurance policy or policies of not less than \$1,000,000 per occurrence throughout their participation in the Program. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the occurrence limit. The Eligible Contractor shall submit proof of such insurance in its application to the Authority.

- (10) The Eligible Contractor's agreement to permit an audit, by the Authority, of any of its records relating to the projects financed by Enrolled Loans during normal business hours on its premises, and to supply such other information relating to those projects as shall be requested by the Authority.
- (11) The Eligible Contractor's agreement that its representatives and agents are not hired by the Authority or any of the participating IOUs, and shall not represent themselves as such, or claim association or affiliation with the Authority or any of the participating IOUs in any capacity. Further, the Eligible Contractor shall not make false or misleading claims about any part of the Program or its performance, including energy performance savings, nor engage in fraudulent or deceitful conduct in the sale or installation of measures.
- (12) The Eligible Contractor's acknowledgement that its employees and representatives shall be solely responsible for all representations made to Borrowers regarding the Program or work performed for a Borrower under the Program, and shall be responsible for all sales, installations, warranties, maintenance, and service for all products and systems installed.
- (13) The Eligible Contractor's acknowledgement that the Authority and the State will have no liability to the Eligible Contractor under the Program.
- (14) The Eligible Contractor's agreement to and acknowledgement of the following:
  - (A) The Eligible Contractor is solely responsible for identifying and making any and all disclosures required under applicable laws.
  - (B) The Eligible Contractor shall comply with all applicable laws, possess and maintain all required state licenses, and remain in good standing with all governmental authorities having jurisdiction over its business.
  - (C) The Eligible Contractor acknowledges that the IOUs are not responsible for, and shall have no liability for:
    - (i) the energy efficiency improvements funded through the Enrolled Loans supported through the Loss Reserve Accounts;
    - (ii) the assessment of potential benefits and costs associated with those improvements;
    - (iii) the selection of [QualifiedParticipating](#) Contractors;
    - (iv) the [QualifiedParticipating](#) Contractor's marketing policies and practices; or
    - (v) CAEATFA's educational and outreach activities.
- (b) The application shall be signed by a person authorized to legally bind the Eligible Contractor, and shall include the signatory's printed name, title, and date.
- (c) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (d) 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 [QualifiedParticipating](#) Contractor. The Authority's decision regarding enrollment shall be final. The Authority will notify the [QualifiedEligible](#) Contractor of its decision.
- (e) The Authority will add [QualifiedParticipating](#) Contractors to a list that will be accessible from its website.

- (f) On an annual basis, the Authority may randomly select a sample of QualifiedParticipating Contractors and conduct an audit to request updated proof of insurance, pursuant to Section 10091.5(a)(10) above.
- (g) In the event an audit or post-project field verification by the Authority reveals misrepresentation or failure to comply with the requirements set forth in these regulations on the part of a QualifiedParticipating Contractor, the Authority may suspend the QualifiedParticipating Contractor. The Executive Director shall provide written notice of the suspension and the right to appeal in accordance with the procedures set forth in paragraphs (1) through (3) below.
  - (1) Any QualifiedParticipating Contractor receiving a notice of suspension shall have the right to submit information to the Authority explaining the results of the post-project field verification and asking that the Executive Director reconsider the suspension within fifteen (15) business days of the date of the notice.
  - (2) The Executive Director shall have ten (10) business days to respond to any information submitted pursuant to paragraph (1) of this subdivision, either reversing or affirming the suspension. The Executive Director shall provide written notice of the decision and the right to appeal the decision to the Authority pursuant to paragraph (3) of this subdivision.
  - (3) Within fifteen (15) business days of the date of the notice from the Executive Director pursuant to paragraph (2) of this subdivision, the contractor shall have the right to seek an appeal to the Authority. The appeal shall be in writing and shall set forth the information the contractor believes warrants a reversal of the Executive Director's decision. The Authority shall consider the appeal at the first regularly scheduled meeting occurring at least twenty (20) business days after the appeal is received.

Authority: Section 26009, Public Resources Code  
 Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
 and 26040, Public Resources Code

**§10091.6. 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 to be a PFI, PFL, or Successor Servicer, the Authority shall instruct the Trustee to establish a Loss Reserve Account for the PFI, PFL, or Successor Servicer ~~for each IOU territory in which the PFI, PFL, or Successor Servicer 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, PFL, or Successor Servicer; and
  - (2) Pay claims in accordance with Section 10091.9.
- (b) For each of the PFI's or PFL's loan enrollments ~~in a particular IOU service 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 10091.8(1)(1)-(2) below.

- (1) Where an Eligible Loan is enrolled that previously received a Loss Reserve Reservation or Project Pre-Approval pursuant to Section 10091.7, the Authority shall direct the Trustee to transfer the Loss Reserve Contribution 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 to the Loss Reserve Account, provided funds are available.
- (c) On ~~a quarterly~~ an annual basis based on the fiscal year ending June 30<sup>th</sup>, the ~~Authority shall compare the balance of each Loss Reserve Account to the total of the outstanding Claim Eligible Principal Amounts corresponding to that account as reported by the PFI, PFL, or Successor Servicer pursuant to Section 10091.11. The~~ Authority shall instruct the Trustee to ~~return any excess funds to the IOU Program Holding Account where the Loss Reserve Account balance exceeds the total of the outstanding Claim Eligible Principal Amounts to LMI Borrowers multiplied by 20% plus the total of the outstanding Claim Eligible Principal Amounts to non-LMI Borrowers multiplied by 11%~~ rebalance a PFI's or PFL's Loss Reserve Account, if necessary, and move funds from the PFI's or PFL's Loss Reserve Account into the Program Holding Account. The initial rebalance amount will be the sum of the original Loan Loss Reserve Contributions associated with enrolled loans that were paid off in full during the fiscal year.
- (1) ~~When the Total Loan Principal Amount of an Enrolled Loan is greater than the Claim Eligible Principal Amount, the outstanding Claim Eligible Principal Amount for the Enrolled Loans shall be calculated using the original proportion of the Claim Eligible Principal Amount to Total Loan Principal Amount. If the PFI or PFL did not make any claims as provided under Section 10091.9 during the fiscal year, the initial rebalance amount will not be changed and the funds will be transferred from the PFI's or PFL's Loss Reserve Account to the Program Holding Account.~~
  - (2) If the PFI or PFL made one or more claims as provided under Section 10091.9 during the fiscal year, and the total claim amount is less than the initial rebalance amount, the final rebalance amount will equal the initial rebalance amount less the claim(s) amount.
  - (3) If the PFI or PFL made one or more claims as provided under Section 10091.9 during the fiscal year, and the total claim amount is more than the initial rebalance amount, there will be no rebalance.

