

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

***Presentations by Various PACE Program Administrators
Enrolled in the PACE Loss Reserve Program***

January 17, 2017

Prepared By: *Alejandro Ruiz, Program Manager*

SUMMARY

Each Property Assessed Clean Energy Program administrator (“PACE”) will have approximately three minutes to present an overview of their program to the CAEATFA Board. At the end of the presentations, all programs will participate in a question and answer panel in which CAEATFA Board members can ask further questions. The order of the presentations is subject to change.

At the end of 2016, CAEATFA Staff sent a list of background questions to PACE Programs enrolled in the CAEATFA PACE Loss Reserve. The list of questions is included on the following page. Responses from the PACE Programs are listed alphabetically as indicated in the table below.

PACE Program Administrator Responses to CAEATFA Questionnaire:

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CAEATFA Questionnaire for PACE Programs

1. Name of PACE Program(s):
2. Sponsoring government entity:
3. Date residential program began:
4. Participating jurisdictions:
5. Statutory authority under which program was formed:
6. Third-Party Administrator, if applicable:
7. Public-Private partnerships:
 - a. How did you select your third party administrator(s)?
 - b. What oversight do you exercise over them?
8. Funding/capital structure:
9. Total number and dollar amount of projects funded to date:
10. How many securitizations have you completed?
11. Minimum and maximum financing amount:
12. Terms offered:
13. Interest rates, and how have your interest rates changed since program inception?
14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied?
15. Do you charge a prepayment penalty?
16. Describe your application process from first contact to project funding, including how long it takes you to approve an application:
17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay:
18. Describe your underwriting process:
19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective?
20. PACE Projects -
 - a. How do you determine which types of projects or products are eligible?
 - b. What is your project review process upon receiving an application?
 - c. Do you perform on-site inspections?
 - d. What percentage of projects completed are EE, renewables, water, etc.?
21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved?
22. Do you provide lender notification?
23. Contractor Network:
 - a. Please describe your contractor requirements, training, and oversight.
 - b. Do you provide any incentives for contractors who offer PACE financing?

CAEATFA Questionnaire for PACE Programs

- c. Do you have any exclusivity agreements or partnerships with contractors?
- d. What is your process for removing any problematic contractors, and have you removed contractors from your network?
- 24. Relationship with local governments –
 - a. Do you provide any reports or program status information to local governments that have opted into your program?
 - b. How do you work with local governments on issues raised by property owners?
- 25. Data
 - a. What data do you collect and track about your program?
 - b. What data should the PACE Loss Reserve Program be collecting?
- 26. About your PACE customers:
 - a. Do you collect any information on why your participating property owners choose to use PACE?
 - b. What information do you have regarding the borrower profile of your participating property owners?
- 27. Customer Satisfaction:
 - a. What is your process for addressing customer concerns or complaints?
 - b. Do you keep track of customer concerns or complaints?
 - c. What categories do these complaints fall under? Please include frequency.
- 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made?

| Question | Answer |
|---|---|
| 1. Name of PACE Program(s): | Alliance NRG Program |
| 2. Sponsoring government entity: | CSCDA |
| 3. Date residential program began: | December 2015 |
| 4. Participating jurisdictions: | 132 Cities, 7 Counties. List attached. |
| 5. Statutory authority under which program was formed: | AB 811 |
| 6. Third-Party Administrator, if applicable: | N/A |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | |
| b. What oversight do you exercise over them? | |
| 8. Funding/capital structure: | Affiliates and third party investors |
| 9. Total number and dollar amount of projects funded to date: | 3- Residential projects, \$121,434.41 total. |
| 10. How many securitizations have you completed? | None |
| 11. Minimum and maximum financing amount: | <p>Minimum: \$5000</p> <p>Maximum: (1) less than 15% of the Fair Market Value of the Property up to the first \$700,000 of the property's Fair Market Value. For a Property with a Fair Market Value greater than \$700,000, the amount to be financed under the Program must be less than the sum of (i) \$105,000 plus (ii) 10% of the Fair Market Value of the Property in excess of \$700,000. (2) The sum of the amount to be financed under the Program plus the amount of existing mortgage related debt may not exceed 100% of the Fair Market Value of the Property. (3) The amount of the annual assessment installment, including the annual administrative fee, plus the annual amount of all real estate taxes and other assessments may not exceed five percent of the Fair Market Value of the Property.</p> |
| 12. Terms offered: | 5, 10, 15, 20, 25 and 30 years. |
| 13. Interest rates, and how have your interest rates changed since program inception? | 5.99% all terms. We have recently reduced ours from staggered rates ranging from 5.95% to 8.75%, based on term, to a flat rate. |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | See attached. |

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| 15. Do you charge a prepayment penalty? | No |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | <p>The application process usually begins with an online application with full disclosures. The application is run through a software program to determine property eligibility and if the amount of financing sought is within the minimum and maximum amounts described above. Generally, the contractor engaged by the property owner will provide the project information by phone or online to determine project eligibility. Approval, subject to verification, usually happens within 24 hours.</p> <p>See attached excerpt from the Program's Guidebook for a fuller description.</p> |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | <ul style="list-style-type: none"> • All mortgage related debt plus the AllianceNRG Program financing may not exceed 100% of the value of the property. • The total amount of mortgage related debt, including the unused portion of any credit lines secured, if any, may not exceed 90% of the Fair Market Value of the property. • The Property Owner must be current on their mortgage at the time of the application without any delinquencies of more than 30 days in the past 12 months or since the property owner acquired the property, whichever is shorter. • The Property taxes must be current with no more than one late payment over the past 3 years or since the property owner owned the home whichever is less. • The Property must not be subject to outstanding involuntary liens such mechanics or municipal nuisance liens. • The Property owner must not have declared bankruptcy in the last 7 years and must not be subject to an active bankruptcy. • The program does not undertake an analysis of the ability to pay. |
| 18. Describe your underwriting process: | Once the applicant applies, the Program obtains |

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| | <p>information from public records and credit reports to confirm property and property owner eligibility. Preliminary approval can be provided within hours (or less) if there are no issues raised by the information collected and the contractor provides the project information with the applicant's application. Project information is generally provided by the contractor when or after the property owner applies. Underwriting staff reviews all information with the property owner as part of the application process. If the application is approved, a welcome package with all applicable documents is sent to the property owner.</p> |
| <p>19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective?</p> | <p>No material changes have been made thus far.</p> |
| <p>20. PACE Projects -</p> | |
| <p>a. How do you determine which types of projects or products are eligible?</p> | <p>We have established, and maintain an eligible products database and/or list documenting the associated eligibility specifications for each product that conform to the requirements outlined by CSCDA.</p> <p>We ensure that eligible product energy efficiency/water efficiency/energy generation (as applicable) performance standards are calibrated and verified using performance criteria that the U.S. Department of Energy, U.S. Environmental Protection Agency, the California Energy Commission and/or other federal and state agencies or other reputable third parties has established;</p> <p>We use credible third party sources to determine the useful life of the product, which will be used to set the maximum term for the Program's financing.</p> |
| <p>b. What is your project review process upon receiving an application?</p> | <p>See attached</p> |

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| c. Do you perform on-site inspections? | Yes, on a case-by-case basis. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | 2/3 solar and 1/3 EE. |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | We provide disclosure in our Program Guidebook, the application, the assessment contract and in a separate disclosure form that the property owner is required to sign and return. We educate realtors about how PACE works when needed. We do not offer a contractual subordination. |
| 22. Do you provide lender notification? | No, but it is encouraged in our Program Guidebook and form of application. |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | <p>We are committed to elevating contractor capabilities beyond a simple understanding of the Program through comprehensive and user friendly online tools and downloadable materials.</p> <p>Only those individuals registered with BPELSG, CSLB or CAB as a Qualifying Individual for a Registered Professional may register with the Program on behalf of the Registered Professionals. A "Qualifying Individual" is a person listed as a Responsible Managing Officer (RMO), Responsible Managing Employee (RME), Sole Owner or Qualifying Partner, as recognized by the BPELSG, CSLB or CAB and who is authorized to act on behalf of, and who is responsible for the actions of, a Registered Professional. Each Registered Professional must have at least one Qualifying Individual listed as a representative who has provided to the Program all identifying and contact on file with the BPELSG, CSLB or CAB.</p> <p>Contractors must satisfactorily view the orientation video located in the Professional Portal.</p> <p>Each Professional must have verifiable and</p> |

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| | <p>successful experience on the types of projects for which such Professional desires to be engaged for Program-financed work and listed in the Registered Professional Directory. Each Professional must provide project references with complete property owner contact information and building permit record numbers for at least three completed projects.</p> <p>Registered Professionals are required to maintain insurance policies with the coverage and in the amounts required by the CSLB.</p> <p>Professionals are required to maintain all surety bonds required by the CSLB.</p> <p>Each Professional must have verifiable and successful experience on the types of projects for which such Professional desires to be engaged for Program-financed work and listed in the Registered Professional Directory. Each Professional must provide project references with complete property owner contact information and building permit record numbers for at least three completed projects.</p> |
| b. Do you provide any incentives for contractors who offer PACE financing? | We do not provide incentives for contractors. |
| c. Do you have any exclusivity agreements or partnerships with contractors? | We do not have any exclusivity agreements or partnerships with contractors. |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | <p>Failure to comply with any contractor's duties or obligations as set forth in the Alliance NRG Program Guidebook or in the Participation Agreement or in any other Program document incorporated by reference into this Guidebook or the Participation Agreement may result in suspension or termination.</p> <p>We have not suspended or terminated any contractors.</p> |
| 24. Relationship with local governments – | |

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| a. Do you provide any reports or program status information to local governments that have opted into your program? | Yes, to the jurisdictions that request/require them. |
| b. How do you work with local governments on issues raised by property owners? | We have not had any to date. |
| 25. Data | |
| a. What data do you collect and track about your program? | By city and county, the number of applications, the number of applications approved, the reason why the application were not approved, the types of improvements, the amount of the assessments, delinquencies and contractor participation. |
| b. What data should the PACE Loss Reserve Program be collecting? | Number and percentage of assessments that become delinquent, the average amount of the delinquency, the average time to cure or if not cured, the time from delinquency to foreclosure, the amount of any actual losses. |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | No |
| b. What information do you have regarding the borrower profile of your participating property owners? | The identifying information from the application, public records on the property and credit reports |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | <p>We strive to be a best-in-class organization. Nonetheless, it is inevitable that issues or concerns will arise. When they do, we will address them fully, promptly, and courteously. We have systems and procedures to handle inquiries, provide technical consultation, address complaints and resolve disputes, all with a view toward achieving mutually satisfactory resolutions, keeping relationships intact and avoiding legal proceedings.</p> <p>We use a process that actively manages the resolution of all complaints to deliver a satisfactory resolution of the matter as expeditiously as possible from the time the complaint is brought to our attention.</p> |

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| | <p>The first response will likely be from our call center representatives, but if the complaint cannot be resolved at this level, we suggest that the homeowner submit all the details of the complaint to CESR in writing. Upon receipt of the written complaint, CESR will enter it into its complaint process and a Program manager will work with all parties to resolve the complaint in a timely manner.</p> |
| <p>b. Do you keep track of customer concerns or complaints?</p> | <p>We keep track of disputes.</p> |
| <p>c. What categories do these complaints fall under? Please include frequency.</p> | <p>We have had one complaint.</p> |
| <p>28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made?</p> | <p>No delinquencies and no defaults. There is a reserve fund under the Indenture of 0.25% of the Assessment amount.</p> |

4 Application, Approval and Closing Process

4.1 Five Step Process

There are five steps to the application and approval process that every applicant must follow. The

Program reserves the right to request additional information from property owners in its sole discretion and to deny applications based on any information that may affect the likelihood that a Property Owner may not have the wherewithal to pay its Assessment.

4.2 Step 1: Determine Eligibility and Complete Online Application

The first step is to determine property eligibility for financing. There are two ways to begin the process; 1) a property owner can submit an Application at www.alliancengr.com and upon receipt of the Application, a Program representative will contact the property owner to provide information about selecting a Registered Contractor to estimate the home improvement project or, 2) the property owner can select a Registered Contractor prior to applying and submit the Application with the assistance of the Registered Contractor. If the property owner has selected a contractor who is not a Registered Contractor, then the property owner will not be able to proceed with the Application until their chosen contractor is enrolled as a Registered Contractor in the Program.

After the Application is submitted, the Program will perform an initial review to determine if the property owner and the property meet the initial eligibility criteria. Property owners that pass the initial review will receive an email notifying them of the acceptance or their Application for processing. It is important to note that this notification does not constitute an approval of financing under the Program. Some property owners may not qualify for financing under the Program notwithstanding the acceptance of their Application for processing and will be notified of this decision in an email with an explanation of why they did not qualify. Questions regarding the Application, eligibility criteria or Registered Contractors can be submitted via email at information@alliancengr.com or phone (855) 509-9922.

4.3 Step 2: Submit Application Information and Eligible Improvements for Review and Approval

Once the property owner is prequalified, the next step is to submit Eligible Improvements and applicant and property information. The property owner should consult with their Registered Contractor to identify which Eligible Improvements might be appropriate for the property and obtain a proposal for the cost of their installation. Consulting with the Registered Contractor, requesting a utility-sponsored energy audit or speaking with other experts concerning the feasibility of the desired Eligible Improvements or Products are among the ways the property owner can accomplish this. Any cost for an energy audit is an eligible Project Cost that can be included in the financing. Property owners may choose to self-install their Eligible Improvements and should complete the Self-Install Agreement if they intend to do this.

The Registered Contractor will input the chosen Eligible Improvements through the Contractor Portal or the property owner can call AllianceNRG at 855 509-9922 and a

representative will input the information. The Eligible Improvements proposal contains information of primary importance to the property owner's financing such as the specific Eligible Improvements or Products being installed, including manufacturer and model number, the names and licenses of all Registered Contractors performing the work, the estimated energy or water savings (if applicable), and the total proposed Project Costs per Eligible Product, as well as itemization of any other Project Costs. Any manufacturer's specifications detailing the estimated performance of Eligible Products should also be included. The property owner will then be notified via email to confirm the Improvements as well as confirm the Application and property information. The Program will then review the submitted information to determine if the project should be approved for financing. Projects may not be approved if they do not meet the required criteria for approval. Once the Application has been reviewed and approved, the property owner and the Registered Contractor will be sent a confirmation of approval by mail or email.

4.4 Step 3: Signing the Assessment Contract Package

If the Application is approved, the property owner will be sent the Welcome Package to sign via DocuSign, which enables electronic signatures. The Welcome Package consists of the Application, Assessment Contract, Notice of Right to Cancel, Estimated Financing Summary, the Privacy Statement, the ESIGN Consent and all related documents. The Application contains the requirements that the property owner(s) must meet in order to be approved, as well as descriptions of the fees and costs related to the Assessment. The Assessment Contract contains the terms and conditions of the Assessment. Attached to the Notice of Right to Cancel is the form that the property owner should submit in the event the property owner chooses to cancel the Assessment Contract. The cancellation must be submitted no later than Midnight of the third business day following the date the Assessment Contract is signed by the property owner. The Estimated Financing Summary lists all of the fees and costs of the Assessment. The property owner must sign the Application, the Assessment Contract, the acknowledgement portion of the Right to Cancel and the Estimated Financing Summary via DocuSign and return them to the Program Administrator. Property Owners who cannot sign via DocuSign may request a paper copy of the Assessment Contract Package be mailed to them.

If not already reflected in the Assessment Contract, the property owner should advise the Program Administrator if the property owner will be seeking financing in a single disbursement following completion of the project or in progress payment installments, with the final installment following the completion of the project.

Unless the property owner elects to cancel the financing as described above, upon approval of the Application, CESR will send the Notice to Proceed to the property owner and the Registered Contractor, authorizing work to commence. The property owner will also receive a copy of the Completion Certificate to be signed by the property owner and the Registered Contractor once the project is complete.

CLOSING COSTS

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| Program Administration Fee. A one-time fee that includes program administration, origination costs, program sponsor, bond counsel and initial tax. | 6.40% of the Assessment Amount |
| Lien Recording Fee. A fee charged to offset the costs of recording notice documents relating to the assessment on the Property. | Estimated \$100.00 Varies by County and number of pages. |
| Reserve Fund Deposit. One-time charge deposited into the debt service reserve fund for bonds issued by CSCDA to finance projects in the Program. | 0.25% of the Assessment Amount |
| Administrative Reserve Account Deposit. Covers the deposit CSCDA is required to make into a reserve account used for the Trustee's administrative expenses to the extent the Annual Administrative Fee is not sufficient to cover such expenses. | \$10.00 |
| Prepaid (or Capitalized) Interest. A lump sum interest charge described in the Assessment Contract. | Varies based on when closing occurs. |
| Trustee Issuance Fee. One-time charge to cover a portion of the fees charged by the Trustee for its services related to the issuance of the Bonds. | \$75.00 |

ESTIMATED ANNUAL ADMINISTRATIVE FEES

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| Annual Municipality Fees. | |
| An annual charge to cover the costs entering the assessment on the municipal tax rolls and collecting and remitting the payments to the Trustee. | Estimated \$15.00 Varies by County. May increase over time. |
| Annual Administrative Fee | \$10 |
| Annual Trustee Fee. | |
| An annual charge to cover a portion of the fees charged by the Trustee for administration of the Bonds. | \$35.00 |
| PREPAYMENT COSTS | |
| Prepayment Penalty. | None |
| Prepayment Processing Fee. | Up to \$100.00 |

| Question | Answer |
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| 1. Name of PACE Program(s): | California HERO Program |
| 2. Sponsoring government entity: | Western Riverside Council of Governments, a joint exercise of powers authority organized and existing under the Joint Exercise of Power Act and the Joint Exercise of Powers Agreement, as amended |
| 3. Date residential program began: | June 2013. Depending on jurisdiction, between 2011 and 2015 |
| 4. Participating jurisdictions: | Please see Attachment A for complete list |
| 5. Statutory authority under which program was formed: | Section 5898.22 and Section 5898.28 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code |
| 6. Third-Party Administrator, if applicable: | Renovate America, Inc. |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | Competitive solicitation |
| b. What oversight do you exercise over them? | Collaborative effort of sponsor and other financing team members including legal counsel, assessment engineer and financial advisor. |
| 8. Funding/capital structure: | Weekly bond issuance, direct sale to Renovate America |
| 9. Total number and dollar amount of projects funded to date: | 32,163 total number of projects \$720,625,578.57 total amount of projects (as of November 11, 2016) |

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| 10. How many securitizations have you completed? | All securitizations have been completed by Renovate America as purchaser of bonds at origination. As of November 11, 2016, there have been eight securitization with the blended inclusion of assessments from SANBAG, CA, WRCOG and Los Angeles County HERO Programs valued at more than \$1.2 billion. |
| 11. Minimum and maximum financing amount: | <p>Minimum \$5,000</p> <p>Maximum:</p> <p>For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) 15% on the first \$700,000 value of the property, and, if applicable, less than 10% of any value of the property thereafter, or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.</p> <p>For project funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) 10% (or 15%, depending on origination date) of the value of the property, or (b) a combined mortgage and Assessment Contract value of the 100% of the value of the property.</p> |
| 12. Terms offered: | 5, 10, 15, 20, and 25 years |
| 13. Interest rates, and how have your interest rates changed since program inception? | <p>Current: 6.75%, 7.69%, 8.15%, 8.35%, and 8.35%</p> <p>Inception: 5.95%, 6.95%, 7.75%, 8.25%</p> <p>(rates shown by term)</p> |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | <p>Recording Fee= \$55.00</p> <p>Admin Costs= \$25.00</p> <p>Origination Fee= 4.99% of project cost</p> <p>Admin Reserve= \$10.00</p> <p>Admin Expense= \$15.00</p> <p>Fees set via original proposal and modified based on continuous evaluation and benchmarking</p> |
| 15. Do you charge a prepayment penalty? | No |

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| <p>16. Describe your application process from first contact to project funding, including how long it takes you to approve an application:</p> | <p>All HERO applications are underwritten by Renovate America’s technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and jurisdictions. A portion of applications are underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner’s satisfaction.</p> |
| <p>17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay:</p> | <p>Summary underwriting criteria:¹</p> <ul style="list-style-type: none"> • Property owner(s) must be the property owner(s) of record. • Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years). • Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months. • Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts. • Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved. |

¹ For more detailed information on underwriting criteria, please refer to the HERO Residential Program Handbook.

