

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

Meeting Date: Tuesday, February 16, 2016

***Discussion and Consideration of Emergency Regulations for the
Residential Energy Efficiency Loan (REEL) Assistance Program***

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Request. Staff requests approval to adopt the Residential Energy Efficiency Loan (“REEL”) Assistance Program regulations under the regular rulemaking process, with some modifications that will improve the program’s implementation without substantially changing the program design.

Background. On February 17, 2015, the Board approved the initial REEL Assistance Program (“Program”) regulations, under its regulatory authority and pursuant to its Memorandum of Agreement (“MOA”) with the California Public Utilities Commission (“CPUC”). The MOA sets forth the policies and procedures for establishment of the California Hub for Energy Efficiency Financing (“CHEEF”), a series of ratepayer-funded pilot programs as authorized and described in the CPUC-approved Decision 13 09 044, Decision Implementing 2013-14 Energy Efficiency Financing Pilot Programs (the “Decision”), issued September 20, 2013. The regulations were initially adopted and made effective for 180 days through the emergency rulemaking process on March 9, 2015. Amended regulations were approved by the Board on August 18, 2015 and readopted for two additional 90-day periods beginning on September 9, 2015, and December 8, 2015.

CAEATFA must complete the regular rulemaking process and submit its certificate of compliance to the Office of Administrative Law (“OAL”) by March 7, 2016, in order for the REEL Assistance Program regulations to remain in effect.

Regular Rulemaking Process. CAEATFA staff identified several initial modifications to the regulations approved by the Board on August 18, 2015, in response to lessons learned during early implementation. Staff’s proposed regulatory text was noticed and published in the California State Notice Register on October 30, 2015. CAEATFA held a workshop after the end of the 45-day public comment period on December 15, 2015, and received no public comments on the proposed regulations.

In response to additional experience in early Program implementation establishing Program operations, , CAEATFA released a modified version of the proposed regulations for a 15-day comment period from January 6, 2016, through January 21, 2016. CAEATFA received no public comments during this period.

The regulation text in Attachment A reflects the modifications to the regulations that were provided to the public during the 15-day public comment period. Conversely, the summary of

the modifications below reflects changes to the text approved by the Board on August 18, 2015; specifically, the changes made prior to both the 45-day and 15-day public comment periods. Attachment C reflects the current text of regulations marked to show changes from the text last approved by the Board.

Summary of the Proposed Regulations. The following section will provide a high-level summary of each section of the proposed regulations for the REEL Assistance Program. Each summary will be followed by a closer examination of the changes that have been made to each section since the emergency regulations were last before the Board in August 2015.

These proposed regulations include updates to incorporate lessons learned in early implementation and stakeholder feedback received since the last Board approval. During the early implementation and lender onboarding processes, CAEATFA discovered new methods of streamlining program participation and administration. Staff incorporated less burdensome ways to administer the program, such as standardized program identifiers and project data tracking requirements, into the proposed regulations. Additionally, implementation issues raised internally and by stakeholders, as well as new Program data tracking needs and incorporating the ability to partially enroll a loan, required updates to and clarification of the regulatory text.

§10091.1: Definitions

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

Summary of Changes:

- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan**
Credit enhancement funds must support a portion of a loan that funds improvements of which at least 70% are Eligible Energy Efficiency Measures (“EEEMs”), and cannot credit-enhance solar or other distributed generation (“DG”) improvements. In common practice, borrowers and lenders generally prefer to finance a single home renovation project that includes energy efficiency measures as well as solar or other home improvements that may exceed the 30% portion of the installed improvement (“Claim-Eligible Principal Amount”). In 2015, the CPUC updated the Decision to rule that a loan may be partially covered by the Program, thus allowing more measures to be financed by an enrolled loan that would otherwise be ineligible or exceed the 30% portion that may be credit-enhanced. The definition of Claim-Eligible Principal Amount was developed to clarify the amount of a loan that can be credit-enhanced from which the lender may make a claim (§10091.1(f)), as well as the definition of the Total Loan Principal Amount (§10091.1(oo)).
- **Defined a “Finance-Only Project” to clarify requirements for projects that do not receive rebates from the utilities, RENs or CCAs**
Staff developed this definition to accommodate the Decision’s guidance regarding flexibility for borrowers to participate in IOU rebate or incentive programs. In

collaboration with CPUC Staff, the requirements for projects not included in an IOU rebate or incentive program were clarified, and the definition of “Finance-Only Project” added to clarify this distinction between the two pathways (§10091.1(w)).

- **Defined specific program identifiers and concepts related to project eligibility to increase enrollment process clarity and ease data tracking.**

Staff defined terms for specific identifiers to increase clarity on Program forms and during the lender enrollment, loan enrollment, loan sale, and claims processes (§10091.1(e), (gg), (ii)). These identifiers will allow for more effective data tracking in the Program and in additional CHEEF pilot programs as they are launched. Terms relating to EEEMs were defined to clarify project invoicing requirements, and correspond to the EEEMs portal (§10091.1(m-o)).¹ Staff incorporated these edits based on early implementation experience.

§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.

Insured depository institutions, insured credit unions, and community development financial institutions (collectively “financial institutions”) may enroll to participate in the Program. Finance lenders may also enroll in the Program provided they are licensed by the California Department of Business Oversight and meet additional requirements that are described in §10091.3.

The Program is able to leverage an existing, strong regulatory framework to simplify the requirements and application process for financial institutions.

Summary of Changes:

- **Defined specific program identifiers to increase clarity and ease data tracking.**
The lender application now requires the lender to indicate that they are applying to participate in the REEL Assistance Program (§10091.2(a)(3)).
- **New forms and documentation requirements are reflected for consistency.**
CAEATFA staff created an Itemized Invoice form to ease the evaluation of loan eligibility and compliance with Program guidelines, and to more effectively gather data the CPUC requires to evaluate the effectiveness of the pilot programs (§10091.8). This section now reflects the PFI/PFL’s agreement to use the standard Itemized Invoice form,

¹ The EEEMs portal is a web page put together by the IOUs that hosts a searchable list of all the EEEMs. To use the EEEMs portal, users enter their utility customer type (residential, multifamily, or commercial) and their gas and electric service providers, and the portal generates a list of the measures that are eligible for a project with those parameters. The EEEMs portal can be found at: <http://eeems.azurewebsites.net/>

the understanding that the PFI/PFL will be handling Borrower utility bills as part of their participation in the Program, and to clarify the process by which the PFI/PFL designates its authorized Program signatories (§10091.2(a)(16)).

§10091.3: Additional Requirements for Finance Lenders

This section describes additional eligibility criteria and responsibilities for Finance Lenders under the Program. Stakeholder feedback requested accommodation of the wider range of lender types participating in the EE financing market, and the goal of incentivizing lenders who are not already in the market to join the Program. Many lenders that are financing energy efficiency are specialty lenders which are not regulated depositories.

However, since finance lenders are not subject to the same level or regulatory oversight as financial institutions, Staff included additional requirements as safeguards, modeled after requirements for participation in similar federal programs such as the U.S. Department of Housing and Urban Development requirements for lender participation in the PowerSaver program.

Summary of Changes: No substantive changes were made to this section since the Board approved the re-adoption of the emergency regulations in August 2015.

§10091.4: Loan Eligibility and Minimum Underwriting Criteria

This section lays out the minimum and maximum 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 Decision—to allow PFIs and PFLs the flexibility to broaden access to financing to a wider set of borrowers while mitigating risk. Criteria subject to this section include the maximum Claim-Eligible Principal Amount, the Borrower’s FICO score and DTI ratio, and the financing terms initially described by the lender in its application to participate in the Program.

Summary of Changes:

- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The new loan terminology discussed above in Section 10091.1 was incorporated in this section (§10091.4) to clarify for lenders what is eligible in an Enrolled Loan and what of that Enrolled Loan will be eligible for a claim under the Program. This accommodates the Program’s ability to partially enroll a loan.
- **Borrower eligibility for Borrowers with no FICO score**
Edits were also made at this point to align the regulations with CAEATFA’s original intent so that any Borrower with no FICO score and no instance of unexplained derogatory credit would be eligible to receive an Eligible Loan, regardless of whether their income is Low-to-Moderate (§10091.4(e)(2)).

§10091.5: Contractor Qualification and Management

This section lays out the process by which Contractors participate, the criteria they must meet, and their responsibilities while participating in the Program. It was designed to accommodate a wide variety of appropriately licensed contractor participants, ideally enabling an appropriate and broad pool of contractor participant. To be eligible, a Qualified Contractor must:

- (a) Hold an active license with the California Contractors State License Board (“CSLB”) to conduct the work that he or she performs;
- (b) Carry and maintain a commercial general liability policy or policies of not less than \$1,000,000 per occurrence. If the policy maintains a policy aggregate, such aggregate shall not be less than twice the occurrence limit;
- (c) Complete a mandatory training on Program rules and procedures; and
- (d) Agree to audits, project field verifications, and other various provisions and certifications.

Summary of Changes:

- **“Authorized signatories” for Qualified Contractors were introduced**
In response to informal stakeholder feedback received during the early implementation process, staff incorporated the concept of “authorized signatories” to accommodate contractor business models in which one or more designated staff handle financing and administrative paperwork (§10091.5(a)(4)).

§10091.6: Establishment and Funding of Loss Reserve Accounts

This section explains the process by which each PFI’s and PFL’s Loss Reserve Accounts will be established and funded under the Program by CAEATFA’s contracted Trustee Bank.