Authority: Section 26009, Public Resources Code  
 Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
 and 26040, Public Resources Code

**§10091.7. 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 approval of a Loan Enrollment Application in accordance with Section 10091.8 below. A Loss

Reserve Reservation request shall include the following information in a form to be specified by the Authority:

- (1) The PFI's or PFL's name and Program Participation ID.
  - (2) Loan officer name, business telephone number and e-mail.
  - (3) PFI's or PFL's internal loan identification number, the designation created by the PFI or PFL to refer to the Eligible Loan for its own reference. This number should not be identical to a Borrower's account number with the PFI/~~or~~-PFL.
  - (4) Indication of whether the Borrower qualifies as a Low-to-Moderate Income borrower as defined by Section 10091.1~~(dd)~~(cc) and methodology utilized to determine LMI qualification.
  - (5) The Program ID (Indication that Eligible Loan will be submitted for enrollment in the REEL Assistance Program).
  - (6) The anticipated Claim-Eligible Principal Amount.
  - (7) The anticipated Total Principal Amount.
  - (8) The name of the utility providing gas service to the Eligible Property.
  - (9) The name of the utility providing electric service to the Eligible Property.
  - ~~(10) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.~~
- (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 a form to be specified by the Authority in addition to the information described in subsection (a) above:
- (1) The Borrower's IOU account number(s).
  - (2) An estimate Itemized Invoice as specified in Section 10091.8(g).
  - (3) The QualifiedParticipating Contractor's name and CSLB License Number, or an indication that the Eligible Improvements will be installed by a Self-Installer.
  - (4) An executed ~~Customer Data Release Form provided for each IOU providing service to the Eligible Property covering each meter and fuel provided.~~
  - ~~(5) An executed California Hub for Energy Efficiency Financing Disclosure, as described in Section 10091.15.~~
  - ~~(6)~~(5) Utility bills, for the IOU(s) servicing the Eligible Property for each meter and fuel provided, from within 60 days of the date ~~the Project Pre-Approval Application is being submitted for~~of the PFI's or PFL's loan approval.
  - ~~(7) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.~~
- (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 10091.8(l) below. ~~Where the Eligible Property is served by 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 CHEEF Loan ID for the Eligible Loan within five (5) business days 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) Where a Project Pre-Approval request is rejected, but the associated Loss Reserve Reservation request is valid, the Authority will approve only the Loss Reserve Reservation request. The Authority shall notify the PFI or PFL within five (5) business days of its decision. If, after receiving such notice from the Authority, the PFI or PFL does wish to maintain the Loss Reserve Reservation, the PFI or PFL must inform the Authority of its decision to accept the Loss Reserve Reservation within five (5) business days.
- (f) 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, according to the process outlined in Section 10091.6(b)(1).
- (g) 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 or Project Pre-Approval in accordance with Section 10091.8 within one hundred eighty (180) calendar days of the reservation approval or Project Pre-Approval, the Executive Director may allow a sixty (60)-calendar-day extension of a reservation or Pre-Approval upon a written request from a PFI or PFL. Such extension means the EEEMs that were submitted on the Itemized Invoice at the time of the Pre-Approval remain eligible for inclusion.
  - (2) Upon enrollment of an Eligible Loan that has received a Loss Reserve Reservation or Project Pre-Approval in accordance with this section, 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 or Project Pre-Approval in accordance with this section.
- (h) The Authority's approval for a Loss Reserve Reservation or a Project Pre-Approval request only remains valid if all other regulatory requirements from this Article are met upon final loan enrollment.
- (i) Loss Reserve Reservations and Project Pre-Approvals are not valid beyond the program expiration.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

**§10091.8. 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, once that loan is closed, by submitting the documents described in subsections (c)-(d) below in a form specified by the Authority.
- (c) To enroll an Eligible Loan for a project completed in whole or in part by a ~~Qualified~~Participating Contractor, a PFI or PFL will submit the following documents to the Authority:
  - (1) a Loan Enrollment Application, as described in subsection (e) below;
  - (2) a Certificate of Completion from each Participating Contractor certifying work on the project, as described in subsection (f) below;
  - ~~(3) an executed Customer Data Release Form for each IOU providing service to the Eligible Property covering each meter and fuel provided;~~
  - ~~(4)~~(3) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15;
  - ~~(5)~~(4) an Itemized Invoice, as described in subsection (g) below; and
  - ~~(6)~~(5) a utility bill, for each IOU servicing the Eligible Property covering each meter and fuel provided from within 60 days of the ~~date the Loan Enrollment Application is being submitted for enrollment~~PFI's /or PFL's loan approval.
  - ~~(7) For Finance Only Projects installing EEEMs which require modeling, a copy of a summary of the modeling documentation indicating the expected energy savings and the name of the software that was used in the modeling pursuant to Section 10091.10.~~
- (d) To enroll an Eligible Loan for a project completed in whole or in part by a Self-Installer, a PFI or PFL will submit the following documents ~~to~~in a form specified by the Authority:
  - (1) a Loan Enrollment Application, as described in subsection (e);
  - (2) a Self-Installer Project Submission, as described in subsection (h);
  - ~~(3) an executed Customer Data Release Form for each IOU providing service to the Eligible Property and covering each meter and fuels provided;~~
  - ~~(4)~~(3) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15;
  - ~~(5)~~(4) an Itemized Invoice, as described in subsection (g) below;
  - ~~(6)~~(5) written proof of purchase for the Eligible Improvements, e.g., a receipt for the Eligible Improvements; and
  - ~~(7)~~(6) a utility bill, for each IOU servicing the Eligible Property covering each meter and fuel provided, from within 60 days of the date the Loan Enrollment Application is being submitted for enrollment.
- (e) The Loan Enrollment Application shall be in a form specified by the Authority and shall include the following information:
  - (1) Participating Financial Institution or Participating Finance Lender name and Program Participation ID.
  - (2) Loan officer name, ~~business telephone number and e-mail address~~.
  - (3) An indication as to whether the Eligible Loan received a Loss Reserve Reservation or Project Pre-Approval.

- (4) CHEEF Loan Identification Number, if applicable (if the project received a reservation or pre-approval, a CHEEF Loan Identification Number will have been provided by the Authority).
- (5) Program ID (Indication that the Eligible Loan is being submitted for enrollment in the REEL Assistance Program).
- (6) PFI's or PFL's internal loan identification number, as described in Section 10091.7(a)(3).
- (7) Whether the Eligible Property is owner-occupied, or rented or leased.
- (8) The number of units for which Eligible Improvements were undertaken.
- (9) Name of the utility providing electric service to the Eligible Property, if applicable.
- (10) Name of the utility providing gas service to the Eligible Property, if applicable.
- (11) The IOU account number(s) for the Eligible Property.
- (12) Borrower's FICO score range, denoting a score of 580-640, 641-700, 701-760, 761-820, 821 or higher, or no FICO score.
- (13) An indication whether the Borrower qualifies as a Low-to-Moderate Income Borrower as defined in Section 10091.1 ~~(dd)~~ (cc) and methodology utilized to determine LMI qualification.
- (14) Borrower's income range, denoting a range of less than \$25,000, \$25,000-\$34,999, \$35,000-\$49,999, \$50,000-\$74,999, \$75,000-\$99,999, \$100,000-\$149,999, or \$150,000 or more.
- (15) Borrower's total debt-to-income ratio, denoting a range of less than 25%, between 25 and 35%, between 36 and 45%, or between 46 and 55%.
- (16) An indication as to whether bill payment history was used in making the underwriting decision.
- (17) Claim-Eligible Principal Amount of the Eligible Loan.
- (18) Total Loan Principal Amount of the Eligible Loan.
- (19) Type of the Eligible Loan (e.g. term loan, retail installment contract).
- (20) Term and maturity date of the Eligible Loan.
- (21) Interest rate applicable to the Eligible Loan and whether it is fixed or variable.
- (22) Date the interest rate for the Eligible Loan was finalized.
- (23) Origination Date of the Eligible Loan.
- (24) First payment date.
- (25) Principal and interest payment amount.
- (26) Whether the QualifiedParticipating Contractor or Borrower has received or will apply for an IOU, ~~or~~ REN or CCA energy efficiency rebate or incentive for the Eligible Improvements being installed. If the QualifiedParticipating Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, and whether the rebate and/or incentive amount will be directly applied towards the cost of the project. In the case of incentives, the expected incentive amount should be the estimated amount as reported by the IOU or REN incentive program at the time of incentive program pre-approval or reservation.
- ~~(27) 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.~~