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| | <ul style="list-style-type: none"> • Mortgage-related debt on the property must not exceed 90% of the value of the property. For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,0000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property. • The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment. |
| 18. Describe your underwriting process: | <p>All HERO applications are underwritten by Renovate America's technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and jurisdictions. A portion of applications are underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner's satisfaction.</p> |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>HERO has continued to promote Consumer Protections regarding HERO Financing. HERO launched a Know Before You Owe format estimated and final financing summary, which meets or exceeds all industry-standard disclosures.</p> |
| 20. PACE Projects - | |

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| a. How do you determine which types of projects or products are eligible? | Projects that are to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property. |
| b. What is your project review process upon receiving an application? | HERO reviews and underwrites a homeowner and their applicable parcel to ensure all PACE underwriting criteria are met. HERO reviews and verifies multiple project attributes after application, including pricing of improvements, product type and eligibility, and project completion status. |
| c. Do you perform on-site inspections? | HERO Performs on-site inspections for a random sampling of projects to ensure compliance with program requirements. Additionally, HERO may perform an onsite inspection of any specific project. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | As of December 1, 2016, across all HERO PACE Programs, 70% of improvements are Energy Efficiency, 25% are solar and 5% are water. Please note, a project may consist of multiple types of improvements. |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | <p>WRCOG may (at its option) sell the Assessment Security Interest in any Assessment to a Designated Purchaser (Renovate America) for an Assessment levied on a Participating Parcel the fee owner of which is in the process of selling or refinancing, for the purpose of enabling the Designated Purchaser, as the owner of such Assessment Security Interest, to subordinate its interest in the Assessment Lien pursuant to a Subordination Instrument to the 1st DOT Owner of the 1st DOT on the Participating Parcel against which such Assessment was levied.</p> <p>Homeowners are informed at time of completion of their project to contact the HERO Property Advisors with any 'post-funding' questions, including potential payoff, real estate transactions, and other post-close events, or any other general questions. One of the main functions of the HERO Property Advisors is to work with HERO Homeowners, potential HERO homeowners, and their related real estate professionals to determine the best course of action</p> |

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| | out of all sale or refinance options with respect to transferring, subordinating or paying off the HERO Assessment, if applicable. Decline to state number. |
| 22. Do you provide lender notification? | No |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | All contractors undergo a robust contractor verification and registration process, confirming identities of individual contractor sales representatives. Additionally, contractors are given online, in person and group training on how HERO works and the requirements they must adhere to in order to participate in the program. We require all contractors to satisfy minimum insurance and workers' compensation coverage requirements. Additionally, we require contractors to be licensed and in good standing with the CSLB, which we monitor on a daily basis through a direct integrated data solution with the CSLB. HERO employers contractor account managers and compliance personnel who provide oversight over contractors and their respective project pipelines. |
| b. Do you provide any incentives for contractors who offer PACE financing? | No |
| c. Do you have any exclusivity agreements or partnerships with contractors? | No |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | HERO has a robust contractor management program that monitors and enforces compliance with program requirements. Contractors who do not comply with program requirements are subject to various consequences, including remediation, suspension, or termination from the program. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Program information is periodically provided by WRCOG to the participating jurisdictions. The individual local governments may also request information from the Program Sponsor. |

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| b. How do you work with local governments on issues raised by property owners? | HERO Property Advisors, at Renovate America, are available to work with property owners, realtors and escrow agents. Additionally, the Program's Assessment Engineer, David Taussig & Associates, is on the tax bill as the contact for property owner questions initiated upon tax bill receipt. Local governments are kept apprised as appropriate. |
| 25. Data | |
| a. What data do you collect and track about your program? | Assessment ID, Sponsor, Program, Assessor Parcel Number, Closing Date, Status, Bond Series Number, Owner First and Last Name, County, City, Assessment Amount, Origination Fee Breakdown, Total COI Amount, Total Closing Costs, Closing Costs Percent, Maturity Date, Term, Annual Payment, Prepayments, Subordinations, project information, contractor data |
| b. What data should the PACE Loss Reserve Program be collecting? | <u>Assessment</u> – Assessment amounts, , delinquency rates, prepayment amounts <u>Project</u> – project type, estimated energy savings and GHG reduction <u>Portfolio</u> - Balance, Energy Savings Profiles |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | HERO does not collect such information |
| b. What information do you have regarding the borrower profile of your participating property owners? | HERO collects homeowner data during its application and underwriting process. Much of this data is personally identifying information and cannot be shared. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | HERO takes all customer complaints very seriously and has a team of dedicated compliance officers focused on making sure that projects are completed to the satisfaction of the homeowner, and to facilitate the resolution of any complaints that may arise. |
| b. Do you keep track of customer concerns or complaints? | Yes |

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| <p>c. What categories do these complaints fall under? Please include frequency.</p> | <p>Categories of complaint review are Contractor Conduct, Disclosure of Financing Terms, and Workmanship. Complaints are escalated, reviewed and resolved through HERO compliance department. Frequency of complaints varies.</p> |
| <p>28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made?</p> | <p>Delinquency Rate: 0.43% as of 11/7/16 Yes, program does have a bond reserve fund Reserve deposit at funding is varied through history of program, determined at time of origination</p> |

ATTACHMENT A – Participating Jurisdictions (*All are cities unless otherwise stated*)

| Launched HERO Jurisdictions | | |
|------------------------------------|--|----------------------|
| | <u>Jurisdiction</u> | <u>County</u> |
| 1 | Alameda County Unincorporated | Alameda |
| 2 | Albany | Alameda |
| 3 | Berkeley | Alameda |
| 4 | Dublin | Alameda |
| 5 | Hayward | Alameda |
| 6 | Oakland | Alameda |
| 7 | Piedmont | Alameda |
| 8 | Union City | Alameda |
| 9 | Amador | Amador |
| 10 | Ione | Amador |
| 11 | Jackson | Amador |
| 12 | Plymouth | Amador |
| 13 | Butte County Unincorporated (Residential Only) | Butte |
| 14 | Chico | Butte |
| 15 | Orland | Butte |
| 16 | Oroville | Butte |
| 17 | Antioch | Contra Costa |
| 18 | Brentwood | Contra Costa |
| 19 | Clayton | Contra Costa |
| 20 | Concord | Contra Costa |
| 21 | Contra Costa County Unincorporated | Contra Costa |
| 22 | Danville | Contra Costa |
| 23 | El Cerrito | Contra Costa |
| 24 | Lafayette | Contra Costa |
| 25 | Martinez | Contra Costa |
| 26 | Moraga | Contra Costa |
| 27 | Oakley | Contra Costa |
| 28 | Pinole | Contra Costa |

| Approved, Launch Pending Judicial Validation | | |
|---|------------------------------|----------------------|
| | <u>Jurisdiction</u> | <u>County</u> |
| 282 | Belmont | San Mateo |
| 283 | Blue Lake | Humboldt |
| 284 | Etna | Siskiyou |
| 285 | Fort Bragg | Mendocino |
| 286 | Fremont | Alameda |
| 287 | Grass Valley | Nevada |
| 288 | Half Moon Bay | San Mateo |
| 289 | Hillsborough | San Mateo |
| 290 | Isleton | Sacramento |
| 291 | Loyalton | Sierra |
| 292 | Nevada City | Nevada |
| 293 | Newark | Alameda |
| 294 | Pacifica | San Mateo |
| 295 | Paradise | Butte |
| 296 | Point Arena | Mendocino |
| 297 | Portola Valley | San Mateo |
| 298 | Redding | Shasta |
| 299 | San Leandro | Alameda |
| 300 | San Luis Obispo | SLO |
| 301 | Shasta County Unincorporated | Shasta |
| 302 | Sutter Creek | Amador |
| 303 | Tehama | Tehama |
| 304 | Watsonville | Santa Cruz |
| 305 | Weed | Siskiyou |
| 306 | Yreka | Siskiyou |
| 307 | Yuba City | Sutter |

| | | |
|----|---------------------------------|--------------|
| 29 | Pittsburg | Contra Costa |
| 30 | Pleasant Hill | Contra Costa |
| 31 | Richmond | Contra Costa |
| 32 | San Pablo | Contra Costa |
| 33 | San Ramon | Contra Costa |
| 34 | Walnut Creek | Contra Costa |
| 35 | Crescent City | Del Norte |
| 36 | Del Norte County Unincorporated | Del Norte |
| 37 | El Dorado County Unincorporated | El Dorado |
| 38 | Placerville | El Dorado |
| 39 | South Lake Tahoe | El Dorado |
| 40 | Clovis | Fresno |
| 41 | Coalinga | Fresno |
| 42 | Firebaugh | Fresno |
| 43 | Fowler | Fresno |
| 44 | Fresno | Fresno |
| 45 | Fresno County Unincorporated | Fresno |
| 46 | Huron | Fresno |
| 47 | Kerman | Fresno |
| 48 | Kingsburg | Fresno |
| 49 | Mendota | Fresno |
| 50 | Orange Cove | Fresno |
| 51 | Parlier | Fresno |
| 52 | Reedley | Fresno |
| 53 | San Joaquin | Fresno |
| 54 | Sanger | Fresno |
| 55 | Selma | Fresno |
| 56 | Arcata | Humboldt |
| 57 | Eureka | Humboldt |
| 58 | Ferndale | Humboldt |
| 59 | Fortuna | Humboldt |
| 60 | Humboldt County Unincorporated | Humboldt |
| 61 | Trinidad | Humboldt |
| 62 | Brawley | Imperial |
| 63 | Calexico | Imperial |
| 64 | Calipatria | Imperial |
| 65 | El Centro | Imperial |
| 66 | Holtville | Imperial |

| | | |
|-----|-----------------------------------|-----------|
| 67 | Imperial | Imperial |
| 68 | Imperial County Unincorporated | Imperial |
| 69 | Bishop | Inyo |
| 70 | Arvin | Kern |
| 71 | Bakersfield | Kern |
| 72 | California City | Kern |
| 73 | Delano | Kern |
| 74 | Kern County Unincorporated | Kern |
| 75 | McFarland | Kern |
| 76 | Ridgecrest | Kern |
| 77 | Shafter | Kern |
| 78 | Tehachapi | Kern |
| 79 | Wasco | Kern |
| 80 | Taft | Kern |
| 81 | Avenal | Kings |
| 82 | Corcoran | Kings |
| 83 | Hanford | Kings |
| 84 | Kings County Unincorporated | Kings |
| 85 | Lemoore | Kings |
| 86 | Chowchilla | Madera |
| 87 | Madera | Madera |
| 88 | Madera County Unincorporated | Madera |
| 89 | Belvedere | Marin |
| 90 | Fairfax | Marin |
| 91 | Larkspur | Marin |
| 92 | Marin County Unincorporated | Marin |
| 93 | Mill Valley | Marin |
| 94 | Novato | Marin |
| 95 | San Anselmo | Marin |
| 96 | San Rafael | Marin |
| 97 | Sausalito | Marin |
| 98 | Tiburon | Marin |
| 99 | Mariposa County Unincorporated | Mariposa |
| 100 | Ukiah | Mendocino |
| 101 | Atwater | Merced |
| 102 | Dos Palos | Merced |
| 103 | Gustine | Merced |
| 104 | Livingston | Merced |
| 105 | Merced | Merced |
| 106 | Merced County Unincorporated | Merced |

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|-----|-----------------------------------|----------|
| 107 | Los Banos | Merced |
| 108 | Mammoth Lakes | Mono |
| 109 | Mono County Unincorporated | Mono |
| 110 | Carmel | Monterey |
| 111 | Del Rey Oaks | Monterey |
| 112 | Gonzales | Monterey |
| 113 | Greenfield | Monterey |
| 114 | King City | Monterey |
| 115 | Monterey | Monterey |
| 116 | Monterey County Unincorporated | Monterey |
| 117 | Pacific Grove | Monterey |
| 118 | Salinas | Monterey |
| 119 | Sand City | Monterey |
| 120 | Seaside | Monterey |
| 121 | American Canyon | Napa |
| 122 | Calistoga | Napa |
| 123 | Napa | Napa |
| 124 | Napa County Unincorporated | Napa |
| 125 | St. Helena | Napa |
| 126 | Yountville | Napa |
| 127 | Aliso Viejo | Orange |
| 128 | Anaheim | Orange |
| 129 | Buena Park | Orange |
| 130 | Costa Mesa | Orange |
| 131 | Cypress | Orange |
| 132 | Fountain Valley | Orange |
| 133 | Garden Grove | Orange |
| 134 | Huntington Beach | Orange |
| 135 | La Habra | Orange |
| 136 | La Palma | Orange |
| 137 | Laguna Beach | Orange |
| 138 | Laguna Hills | Orange |
| 139 | Lake Forest | Orange |
| 140 | Mission Viejo | Orange |
| 141 | Newport Beach | Orange |
| 142 | Placentia | Orange |
| 143 | Rancho Santa Margarita | Orange |
| 144 | San Clemente | Orange |
| 145 | Santa Ana | Orange |
| 146 | Stanton | Orange |
| 147 | Tustin | Orange |
| 148 | Westminster | Orange |
| 149 | Yorba Linda | Orange |
| 150 | Brea | Orange |

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| 151 | Beaumont | Riverside |
| 152 | Blythe | Riverside |
| 153 | Cathedral City | Riverside |
| 154 | Coachella | Riverside |
| 155 | Desert Hot Springs | Riverside |
| 156 | Indian Wells | Riverside |
| 157 | Indio | Riverside |
| 158 | La Quinta | Riverside |
| 159 | Palm Desert | Riverside |
| 160 | Palm Springs | Riverside |
| 161 | Rancho Mirage | Riverside |
| 162 | Riverside County Eastern Unincorporated | Riverside |
| 163 | Citrus Heights | Sacramento |
| 164 | Galt | Sacramento |
| 165 | Rancho Cordova | Sacramento |
| 166 | Sacramento | Sacramento |
| 167 | Elk Grove | Sacramento |
| 168 | Sacramento County Unincorporated | Sacramento |
| 169 | San Juan Bautista | San Benito |
| 170 | Carlsbad | San Diego |
| 171 | Chula Vista | San Diego |
| 172 | Coronado | San Diego |
| 173 | Del Mar | San Diego |
| 174 | El Cajon | San Diego |
| 175 | Encinitas | San Diego |
| 176 | Escondido | San Diego |
| 177 | Imperial Beach | San Diego |
| 178 | La Mesa | San Diego |
| 179 | Lemon Grove | San Diego |
| 180 | National City | San Diego |
| 181 | Oceanside | San Diego |
| 182 | Poway | San Diego |
| 183 | San Diego | San Diego |
| 184 | San Diego County Unincorporated | San Diego |
| 185 | San Marcos | San Diego |
| 186 | Santee | San Diego |
| 187 | Solana Beach | San Diego |
| 188 | Vista | San Diego |
| 189 | San Francisco | San Francisco |
| 190 | Lathrop | San Joaquin |
| 191 | Lodi | San Joaquin |
| 192 | Manteca | San Joaquin |
| 193 | Ripon | San Joaquin |

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| 194 | San Joaquin County Unincorporated | San Joaquin |
| 195 | Stockton | San Joaquin |
| 196 | Tracy | San Joaquin |
| 197 | Atherton (Town of) | San Mateo |
| 198 | Brisbane | San Mateo |
| 199 | Burlingame | San Mateo |
| 200 | Colma (Town of) | San Mateo |
| 201 | Daly City | San Mateo |
| 202 | Foster City | San Mateo |
| 203 | Menlo Park | San Mateo |
| 204 | Millbrae | San Mateo |
| 205 | Redwood City | San Mateo |
| 206 | San Bruno | San Mateo |
| 207 | San Carlos | San Mateo |
| 208 | San Mateo | San Mateo |
| 209 | San Mateo County Unincorporated | San Mateo |
| 210 | South San Francisco | San Mateo |
| 211 | Woodside | San Mateo |
| 212 | Lompoc | Santa Barbara |
| 213 | Campbell | Santa Clara |
| 214 | Gilroy | Santa Clara |
| 215 | Morgan Hill | Santa Clara |
| 216 | Mountain View | Santa Clara |
| 217 | San Jose | Santa Clara |
| 218 | Santa Clara | Santa Clara |
| 219 | Capitola | Santa Cruz |
| 220 | Santa Cruz | Santa Cruz |
| 221 | Santa Cruz County Unincorporated | Santa Cruz |
| 222 | Scotts Valley | Santa Cruz |
| 223 | Dunsmuir | Siskiyou |
| 224 | Mount Shasta | Siskiyou |
| 225 | Grover Beach | SLO |
| 226 | Morro Bay | SLO |
| 227 | Paso Robles | SLO |
| 228 | San Luis Obispo County Unincorporated | SLO |
| 229 | Benicia | Solano |
| 230 | Fairfield | Solano |
| 231 | Rio Vista | Solano |
| 232 | Solano County Unincorporated | Solano |
| 233 | Suisun City | Solano |
| 234 | Vallejo | Solano |