Summary of Changes:

- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The new loan terminology discussed above in Section 10091.1 was incorporated in this section (§10091.6). These edits add clarity so that PFIs and PFLs can determine the amount of their loans that will be claim-eligible and how those amounts relate to their Loss Reserve Account balance.
- **Clarified the flow of funds when funding a Loss Reserve Account.**
Edits were also made to better reflect how the funding process will flow between PFI’s and PFL’s Loss Reserve Accounts (§10091.6(b)(1)).

§10091.7: Optional Loss Reserve Reservation and Project Pre-Approval

In an effort to absorb the complexity of the Program and provide PFIs and PFLs with more certainty regarding funding availability and proposed project eligibility, Staff developed optional reservation and project pre-approval processes. The reservation processes will allow PFIs and

PFLs to submit requests to set funding aside for loans that they will submit for later enrollment in the Program.

The project pre-approval will allow PFIs and PFLs to submit a proposed project to the Authority prior to closing the loan. Upon receipt of a pre-approval request, the Authority will conduct a preliminary eligibility check. If the proposed project meets program requirements, loss reserve funds will be set aside for the project's future enrollment in the Program.

Summary of Changes:

- **Defined specific program identifiers and concepts related to project eligibility to increase clarity during the lender enrollment process and ease data tracking.**
The edits described above in Section 10091.1 were made in Section 10091.7 as well, for both increased clarity and consistency.
- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The new loan terminology discussed above in Section 10091.1 was incorporated in this section (§10091.7). These edits add clarity so that PFIs and PFLs can determine the amount of their loans that will be claim-eligible and how those amounts relate to their Loss Reserve Reservation or Project Pre-Approval.
- **Redesigned the process by which CAEATFA handles a rejected Project Pre-Approval with a valid Loss Reserve Reservation Request to streamline program implementation.**
Staff updated the process by which the Authority handles the scenario in which a Project Pre-Approval is rejected, but the related Loss Reserve Reservation is valid, to require the PFI or PFL to notify the Authority that it wishes to retain that Loss Reserve Reservation separately from the rejected Project Pre-Approval request. This process was streamlined to ease Program implementation (§10091.7(e)).
- **Clarified the requirements for gathering eligible project details to ensure that any project seeking a Project Pre-Approval meets the Program eligibility criteria.**
The requirements regarding the Itemized Invoice form were updated to reflect that the Itemized Invoice provided as part of an application for a Project Pre-Approval would be an estimate since work would not yet have been performed (§10091.7(b)(2)). Further edits were made to require the provision of a utility bill and Customer Data Release Form for the IOU(s) servicing the Eligible Property for each meter and fuel to establish Borrower Eligibility under the Program (§10091.7(b)(4), §10091.7(b)(6)).
- **Clarified the process for extending a Project Pre-Approval to align with CAEATFA's original intentions to allow for flexibility to increase deal flow.**
This section was edited to align with CAEATFA's original intent that both project pre-approvals and reservation requests can receive a 60-day calendar extension; previously, project pre-approvals were unintentionally excluded from receiving an extension. Language was added to clarify that in the case that a project pre-approval receives an

extension, the original EEEMs proposed on the estimate Itemized Invoice will remain valid when the loan is submitted for enrollment (§10091.7(g)(1)).

§10091.8: Loan Enrollment

After a PFI or PFL enrolls in the Program, it may submit loan enrollment applications on a rolling basis for any closed loans that satisfy Program requirements. The Authority will accept and review applications with documentation to include:

- (a) An application with data about the loan
- (b) An itemized invoice
- (c) A certificate of completion signed by the contractor and the borrower, or for self-installers, a Self-Installer Project Submission
- (d) A Customer Data Release Form
- (e) A signed California Hub for Energy Efficiency Financing Disclosure Form
- (f) A utility bill from the IOU(s) providing gas or electric service to the Eligible Property.

The Authority will have 10 business days to review loans submitted for eligibility, and upon enrolling a loan will instruct the trustee bank to transfer a loss reserve contribution to the PFI's or PFL's account.

Summary of Changes:

- **Updated requirements for tracking project data**
Several data points were added to accommodate modifications to Program operations and increase administrative effectiveness and document flow. For example, staff determined it was necessary to standardize the invoice information required for each project, to assist in Program administration and data consistency, and modifications were made to the form to mirror the changes in project data requested. The EEEMs portal's functionality has increased staff-received feedback from stakeholders that leveraging the EEEMs portal in the invoicing requirements would streamline the loan enrollment process. In order to leverage this functionality and more efficiently verify eligibility and collect and transmit data, staff created a new form, the Itemized Invoice, which specifically references the relevant portions of the EEEMs portal to make the invoice information requirements more clear (§10091.8(g)).
- **Defined specific program identifiers and concepts related to project eligibility to increase clarity during the lender enrollment process and ease data tracking.**
The edits described above in Section 10091.1 were made in Section 10091.9 as well, for both increased clarity and consistency.
- **Updated the data points required in the loan enrollment documents to provide more consistent information for program evaluation.**
Fields were added to the loan enrollment documentation to provide additional data points that will be used to more effectively evaluate and report on the Program, such as an indication whether the Borrower's bill payment history was used in making underwriting

decisions, specific rebate/incentive information, clarification regarding installation dates, and increased consistency with the Self-Installer Project Submission (§10091.8(d)). The Certificate of Completion was updated to reflect the incorporation of authorized signatories for Qualified Contractors (§10091.8(f)(2)). Energy modelling documentation requirements for Finance-Only projects were also inserted in response to recent guidance from CPUC staff (§10091.8(c)(7)).

- **Updated certifications to reflect changes made in the project requirements section.**
Contractor certifications on the Certificate of Completion were clarified to better represent the Qualified Contractor’s responsibility regarding each enrolled project. This was done so that the certifications would be consistent with the updated project requirements in Section 10091.10.
- **Updated the calculation of the Loss Reserve Contribution for comprehensive projects in split IOU territories to reflect updates to the EEEMs portal.**
The subsection describing how the Loss Reserve Contribution is determined for each Enrolled Loan was updated to reflect updates to how the IOUs will list measures that are part of comprehensive home retrofits on the EEEMs portal within split IOU territories (§10091.8(l)(1)(D)).
- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The new loan terminology was incorporated throughout this section to increase clarity for lenders regarding what parts of the Eligible Loan are eligible for a claim.
- **Clarified the requirements for the Customer Data Release Form and the Borrower’s utility bill to better align with the existing practices of the IOUs.**
Edits were made to the language describing the requirements for the utility bill and the Customer Data Release Form to better align with the way the IOUs’ will collect and release pre- and post- project energy consumption data. The edits are intended to streamline Program implementation by aligning utility bill and data release requirements with the manner in which the IOUs issue the bills to Borrowers and handle data release forms internally (§10091.8(c)).

§10091.9: Claims

The regulations specify the process for making a claim reimbursement when a PFI, PFL, or Successor Servicer charges off an Enrolled Loan. PFIs, PFLs, and Successor Servicers may submit claims to the reserve within 180 days of charging off an enrolled loan. The PFI or PFL must follow its standard business practices when charging off the loan and must notify CAEATFA of the charge-off within 60 days. The Program will reimburse up to 90% of the loss on the outstanding Claim-Eligible Principal Amount of the Enrolled Loan, using the funds available in the PFI or PFL’s loss reserve account.

Summary of Changes:

- **Require lenders to be in compliance with Program reporting requirements to receive a claim.**
Edits were made to specify that to be eligible to receive a claim, a PFI, PFL, or Successor Servicer must be in compliance with the Program's reporting requirements, to align with the Authority's original intentions for this section.
- **Defined specific program identifiers and concepts related to project eligibility to increase clarity during the lender enrollment process and ease data tracking.**
The edits described above in Section 10091.1 were made in Section 10091.9 as well, for both increased clarity and consistency.
- **Prepared for additional CHEEF pilots by clarifying that the first-year, first-claim guarantee is not additive when the lender is participating in multiple pilot programs.**
Anticipating the launch of additional CHEEF pilot programs, the language describing the claims process for early-stage losses during the first year of the PFI's, PFL's, or Successor Servicer's participation in the Program was clarified. The provision allowing the first claim made within the first year of participation in the Program to be made from the IOU-Program Holding Account, rather than the PFI's, PFL's, or Successor Servicer's Loss Reserve Account, is not additive when the PFI, PFL, or Successor Servicer is participating in more than one CHEEF pilot program (§10091.9(f)(1)(A)).
- **Clarified how the lender notifies the Authority of recoveries.**
Edits were also made to clarify that the PFI, PFL, or Successor Servicer must notify the Authority of any recoveries made subsequent to the submission of a claim application and must reimburse the Authority (§10091.9(d)).
- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The Claims section was revised to incorporate the new loan terminology. These edits are particularly important in the Claims section so that it is clear to PFIs, PFLs, and Successor Servicers what parts of an Enrolled Loan are eligible to be reimbursed under a claim.
- **Clarified the way in which claims are paid out when the original loss reserve contribution was funded by more than one IOU.**
Clarifying edits were also made to align the language describing how a claim is paid out from an Enrolled Loan that received its Loss Reserve Contribution from more than one IOU. The language was edited to align with the processes established by the Authority during the early implementation to reflect that the claim will be paid out at the same percentage at which each IOU originally contributed to the Loss Reserve Contribution.

§10091.10: Project Requirements

To be eligible for the Program, most projects must be performed by contractors who have been approved to participate in the Program. However, in instances where the project scope is less complex, self-installation is permitted consistent with existing IOU or REN rebate programs. Contractors and Borrowers will be required to ensure that all applicable permits have been obtained, and that the project has been completed in compliance with all other applicable laws.