- ~~(28) Certification that all of the information provided is true and accurate to the best of the signatory's knowledge.~~
  - ~~(29) Certification that the Claim Eligible Principal Amount is not financing distributed generation.~~
  - (27) Whether the project included a Self-Installer component and/or more than one Participating Contractor.
  - (28) Census Tract of Borrower.
- (f) The Certificate of Completion shall be in a form specified by the Authority and shall include the PFI's or PFL's name, PFI's or PFL's Program Participation ID, the Program ID, the CHEEF Loan ID for projects that have received a Reservation or Pre-Approval, and PFI's or PFL's internal loan identification number, as described in Section 10091.7(a)(3), as well as the following information:
- (1) Project information to be provided by the ~~Qualified~~Participating Contractor ~~or Borrower~~:
    - (A) The street address, city, and zip code of the Eligible Property.
    - (B) The name of the utility or utilities providing gas and/or electric service to the Eligible Property.
    - (C) Whether the ~~Qualified~~Participating Contractor or Borrower has received or will apply for an IOU, ~~or REN~~ or CCA energy efficiency rebate or incentive for the Eligible Improvements being installed. If the ~~Qualified~~Participating Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, the name of the corresponding rebate and/or incentive program, the rebate/incentive project ID provided by the utility (if available at the time of enrollment), and whether the rebate and/or incentive amount will be directly applied towards the cost of the project. In the case of incentives, the expected incentive amount should be the estimated amount as reported by the IOU or REN incentive program at the time of incentive program pre-approval or reservation.
    - (D) The ~~Qualified~~Participating Contractor's name.
    - (E) The ~~Qualified~~Participating Contractor's CSLB License Number.
    - (F) The dates the project was started and completed.
    - (G) Permit numbers for all permits required by law for the installation of the Eligible Improvements.
    - (H) Where the Eligible Improvements require a ~~Combustion Appliance Safety or Combustion Appliance Zones~~safety test pursuant to Section 10091.10(~~fh~~), the following information from the ~~Qualified~~Participating Contractor or other individual performing the test:
      - (i) Entity name.
      - (ii) Contractors State License Board license type(s) and number, if applicable.
      - (iii) The Building Performance Institute certification type(s) and number, if applicable.
      - (iv) A list of IOU territories where the ~~Qualified~~Participating Contractor or individual performing the test is approved to participate in the Energy Upgrade California Home Upgrade

Program and/or Advanced Home Upgrade Program, and/or other IOU whole house program, if applicable.

(v) Certification and number for Natural Gas Appliance Testing (NGAT) as defined in Section 10091.10(i)(3), if applicable.

- (I) An indication of whether the Borrower became aware of the financing offered through the Program from the ~~Qualified~~Participating Contractor, the PFI or PFL, the Energy Upgrade California website, or a description of another source.
- (2) Certification from an authorized signatory of the ~~Qualified~~Participating Contractor of the following:
  - (A) The contractor(s) who performed the work and completed the project is (are) licensed to perform the work related to installation of the Eligible Improvements.
  - (B) In addition to other project requirements, that the completed project also meets the following criteria:
    - (i) The improvements listed by the contractor on the invoice as Eligible Improvements comply with Program guidelines.
    - (ii) The Eligible Improvements listed on the Itemized Invoice were installed.
  - (C) The installation of the Eligible Improvements complies with all applicable California building standards (all sections of Title 24 of the California Code of Regulations) and any additional laws, ordinances, regulations and standards applicable in the jurisdiction where the installation occurred.
  - (D) All permits ~~and approvals~~ required to install the Eligible Improvements have been secured or are in the process of being secured.
  - (E) The ~~Qualified~~Participating Contractor provided the Borrower with a Bill Impact Estimate.
  - (F) ~~Combustion Appliance Safety or Combustion Appliance Zone~~Safety testing was completed and passed if required by the project referred to in Section 10091.10(h).
  - (G) Certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (3) Certification from the Borrower of the following in a form specified by the Authority:
  - (A) The Eligible Improvements have been completed to his or her satisfaction.
  - (B) He or she understands that the Authority and its directors, officers, and agents, and the IOUs and their directors, officers and agents, do not guarantee the performance, quality, or workmanship of the Eligible Improvements.
  - (C) The Eligible Loan proceeds ~~were~~will be used to pay for Eligible Improvements.
  - (D) Authorization for the ~~Qualified~~Participating Contractor and Participating Financial Institution or Participating Finance Lender to share information with the Authority, except as required by these regulations, including contact information, data on work performed and Eligible Improvements

- installed, information regarding the Eligible Loan, and other information relating to or arising from participation in the Program.
- (E) All permits ~~and approvals~~ required to install the Eligible Improvements have been secured or are in the process of being secured.
  - (F) The ~~Qualified~~Participating Contractor provided the Borrower with a Bill Impact Estimate.
  - (G) The information regarding rebates and/or incentives provided pursuant to Section 10091.8(f)(1)(C) above, is accurate to the best of his or her knowledge.
  - (H) Acknowledgement and agreement to be subject to random post-project field verifications, as described in Section 10091.10.
  - (I) Certification that all of the information provided is true and accurate to the best of the ~~signatory's~~/Borrower's knowledge.
- (g) The Itemized Invoice shall be in a form specified by the Authority and shall include the ~~Qualified~~Participating Contractor's name, CSLB license number, and an indication as to whether the project was completed under the REEL Assistance Program, as well as the following information:
- (1) The PFI or PFL shall provide:
    - (A) The PFI's or PFL's Program Participation ID.
    - (B) The PFI's or PFL's internal loan identification number, as described in Section 10091.7(a)(3).
  - (2) For each EEEM installed in the project, the ~~Qualified~~Participating Contractor shall provide:
    - (A) The EEEMs ID.
    - (B) The EEEMs Measure Name.
    - (C) Indication of whether the measure is a replacement or new installation.
    - (D) Indication of whether the installation resulted in a fuel switch for the measure.
    - ~~(E)~~(E) The quantity installed.
    - ~~(F)~~(F) The total cost for the EEEM and its installation.
  - (3) A description of any additional alterations necessary to complete the project described in Section 10091.8(g)(2), but that are not associated with any specific EEEM described in Section 10091.8(g)(2), as well as the associated cost for these measures.
  - (4) An indication of whether any Distributed Generation was included in the project.
    - (A) If Distributed Generation was included in the project, the ~~Qualified~~Participating Contractor must include a description and associated cost for the Distributed Generation measures installed.
  - (5) A description of other additional home improvement measures installed that are not listed as EEEMs or included in Section 10091.8(g)(2), as well as the associated cost for these measures.
    - (6) Indication of whether the project added square footage to the home.
    - ~~(7)~~(7) The total project cost.
- (h) The Self-Installer Project Submission shall be in a form specified by the Authority and shall include the PFI's or PFL's name, PFI's ~~or~~ PFL's Program Participation Identification Number, the Program ID, the CHEEF Loan ID if the project received a

