

# PACE Consumer Protection Policies

Version 1.0

(Residential PACE Program)

## OVERVIEW

*Property assessed clean energy (“PACE”) programs enable an unprecedented range of homeowners to access energy efficiency, renewable energy, and water efficiency 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. In this document, “Partner” refers to the government authority in all cases where the Program does not include a third party non-government partner.*

*The baseline consumer protection policies of the Program cover the following areas: (i) Risk, (ii) Disclosures and Documentation, (iii) Financing Terms, (iv) Operations, (v) Post-Funding Support, (vi) Data Security, (vii) Privacy, (viii) Marketing and Communications, (ix) Protected Classes, (x) Contractors, (xi) Eligible Products, (xii) Pricing, (xiii) Reporting, (xiv) Closing & Funding and (xv) 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. 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.*

- 1.1. 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 four (4) 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.
- 1.2. 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:
  - 1.2.1. 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;
  - 1.2.2. 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;
  - 1.2.3. The financing may not exceed (i) fifteen percent (15%) of the FMV of the Property, up to the first seven hundred thousand dollars (\$700,000) of the Property’s FMV, and (ii) ten percent (10%) of the remaining value of the Property above seven hundred thousand dollars (\$700,000);
  - 1.2.4. The total mortgage-related debt on the underlying Property plus Program financing

may not exceed the FMV of the Property; and

1.2.5. 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.

1.3. 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 below. The Program is not available to finance ineligible products and projects, which comprise everything not specified 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 and other government agencies in determining what constitutes an Eligible Improvement.

1.4. 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:

1.4.1. The Applicants are the owners of record;

1.4.2. 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 (i) the previous three years, or (ii) since the present homeowner acquired the Property;

1.4.3. Homeowner(s) are current on all mortgage debt, and have been late on such payments no more than once (30 days maximum) during the 12-month period preceding funding;

1.4.4. No homeowner applicant has had any active bankruptcies within the last 7 years; provided, however, that this criterion can be met if a homeowner's bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and non-mortgage) past due for more than 60 days in the most recent 24 months; and

1.4.5. Homeowner(s) have no involuntary lien(s) recorded against the Property in excess of \$1,000.

## 2. 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. Disclosures covering 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 are among the new considerations. 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.*

- 2.1. Document timing. Before commencement of any Program-financed project, a homeowner needs to: (i) submit an application; (ii) receive approval of the Measures from the Partner; and (iii) execute documentation covering the terms described in this Section and in the Disclosures summarized in this Section. Following construction of the Measures, a homeowner needs to: (i) execute an acknowledgement that the installation of the Measures has been completed satisfactorily; and (ii) 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.
- 2.2. Terms. Terms that are fundamental to the Program and that need to be reflected in its documents comprise: (i) the amount financed, fees and capitalized interest included, (ii) the repayment process and schedule, (iii) the payment amounts, (iv) a term that does not exceed the useful life of the improvements, (v) the rate of interest charged, (vi) a rate of interest that is fixed (not variable), (vii) a payment schedule that fully amortizes the amount financed, (viii) the nature of the lien created upon recordation, (ix) the specific improvements to be installed, (x) the 3-day right to cancel the financing, (xi) the right to withhold approval of payment until the project is complete, and (xii) Section 5899.2 rights for solar lease improvements. It is the responsibility of the Partner to prepare, deliver and arrange for execution of documents reflecting such terms.
- 2.3. 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 financing summary in the form 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
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
Tax benefits	Benefits associated with the purchase of certain Measures and the annual payments related to them.
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

2.4 Confirmation of Terms. For all Program financing applications associated with contractors that are either new to the Program or are on a Partner's "watch list" (i.e. those contractors that are not "Top Rated Contractors" defined below), it is the policy of the Program that such Partner confirm live by telephone with the homeowner applicant each Program financing term listed in (b)-(g) of this Section 2.4 below. These confirmation requirements do not apply to contractors who have reached the Partner's top rating category (the "Top Rated Contractors"). For Top Rated Contractors, it is the policy of the Program that the Partner conduct randomized calls to homeowners to confirm financing terms.

Notwithstanding the above, irrespective of the contractor with whom the Program financing is associated, it is the policy of the Program that the Partners confirm live by telephone for each applicant who is over 64 years old the Program financing terms listed in (a)-(g) of this Section 2.4 below, and any other special categories of homeowners as designated by the Program. For avoidance of doubt, for homeowners over 64 years old, a voicemail message does not satisfy the requirement of Program financing term confirmation under this Section 2.4.

When confirming terms of a Program financing with a homeowner, the Partners will request the homeowner to describe generally the improvement(s) being financed using the Program financing, and will ascertain that the homeowner understands:

- (a) The reason for the specific improvement(s) being obtained by such homeowner.
- (b) His or her total estimated annual payment.
- (c) The date his or her first tax payment will be due.
- (d) The term of the Program financing.
- (e) Any additional fees (including recording fees) that will be charged to him or her.
- (f) That payments for the Program financing will be added to his or her property tax bill and will cause the property tax bill to increase.
- (g) That he or she may make payments on the Program financing either directly to the county assessor's office or through his or her mortgage impound account.

### 3. 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.*

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.

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.

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.

Contractor fees. It is the policy of the Program that Partners can only charge fees to contractors offering Program financing as long as Partners (i) clearly and conspicuously disclose such fees to homeowners and (ii) require that contractors absorb such obligations and not pass such fees on to homeowners.