The Program leverages existing structures and expertise by developing project requirements that draw from the IOUs' Home Upgrade and Advanced Home Upgrade program on combustion appliance safety and combustion appliance zone testing. Staff believes that this requirement appropriately addresses safety needs without over-burdening potential participants to an extent that inhibits deal flow.

Pursuant to the Decision, the Qualified Contractor will also be required to provide the Borrower with a Bill Impact Estimate to inform them of potential energy cost savings resulting from the project. Staff collaborated with the CPUC and the IOUs to develop a standardized estimate that can be provided to the Borrower in the absence of modeled energy savings, where allowed by the measure specifications.

As a method for ensuring the proper use of ratepayer funds, the regulations establish a pathway to confirm that projects going through the Program are completed in compliance with the regulations. CAEATFA will competitively select a Contractor Manager to assist in conducting field verifications on projects that do not participate in an IOU or REN rebate/incentive program. Projects where a CAS/CAZ test was required will be inspected at a higher frequency than projects that did not require a CAS/CAZ test.

Summary of Changes:

- **Clarifying the requirements for Finance-Only Projects to provide a more transparent set of project requirements.**
Updates were made prior to releasing the regulations for the 15-day public comment period to better explain which rebate and incentive program requirements will apply to Finance-Only Projects (§100091.10(b)).
- **Clarifying the scope of the field verifications to better align with the new loan terminology.**
The description of the field verification process was updated to specify that the scope will be to verify the Eligible Improvements of projects funded by Eligible Loans. This edit was made in response to the CPUC's decision to allow for loans to have a higher Total Principal Amount than Claim-Eligible Principal Amount, so as to ensure the proper use of ratepayer funds and prevent the use of ratepayer funds for inspecting aspects of the project that are not Eligible Improvements. (§100091.10(i))

§10091.11 Reporting

CAEATFA will require that PFIs, PFLs, and Successor Servicers provide a monthly report to the Authority by the 5th day of the following month. The reported information will assist the Authority in determining the status of the outstanding Enrolled Loan portfolio, evaluating potential risks for charge-offs, and assessing whether loss reserve adjustments are necessary. For each Enrolled Loan, the monthly report will include information such as the outstanding Total Loan Principal Amount and delinquency status.

On an annual basis, PFIs, PFLs, and Successor Servicers must provide a report to the Authority on any material changes to information or certification provided in their initial application to the Authority, or indicate that the application remains materially unchanged.

Summary of Changes:

- **Updated the data points required in the monthly report to provide more consistent information for program evaluation.**
Reporting requirements were updated to require PFIs, PFLs, and Successor Servicers to report on any changes in maturity dates of Enrolled Loans, the date(s) of charge-off for any Enrolled Loans, and the amount of any recoveries or proceeds from charged-off Enrolled Loans. Other required data points in the PFI's, PFL's, or Successor Servicer's monthly reports were clarified to be more internally consistent (§10091.11(a)).
- **Defined specific program identifiers and concepts related to project eligibility to increase clarity during the lender enrollment process and ease data tracking.**
The edits described above in Section 10091.1 were made in Section 10091.7 as well, for both increased clarity and consistency.
- **Updated the due date of the monthly report to allow for the information in that report to be available for evaluation by the Authority in a timelier manner.**
The due date for the monthly report was updated from the 15th day of the following month to the 5th day of the following month, which will allow the Authority to review the data the following month, rather than two months later. (§10091.11(a))
- **Clarified the difference between the claim-eligible portion of a loan and the enrolled loan.**
The new loan terminology discussed above in Section 10091.1 was incorporated in this section (10091.11). These edits add clarity so that PFIs and PFLs can determine the amount of their loans that will be claim-eligible and how those amounts relate to their Loss Reserve Reservation or Project Pre-Approval. These edits are particularly useful in this section so that it is clear to PFIs, PFLs, and Successor Servicers as to which data points they are required to submit on a monthly basis under the Program (§10091.11(a)).

§10091.12 Sale of Enrolled Loans

To accommodate the secondary market and increase the ability to leverage private capital in the market, the Program will allow PFIs and PFLs to assign their loan loss reserve rights to investors who have purchased Enrolled Loans. The regulations also allow another financial institution or finance lender to assume the responsibilities for reporting and submitting claims to CAEATFA after being approved as a “Successor Servicer” through a streamlined process. By allowing this flexibility in lending structures, Staff believes that the Program will support a market-based approach that will have a long-term impact on the availability, affordability, and self-sustainability of energy efficiency loan products.

Summary of Changes: No substantive edits have been made to this section since the regulations were last before the Board in August 2015.

§10091.13 Termination and Withdrawal

The Authority understands that PFIs, PFLs, and Successor Servicers, for whatever reason, may wish to withdraw their participation from the REEL Assistance Program. The section allows PFIs, PFLs, and Successor Servicers to choose between two different options for withdrawal: to waive any further interest in the Loss Reserve Accounts, or to not enroll any further loans under the Program while the Loss Reserve Accounts shall continue in existence to secure all previously Enrolled Loans.

This section also lays out the reasons for and processes by which a PFI, PFL, or Successor Servicer may be removed from the Program by the Authority, such as a failure to comply with Program requirements or a failure to enroll an eligible loan within a year of participating in the Program.

Summary of Changes: No substantive edits have been made to this section since the regulations were last before the Board in August 2015.

§10091.14 Reports of Regulatory Agencies

This section authorizes the Executive Director to seek information directly from any federal or state regulatory agency concerning any PFI, PFL, Successor Servicer, or Qualified Contractor participating in the Program.

Summary of Changes: No edits have been made to this section since the regulations were last before the Board in August 2015.

§10091.15: California Hub for Energy Efficiency Financing Privacy Rights Disclosure

This section details the CHEEF Privacy Rights Disclosure that Borrowers are required to sign for submission as part of the loan enrollment application, as described in Section 10091.8. The

disclosure enumerates the data that may be received by CAEATFA in administration of the Program, as well as what CAEATFA may do with that information.

Summary of Changes:

- **Streamlining the CHEEF Privacy Disclosure to prepare for the launch of additional CHEEF pilot programs.**
Language in the disclosure that referred specifically to the REEL Assistance Program was modified to allow the same disclosure to be used for the other CHEEF pilot programs as they are launched (§10091.15).
- **Clarifying the types of information the Authority may receive and how long the Authority will retain that data to better reflect process.**
Updates were made to clarify what contact information may be received by the Authority through the Program. The disclosure's representation of how long the information will be retained by the Authority was edited to reflect State record retention requirements, and to more accurately describe data sharing under the Authority's contract with the IOUs and CPUC (§10091.15).

Tentative Timeline

All of the dates below are tentative and subject to change.

February 17, 2015	CAEATFA Board approved the initial REEL Assistance Program regulations.
August 18, 2015	CAEATFA Board approved proposed modifications to the REEL Assistance Program regulations.
February 16, 2016	CAEATFA Board reviews and approves proposed REEL Assistance Program regulations.
February 18, 2016	Regulations are submitted to the Office of Administrative Law (OAL) for review. OAL has 30 calendar days to review the regulations.
30 business days after date above	OAL's decision deadline for the adoption of the regulations for the REEL Assistance Program. Regulations become effective after filing with the Secretary of State.

Recommendation. Staff recommends adoption of a resolution to approve the proposed modifications to the regulations for the REEL Assistance Program and the authorization of Staff to undertake rulemaking proceedings and other actions related to promulgation of the regulations.

Attachments:

- Attachment A – Proposed Text of Regulations. Blue underline or ~~red-strikethrough~~ denote the changes proposed compared to the text initially approved by the CAEATFA Board on August 18, 2015 and currently enacted.
- Attachment B – Proposed Text of Regulations. *Blue italic* or ~~red-strikethrough~~ denote the changes proposed compared to the text initially submitted to OAL with the Initial Statement of Reasons on October 30, 2015.

**RESOLUTION OF THE CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY APPROVING REGULATIONS AND
OTHER RELATED ACTIONS TO IMPLEMENT THE RESIDENTIAL ENERGY
EFFICIENCY LOAN ASSISTANCE PROGRAM**

February 16, 2015

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority ("Authority") is authorized by California Public Resources Code Section 26009 to adopt regulations to implement and make specific the statutory provisions governing the Authority; and

WHEREAS, the Authority has determined that, under its Memorandum of Agreement with the California Public Utilities Commission and its contract with the investor-owned utilities to serve as the manager of the California Hub for Energy Efficiency Financing, it is necessary to adopt regulations to implement the Residential Energy Efficiency Loan Assistance Program (the Program).

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority as follows:

Section 1. The proposed form of Regulations, on file with the Authority, is hereby approved. The Chair, Executive Director and Deputy Executive Director are hereby authorized to file the Regulations, with the supporting documentation required by law, with the Office of Administrative Law as regulations in the form currently on file with the Authority.

Section 2. The Chair, Executive Director and Deputy Executive Director are hereby authorized to proceed with the public notice and comment procedures required by California Rulemaking Law prior to submitting emergency and regular regulations to the Office of Administrative Law.

Section 3. The Chair, Executive Director and Deputy Executive Director of the Authority are hereby authorized to take necessary actions, including making any necessary changes to the Regulations to secure approval by the Office of Administrative Law, and to execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution.

Section 4. This resolution shall take effect immediately upon its approval.

Attachment A
Proposed Text of Regulations Compared to the Text Initially Approved
by the CAEATFA Board on August 18, 2015 and Currently Enacted

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.
- ~~(a) “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.~~
- (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 Qualified 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) “CSLB” means the California Contractors State License Board.
- (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) “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.
- (l) “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.
- (m) “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. A list of EEEMs will be accessible from the Authority’s website. The list of EEEMs shall include demand response measures to the extent that they are approved for energy efficiency rebates or incentives.

