Consumer Protection Policies

California Municipal Finance Authority

Residential PACE Program

Overview

Property assessed clean energy ("PACE") programs enable an unprecedented range of homeowners to access energy efficiency, renewable energy, water efficiency and seismic measures that improve the financial, functional and environmental aspects of home ownership. Improvements such as these make homes less costly to operate and more comfortable to live in, while simultaneously reducing energy and water consumption. Without PACE Programs many homeowners would have no, or costly, access to such benefits.

PACE Programs ("PACE Programs" or the "Program"), including the government authority sponsoring and administering them ("Authority", "Program Administrator" or "Administrator") and, where applicable, the entity or entities who help implement them ("Partner"), deliver tools and resources that enable homeowners to make smart, informed and responsible choices regarding such measures ("Measures"). Appropriate use of such tools is the responsibility of all Programs, which means that care needs to be taken with homeowners before, during and after origination of Program financing. In other words, consumer protections that serve homeowners must be a core value of the Program, the Authority and the Partner.

The baseline consumer protection policies of the Program cover the following areas:

- Risk,
- Disclosures and Documentation,
- Financing Terms,
- Operations,
- Post-Funding Support,
- Data Security,
- Privacy,
- Marketing and Communications,
- Buyback Guarantee,
- Contractors,
- Eligible Products,
- Pricing
- Reporting,
- Closing & Funding,
- Examination.

These Policies provide homeowners with a greater level of consumer protection than any other form of financing. They also guide the Program's implementation, enabling the transformation of its potential into tangible benefits for homeowners.

1 REPURCHASE GUARANTEE

Policy Summary

It is the Partners responsibility to ensure the protection of **ALL** Consumers. Each Partner must agree to repurchase any Assessment Levied by the program that a) does not meet the Program's eligibility criteria as described in the Program Handbook, b) was levied without the Property Owner's consent or understanding, or c) was made with any breach of representations or warranties.

1.1 Policy

Each Partner, Contractor, and Affiliate involved in the Origination of Assessments financed by the Program must enter into an agreement that obligates them to repurchase any Assessment that:

- Does not meet the Programs eligibility criteria as described in the Program Handbook,
- Was levied without the Property Owner's consent or understanding, or
- Was made with any breach of representations or warranties.

1.2 Procedures

Upon notification by the Program, Partner shall have thirty days to repurchase such assessment. The repurchase shall be effected through the Prepayment Process as defined in the Assessment Contract. Partner shall also be responsible for expenses related to the Prepayment including all fees and any Prepayment Penalty if applicable as described in the Assessment Contract and Program Handbook.

2 RISK

Policy Summary

The Program blends traditional credit risk considerations together with statutory requirements and legislative policy to develop risk criteria that are fitted to the Program. These criteria take into account the unique risk profile that this form of financing presents to enable qualifying homeowners to access it. While this process will exclude unqualified homeowners and properties, special consideration has been given to developing inclusive standards. These criteria examine four key attributes of every financed project: (i) the real property on which the improvements will be installed ("Property" or "Properties"), (ii) the encumbrances presently recorded against the Property, (iii) the nature of the improvements to be installed; and (iv) the homeowner's mortgage and property tax payment history.

2.1 Properties

Consistent with foundational considerations, it is the policy of the Program to make the Program available to the entirety of the existing residential housing stock in political boundaries of the Program. Properties for which this form of financing is not available include: (i) commercial properties (including residential properties comprising five (5) or more units), (ii) new properties under construction and (iii) tax exempt properties (properties not subject to levy), such as tribal, non-profit or state-owned residential properties. If requested in good faith by the homeowner applying for the Program, the Partner is responsible for completing a "second look" eligibility review of all applications related to properties initially determined to be excluded, re-examining the specific attributes of the Property in question and confirming or modifying the original determination.