reservation or pre-approval, and the PFI's or PFL's internal loan identification number, as described in Section 10091.7(a)(3), as well as the following information:

- (1) Project Information to be provided by the Self-Installer:
  - (A) The street address, city and zip code of the Eligible Property.
  - (B) The name of the utility or utilities providing gas and/or electric service to the Eligible Property.
  - (C) Indication of whether the Self-Installer has received or will apply for an IOU, ~~or REN~~ or CCA energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Self-Installer is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, the name of the corresponding rebate and/or incentive program, the rebate/incentive project ID provided by the utility (if available at the time of enrollment), and whether the rebate and/or incentive amount will be directly applied towards the cost of the project. In the case of incentives, the expected incentive amount should be the estimated amount as reported by the IOU, ~~or REN~~ or CCA incentive program.
  - (D) The dates the project was started and completed.
  - (E) Whether the Borrower became aware of the financing offered through the Program from the PFI or PFL, the Energy Upgrade California website, or a description of another source.
- (2) Certification from the Self-Installer of the following:
  - (A) The improvements installed are Eligible Improvements.
  - (B) All self-installed improvements were either EEEMs ~~installed are~~ eligible for self-installation ~~under an IOU or REN rebate program available from the IOU that provides electric or gas service to the Eligible Property pursuant to Section 10091.10(c) or non-EEEM, additional related~~ home improvements.
  - (C) He or she understands that the Authority and its directors, officers, and agents, and the IOUs and their directors, officers and agents, do not guarantee the performance, quality, or workmanship of the Eligible Improvements.
  - (D) The Eligible Loan proceeds were used to pay for EEEMs or additional related home improvements, in compliance with the Program rules.
  - (E) Authorization for the Participating Financial Institution or Participating Finance Lender 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 Eligible Loan, and other information relating to or arising from participation in the Program.
  - (F) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (i) 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 Self-Installer and/or the ~~Qualified~~ Participating 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.

- (j) Where the Authority determines that a Loan Enrollment Application is incomplete, a PFI or PFL shall be authorized to submit a revised and complete Loan Enrollment Application.
- (k) The Authority shall, upon receipt of documentation as required under this section from the PFI or PFL, have ten (10) 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.
- (l) 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 ~~Claim-Eligible Principal Amount~~Credit Enhancement Basis.
    - (B) For Enrolled Loans to Credit-Challenged Borrowers where the PFI or PFL is approved for participation in the Credit-Challenged Program, the Loss Reserve Contribution shall be twenty percent (20%) of the principal amount of the Credit Enhancement Basis.
    - (C) In no circumstance will the contribution be more than twenty percent (20%).
    - ~~(B)~~(D) For all other Enrolled Loans, the Loss Reserve Contribution shall be eleven percent (11%) of the principal amount of the ~~Claim-Eligible Principal Amount~~Credit Enhancement Basis.
    - ~~(C)~~(E) Where the Borrower or Self-Installer has indicated that she or he will seek an IOU, ~~or~~ REN or CCA rebate or incentive for the EEEMs being installed, but will not be applying the rebate and/or incentive amount directly to the cost of the project, the Claim-Eligible Principal Amount shall be reduced by the anticipated or actual rebate or incentive amount as reported on the Certificate of Completion pursuant to Section 10091.8(f)(1)(C) or on the Self-Installer Project Submission pursuant to Section 10091.8(h)(1)(C) ~~for the purposes of calculating the Loss Reserve Contribution~~to derive the Credit Enhancement Basis.
    - ~~(D)~~ ~~Where the Eligible Property is served by more than one IOU, the Loss Reserve Contribution shall be split between the PFI's or PFL's Loss Reserve Accounts for the corresponding IOUs as described below:~~
      - ~~(i) Using the Itemized Invoice as described in Section 10091.8(g), the Authority will calculate the percentage cost of gas EEEMs and electric EEEMs relative to the total EEEMs cost.~~
      - ~~(ii) These percentages will be applied to the Claim-Eligible Principal Amount to determine the Loss Reserve Contribution from each IOU to each of the PFI's or PFL's Loss Reserve Accounts.~~
  - (2) The Authority will instruct the Trustee to transfer the Loss Reserve Contribution in accordance with Section 10091.6.
  - (3) The Authority will notify the PFI or PFL of the enrollment, the CHEEF Loan ID corresponding to the Eligible Loan, and the Loss Reserve Contribution

transferred, ~~and how those contributions were split between accounts, if applicable.~~

- (m) Without regard to the term and maturity date of the Eligible Loan, the term of enrollment in the Program shall not exceed fifteen (15) years.
- (n) If upon review of the documentation provided by the PFI or PFL pursuant to this section, it appears that through inadvertence the loan does not comply with Program requirements concerning Eligible Improvements as set forth in Section 10091.4(b), the Authority in its sole discretion may reduce the Claim-Eligible Principal Amount to bring the Enrolled Loan into compliance with the requirements of Section 10091.4(b).

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

**§10091.9. Claims.**

- (a) A PFI, PFL, or Successor Servicer shall be authorized to make a claim for reimbursement for up to ninety percent (90%) of a loss from the outstanding Claim-Eligible Principal Amount prior to the liquidation of collateral, or realization on personal or other financial guarantees or from other sources.
  - ~~(1) In the event that the Enrolled Loan received a Loss Reserve Contribution that was funded by more than one IOU, losses are paid from the Loss Reserve Accounts at the same percentage at which each IOU originally contributed to the accounts.~~
- (b) A PFI, PFL, or Successor Servicer shall notify the Authority within sixty (60) calendar days after charging off an Enrolled Loan and the amount of the outstanding Total Loan Principal Amount that was charged off.
- (c) To make a claim, the PFI, PFL, or Successor Servicer shall submit a claim application to the Authority within one hundred eighty (180) calendar days of the date of charge-off of an Enrolled Loan. To make a claim, a PFI, PFL, or Successor Servicer must be in compliance with the Program requirements, including the reporting requirements in Section 10091.11. The claim application shall include the following information in a form to be specified by the Authority:
  - (1) Name and Program Participation ID of the PFI, PFL, or Successor Servicer.
  - (2) Name, address, business telephone number, and e-mail address of contact person.
  - (3) CHEEF Loan ID number of the Enrolled Loan.
  - (4) An indication as to whether the Enrolled Loan is enrolled in the REEL Assistance Program.
  - (5) Original Claim-Eligible Principal Amount.
  - (6) Original Total Loan Principal Amount.
  - (7) Outstanding Claim-Eligible Principal Amount at the time of charge-off.
  - (8) Outstanding Total Principal Amount.
  - (9) Charge-off amount.
  - (10) Amount recovered.
  - (11) Claim amount.
  - (12) Charge-off date.
  - (13) If the Enrolled Loan is secured, a statement of whether the PFI, PFL, or Successor Servicer has commenced enforcement proceedings.