- (n) “EEEMs ID” means the unique identification number associated with an individual EEEM as assigned by the IOUs.
- (o) “EEEMs Measure Name” means the name associated with a particular EEEM as assigned by the IOUs.
- (p) “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.
- (q) “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).
- (r) “Eligible Improvements” means improvements made to Eligible Properties.
- (1) Eligible Improvements must be installed by Qualified Contractors, except as set forth in Section 10091.10(b)(1).
- (2) Eligible Improvements may include:
- (A) The installation of ~~Eligible Energy Efficiency Measures~~EEEMs as specified by the IOU(s) that provide(s) the Eligible Property with the corresponding gas and/or electric service.
- (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.
- (s) “Eligible Loan” means a loan or retail installment contract ~~or portion thereof~~ made by a Participating Financial Institution or Participating Finance Lender to a Borrower to finance Eligible Improvements on an Eligible Property.
- (1) The ~~portion of an~~ 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.
- (t) “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.
- (u) “Enrolled Loan” means an Eligible Loan approved by the Authority for enrollment in the Program pursuant to Section 10091.8.
- (v) “Executive Director” means the Executive Director of the Authority or her or his designee.
- (w) “Finance-Only Project” means an Eligible Loan financing Eligible Improvements for which no IOU, REN or CCA rebate or incentive will be sought.
- (x) “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) “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) “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.
- (cc) “Loss Reserve Reservation” means funds set aside in an IOU-Program Reservation Account at the request of a PFI or PFL in accordance with Section 10091.7.
- (dd) “Low-to-Moderate Income” or “LMI” means income at or below the current annual income limits as determined by the California Department of Housing & Community Development according to county and family size and adopted in Section 6932 of Division 1 of Title 25 of the California Code of Regulations.
- (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.
- ~~(aa) “Passive Measure” means an EEEM that does not directly use electricity or natural gas including, but not limited to, air sealing, duct sealing, insulation, and window replacements.~~
- ~~(bb)~~ (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.
- ~~(ee)~~ (ii) “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.
- (ij) “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.
- ~~(dd)~~ (kk) “Qualified Contractor” means an Eligible Contractor who has been approved to participate in the Program by the Authority pursuant to Section 10091.5.
- ~~(ee)~~ (ll) “Regional Energy Network” or “REN” means a Regional Energy Network authorized by the California Public Utilities Commission.
- ~~(ff)~~ (mm) “Self-Installer” means a Borrower who installs any EEEM that may be self-installed pursuant to Section 10091.10(b)(1).

~~(ggnn)~~ “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.

~~(hh)~~(oo) “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) “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.

~~(ii) — “Unique Program Identifier” or “Unique Program ID” means an identification number associated with a Borrower and/or Eligible Loan created by the Authority and provided to the PFI or PFL at the time of reservation, pre-approval, or enrollment of an Eligible Loan in the Program. The Unique Program ID will be used to identify the corresponding Eligible Loan in all subsequent correspondence between the PFI, PFL, or Successor Servicer and the Authority.~~

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

§10091.2. 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) An indication that the Eligible Financial Institution or Eligible Finance Lender is applying to enroll in the REEL Assistance Program.
 - (4) Type of financial institution or finance lender, denoting insured depository institution, insured credit union, community development financial institution, or finance lender.
 - (5) 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) 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) 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) 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) 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) 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)(89) 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)(67) above and any existing, similar loan product offered by the Eligible Financial Institution or Eligible Finance Lender.
- (11) An acknowledgement and agreement that these regulations constitute a lender services agreement.
- (12) 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) The Eligible Financial Institution's or Eligible Finance Lender's agreement to follow the Program regulations as set forth in this Article.
- (14) 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) 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) The Eligible Financial Institution's or Eligible Finance Lender's agreement to include in its loan documentation the following documents, 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, [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 Contractor.
- (17) 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) 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 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 in the calculation or presentation of Enrolled Loan-related interest, fees and charges, the receipt and processing of payments received from customers, or any collection or enforcement action;
 - (iii) alleging any misrepresentation 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) arising from the PFI's or PFL's failure or alleged failure to comply with the provisions of the regulations and/or its confidentiality or privacy obligations.
- (E) 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) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (19) 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) 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) 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.

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

§10091.3. 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) asserting the invalidity of these regulations, (ii) seeking to prevent the consummation of any of the transactions contemplated by these regulations, or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Eligible Finance Lender of its obligations under these regulations.
 - (5) Due Experience. The Eligible Finance Lender has the experience and expertise to underwrite, originate, and service loans in accordance 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)(8)(A), 26003(a)(6),
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)(~~67~~)-(8), 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 ~~Eligible Energy Efficiency Measures~~ EEEMs as specified in Sections 10091.1-~~(j)(m)~~ and 10091.1-~~(m)(r)~~(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. ~~This grace period shall not apply to Project Pre-Approval requests.~~
- (2) No more than 30 percent of the proceeds may be used for ~~other~~additional related home improvements as described in Section 10091.1-~~(m)(r)~~(2)(B).
- (c) The Claim-Eligible ~~Loan~~Principal Amount shall not exceed \$50,000 per unit ~~off~~ 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 only a portion of an Eligible Loan is enrolled in the Program, only the portion of the loan that is enrolled is subject to the \$50,000 per unit cap.~~
- (2) ~~Where an Eligible Loan is underwritten without a FICO score, the \$35,000 cap shall apply to the entire loan Total Loan Principal Amount regardless of ~~whether the loan is partially enrolled.~~ 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.
- (2) Eligible Loans may also be provided to Borrowers with no FICO score ~~and Low-to-Moderate Income~~, provided they do not have any unexplained derogatory credit reports.
- (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 ~~an~~ 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)(8)(A), 26003(a)(6),
and 26040, Public Resources Code

§10091.5. Contractor Qualification and Management

- (a) To participate in the Program as a Qualified 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.
- ~~Contractors State License Board~~ ~~(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.
- ~~(A)~~ (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 Qualified Contractors; (iv) the Qualified 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 Qualified Contractor. The Authority's decision regarding enrollment shall be final. The Authority will notify the Qualified Contractor of its decision.
- (e) The Authority will add Qualified Contractors to a list that will be accessible from its website.
- (f) On an annual basis, the Authority may randomly select a sample of Qualified Contractors and conduct an audit to request updated proof of insurance, pursuant to Section 10091.5(a)(810) 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 Qualified Contractor, the Authority may suspend the Qualified 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 Qualified 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)(8)(A), 26003(a)(6),
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 ~~from the IOU-Program Reservation Account~~ to the appropriate corresponding Loss Reserve Account. If the Loss Reserve Contribution exceeds the Loss Reserve Reservation amount for the Eligible Loan, the remainder of the Loss Reserve Contribution will be transferred ~~from the IOU-Program Holding Account~~ to the Loss Reserve Account, provided funds are available.
- (c) On a quarterly basis, the Authority shall compare the balance of each Loss Reserve Account to the total of the outstanding principal of Enrolled Loans 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 ~~outstanding principal total of Enrolled Loans~~ the outstanding Claim-Eligible Principal Amounts to LMI Borrowers multiplied by 20% plus the ~~outstanding principal total of Enrolled Loans~~ the outstanding Claim-Eligible Principal Amounts to non-LMI Borrowers multiplied by 11%.
- (1) ~~For loans that are partially enrolled in~~ When the Program Total Loan Principal Amount of an Enrolled Loan is greater than the Claim-Eligible Principal Amount, the outstanding ~~principal amount~~ Claim-Eligible Principal Amount for the Enrolled Loans shall be calculated using the original proportion of the ~~total loan amount that is enrolled.~~ Claim-Eligible Principal Amount to Total Loan Principal Amount.

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

§10091.7. 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-~~assigned identification number~~ Participation ID.
- (2) Loan officer name, business telephone number and e-mail.
 - ~~(1) PFI or PFL loan identification number.~~
 - (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/PFL.
 - (4) Indication of whether the Borrower ~~is classified~~ qualifies as a Low-to-Moderate Income borrower as defined by Section 10091.1(~~*dd~~).
 - (5) The Program ID (Indication that Eligible Loan will be submitted for enrollment in the REEL Assistance Program).
 - (6) The anticipated Claim-Eligible ~~Loan~~Principal Amount.
 - (7) The anticipated Total Principal Amount.
 - (8) The name of the utility providing gas service to the Eligible Property, ~~if applicable.~~
 - (9) The name of the utility providing electric service to the Eligible Property, ~~if applicable.~~
 - ~~(8) (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).
~~A list of the proposed Eligible Improvements and the estimated costs for each in the manner~~ (2) An estimate Itemized Invoice as specified in Section 10091.8(~~e~~)(5g).
 - (3) The Qualified Contractor's name and ~~company name~~CSLB License Number, or an indication that the Eligible Improvements ~~were~~will be installed by a Self-Installer.
 - (4) An executed Customer Data Release Form provided ~~by~~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)~~ (6) 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 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(1) 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 ~~Unique Program CHEEF~~ Loan ID for the ~~proposed~~ 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 ~~notify the PFI or PFL. In this case, the PFI or PFL approve only the Loss Reserve Reservation request. The Authority~~ shall notify the ~~Authority~~ PFI or PFL within five (5) business days ~~whether it will withdraw the Loss-Reserve Reservation request or of its decision. If, after receiving such notice from the Authority, the PFI or PFL does wish to maintain it while it seeks to correct the issues that led to Loss Reserve Reservation, the rejection of PFI or PFL must inform the Project Pre-Approval request 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)(8)(A), 26003(a)(6),
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.
- (c) To enroll an Eligible Loan for a project completed by a Qualified 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, as described in subsection (f) below;
 - (3) an executed Customer Data Release Form ~~(if not already for each IOU providing service to the Eligible Property covering each meter and fuel provided pursuant to Section 10091.7), unless the Loan Enrollment Application indicates that the Customer Data Release Form was previously submitted;~~
 - (4) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15 ~~(if not already provided pursuant to Section 10091.7);~~
 - ~~(1) an itemized list of the Eligible Improvements described in sufficient detail to clearly identify the Eligible Energy Efficiency Measures, indicating whether measures are gas, electric, or without a fuel source, and the associated costs for each Eligible Improvement;~~
 - (5) an Itemized Invoice, as described in subsection (g) below; and
 - (6) a utility bill, for ~~the each~~ IOU servicing the ~~property at which~~ Eligible Improvements ~~will be installed.~~ Property covering each meter and fuel provided from within 60 days of the date the Loan Enrollment Application is being submitted for enrollment.
 - ~~(A) Where a property receives electric and gas service from two different IOUs, a utility bill from each IOU providing service must be submitted.~~
 - (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 by a Self-Installer, a PFI or PFL will submit the following documents to the Authority:
- (1) a Loan Enrollment Application, as described in subsection (e);
 - (2) a Self-Installer Project Submission, as described in subsection ~~(g)~~ (h);