2.2 Encumbrances

The encumbrance profile of Properties is an important element of the decisioning process for Program participation. The Program is designed to harness unused financing capacity of homes in which eligible improvements are installed. Such financing is inappropriate if it burdens Properties and their owners too greatly. Accordingly, Properties eligible for Program financing will have the following attributes:

- All mortgage-related debt on the Property may not exceed 90% of the Property's fair market value ("FMV"), or assessed value if market value data is unavailable or unreliable, at the time of initial approval;
- Reliability of the Program FMV model should be verified through an accepted and regular audit process, sampling appraisal data as a means of measurement and verification;
- The financing may not exceed twenty percent (20%) of the FMV of the Property;
- The total mortgage-related debt on the underlying Property plus Program financing may not exceed the FMV of the Property; and
- The total amount of any annual property taxes and assessments shall not exceed five percent (5%) of the Property's FMV, determined at the time Program financing is approved.

2.3 Eligible Improvements

The Program provides financing for a broad range of eligible products and projects permanently-affixed to the Property, the details of which are set forth in Section 11. While the Program is responsible for confirming compliance with the Section 11 requirements, it is not responsible for determining post-installation energy performance, savings or efficacy of such products or projects. The Program relies on U.S. Department of Energy, the Environmental Protection

Agency, other government agencies and subject matter experts in determining what constitutes an Eligible Improvement.

2.4 Homeowners.

PACE Program assessments appear as line items on property tax bills and homeowners repay their financing when they pay their property tax bills. The mortgage and property tax payment history of homeowners of record thus is an important decisioning element of Program eligibility criteria. Accordingly, at the time of application, homeowners eligible for Program financing will have status and payment histories that are consistent with the following:

- The Applicants are the owners of record;
- Property tax payments for the assessed Property are current. Additionally, 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;
- Homeowner(s) are current on all mortgage debt, and have not been more than 60 days late on such payments during the 12-month period preceding funding;
- No homeowner applicant has had any active bankruptcies within the last 3 years; provided, however, that this criterion can be met if a homeowner's have had no payments (mortgage and non-mortgage) past due for more than 60 days in the most recent 12-month period preceding funding; and
- Homeowner(s) have no involuntary lien(s) recorded against the Property in excess of $1,000.

3 DISCLOSURES & DOCUMENTATION

Policy Summary:

The documentation of the Program gives it shape, integrity, and enforceability. Program participation documentation embodies principles key to the Program such as clarity, fairness, compliance, disclosure, knowledge, and completeness. A reader who has spent time with the documentation should develop an unambiguous understanding of each and every right, risk, and obligation associated with the Program's financing product. PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for homeowners. Truth-In-PACE™Disclosures cover the Program financing's unique repayment cycle (annual or semiannual) and the Federal Housing Finance Authority announcement regarding payoff of Program financing at the time of sale or refinance. Best practices counsel the Program to disclose traditional financing terms (e.g., interest rates, financing term, payment amounts) as well. In the end, a homeowner who understands the Program's disclosures will be informed and have a clear understanding of the Program's traditional and non-traditional features.

3.1 Document timing.

Before commencement of any Program-financed project, a homeowner needs to:

- Submit an application;
- Receive approval of the Measures from the Partner; and
- Execute a Truth-In-PACE™ disclosure statement.

Following installation of the Measures, a homeowner needs to:

- Execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and
- Receive a final summary of costs and payments. Delivery to, and execution of all such documentation by, the homeowner is the responsibility of the Partner.

3.2 Terms.

Terms that are fundamental to the Program and that need to be reflected in the Documents comprise:

- The amount financed including fees and capitalized interest,
- A term that does not exceed the useful life of the improvements,
- The rate of interest charged, that is fixed (not variable),
- A payment schedule that fully amortizes the amount financed,
- The nature of the lien created upon recordation,
- The specific improvements to be installed,
- The 3-day right to cancel the financing, and
- The right to withhold approval of payment until the project is complete.

It is the responsibility of the Partner to prepare, deliver, and arrange for execution of documents reflecting such terms.

3.3 Disclosures Policies.

Disclosures heighten homeowner's awareness of key program financing terms and risks that appear in the Program terms and documentation. It is the policy of the Program that Partners confirm delivery to, and receipt by, homeowners of these disclosures, and obtain written acknowledgement that homeowners have read and understand them. The following comprise the key disclosures of the Program provided by Partners in a Truth-In-PACE™disclosure statement attached hereto as Attachment A.