- (14) If a PFI, PFL, or Successor Servicer 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.
  - (15) Certification that notice was filed with the Authority as required by Section 10091.9(b), and certification that such charge-off was made in a manner consistent with the PFI, PFL, or Successor Servicer's usual methods for taking action on loans which are not Enrolled Loans under the Program.
  - (16) The claim application shall be signed by a person authorized to bind the Participating Financial Institution, Participating Finance Lender, or Successor Servicer and shall include the signatory's printed name, title and date.
  - (17) Certification that the PFI, PFL, or Successor Servicer will comply with reporting requirements on recoveries, as laid out in Section 10091.9(d).
  - (18) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (d) All claims will be paid net of any recovery made by the PFI, PFL, or Successor Servicer prior to the filing of the claim. If, subsequent to the payment of a claim by the Authority, the PFI, PFL, or Successor Servicer recovers from the Borrower, from liquidation of collateral or from any other source, amounts for which the PFI, PFL, or Successor Servicer was reimbursed by the Authority, the PFI, PFL, or Successor Servicer 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, PFL, or Successor Servicer's loss on the Claim-Eligible Principal Amount. The PFI, PFL, or Successor Servicer may retain recoveries that exceed reimbursements to the ~~IOU~~-Program Holding Account.
- (1) The PFI, PFL, or Successor Servicer shall notify and reimburse the Authority if any recoveries are made subsequent to the submission of the claim application.
- (e) The Authority shall approve 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, PFL, or Successor Servicer pursuant to Section 10091.8 at the time of enrolling the Eligible Loan were false, or where the PFI, PFL, or Successor Servicer is not in compliance with its obligations, including reporting obligations, under these regulations. The Authority, upon providing written notice to the PFI, PFL, or Successor Servicer, may defer approval 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, PFL, or Successor Servicer that the loan was an Enrolled Loan.
- (f) Upon approval of a claim, the Authority shall direct the Trustee to disburse the approved claim amount to the PFI, PFL, or Successor Servicer within five (5) business days.
- (1) Where a PFI or PFL makes its first claim request within one (1) year 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's or PFL's ~~corresponding~~ Loss Reserve Account balance. This provision shall not

apply to Enrolled Loans where the servicing responsibility has been assumed by a new PFI, PFL, or Successor Servicer pursuant to Section 10091.12.

- (A) Where a PFI, PFL, or Successor Servicer is participating in the Program and another pilot program administered by the CHEEF, the claim described above in Section 10091.9(f)(1), for that PFI, PFL, or Successor Servicer is not additive.
- (2) Except as set forth in Section 10091.9(f)(1), the Authority will instruct the Trustee to withdraw the approved claim amount from the PFI, PFL, or Successor Servicer'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 10091.8(1)(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 as the contribution.~~

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

#### **§10091.10. Project Requirements.**

- (a) All Eligible Improvements financed by the Program must meet applicable quality assurance requirements as outlined in this section.
- (b) IOU, ~~or REN~~ or CCA rebates or incentives do not need to be sought for measures on the list of EEEMs. ~~Finance Only Projects still require proper permitting and compliance with all relevant laws including Title 24 of the California Code of Regulations. Utility rebate and incentive requirements do not apply to Finance Only Projects except that:~~
  - (1) ~~Where work is performed by a Self-Installer, all EEEMs must be eligible for self-installation under an IOU or REN rebate program available from the IOU that provides electric or gas service to the Eligible Property.~~
  - (2) ~~Certain measures that are part of an IOU or REN whole home retrofit program (e.g. Home Upgrade) are only eligible if at least 3 qualifying measures are installed as indicated on the list of EEEMs.~~
  - (3) ~~For measures requiring modeling, the project must be designed to meet the total required expected energy savings of site energy use of IOU fuels as indicated on the list of EEEMs. The savings estimate must be derived using software approved for modeling in IOU programs. A list can be found at Caltrack.org.~~
- (c) ~~Where a project is performed by a~~ A Self-Installer may install or have installed the following Eligible Improvements:
  - (1) only EEEMs as defined in Section 10091.1(m)(n) that have been designated and labeled as available for self-installation are eligible, and
  - (2) additional related home improvements as described in Section 10091.1(s). EEEMs that have not been identified as eligible for Self-Install must be installed by a Participating Contractor.
- (d) The following criteria will determine if an EEEM is eligible for self-installation:
  - (1) The fuel source must be electric only except as indicated in (2), below.

- (2) The EEEM fits within the definition of either:
- (A) “Water Heaters,” “Clothes Washers,” “Clothes Dryers,” “Dishwashers,” “Refrigerators, Refrigerator-Freezers, and Freezers,” ~~“Cooking Products and Food Service Equipment,”~~ “Pool Heaters, Portable Electric Spas, Residential Pool Pump and Motor Combinations, and Replacement Residential Pool Pump Motors,” “Plumbing Fittings” (for water heated by gas or electricity), as defined in Title 20, Division 2, Chapter 4, §1602 of the California Code of Regulations; or
  - (B) A smart thermostat containing a communications interface, a user display and interface, and an HVAC system interface (for heating systems using either gas or electricity, or electric cooling systems); or
  - (C) A portable air purifier or air cleaner.
- (e)(e) Except where work is performed by a Self-Installer, the contractor performing the work must be a QualifiedParticipating Contractor as of the date he or she began work on the Eligible Property as noted on the Certificate of Completion pursuant to Section 10091.8.
- (d)(f) The QualifiedParticipating Contractor must ensure all applicable permits and approvals have been obtained and must comply with all applicable laws for the work being performed.
- (e)(g) The QualifiedParticipating Contractor must provide the Borrower with a Bill Impact Estimate.
- (f) ~~A Combustion Appliance Safety or Combustion Appliance Zone test must be performed after the work is complete by a contractor who is approved to participate in the Energy Upgrade California Home Upgrade or Advanced Home Upgrade program in the corresponding IOU territory; or certified by the Building Performance Institute (BPI) as a Building Analyst, Envelope Professional, Heating Professional, Air Conditioning and Heat Pump Professional, or BPI GoldStar Contractor where~~
- (h) Where a project includes three or more EEEMs including at least one of the measures described in subsections (1) through (3) below and the Eligible Property contains one or more combustion appliances, a safety test must be performed. The Eligible Property must pass this test prior to enrollment of the Eligible Loan.
- (1) Whole building air sealing.
  - (2) Duct sealing and/or duct replacement.
  - (3) Attic insulation and air sealing.
- (i) The safety test may be either a Combustion Appliance Safety Test, a Combustion Appliance Zone Test, a Natural Gas Appliance Test, or a substantially similar test consistent with standard industry practice. The safety test must be performed after the work is complete by a contractor who is either:
- (1) approved to participate in an IOU, REN or CCA whole house retrofit program in the corresponding IOU territory; or
  - (2) certified by the Building Performance Institute (BPI) as a Building Analyst, Envelope Professional, Heating Professional, Air Conditioning and Heat Pump Professional, or BPI GoldStar Contractor; or
  - (3) certified through Natural Gas Appliance Testing (NGAT).
- (j) In the event that multiple Participating Contractors work on a project and the combined measures of the project trigger a safety test, the Participating Contractor who installed