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| 235 | Dixon | Solano |
| 236 | Vacaville | Solano |
| 237 | Cloverdale | Sonoma |
| 238 | Cotati | Sonoma |
| 239 | Healdsburg | Sonoma |
| 240 | Rohnert Park | Sonoma |
| 241 | Sebastopol | Sonoma |
| 242 | Sonoma | Sonoma |
| 243 | Sonoma County Unincorporated | Sonoma |
| 244 | Windsor | Sonoma |
| 245 | Ceres | Stanislaus |
| 246 | Hughson | Stanislaus |
| 247 | Modesto | Stanislaus |
| 248 | Newman | Stanislaus |
| 249 | Oakdale | Stanislaus |
| 250 | Patterson | Stanislaus |
| 251 | Riverbank | Stanislaus |
| 252 | Turlock | Stanislaus |
| 253 | Waterford | Stanislaus |
| 254 | Live Oak | Sutter |
| 255 | Corning | Tehama |
| 256 | Tehama County Unincorporated | Tehama |
| 257 | Dinuba | Tulare |
| 258 | Exeter | Tulare |
| 259 | Farmersville | Tulare |
| 260 | Lindsay | Tulare |
| 261 | Porterville | Tulare |
| 262 | Tulare (City of) | Tulare |
| 263 | Visalia | Tulare |
| 264 | Woodlake | Tulare |
| 265 | Camarillo | Ventura |
| 266 | Fillmore | Ventura |
| 267 | Moorpark | Ventura |
| 268 | Ojai | Ventura |
| 269 | Oxnard | Ventura |
| 270 | Port Hueneme | Ventura |
| 271 | San Buenaventura | Ventura |
| 272 | Santa Paula | Ventura |
| 273 | Simi Valley | Ventura |
| 274 | Thousand Oaks | Ventura |
| 275 | Davis | Yolo |
| 276 | West Sacramento | Yolo |
| 277 | Winters | Yolo |
| 278 | Woodland | Yolo |
| 279 | Yolo County Unincorporated | Yolo |

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| 280 | Wheatland | Yuba |
| 281 | Yuba County Unincorporated | Yuba |

| Question | Answer | | | | | | | | | | | | | | |
|---|---|----------|-------------|---------|-----|----------|-------|-----------------|-----|---------------|----|----------|-----|------------------|--|
| 1. Name of PACE Program(s): | Energy Efficient Equity | | | | | | | | | | | | | | |
| 2. Sponsoring government entity: | California Municipal Finance Authority | | | | | | | | | | | | | | |
| 3. Date residential program began: | June 2016 | | | | | | | | | | | | | | |
| 4. Participating jurisdictions: | 65 throughout California | | | | | | | | | | | | | | |
| 5. Statutory authority under which program was formed: | AB 811 | | | | | | | | | | | | | | |
| 6. Third-Party Administrator, if applicable: | Energy Efficient Equity | | | | | | | | | | | | | | |
| 7. Public-Private partnerships: | | | | | | | | | | | | | | | |
| a. How did you select your third party administrator(s)? | N/A | | | | | | | | | | | | | | |
| b. What oversight do you exercise over them? | N/A | | | | | | | | | | | | | | |
| 8. Funding/capital structure: | Private Capital | | | | | | | | | | | | | | |
| 9. Total number and dollar amount of projects funded to date: | 43 recorded projects, \$2,316,311.19 | | | | | | | | | | | | | | |
| 10. How many securitizations have you completed? | 0 | | | | | | | | | | | | | | |
| 11. Minimum and maximum financing amount: | \$5,000 - \$200,000 | | | | | | | | | | | | | | |
| 12. Terms offered: | 5 - 30 years | | | | | | | | | | | | | | |
| 13. Interest rates, and how have your interest rates changed since program inception? | 2017: 2.99% - 6.99%, risk adjusted 2016: 6.69% - 8.49% | | | | | | | | | | | | | | |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | Origination Fee: 0%-4.99%, risk adjusted Other Fees (Recording expenses...) at costs. Fees are applied to financing amount and disclosed in the Truth-In-PACE® Disclosure Statement. | | | | | | | | | | | | | | |
| 15. Do you charge a prepayment penalty? | No | | | | | | | | | | | | | | |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | <ol style="list-style-type: none"> 1. Applications are submitted through channel partner's secure portal. Approvals are instant. 2. Notice to Proceed is issued 3 business days after contracts are signed. 3. Upon completion of project Property Owners submit a Completion Certificate instructing the program to issue payment to the Contractor. Payments are disbursed within 2 business days. | | | | | | | | | | | | | | |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | <table> <tr> <th>Criteria</th><th>Requirement</th></tr> <tr> <td>Max LTV</td><td>15%</td></tr> <tr> <td>Max CLTV</td><td>96.4%</td></tr> <tr> <td>Application LTV</td><td>90%</td></tr> <tr> <td>DTI Threshold</td><td>5%</td></tr> <tr> <td>Max CDTI</td><td>45%</td></tr> <tr> <td>No New Mortgages</td><td>Mortgage must be seasoned for at least 90 days</td></tr> </table> | Criteria | Requirement | Max LTV | 15% | Max CLTV | 96.4% | Application LTV | 90% | DTI Threshold | 5% | Max CDTI | 45% | No New Mortgages | Mortgage must be seasoned for at least 90 days |
| Criteria | Requirement | | | | | | | | | | | | | | |
| Max LTV | 15% | | | | | | | | | | | | | | |
| Max CLTV | 96.4% | | | | | | | | | | | | | | |
| Application LTV | 90% | | | | | | | | | | | | | | |
| DTI Threshold | 5% | | | | | | | | | | | | | | |
| Max CDTI | 45% | | | | | | | | | | | | | | |
| No New Mortgages | Mortgage must be seasoned for at least 90 days | | | | | | | | | | | | | | |

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| | Participating Jurisdiction | Property must be located in and pay property taxes to a jurisdiction that has passed an opt-in resolution. |
| | Property Taxes | The total amount of any annual property taxes and assessments shall not exceed five percent (5%) of the Property's FMV, Property tax payments for the must be current and the homeowner must certify that there is no more than one late payment for the shorter of the previous three years or since the present homeowner acquired the Property. |
| | Liens | The property must not have any involuntary Liens with a balance greater than one thousand Dollars (\$1,000). |
| | Notice of Default | The Property must be in current good standing condition. If a Notice of Default has been issued that resulted in a modification of the mortgage, the modified mortgage may have no payments past due. |
| | Bankruptcy | The subject property must not be an asset in a current bankruptcy proceeding. No homeowner applicant has had any active bankruptcies within the last 3 years; provided, however, that this criterion can be met if the homeowner's |

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| | have had no payments past due for more than 60 days for the shorter of the previous 12-month period preceding funding or since the bankruptcy was discharged. |
| 18. Describe your underwriting process: | Applications are submitted electronically. The underwriting team reviews program eligibility criteria and makes approval decisions. |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | We have always had the Truth-In-PACE® Disclosure Statement which is more comprehensive than the requirements of AB 2693. |
| 20. PACE Projects: | |
| a. How do you determine which types of projects or products are eligible? | Every project financed by the program must meet the program's eligibility criteria and have a quantifiable renewable energy, energy efficiency or water savings component. |
| b. What is your project review process upon receiving an application? | All products and the contractors responsible for installing them are pre-approved prior the application being submitted. |
| c. Do you perform on-site inspections? | Yes |
| d. What percentage of projects completed are EE, renewables, water, etc.? | 42% energy efficiency, 49% renewable energy, 9% water efficiency |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | <ul style="list-style-type: none"> • We underwrite transactions to conform with Agency standards. • Yes, property owners are offered subordination as needed, 0. |
| 22. Do you provide lender notification? | Property owners are encouraged to notify lenders and are provided instruction for escrow accounts. |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | <p>To participate in the program, contractors must:</p> <ul style="list-style-type: none"> • Have a valid license with the California State Licensing Board • Submit to a background check • Maintain an auditable database of customer transactions • Have been in business for at least 2 years • Meet certain financial requirements • Provide proof of insurance • Sign and adhere to E3's code of ethics |

| | |
|--|---|
| b. Do you provide any incentives for contractors who offer PACE financing? | Yes |
| c. Do you have any exclusivity agreements or partnerships with contractors? | Exclusivity - No, Partnerships - Yes |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | Formal process with arbitration agreement, Yes. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Comprehensive reporting is provided to all participating local governments. |
| b. How do you work with local governments on issues raised by property owners? | Staff is available 24/7. |
| 25. Data | |
| a. What data do you collect and track about your program? | All financing and project data is collected. |
| b. What data should the PACE Loss Reserve Program be collecting? | Public records |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | Yes |
| b. What information do you have regarding the borrower profile of your participating property owners? | Credit Demographics |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | Staff is available 24/7. |
| b. Do you keep track of customer concerns or complaints? | Yes |
| c. What categories do these complaints fall under? Please include frequency. | Product Questions – 3 Financing Terms – 1 Compliance – 1 |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | 0 Delinquencies to date. Yes, 27 basis points is deposited with financing and the balance is refunded pro rata at maturity of the bonds. |

| Question | Answer |
|--|--|
| 1. Name of PACE Program(s): | Los Angeles County Energy Program |
| 2. Sponsoring government entity: | County of Los Angeles |
| 3. Date residential program began: | May 2015 |
| 4. Participating jurisdictions: | All municipalities within the County of Los Angeles, except Vernon |
| 5. Statutory authority under which program was formed: | AB 811 |
| 6. Third-Party Administrator, if applicable: | Renovate America (HERO) & Renew Financial (CaliforniaFirst) |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | Open solicitation |
| b. What oversight do you exercise over them? | Extensive |
| 8. Funding/capital structure: | The third party administrators are financiers |
| 9. Total number and dollar amount of projects funded to date: | > \$550 million |
| 10. How many securitizations have you completed? | > 19,000 |
| 11. Minimum and maximum financing amount: | \$5,000 - \$250,000 |
| 12. Terms offered: | 5, 10, 15, 20, 25 year terms |
| 13. Interest rates, and how have your interest rates changed since program inception? | 6.75% to 8.35% |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | Various |
| 15. Do you charge a prepayment penalty? | No |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | Extensive, Homeowners may apply to one of the County's two PACE Program Administrators, by phone, online, or in person. The PA conducts an extensive, yet rapid, underwriting evaluation, and places the application in LA County's DocuSign queue. Within 24 hours, the County reviews all assessment contracts based on County requirements. |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | Various funding too market value metrics, income is not considered. |
| 18. Describe your underwriting process: | Provided by program administrators |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | Provided by program administrators |
| 20. PACE Projects - | |

| | |
|--|---|
| a. How do you determine which types of projects or products are eligible? | Measures must meet some type of third party verification and discussions between the administrators and the County. |
| b. What is your project review process upon receiving an application? | Financing terms and measures are reviewed |
| c. Do you perform on-site inspections? | Some, by the program administrators |
| d. What percentage of projects completed are EE, renewables, water, etc.? | |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | Limited subordination, notification normally triggered from homeowner initiated contact |
| 22. Do you provide lender notification? | |
| 23. Contractor Network: | Provided by program administrators |
| a. Please describe your contractor requirements, training, and oversight. | |
| b. Do you provide any incentives for contractors who offer PACE financing? | |
| c. Do you have any exclusivity agreements or partnerships with contractors? | |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | |
| 24. Relationship with local governments – | Reporting or info provided when requested |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | |
| b. How do you work with local governments on issues raised by property owners? | |
| 25. Data | Daily data feed, all measures and pricing, pre & post project |
| a. What data do you collect and track about your program? | |
| b. What data should the PACE Loss Reserve Program be collecting? | |
| 26. About your PACE customers: | Provided by program administrators |
| a. Do you collect any information on why your participating property owners choose to use PACE? | |
| b. What information do you have regarding the borrower profile of your participating property owners? | |
| 27. Customer Satisfaction: | Provided by program administrators |

| | |
|--|--|
| a. What is your process for addressing customer concerns or complaints? | |
| b. Do you keep track of customer concerns or complaints? | |
| c. What categories do these complaints fall under? Please include frequency. | Various, including financing terms, contractor behavior, pricing, workmanship |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | No delinquencies so far, program has had 2% of projects already pay back their assessments, there is a loan loss reserve fund. |

mPOWER

Placer County

Question/Answer

1. Name of PACE Program(s):

mPOWER

2. Sponsoring government entity:

Placer County

3. Date residential program began:

mPOWER opened both residential and non-residential programs in March 2010. The residential program was suspended in July 2010, due to the FHFA Bulletin. However, the residential program suspension was lifted in July 2014.

4. Participating jurisdictions:

Unincorporated Placer and Nevada counties; cities of Auburn, Colfax, Loomis, Lincoln, Rocklin, Roseville, Folsom, Grass Valley, Truckee, and Nevada City

5. Statutory authority under which program was formed:

The Placer County program was formed under Assembly Bill 811. The City of Folsom program was formed under Senate Bill 555.

6. Third-Party Administrator, if applicable:

Not applicable

7. Public-Private partnerships:

a. How did you select your third party administrator(s)?

Not applicable

b. What oversight do you exercise over them?

Not applicable

8. Funding/capital structure:

Initial capital is provided through the Placer County Treasury. Bonds backed by assessments are purchased by the Placer County Treasury and are later remarketed for sale to municipal bond investors.

9. Total number and dollar amount of projects funded to date:

Total = \$62,945,529 for 1,822 projects.

Residential total = \$54,324,507 for 1,758 projects.

Non-residential total = \$8,621,022 for 64 projects.

10. How many securitizations have you completed?

One private placement bond has been remarketed and sold to a third party investor.

11. Minimum and maximum financing amount:

\$2,500 minimum

No maximum, subject to qualification.

mPOWER Placer County

12. Terms offered:

5, 10, 15, or 20 years, with maximum term not to exceed useful life of the improvement(s).

13. Interest rates, and how have your interest rates changed since program inception?

The interest rate at inception was 7.25%. In June of 2011, the interest rate was reduced to 6% and has remained at that rate since then.

14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied?

| | |
|--------------------------------|---------|
| Residential Processing Fee | \$500 |
| Non-Residential Processing Fee | \$1,300 |
| Recording Fee | \$66 |
| Title Search Costs | \$140 |
| Annual Assessment Fee | \$25 |
| Appraisal Fee (desk-top) | \$12 |

Fees are charged to property owners when incurred, except for the processing fee, which is charged upon contract execution.

15. Do you charge a prepayment penalty?

No.

16. Describe your application process from first contact to project funding, including how long it takes you to approve an application. (See below)

17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay. (See below)

18. Describe your underwriting process. (See below)

Response to Questions 16, 17 & 18:

1. Property owner submits mPOWER application.
2. Applicant must attend informational seminar that includes:
 - a. Program overview
 - b. Detailed information on mPOWER financing
 - c. Other financing alternatives
 - d. Consumer information on selecting a contractor
 - e. Energy efficiency and loading order information
3. Application review. A complete application includes:
 - Application signed by all property owners (individuals on title)
 - Contractor's Bid
 - mPOWER Equipment Specifications form
 - Mortgage statement(s)
 - Trust documents (if applicable)

mPOWER Placer County

- LLC or Corporation documents (if applicable)
 - Utility bill detail (last 12 month's energy usage)
 - One complete utility statement (includes meter numbers)
4. Complete applications are assigned to an mPOWER Specialist who will serve the applicant throughout the entire process (applying, financing, funding). Applications are reviewed for completeness, accuracy, and project qualification. Projects are reviewed for building code compliance and for pricing on solar projects. The property owner must meet the following qualifications:
- a. The applicant(s) owns the property.
 - b. The property is developed and within the jurisdictions served by mPOWER.
 - c. Property title is vested in the applicant name(s).
 - d. Property owner is current on property taxes on the subject property, and has not been in default for three years (or since he/she took ownership if less than three years), except for supplemental property tax bills where the taxpayer otherwise has a record of timely payments. Defaulted supplemental property tax bills must be paid prior to closing.
 - e. The total amount of any annual property taxes and assessments (including ad valorem property taxes, contractual assessments, other assessments and special taxes) may not exceed 5% of the property's market value, as determined at the time of approval of the owner's contractual assessment.
 - f. Property owner is not in bankruptcy and, if the property owner has been in bankruptcy, it has been at least **five years since discharge or dismissal** of bankruptcy, and the property must not be an asset in a bankruptcy proceeding.
 - g. Property owner is current on mortgage(s). A notice of default must not have been filed against the property during the last five years (or since the property owner took ownership, if less than five years).
 - h. There may not be any public record of easements or covenants prohibiting the improvement.
 - i. Except in limited circumstances, mPOWER financing is limited to the lesser of 9.99% of the property's value, plus the value of the improvements, or, b) the value of the property plus the value of the improvements must be equal to or greater than the total of (i) the property owner's public and private debt on the property, including mortgages and home equity lines of credit, (ii) all property assessments (including the addition of the mPOWER contractual assessment) and, (iii) the allocable portion of any outstanding bonds issued under the Mello-Roos Community Facilities Act of 1982.
 - j. The property must not be subject to a mechanics, Internal Revenue Service, Franchise Tax Board, child support or other involuntary liens.
 - k. There must not be a civil court record within the last five years that demonstrates failure by the property owner to make payments with respect to the subject property.
 - l. For non-residential properties, lender acknowledgement of the proposed assessment lien is required.
 - m. The property owner has executed all declarations required in the Application.
 - n. The proposed Improvements and costs are eligible to be financed under the Program. If the proposed improvements are part of a project that includes portions

mPOWER Placer County

not eligible for the program (e.g., a room addition), the costs of the work have been properly allocated between the eligible and ineligible improvements.