Disclosures	Description
Term of financing	The maximum time period of the financing
Amount financed	The total amount financed, including fees and capitalized interest
Annual payment amount	The amount due each year, even if paid in semi-annual installments or through impound payments
Annual interest rate/APR	The effective interest rate after taking into account all fees and capitalized interest
Total Interest Percentage	The total amount of interest paid over the financing term as a percentage of the total Payments.
Improvements financed	The Measures installed
FHFA risks	The risk that the homeowner may need to pay off the PACE assessment at the time of sale or refinance
Right to cancel	The 3-day right to rescind the financing
Prepayment	The right to prepay the Program financing without penalty

The following comprise additional key disclosures of the Program provided by Partners.

Disclosures	Description
Program overview	A document or section of a document that provides a comprehensive summary of the Program, including a summary of a homeowner's rights and obligations
Property tax repayment process	Payment of a homeowner's property tax bill that will include a line item related to the installed Measures
Privacy	A notice describing the privacy policies of the Program
Federal disclosures	Those appearing in the Program application
Foreclosure	The foreclosure process in the event of a homeowner default

4 FUNDING

Policy Summary:

PACE is a new form of financing that, while sharing some features of traditional financing, presents new considerations for financing capital sources and structures. Best practices counsel the Program to proactively solicit feedback from Program stakeholders and homeowners and incorporate learnings into policy improvements which benefit homeowners.

4.1 Interest Rates.

It is the policy of the Program that the Partner offers fixed simple interest rates and payments that fully amortize the obligation. Variable interest rates or negative amortization financing terms are not permitted.

4.2 Sustainable funding source.

It is the policy of the Program that Partners establish a sustainable source of capital for funding PACE financed projects separate from the Authority's general fund or budget and have access to capital markets to ensure funding of qualified projects is available on a consistent basis. A Partner must demonstrate the capacity to fund assessments that the Administrator anticipates originating through such Partner over the six (6) month period immediately following the Administrator's review of such Partners' financial statements.

4.3 Subordination.

The Program is not required but may offer the capability to accommodate homebuyers and homeowners by offering subordination of certain rights of its PACE assessment lien to the lien of a mortgage or deed of trust. The subordination may provide the lien under a mortgage or deed of trust with senior rights such that the lender will be induced to make a loan on a PACE-assessed property. The subordination option may be made available to homebuyers and homeowners in accordance with policy agreed upon by the Authority and the Partner.

5 OPERATIONS

Policy Summary:

Operations delivers the Program to homeowners. Operations commercializes, productizes and draws on the work completed in a broad range of disciplines by the Partner or its Partner, such as sales, training, risk, contractor engagement, municipal engagement, accounting, finance, legal, capital markets, compliance, business development, marketing, government affairs and corporate development. While each operating unit incorporates thoughtful and highly effective consumer protections in the work it produces, Operations is the gatekeeper responsible for assuring that the Program has the people, processes, tools and technology necessary to deliver to homeowners the Program financing product, as well as the consumer protections described in these Policies.

5.1 Operational consumer protection policies.

It is the policy of the Program that the Administrator and its Partner develop and provide people, processes, tools and technology necessary to support the consumer protection measures described in detail elsewhere in this policy, including:

- Risk and underwriting processes;
- Terms and documentation delivery systems;
- Documentation, maintenance and retrieval processes;
- Disclosure development, delivery and acknowledgment receipt;
- Post-funding support for homeowners and other stakeholders such as real estate professionals;
- Data security measures;
- Privacy policy development and protections;
- Marketing and communication oversight;
- Contractor management and engagement;
- Eligible product database and/or list development and maintenance;
- Key metrics reporting;
- Closing and funding processes (including the ability to fulfill financing obligations);
- Examination data production; and
- Implementation of procedures to identify and prohibit conflicts of interest within and associated with the Program.