any of the measures described in Section 10091.10 (h)(1-3) shall arrange for the safety test, unless otherwise agreed upon by the Participating Contractors.

~~(g)~~(k) The Authority may conduct field verifications at the Eligible Property within one (1) year of enrolling the Eligible Loan to verify that the Eligible Improvements were installed in accordance with these regulations.

~~(h)~~(l) The Authority shall notify the Borrower at least ten (10) business days prior to conducting a field verification.

~~(i)~~(m) Field verifications may be completed on a random sample of projects that have not received an IOU, ~~or~~ RENE or CCA energy efficiency rebate or incentive for each applicable EEEM installed. The frequency of the verifications shall depend on the Qualified Participating Contractor's participation in the Program and the type of Eligible Improvements installed:

(1) For projects that require a ~~Combustion Appliance Safety or Combustion Appliance Zone~~ safety test pursuant to Section 10091.10 ~~(f)~~(h), the Authority shall conduct field verifications according to the following tiers:

(A) Tier I: The Authority shall verify the Eligible Improvements of one-hundred percent (100%) of projects performed by the Qualified Participating Contractor and funded by Enrolled Loans. Upon completing five (5) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Participating Contractor's work according to Tier II as described in subsection ~~(i)(1)(B)~~(m)(1)(B) below.

(B) Tier II: The Authority shall verify the Eligible Improvements of twenty percent (20%) of projects performed by the Qualified Participating Contractor and funded by Enrolled Loans. Upon completing twenty (20) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Participating Contractor's work according to Tier III as described in subsection ~~(i)(1)(C)~~(m)(1)(C) below.

(C) Tier III: The Authority shall verify the Eligible Improvements of five percent (5%) of projects performed by the Qualified Participating Contractor and funded by Enrolled Loans.

(D) If at any point the Authority finds substantive issues in the field verifications, the Authority shall provide written notice to the Qualified Participating Contractor of any issues that may need to be addressed. Upon the third such notice, the Authority shall begin verifying the Qualified Participating Contractor's work according to the previous tier.

(2) For projects that do not require a ~~Combustion Appliance Safety or Combustion Appliance Zone~~ safety test, the Authority shall conduct field verifications on five percent (5%) of projects performed by the Qualified Participating Contractor and funded by the Claim-Eligible Principal Amount of Enrolled Loans. If at any point the Authority finds substantive issues in the field verifications, the Authority shall provide written notice to the Qualified Participating Contractor of any issues that may need to be addressed.

(3) For projects completed by Self-Installers, the Authority shall conduct field verifications on five percent (5%) of all projects participating in the Program that contain Eligible Improvements installed by a Self-Installer.

(n) Except as set forth in ~~subparagraph~~ section (1) below, if the Authority finds that the Eligible Improvements were not installed in accordance with these requirements or that the Qualified Participating Contractor misrepresented information related to the work, the Authority may suspend the Qualified Participating Contractor from Program participation pursuant to the processes described in Section 10091.5 of these regulations and/or may notify other government agencies and entities.

(1) Where Eligible Improvements are installed by a Self-Installer, if the Authority finds that the Eligible Improvements were not installed in accordance with these requirements or that the Self-Installer misrepresented information related to the work, the Authority may notify other government agencies and entities.

(o) The following table designates the Eligible Energy Efficiency Measures (EEEM) for the Program and the corresponding minimum efficiency requirements for each measure. In any situation in which the Title 24 requirement exceeds the specification in the table (for example certain climate zones with increased R-Value requirements) the EEEM must be installed to meet Title 24 requirements.

<u>Category</u>	<u>Measure</u>	<u>IOU Fuel Source Eligibility:</u> <u>E=Electric</u> <u>G= Gas</u>	<u>Minimum Efficiency Requirements</u>
<u>Appliances</u>	<u>Air Cleaner/Purifier</u>	<u>E</u>	<u>Energy Star</u>
	<u>Clothes Dryer</u>	<u>E/G</u>	
	<u>Clothes Washer</u>	<u>E/G*</u>	
	<u>Dishwasher</u>	<u>E/G*</u>	
	<u>Freezer</u>	<u>E</u>	
	<u>Refrigerator</u>	<u>E</u>	
<u>Building Envelope</u>	<u>Air Sealing</u>	<u>E/G</u>	<u>Whole building air sealing equal or greater than 15 percent leakage reduction</u>
	<u>Attic Insulation</u>	<u>E/G</u>	<u>Title 24 compliant</u>
	<u>Cool Roof</u>	<u>E</u>	<u>Title 24 compliant replacement of at least 50% or 1000sf of roof area.</u>
	<u>Floor Insulation</u>	<u>E/G</u>	<u>Title 24 compliant</u>
	<u>Radiant Barrier</u>	<u>E</u>	<u>Title 24 compliant for attic installation only</u>
	<u>Wall Insulation</u>	<u>E/G</u>	<u>Title 24 compliant</u>