- o. All required documents have been submitted.
- p. mPOWER staff will verify property ownership by performing a public records search. Applicants are responsible for the costs of the title check. Before proceeding with the title search, mPOWER secures written permission of the property owner to incur the cost.
- q. If mPOWER Staff cannot verify one or more of the items above, after consultation with the property owner, the application is denied, and mPOWER sends a written denial notice. Property owners may submit a new or amended application, which will be processed on a first-come, first-served basis based upon the new receipt date.

Note: mPOWER does not release the amount of equity in a property to a contractor. This ensures contractors are bidding the job, not the equity, and discourages upselling/overselling of improvements.

5. Applicant is sent a Loan Estimate, which includes disclosures and financing costs, and an approval request for a title report, based on quoted title report cost. Applicant must return a signed Loan Estimate and approved request for title report to obtain a title report.

After title report is received, application is reviewed for approval.

After approval, an mPOWER Specialist meets with the applicant in person to review the Closing Disclosure, the Notice of Assessment, Three-Day Notice of Right to Cancel, and an overview of the disbursement process is also reviewed. The Notice of Assessment and all documents, including a Three-Day Notice of Right to Cancel, are signed and the Notice of Assessment is notarized. mPOWER advises applicants not to commence any work until the Three-Day Notice of Right to Cancel time-period has lapsed and a Notice of Assessment has been recorded, and a Notice to Proceed has been issued by mPOWER.

6. After the Three-Day Notice of Right to Cancel time-period has lapsed, the Notice of Assessment is recorded with the County Recorder and the property owner is provided with a Notice to Proceed.

If an application is complete and the property owner returns signed disclosure documents promptly, the application process typically takes 3 or 4 days. Incomplete applications or delays in returning signed disclosures may cause the process to take up to 14 days. The application process may be accelerated to same-day processing in cases of emergency (such as an HVAC replacement project during a heat wave or cold spell).

7. mPOWER disburses funds after required documentation has been provided, including contractor invoices and all signed final permits. The property owner must also indicate they are satisfied with the project. The property owner may elect to have mPOWER pay the contractor directly by executing an assignment of payment. Contractors who are paid directly must provide appropriate Internal Revenue Service documents.

19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective?

mPOWER Placer County

Since inception, mPOWER has provided its applicants written lending and other consumer disclosures. Although not required, mPOWER has provided its disclosures consistent with the Truth In Lending Act modified to reflect contractual assessments. Consistent with the Real Estate Settlement Procedures Act (RESPA) changes in July of 2015, mPOWER updated its disclosures.

Since July 2010, mPOWER has advised applicants of the FHFA statements. The mPOWER application includes a separate disclosure that must be signed by the applicant regarding the FHFA statements. mPOWER has always included information about the FHFA statements in its seminar required for all property owners, and the mPOWER Assessment Contract includes an FHFA disclosure statement, which is called out by the Program Specialist when reviewing the Contract with the property owner.

To ensure all property owners understand the disclosures and Notice of Assessment, and to ensure quality control, each property owner meets with an mPOWER specialist who reviews all aspects of the disclosures, Notice of Assessment, Assessment Contract and the disbursement process.

20. PACE Projects -

a. How do you determine which types of projects or products are eligible?

mPOWER follows California PACE laws, Title 24, Energy Star rated products, utility rebates, and US Department of Energy Guidelines to determine eligible improvements.

b. What is your project review process upon receiving an application?

mPOWER Specialists review the Application, Contractor's Bid, the Equipment Specifications Form, ensuring all improvements are eligible. For each application, mPOWER Specialists ensures that:

- the contractor has current license for the work performed.
- the contractor has appropriate liability and Workers Compensation Insurance for the work being done.
- the improvements will be permanently affixed to real property.
- cost saving analysis for solar systems must result in net savings over the life of the improvement, using conservative utility rate increases, based on each utility provider's historic rates.

c. Do you perform on-site inspections?

Yes. In addition to requiring all appropriate permits, mPOWER staff will verify installations of non-code required items, such as water conservation measures, which do not require an inspection by county or city building officials.

d. What percentage of projects completed are EE, renewables, water, etc.?

| | |
|---------------|-------|
| Solar PV | 60.6% |
| HVAC | 14.8% |
| Windows/Doors | 5.0% |
| Roof | 4.7% |
| Insulation | 4.2% |

mPOWER Placer County

| | |
|--------------------|------|
| Pool Equipment | 4.2% |
| Water Conservation | 3.1% |
| Water Heaters | 2.3% |
| Lighting | 0.7% |
| Wood Stove | 0.4% |

21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved?

Since July 2010, mPOWER has advised applicants of the FHFA statements. The mPOWER application includes a separate disclosure that must be signed by the applicant regarding the FHFA statements. mPOWER has always included information about the FHFA statements in its seminar, required for all applicants. The mPOWER Assessment Contract includes a FHFA disclosure statement, which is called out by the Program Specialist when reviewing the Assessment Contract with the property owner.

In the Fall of 2015, it became apparent that some property owners began to face challenges related to financing and refinancing. The mPOWER property owner seminar was updated to include information stating most lenders now require property owners to pay-off their mPOWER assessment prior to financing or refinancing. The FHFA bulletin and potential consequences when financing or refinancing is reviewed again with the applicant at time of Assessment Contract review.

mPOWER does not allow the practice commonly referred to as “contractual subordination.” It should be noted that subordination of PACE assessments is not authorized under California law. To-date, FHFA does not consider the contractual arrangements a remedy to the concerns expressed in the FHFA statements. Further, these contractual arrangements may ultimately result in detrimental consequences.

22. Do you provide lender notification?

Prior to executing the contractual assessment, residential applicants are advised to contact their lender(s) to verify that the voluntary lien does not violate terms of the mortgage agreement. Residential applicants are also advised to contact their lender to make any necessary adjustments to their mortgage impound account.

mPOWER requires non-residential applicants to obtain a notarized Lender Acknowledgment.

23. Contractor Network:

a. Please describe your contractor requirements, training, and oversight.

mPOWER allows homeowners to use the contractor of their choice, as long as the contractor meets certain criteria:

- Contractor has a current California State Contracting License, appropriate for the work being performed
- Contractor has appropriate liability insurance for work being performed
- Contractor has appropriate Worker’s Compensation coverage
- Contractor has attended an mPOWER seminar

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mPOWER checks the status of the contractor's license with each application, regardless of the number of times a contractor has worked with the program, or how recently.

mPOWER does not refer, recommend or certify contractors. mPOWER directs applicants who do not have a contractor to the following resources:

- Contractor Associations
- Referrals from applicant's personal friends and associates
- Consumer-based websites
- Trade Associations
- General Advertising

b. Do you provide any incentives for contractors who offer PACE financing?

No.

c. Do you have any exclusivity agreements or partnerships with contractors?

No.

d. What is your process for removing any problematic contractors, and have you removed contractors from your network?

Any contractor can have customers who obtain financing through mPOWER as long as they meet the requirements in #23 above. mPOWER does not have a network of contractors.

mPOWER requires all contractors to participate in the mPOWER seminar. The information provided in the seminar, combined with the expertise of mPOWER staff who work directly with contractors and homeowners, sets a high standard for contractor conduct. mPOWER requires that the property owner be satisfied with the project prior to disbursing funds. mPOWER's standards and operating procedures effectively limit contractor issues.

24. Relationship with local governments

a. Do you provide any reports or program status information to local governments that have opted into your program?

Yes. mPOWER provides a monthly report and updates to participating jurisdictions.

b. How do you work with local governments on issues raised by property owners?

mPOWER is customer and stakeholder oriented and works directly with its public counterparts, property owners, elected officials and other representatives, to ensure the program is meeting program goals and the needs of its stakeholders.

25. Data

a. What data do you collect and track about your program?

mPOWER collects or tracks data on:

- Amount financed, and financing terms
- Type, size and characteristics of projects financed

mPOWER Placer County

- Property owner utility data releases
- Energy consumption
- Rebates and incentives
- Kilowatts/Megawatts of renewable generation
- Property characteristics: year built, square footage, etc.
- Repayment data, i.e. delinquency/default, prepayment/payoff data

b. What data should the PACE Loss Reserve Program be collecting?

1. Assessment amounts and parcel numbers
2. Description of improvements financed
3. Payment data: delinquency/default, prepayment and payoff
4. Outstanding balance of assessments subject to contractual subordination
5. Default amount, age (number of missed payments) and outstanding balance of defaulted assessments subject for contractual subordination

26. About your PACE customers:

a. Do you collect any information on why your participating property owners choose to use PACE?

No. We do collect data on how property owners heard about mPOWER.

b. What information do you have regarding the borrower profile of your participating property owners?

We collect energy usage data for each property utilizing mPOWER.

27. Customer Satisfaction:

a. What is your process for addressing customer concerns or complaints?

mPOWER maintains a complaint record. All complaints are documented, investigated, and immediately addressed.

b. Do you keep track of customer concerns or complaints?

Yes.

c. What categories do these complaints fall under? Please include frequency.

- PACE assessment is an impediment to sale or refinancing of property (6)
- New homeowner unaware of PACE lien on property (2)
- Property owner unaware PACE assessment could not be paid separate from property taxes (1)

28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made?

As of November 30, 2016, mPOWER has approximately 1,628 liens. Three have become subject to default since 2010. Two have been paid in full, less than thirty days from date of default. One default is still outstanding, and mPOWER is working with the property owner for payment.

At this time, mPOWER does not have a bond reserve fund.

| Question | Answer |
|---|---|
| 1. Name of PACE Program(s): | PACE Funding Group, LLC |
| 2. Sponsoring government entity: | CSCDA |
| 3. Date residential program began: | September 2015 |
| 4. Participating jurisdictions: | https://www.pacefunding.com/community/ |
| 5. Statutory authority under which program was formed: | AB 811 |
| 6. Third-Party Administrator, if applicable: | N/A |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | N/A |
| b. What oversight do you exercise over them? | N/A |
| 8. Funding/capital structure: | Sell PACE bonds to investors. |
| 9. Total number and dollar amount of projects funded to date: | 72 projects with a value of \$2.5m |
| 10. How many securitizations have you completed? | 0 |
| 11. Minimum and maximum financing amount: | \$5,000 and \$200,000 |
| 12. Terms offered: | 5, 10, 15, 20 and 25 years |
| 13. Interest rates, and how have your interest rates changed since program inception? | Current interest rates: 5yr - 6.55% 10yr - 7.35% 15yr - 7.49% 20yr - 7.79% 25yr -7.99% We have raised rates in the shorter term. |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | Lien recording fee \$100 Loan loss reserve account \$95 Foreclosure Expense Reserve Account \$10 Program origination 5.95% Annual administration fee \$45 |
| 15. Do you charge a prepayment penalty? | Prepayment of the Assessment. The Assessment may be prepaid, in whole or in any amount at any time upon the payment of (i) the amount of any delinquent installments of principal or interest on the Assessment, together with penalties accrued to the date of prepayment, plus (ii) the whole or a portion of the unpaid non-delinquent principal of the Assessment (the "Assessment Prepayment Amount"), plus (iii) interest on the Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 50 days following the date the prepayment is made, plus (iv) an amount equal to the redemption premium, if any, necessary to redeem the principal amount of Bonds corresponding to the amount of the Assessment Prepayment Amount, plus (v) a reasonable fee, if charged by the Authority or Program Administrator, for the cost of administering |

| | |
|--|--|
| | the prepayment and the redemption of bonds, which shall be waived if the prepayment amount is at least \$2,500. |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | Property owner completes online application. Application is processed by FNI which uses data from Experian and CoreLogic to make an instant credit decision. |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | No active bankruptcy within the last 24 months. No more than one delinquent mortgage payment in the last 12 months. No late property tax payments in the past 3 years. At least 10% equity in the property. |
| 18. Describe your underwriting process: | Property owner completes online application. Application is processed by FNI which uses data from Experian and CoreLogic to make an instant credit decision. |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | Disclosures to property owners have not changed since program inception. PACE Funding Group abides by Consumer Protection Policies set by CSCDA in December 2015 for Open PACE program participants which are consistent with those required by AB 2693. |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | Products must match eligible products list in PACE Handbook and in our software tool. |
| b. What is your project review process upon receiving an application? | Users are only allowed to select from list of preapproved eligible projects. |
| c. Do you perform on-site inspections? | First three jobs are externally inspected for each new Contractor. Spot inspections thereafter. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | Approximately 40% projects are solar Approximately 20% projects are AC/heating Approximately 18% projects are replacement windows Approximately 15% projects are cool wall coating Roofing, Artificial turf, Insulation and replacement ductwork are each around 1-2% |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | We have received no applications for subordination. Upon receipt of such an application we would offer to voluntarily contractually subordinate. |
| 22. Do you provide lender notification? | No |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | Contractors must provide data on current CSLB license, workers compensation and general liability insurance and no negative rating below 2 in Yelp, BBB and Angie's List. Training for Contractors is undertaken by Channel Managers. Dealer onboarding is managed by Contractor Administrator. Oversight is provided by Chief Commercial Officer. |

| | |
|--|--|
| b. Do you provide any incentives for contractors who offer PACE financing? | Yes. 2% co-op marketing. |
| c. Do you have any exclusivity agreements or partnerships with contractors? | No |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | No, we have not had to remove any contractors from our network. Termination letter would be sent based on failure to comply with contractor code of conduct. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Yes |
| b. How do you work with local governments on issues raised by property owners? | We have not had to work with any local government on an issue raised by a property owner. |
| 25. Data | |
| a. What data do you collect and track about your program? | Property address and APN, Property owner, Project amounts, Assessment Amounts, County, Project type, Expected savings, Contractor. |
| b. What data should the PACE Loss Reserve Program be collecting? | Default late payments on late assessments. Amount of assessments. |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | No |
| b. What information do you have regarding the borrower profile of your participating property owners? | Experian and CoreLogic reports. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | Dispute resolution policy. |
| b. Do you keep track of customer concerns or complaints? | Yes |
| c. What categories do these complaints fall under? Please include frequency. | Very low frequency. Contractor not completing job in timely manner. |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | Delinquency and Default rate is 0. Each property owner is charged \$10 for the Bond Reserve Fund. Zero withdrawals made to date. |

Provided by Renew Financial

| Question | Answer |
|---|--|
| For questions that have different response for the CSCDA and Los Angeles County programs, the responses are divided in the "Answer" column by a forward slash, i.e. "/" | |
| 1. Name of PACE Program(s): | CaliforniaFIRST |
| 2. Sponsoring government entity: | CSCDA / Los Angeles County |
| 3. Date residential program began: | August 2014 / May 2015 |
| 4. Participating jurisdictions: | Please see https://renewfinancial.com/regions/residential-pace-participating-areas |
| 5. Statutory authority under which program was formed: | AB 811 (2008) |
| 6. Third-Party Administrator, if applicable: | Yes |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | N/A |
| b. What oversight do you exercise over them? | N/A |
| 8. Funding/capital structure: | Warehouse line of credit w/private placement bonds |
| 9. Total number and dollar amount of projects funded to date: | 12,786 / \$346,735,978 (CSCDA and LA County combined) |
| 10. How many securitizations have you completed? | As of November 21, 2016, we have completed three securitizations. |
| 11. Minimum and maximum financing amount: | Min - \$5,000 Max - 15% of property value up to \$700,000, plus 10% of property value over \$700,000. |
| 12. Terms offered: | 5-Yr, 10-Yr, 15-Yr, 20-Yr, 25-Yr, 30-Yr (solar-only) |
| 13. Interest rates, and how have your interest rates changed since program inception? | 5-Yr: 6.75% 10-Yr: 7.59% (lowered from 7.90% Nov 2014) 15-Yr: 7.99% (lowered from 8.50% Nov 2014) 20-Yr: 8.29% (lowered from 8.75% Nov 2014) 25-Yr: 8.39% (introduce Nov 2014) 30-Yr: 8.49% (introduced Oct 2016) |

| Question | Answer |
|---|---|
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | <p>One time closing cost not to exceed 6.65%. Below are representative of CSCDA program only:</p> <ul style="list-style-type: none"> • Program Admin and Origination: 4% of project cost • Bond Counsel: 1% of project cost • Program Sponsor: 0.875% of project cost • Tax Admin: 0.525% of project cost • Foreclosure fee: Fixed \$5 • Lien Recording fees: depends on County • Bond Reserve: 0.25% of assessment <p>The fees are set primarily to cover help recover internal costs associated with program administration and originations, and to pass through charges associated with third parties.</p> |
| 15. Do you charge a prepayment penalty? | No, we do not charge a percentage of the outstanding balance when an assessment is fully prepaid. However, accrued interest up to the next bond payment date (September or March) will be due. |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | A CaliforniaFIRST application can be started by calling our call center, using the homeowner application form, or working with our registered contractors. Upon underwriting the file to ensure that the property, homeowner, and projects meet the minimum program requirements, we will approve most applications in less than 24 hours. |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | <p>Please see page 8 of our Residential Handbook, available at</p> <p>https://renewfinancial.com/file/1095/download?token=3vcKpo9I/</p> <p>https://renewfinancial.com/file/1096/download?token=ZqJprl1O</p> |
| 18. Describe your underwriting process: | We have a proprietary system that attempts to performs an Auto-Decision(AD) on every application based on the property and personal information provided by the homeowner. The AD does the first pass on the underwriting based on the criteria set for each program sponsor. Should the AD be unable to pass an underwriting step, a manual review is performed by one of our agents to work with the homeowner to clear the condition(s) that prevent approval (if possible). |