6 POST-FUNDING HOMEOWNER SUPPORT

Policy Summary:

A public/private partnership is at the core of the Program. This partnership carries with it elevated consumer protection responsibilities that apply to the Program with as much significance during the post-funding period as they do during the time of application and origination. Establishing and operating an executive office responsible for customer care that responds to inquiries, complaints, contractor and workmanship concerns, product performance questions and related matters for the lifecycle of the improvements financed is fundamental to the consumer protections that the Program provides.

6.1 Proactive Engagement.

It is the policy of the Program that the Partner and its Partner proactively to monitor and test the consumer protections delivered to homeowners, and to request feedback from homeowners and contractors to identify areas in need of improvement.

6.2 Onboarding.

It is the policy of the Program that Partners develop and implement a post-installation onboarding procedure to reinforce key characteristics of the Program, such as those highlighted in the Program disclosures.

6.3 Payments.

It is the policy of the Program that the Partner have disclosures and resources in place to resolve homeowner questions regarding matters such as impound account catch up payments, payment timing inquires and payment amount reconciliation. It is also the policy of the Program that the Partner implement procedures for responding to requests for partial or full prepayment of their PACE property tax assessment in a timely and complete manner.

6.4 Inquiries and complaints.

It is the policy of the Program that the Partner receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. This policy contemplates development of a team with the skills necessary to perform inspections, meet with homeowners and contractors, investigate matters, and mediate resolutions with homeowners and contractors. The Partner must proactively work to resolve inquiries and complaints in a reasonable and timely manner and in accordance with the Program guidelines and must make communication for homeowners available during regular business hours by phone, email, and facsimile communication.

6.5 Real estate transactions.

It is the policy of the Program that the Partner develop capabilities to assist homeowners who are refinancing or selling their Properties. The Partner must support real estate professionals providing services to refinance and sales transactions for properties with PACE assessments.

7 DATA SECURITY

Policy Summary:

Trust is fundamental to any financing relationship, and Program financing is no exception. The public/private partnership at the center of the Program, as well as the confidential relationship homeowners have with the Program Partner mandate that any market-ready Program be in robust compliance with sturdy cyber-security standards, and in particular develop secure and tested processes that protect homeowner personal identifiable information at points of potential vulnerability, especially during the application process.

7.1 Information systems.

It is the policy of the Program that the Partner develop and comply with secure and tested processes to protect the personal identifiable information of the homeowner described herein. Such secure and tested processes should, at a minimum, include:

- A cyber-security policy and protocol that, at a minimum, requires data encryption "during transmission" and "at rest," and compliance with sturdy cyber-security standards.
- The Partner is responsible for controlling access to information, based upon, job function and need-to-know criteria.
- The Partner is responsible for taking security measures that protect the security and confidentiality of consumer records and information in proportion to the sensitivity of the information, including, without limitation, requiring all computers and other devices containing any confidential consumer information to have all drives encrypted with industry standard encryption software.
- The Partner is responsible for monitoring and logging all remote access to its systems, whether through VPN or other means.
- Data security policies are subject to auditing and penetration testing conducted by an independent auditor hired by the Authority at least annually and any time a change is made that may have any potential impact on the servers, security policies or user rights.
- The Partner is responsible for ensuring minimum viable configurations are in place on all servers. All firewalls should have continuous logging enabled. In addition, access control lists and audited server configurations should be used to ensure that data security is maintained.

7.2 Personnel.

- The Partner is responsible for informing and enforcing the compliance with the Program's data privacy and security policies on the part of every employee, contractor, vendor, agent, service provider, representative, and associate who is exposed to personal identifiable information of homeowners.
- The Partner is responsible for implementing protections and controls to prevent unauthorized copying, disclosure, or other misuse of sensitive consumer information.

8 PRIVACY

Policy Summary:

The trusting and confidential relationship that exists between homeowners and Program extends to the Partner's use of homeowner data. Program must protect and manage sensitive consumer information, must respect the privacy of all homeowners, and must implement robust controls to prevent unauthorized collection, use and disclosure of such information.