#### 4. 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.*

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: (i) risk and underwriting processes; (ii) terms and documentation delivery systems; (iii) documentation, maintenance and retrieval processes; (iv) disclosure development, delivery and acknowledgment receipt; (v) post-funding support for homeowners and other stakeholders such as real estate professionals; (vi) data security measures; (vii) privacy policy development and protections; (viii) marketing and communication oversight; (ix) protected class data and communication processes; (x) contractor management and engagement; (xi) eligible product database and/or list development and maintenance; (xii) implementation of the maximum financing amounts; (xiii) key metrics reporting; (xiv) closing and funding processes (including the ability to fulfill financing obligations); (xv) examination data production; and (xvi) implementation of procedures to identify and prohibit conflicts of interest within and associated with the Program.

## 5. 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.*

- 5.1. 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. 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.

## 6. 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.*

6.1. 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 in Section 7 below. Such secure and tested processes should, at a minimum, include:

- 6.1.1. 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.
- 6.1.2. The Partner is responsible for controlling access to information, based upon, job function and need-to-know criteria.
- 6.1.3. 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.
- 6.1.4. The Partner is responsible for monitoring and logging all remote access to its systems, whether through VPN or other means.
- 6.1.5. 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.
- 6.1.6 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.

6.2. Personnel.

- 6.2.1. 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.

6.2.2. The Partner is responsible for implementing protections and controls to prevent unauthorized copying, disclosure, or other misuse of sensitive consumer information.

## 7. PRIVACY

*Policy Summary: The trusting and confidential relationship that exists between homeowners and Program extends to the Partner's use of homeowner data. Compliance with the Gramm- Leach- Bliley Act as well as the establishment of clear opt-in and opt-out protocols for information sharing are the pillars of the Program's privacy policy. More broadly, 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:

- 7.1. 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 (i) the sources from which sensitive consumer information is obtained, (ii) the Partner's use of sensitive consumer information, and (iii) a mechanism by which a consumer may opt-out of sharing information. The Partner will deliver to homeowners any updates to such privacy policies.
- 7.2. 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.

## 8. 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.*

- 8.1. 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.
- 8.2. 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 in section 8.1 above is permitted. The Partner is responsible for developing, delivering to and enforcing marketing guidelines for the Program's Registered Contractors. Any marketing materials that fall outside of marketing guidelines established must be approved by the Partner to ensure that they are not unfair, deceptive, abusive and/or misleading.
- 8.3. 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 financing which includes making affirmative statements or claims as to the tax deductibility of the payments. Homeowners are encouraged to seek the advice of an expert regarding tax matters related to the Program. The Program shall monitor and test the sales practices of employees and contractors to confirm adherence to the policy set forth in this Section 8.3.
- 8.4. Payments in Exchange for Financing. It is the policy of the Program that no Partner, contractor or Affiliated Individual may provide a direct cash payment or other thing of value to a homeowner explicitly in exchange for such homeowner's selecting Program

financing. For avoidance of doubt, the limitations provided in this Section 8.4 are not intended to prevent the Program from offering to homeowners, contractors or Affiliated Individuals promotions that are not explicitly part of the exchange referred to in the preceding sentence.

## 9. PROTECTED CLASSES

*Policy Summary: It is the Partner's responsibility to ensure compliance with all state and federal laws that cover individuals in protected classes (e.g., race, religion, color, marital status, sex, national origin, citizenship, presence of children, disability, gender, age and/or sexual orientation because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act.) Heightened protections for homeowners over 64 years old, such as confirming understanding of financing terms and project specifications, is a focus of the Program. The Partner is responsible for protecting against intended and unintended non-compliance with such standards, and in particular for providing legally unbiased access to, and decisioning of, requests for Program financing.*

- 9.1. General. It is the policy of the Program that controls be designed to monitor and test compliance with all state and federal laws covering homeowners in protected classes.
- 9.2. Elders. It is the responsibility of the Partner to develop and implement a program that validates elder homeowner (i.e., homeowners over 64 years old) understanding of the eligible improvement project for which they are seeking Program financing, including the terms of such financing.
- 9.3 Financing Access and Decisioning. It is the responsibility of the Partner to provide legally unbiased access to, and decisioning of, requests for Program participation.



## 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:

10.1.1. Compliance with the current Registered Contractor code of conduct, a sample of which is attached hereto as Attachment B or other code of conduct that embodies the principles outlined in Attachment B;

10.1.2. 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;

10.1.3. 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”);

10.1.4. Oversight and management of employees, independent contractors and subcontractors who provide services to Registered Contractors accessing the Program;

10.1.5. Meeting all other state and local licensing, training and permitting requirements;

10.1.6. Compliance with the Program’s marketing policies; and

10.1.7. Ensuring all Affiliated Individuals register with the Program.

10.2. New Contractors. Regarding Registered Contractors new to the Program, it is the policy that the Partner:

- 10.2.1. 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;
- 10.2.2. 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
- 10.2.3. 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.
- 10.3 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.
- 10.4 Contractor Training. It is the policy of the Program that each Partner make available contractor training regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms as required by the Program, (ii) protected classes, including, without limitation, elder protection, and (iii) other consumer protection measures as required by the Program.
- 10.5 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 which 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 which are industry recognized for achieving higher levels of home energy or water efficiency. While the Program is responsible for confirming compliance with the initial capacities of such products, it is not responsible for determining post-installation energy 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:
  - 11.1.1. 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 C hereto;
  - 11.1.2. Define a process for adding or modifying the eligible product database;
  - 11.1.3. 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;
  - 11.1.4. 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
  - 11.1.5. Require that the product is 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.
  - 11.3.1. Financing of ineligible products under the Program is prohibited.
  - 11.3.2. 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 and water conservation 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:

- 12.1. 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.
- 12.2. 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).
- 12.3. Within each MFA, there is a low to high range of justifiable pricing, depending on the particular product within a product type (e.g. there may be different types of central air conditioners, solar PV systems, solar thermal systems and artificial turf). It is the policy of the Program that each Partner will establish product/project attribute related pricing rules that dictate what pricing within such low to high MFA range is justified.
- 12.4. It is the policy of the Program that each Partner establish processes and systems for purposes of enforcing the MFA rules (as described in Section 12.3) for every project.
- 12.5. 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: (i) number of projects funded, (ii) project amount funded, (iii) estimated amount of energy savings, (iv) estimated amount of renewable energy produced, (v) estimated amount of water savings, (vi) estimated amount of greenhouse gas emissions reductions, and (vii) 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.
- 13.3 Participation in CAEATFA. Residential PACE programs operating in California must participate in the PACE Reserve program of the California Alternative Energy and Advanced Transportation Authority. Accordingly, the Programs must report bi-annually on program activity to CAEATFA.

## 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 call-in requirements) 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 disburse funds only for projects that 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

# Financing Estimate

Save this Financing Estimate to compare with your Final Payment Summary.

<b>DATE ISSUED</b>	2/15/2013	<b>TERM</b>	10 years
<b>PROPERTY OWNERS</b>	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	<b>PURPOSE</b>	Home Improvement
<b>PROPERTY</b>	456 Somewhere Avenue Anytown, ST 12345	<b>PRODUCT</b>	Partner Program
		<b>IDENTIFICATION #</b>	123456789
		<b>RATE LOCK</b>	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until 9/14/2015 After the expiration date interest rates and closing costs can change.

## Products and Costs

Product Cost	\$16,900.00	<ul style="list-style-type: none"><li>• Building Envelope- Wall Installation</li><li>• High Efficiency Pool Equipment- Pool Pump</li><li>• Windows, Doors, and Skylights- Exterior Windows</li><li>• High Efficiency HVAC- Whole House Fan</li></ul>
Financing Cost	\$970.30	See closing costs details
Prepaid interest	\$1,445.45	
Other Costs	\$130.00	
Financed Amount	\$19,445.89	Total amount of the assessment

## Terms

		Can this amount increase after closing?	
Financed Amount	\$19,445.89	NO	Total amount of the assessment
Interest Rate	7.69%	NO	
Annual Principal, Interest and Other Costs	\$2,892.62	YES	Annual administrative fee is subject to change
		Does the financing have these features?	
Prepayment Penalty		NO	Interest will be due to the next bond call date
Balloon Payment		NO	

## Projected Payments

Payment Calculation		Years 1-10	
Principal & Interest		\$2,857.62	
Annual Administrative Fee	+	\$35.00	Annual administrative fee is subject to change
<b>Estimated Total Annual Payment</b>		<b>\$2,892.62</b>	

Your payment will be added to your property bill for the next 10 years. If your project is completed and all your documents are submitted and approved by June 15, 2016, your first payment will be included on your November 2016 tax bill. If your documents are submitted and/or approved after June 15, 2016, your first payment will be included on your November 2017 tax bill. Estimated payment information on this document assumes all documentation is approved on September 14, 2016.



## Closing Cost Details




Costs at Closing		
Estimated Closing Costs	\$2,545.75*	Includes \$970.30 in Financing Costs + \$130 in Other Costs + \$1,445.45 in Prepaid Interest. <i>See Calculating Cash to Close summary for details.</i>  *While no cash is required to close this transaction, these items are included in the amount financed. If you do not wish to finance these items, you may pay them at the time of funding.
Estimated Cash to Close	\$0	<i>See Calculating Cash to Close summary for details.</i>

Financing Costs		Other Costs	
<b>A. Origination Charges</b>	<b>\$970.30</b>	<b>D. Recording and Administrative Fees</b>	<b>\$130.00</b>
Application Fee	\$0	County Recording Fee	\$95.00
Underwriting and Bond Issuance Fee	\$970.30	Program Administrative Fee (Annual)	\$35.00
<b>B. Services</b>	<b>\$0</b>	<b>Prepaid Interest</b>	
Appraisal Fee	\$0	<b>E. Prepaid Interest (from closing to first payment)</b>	<b>\$1,445.45</b>
Credit Report Fee	\$0		
Tax Monitoring Fee	\$0	<b>F. TOTAL CLOSING COSTS (C + D + E)</b>	<b>\$2,545.75</b>
Tax Status Research Fee	\$0		
Title- Title Search Fee	\$0		
<b>C. TOTAL FINANCING COSTS (A + B)</b>	<b>\$970.30</b>	<b>Calculating Cash to Close</b>	
		Total Closing Costs (F)	\$2,545.75
		Closing Costs Financed (Paid from Financed Amount)	- \$2,545.75
		Down Payment/Funds from Borrower	\$0
		<b>Estimated Cash to Close</b>	<b>\$0</b>

## Additional Information About This Financing

**PACE PROVIDER** Partner Program  
**EMAIL** info@partnerprogram.com  
**PHONE** (855) 0000-411

Comparisons	Use these measures to compare this financing with other forms of financing.	
In 10 Years	\$19,445.89	Principal you will have paid off.
	+ \$8,065.01	Amount of interest you will have paid.
	+ \$1,415.30	Amount of financing and other costs you will have paid.
	= \$28,926.20	Total you will have paid in principal, interest, financing and other costs.
Annual Percentage Rate (APR)	9.47%	Your costs over the term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	46.95%	The total amount of interest that you will pay over the term as a percentage of your financing amount.