| Question | Answer |
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| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>The CaliforniaFIRST program launched with an Estimated Financing Statement that provides a breakdown of fees, total payments made over time, and other critical financing terms. This form will be replaced by the document required under AB 2693.</p> <p>In October 2015, initialed disclosures were added to the Estimated Financing Statement covering the below topics.</p> <ul style="list-style-type: none"> • Long-term financing that my need to be paid off at refinance or sale • Payments due will appear on property tax bill and impound count should be adjusted • Consult a tax advisor |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | We have developed an eligible products list based on product ratings from the U.S. EPA, the U.S. Department of Energy and other federal and state agencies and reputable third parties; and we have an internal policy document that defines how products are added to the list. |
| b. What is your project review process upon receiving an application? | We have a specialized team of funders who perform an in depth review of all products to ensure that they meet the minimum qualifications prior to sending the Notice to Proceed to the homeowner and their contractor. |
| c. Do you perform on-site inspections? | We perform an inspection on one of the first 5 funded projects per contractor and then random inspections of at least 1 in 50 funded projects per contractor. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | <p>By <u>project costs</u>, our projects are:</p> <p>54% RE</p> <p>42% EE</p> <p>4% Water Conservation</p> |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | <p>We ensure homeowners are aware of FHFA-related issues in our disclosures.</p> <p>We offer a contractual Limited Subordination to homeowners or a home buyer who contact us to let us know that a refinance or a home purchase is being held up by the new lender because of the existence of our program's PACE lien on the property.</p> <p>We began offering subordinations in February 2016. From February 2016-November 2016, We have subordinated a total of 96 assessments out of 197 requests, we have 24 pending for December 2016.</p> |

| Question | Answer |
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| 22. Do you provide lender notification? | Property owners who have an impound account with their mortgage lender are encouraged to notify their lender of the new PACE-related payments that will be appearing on their property tax bill. |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | Please see attached document Participation Agreement for contractor requirements and oversight. We provide initial onboarding and continuous training for all contractors - all in person, via email, and through webinars. |
| b. Do you provide any incentives for contractors who offer PACE financing? | No, we do not provide incentives to contractors for PACE financing. We do provide marketing assistance to contractors. |
| c. Do you have any exclusivity agreements or partnerships with contractors? | We do not have any exclusivity agreements with contractors. |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | We have an internal committee that reviews complaints, recommends corrective actions, and recommends punitive actions when necessary. Yes, we have removed contractors from the program. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | CaliforniaFIRST provides our local government partners with quarterly program reports detailing project financings, environmental benefits, and PACE news updates. |
| b. How do you work with local governments on issues raised by property owners? | CaliforniaFIRST encourages local governments to be one of our many eyes and ears for reporting problematic contractors. CaliforniaFIRST offers dispute resolution for project-specific issues, and works directly with local governments to resolve any programmatic issues. |
| 25. Data | |
| a. What data do you collect and track about your program? | If there is a number associated with some program activity, we track it. For example, we track the number of applications, the number of funded projects, the type of project (energy efficiency, renewable energy, water efficiency), the estimated number of jobs created, the estimated amount of energy and water saved, etc. |

| Question | Answer |
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| b. What data should the PACE Loss Reserve Program be collecting? | The data collected and publicly reported by CAEATFA are sufficient. We request that the data that are currently publicly reported (i.e. at http://www.treasurer.ca.gov/caeatfa/pace/activity.asp) be collected within a month of the just-ended quarter and publicly reported no more than one month later and that the data be publicly reported for every quarter, rather than once every six months. |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | Yes |
| b. What information do you have regarding the borrower profile of your participating property owners? | This information is competitive in nature, and thus we do not wish to disclose. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | CaliforniaFIRST offers dispute resolution for project-specific issues that homeowners raise with us.. |
| b. Do you keep track of customer concerns or complaints? | Yes |
| c. What categories do these complaints fall under? Please include frequency. | In the majority of the consumer complaint cases, the complaints center around workmanship with the contractor. |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | <ul style="list-style-type: none"> ● Delinquency Rate = 0.045% ● Default rate = 0.03% ● Bond reserve: <ul style="list-style-type: none"> ○ 0.25% of assessment amount for CSCDA program ○ 0.10% of assessment amount for Los Angeles County program ○ To do date, no withdrawals have been made from the reserve fund to pay bond holders. |

| Question | Answer |
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| 1. Name of PACE Program(s): | SANBAG HERO Program |
| 2. Sponsoring government entity: | San Bernardino Associated Governments |
| 3. Date residential program began: | November 1, 2013 |
| 4. Participating jurisdictions: | Adelanto; Apple Valley; Barstow; Big Bear Lake; Chino; Chino Hills; Colton; Fontana; Grand Terrace; Hesperia; Highland; Loma Linda; Montclair; Needles; Ontario; Rancho Cucamonga; Redlands; Rialto; San Bernardino; Twentynine Palms; Unincorporated San Bernardino County; Upland; Victorville; Yucaipa; Yucca Valley; |
| 5. Statutory authority under which program was formed: | Section 5898.22 and Section 5898.28 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code |
| 6. Third-Party Administrator, if applicable: | Renovate America, Inc. |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | Competitive solicitation |
| b. What oversight do you exercise over them? | Collaborative effort of financing team including legal counsel, assessment engineer and financial advisor. |
| 8. Funding/capital structure: | Weekly bond issuance, direct sale to Renovate America. |
| 9. Total number and dollar amount of projects funded to date: | 14,934 total number of projects \$293,999,447.68 total amount of projects (as of November 11, 2016) |

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| 10. How many securitizations have you completed? | All securitizations have been completed by Renovate America as purchaser of bonds at origination. As of November 11, 2016, there have been eight securitization with the blended inclusion of assessments from SANBAG, CA, WRCOG and Los Angeles County HERO Programs valued at more than \$1.2 billion. |
| 11. Minimum and maximum financing amount: | <p>Minimum \$5,000</p> <p>Maximum:</p> <p>For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) 15% on the first \$700,000 value of the property, and, if applicable, less than 10% of any value of the property thereafter, or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.</p> <p>For project funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) 10% (or 15%, depending on origination date) of the value of the property, or (b) a combined mortgage and Assessment Contract value of the 100% of the value of the property.</p> <p>SANBAG has a maximum assessment amount of \$200,000.00.</p> |
| 12. Terms offered: | 5, 10, 15, 20, and 25 years |
| 13. Interest rates, and how have your interest rates changed since program inception? | <p>Current: 6.75%, 7.69%, 8.15%, 8.35%, and 8.35%</p> <p>Inception: 6.25%, 8.20%, 8.95%, 9.25%</p> <p>(rates shown by term)</p> |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | <p>Recording Fee= \$55.00</p> <p>Admin Costs= \$25.00</p> <p>Origination Fee= 4.99% of project cost</p> <p>Admin Reserve= \$10.00</p> <p>Admin Expense= \$15.00</p> <p>Fees set via original proposal and modified based on continuous evaluation and benchmarking</p> |
| 15. Do you charge a prepayment penalty? | No |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | All HERO applications are underwritten by Renovate America's technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and |

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| | <p>jurisdictions. A portion of applications are underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner's satisfaction.</p> |
| <p>17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay:</p> | <p>Summary underwriting criteria:¹</p> <ul style="list-style-type: none"> • Property owner(s) must be the property owner(s) of record. • Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years). • Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months. • Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts. • Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved. • Mortgage-related debt on the property must not exceed 90% of the value of the property. For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract |

¹ For more detailed information on underwriting criteria, please refer to the HERO Residential Program Handbook.

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| | <p>amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.</p> <ul style="list-style-type: none"> • The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment. |
| 18. Describe your underwriting process: | <p>All HERO applications are underwritten by Renovate America's technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and jurisdictions. A portion of applications are underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner's satisfaction.</p> |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>HERO has continued to promote Consumer Protections regarding HERO Financing. HERO launched a Know Before You Owe format estimated and final financing summary, which meets or exceeds all industry-standard disclosures.</p> |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | <p>Projects that are to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure that are permanently fixed to real property.</p> |
| b. What is your project review process upon receiving an application? | <p>HERO reviews and underwrites a homeowner and their applicable parcel to ensure all PACE underwriting criteria are met. HERO reviews and verifies multiple project attributes after application, including pricing of improvements, product type and eligibility, and project completion status.</p> |

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| c. Do you perform on-site inspections? | HERO Performs on-site inspections for a random sampling of projects to ensure compliance with program requirements. Additionally, HERO may perform an onsite inspection of any specific project. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | As of December 1, 2016, across all HERO PACE Programs, 70% of improvements have are EE, 25% are solar and 5% are water. Please note, a project may consist of multiple types of improvements. |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | <p>SANBAG may (at its option) sell the Assessment Security Interest in any Assessment to a Designated Purchaser (Renovate America) for an Assessment levied on a Participating Parcel the fee owner of which is in the process of selling or refinancing, for the purpose of enabling the Designated Purchaser, as the owner of such Assessment Security Interest, to subordinate its interest in the Assessment Lien pursuant to a Subordination Instrument to the 1st DOT Owner of the 1st DOT on the Participating Parcel against which such Assessment was levied.</p> <p>Homeowners are informed at time of completion of their project to contact the HERO Property Advisors with any 'post-funding' questions, including potential payoff, real estate transactions, and other post-close events, or any other general questions. One of the main functions of the HERO Property Advisors is to work with HERO Homeowners, potential HERO homeowners, and their related real estate professionals to determine the best course of action out of all sale or refinance options with respect to transferring, subordinating or paying off the HERO Assessment, if applicable. Decline to state number.</p> |
| 22. Do you provide lender notification? | No |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | All contractors undergo a robust contractor verification and registration process, confirming identities of individual contractor sales representatives. Additionally, contractors are given online, in person and group training on how HERO works and the requirements they must adhere to in order to participate in the program. We require all |

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| | contractors to satisfy minimum insurance and workers' compensation coverage requirements. Additionally, we require contractors to be licensed and in good standing with the CSLB, which we monitor on a daily basis through a direct integrated data solution with the CSLB. HERO employers contractor account managers and compliance personnel who provide oversight over contractors and their respective project pipelines. |
| b. Do you provide any incentives for contractors who offer PACE financing? | No |
| c. Do you have any exclusivity agreements or partnerships with contractors? | No |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | HERO has a robust contractor management program that monitors and enforces compliance with program requirements. Contractors who do not comply with program requirements are subject to various consequences, including remediation, suspension, or termination from the program. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Program information is periodically provided by SANBAG to the participating jurisdictions. The individual local governments may also may also request information from the Program Sponsor. |
| b. How do you work with local governments on issues raised by property owners? | HERO Property Advisors, at Renovate America, are available to work with property owners, realtors and escrow agents. Additionally, the Program's Assessment Engineer, David Taussig & Associates, is on the tax bill as the contact for property owner questions initiated upon tax bill receipt. Local governments are kept apprised as appropriate. |
| 25. Data | |
| a. What data do you collect and track about your program? | Assessment ID, Sponsor, Program, Assessor Parcel Number, Closing Date, Status, Bond Series Number, Owner First and Last Name, County, City, Assessment Amount, Origination Fee Breakdown, Total COI Amount, Total Closing Costs, Closing Costs Percent, Maturity Date, Term, Annual Payment, Prepayments, Subordinations, project information, contractor data |
| b. What data should the PACE Loss Reserve Program be collecting? | <u>Assessment</u> – Assessment amounts prepayment amounts <u>Project</u> – project type, estimated energy savings and GHG reduction <u>Portfolio</u> - Balance, Energy Savings Profiles |

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| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | HERO does not collect such information |
| b. What information do you have regarding the borrower profile of your participating property owners? | HERO collects homeowner data during its application and underwriting process. Much of this data is personally identifying information and cannot be shared. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | HERO takes all customer complaints very seriously and has a team of dedicated compliance officers focused on making sure that projects are completed to the satisfaction of the homeowner, and to facilitate the resolution of any complaints that may arise. |
| b. Do you keep track of customer concerns or complaints? | Yes |
| c. What categories do these complaints fall under? Please include frequency. | Categories of complaint review are Contractor Conduct, Disclosure of Financing Terms, and Workmanship. Complaints are escalated, reviewed and resolved through HERO compliance department. Frequency of complaints varies. |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | Delinquency Rate: 0.15% as of 11/7/16 Yes, program does have a bond reserve fund Reserve deposit at funding is varied through history of program, determined at time of origination |

| Question | Answer |
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| 1. Name of PACE Program(s): | Sonoma County Energy Independence Program |
| 2. Sponsoring government entity: | Sonoma County Public Financing Authority (JPA) |
| 3. Date residential program began: | March 2009 |
| 4. Participating jurisdictions: | Entire geographical area of Sonoma County: Unincorporated Area of Sonoma, (9 cities) Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma and Windsor |
| 5. Statutory authority under which program was formed: | Assembly Bill 811 |
| 6. Third-Party Administrator, if applicable: | N/A |
| 7. Public-Private partnerships: | We have had two (2) commercial applicants that have involved third party funding. |
| a. How did you select your third party administrator(s)? | N/A |
| b. What oversight do you exercise over them? | N/A |
| 8. Funding/capital structure: | Municipal: Funding comes from the County Treasury and Water Agency. |
| 9. Total number and dollar amount of projects funded to date: | Funded Applications: 2,346 Total Bonded \$75,367,316 |
| 10. How many securitizations have you completed? | None. |
| 11. Minimum and maximum financing amount: | \$2500 minimum/ maximum equals the total amount of requested funding is less than 10% of the market value determined at the time of application. This is either determined by an Automated Market Valuation (AVM) or a recent appraisal (within 90 days) |
| 12. Terms offered: | 10 and 20 years |
| 13. Interest rates, and how have your interest rates changed since program inception? | 7.00% for both terms. The Program started with this rate and has not changed. |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | Pass through Fees determined by the actual costs and passed on the property owner to pay. These fees cannot be included in the financing: AVM \$12.00; Title Search Fee for requested financing under \$5000 is \$50.00. Requested financing of \$5000 or above the fee is \$125.00; Recordation Fee \$66.00 In addition, there is an Annual Assessment Collection and Processing Cost. This Cost is included in the financing and charged each year for the life of the term, until paid off. Assessment collection and processing costs are added to the annual assessment on property tax bills. These costs were \$40 for fiscal year 2009/10 and are annually adjusted for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Northern California counties. |

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| 15. Do you charge a prepayment penalty? | No |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | <p>We can accept applications into our office in several ways: walk-in and we can sit down and walk them through the application right then. Deliver hard copy application documents by mail, fax or email. Or they can electronically apply on-line.</p> <p>Submitted applications:</p> <ul style="list-style-type: none"> • Staff will review any applications that arrive via on-line each day. All applications are reviewed for completeness and the file manager assigned to the applicant will contact them for further follow up of any missing documents or information. • When payment has been submitted for an Automated Valuation Model (AVM) appraisal, run the AVM and contact the applicant, confirm that the application was received, and go over any other information that will be required of them in order to complete the application and initiate the intake process. • Required attachments and payments are: <ul style="list-style-type: none"> a. \$12 AVM fee, if residential and applicable. An applicant is not required to include the \$12 AVM fee if they have an appraisal current from within the last 90 days. b. Signed and initialed disclosures c. Mortgage statements, if applicable d. Trust and/ or organizational documents, if applicable e. Utility authorization(s) f. Energy analysis results g. Bids and specifications for proposed project h. Rebate forms, if applicable <p>Accepted for Processing:</p> <p>After a submitted application is complete with all required attachments staff then reviews their property tax records for the subject property and any additional properties owned in Sonoma County. They must be current on all taxes and the subject property must be current for three years. Staff will also go the Assessor's site and collect the Assessed Value of the property.</p> <ul style="list-style-type: none"> • Determine that the percent of the proposed improvement costs is less than 10% of the market value of the property (Project Costs ÷ Market Value). • Determine that the Lien to Value (LTV) ratio is less than 100% (Sum of current lien balances plus the requested finance amount ÷ Market Value). • If an appraisal has been submitted to qualify for the 10% / 100% ratios, it must be a full market sales comparison appraisal dated within 90 days of the application submission date and it must have been performed by a real estate appraiser licensed in the State of California. • Determine that the percent of the total annual property tax |

assessment on the property (including the new PACE assessment) is less than 5% of the market value.

- Verify the math for the itemized, estimated costs in proposal(s) and that the application match.
- Determine Board of Supervisor District and enter on Intake Checklist.
- Verify amortization terms from application and enter on Intake Checklist.
- Verify all pages of the application have been submitted.
- Verify all declarations and disclosures have been initialed and signed by all applicant(s) on title.
- These figures are recorded into the Lending Disclosure Statement (LDS) document calculations. The LDS is generated and sent to the property owner for review and signature. Once the LDS is signed and returned, the file manager will collect the \$125 title report fee and order the title report. This generally takes 1 day to receive from the third party company. Once received the file manager will verify the information is correct and if any additional information is reflected in the report. If there are other liens that were not disclosed or bankruptcies, the file manager will re-calculate the LDS and create a new form for the property owner to sign. If bankruptcy information appears, the file manager will verify the details and date of discharge to make sure they still can apply.
- Verify proposed improvement(s) are listed on the SCEIP Eligible Improvements list, that the cost is reasonable, and that it meets the requirements for efficiency. If the cost exceeds the SCEIP unit max cost, the contractor must submit cost justification for each exceeding measure. If the justification is satisfactory, the project may proceed; however, if it is not, SCEIP staff will notify the applicant and encourage them to obtain bids from other contractors.
- Check to make sure contractor's license is current, active and in good standing. Print copy of contractor license status from Contractors State License Board www.cslb.ca.gov.
- Verify that the contractor is on the Participating Contractor List

Once the items are all verified above, the file manager will move the file forward for application approval. Depending upon the requested financing amount there are various people that may need to approve the file. Application under \$60,000; between \$60,000 and \$500,000; over \$500,000.

Once the application is approved by management, the file manager will create a "Notice of Application Approval" letter. They mail out a hard copy of the letter and send an email to the applicant. Contracts are then drawn up on-site and an appointment is

scheduled for signing.

Signed Contracts:

- Contracts are discussed, signed and notarized and copies provided to the applicant
- The three day right to cancel form is signed and a copy is provided to the applicant and the time/date is determined when the three day right is done.
- The \$66 Recording Fee is collected.
- After the three day period is over, the “Notice to Proceed” letter is sent out to the applicant both hard copy and email and their project work may begin. They have 90 days to complete their project. There is a method of requesting for extension of time to complete the project.

This application process from first contact to application approval to signing contracts can happen in as little as 5 business days. It depends upon the completeness of the application documents when they are turned in and if there are any special circumstances (i.e. HOA or Historic District approval needed).

Project Completion:

Applicant or Contractor turns in the Request for Disbursement Form (RFD) that the file manager has created, including the final calculated interest amount.

Verify who is submitting the request, either contractor or homeowner. Note the person’s name and role on the Request for RFD form. If the contractor is submitting the RFD, the following items must be completed for us to accept it. If they are blank, the request is incomplete and therefore unacceptable.