The following summarizes the Program's privacy policy:

8.1 Privacy policy.

The Program obtains sensitive consumer information from homeowners as part of the application process for Program participation or through other homeowner touch points with the Program. It is the policy of the Program that the Partner develops and delivers to homeowners who apply for the Program or who otherwise provide personal identifiable information (e.g., full name, home address, social security numbers, date of birth,) a privacy policy that complies with state and federal law (e.g., the Gramm-Leach-Bliley Act) and, in particular, prohibits sharing with third parties personal identifying information of homeowners without the homeowners' express authorization except where expressly permitted by state and federal law. Such privacy policy will cover

- The sources from which sensitive consumer information is obtained,
- The Partner's use of sensitive consumer information, and
- A mechanism by which a consumer may opt-out of sharing information.

The Partner will deliver to homeowners any updates to such privacy policies.

8.2 Application process.

It is the policy of the Program that all personal identifying information provided by a homeowner to the Partner during the application process is provided directly by the homeowner to the Partner. The Partners will establish processes and controls to ensure that personal identifiable information of a homeowner is obtained directly from such homeowner (or his verifiable legal representative or attorney in fact) and not from a contractor or other third party.

9 MARKETING & COMMUNICATIONS

Policy Summary:

Clear, informative, truthful, balanced, transparent, and complete communications are essential for the Program. The stakeholders of any Program include (without limitation) homeowners, contractors, the Authority, government officials and staff, investors, finance partners, real estate professionals and lenders. Communications, acts and practices that mislead stakeholders add ineligible expense to PACE financing or to the Program, abuse stakeholders, and otherwise fail to meet the core communication standards of appropriateness for the Program and are not acceptable.

9.1 Prohibited practices.

It is the policy of the Program to prohibit practices that are or could appear to be unfair, deceptive, abusive, and/or misleading, that violate laws or regulations, that provide tax advice, that are inappropriate, incomplete or are inconsistent with the Program's purpose (e.g., use of check facsimiles to dramatize the amount of PACE Program financing available or presented as if a negotiable instrument). Marketing practices that are likely to add unnecessary expense to a homeowner (e.g., paying consumers for applications), that unlawfully use sensitive consumer data or that violate any other law or regulation (including, for example, practices related to telemarketing) are prohibited.

9.2 Permitted practices.

It is the policy of the Program to adhere to all legal and regulatory requirements (e.g., telemarketing) pertaining to its advertising and marketing efforts. On the basis of providing clear and concise communication to consumers, any practice that promotes informed decisioning on the part of homeowners and is not prohibited as described herein is permitted. All Marketing materials must be pre-approved by the Partner prior to publication.

9.3 Tax advice.

It is the policy of the Program that no Partner, contractor or third party (who is not a tax expert) may provide tax advice to consumers regarding their Program.

10 CONTRACTOR REQUIREMENTS

Policy Summary:

Contractors and their sales persons are one of the primary means through which homeowners become aware of Program participation options. Contractors and their sales persons enter into contracts with the Partner, and register with all relevant state and local licensing boards and agencies. Contractors are required to follow a code of conduct, maintain policies of insurance, post bonds, follow marketing requirements, complete training courses, among other similar obligations, all of which are designed to assure positive and productive homeowner interaction with the Program.

10.1 Policies.

It is the policy of the Program that all contractors who sell, install, or manage subcontractors who install, eligible improvements will have executed and that all such contractors and all employees, entities, owners, partners, principals, independent contractors, third party agents or other person who perform any services for the contractor in connection with a Program financing (collectively, the "Affiliated Individuals") meet the requirements of the Program's Contractor Participation Agreement, which include:

- Maintenance of an active license, and be in good standing, with the California Contractor State License Board ("CSLB"), including compliance with the CSLB (or equivalent agency or program) insurance and bonding requirements;
- Execution of the Program's Contractor Participation Agreement only by a person who is listed as an Responsible Managing Owner ("RMO"), Responsible Managing Employee ("RME"), Responsible Managing Manager ("RMG"), Responsible Managing Member ("RMM"), sole owner or qualifying partner with the CSLB and who is authorized to act on behalf of, and who is responsible for the actions of, a Registered Contractor (a "Qualifying Individual");
- Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;
- Meeting all other state and local licensing, training and permitting requirements;
- Compliance with the Program's marketing policies; and
- Ensuring all Affiliated Individuals register with the Program.