- (3) an executed Customer Data Release Form (if not already for each IOU providing service to the Eligible Property and covering each meter and fuels provided pursuant to Section 10091.7), unless the Loan Enrollment Application indicates that the Customer Data Release Form was previously submitted;
- (4) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15 (if not already provided pursuant to Section 10091.7);
- ~~(2) — an itemized list of the Eligible Improvements described in sufficient detail to clearly identify the Eligible Energy Efficiency Measures, indicating whether measures are gas, electric, or without a fuel source, and the associated costs for each Eligible Improvement;~~
- (5) an Itemized Invoice, as described in subsection (g) below;
- (6) written proof of purchase for the Eligible Improvements, e.g., a receipt for the Eligible Improvements; and
- (7) a utility bill, for the each IOU servicing the property at which Eligible Improvements will be installed Property covering each meter and fuel provided, from within 60 days of the date the Loan Enrollment Application is being submitted for enrollment.
~~(A) Where a property receives electric and gas service from two different IOUs, a utility bill from each IOU providing service must be submitted.~~
- (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—assigned identification number 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—or Unique Program ID, 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).

- (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 ~~being enrolled.~~
- ~~(158)~~ Total Loan ~~amount, including both the portion being enrolled and the unenrolled portion~~ Principal Amount of the ~~loan-~~ Eligible Loan.
- (169) Type of the Eligible Loan (e.g. term loan, retail installment contract).
- ~~(17)~~ (20) Term and maturity date of the Eligible Loan.
- (218) Interest rate applicable to the Eligible Loan and whether it is fixed or variable.
- ~~(19)~~ (22) Date the interest rate for the Eligible Loan was finalized.
- ~~(20)~~ (23) Origination Date of the Eligible Loan ~~was originated.~~
- (244) First payment date.
- (225) Principal and interest payment amount.
- ~~(23) An indication if the Customer Data Release Form(s) has been previously submitted.~~
- ~~(24)~~ (26) Whether the Qualified Contractor or Borrower has received or will apply for an IOU or REN energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Qualified Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, and 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.
- (258) 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.
- (f) The Certificate of Completion shall be in a form specified by the Authority and shall include the PFI's or PFL's name ~~and~~, PFI's or PFL's Program ~~assigned~~ 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 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.
- ~~(A) The IOU account number(s) for the Eligible Property.~~
- (C) Whether the Qualified Contractor or Borrower has received or will apply for an IOU or REN energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Qualified Contractor or Borrower is

seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, 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 Contractor's name ~~and company name.~~

~~(F)~~ (E) The Qualified Contractor's CSLB License Number.

~~(G)~~ (G) ~~The date the Qualified Contractor began work on the Eligible Property.~~

~~(H)~~ (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.

~~(I)~~ (H) Where the Eligible Improvements required a Combustion Appliance Safety or Combustion Appliance Zone test pursuant to Section 10091.10(f), the following information from the Qualified Contractor or other individual performing the test:

~~Name and company~~ (i) Entity name.

(ii) Contractors State License Board license type(s) and number.

(iii) The Building Performance Institute certification type(s) and number, if applicable.

(iv) A list of IOU territories where the Qualified Contractor or individual performing the test is approved to participate in the Energy Upgrade California Home Upgrade Program and/or Advanced Home Upgrade Program, if applicable.

~~(J)~~ (I) An indication of whether the Borrower became aware of the financing offered through the Program from the Qualified 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 Contractor of the following:

~~He or she~~ (A) The contractor(s) who performed the work and completed the project is (are) licensed to perform the work for which related to installation of the Eligible ~~Loan is made and is a Qualified Contractor as identified in Section 10091.5.~~ Improvements.

(B) In addition to other project requirements, that the completed project also meets the following criteria:

(i) The improvements ~~installed are~~ 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.
 - (E) The Qualified Contractor provided the Borrower with a Bill Impact Estimate.
 - (F) Combustion Appliance Safety or Combustion Appliance Zone testing was completed and passed if required by the project.
 - (G) Certification that all of the information provided is true and accurate to the best of the signatory's/~~Qualified Contractor's~~ knowledge.
- (3) Certification from the Borrower of the following:
- (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 used to pay for Eligible Improvements.
 - (D) Authorization for the Qualified 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.
 - (F) The Qualified 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)(~~DC~~) 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 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 Contractor shall provide:
 - (A) The EEEMs ID.
 - (B) The EEEMs Measure Name.
 - (C) The quantity installed.

- (D) 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 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) 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 ~~and~~, PFI/PFL's Program ~~assigned~~ 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.
 - ~~(B) — The IOU account number(s) for the Eligible Property.~~
 - (C) Indication of whether the Self-Installer has received or will apply for an IOU or REN 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 incentive program.
 - (D) The dates ~~the measure project was installed on the Eligible Property~~ 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 ~~Eligible Energy Efficiency Measures~~ 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.
 - (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 ~~Eligible-Improvements~~EEEMs.
- (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 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)~~-ten~~ business days to enroll the Eligible Loan if the Executive Director determines that the Eligible Loan meets the requirements of this Article. The Executive Director's determination whether an Eligible Loan shall be enrolled in the Program shall be final.
- (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 ~~Enrolled Loan~~Claim-Eligible Principal Amount.
 - (B) For all other Enrolled Loans, the Loss Reserve Contribution shall be eleven percent (11%) of the principal amount of the ~~Enrolled Loan~~Claim-Eligible Principal Amount.
 - (C) Where the Borrower or Self-Installer has indicated that she or he will seek an IOU or REN rebate or incentive for the ~~Eligible Energy Efficiency Measures~~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)(~~DC~~) or on the Self-Installer Project Submission pursuant to Section 10091.8(~~gh~~)(1)(~~DC~~) for the purposes of calculating the Loss Reserve Contribution.
 - (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 ~~list of Eligible Improvements~~ Invoice as described in Section 10091.8(e)(5g), the Authority will calculate the percentage cost of gas EEEMs and electric EEEMs relative to the total EEEMs cost.
- (i) ~~For Passive Measures:~~
- a. ~~the percentage cost for gas and electric will be divided equally if the other EEEMs installed include both gas and electric EEEMs.~~
- b. ~~the percentage cost will be assigned solely to gas or electric consistent with the other measures if the other EEEMs installed include only gas or only electric EEEMs.~~
- (ii) These percentages will be applied to the Claim-Eligible Principal Amount to determine the Loss Reserve Contribution ~~to determine the amount contributed~~ 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 ~~Unique-Program~~ CHEEF Loan ID corresponding to the Eligible Loan, 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 ~~Enrolled Loan~~ 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)(8)(A), 26003(a)(6),
 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 ~~principal amount of an Enrolled Loan~~ Claim-Eligible Principal Amount prior to the liquidation of collateral, or realization on personal or other financial guarantees or from other sources.
- (1) ~~Where an~~ In the event that the Enrolled Loan ~~is received~~ a portion of a total loan, the calculation for claim reimbursement ~~will be based upon the proportion of~~ Loss Reserve Contribution that was funded by more than one IOU, losses are paid from the outstanding principal balance Loss Reserve Accounts at the ~~time of charge-off~~ attributable same percentage at which each IOU originally contributed to the ~~enrolled amount of the loan.~~ 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 ~~Enrolled~~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 ~~assigned identification number~~ Participation ID of the PFI, PFL, or Successor Servicer.
 - (2) Name, address, business telephone number and e-mail address of contact person.
 - ~~Unique Program~~(3) CHEEF Loan ID number of the Enrolled Loan.
 - ~~Original~~(4) An indication as to whether the Enrolled Loan is enrolled ~~principal amount of~~in the REEL Assistance Program.
 - (5) Original Claim-Eligible ~~Loan~~Principal Amount.
 - ~~(5)~~(6) Original Total Loan ~~amount, including both the enrolled and unenrolled portion of the loan~~Principal Amount.
 - ~~(6)~~(7) Outstanding ~~Claim-Eligible~~ Principal Amount at the time of charge-off.
 - ~~(7)~~(8) Outstanding Total Principal ~~Amount of~~ Amount.
 - (9) Charge-off ~~amount.~~
 - ~~(8)~~(10) Amount recovered.
 - ~~(9) Amount of claim.~~
 - ~~(10) Date of~~(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 ~~as Eligible~~-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 ~~Enrolled Loan~~. Claim-Eligible Principal Amount. The PFI, PFL, or Successor Servicer may retain recoveries that exceed reimbursements to ~~the IOU~~ 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 ~~Eligible~~ 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(kl)(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)(8)(A), 26003(a)(6),
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 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 ~~Eligible Improvements~~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) Except where work is performed by a Self-Installer, the contractor performing the work must be a Qualified 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) The Qualified Contractor must ensure all applicable permits and approvals have been obtained and must comply with all applicable laws for the work being performed.
- (e) The Qualified 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 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. 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.
- (g) 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) The Authority shall notify the Borrower at least ten (10) business days prior to conducting a field verification.
- (i) Field verifications may be completed on a random sample of projects that have not received an IOU or REN energy efficiency rebate or incentive for each applicable EEEM