<b>Other Considerations</b>	
<b>Assumption</b>	<p>If you sell or transfer this property to another person, we</p> <p><input checked="" type="checkbox"/> will allow, this person to assume this financing on the original terms.</p> <p><input type="checkbox"/> will not allow assumption of this financing on the original terms.</p> <p>I understand, if i refinance my home, my mortgage company may require me to pay off the remaining balance. If i sell my home, the buyer or their mortgage company may require me to payoff the remaining balance.</p> <p> 1 PO INITIAL</p>
<b>Payments</b>	<p>Your payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector you need to save an estimated \$2,892.62 for your first payment in November 2016. After your first payment if you pay your property taxes through an impound account your monthly mortgage payment should adjust to cover your increased property tax bill.</p> <p> 1 PO INITIAL</p>
<b>Tax Benefits</b>	<p>Consult your tax advisor regarding tax credits, tax deductibility, and other tax benefits of the HERO Program. You are responsible for submitting appropriate document with your tax return.</p> <p> 1 PO INITIAL</p>
<b>Late Payment</b>	<p>If your tax payment is late you are subject to penalties and late fees established by the tax collector.</p>

<b>Confirm Receipt</b>			
By signing, you are only confirming that you have received this form. You do not have to accept this financing because you have signed or received this form.			
Property Owner Signature	Date	Property Owner Signature	Date
Property Owner Signature	Date	Property Owner Signature	Date

## Attachment B

## **1.1. Sample Registered Contractor Code of Conduct**

- 1.1.1. Registered Contractors, on behalf of themselves and the employees, entities, owners, partners, principals, independent contractors, third party agents or other person (the “Registered Individuals”) who perform any sales, installation, advising, construction, creative services, digital marketing, lead generation, inspection or any other services in connection with the Registered Contractor on its behalf, shall:
- 1.1.1.1. Conduct business with Property Owners on a legal, respectful, ethical, fair and equitable basis.
  - 1.1.1.2. Ensure that Registered Individuals present identification (as determined by the PACE Program) establishing their affiliation with a Registered Contractor upon initial contact with a Property Owner, whether such contact occurs in connection with canvassing, sales, service or any other occasion upon which such representatives enter onto a Property Owner’s premises.
  - 1.1.1.3. Not provide, or even appear to provide, tax advice to Property Owners regarding any aspect of PACE Program financing. Any PACE Program that provides a simple tool on its website is merely intended to provide Property Owners the ability to easily quantify the effects if they determine that some or all of the PACE Program payments are deductible. If asked about the tax aspects of PACE Program financing, Registered Contractors should urge Property Owners to consult their tax advisor.
  - 1.1.1.4. Present Property Owners with the full and complete set of Partner Financing Program Documents, which include all pages of the Assessment Contract, Right to Cancel, Application, Financing Summary, and all other PACE Program documents and instruct the Property Owners to contact the Partner directly with any PACE Financing questions.
  - 1.1.1.5. Present the Completion Certificate for signature to the Property Owner only after completion of the project and when the Property Owner is satisfied and is ready for the PACE Program to release funds to the Registered Contractor.
  - 1.1.1.6. Analyze accurately each Property Owner’s energy usage, and anticipated energy savings likely to result from any Eligible Product installation following standards that can withstand independent, third party review and analysis.
  - 1.1.1.7. Seek always to provide high value products and services best suited to a Property Owner’s request or needs and comply with the Eligible Product requirements of the PACE Program. Install only Eligible Products for reasonable, market-based prices that are within industry price guidelines and that do not exceed the PACE Program maximum guidelines.
  - 1.1.1.8. Protect Property Owners, especially those in protected classes such as elders, from and against any exercise of undue influence that could lead to adverse purchasing, pricing and financing decisions.
  - 1.1.1.9. Maintain active, participating and good standing status as a member of the CSLB, and participate in continuing education in its/his/her chosen area of expertise, as well as in the PACE Program requirements, policies and procedures.
  - 1.1.1.10. Have a written contract with the Property Owner stating all proposed work and services.
  - 1.1.1.11. Obtain all legally required building permits, on behalf of the Property Owner, and follow through in obtaining sign off or approval from any authority with jurisdiction over any project on which Contractor works.
  - 1.1.1.12. Comply with all federal, state and local laws, ordinances, rules and regulations.

