

PACE Programs Comparison Matrix

Provider Name: **PACE Funding Group, LLC**

Background:

Policy	Data
Authorization	AB811
Government Entity/ Governance Structure	Member of California Statewide Communities Development Authority (CSCDA) Open PACE Platform http://cscda.org/Open-PACE CSCDA was created by and for local governments in California, and is sponsored by the California State Association of Counties (CSAC) and the League of California Cities ("the League"). Currently, more than 500 cities, counties and special districts have become Program Participants to CSCDA. CSCDA is governed by a seven-member commission that are appointed by CSAC and the League.
Participating Jurisdictions	See attached list
Project Costs/ Total Initial Fees	The assessment is equal to the sum of the project cost, capitalized interest, a 5.95% origination fee, a \$100 lien recording fee, a \$95 loan loss reserve, a \$10 foreclosure expense reserve, and \$45 for the first year administrative expenses.
Lien	PACE Assessment, residential only
Term/ Loan Term	5, 10, 15, 20, 25 yr
Lender/ Mortgage Notification or Consent	Not required
Disclosure	Disclosure of Financing Terms and FHFA Risk. The Program must plainly disclose to homeowners the terms of the financing: (a) the amount financed, fees and capitalized interest included, (b) the repayment process and schedule, (c) the payment amounts, (d) a term that does not exceed the useful life of the majority of the improvements, (e) the effective rate of interest charged (APR), (f) a rate of interest that is fixed (not variable), (g) a payment schedule that fully amortizes the amount financed, (h) the nature of the lien created upon recordation, (i) the specific improvements to be installed, (j) the 3-day right to cancel the financing, (k) FHFA policy toward PACE.

PACE Programs Comparison Matrix

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	Full disclosures and adherence to highest consumer standards in PACE http://cscda.org/Open-PACE/Documents/PACE-Consumer-Protection-Policies-final-12-1-15 (Executive Summary Attached)
Pre-Lien loan to Value	15% of appraised value up to \$700,000 or 10% thereafter
Post-Lien Loan to Value	not to exceed 100% LTV of property value
Total Aggregate Property Taxes/ Assessments	Program has just begun processing residential applications
Capitalized Interest	Is calculated for the duration of time between the expected sale of the bond and the first assessment payment
Credit History/ Credit Check	Credit check to verify aspects of underwriting, FICO score not a determining factor
Bankruptcy History	No homeowner has had any active bankruptcies within the past 7 years, provided, however, that this criterion can be met if the 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. None of the Property Owner(s) can have been involved in current bankruptcy proceedings or have filed for bankruptcy during the past five (5) years.
Participates in PACE Loss Res. Program (CA State)	Yes, CAETFA.
Legal Validation	Yes. Legal validation for entire state complete.
Property Owner Fees/Costs	<ul style="list-style-type: none"> -Origination fee 5.95% -Annual admin fee \$45 - \$100 lien recording fee - \$95 loan loss reserve - \$10 foreclosure expense reserve

PACE Programs Comparison Matrix

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Fees to Contractor	None
Consumer Protection	Yes, formalized at bond issuer level (CSCDA) http://cscda.org/Open-PACE/Documents/PACE-Consumer-Protection-Policies-final-12-1-15
Number of Customers Served: Residential and Commercial/ Projects Financed	Program has just begun processing residential applications
Location of Corporate Office and presence in local jurisdiction	Los Gatos, CA
Do you share loan fees with jurisdictions?	Through CSCDA
Financing Organization	Admirals Bank
Administrator	PACE Funding Group
JPA	California Statewide Communities Development Authority (CSCDA)
Legislative Origin	AB811
Website	www.pacefunding.com
Residential	Yes

PACE Programs Comparison Matrix

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Commercial	Not at this time
Secured	Assessment on the property
Interest Rate	Residential: 5 yrs: 5.95% 10 yrs: 6.95% 15 yrs: 7.49% 20 yrs: 7.79% 25 yrs: 8.29%
More detail on range, what are the factors?	Term determined
Energy Audit	Recommended, not required
Selection of Contractor	Screened for licenses, insurance, BBB rating and social media ratings
Annual Admin Fee	\$45
Program Admin/ Underwriting	<p>PROPERTY</p> <p>Property must be Residential and pay property taxes.</p> <p>Property must be in a participating community.</p> <p>New construction is not eligible unless a certificate of occupancy has been obtained.</p> <p>Manufactured and mobile homes can be approved if permanent affixed to real property and if the</p> <p>The Property must have at least 10% equity after all mortgage debt is considered (mortgage debt \leq 90% of Property Value).</p> <p>Property is held in a trust or owned by another legal entity are eligible subject to the conditions contained herein.</p>