installed. The frequency of the verifications shall depend on the Qualified 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 test pursuant to Section 10091.10, (f), 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 Contractor and funded by Enrolled Loans. Upon completing five (5) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Contractor's work according to Tier II as described in subsection (i)(1)(B) below.
 - (B) Tier II: The Authority shall verify the Eligible Improvements of twenty percent (20%) of projects performed by the Qualified Contractor and funded by Enrolled Loans. Upon completing twenty (20) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Contractor's work according to Tier III as described in subsection (i)(1)(C) below.
 - (C) Tier III: The Authority shall verify the Eligible Improvements of five percent (5%) of projects performed by the Qualified 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 Contractor of any issues that may need to be addressed. Upon the third such notice, the Authority shall begin verifying the Qualified Contractor's work according to the previous tier.
 - (2) For projects that do not require a Combustion Appliance Safety or Combustion Appliance Zone test, the Authority shall conduct field verifications on five percent (5%) of projects performed by the Qualified 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 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.
- (j) Except as set forth in subparagraph 1 below, if the Authority finds that the Eligible Improvements were not installed in accordance with these requirements or that the Qualified Contractor misrepresented information related to the work, the Authority may suspend the Qualified 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.

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

§10091.11. Reporting.

- (a) PFIs, PFLs, and Successor Servicers shall provide a monthly report to the Authority on the status of each Enrolled Loan by the 15th day of the following month.
- (1) These reports shall include the name and ~~identification number~~ Program Participation ID of the PFI, PFL, or Successor Servicer and the following information for each Enrolled Loan:
- ~~(A) — (A) The Unique Program ID number.~~
 - ~~The Enrolled CHEEF Loan amount~~ ID number.
 - ~~(C) The total loan amount, including both the portion being enrolled and the unenrolled portion of the loan.~~
 - ~~(D) The total amount of the loan~~ (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.
 - ~~(E) The delinquency~~ (F) Loan status-
 - ~~(F) Indication- including whether the Enrolled Loan has been a loan is current; 30, 60, or 90 days past due; paid in full; or charged off; and the date of charge-off.~~
 - ~~(G) (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 10091.1011, 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 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 or deficiency in the products, materials or work supplied to a Borrower in connection with an Enrolled Loan; and/or ;
- (iv) arising from the Successor Servicer’s failure or alleged failure to comply with the provisions of the regulations and/or its confidentiality or privacy obligations.

(E) The Successor Servicer 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, PFLs, or Successor Servicers, (iv) the PFI, PFL, or Successor Servicer’s marketing, and lending policies and practices, or (v) CAEATFA’s educational and outreach activities.

~~(iii) the qualification of PFIs, PFLs, or Successor Servicers, (iv) the PFI, PFL, or Successor Servicer’s marketing, and lending policies and practices, or (v) CAEATFA’s educational and outreach activities.~~

- (11) The application shall be signed by a person authorized to legally bind the Successor Servicer, and shall include the signatory’s printed name, title and date.
- (12) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory’s knowledge.
- (13) Eligible Finance Lenders seeking to enroll as a Successor Servicer must also submit evidence of compliance with or a certification that the Eligible Finance Lender meets the additional requirements specified in Sections 10091.3(a), (b), (e), (f), (g), and (gh).

(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 enroll the applicant as a Successor Servicer. The Authority’s decision regarding enrollment shall be final. The Authority will notify the Successor Servicer of its decision and provide a Program-assigned identification number for the Successor Servicer.

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

§10091.13. Termination and Withdrawal.

- (a) A PFI, PFL, or Successor Servicer may withdraw from the Program after giving written notice to the Authority. Such notice shall specify either:
- (1) That the PFI, PFL, or Successor Servicer waives any further interest in the Loss Reserve Account(s) and the reason for the PFI, PFL, or Successor Servicer's withdrawal from the Program (including for the reason that all Enrolled Loans covered by the Loss Reserve Account have been repaid or sold to a different PFI, PFL, or Successor Servicer's portfolio); or,
 - (2) That the PFI or PFL will not enroll any further loans under the Program but that the Loss Reserve Account(s) shall continue in existence to secure all Enrolled Loans that were enrolled prior to such notice and the reason for the PFI 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 Contractor participating in the Program.

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

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

The Borrower will be required to sign affirming 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 the Borrower’s right to privacy regarding information pertaining to you. As a result of your participation in ~~the Residential Energy Efficiency Loan Assistance~~ an energy efficiency financing program, as approved by the California Public Utilities Commission 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 ~~other~~ 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.

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

The information provided to CAEATFA may be released to the Investor Owned Utilities, 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.

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)(8)(A), 26003(a)(6),
and 26040, Public Resources Code

Attachment B
Proposed Text of Regulations Compared to the Text Initially Submitted to
the Office of Administrative Law with the Initial Statement of Reasons on
October 30, 2015

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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 Qualified 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.
- ~~(g)~~ (h) “Community Choice Aggregator” or “CCA” is defined in Section 331.1 of the California Public Utilities Code.
- (h) “CSLB” means the California Contractors State License Board.
- (i) “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.
- (j) “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.
- (k) “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.
- (l) “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. A list of EEEMs will be accessible from the Authority’s website. The list of EEEMs shall include demand response measures to the extent that they are approved for energy efficiency rebates or incentives.
- (m) “EEEMs ID” means the unique identification number associated with an individual EEEM as assigned by the IOUs.

- (no) “EEEMs Measure Name” means the name associated with a particular EEEM as assigned by the IOUs.
- (op) “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.
- (pq) “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).
- (qr) “Eligible Improvements” means improvements made to Eligible Properties.
- (1) Eligible Improvements must be installed by Qualified Contractors, except as set forth in Section 10091.10(b)(1).
 - (2) Eligible Improvements may include:
 - (A) The installation of ~~Eligible Energy Efficiency Measures~~ EEEMs as specified by the IOU(s) that provide(s) the Eligible Property with the corresponding gas and/or electric service.
 - (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.
- (rs) “Eligible Loan” means a loan or retail installment contract ~~or portion thereof~~ made by a Participating Financial Institution or Participating Finance Lender to a Borrower to finance Eligible Improvements on an Eligible Property.
- (1) The ~~portion of an~~ 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.
- (st) “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.
- (tu) “Enrolled Loan” means an Eligible Loan approved by the Authority for enrollment in the Program pursuant to Section 10091.8.
- (uv) “Executive Director” means the Executive Director of the Authority or her or his designee.
- (vw) *“Finance-Only Project” means an Eligible Loan financing Eligible Improvements for which no IOU, REN or CCA rebate or incentive will be sought.*
- (x) “Investor-Owned Utility” or “IOU” (collectively referred to as “IOUs²”) means Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, or Southern California Gas Company.
- (wy) “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.

- (~~xz~~) “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.
- (~~yaa~~) “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.
- (~~zbb~~) “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.
- (~~aaa~~) “Loss Reserve Reservation” means funds set aside in an IOU-Program Reservation Account at the request of a PFI or PFL in accordance with Section 10091.7.
- (~~bdd~~) “Low-to-Moderate Income” or “LMI” means income at or below the current annual income limits as determined by the California Department of Housing & Community Development according to county and family size and adopted in Section 6932 of Division 1 of Title 25 of the California Code of Regulations.
- (~~eee~~) “Participating Finance Lender” or “PFL” means an Eligible Finance Lender that has been approved by the Executive Director to participate in the Program.
- (~~ddf~~) “Participating Financial Institution” or “PFI” means an Eligible Financial Institution that has been approved by the Executive Director to participate in the Program.
- (~~egg~~) “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.
- (~~fff~~) “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.
- (~~ggi~~) “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.
- (~~hhj~~) “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.
- (~~ikk~~) “Qualified Contractor” means an Eligible Contractor who has been approved to participate in the Program by the Authority pursuant to Section 10091.5.
- (~~jll~~) “Regional Energy Network” or “REN” means a Regional Energy Network authorized by the California Public Utilities Commission.
- (~~klm~~) “Self-Installer” means a Borrower who installs any EEEM that may be self-installed pursuant to Section 10091.10(b)(1).
- (~~hnn~~) “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.

~~(mm)~~(oo) “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) “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),
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) An indication that the Eligible Financial Institution or Eligible Finance Lender is applying to enroll in the REEL Assistance Program.
 - (4) Type of financial institution or finance lender, denoting insured depository institution, insured credit union, community development financial institution, or finance lender.
 - (5) 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) 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) 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) 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) 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) 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)(89) 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)(67) above and any existing, similar loan product offered by the Eligible Financial Institution or Eligible Finance Lender.
- (11) An acknowledgement and agreement that these regulations constitute a lender services agreement.
- (12) 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) The Eligible Financial Institution's or Eligible Finance Lender's agreement to follow the Program regulations as set forth in this Article.
- (14) 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) 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) The Eligible Financial Institution's or Eligible Finance Lender's agreement to include in its loan documentation the following documents, 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, 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 Contractor.
- (17) 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) 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 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 in the calculation or presentation of Enrolled Loan-related interest, fees and charges, the receipt and processing of payments received from customers, or any collection or enforcement action;
 - (iii) alleging any misrepresentation 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) arising from the PFI's or PFL's failure or alleged failure to comply with the provisions of the regulations and/or its confidentiality or privacy obligations.
- (E) 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) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
- (19) 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) 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) 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.