10.2 Code of Conduct

Each contractor shall enter into an agreement that includes a code of conduct with the minimum requirements to:

- Treat Property Owners Respectfully, Fairly and Honestly at all times.
- Perform Duties in Compliance with all Federal State and Local Laws and avoid involvement in any illegal, unethical or improper conduct.
- Conduct duties in in conformance with E3's Policies and procedures, with the highest standards of ethical and legal conduct.
- Ensure that work is completed with care, guided by prudent judgment and good business practices.
- Assume responsibility for knowing, understanding and having a practical working knowledge of the laws and regulations applicable to the Program and work performed in connection with the program.

10.3 New Contractors.

Regarding Registered Contractors new to the Program, it is the policy that the Partner: Has a specified probationary period (i.e., place the new Registered Contractors on a watch list) until the new Registered Contractors have completed the required number of Measures;

- Has procedures in place, during the Registered Contractor probationary period, to provide additional quality assurance steps for Measures completed by the Registered Contractors on the watch list; and
- Has procedures in place to review Registered Contractor work to confirm satisfactory completion of projects conducted during the probationary period for which Program financing is used.

10.4 Contractor Management.

It is the policy that the Partner implement contractor management systems and procedures that manage and track contractor training and compliance violations on an individual and company basis.

10.5 Contractor Training.

It is the policy of the Program that each Partner make available contractor training regarding, at a minimum, the following:

- The applicable contractor code of conduct terms as required by the Program, and
- Other consumer protection measures as required by the Program.

10.6 Remedial Action.

Partners warn, suspend, or terminate a Registered Contractor and/or Affiliated Individual from the Program based on violations of the Contractor Participation Agreement. The Program does not accept Program applications processed by suspended or terminated contractors and/or associated representatives.

11 ELIGIBLE PRODUCTS

Policy Summary:

The Program enables and encourages homeowners to install Measures on their homes that are designed but not guaranteed to save water or energy. The Program is responsible for implementing practices and controls (e.g., eligible product databases and product confirmation processes) ensuring that financing is used only for eligible Measures, and that it is not provided for ineligible ones. Program product eligibility criteria ensure that property owners are financing improvements that are industry recognized for achieving energy efficiency, water efficiency, or seismic retrofits. While the Program is responsible for confirming compliance with the initial capacities of such products, it is not responsible for determining post-installation performance, savings, or efficacy of such Measures.

11.1 Policies.

Consistent with the objectives of the PACE enabling legislation, it is the policy of the Program through consultation with the Partner and the Authority to:

- Establish and maintain an eligible products database and/or list, documenting the associated eligibility specifications for each product that conform to the requirements outlined in Attachment B hereto;
- Define a process for adding or modifying the eligible product database;
- Ensure that eligible product performance standards are quantifiable 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;
- 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; and
- Require that the product be permanently affixed to the Property.

11.2 Procedures.

It is the policy of the Program that the Partner establish procedures confirming that the homeowner applying for Program financing intends to install eligible products, and that at the time of funding such improvements have been installed.

11.3 Ineligible Products.

- Financing of ineligible products under the Program is prohibited.
- Products that are not included on the eligible products list or in the eligible products database can be submitted for review by the Program, if a homeowner has a good faith reason to believe they should have been included.

12 MAXIMUM FINANCING AMOUNT

Policy Summary:

Many homeowners cannot readily access price information regarding the installation of energy efficiency, renewable energy, water conservation, and seismic improvements for their homes, and cost often is a key economic consideration. While the Program does not set price controls, it implements a maximum financing amount ("MFA") procedure based upon the fair market value of the Measures. The MFA sets the ceiling for amounts that can be financed.

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

- It is the policy of the Program to develop maximum financing amounts based on market data and the Partner's experience, but not to set pricing for installation of eligible products and projects. In evaluating project pricing, the Partner takes into account regional factors that may contribute to the pricing of improvements.
- It is the policy of the Program that each Partner will, at a minimum, establish an MFA for each product type (e.g. for central air conditioners, solar PV systems, solar thermal systems and artificial turf).
- It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the MFA rules for every project.
- A product may only be funded for an amount that is greater than the MFA for such product if the amount exceeding the MFA is justified by reasonable standards that are validated and documented through processes and systems acceptable to the Authority.