	<a href="#">Windows/Glass Doors</a>	<a href="#">E/G</a>	<a href="#">Title 24 compliant, only for conditioned spaces</a>
	<a href="#">Window Film</a>		
<a href="#">HVAC</a>	<a href="#">Air Conditioner Unit Only</a>	<a href="#">E</a>	<a href="#">Central unit, Title 24 compliant</a>
	<a href="#">Duct Insulation</a>	<a href="#">E/G</a>	<a href="#">Title 24 compliant</a>
	<a href="#">Duct Sealing: Replacement or existing</a>	<a href="#">E/G</a>	
	<a href="#">Evaporative Coolers: ducted, ducted with dampers, window</a>	<a href="#">E</a>	
	<a href="#">Furnace Only</a>	<a href="#">G</a>	
	<a href="#">Heat Pump</a>	<a href="#">E</a>	
	<a href="#">Hydronic Radiant Heating</a>	<a href="#">E/G</a>	<a href="#">18 SEER or greater</a>
	<a href="#">Mini-split system: with or without heating component, ducted or ductless</a>	<a href="#">E</a>	
	<a href="#">Smart Thermostat</a>	<a href="#">E/G</a>	<a href="#">Defined in Section 10091.10(d)(2)(b)</a>
	<a href="#">Split/Package System</a>	<a href="#">E/G</a>	<a href="#">Title 24 compliant</a>
	<a href="#">Wall Furnace: Gravity or Fan</a>	<a href="#">G</a>	
<a href="#">Whole House Fan</a>	<a href="#">E</a>		
<a href="#">Lighting</a>	<a href="#">LED Lighting</a>	<a href="#">E</a>	<a href="#">LED lighting and fixtures. Must be hard wired, UL Listed and Energy Star Certified. Replacement recessed light fixture must be rated ICAT (insulation contact air tight)</a>
<a href="#">Pool Products</a>	<a href="#">Pool Pump Motor</a>	<a href="#">E</a>	<a href="#">Title 20 and Title 24 compliant</a>
	<a href="#">Pool Variable Speed Drive</a>	<a href="#">E</a>	
	<a href="#">Variable speed motor with or without pool pump</a>	<a href="#">E</a>	
<a href="#">Water Heating</a>	<a href="#">Faucet Aerator</a>	<a href="#">E/G*</a>	<a href="#">Title 20 compliant</a>
	<a href="#">Gas Storage Water Heater</a>	<a href="#">G</a>	<a href="#">Energy Star</a>
	<a href="#">Heat Pump Water Heater</a>	<a href="#">E</a>	<a href="#">Title 20 compliant</a>
	<a href="#">Shower Head – Low Flow</a>	<a href="#">E/G*</a>	
	<a href="#">Shower Thermostatic Valve</a>	<a href="#">E/G*</a>	<a href="#">For gas: Energy Star; for electric: Title 20 compliant</a>
<a href="#">Tankless Water Heater</a>	<a href="#">E/G*</a>		
<a href="#">Other</a>	<a href="#">IOU/REN/CCA Rebated Measure</a>	<a href="#">E/G</a>	<a href="#">Measure not elsewhere on this list for which Participating Contractor or Borrower seeks an IOU/REN/CCA rebate or incentive.</a>
<a href="#">* IOU fuel source eligibility corresponds to fuel used for water heating</a>			

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

**§10091.11. Reporting.**

- (a) PFIs, PFLs, and Successor Servicers shall provide a monthly report to the Authority on the status of each Enrolled Loan by the 5th day of the following month.
  - (1) These reports shall include the name and Program Participation ID of the PFI, PFL, or Successor Servicer and the following information for each Enrolled Loan:
    - (A) The CHEEF Loan ID number.
    - (B) The Original Claim-Eligible Principal Amount.
    - (C) The original Total Loan Principal Amount.
    - (D) Any changes in maturity date.
    - (E) The current outstanding Total Loan Principal Amount.
    - (F) Loan status including whether a loan is current; 30, 60, or 90 days past due; paid in full; or charged off.
    - (G) Date(s) of charge-off, for any charge-offs and indication if enforcement proceedings have begun.
    - (H) Any inchoate losses or acceleration notices.
    - (I) Amount of any recoveries or proceeds from charged-off loans.
  - (2) Closed Enrolled Loans shall be reported in the month the Borrower pays or the PFI, PFL, or Successor Servicer charges off the loan as a zero balance. Once the PFI, PFL, or Successor Servicer has reported the Enrolled Loan as having a zero balance, it does not need to be included on future monthly reports.
- (b) No later than January 15th of each year:
  - (1) PFIs, PFLs, and Successor Servicers shall provide a 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 and Successor Servicers that are Eligible Finance Lenders shall also provide written evidence of current licenses and insurance.
- (c) If a PFI, PFL, or Successor Servicer becomes subject to a cease-and-desist order or other regulatory sanction with the appropriate federal or state regulatory body, the PFI, PFL, or Successor Servicer shall inform the Authority in writing within thirty (30) calendar days of such action.
- (d) If a PFI, PFL, or Successor Servicer changes the loan term of an Enrolled Loan within the allowed term of enrollment in the Program, the PFI, PFL, or Successor Servicer must notify the Authority in the subsequent monthly report. Under no circumstances shall the Authority provide additional Loss Reserve Contributions for an Enrolled Loan whose loan term has changed, nor will the Authority extend the time for which a claim may be filed beyond the fifteen (15) years set forth in Section 10091.8(m).
- (e) If a PFI or PFL has a change of servicer of an Enrolled Loan, without selling the Enrolled Loan, the PFI or PFL shall notify the Authority at least ten (10) business days prior to the new entity assuming servicing of the Enrolled Loan(s). Such notification should include the date on which the change in servicing shall be effective and contact information for the new servicer.
- (f) If a PFI, PFL, or Successor Servicer charges off an Enrolled Loan, the PFI, PFL, or Successor Servicer shall notify the Authority within sixty (60) calendar days pursuant to Section 10091.9(b).

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(8)(A), 26003(a)(6),  
and 26040, Public Resources Code

**§10091.12. Sale of Enrolled Loans.**

A PFI or PFL may sell an Enrolled Loan or portfolio of Enrolled Loans at its discretion.

- (a) A PFI or PFL may, in conjunction with the sale of Enrolled Loans, collaterally assign rights to proceeds from the Loss Reserve Account associated with those Enrolled Loans. In such cases, the PFI or PFL shall:
  - (1) retain all reporting obligations relative to participation in the Program as set forth in Section 10091.11, unless a new servicer has agreed to do so pursuant to subsection (b) below;
  - (2) remain the sole entity that can file a claim for reimbursement from the loss reserve pursuant to Section 10091.9, unless a new servicer has agreed to do so pursuant to subsection (b) below; and
  - (3) report the collateral assignment to the Authority within three (3) business days.
- (b) A PFI, PFL, Eligible Financial Institution, or Eligible Finance Lender approved to be a Successor Servicer pursuant to subsection (c) below may also assume new servicing responsibility for existing Enrolled Loans. In such cases:
  - (1) The original PFI or PFL will report the change in servicing to the Authority at least ten (10) business days prior to the transfer of servicing. Such notification shall include a listing of all Enrolled Loans subject to the transfer.
  - (2) After notification pursuant to Section 10091.12(b)(1) above, and prior to the transfer of Loss Reserve Contributions for all listed Enrolled Loans, the new servicer shall notify the Authority in writing that it agrees to assume the reporting obligations for the Enrolled Loan(s) pursuant to Section 10091.11, and will be responsible for filing any claims pursuant to Section 10091.9.
  - (3) The Authority will instruct the Trustee to transfer the corresponding Loss Reserve Contributions for the purchased Enrolled Loan(s) from the original PFI's or PFL's Loss Reserve Account to the Loss Reserve Account of the new PFI, PFL, or Successor Servicer.
- (c) An Eligible Financial Institution or Eligible Finance Lender seeking to become a Successor Servicer will submit an enrollment application to the Authority that includes the following in a form to be specified by the Authority:
  - (1) Name and address of the Eligible Financial Institution or Eligible Finance Lender.
  - (2) Name, business address, business telephone number, e-mail address, and title of contact person.
  - (3) Type of Eligible Financial Institution or Eligible Finance Lender, denoting insured depository institution, insured credit union, community development financial institution, or California Finance Lender.
  - (4) Names of the regulatory agency and the insuring agency to which the Eligible Financial Institution or Eligible Finance Lender is accountable and license number(s), if applicable.