PACE Programs Comparison Matrix

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	<p>The Property cannot have any current involuntary liens or judgments greater than \$1,000 The Property cannot be subject to any notices of default.</p> <p>PROPERTY OWNERS Applicant(s) must be the owner(s) of record of the subject property. All Property Owners must sign all required documentation, including but not limited to the application, the Completion Certificate and the PACE Assessment Contract with all other required Financing Documents. All debt secured by the subject property must be current and not more than thirty days past due for the twelve (12) months prior to application date (or since purchase if owned for less than 12 months). Property taxes must be current. Property Owner(s) must certify that property taxes have not been paid late more than once during the prior 3 years (or since purchase if owned by them for less than 12 months). The subject property may not be subject to any default. No homeowner has had any active bankruptcies within the past 7 years, provided, however, that this criterion can be met if the 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. None of the Property Owner(s) can have been involved in current bankruptcy proceedings or have filed for bankruptcy during the past five (5) years. Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien. Property Owners must be working with an approved Eligible Contractor, no self-installation is permitted.</p> <p>ELIGIBLE PRODUCTS Eligible Products are identified by the Eligible Products guidelines attached as Appendix 6.4. All products and materials must be new; used, refurbished or remanufactured products are not eligible.</p>
Recording/ Title Fee	\$95
Application Fee	None
Software	Sighten

PACE Programs Comparison Matrix

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Contractor Fee	None
Reserve Deposit	- \$95 loan loss reserve - \$10 foreclosure expense reserve
Financing Min/Max Amounts	5,000 / 15% of property value for properties less than \$700,000, 10% for properties greater than \$700,000.
Residential Average Assessment	So far, approximately \$21,000
Prepayment Penalty	None as long as prepayment is at least \$2,500
Year Started	2015
Number of Assessments (total defaults)	Zero defaults
Area	California, other states pending
Alameda County Jurisdictions	See attached list.
Average Time from Application to Payment	So far, approximately 21 days.
Dispute Resolution	Yes

PACE Programs Comparison Matrix

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Contractor List	We don't make these names public.
How long is the training to become a participating contractor?	Apx. 4 hours
Contractor Training and Support	Field support and 7 day / week call center
Process for Local Government to Join	Opt-in process: requires (1) city/county "Opt-in resolution" for jurisdictions already members of CSCDA
What is the liability associated with joining the JPA? What commitments is the local government making?	None. Jurisdictions are indemnified via assessment contract and no staff resources are required to administer program.
Language around indemnification of the joining jurisdiction?	The bonds issued by CSCDA are limited obligations of the borrower, not CSCDA or the Program Participant. The CSCDA joint powers agreement expressly provides that CSCDA is a public entity separate and apart from the Program Participants, and "its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to the joint powers agreement." The Program Participants are not responsible for any repayment of debt by borrowers, nor are they named in any of the bond documents.
Provides reports to participating jurisdiction – what data?	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.
Termination Process for Govt.	Opt out via resolution
Includes solar electric?	Yes

PACE Programs Comparison Matrix

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Includes solar hot water?	Yes
Includes seismic?	No
Includes water efficiency?	Yes
Includes landscaping?	Not at this time.
Includes EV charging?	Yes
Financing Capacity in California	\$200mm+
Are any necessary improvements to non-energy systems included in financing (e.g. asbestos remediation or electric panel replacement)?	Yes, if improvement is required for permit and/or inspection

PACE Programs Comparison Matrix

PACE Funding Group, LLC - Approved Jurisdictions 4/13/16

County: Alameda County
Alameda County (unincorporated)
Albany
Berkeley
Hayward
Oakland
Piedmont
Union City
County: Amador County
Ione
County: Butte County
Butte County (unincorporated)
Chico
Oroville
County: Contra Costa County
Concord
El Cerrito
Hercules
Lafayette
Martinez
Moraga
Pinole
County: El Dorado County
El Dorado County (unincorporated)
Placerville
South Lake Tahoe
County: Fresno County
Clovis
Selma