13 REPORTING

Policy Summary:

Reporting the economic and environmental results of Program participation is essential for the Program, Partners, elected officials, environmental agencies, the investment community, the real estate and mortgage industry and many other stakeholders. Metrics such as economic stimulus dollars invested, greenhouse gas reduction, the number of Measures funded, the amounts funded, renewable energy production and energy savings serve this need. The Partner is responsible for producing, on a quarterly basis, a key metrics report.

13.1 Reporting categories.

It is the policy of the Program that Program statistics reporting and estimated impact metrics in the following categories be developed and reported quarterly to the Authority:

- Number of projects funded,
- Project amount funded,
- Estimated amount of energy savings,
- Estimated amount of renewable energy produced,
- Estimated amount of water savings,
- Estimated amount of greenhouse gas emissions reductions, and
- Estimated number of jobs created.

13.2 Reporting standards.

It is the policy of the Program that all data collected for the quarterly metrics reports be developed and collected using standardized, third party verified methodologies. The methodologies and supporting assumptions and/or sources must be made available to the Authority by the Partner. It is the responsibility of the Partner to develop reports consistent with each of categories listed above and to test and verify the data collection and reporting methods and models used. All reports shall include only aggregate data, excluding any sensitive customer information.

14 CLOSING & FUNDING

Policy Summary:

The Program provides limited purpose financing to homeowners, and not general purpose financing that is common among traditional sources of financing. The Program has front-end (e.g., eligible product database) and pre-funding (e.g., completion certificates and permits) procedures designed to confirm that their financing dollars are used for permissible purposes. A policy requiring such procedures is essential to protecting the integrity of the Program.

14.1 Installation Completion Sign-off.

It is the policy of the Program to confirm, before funding, that the eligible products financed are installed, operational and in a condition that is acceptable to the homeowner and the contractor, and to require that the homeowner and the contractor attest to such by signing a document stating that all products have been installed to the homeowner's satisfaction and in accordance with product specifications. It is the responsibility of the Partner to confirm any such document is signed within the maximum allowable installation time as specified by the Program

14.2 Permits.

It is the policy of the Program for homeowners seeking Program financing to obtain required permits for the installation of Measures and provide verification thereof upon request.

14.3 Funding.

It is the policy of the Program to withhold final payment of funds until projects are complete.

14.4 Recording.

It is the policy of the Program to record the Notice of Assessment and Payment of Contractual Assessment Required documentation in a manner consistent with state law.

14.5 Asset verification.

It is the policy of the Program to confirm that product(s) listed on the Completion Certificate and for which Program financing has been provided have been installed and that the Partner develop and implement a randomized onsite inspection protocol acceptable to the Authority.

Attachment A

Truth-In-PACE™ Disclosure Statement

Property Information

Owners	[Owner Names]
Address	[Property Address]
APN	[Assessor Parcel Number]
Transaction #	[E3 File ID]

Summary of your Financing

Amount Financed	Financing Term	Interest Rate	Payment Amount
$[0]	[0] Years	[0.00]%	$[0]
Cost of your Improvements	Number of years that payments will be added to the Property Tax Bill.	The annual cost of the financing, as a percentage.	The estimated amount due on your Semi-Annual Property Tax Bill

Important Dates

Application Date	Expiration Date	Recording Date	First Payment Date
[01/01/2001]	[01/01/2001]	[01/01/2001]	[01/01/2001]
Date your application was submitted.	Your Improvements must be completed before this date to be eligible for Financing.	The estimated Date that the Assessment is recorded on the Property with the County.	The first payment date on the related municipal Bond.

If your Assessment is recorded on or before May 30, [2001] your first payment will be included on your November 2015 property tax bill. If your Assessment is recorded After May 30, [2001] your first payment will be included on your November [2002] property tax bill. Upon receiving your payments, your county will remit payment to service debt on the related municipal bond each March 2nd and September 2nd during the Financing Term.