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

§10091.3. 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) asserting the invalidity of these regulations, (ii) seeking to prevent the consummation of any of the transactions contemplated by these regulations, or (iii) seeking any determination or ruling that might materially and adversely affect the performance by the Eligible Finance Lender of its obligations under these regulations.
 - (5) Due Experience. The Eligible Finance Lender has the experience and expertise to underwrite, originate, and service loans in accordance 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)(8)(A), 26003(a)(6),
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)(7)(8), or any revised program details provided in a report to the Authority pursuant to Section 10091.11(b)(1).
- ~~(b)~~ *(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 ~~Eligible Energy Efficiency Measures~~ *EEEMs* as specified in Sections 10091.1(~~lm~~) and 10091.1(~~qr~~)(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. ~~This grace period shall not apply to Project Pre-Approval requests.~~
- (2) No more than 30 percent of the proceeds may be used for additional related home improvements as described in Section 10091.1(~~qr~~)(2)(B).
- (c) The *Claim-Eligible Loan Principal* Amount shall not exceed \$50,000 per unit ~~of~~ 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 ~~only a portion of an Eligible Loan is enrolled in the Program, only the portion of the loan that is enrolled is subject to the \$50,000 per unit cap.~~
- ~~(2)~~ ~~Where~~ an Eligible Loan is underwritten without a FICO score, the \$35,000 cap shall apply to the ~~entire loan~~ *Total Loan Principal* Amount regardless of ~~whether the loan is partially enrolled~~ *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.
- (2) Eligible Loans may also be provided to Borrowers with no FICO score ~~and Low-to-Moderate Income~~, provided they do not have any unexplained derogatory credit reports.
- (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 ~~in~~ *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)(8)(A), 26003(a)(6),
and 26040, Public Resources Code

§10091.5. Contractor Qualification and Management

- (a) To participate in the Program as a Qualified 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.
 - ~~(5)~~ 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.
 - ~~(6)~~ Certification that the Eligible Contractor has no outstanding judgments or liens.
 - ~~(7)~~ 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.
 - ~~(8)~~ 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.

- (910) 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.
- (1011) 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.
- (1112) 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.
- (1213) The Eligible Contractor's acknowledgement that the Authority and the State will have no liability to the Eligible Contractor under the Program.
- (1314) 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 Qualified Contractors; (iv) the Qualified 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 Qualified Contractor. The Authority's decision regarding enrollment shall be final. The Authority will notify the Qualified Contractor of its decision.
- (e) The Authority will add Qualified Contractors to a list that will be accessible from its website.

- (f) On an annual basis, the Authority may randomly select a sample of Qualified Contractors and conduct an audit to request updated proof of insurance, pursuant to Section 10091.5(a)(910) 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 Qualified Contractor, the Authority may suspend the Qualified 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 Qualified 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)(8)(A), 26003(a)(6),
 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(l)(1~~)(2)~~-(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 ~~from the IOU-Program Reservation Account~~ to the appropriate corresponding Loss Reserve Account. If the Loss Reserve Contribution exceeds the Loss Reserve Reservation amount for the Eligible Loan, the remainder of the Loss Reserve Contribution will be transferred ~~from the IOU-Program Holding Account~~ to the Loss Reserve Account, provided funds are available.
- (c) On a quarterly basis, the Authority shall compare the balance of each Loss Reserve Account to the *total of the* ~~principal of Enrolled Loans~~ *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 ~~outstanding principal total of Enrolled Loans~~ *the outstanding Claim-Eligible Principal Amounts* to LMI Borrowers multiplied by 20% plus the ~~outstanding principal total of Enrolled Loans~~ *the outstanding Claim-Eligible Principal Amounts* to non-LMI Borrowers multiplied by 11%.
 - (1) ~~For loans that are partially enrolled in~~ *When the Program Total Loan Principal Amount of an Enrolled Loan is greater than the Claim-Eligible Principal Amount,* the outstanding ~~principal amount~~ *Claim-Eligible Principal Amount for the Enrolled Loans* shall be calculated using the *original* proportion of the ~~total loan amount that is enrolled~~ *Claim-Eligible Principal Amount to Total Loan Principal Amount*.

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

§10091.7. 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/PFL.*
 - (4) Indication of whether the Borrower qualifies as a Low-to-Moderate Income borrower as defined by Section 10091.1(~~bbdd~~).
 - (5) *The Program ID* (Indication ~~of whether the~~ *that* Eligible Loan will be submitted for enrollment in the REEL Assistance Program-).
 - (6) The anticipated *Claim-Eligible Loan* *Principal* Amount.

- (7) The anticipated Total ~~loan~~*Principal* Amount.
 - (8) The name of the utility providing gas service to the Eligible Property, ~~if applicable.~~
 - (9) The name of the utility providing electric service to the Eligible Property, ~~if applicable.~~
 - (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 Qualified Contractor's name, ~~company name,~~ and CSLB License Number, or an indication that the Eligible Improvements ~~were~~*will be* installed by a Self-Installer.
 - (4) An executed Customer Data Release Form provided ~~by~~*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)~~ *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 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 ~~proposed~~-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 10091.8(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)(8)(A), 26003(a)(6),
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.
- (c) To enroll an Eligible Loan for a project completed by a Qualified 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, as described in subsection (f) below;

- (3) an executed Customer Data Release Form ~~(if not already provided pursuant to Section 10091.7), unless the Loan Enrollment Application indicates that the Customer Data Release Form was previously submitted;~~*for each IOU providing service to the Eligible Property covering each meter and fuel provided;*
 - (4) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15 ~~(if not already provided pursuant to Section 10091.7);~~;
 - (5) an Itemized Invoice, as described in subsection (g) below;
 - (6) a utility bill, for ~~the each~~ IOU servicing the ~~property at which~~ Eligible Improvements will be installed.*Property covering each meter and fuel provided from within 60 days of the date the Loan Enrollment Application is being submitted for enrollment.*
 - ~~(A) — Where a property receives electric and gas service from two different IOUs, a utility bill from each IOU providing service must be submitted.~~
 - (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 by a Self-Installer, a PFI or PFL will submit the following documents to the Authority:
- (1) a Loan Enrollment Application, as described in subsection (e);
 - (2) a Self-Installer Project Submission, as described in subsection (gh);
 - (3) an executed Customer Data Release Form ~~(if not already~~*for each IOU providing service to the Eligible Property and covering each meter and fuels provided-* ~~pursuant to Section 10091.7), unless the Loan Enrollment Application indicates that the Customer Data Release Form was previously submitted;~~
 - (4) an executed California Hub for Energy Efficiency Financing Disclosure as described in Section 10091.15 ~~(if not already provided pursuant to Section 10091.7);~~;
 - (5) an Itemized Invoice, as described in subsection (g) below;
 - (6) written proof of purchase for the Eligible Improvements, e.g., a receipt for the Eligible Improvements; and
 - (7) a utility bill, for ~~the each~~ IOU servicing the ~~property at which~~ Eligible Improvements will be installed.*Property covering each meter and fuel provided, from within 60 days of the date the Loan Enrollment Application is being submitted for enrollment.*
 - ~~(A) — Where a property receives electric and gas service from two different IOUs, a utility bill from each IOU providing service must be submitted.~~
- (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 ~~as to whether~~*that* the Eligible Loan is being submitted for enrollment in the REEL Assistance Program~~-~~).
- ~~(6) — Program ID (The pre-specified code for the REEL pilot program):~~
- ~~(7)~~(6) PFI's or PFL's internal loan identification number~~;~~ *as described in Section 10091.7(a)(3).*
- ~~(8)~~(7) Whether the *Eligible* Property is owner-occupied, or rented or leased.
- ~~(9)~~(8) The number of units for which Eligible Improvements were undertaken.
- ~~(10)~~(9) Name of the utility providing electric service to the Eligible Property, if applicable.
- ~~(11)~~(10) Name of the utility providing gas service to the Eligible Property, if applicable.
- ~~(12)~~(11) The IOU account number(s) for the Eligible Property.
- ~~(13)~~(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.
- ~~(14)~~(13) An indication whether the Borrower qualifies as a Low-to-Moderate Income Borrower as defined in Section 10091.1(~~bb~~*dd*).
- ~~(15)~~(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.
- ~~(16)~~(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%.
- ~~(17)~~(16) An indication as to whether bill payment history was used in making the underwriting decision.
- ~~(18) — Enrolled-~~(17) *Claim-Eligible Principal* Amount of the Eligible Loan.
- ~~(19)~~(18) Total Loan ~~amount, including both the portion being enrolled and the unenrolled portion~~*Principal Amount* of the *Eligible* Loan.
- ~~(20)~~(19) Type of the Eligible Loan (e.g. term loan, retail installment contract).
- ~~(21)~~(20) Term and maturity date of the Eligible Loan.
- ~~(22)~~(21) Interest rate applicable to the Eligible Loan and whether it is fixed or variable.
- ~~(23)~~(22) Date the interest rate for the Eligible Loan was finalized.
- ~~(24)~~(23) Origination Date of the Eligible Loan.
- ~~(25)~~(24) First payment date.
- ~~(26)~~(25) Principal and interest payment amount.
- ~~(27) — An indication if the Customer Data Release Form(s) has been previously submitted-~~
- ~~(28)~~(26)*Whether the Qualified Contractor or Borrower has received or will apply for an IOU or REN energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Qualified Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, and 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.
 - (2928) Certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
 - (3029) Certification that the ~~requested Enrolled Loan~~ *Claim-Eligible Principal* Amount is not financing distributed generation.
- (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 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 Contractor or Borrower has received or will apply for an IOU or REN energy efficiency rebate or incentive for the Eligible Improvements being installed. If the Qualified Contractor or Borrower is seeking a rebate or incentive, identification of the rebate and/or incentive amount received or expected for the project, 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 Contractor's name ~~and company name.~~
 - (E) The Qualified Contractor's CSLB License Number.
 - ~~(F) The installation date(s) of the project on the Eligible Property, including~~
 - (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) An indication as to whether the project was completed under the REEL Assistance Program.~~
 - ~~(H)~~ (H) Where the Eligible Improvements require a Combustion Appliance Safety or Combustion Appliance Zone test pursuant to Section 10091.10(f), the following information from the Qualified Contractor or other individual performing the test:
 - (i) ~~Name and company~~ *Entity* name.
 - (ii) Contractors State License Board license type(s) and number.
 - (iii) The Building Performance Institute certification type(s) and number, if applicable.
 - (iv) A list of IOU territories where the Qualified Contractor or individual performing the test is approved to participate in the