- Final invoices showing amounts.
- The requested disbursement amount.
- Copy of all permit job cards showing the projects are completed and signed off.
- Wet signature of at least one homeowner. Ensure that the signature matches what’s in the application. If it does not and only the contractor is present, accept the RFD and then obtain written verification (email is OK) from the applicant of their approval of the RFD. If the applicant is present, have them re-sign the RFD in your presence and put your initials next to the new signature
- File manager determine if the applicant wants the check mailed or picked up. Checks are cut and disbursed weekly. Checks are only made out the property owner. The property owner also receives a copy of the repayment schedule that has a breakdown of principal and interest for each year of the term. This is for their tax purposes.

17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay:

Property

1. Property title is vested in the applicant(s), without federal or state income tax liens, judgment liens, or similar involuntary liens on the property.
2. If the property is subject to any involuntary liens, property owner must provide documentation that liens have been released.
3. Property appears on the Sonoma County secured tax roll.
4. The property must meet the requirements for the project to value ratio, assessment to value ratio and the lien to value ratio.
5. For a mobile home to be eligible the applicant must own the land and the mobile home must be attached to a foundation; title for land and mobile home must match exactly.
6. If the property is subject to Covenants, Conditions and Restrictions (CC&Rs), property owner must furnish written permission authorizing the installation from the entity placing the restriction.
7. Owners of property governed by a Home Owners Association must conform to HOA policies.
8. Owners of property in Historic Districts must conform to Historic District policies.

Property Owners

1. All property taxes for the subject property are current for the previous three years (or since property owner took ownership if less than three years). In addition, property owner is current on all property taxes for any additional properties owned in the County. This includes any property outside the subject property that is owned by any of the applicants on title. Applicant cannot be on a payment plan with the County as this is considered delinquent.
2. In the case of a property with multiple owners on title, all must sign the application.
3. Property owner must be current on the mortgage payments as demonstrated on the most recent mortgage statement.
4. If property owner was involved in a loan modification for default, the loan modification must have been completed at least one year prior to application filing. In addition, the applicant must provide the most recent six months' worth of mortgage statements on the new loan showing no late payments. If the property was subject to loan modification for any reason other than default, the one year waiting period is waived and the applicant must provide the most recent six months' worth of mortgage statements on the new loan showing no late payments.
5. Property owner is not in bankruptcy for any of the owner's properties and the property is not an asset in a bankruptcy proceeding. If property owner has been in bankruptcy on any owned properties between one and three years from the date of application filing, the property owner may participate in SCEIP if they can provide documents that all liens have been current for the six months prior to their application date. If property owner has been out of bankruptcy for 3 years, property owner may participate in

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| | <p>SCEIP. Property owners who have declared bankruptcy more than once are not eligible for SCEIP. If the property owner is a corporation or LLC, any personal bankruptcies of the corporation's officers do not affect eligibility.</p> <p>6. If a property owner is planning to sell the home, SCEIP financing is available only if the project is completed and all disbursements are issued prior to the listing of the property.</p> <p>7. Reverse mortgages are acceptable, provided applicant meets all other criteria.</p> <p>8. Property owner does not owe more on the property than the property's market value plus the requested financing amount (i.e. "lien to value ratio" is 100% or less). The amount owed on the property is the sum of all existing liens, including tax abatements, plus the requested financing amount. In order to compute the balance on a Home Equity Line of Credit, the total amount available is used since this amount could be used by the applicant at any point after Application submission.</p> <p>Improvement</p> <p>1. For residential properties, the total amount of requested funding is less than 10% of the market value (i.e., "project to value ratio is 10% or less). For commercial properties, improvements costs must be reasonable to property market value. As a guideline for commercial properties, proposed improvements should not exceed 10% of market value.</p> <p>2. The sum of the annual property tax and assessments plus the additional annual SCEIP assessment must not exceed 5% of the property's market value (i.e., "assessment to value ratio is 5% or less").</p> <p>3. Improvement is permanently affixed to real property.</p> <p>4. Improvements must be retrofits to existing infrastructure. Repairs and/or new construction do not qualify for SCEIP financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure are not eligible.</p> <p>5. The physical installation or construction of a project cannot have begun. A property owner can get an energy analysis, estimates, and contract with a vendor prior to applying for SCEIP funding, but work may not begin until the Notice to Proceed is issued by SCEIP to the property owner.</p> <p>6. Projects that entail moving from a utility to propane as the energy source are not eligible.</p> <p>7. If the proposed improvement is not listed, it may still be eligible as a custom improvement subject to further project clarification and with steering committee approval.</p> |
| 18. Describe your underwriting process: | <p>(See #17)</p> <p>The title search reports will list the assessed values of the property, which may include the property categories "L&I" (land and improvements), "Growing" (agricultural value), "Fixtures" (equipment), and "PP" (personal property). The title report should</p> |

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| | not show “MH PP” (Mobile Home Personal Property). The County will only use standard title reports from its contracted title search service. The County will not accept a title report from the applicant. |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>We have always provided a Lending Disclosure Statement since the beginning. This is similar to a TILA document. All residential property owners must sign the Lending Disclosure Statement before the County will order the title report. We also provide a three day Right to Cancel. So disclosures described in AB2693 are ones we have in place and will be modified to meet the specific language/details stated in the legislation.</p> <p>In July 2010, we implemented additional disclosures pertaining to FHFA/ Fannie Mae/ Freddie Mac directives and potential impacts to the property owner. All residential applicants must sign this disclosure, regardless of whether their property is encumbered by a lien or is owned by them free and clear.</p> <p>We also provide a schedule of payments to the property owner at the time of disbursement that gives a breakdown of the payments over their term with the principal and interest separated out for tax purposes.</p> <p>We sign 99% of our contracts in house and offer complimentary notary services. For contracts signed offsite, we contact the property owner during their three day right of rescission and speak to them directly about the contract, financing, determine if they have any concerns and any questions they may have at that time. This includes confirming the term of assessment, the approved amount requested, and the maximum annual payments. This is mandatory if they have the contractor working as their agent and they did an off-site signing.</p> |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | <ul style="list-style-type: none"> • As determined by the legislation of AB811, AB474, AB44 and any other pertaining to PACE financing. • Improvement must either save electricity, water or therms. • Improvement is permanently affixed to real property. • Improvements must be retrofits to existing infrastructure. Repairs and/or new construction do not qualify for SCEIP financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible. • The physical installation or construction of a project cannot have begun. A property owner can get an energy analysis, estimates, and contract with a vendor prior to applying for SCEIP funding, but work may not begin until the Notice to Proceed is issued by SCEIP to the property owner. • Projects that entail moving from a utility to propane as the energy source are not eligible. • If the proposed improvement is not listed in the Eligible |

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| | Improvements list, it may still be eligible as a custom improvement subject to further project clarification and with steering committee approval. (Custom Improvement Form: See PDF attached to the email) |
| b. What is your project review process upon receiving an application? | <p>The application contains an area where the types of improvements are listed. Our Program has a list of Eligible Improvements that can be financed along with required specifications pertaining to that improvement and a “unit max cost” or reasonable cost associated to the improvement. The specification sheets are part of the application showing specific details on the product or improvement and how they meet the criteria. The estimated cost of Improvement, including: contractor bid(s) with California contractor license number, the permit fee, technical specifications on all equipment (quantity, make, model, manufacturer – sq. ft., linear ft., kW, U-value, SHGC-value, SEER/EER/AFUE rating), subtraction of any estimated rebates are attached to be considered as part of a complete application. Staff is then able to verify the “unit max cost” of each improvement. If the cost exceeds the “unit max cost”, the contractor must submit cost justification for each exceeding measure. If the justification is satisfactory, the project may proceed.</p> |
| c. Do you perform on-site inspections? | <p>All improvements, including those normally exempt from permit requirements, require a permit from the local jurisdiction (town, city, county). Each jurisdiction sets its own permit fees. Final inspection by a building inspector will ensure that the Improvements were completed. A finaled permit(s) for improvements financed by SCEIP must be furnished by the applicant at the time disbursement is requested.</p> <p>SCEIP staff will perform site inspection when a Multiple Disbursement Contract is executed. A multiple disbursement contract is used for all applications approved for \$40,000 and over, regardless of whether the applicant chooses to receive a disbursement prior to completion of the improvement. An applicant may request one or more disbursements before completion of the improvement if 75% of materials, on a cost basis, have been delivered and secured onsite. If space constraints do not allow the contractor to store materials on-site, a dedicated secured off-site location is acceptable. Following an inspection to verify this, SCEIP will fund up to 50% of the total approved amount. Alternatively, if a project includes multiple contractors and/or multiple improvements, and one improvement is completed as documented by an associated finaled permit, 100% of the approved improvement cost will be paid. No onsite inspection is required when a finaled permit can be provided.</p> <p>If the interim disbursement option is used to issue payment based on the delivery of material only, a \$150 charge per additional payment will be required to be paid by the property owner. This charge is used to pay for SCEIP staff site visits to inspect and verify that the</p> |

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| | materials for which the payment is being requested has been delivered and to process the additional payment. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | Types of improvements financed: Efficiency: 2,208 / 58% Water: 74 / 2% Generation: 1,530 / 40% |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | For residential property owners, the following information is provided in the form of a signature-required disclosure that serves as the first page of the application: <i>In May, 2010, Fannie Mae and Freddie Mac issued new instructions to lending institutions on how to treat properties with assessments under Property Assessed Clean Energy (PACE) programs such as SCEIP. These letters, and additional statements issued by the Federal Housing Finance Agency instruct lenders to treat energy assessments as "loans" instead of "assessments." On August 31, 2010, the agencies issued additional instructions to lenders that Fannie Mae and Freddie Mac "will not purchase mortgage loans secured by properties with an outstanding PACE obligation."</i> All residential applicants must sign this disclosure, regardless of whether their property is encumbered by a lien or is owned by them free and clear. Commercial applicants are not required to sign this disclosure because they are required to submit a lender acknowledgement(s), which contains a statement by the bank that the assessment does not create a default on the mortgage. We do not offer any type of contractual subordination. |
| 22. Do you provide lender notification? | No. For residential applications, SCEIP recommends property owners review their mortgage documents and contact their mortgage lender if they have questions. By signing the SCEIP application, property owners declare that they have reviewed applicable loan agreements and that the SCEIP will not constitute a default under those agreements. Commercial applications must be accompanied by a lender acknowledgement from each lender that holds a lien against the property. Unlike residential loans, most commercial loans are both serviced and held by the bank making the loan. Occasionally an application will be received for a property encumbered by both a conventional mortgage and a commercial line of credit. In this case, the lender acknowledgement form must be received from the commercial lender as well as the mortgage lender. |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | CONTRACTOR POLICIES Standards of Conduct Individual contractors must meet certain minimum criteria and sign the Contractor Standards testifying that they meet these criteria and agree to the conditions of participation in SCEIP. SCEIP Logo Use |

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| | <p>In accordance with the Contractor Standards, contractors may not use the SCEIP logo on any of their marketing materials.</p> <p>SCEIP Participating Contractor A contractor cannot participate in SCEIP (the project will not be funded) unless the business principal has signed the Contractor Standards (see form attached) and the required documentation is on file at SCEIP. Once these documents have been received, the contractor will be added to the Participating Contractor list. A revised list is uploaded to the SCEIP website weekly or as necessary to remain current.</p> <p>Documents required to be a SCEIP Participating Contractor are:</p> <ul style="list-style-type: none"> • Signed Contractor Standards • Commercial General Liability Insurance in the amount of \$1,000,000 or more • Workers' Compensation (for all persons the contractor employs; not necessary for self-employed contractors with no employees) • Local Business License (if applicable) • Information Sheet <p>Local Contractor A local contractor is defined as having a business address within Sonoma County and employing at least one full-time employee. Contractors who are self-employed with no employees will be considered local if they meet the business address criterion.</p> <p>Two Bids Required Applicants are required to get a minimum of two bids, one of which needs to be from a local contractor. If the applicant has initially selected a local contractor(s), only one bid is necessary.</p> <p>With each application, SCEIP staff verifies the contractor's license is current, active and in good standing. A copy of contractor license status is printed from Contractors State License Board and included in the application packet.</p> <p>Staff also verifies that the contractor is a Participating Contractor and their insurance is current.</p> <p>SCEIP staff also provides contractor trainings, forums and on-site trainings at their offices.</p> |
| b. Do you provide any incentives for contractors who offer PACE financing? | No |
| c. Do you have any exclusivity agreements or partnerships with contractors? | No |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | <p>When staff is made aware of an issue, a Manager will contact the contractor, its salespeople or others involved to discuss the matter within one business day or reasonable amount of depending upon the circumstances and information that may need to be verified. Generally there is a 3 times and you are removed but it depends upon the situation and the severity of the issue. We reserve the right to issue a warning, suspend or eliminate from participating in</p> |

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| | <p>our Program. The issue may involve decision making from the Program Manager, Program Administrator, SCEIP Steering Committee and County Counsel.</p> <p>We have only removed one contractor from our Program and in that case it was really their Home Improvement Salesperson (HIS) that was the issue. He was also barred from participating with SCEIP.</p> |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Yes. We deliver updates and reports to the Board of Supervisors at least twice a year. We will also deliver reports to the City Councils and provide adhoc reports to them upon request. |
| b. How do you work with local governments on issues raised by property owners? | It depends on how the issue was brought to us. Often times the property owner contacts us directly. If the issue is brought forward via a different route, we contact the property owner to find out the details regarding the specific issue. At a minimum we then update the individuals within local government as to the outcome and decision making process. |
| 25. Data | |
| a. What data do you collect and track about your program? | How they heard about the program; market value; assessed value; year built; square feet; type of heating/cooling; type of improvement; cost of the improvement; watts of solar installed; local contractor used; metric tons of CO2 avoided; jobs retained or created; financing amount bonded and remaining financing available; commercial or residential; number of inquiries; applications received; applications approved; applications denied/withdrawn/returned; contracts signed; Tax Rate Area (TRA); etc. |
| b. What data should the PACE Loss Reserve Program be collecting? | How they heard about the program; market value; assessed value; year built; type of improvement; cost of the improvement; watts of solar installed; metric tons of CO2 avoided; jobs; total program financing amount bonded and remaining financing available; tax delinquency/default information for properties with PACE |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | Yes. We survey applicants (usually by phone) after their project is completed and disbursed. |
| b. What information do you have regarding the borrower profile of your participating property owners? | We do not perform credit checks so the borrower profile data is not something we collect. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | If staff can address a concern directly that is the first step. If the concern or complaint needs to be elevated, then a manager will contact the customer directly to find out the details pertaining to the |

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| | <p>complaint. This is done in person, on the phone or via email depending upon the customer's situation. Once the type of complaint is determined, the appropriate people are brought into the process to address it and come up with a resolution that both parties find satisfactory.</p> <p>Based on the type of concern/complaint we will address and implement changes to our Program as a result. Our Program has both a Policy and Procedures document. For instance: In the beginning of the program we did not have Contractor Standards. These were put in place later as a result of a few contractors or their salespeople using questionable practices to sell the financing. These Standards then gave the program an avenue to determine appropriate action: warning, reprimand, suspension or expulsion from the Program.</p> |
| b. Do you keep track of customer concerns or complaints? | Yes. We do keep documentation when necessary. |
| c. What categories do these complaints fall under? Please include frequency. | <p>The complaints are very few.</p> <p>Contractors: Concerns about a contractor or a sales person associated with a contractor.</p> <p>Early Payoffs: Concern or issue of paying off early due to a refinance or transfer of sale that involves a FHFA/Fannie/Freddie loan.</p> |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | <p>Program Delinquency Rate: Tax delinquency is .23%</p> <p>Program Default Rate: 0%</p> <p>Bond Reserve: None</p> |



Energy Independence Program

Proposed Improvement

The Energy Independence Program provides services and funding for a wide range of pre-approved efficiency measures, including many Energy Efficiency measures for which property owners can get rebates as well as PACE financing. In each case, if a rebate is immediately available to the property owner and certain to be received, the value of the rebate will be applied to the purchase price, and that amount must be deducted from the amount of financing requested. Proposed efficiency measures outside the list of pre-approved measures must meet and prove performance criteria such as those stated in the list of Eligible Improvements, or the Energy Star minimum efficiency levels.

The County of Sonoma anticipates that Energy Star and efficiency requirements will “ratchet up” to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the Energy Independence Program will evolve with Energy Star and the market for energy-efficient technologies. We also understand that there may be viable opportunities, which have not yet been approved under these accepted standards and encourage interested applicants to submit any viable project concepts for evaluation.

To determine eligibility, applicants proposing an improvement for the Custom Measure Track should complete the form below and submit with required attachments to Energy Independence Program Staff (SCEIP@sonoma-county.org). The applicant will be required, in most cases, to submit engineering plans and specifications as a part of the request for evaluation. The Energy Independence Program may require an additional administrative fee for project evaluation under technical review. In all cases, the County reserves the right to decline funding of a custom measure.