- (5) Certification that the Eligible Financial Institution or Eligible Finance Lender is not subject to a cease and desist order or other regulatory sanction from the appropriate federal or state regulatory body, which would impair its ability to participate in the Program.
- (6) The Eligible Financial Institution or Eligible Finance Lender's agreement to follow the Program regulations as set forth in this Article.
- (7) The Eligible Financial Institution or Eligible Finance Lender's agreement to permit an audit, by the Authority, 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.
- (8) The Eligible Financial Institution or Eligible Finance Lender's acknowledgment that the Authority and the State will have no liability to it under the Program except from funds deposited in its Loss Reserve Account(s) pursuant to Section 10091.12(b)(3) above.
- (9) An acknowledgement and agreement that these regulations constitute a lender services agreement.
- (10) The Eligible Financial Institution or Eligible Finance Lender's agreement to and acknowledgement of the following, upon enrollment in the Program:
  - (A) The Successor Servicer is solely responsible for identifying and making any and all disclosures and providing periodic reports to its borrowers as required under applicable laws.
  - (B) The Successor Servicer shall comply with all applicable laws, possess and maintain all required state and federal licenses, and remain in good standing with all governmental authorities having jurisdiction over its business.
  - (C) The IOUs are third-party beneficiaries of the lender services agreement and may pursue their rights against the Successor Servicer individually. Alternatively, any IOU may, in its sole discretion, authorize CAEATFA or another IOU to pursue such rights (including by instituting legal proceedings or alternative dispute resolution proceedings) on its behalf.
  - (D) The Successor Servicer shall indemnify, defend and hold harmless CAEATFA, each of the IOUs, their affiliates, and each of their respective officers, directors, employees, agents, and representatives from and against any and all losses arising in connection with any claim:
    - (i) resulting from the negligent or unlawful acts or omissions, or willful or tortious conduct of Successor Servicer, including any failure of the Successor Servicer, or its agents, to comply with applicable laws in connection with Enrolled Loans;
    - (ii) resulting from any error or omission by the Successor Servicer or any third party in the calculation or presentation of Enrolled Loan-related interest, fees and charges, the receipt and processing of payments received from Borrowers, or any collection or enforcement action;
    - (iii) alleging any misrepresentation with respect to the energy savings to be achieved in connection with a Enrolled Loan, or any failure



Loans that were enrolled prior to such notice and the reason for the PFI's or PFL's withdrawal from the Program.

- (b) For any such notice received pursuant to Section 10091.13(a)(1), the remaining balance in the PFI, PFL, or Successor Servicer's Loss Reserve Account(s) shall be distributed to the appropriate IOU-Program Holding Account(s).
- (c) The Executive Director shall be authorized to terminate participation of a PFI, PFL, or Successor Servicer 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, PFL, or Successor Servicer by a regulatory agency that may impair its ability to participate in the Program; or
  - (2) Failure of the PFI, PFL, or Successor Servicer 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 (1) year; or
  - (4) Failure of the Successor Servicer to undertake servicing of any Enrolled Loans purchased pursuant to Section 10091.12 for a period of one (1) year; or
  - (5) Failure of the PFI, PFL, or Successor Servicer to report to the Authority pursuant to Section 10091.11 for sixty (60) calendar days.
  - (6) Provision of false or misleading information regarding the PFI, PFL, or Successor Servicer to the Authority, or failure to provide the Authority with notice of material changes in submitted information regarding the PFI, PFL, or Successor Servicer.
  - (7) In the event of such termination, the PFI, PFL, or Successor Servicer shall not be authorized to enroll any further Eligible Loans, but all previously Enrolled Loans shall continue to be covered by the Loss Reserve Account(s) until they are paid, claims are filed, or the PFI, PFL, or Successor Servicer withdraws from the Program pursuant to Section 10091.13(a).
    - (A) A terminated PFI, PFL, or Successor Servicer must continue to report on Enrolled Loans pursuant to Section 10091.11.
    - (B) If a terminated PFI, PFL, or Successor Servicer fails to report to the Authority pursuant to Section 10091.11 for sixty (60) calendar days, the remaining balance in the PFI, PFL, or Successor Servicer's Loss Reserve Account(s) may be distributed to the appropriate IOU-Program Holding Account(s).

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(8)(A), 26003(a)(6),  
and 26040, Public Resources Code

#### **§10091.14. Reports of Regulatory Agencies.**

The Executive Director shall be authorized to seek information directly from any federal or state regulatory agency concerning any PFI, PFL, Successor Servicer, or ~~Qualified~~Participating Contractor participating in the Program.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code

#### **§10091.15. California Hub for Energy Efficiency Financing Privacy Rights Disclosure.**

The Borrower will be required to provide a contact number and ~~sign affirming~~affirm that he or she has read and acknowledges the following privacy rights disclosure in a form to be specified by the Authority:

State and federal laws ~~protects~~protect the Borrower's right to privacy regarding information pertaining to you. As a result of your participation in an energy efficiency financing program, as approved by the California Public Utilities Commission (CPUC) and administered by the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA"), CAEATFA may come into possession of some or all of the following information:

- (a) Information disclosing the fact that you are a customer of the lender.
- (b) The loan or account number associated with the loan.
- (c) Name, address, social security number, and contact information.
- (d) Financial status and underwriting criteria, including but not limited to credit scores.
- (e) The amount of and terms for repayment of the loan.
- (f) Information regarding your loan payment history.
- (g) The equipment or improvements funded with the proceeds of the loan.
- (h) Service agreement number on your utility bill, monthly energy use and utility account payment history.
- ~~(i) Usernames and passwords.~~
- (i) Energy savings data from your project.

The information may be provided by your lender to CAEATFA or a contractor acting on its behalf. The information ~~will~~may be combined with energy usage information provided by your utility.

The information provided to CAEATFA may be released to the Investor-Owned Utilities, (IOUs), other state agencies, and the federal government pursuant to contracts, 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. Information that cannot be anonymized and aggregated will not be released to the public.

In addition to the anonymized and aggregated release of information contemplated above, CAEATFA may contact Borrowers or may release individual Borrower names, addresses and phone numbers that will enable CAEATFA, the IOUs or CPUC or individuals acting on their behalf to contact Borrowers. The purpose of the release and contact will be limited to inviting Borrowers to participate in surveys or to arrange visits to Borrowers' homes to evaluate various aspects of the Program.

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.

Authority: Section 26009, Public Resources Code  
Reference: Sections 26003(a)(3)(A), 26003(a)(6), 26003(a)(8)(A)  
and 26040, Public Resources Code