- 1.1.1.13. Use sound and legally compliant hiring practices, including but not limited to conducting credit and background and screening checks on all employees, temporary staff, contract employees, subcontractors and third party associates to assure that such persons comply with Registered Contractor's legal and ethical obligations described herein.
- 1.1.1.14. Provide PACE Program training for all employees, subcontractors and third party associates of Registered Contractors.
- 1.1.1.15. Maintain and provide the PACE Program with copies of requested documents that relate to projects financed by or through the PACE Program, as well as documents that relate to Registered Contractor certifications, licenses, or insurance/bonding.
- 1.1.1.16. Act in good faith to resolve promptly any complaint or grievance that a Property Owner may file with the PACE Program or the Registered Contractor.
- 1.1.1.17. Document and retain records regarding the resolution of all Property Owner disputes with a Registered Contractor for the PACE Program's review and assessment.
- 1.1.1.18. Comply with the letter and the intent of all provisions of the California Business and Professions Code relevant to the Registered Contractor's business.
- 1.1.1.19. Comply with all local, state and federal marketing and telemarketing laws, regulations and rules, including but not limited to the Telephone Consumer Protection Act, the Older American's Act (including Elder Rights Protection principles) and the Truth in Lending Act.

## Attachment C

# PACE Residential Eligible Product Guidelines

## ALL PRODUCTS

In addition to the PACE Product Eligibility Specifications listed below, all product specifications and installation quality must meet or exceed applicable local, state, and/or federal permitting, codes, and standards. Project stakeholders are fully and solely responsible for ensuring product compliance with applicable sections of the current California Building Energy Efficiency Standards (Title 24, Part 6, Subchapters 1, 2, 7, 9).

## Renewable & Alternative Energy Products

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Solar Photovoltaic	Solar Panel	<ol style="list-style-type: none"><li>1. Product must be listed as California Solar Initiative incentive-eligible photovoltaic module in compliance with CA-SB1 guidelines.</li><li>2. Installation Contractor must be registered with the California Solar Initiative Program and have the correct CSLB licensure to install solar systems.</li><li>3. System must be grid connected unless the property is not currently connected to the grid.</li><li>4. Installed per manufacturer specifications.</li></ol>	20
	Solar Inverter	<ol style="list-style-type: none"><li>1. Product must be listed as California Solar Initiative eligible inverter in compliance with CA-SB1 guidelines.</li><li>2. Installation contractor must be registered with the California Solar Initiative Program and have the correct CSLB licensure to install solar systems.</li><li>3. System must be grid connected unless the property is not currently connected to the grid.</li><li>4. Installed per manufacturer specifications.</li></ol>	20
Solar Thermal	Solar Water Heating	<ol style="list-style-type: none"><li>1. System must have the OG-300 System Certification by the Solar Rating and Certification Corporation (SRCC).</li><li>2. Auxiliary tank must be residential class.</li><li>3. Installed per manufacturer specifications.</li></ol>	15
	Solar Pool Heating	<ol style="list-style-type: none"><li>1. Product must have the OG-100 Collector Certification by the Solar Rating and Certification Corporation (SRCC).</li><li>2. Installed per manufacturer specs.</li></ol>	15

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Alternative Energy	Small Wind Turbine	<ol style="list-style-type: none"> <li>1. Product must be certified by the Small Wind Certification Council as meeting the requirements of the AWEA Small Wind Turbine Performance and Safety Standard (9.1-2009).</li> <li>2. Product must be grid connected unless the property is not currently connected to the grid.</li> <li>3. Installed per manufacturer specs.</li> </ol>	20
	Advanced Energy Storage System	<p>This product type specification is currently under revision and is not currently available.</p> <p>We hope to have this product type available again as an eligible option for projects in the very near future.</p>	--
	Electric Vehicle Charging Station	<ol style="list-style-type: none"> <li>1. Product must be certified as meeting the UL Subject 2594 Standard Testing for Charging Stations.</li> <li>2. Product must be a Level 2 charger with SAE J1772 standard charging plug.</li> <li>3. Installed per manufacturer specs.</li> </ol>	10
	Stationary Fuel Cell Power System	<ol style="list-style-type: none"> <li>1. System must be certified as meeting the ANSI/CSA America FC1 standard.</li> <li>2. Installed per manufacturer specs.</li> <li>3. Installed in accordance with local code and/or the Standard for the Installation of Stationary Fuel Cell Power Plants, NFPA 853, the National Fuel Gas Code, ANSI Z223.1/NFPA 54, National Electrical Code, NFPA 70, as applicable.</li> </ol>	15