Items payable in connection with Financing

Program Administrative Expenses The estimated costs to provide financing for your Improvements. Includes; Processing, Ongoing annual administrative and Bond Issuance expenses.	$[0]
Recording Fee Fee paid to your County to Record and process your Assessment.	$[0]
Interest Before First Payment The estimated amount of interest accrued between the Recording Date and First Payment Date.	$[0]
Reserve Deposit Deposit for debt servicing on related Bond.	$[0]
Other Costs [Description]	$[0]

Calculations

Total Settlement Charges The Dollar Amount that the Financing will costs you.	$[0]
Prepaid Amount The Dollar Amount Prepaid to your contractor.	$[0]
Total Assessment Amount The total Assessment levied on your property.	$[0]
Annual Assessment Amount The Amount added to your property taxes each year during the Term, Includes Principal, Interest and $95 for Administrative expenses.	$[0]
Total of Payments The total amount you will have paid after you make all payments principal, interest settlement charges and fees.	$[0]
Annual Percentage Rate Your cost over the term of the financing, expressed as a rate. This is not your interest rate.	[0.00]%
Total Interest Percentage The total amount of interest you will pay over the financing term as a percentage of the total Payments.	[0.00]%

Important Financing Terms

Is the Interest Rate Fixed?	Yes
Can the Balance Increase?	No
Is there a Prepayment Penalty?	No
Is there a Balloon Payment?	No
Is the Interest Tax Deductible?	Consult with a tax professional

Understanding what can change at Settlement

This Truth-in-PACE Disclosure Statement estimates your settlement charges based on an Assessment Recording date of [01/01/2001]. Actual amounts will be calculated based the Actual recording date of your Assessment and will be listed in the Final Cost and Payment Summary.

Items that **Cannot** Increase at settlement

- Interest Rate
- Amount Financed
- Recording Fee
- Reserve Deposit.

Items that **Can** Increase at settlement

- Program Administrative Expense
- Interest before first payment

Questions

If you have questions about the financing terms or costs on this form, contact Energy Efficient Equity at:

Phone	1 310 307 4940
eMail	info@energyefficientequity.com
Address	10880 Wilshire Blvd Suite 1101
	Los Angeles CA 90024
	www.EnergyEfficientEquity.com

Acknowledgements

I understand that by participating in the Program an Assessment will be levied on my property which will result in an additional payment that will be added to my Property Tax Bill and (a) if I refinance my property, my mortgage company may require me to pay off the remaining balance, (b) if I sell my property, the Buyer or their mortgage company may require me to pay off the remaining balance, (c) if I pay my property taxes using an impound account I need to save an estimated $[0] for my first payment in November [2001] or cause the trustee of such impound account to adjust my payments upon settlement, (d) I should consult a qualified tax professional regarding the tax deductibility of the interest payments and other potential tax benefits of participation in the Program and ownership of eligible improvements financed by the Program.

I declare that I have received, read, and understand this Truth-in-PACE™ disclosure statement.

[Owner Full Name]	*[Signature]*		
Identity Verification Code	[ID Code]	Date	[01/01/2001]
[Owner Full Name]	*[Signature]*		
Identity Verification Code	[ID Code]	Date	[01/01/2001]

Attachment B

Eligible Improvements

Renewable Energy	Solar Panels Inverters Wind Power generators Solar Water Heating Micro Turbines Internal Combustion Engines Fuel Cells
Energy Efficiency	High Efficiency Ventilation & Air Conditioning Windows, Doors & Skylights Cool Wall Coatings High Performance Roofing Attic, Wall & Under Floor Insulation Radiant Barriers & Air Sealing High Efficiency Lighting
Water Efficiency	High Efficiency Water Heating High Efficiency Pool Equipment Indoor Water Efficiency Outdoor Water Efficiency Artificial Turf
Charging stations	Vehicle Charging stations Energy Storage Systems Stationary Fuel Cells
Seismic Retrofits	Structural Improvements Improvements to avoid falling hazards
Custom Projects	Any project permanently affixed to the property that has a quantifiable renewable energy generation, energy savings, water savings or seismic component.