County: Humboldt County
Arcata
Eureka
Humboldt County (unincorporated)
County: Kings County
Corcoran
Hanford
Lemoore
County: Los Angeles County
Glendale
Lancaster
La Verne
Los Angeles
Santa Monica
County: Madera County
Madera
County: Marin County
Belvedere
Fairfax
Larkspur
Marin County (unincorporated)
Mill Valley
Novato
San Anselmo
San Rafael
Sausalito
Tiburon
County: Mendocino County
Ukiah
County: Merced County
Los Banos

County: Mono County
Mono County (unincorporated)
County: Monterey County
Monterey County (unincorporated)
County: Napa County
Napa County (unincorporated)
County: Orange County
Buena Park
Laguna Hills
County: Riverside County
Moreno Valley
Palm Desert
Riverside County (unincorporated)
San Jacinto
County: Sacramento County
Citrus Heights
Sacramento
County: San Bernardino County
Big Bear Lake
Chino
Chino Hills
Colton
Fontana
Hesperia
Highland
Montclair
Ontario
Rancho Cucamonga
Redlands
Rialto
San Bernardino (Unincorporated)
Upland

County: San Diego County
Carlsbad
El Cajon
Imperial Beach
La Mesa
Poway
San Diego County (unincorporated)
County: San Joaquin County
Lodi
Tracy
County: San Mateo County
Belmont
Burlingame
Foster City
San Carlos
San Mateo
San Mateo County (unincorporated)
County: Siskiyou County
Mount Shasta
County: Solano County
Benicia
Vallejo
County: Tulare County
Lindsay
Porterville
Tulare
County: Ventura County
Thousand Oaks
County: Yuba County
Yuba County (unincorporated)

PACE Programs Comparison Matrix

CSCDA

Residential Open PACE Consumer Protection Policies

Executive Summary

- 1. Eligible Properties.** The Program will finance improvements on residential properties (3 units or less) that meet the following criteria: (a) All mortgage related debt on the Property may not exceed 90% of the Property's fair market value (FMV); (b) 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); (c) The total mortgage-related debt on the underlying Property plus Program financing may not exceed the FMV of the Property.
- 2. Eligible Improvements.** The Program will only finance energy efficiency, water efficiency and renewable energy improvements that are permanently affixed to the property. All improvements and products must meet standards established by the U.S. Department of Energy, the U.S. Environmental Protection Agency, or California state agencies.
- 3. Disclosure of Financing Terms and FHFA Risk.** The Program must plainly disclose to homeowners the terms of the financing: (a) the amount financed, fees and capitalized interest included, (b) the repayment process and schedule, (c) the payment amounts, (d) a term that does not exceed the useful life of the majority of the improvements, (e) the effective rate of interest charged (APR), (f) a rate of interest that is fixed (not variable), (g) a payment schedule that fully amortizes the amount financed, (h) the nature of the lien created upon recordation, (i) the specific improvements to be installed, (j) the 3-day right to cancel the financing, (k) FHFA policy toward PACE.
- 4. Complaints and Dispute Resolution.** The Program must receive, manage, track, timely resolve, and report on all inquiries and complaints from homeowners. In addition, the Program must investigate and mediate disputes between homeowners and contractors.
- 5. Data Security.** The Program 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.
- 6. Consumer Privacy.** The Program must develop and maintain 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 homeowner's express authorization except where expressly permitted by state and federal law.
- 7. Marketing and Communications.** The Program prohibits 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. Cash incentives to homeowners in exchange for financing with the Program are prohibited.
- 8. Protected Classes.** The Program must 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. Contractor Management.** The Program ensures that contractors are licensed by the California State Licensing Board, insured and bonded. Additionally, contractors must agree to

PACE Programs Comparison Matrix

follow program marketing guidelines, and act in good faith to timely resolve homeowner complaints.

10.**Maximum Financing Amounts.** The Program will establish Maximum Financing Amounts for every project type. The Program will establish pricing rules to ensure that consumers are protected from excessive charges.

11. **Reporting.** The Program will report on a quarterly basis to its public sector partners on the number of applications submitted, projects completed, energy and water saved, and jobs created as a result of the Program.

12. **Closing and Funding.** The program requires that the homeowner and the contractor sign a certificate of completion prior to providing funding to the contractor for the project. The Program also requires that any necessary permits are pulled and verified prior to funding. The Program will conduct a randomized onsite inspection protocol to verify that the appropriate financed products have been installed.