# PACE Residential Eligible Product Guidelines

## Energy Efficiency Products

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
High-Efficiency Heating, Ventilation, and Air Conditioning (HVAC)	Air-Source Heat Pump	<ol style="list-style-type: none"> <li>Product must be AHRI Certified and AHRI number must be provided.</li> <li>Product must be ENERGY STAR Certified: <ol style="list-style-type: none"> <li>Split: SEER <math>\geq</math> 14.5 and EER <math>\geq</math> 12 and HSPF <math>\geq</math> 8.2.</li> <li>Package: SEER <math>\geq</math> 14 and EER <math>\geq</math> 11 and HSPF <math>\geq</math> 8.0.</li> </ol> </li> <li>Must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Central Air Conditioner	<ol style="list-style-type: none"> <li>Product must be AHRI Certified and AHRI number must be provided.</li> <li>Product must be ENERGY STAR Certified: <ol style="list-style-type: none"> <li>Split: SEER <math>\geq</math> 14.5 and EER <math>\geq</math> 12.</li> <li>Package: SEER <math>\geq</math> 14 and <math>\geq</math> EER 11.</li> </ol> </li> <li>Must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Furnace	<ol style="list-style-type: none"> <li>Product must be AHRI Certified and AHRI number must be provided.</li> <li>Product efficiency must be: <ul style="list-style-type: none"> <li>AFUE <math>\geq</math> 80% with ECM, or</li> <li>AFUE <math>\geq</math> 90%</li> </ul> </li> <li>Must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Evaporative Cooler	<ol style="list-style-type: none"> <li>Product must be listed in California Energy Commission Appliance Efficiency Database.</li> <li>Must have separate ducting system— independent of the air conditioning and heating duct system.</li> <li>Must be permanently installed through wall or on the roof; window installed product is not eligible.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Boiler	<ol style="list-style-type: none"> <li>Product must be AHRI Certified and AHRI number must be provided.</li> <li>Product must be ENERGY STAR Certified: AFUE <math>\geq</math> 85%.</li> <li>Must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	20

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
High-Efficiency Heating, Ventilation, and Air Conditioning (HVAC)	Geothermal Heat Pump	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified: <ol style="list-style-type: none"> <li>Closed Loop Water-to-Air: <math>\geq 14.1</math> EER and <math>\geq 3.3</math> COP</li> <li>Open Loop Water-to-Air: <math>\geq 16.2</math> EER and <math>\geq 3.6</math> COP</li> <li>Closed Loop Water-to-Water: <math>\geq 15.1</math> EER and <math>\geq 3.0</math> COP</li> <li>Open Loop Water-to-Water: <math>\geq 19.1</math> EER and <math>\geq 3.4</math> COP</li> <li>DGX: <math>\geq 15.0</math> EER and <math>\geq 3.5</math> COP</li> </ol> </li> <li>Product must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Hydronic Radiant Heating System	<ol style="list-style-type: none"> <li>System must be powered by a high-efficiency PACE-qualified heating source.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Mini-Split Air Conditioner	<ol style="list-style-type: none"> <li>Product must be AHRI certified and AHRI number must be provided.</li> <li>Efficiency: <math>\geq 15</math> SEER.</li> <li>Product must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Mini-Split Heat Pump	<ol style="list-style-type: none"> <li>Product must be AHRI certified and AHRI number must be provided.</li> <li>Efficiency: <math>\geq 15</math> SEER and HSPF <math>\geq 8.2</math>.</li> <li>Product must replace an existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Biomass / Wood Stove	<ol style="list-style-type: none"> <li>Product must be certified and listed on the EPA Certified Wood Stoves list.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Duct Replacement	<ol style="list-style-type: none"> <li>Duct system leakage: <ol style="list-style-type: none"> <li>Partial Replacement: <math>\leq 15\%</math> total system nominal flow</li> <li>Full Replacement: <math>\leq 6\%</math> total system nominal flow</li> </ol> </li> <li>Duct Insulation R-Value <math>\geq R-6</math>.</li> <li>Installed per Title 24, Part 6.</li> </ol>	20

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
High-Efficiency Heating, Ventilation, and Air Conditioning (HVAC)	Heat/Energy Recovery Ventilator	<ol style="list-style-type: none"> <li>Product must be certified by the Home Ventilation Institute (HVI).</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Exhaust Ventilation Fixture	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Whole House Fan	<ol style="list-style-type: none"> <li>Product must be listed in California Energy Commission Appliance Efficiency Database.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Attic Ventilation Fixture	<ol style="list-style-type: none"> <li>Product must have thermostat control.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Ceiling Fan	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified.</li> <li>Installed per manufacturer specs.</li> </ol>	10
Windows, Doors, and Skylights	Window	<ol style="list-style-type: none"> <li>Product must be NFRC Certified: <ol style="list-style-type: none"> <li>U-Factor <math>\leq 0.32</math> and SHGC <math>\leq 0.30</math>.</li> </ol> </li> <li>Product must replace existing product.</li> <li>Product NFRC label to be submitted with Completion Certificate.</li> <li>Installed per manufacturer specs.</li> <li>Product must meet Title 24 requirements.</li> </ol>	20
	Door	<ol style="list-style-type: none"> <li>Product must be NFRC Certified: <ol style="list-style-type: none"> <li>Opaque: U-Factor <math>\leq 0.21</math> and SHGC = Any</li> <li><math>\leq 1/2</math>-Lite: U <math>\leq 0.27</math> and SHGC <math>\leq 0.30</math></li> <li><math>&gt; 1/2</math>-Lite: U <math>\leq 0.32</math> and SHGC <math>\leq 0.30</math></li> </ol> </li> <li>Product must replace existing product.</li> <li>Product NFRC label to be submitted with Completion Certificate.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Skylights and Tubular Daylighting Device	<ol style="list-style-type: none"> <li>Product must be NFRC Certified: <ol style="list-style-type: none"> <li>U-Factor <math>\leq 0.55</math> and SHGC <math>\leq 0.30</math>.</li> </ol> </li> <li>NFRC label for each different product to be submitted with Completion Certificate.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Applied Window Film	<ol style="list-style-type: none"> <li>Product must be NFRC Certified.</li> <li>NFRC label for each different product to be submitted with Completion Certificate.</li> <li>Installed per manufacturer specs.</li> </ol>	10