REVISED 11/01/2016



DESCRIPTION OF TYPICAL COSTS (ADD ATTACHMENTS AS NEEDED)

☐ See Attachment

Energy Rating of the Improvement

| | |
|---|---|
| <input type="checkbox"/> Gallons _____ | <input type="checkbox"/> EER or SEER of _____ |
| <input type="checkbox"/> Reflectance of _____ | <input type="checkbox"/> U-value of _____ |
| <input type="checkbox"/> AFUE or HSPF of _____ | <input type="checkbox"/> NFRC glazing attachment ratings of _____ |
| <input type="checkbox"/> Solar energy factor of _____ | <input type="checkbox"/> Energy Factor of _____ |
| <input type="checkbox"/> Emittance of _____ | <input type="checkbox"/> R-value of _____ |
| <input type="checkbox"/> Solar heat gain coefficient of _____ | <input type="checkbox"/> Other (Please specify): _____ |

Other: _____

Meets criteria of (certifying) agency / organization

- ☐ Energy Star
- ☐ Title 24, 2016 California Building Energy Efficiency Standards
(also called the California Energy Code)
- ☐ ASHRAE
- ☐ Solar thermal equipment rated by the Solar Rating Certification Council (SRCC)
- ☐ Cool Roof Rating Council (CRRC)
- ☐ Solar Rating Certification Council

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|-----------------------------|---------------|--------------|
| NAME AGENCY/ORGANIZATION | EMAIL ADDRESS | TELEPHONE NO |
| CONTACT NAME (IF AVAILABLE) | EMAIL ADDRESS | TELEPHONE NO |
| ADDRESS | CITY, STATE | FAX NO |



Technical Details

Engineering Plans: _____ ☐ See Attachment

Title 24 Compliance Forms: _____ ☐ See Attachment

Typical cost per unit of measure: \$ _____ / _____ ☐ See Attachment

Specifications: _____ ☐ See Attachment

1. _____

2. _____

3. _____

4. _____

5. _____

CASE STUDY INFORMATION:

☐ See Attachment

OTHER

☐ See Attachment



Energy Independence Program

Contractor Information Sheet

| | |
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| BUSINESS NAME | DBA (MUST BE REGISTERED WITH CSLB) |
| OWNER NAME | PRIMARY CONTACT |
| BUSINESS STREET ADDRESS | |
| MAILING ADDRESS | |
| PRIMARY PHONE NUMBER | PRIMARY FAX NUMBER |
| EMAIL ADDRESS | WEBSITE URL (IF APPLICABLE) |
| Do you employ at least one full-time employee at this business? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| CONTRACTOR LICENSE NO | LICENSE CLASSIFICATION(S) |

Services offered:

- | | | |
|---|---|---|
| <input type="checkbox"/> General Contractor (B) <input type="checkbox"/> Electrical <input type="checkbox"/> Pool, Hot Tub <input type="checkbox"/> Solar Thermal <input type="checkbox"/> Water Heating <input type="checkbox"/> Insulation <input type="checkbox"/> Rainwater Cistern | <input type="checkbox"/> Whole House Energy Audit <input type="checkbox"/> Lighting <input type="checkbox"/> Roofing <input type="checkbox"/> Ventilation <input type="checkbox"/> Windows, Doors, Skylights <input type="checkbox"/> Exterior Siding <input type="checkbox"/> Outdoor Irrigation and Controllers | <input type="checkbox"/> Heating, Ventilation, Air Conditioning (HVAC) <input type="checkbox"/> Renewable Generation, other than solar electric <input type="checkbox"/> Solar Electric <input type="checkbox"/> Water Conservation <input type="checkbox"/> Weatherstripping and Air Sealing <input type="checkbox"/> Plumbing <input type="checkbox"/> Whole House Rating |
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Energy Independence Program

Contractor Standards and Information

To ensure that the Energy Independence Program protects the interests of the County and its residents, individual contractors must meet the following minimum criteria:

Local Bid Requirement:

If a participating contractor does not operate a business office within Sonoma County, the property owner applicant must obtain at least two bids. One bid must be from a local contractor. If the participating contractor maintains a local business office, only one bid is necessary. Local business address is defined as being maintained by the parent company and open to the general public. Residential addresses are unable to be qualified as a local unless the home is occupied by a sole proprietor listed on the contractor's CSLB license.

Compliance with Program Requirements:

Contractors shall be aware of and comply with the requirements set out in the [Energy Independence Program Administrative Guidelines](#) and Program Policies.

Liability Insurance:

Contractors shall possess \$1,000,000 minimum coverage each for Commercial General Liability insurance for the work to be performed, to be maintained in full force and effect during the period of performance.

Workers' Compensation:

Contractor shall, prior to initiating any work on an Energy Independence Program funded project, and at all times during its activities with any such project, obtain and keep in full force and effect California Statutory Workers' Compensation insurance (at or above the minimum limit required by law) for all persons whom the Contractor employs in carrying out its activities for which Energy Independence Program funding is anticipated.

Employee Requirements:

Contractors shall not knowingly assign any worker to a Sonoma County customer worksite who has been convicted of a felony within the last 7 years, or who is impaired by illegal drugs or alcohol, excluding any lawfully prescribed medications.

Contractors shall use their best efforts to hire workers residing in Sonoma County for all Energy Independence Program funded projects.

Notice to Proceed:

Work may not begin on an Energy Independence Program funded project until at least 3 business days after the Assessment Contract has been signed by the applicant and the County of Sonoma or its representative, and the applicant has received the Notice to Proceed.

Permits:

All improvements, including those normally exempt from permit requirements, will require a permit from the local jurisdiction (town, city, unincorporated area). All work funding with PACE financing will require a copy of the finalized permit paperwork at the time of disbursement.

Payment:

Upon submission of all necessary documentation, payments of the Energy Independence Program funds shall be made directly to the applicant, not the contractor, following Energy Independence Program disbursement procedures.

Licensing and Certification:

Contractors must at all times while working on an Energy Independence Program funded project, be in compliance with all applicable state and local licensing laws and requirements, be in good standing with the [Contractors State License Board](#) (CSLB), and possess the license or licenses required by the state of California for the specific improvements they install and any other work they perform as specified in the California Business & Professions Code, Division 3, Chapter 9, Article 4.

Contractors shall obtain a valid business license in any city where they perform work where a business license is required, in accordance with applicable codes and regulation of each city.

[Home Improvement Salespersons](#) (HIS) must at all times, while soliciting work for an Energy Independence Program funded project, be registered with the Contractors State License Board (CSLB) as an HIS. The HIS may be exempt from registration if listed as a part of the CSLB's official personnel records for the contractor's license.

Payment of Subcontractors:

Contractor shall timely pay all subcontractors and vendors any undisputed amounts due, and shall take all steps necessary to prevent mechanics liens from being enforced against Energy Independence Program customers because of Contractor's failure to pay a subcontractor or vendor.

Representations:

Contractor and its representatives, employees and agents must not represent themselves as agents, representatives, contractors, subcontractors, or employees of the Energy Independence Program, or claim association or affiliation with the Energy Independence Program. Further, Contractor shall not make false claims about performance or savings, nor engage in fraudulent or deceitful conduct in the sale or

installation of Energy Independence Program funded projects. Contractor and its representatives, employees, and agents must not imply through discussion, calculation methodologies, or otherwise, that the full assessment payment amount may be tax deductible.

The Energy Independence Program reserves the right to deny funding for any project to be performed by a Contractor who has not agreed to these terms and conditions, or who has failed to abide by these standards. At the discretion of the Program Administrator, a Contractor may be given an opportunity to cure an identified deficiency before being banned from participation in Energy Independence Program funded projects.

| | |
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| _____ <i>DATE</i> | _____ <i>CONTRACTOR SIGNATURE</i> |
| | _____ <i>NAME (PLEASE PRINT)</i> |
| | _____ <i>BUSINESS NAME</i> |

Please return with:

- ☐ Copy of General Liability Insurance
- ☐ Copy of Contractor's License

Energy Independence Program
2300 County Center Dr., Suite A105
Santa Rosa, CA 95403-3009
Ph: (707) 565-6470 Fax: (707) 565-6474
Email: sceip@sonoma-county.org
www.sonomacountyenergy.org

| Question | Answer |
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| 1. Name of PACE Program(s): | Energy Efficiency and Water Conservation Program for Western Riverside County ("WRCOG HERO Program") |
| 2. Sponsoring government entity: | Western Riverside Council of Governments, a joint exercise of powers authority organized and existing under the Joint Exercise of Power Act and the Joint Exercise of Powers Agreement, as amended |
| 3. Date residential program began: | December 11, 2011 |
| 4. Participating jurisdictions: | Banning; Calimesa; Canyon Lake; Corona; Eastvale; Hemet; Jurupa Valley; Lake Elsinore; Menifee; Moreno Valley; Murrieta; Norco; Perris; Riverside; San Jacinto; Temecula; Unincorporated Western Riverside County; Wildomar; Winchester; Mira Loma; Sun City; Romoland |
| 5. Statutory authority under which program was formed: | Section 5898.22 and Section 5898.28 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code |
| 6. Third-Party Administrator, if applicable: | Renovate America, Inc. |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | Competitive Solicitation |
| b. What oversight do you exercise over them? | Collaborative effort of sponsor and other financing team members including legal counsel, assessment engineer and financial advisor. |
| 8. Funding/capital structure: | Weekly bond issuance, direct sale to Renovate America. |
| 9. Total number and dollar amount of projects funded to date: | 15,608 total number of projects \$316,966,344.16 total amount of projects (as of November 11, 2016) |

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| 10. How many securitizations have you completed? | All securitizations have been completed by Renovate America as purchaser of bonds at origination. As of November 11, 2016, there have been eight securitization with the blended inclusion of assessments from SANBAG, CA, WRCOG and Los Angeles County HERO Programs valued at more than \$1.2 billion. |
| 11. Minimum and maximum financing amount: | <p>Minimum \$5,000</p> <p>Maximum:</p> <p>For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) 15% on the first \$700,000 value of the property, and, if applicable, less than 10% of any value of the property thereafter, or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.</p> <p>For project funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) 10% (or 15%, depending on origination date) of the value of the property, or (b) a combined mortgage and Assessment Contract value of the 100% of the value of the property.</p> |
| 12. Terms offered: | 5, 10, 15, 20, and 25 years |
| 13. Interest rates, and how have your interest rates changed since program inception? | <p>Current: 6.75%, 7.69%, 8.15%, 8.35%, and 8.35%</p> <p>Inception: 5.95%, 6.95%, 7.75%, 8.25%</p> <p>(rates shown by term)</p> |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | <p>Recording Fee= \$55.00</p> <p>Admin Costs= \$25.00</p> <p>Origination Fee= 4.99% of project cost</p> <p>Admin Reserve= \$10.00</p> <p>Admin Expense= \$15.00</p> <p>Fees set via original proposal and modified based on continuous evaluation and benchmarking</p> |
| 15. Do you charge a prepayment penalty? | No |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | All HERO applications are underwritten by Renovate America's technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and jurisdictions. A portion of applications are |

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| | <p>underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner's satisfaction.</p> |
| <p>17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay:</p> | <p>Summary underwriting criteria:¹</p> <ul style="list-style-type: none"> • Property owner(s) must be the property owner(s) of record. • Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years). • Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months. • Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts. • Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved. • Mortgage-related debt on the property must not exceed 90% of the value of the property. For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract |

¹ For more detailed information on underwriting criteria, please refer to the HERO Residential Program Handbook.

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| | <p>amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.</p> <ul style="list-style-type: none"> • The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment. |
| 18. Describe your underwriting process: | <p>All HERO applications are underwritten by Renovate America's technology platform, which is custom-built to accommodate various underwriting criteria set forth by multiple program partners, entities and jurisdictions. A portion of applications are underwritten by underwriters, generally in the event of complex ownership types. All applications are reviewed by a team of Quality Assurance Underwriters. Application approval may occur in under a minute, with funding potentially occurring days later once all of the finance documents have been signed and conditions met to the homeowner's satisfaction.</p> |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>HERO has continued to promote Consumer Protections regarding HERO Financing. HERO launched a Know Before You Owe format estimated and final financing summary, which meets or exceeds all industry-standard disclosures.</p> |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | <p>Projects that are to finance the installation of distributed generation renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property.</p> |
| b. What is your project review process upon receiving an application? | <p>HERO reviews and underwrites a homeowner and their applicable parcel to ensure all PACE underwriting criteria are met. HERO reviews and verifies multiple project attributes after application, including pricing of improvements, product type and eligibility, and project completion status.</p> |

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| c. Do you perform on-site inspections? | HERO Performs on-site inspections for a random sampling of projects to ensure compliance with program requirements. Additionally, HERO may perform an onsite inspection of any specific project. |
| d. What percentage of projects completed are EE, renewables, water, etc.? | As of December 1, 2016, across all HERO PACE Programs, 70% of improvements have are EE, 25% are solar and 5% are water. Please note, a project may consist of multiple types of improvements. |
| 21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property owner of this option. How many applications for subordination have you received and approved? | <p>WRCOG may (at its option) sell the Assessment Security Interest in any Assessment to a Designated Purchaser (Renovate America) for an Assessment levied on a Participating Parcel the fee owner of which is in the process of selling or refinancing, for the purpose of enabling the Designated Purchaser, as the owner of such Assessment Security Interest, to subordinate its interest in the Assessment Lien pursuant to a Subordination Instrument to the 1st DOT Owner of the 1st DOT on the Participating Parcel against which such Assessment was levied</p> <p>Homeowners are informed at time of completion of their project to contact the HERO Property Advisors with any 'post-funding' questions, including potential payoff, real estate transactions, and other post-close events, or any other general questions. One of the main functions of the HERO Property Advisors is to work with HERO Homeowners, potential HERO homeowners, and their related real estate professionals to determine the best course of action out of all sale or refinance options with respect to transferring, subordinating or paying off the HERO Assessment, if applicable. Decline to state number.</p> |
| 22. Do you provide lender notification? | No |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | All contractors undergo a robust contractor verification and registration process, confirming identities of individual contractor sales representatives. Additionally, contractors are given online, in person and group training on how HERO works and the requirements they must adhere to in order to participate in the program. We require all contractors to satisfy minimum insurance and |

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| | workers' compensation coverage requirements. Additionally, we require contractors to be licensed and in good standing with the CSLB, which we monitor on a daily basis through a direct integrated data solution with the CSLB. HERO employers contractor account managers and compliance personnel who provide oversight over contractors and their respective project pipelines. |
| b. Do you provide any incentives for contractors who offer PACE financing? | No |
| c. Do you have any exclusivity agreements or partnerships with contractors? | No |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | HERO has a robust contractor management program that monitors and enforces compliance with program requirements. Contractors who do not comply with program requirements are subject to various consequences, including remediation, suspension, or termination from the program. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Program information is periodically provided by WRCOG to the participating jurisdictions. The individual local governments may also may also request information from the Program Sponsor. |
| b. How do you work with local governments on issues raised by property owners? | HERO Property Advisors, at Renovate America, are available to work with property owners, realtors and escrow agents. Additionally, the Program's Assessment Engineer, David Taussig & Associates, is on the tax bill as the contact for property owner questions initiated upon tax bill receipt. Local governments are kept apprised as appropriate. |
| 25. Data | |
| a. What data do you collect and track about your program? | Assessment ID, Sponsor, Program, Assessor Parcel Number, Closing Date, Status, Bond Series Number, Owner First and Last Name, County, City, Assessment Amount, Origination Fee Breakdown, Total COI Amount, Total Closing Costs, Closing Costs Percent, Maturity Date, Term, Annual Payment, Prepayments, Subordinations, project information, contractor data |
| b. What data should the PACE Loss Reserve Program be collecting? | Assessment – Assessment amounts Portfolio – Balance, Energy Savings Profiles, prepayment amounts |

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| | <p><u>Project</u> – project type, estimated energy savings and GHG reduction</p> <p><u>Portfolio</u> - Balance, Energy Savings Profiles</p> |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | HERO does not collect such information |
| b. What information do you have regarding the borrower profile of your participating property owners? | HERO collects homeowner data during its application and underwriting process. Much of this data is personally identifying information and cannot be shared. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | HERO takes all customer complaints very seriously and has a team of dedicated compliance officers focused on making sure that projects are completed to the satisfaction of the homeowner, and to facilitate the resolution of any complaints that may arise. |
| b. Do you keep track of customer concerns or complaints? | Yes |
| c. What categories do these complaints fall under? Please include frequency. | Categories of complaint review are Contractor Conduct, Disclosure of Financing Terms, and Workmanship. Complaints are escalated, reviewed and resolved through HERO compliance department. Frequency of complaints varies. |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals were made? | <p>Delinquency Rate: 0.11% as of 11/7/16</p> <p>Yes, program does have a bond reserve fund</p> <p>Reserve deposit at funding is varied through history of program, determined at time of origination</p> |

CAEATFA
Information Request
November 21, 2016

| Question | Answer |
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| 1. Name of PACE Program(s): | Ygrene Works |
| 2. Sponsoring government entity: | Golden State Finance Authority (GSFA) |
| 3. Date residential program began: | 9/1/15 |
| 4. Participating jurisdictions: | https://ygreneworks.com/serviceareas-california/ |
| 5. Statutory authority under which program was formed: | SB 555 (ch. 2010) |
| 6. Third-Party Administrator, if applicable: | Ygrene Energy Fund, California LLC |
| 7. Public-Private partnerships: | |
| a. How did you select your third party administrator(s)? | Research, due diligence and direct engagement with a qualified PACE administrator. |
| b. What oversight do you exercise over them? | GSFA developed the program guidelines along with Ygrene, the GSFA board approved these guidelines and consumer protection policies, and GSFA staff review and approve each project file including the PACE tax lien. |
| 8. Funding/capital structure: | Ygrene has structured a revolving warehouse through which multiple, large financial institutions provide project capital available on a real-time basis to property owners as projects are completed. Currently this warehouse has \$280 Million of liquidity and is replenished on a regular basis upon the securitization of PACE assets. |
| 9. Total number and dollar amount of projects funded to date: | For the period Inception-to-date 8/31/2016: 13,531 completed projects and \$305,402,236.17 of total contract value |
| 10. How many securitizations have you completed? | 3 total (2 private placements and 1 public securitization) |
| 11. Minimum and maximum financing amount: | Minimum: \$2,500 Maximum: 15% of FMV (10% over \$700,000 FMV, for residential properties) |
| 12. Terms offered: | 5, 10, 15, 20, 25 and 30 (not to exceed useful life) |
| 13. Interest rates, and how have your interest rates changed since program inception? | Interest rates range from 6.75% - 8.49% (depending on term) and they have changed, from time to time, since launching the program. |
| 14. What types of fees do you charge and what is the amount of each fee? How are these fee amounts set and applied? | Application fee: \$50 (waived since program inception) Processing & Underwriting: \$250 (maximum) Documentation: \$200 (maximum) Program (GSFA) cost recovery: Not to exceed 1%; |

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| | <p>minimum \$100</p> <p>Funding fee: Not to exceed 4%</p> |
| 15. Do you charge a prepayment penalty? | <p>Property owners are offered the option of no prepayment penalty or a prepayment penalty with a slightly higher (+25 bps) interest rate.</p> |
| 16. Describe your application process from first contact to project funding, including how long it takes you to approve an application: | <p>Application Process</p> <p>To participate in the Program, you must submit an online application. Ygrene provides telephone assistance at 1-877-819-4736 for property owners who have questions or need help applying. In addition, Certified Contractors are familiar with the application process and can coordinate with Ygrene on your behalf. Following are the steps:</p> <ul style="list-style-type: none"> • Submit an application form online. • Following review by Ygrene, you will receive a Notice of Approval, a Notice of Denial, or a request for additional information. • When Ygrene issues your Notice of Approval, it will submit notification forms on your behalf to all lenders with secured loans on your property. • Once your application is approved, a Ygrene representative will prepare electronic documents for signature by all property owners. These documents include the Unanimous Approval Agreement, which is the financing agreement through which you agree to annex your property into the District, agree to pay the special tax when due, and authorize recordation of the special tax lien on your property. You have three days after signing to cancel the agreement if you decide against participating in the Program. • Ygrene can process information received from your Certified Contractor in preparation for issuing a Notice to Proceed with construction (see Contractors and Construction below). • Should your application be denied for any reason, the Notice of Denial will include recommended remedial action that you can pursue. |
| 17. Detailed description of all underwriting criteria, including whether the program looks at ability to pay: | <p>Underwriting Requirements</p> <p>All property owners and improved properties in the District(s) that meet the Program's criteria for approved property types must meet the following</p> |

underwriting criteria for participation:

Property Address

The property must be improved (or will be improved by the project), be located within the District, and either be on the property tax rolls or be capable of being added to the rolls.