Energy Upgrade California Home Upgrade Program and/or Advanced Home Upgrade Program, if applicable.

- (J) An indication of whether the Borrower became aware of the financing offered through the Program from the Qualified 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 Contractor of the following:
 - (A) ~~He or she~~*The contractor(s) who performed the work and completed the project* is *(are)* licensed to perform the work ~~for which~~*related to installation of* the Eligible ~~Loan is made and is a Qualified Contractor as identified in Section 10091.5.~~*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.
 - (E) The Qualified Contractor provided the Borrower with a Bill Impact Estimate.
 - (F) Combustion Appliance Safety or Combustion Appliance Zone testing was completed and passed if required by the project.
 - (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:
 - (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 used to pay for Eligible Improvements.
 - (D) Authorization for the Qualified 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.

- (F) The Qualified 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 Contractor's name, ~~company 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 ~~ID Number~~*identification number, as described in Section 10091.7(a)(3).*
 - (2) For each ~~Eligible Energy Efficiency Measure~~*EEEM* installed in the project, the Qualified Contractor shall provide:
 - (A) The EEEMs ID.
 - (B) The EEEMs Measure Name.
 - (C) The quantity installed.
 - (D) 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 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) 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 ~~and Program-assigned identification number~~, *PFI/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 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 incentive program.
 - (D) The ~~installation date(s) of the project on the Eligible Property, including 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.
 - ~~(F) — An indication as to whether the project was completed under the REEL Assistance Program.~~
- (2) Certification from the Self-Installer of the following:
- (A) The improvements installed are Eligible Improvements.
 - (B) All ~~Eligible Energy Efficiency Measures~~ *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.
 - (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 ~~Eligible Improvements~~ *EEEMs*.
 - (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 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 ~~Enrolled Loan~~ *Claim-Eligible Principal Amount*.
 - (B) For all other Enrolled Loans, the Loss Reserve Contribution shall be eleven percent (11%) of the principal amount of the ~~Enrolled Loan~~ *Claim-Eligible Principal Amount*.
 - (C) Where the Borrower or Self-Installer has indicated that she or he will seek an IOU or REN rebate or incentive for the ~~Eligible Energy Efficiency Measures~~ *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.
 - (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 ~~list of Eligible Improvements~~ *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 ~~entire Enrolled Loan~~ *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 ~~except as specified below~~.
 - ~~(iii) For EEEMs identified as "Home Upgrade Package" or "Advanced Home Upgrade Package", the Loss Reserve contribution split percentage may be provided by the IOUs based on existing formulas.~~
 - (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, 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 ~~Enrolled Loan~~*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)(8)(A), 26003(a)(6),
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 ~~principal amount of an Enrolled Loan~~*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 ~~only a portion of the loan~~*Enrolled Loan received a Loss Reserve Contribution that* was ~~enrolled, reimbursement of interest and out of pocket expenses will be limited~~*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* ~~ratio of the enrolled portion of the total loan amount~~*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 ~~Enrolled~~*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 ~~enrolled principal amount of the~~*Claim-Eligible Loan Principal Amount.*
 - (6) Original Total Loan ~~amount, including both the enrolled and unenrolled portion of the loan~~*Principal Amount.*
 - (7) Outstanding ~~enrolled~~*Claim-Eligible* Principal Amount at the time of charge-off.
 - (8) Outstanding Total Principal Amount, ~~including both the enrolled and unenrolled portion of the loan, at the time of charge-off.~~
 - (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 ~~as Eligible~~ 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 ~~Enrolled Loan~~-*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 ~~Eligible~~*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(l)(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)(8)(A), 26003(a)(6),
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 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 ~~Eligible Improvements~~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) Except where work is performed by a Self-Installer, the contractor performing the work must be a Qualified 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) The Qualified Contractor must ensure all applicable permits and approvals have been obtained and must comply with all applicable laws for the work being performed.
- (e) The Qualified 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 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. 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.
- (g) 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) The Authority shall notify the Borrower at least ten (10) business days prior to conducting a field verification.
- (i) Field verifications may be completed on a random sample of projects that have not received an IOU or REN energy efficiency rebate or incentive for each applicable EEEM installed. The frequency of the verifications shall depend on the Qualified 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 test pursuant to Section 10091.10~~(f)~~, 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 Contractor and funded by Enrolled Loans. Upon completing five (5) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Contractor's work according to Tier II as described in subsection (i)(1)(B) below.
 - (B) Tier II: The Authority shall verify *the Eligible Improvements of* twenty percent (20%) of projects performed by the Qualified Contractor and funded by Enrolled Loans. Upon completing twenty (20) consecutive inspections with no substantive issues, the Authority will begin verifying the Qualified Contractor's work according to Tier III as described in subsection (i)(1)(C) below.
 - (C) Tier III: The Authority shall verify *the Eligible Improvements of* five percent (5%) of projects performed by the Qualified 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 Contractor of any issues that may need to be addressed. Upon the third such notice, the Authority shall begin verifying the Qualified Contractor's work according to the previous tier.
 - (2) For projects that do not require a Combustion Appliance Safety or Combustion Appliance Zone test, the Authority shall conduct field verifications on five percent (5%) of projects performed by the Qualified 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 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.
- (j) Except as set forth in subparagraph 1 below, if the Authority finds that the Eligible Improvements were not installed in accordance with these requirements or that the Qualified Contractor misrepresented information related to the work, the Authority may suspend the Qualified 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.

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

§10091.11. 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 ~~Enrolled Loan~~*Original Claim-Eligible Principal* Amount.
 - (C) The ~~total-original loan amount, including both the portion enrolled and the unenrolled portion of the loan~~*Total Loan Principal Amount*.
 - (D) Any changes in maturity date.
 - (E) The current outstanding ~~principal balance~~*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 10091.1011, 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 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 or deficiency in the products, materials or work supplied to a Borrower in connection with an Enrolled Loan; and/or
 - (iv) arising from the Successor Servicer's failure or alleged failure to comply with the provisions of the regulations and/or its confidentiality or privacy obligations.
 - (E) The Successor Servicer 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, PFLs, or Successor Servicers, (iv) the PFI, PFL, or Successor Servicer's marketing, and lending policies and practices, or (v) CAEATFA's educational and outreach activities.
- (11) The application shall be signed by a person authorized to legally bind the Successor Servicer, and shall include the signatory's printed name, title and date.
 - (12) The application shall include a certification that all of the information provided is true and accurate to the best of the signatory's knowledge.
 - (13) Eligible Finance Lenders seeking to enroll as a Successor Servicer must also submit evidence of compliance with or a certification that the Eligible Finance Lender meets the additional requirements specified in Sections 10091.3(a), (b), (e), (f), (g), *and* (h).
- (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 enroll the applicant as a Successor Servicer. The Authority's decision regarding enrollment shall be final. The Authority will notify the Successor

Servicer of its decision and provide a Program-assigned identification number for the Successor Servicer.

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

§10091.13. Termination and Withdrawal.

- (a) A PFI, PFL, or Successor Servicer may withdraw from the Program after giving written notice to the Authority. Such notice shall specify either:
 - (1) That the PFI, PFL, or Successor Servicer waives any further interest in the Loss Reserve Account(s) and the reason for the PFI, PFL, or Successor Servicer's withdrawal from the Program (including for the reason that all Enrolled Loans covered by the Loss Reserve Account have been repaid or sold to a different PFI, PFL, or Successor Servicer's portfolio); or,
 - (2) That the PFI or PFL will not enroll any further loans under the Program but that the Loss Reserve Account(s) shall continue in existence to secure all Enrolled Loans that were enrolled prior to such notice and the reason for the PFI 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 Contractor participating in the Program.

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

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

The Borrower will be required to sign affirming 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 the Borrower's right to privacy regarding information pertaining to you. As a result of your participation in ~~the Energy Efficiency Financing Programs~~ *an energy efficiency financing program*, as approved by the California Public Utilities Commission 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 ~~other~~ 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.

The information may be provided by your lender to CAEATFA or a contractor acting on its behalf. ~~The information will be maintained by CAEATFA or its contractor for the life-~~

~~of the loan.~~ The information will be combined with energy usage information provided by your utility.

The information provided to CAEATFA may be released to *the Investor Owned Utilities*, 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.

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)(8)(A), 26003(a)(6),
and 26040, Public Resources Code