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Windows, Doors, and Skylights	Exterior Window Shading Device	<ol style="list-style-type: none"> <li>Product must be permanently secured to the exterior of the property with attachments or fasteners that are not intended for removal.</li> <li>Each product must be installed to provide shading to at least one window or door.</li> <li>Product must be one of the following styles: <ol style="list-style-type: none"> <li>Patio Covers</li> <li>Fixed Awnings</li> <li>Operable Awnings</li> <li>Operable Shutters</li> <li>Solar Screens</li> </ol> </li> <li>Product is <u>only</u> eligible to be installed on properties located within California Building Climate Zones 2, and 6-16.</li> <li>Other exterior structural products including, but not limited to, sunroom enclosures, exterior decks, balconies, roof overhangs, detached/free-standing arbors, detached/free-standing pergolas, and/or carports are <u>NOT</u> eligible.</li> <li>Interior window shading products including, but not limited to, blinds, shutters, shades, or curtains are <u>NOT</u> eligible.</li> <li>Installed per manufacturer specs.</li> </ol>	10
Building Envelope	Cool Wall Coating	<ol style="list-style-type: none"> <li>Product must be a preapproved PACE Cool Wall Coating product.</li> <li>Product must have solar reflectance <math>\geq 0.5</math> as tested to ASTM C1549-09 standard.</li> <li>Product primary application surface must be exterior wall surfaces of conditioned buildings.</li> <li>Product is <u>only</u> eligible to be installed on properties located within CA Building Climate Zones 4-10 and 12-15.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Cool Roof - Prescriptive	<ol style="list-style-type: none"> <li>Product must meet the following specifications: <ol style="list-style-type: none"> <li>Low-Slope Roofs (<math>\leq 2:12</math>): <math>\geq 0.5</math> Aged (3 yrs.) Solar Reflectance</li> <li>Steep-Slope Roofs (<math>&gt; 2:12</math>): <math>\geq 0.15</math> Aged Solar Reflectance</li> </ol> </li> <li>Product also must meet Title 24, Part 6.</li> <li>Product must be listed in the CRRC or ENERGY STAR product directories.</li> </ol>	20

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Building Envelope	Cool Roof - Performance	<ol style="list-style-type: none"> <li>If a Cool Roof - Prescriptive roofing product is not specified, one of the following cool roof performance measures must also be implemented in the scope of work: <ol style="list-style-type: none"> <li>Install <math>\geq 1"</math> Air-space between the top of the roof deck to the bottom of the roofing product.</li> <li>Insulate attic floor to R-value <math>\geq 38</math>.</li> <li>Seal &amp; Insulate attic HVAC duct work to R-8 and <math>\leq 6\%</math> leakage.</li> <li>Install an eligible radiant barrier.</li> <li>Insulate roof deck to R-value <math>\geq 4</math>.</li> <li>Install roof construction with thermal mass over a membrane with a weight of at least 25 lb/ft<sup>2</sup>.</li> </ol> </li> <li>Project must comply with CA Title 24 Part 6. Project stakeholder is fully and solely responsible to meet any such additional requirements.</li> </ol>	20
	Attic Insulation	<ol style="list-style-type: none"> <li>R-value <math>\geq 38</math>.</li> <li>Installed per CEC QII Standards.</li> </ol>	20
	Wall Insulation	<ol style="list-style-type: none"> <li>R-value <math>\geq 13</math> to full framing cavity depth.</li> <li>Installed per CEC QII Standards.</li> </ol>	20
	Under-Floor Insulation	<ol style="list-style-type: none"> <li>R-value <math>\geq 19</math> to full joist depth.</li> <li>Installed per CEC QII Standards.</li> </ol>	20
	Radiant Barrier	<ol style="list-style-type: none"> <li>Emissivity <math>\leq 0.1</math>.</li> <li>Reflectivity <math>\geq 0.9</math>.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Air Sealing	<ol style="list-style-type: none"> <li>Performed to BPI, ENERGY STAR, and ASHRAE 62.2 guidelines.</li> </ol>	10
High-Efficiency Water Heating	Gas Storage Water Heater	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified.</li> <li>EF <math>\geq 0.67</math>.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Electric Heat Pump Storage Water Heater	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified.</li> <li>EF <math>\geq 2.0</math>.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Gas Tankless Water Heater	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified.</li> <li>EF <math>\geq 0.82</math>.</li> <li>Installed per manufacturer specs.</li> </ol>	10