Applicants

All owners of record must agree to participate and be willing to execute the Program Documents.

Mortgage Debt

Prior to Program funding, mortgage debt must not exceed 90% of the market value of the property. Total secured debt INCLUDING Program financing may not exceed the market value of the property. For property owners who obtain lender consent, these requirements may be waived.

Mortgage Payments

Mortgages must be current and the Property must not be subject to any Notices of Default. For property owners who obtain lender consent, this requirement may be waived.

Bankruptcy

Property owners must not be in bankruptcy.

Property Taxes

Property taxes must be current for the previous three years or the period of ownership, whichever is shorter.

Involuntary Liens

There must be no involuntary liens on the property that exceed \$1,000.

Minimum Financing Minimum funding request is \$2,500.

Maximum Financing

Residential property funding is limited to 15% of the first \$700,000 of fair market value and 10% of the value that exceeds \$700,000. Projects with funding requests exceeding \$100,000 may require additional underwriting during the project approval phase.

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| | <p>Note: Above are the standard criteria for the GSFA program. Certain participating jurisdictions have different and/or additional criteria, which are used to determine eligibility in the applicable cities or counties.</p> <p>Property owners must authorize Ygrene to notify all existing mortgage holders of their intent to participate in the program.</p> <p>Property owners may be asked to provide utility records for the property for the two years prior to completion of the project.</p> |
| <p>18. Describe your underwriting process:</p> | <p>Summary of the Program Process</p> <p>Obtaining Program financing involves the following steps. In many cases, residential property owners may be able to obtain a notice to proceed with their projects in a few minutes.</p> <ul style="list-style-type: none"> • Determine you meet the eligibility requirements (see "Eligibility"). • Apply directly or through a Certified Contractor of your choosing (see "Applications"). • The application is underwritten in accordance with the criteria listed above. Also, for additional details, see the 'Eligibility' section below. • Authorize Ygrene to notify your lender that you intend to participate in the Program. • Receive a Notice of Approval from Ygrene. • Sign and electronically verify signatures for the Unanimous Approval Agreement. • Submit a Construction Contract through your Certified Contractor for the installation of the improvements ("Authorized Improvements") on your property. • Receive a Notice to Proceed and authorize your contractor to begin construction. • Submit a Payment Request upon project |

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| | completion. |
| 19. How have your disclosures to property owners changed since program inception? Are there any additional disclosures you currently or will provide beyond those required by AB 2693 becomes effective? | <p>Program disclosures have evolved in two general ways: 1) by clarifying and providing additional information regarding specific positions of entities such as the FHA, Fannie Mae and Freddie Mac (as their guidance has been modified over the past 6 years) and 2) by updating the font size and prominence of the disclosure language within the financing agreement. Additionally, the program has added reminder notifications to property owners, mailed between the time they completed their project and the date of the first tax payment that includes the PACE tax lien amount.</p> <p>Concerning AB 2693, Ygrene worked closely with PACE industry peers as well as other stakeholders, including elected officials, staff and the bill sponsors. The outcome was something to be very proud of: a strong and consistent set of consumer disclosures and protections that are the most extensive in the country. Ygrene already provided most or all of the information that will be mandated by AB 293 when the law goes into effect on January 1, 2017 but will implement the actual disclosures specified in the bill prior to the legally mandated date.</p> |
| 20. PACE Projects - | |
| a. How do you determine which types of projects or products are eligible? | <p>The Program offers financing for a variety of energy-efficiency improvements, water conservation measures, solar and other distributed generation systems, and electric vehicle charging infrastructure, based upon the PACE statute SB 555 (Ch. 2010). In each case, any rebates received by or approved for property owners prior to funding must be deducted from the amount of financing requested. In addition, property owners are encouraged to pursue the most cost effective improvements (or combination of improvements) to maximize their long-term utility savings and return on investment. The Program Handbook (Appendix A) contains a list of eligible measures that is not intended to be comprehensive. Any projects that measurably save energy beyond the level required by legislation, or that generate renewable energy or add to the conservation of water resources, can be financed through the program. Consult the Program Administrator for details.</p> |

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| <p>b. What is your project review process upon receiving an application?</p> | <p>Eligibility The Program can be used to finance Authorized Improvements on all types of property - residential, commercial, industrial, and agricultural. This Program Handbook sets forth the terms and conditions applicable to residential properties:</p> <ul style="list-style-type: none"> • The property must be located within a city or county that has agreed to participate in the Program. • All of the owners of the property must sign the Program Documents. Therefore, before submitting an application, you must ensure that each person with an ownership interest will agree to participate. • Payments must be current for all obligations secured by the property including loans, property taxes, assessments, and tax liens and no owner may be in bankruptcy.. • The total debt secured by the property (before the addition of the Program financing) cannot exceed 90% of the fair market value. To determine this, Ygrene will check mortgages, equity lines of credit, assessments, and tax liens. • In some cases, Ygrene may request additional information during the approval process. These requests are common when residential property is held by trusts or entities other than individuals, but may be made for other reasons at Ygrene's discretion. |
| <p>c. Do you perform on-site inspections?</p> | <p>On-site inspections are completed as required by state or local law or ordinance, in order to obtain proper permits and inspection cards.</p> |
| <p>d. What percentage of projects completed are EE, renewables, water, etc.?</p> | <p>(CA only): Renewables/Solar = 63% Energy Efficiency = 36% Water / Other = 1%</p> |
| <p>21. How do you address the issues raised by FHFA and challenges homeowners face in selling or refinancing their home? Do you offer any type of contractual subordination? If so, please explain, including if or how you notify a property</p> | <p>The program fully discloses the position of the FHFA with respect to PACE projects prior to the execution of a binding financing agreement with disclosure language that is clearly and boldly included in the project documentation. Customer Service</p> |

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| owner of this option. How many applications for subordination have you received and approved? | <p>Representatives are also trained to be able to answer questions from property owners and supply additional information.</p> <p>The program accepts requests for contractual subordination from property owners and evaluates each one on a case-by-case basis. To-date, the program has received a number of inquiries but no formal requests for subordination.</p> |
| 22. Do you provide lender notification? | Yes – on 100% of projects. |
| 23. Contractor Network: | |
| a. Please describe your contractor requirements, training, and oversight. | <p>In order for a contractor to offer program financing to their clients, each contractor must complete a registration and certification process. The process begins with the contractor visiting the registration page located on the program website.</p> <p>The registration page asks for a variety of information including their name, license number, Regional Account Manager (RAM), and company background. If a contractor registers without listing a RAM then management will assign a RAM to contact the contractor (see “Contractor RAM Assignment”).</p> <p>Once a registration is submitted, the following process is initiated:</p> <ul style="list-style-type: none"> • The registration is recorded in Ygrene’s online registration database. • An email notification with all the registration information is sent to the contractor compliance manager notifying them of the registration. • Contractors go to the secure website https://secure.wufoo.com/login/ and logon. • Find the form listed as "Contractor Registration". • Search through the entries to find the desired company registration. <p>Quality Control Procedure</p> <p>The compliance manager then uses the information submitted by the contractor to do a background search and ensure the contractor is properly licensed, bonded and insured.</p> |

First, the compliance manager checks the Contractors State License Board (<http://www.cslb.ca.gov/>). On the CSLB homepage, there is an instant license check field to input the contractor's license number.

Upon searching the license number, an array of information is displayed:

- The contractor's business information including their dba (*Doing Business As*)
- Name, address, phone number and license expiration date.
- Status of the license
- License classifications
- Bonding information
- Workers compensation insurance status

Better Business Bureau, Board for Professional Engineers, Additional Sites

Along with the CSLB, the compliance manager can use the Better Business Bureau (<https://www.bbb.org/>), Board for Professional Engineers, Land Surveyors, and Geologists (<http://www2.dca.ca.gov/>), Yelp and any number of other sites to check for any issues that may be prevalent with the contractor.

Compliance Background Check (Approval/Denial)

If the compliance manager finds the contractor to be in good standing, then the contractor will proceed to the next step, training with a Regional Account Manager. Conditions that would qualify a contractor in good standing would be:

- License is current and active
- Contractor is bonded
- Contractor is current on Workers Compensation Insurance
- Company registration name matches license name
- General track record appears professional and in good standing

Should the compliance manager find any issues, they can choose to deny the registration, refer to management for a second opinion, or pend the registration where the contractor will be placed on the Ygrene watch list for their first 3

months with Ygrene.

Conditions that could qualify a contractor to be denied are:

- License is suspended
- Multiple reported violations
- Company registration name does not match license name
- Contractor does not have a license
- Contractor is not bonded or insured
- Negative reviews

Contractor RAM Assignment

Once the compliance manager approves the contractor, contractor information is forward to the appropriate RAM in their respective area. The RAM then reaches out to the contractor to schedule a Ygrene training and certification class with the contractor.

Contractor Training

Ygrene training is delivered live at the contractor site and usually takes around a day, depending on how quickly the contractor grasps Ygrene PACE financing. RAMs use management-approved training slides, tools and the Ygrene system as the basis for the training.

Ygrene contractor training includes a number of topic areas, including the following:

- Description of PACE financing
- Benefits and approved messages
- Ygrene financing and process
- Underwriting guidelines
- Expected contractor code of conduct
- Ygrene Proposal Tool
- User account interface of Ygrene System
- Office and new user setup
- Co-marketing campaigns
- Field and pipeline management

Upon satisfactory completion of training, the RAM informs the compliance manager that the contractor has been trained. The compliance manager then creates the contractor's account and sends them login information. Once the account information has been created, the

contractor can now begin working with Ygrene and offering Ygrene financing to their clients.

Contractor Certification Form

Upon completion of training, all contractors receive a formal contractor certification form from Ygrene. These are collectively sent out at the end of each month.

Contractor Project Review

Contractors receive initial training as well as field support, weekly training webinars, supplemental training courses, and ad hoc check-ins from their RAM on an ongoing basis. Upon graduation from the initial Ygrene training course, contractors are approved to begin submitting applications into the Ygrene system. Upon submission of each new project application, Ygrene operations re-checks the contractor license to ensure that the license is active, the contractor remains in good standing and that no complaints have been filed that would affect the new project application.

Contractor Watch List

The contractor watch list was set up to capture, track and monitor any contractor issues that come to Ygrene's attention through property owners, RAMs, or any other Ygrene constituent.

A contractor will end up on the watch list due to:

- Any issue with the contractor's license
- Quoting ineligible measures or prices outside reasonably acceptable ranges
- Negative reviews, poor service or workmanship issues reported by property owners
- Requesting payment when work is not completed
- Unapproved marketing activities
- Anything else Ygrene deems inappropriate behavior from a contractor

In addition to reports from property owners and RAMs, the Ygrene marketing department tracks comments from consumer review sites such as Yelp and forwards concerns to the compliance

department for research. The compliance department reaches out to the property owner, contractor and RAM, as well as collects findings from Marketing and Operations as relevant.

Once the compliance department has received the notice of complaint they update the watch list and notify both the Regional Account Manager and the Regional Sales Manager of the contractor status. This message should contain a brief review of the compliance measure that was breached, how the contractor can work to remedy the situation and an overview of what the 90-day “probationary” period will entail. The RAM assigned to the contractor then verbally notifies the contractor of the issue and that they are being placed on a 90-day watch list to assure no offenses are repeated. The contractor is alerted that all issues must be resolved promptly, and any repeat violations could result in account suspension or termination.

90-Day Monitoring

During the 90-day period, both the compliance manager and the RAM will gather and record relevant information related to the contractor. This could include:

- Details related to the concern at hand
- Certificates of Liability Insurance
- Contractor/Property owner discussion and input
- Anything that relates to the contractors issue

Compliance updates the contractor watchlist with relevant information about the situation, what transpired that resulted in the review, and whether a resolution has been achieved.

Each month during the “Monitoring” period, the compliance department evaluates the contractor to determine if matters improving, staying the same, resolved or deteriorating and collects any other pertinent information relating to their account status:

- CSLB Active License Verifications
- CSLB Complaint(s) Confirmations
- BBB Complaint(s) Confirmations
- Yelp / Consumer Review Confirmations

- Ygrene Works Activity Review (*i.e. messages in system, identify any issues noted in system*)
- Status Update with RAMs and RSMs

At the end of 90 days, if the contractor's pending issues are resolved, they can be removed from the watch list. The compliance manager will update the watch list and notify both the RAM and contractor. If the contractor's issues have not been resolved, management will review the situation and decided to either extend the watch list time period or terminate the account.

Suspended Contractors

Suspended contractors will not be able to proceed with pending projects until the suspension is lifted. For projects that are in "construction and funded" stage, they will be reviewed closely with extra scrutiny which could include some or all of the following:

- Outbound call to the property owner to ensure they understand the financing and are satisfied with the work performed.
- Potential physical inspection and/or completion photos to ensure all work has been performed per scope outlined.
- Cancellation of project.

Contractor License Status

At the end of every month, Ygrene checks and updates the Ygrene system of all the contractors' licenses who are set to expire that month. If there are any licenses that have not been updated, the contractors are notified and required to update their license to avoid being placed on the watch list and suspended. The license is then checked on the CSLB (similar to the background check) to make sure that it has been renewed. If the license has been renewed, the expiration date will be updated accordingly in the system. If the license has not been updated, then the compliance manager alerts the RAM to notify the contractor. The contractor is given a one week probationary period for the CSLB to be updated before their account is suspended. This is to allow for the delay that can occur on the CSLB web page. If after one week, the license status has remained the same, then the account is suspended and placed on

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| | the watch list where all procedures are followed. |
| b. Do you provide any incentives for contractors who offer PACE financing? | It is the policy of the Program that no Partner provide a direct cash payment, monetary incentives, gifts, or other thing of material value to a Registered Contractor or Affiliated Individual (as those parties are defined in Section 10) in exchange for or related to such contractor or Affiliated Individual's (i) signing up or continuing to work with such Partner or (ii) offering Program financing to a homeowner. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent a Partner from either (A) paying for co-marketing materials that name the Partner and the Registered Contractor to whom such payment is made after the Partner receives receipt(s) from the Registered Contractor evidencing the amount spent on such co-marketing or (B) providing a Registered Contractor or Affiliated Individual with other non-cash things of value that by their nature directly contribute to the value of the Program. |
| c. Do you have any exclusivity agreements or partnerships with contractors? | The program does not have "exclusive agreements" with individual contractors, however there are agreements with specific companies designed to deliver a better product and service into the market. |
| d. What is your process for removing any problematic contractors, and have you removed contractors from your network? | See Section 23.a. above. |
| 24. Relationship with local governments – | |
| a. Do you provide any reports or program status information to local governments that have opted into your program? | Yes |
| b. How do you work with local governments on issues raised by property owners? | While the program has received relatively few consumer issues requiring some form of resolution, the majority of these have been submitted or routed directly to Ygrene's Customer Service Center. In the event that a property owner contacts city or county staff (or an elected official), a Government Relations professional assigned to the relevant region becomes the liaison between the local government official and Ygrene. A Customer Service Representative will still address any questions or concerns of the property owner, while the GR team member is responsible for ensuring that any issue is addressed to the satisfaction of the local government and community. |
| 25. Data | |

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| a. What data do you collect and track about your program? | The program collects a significant amount of data across a number of categories that include: a) property type, b) project type or eligible measures, c) property-based financing information, d) property owner financial information, e) contractor-related information and f) jurisdiction-specific requirements. |
| b. What data should the PACE Loss Reserve Program be collecting? | CAEATFA, as the Administrator of the PACE Loan Loss Reserve (LLR) program may want to consider collecting additional data in the following categories: a) property financial criteria (i.e. LTV pre- and post-PACE, PACE financing as a percent of LTV, etc.), b) type and mix of project or eligible measures and c) delinquencies, defaults, transferability rates, etc. |
| 26. About your PACE customers: | |
| a. Do you collect any information on why your participating property owners choose to use PACE? | Yes. Information is collected primarily through property owner surveys and via contractor interviews. |
| b. What information do you have regarding the borrower profile of your participating property owners? | The program collects a range of property owner-specific information that is obtained during the underwriting process, some (but not all) of which may be utilized to determine eligibility. |
| 27. Customer Satisfaction: | |
| a. What is your process for addressing customer concerns or complaints? | All Customer Service Representatives (CSRs) are trained to address a full range of property owner questions, issues or complaints. However, a CSR may escalate a property owner issue to the Dispute Resolution team in cases that require additional support. In the event that the complaint cannot be resolved to the property owner's satisfaction, it is escalated further to a senior executive that oversees program operations for final resolution. |
| b. Do you keep track of customer concerns or complaints? | Yes. |
| c. What categories do these complaints fall under? Please include frequency. | Balance/Payoff request = 63% Refinance questions = 8% Complaint = 7% Bank inquiry = 5% Title Company inquiry = 3% General inquiry = 14% |
| 28. What is your program delinquency and default rate? Do you have a bond reserve fund, and if so, how much is each property owner charged for this fund, what is the total dollar amount that has been withdrawn from the fund to pay PACE Bond holders and what is the total number of Financings for which the withdrawals | Delinquency rate: 0.15% Default rate: 0.0% Bond reserve fund: No Dollar amount withdrawn: \$0.00 |

were made?

Total number of financings for which withdrawals
were made: 0