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
High-Efficiency Pool Equipment	Pool Pump and Motor	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified: <ol style="list-style-type: none"> <li>Single Speed Pump: EF <math>\geq</math> 3.8 for single speed</li> <li>Multi/Variable Speed/Flow: EF <math>\geq</math> 3.8 for most efficient speed.</li> </ol> </li> <li>Product must replace existing product.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Electric Heat Pump Pool Heater	<ol style="list-style-type: none"> <li>Product must be listed in California Energy Commission Appliance Efficiency Database.</li> <li>COP <math>\geq</math> 4.5.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Gas Pool Heater	<ol style="list-style-type: none"> <li>Product must be listed in California Energy Commission Appliance Efficiency Database.</li> <li>Thermal Efficiency <math>\geq</math> 83%.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Automatic Pool Cover	<ol style="list-style-type: none"> <li>Product must be an automatic pool cover UL certified as meeting ASTM F1346 Standard Performance Specification.</li> <li>Product must be permanently installed on an existing swimming pool.</li> <li>Installed per manufacturer specs.</li> <li>Manual swimming pool covers are not eligible.</li> </ol>	10
High-Efficiency Lighting	Indoor Lighting Fixture	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified and meet Title 24, Part 6 requirements.</li> <li>Product must be permanently installed.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Outdoor Lighting Fixture	<ol style="list-style-type: none"> <li>Product must be ENERGY STAR Certified and meet Title 24, Part 6 requirements.</li> <li>Product must be permanently installed.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Lighting Control	<ol style="list-style-type: none"> <li>Product must be listed in the California Energy Commission Appliance Efficiency Database.</li> <li>Eligible control types include: <ol style="list-style-type: none"> <li>Automatic Time-Switch</li> <li>Daylight/Photo- Sensor</li> <li>Dimmer</li> <li>Occupant/Motion/Vacancy Sensor</li> </ol> </li> <li>Install per manufacturer specs.</li> </ol>	20

# PACE Residential Eligible Product Guidelines

## Water Efficiency Products

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Indoor Water Efficiency	High-Efficiency Toilet Fixture	<ol style="list-style-type: none"> <li>Product must be listed in the CEC Appliance Efficiency Database.</li> <li>Toilet and urinals fixtures are eligible.</li> <li>Flow rate <math>\leq 1.28</math> GPF.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	High-Efficiency Faucet Fitting	<ol style="list-style-type: none"> <li>Product must be listed in the CEC Appliance Efficiency Database.</li> <li>Flow rate <math>\leq 1.5</math> GPM.</li> <li>Must be permanently installed.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	High-Efficiency Showerhead	<ol style="list-style-type: none"> <li>Product must be listed in the CEC Appliance Efficiency Database.</li> <li>Flow <math>\leq 2.0</math> GPM.</li> <li>Installed per manufacturer specs.</li> </ol>	15
	Hot Water Delivery System	<ol style="list-style-type: none"> <li>System meets the definition of one of the following water delivery options:                             <ol style="list-style-type: none"> <li>Dedicated Recirculation Line</li> <li>Whole House Manifold System</li> <li>Demand-initiated Recirculating System</li> <li>Core Plumbing System</li> </ol> </li> <li>Installed per manufacturer specs.</li> </ol>	15
Outdoor Water Efficiency	High-Efficiency Sprinkler Nozzle	<ol style="list-style-type: none"> <li>Product must be on SoCal Water Smart Qualified Sprinkler Nozzle product list.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Weather-Based Irrigation Controller	<ol style="list-style-type: none"> <li>Product must be WaterSense Qualified.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Drip Irrigation	<ol style="list-style-type: none"> <li>Product installed be installed in turf, garden, planter, or flower bed area.</li> <li>Installed per manufacturer specs.</li> </ol>	10
	Rainwater Catchment System	<ol style="list-style-type: none"> <li>Sized to hold <math>\geq 50</math> gallons at one time.</li> <li>Must be permanently installed.</li> <li>Installed per manufacturer specs.</li> </ol>	20
	Gray Water System	<ol style="list-style-type: none"> <li>System must meet California Plumbing Code, Chapter 16A.</li> <li>Product must comply with local code and permitting requirements.</li> <li>Eligible system types include:                             <ol style="list-style-type: none"> <li>Single-Fixture</li> <li>Multi-Fixture Simple (<math>\leq 250</math> GPD)</li> <li>Multi-Fixture Complex (<math>&gt; 250</math> GPD)</li> </ol> </li> <li>Installed per manufacturer specs.</li> </ol>	20

# PACE Residential Eligible Product Guidelines

PRODUCT CATEGORY	PRODUCT TYPE	ELIGIBILITY SPECIFICATIONS	MAXIMUM TERM (YEARS)
Outdoor Water Efficiency	Artificial Turf	<ol style="list-style-type: none"> <li>1. Product must be water and air permeable.</li> <li>2. Product must be non-toxic and lead free.</li> <li>3. Product must be recyclable.</li> <li>4. Product installation must carry <math>\geq 10</math> year warranty.</li> <li>5. Installed per manufacturer specs.</li> <li>6. Product infill material must be one of the following: <ol style="list-style-type: none"> <li>a. Acrylic Covered Sand</li> <li>b. Crumb Rubber</li> <li>c. Zeolite</li> </ol> </li> </ol>	10
Outdoor Water Efficiency	Drought Tolerant Landscaping	<ol style="list-style-type: none"> <li>1. Product installation area must replace existing live turf grass area.</li> <li>2. Requested financing amount may include: <ol style="list-style-type: none"> <li>a. Removal/disposal of existing turf grass material</li> <li>b. Site preparation for landscaping installation</li> <li>c. Installation of drought tolerant landscaping options</li> <li>d. Installation or conversion to eligible irrigation options</li> </ol> </li> <li>3. Requested finance amount may not include: <ol style="list-style-type: none"> <li>a. Installation of live plants or biodegradable plant material</li> <li>b. Removal of pre-existing hardscape areas (i.e. driveways, pools, etc.)</li> <li>c. Installation of water features (i.e. ponds, fountains, etc.)</li> <li>d. Installation of any other products not listed in specification #2</li> </ol> </li> <li>4. All products to be installed to manufacturer specs and industry best practices.</li> </ol>	20