

PACE Programs Comparison Matrix

Provider Name: **Renew Financial/CaliforniaFIRST**
Background:

Policy	Data
Legislative Origin / Authorization	AB811
Financing Organization	Renew Financial
Program Administrator	Renew Financial
Government Entity / Joint Power Authority (JPA)	California Statewide Communities Development Authority
Governance Structure (e.g. who makes up the board)	Commission of members from the League of California Cities and California State Association of Counties
Participating Jurisdiction(s)	340 Cities in 40 Counties
Number of years of experience administering PACE Financing program	7 years
Location of Corporate Office and local presence in the jurisdiction being served	Corporate Office in Oakland, CA. Regional Manager based in Riverside County.
Residential (Yes/No)	Yes
Commercial (Yes/No)	Yes
Number of Customers Served to date? Residential and	Residential: 6000 projects funded or under construction 18,000 approved applications Commercial: 23 projects funded or under construction, 400 Applications submitted

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Policy	Data
Commercial/ Projects Financed	
Lien	Yes
Interest Rate(s)	Residential: 5 year 6.75%, 10 year 7.59%, 15 year 7.99%, 20 year 8.29%, 25 year 8.39% Commercial: Varies because commercial property owners can select their own lender
Term/ Loan Term	Residential: 5-25 years Commercial: Typically up to 20 years but varies because commercial property owners can select their own lender
Lender/ Mortgage Notification or Consent	Residential: Not required. CaliforniaFIRST participates in the CAEATFA Loss Reserve Program Commercial: Lender Consent Required
Disclosure	Included in financing documents. Includes clear statement of financing details and explanation of FHFA position and implications.
Pre-Lien loan to Value	Set by CAEATFA – No more than 90% LTV
Post-Lien Loan to Value	Set by CAEATFA – No more that 100% CLTV
Total Aggregate Property Taxes/ Assessments	N/A
Capitalized Interest	Yes. Amount depends on time of year project is financed
Credit History/ Credit Check	Not Required
Bankruptcy History	No Bankruptcy in previous 2 years
Financing Min/Max Amounts	Residential: Set by CAEATFA - Up to 15% of property value Commercial: Max is set by each lender. Typically up to 20-25% of property value

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Policy	Data
Application Fee	None
Recording/Title Fee	One time fee. Fee set by applicable County
Participates in PACE Loss Res. Program (CA State)	Yes
Reserve Deposit	N/A
Legal Validation	Completed for entire state
Dispute Resolution	Yes. Call center open 7 days a week and third party inspectors available to visit site.
Consumer Protection	In December 2015 CSCDA adopted the strongest consumer protection policy in the State. It is the same policy that has been adopted by WRCOG.
Property Owner Fees/Costs	6.5% closing fee, one time lien recordation (~\$100) fee and a \$30 annual admin fee. All are wrapped into the assessment, so no money out of pocket for property owner.
Annual Admin Fee	~\$30 per assessment
Program Admin/Underwriting	Guidelines set by CAEATFA
Prepayment Penalty	None

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Average Time from Application to Payment	6-8 weeks, but it is subject to contractor and homeowner installation timeline. CaliforniaFIRST provides payment less than 48 hours from time completion certificate is submitted by applicant.
Contractor screening and Qualifications process	<p>All Contractors must meet the following requirements to participate:</p> <p>A. Contractor and Business Licenses – Have all required contractor and business licenses, be in good standing with any required government agencies, and authorized to conduct business in the jurisdictions in which you operate;</p> <p>B. Insurance Requirements – Meet each applicable licensing board’s bonding and workers’ compensation insurance requirements and maintain general liability insurance in an amount equal to the greater of \$500,000 or that coverage required under any program offered by Renew Financial under which you are operating, with such coverage provided by a carrier that is reasonably acceptable to us; If requested, provide us with a certificate of insurance evidencing such insurance coverage and renewals thereof;</p> <p>C. Time in Business – Provide evidence that you have operated the business for a minimum of three years, installing the equipment, products or materials indicated on their contractor’s license or provide evidence of equivalent experience;</p> <p>D. Better Business Bureau (BBB) Rating – Have a satisfactory BBB rating of “B” or better (if you are not rated on BBB, RF may consider other online reputation sites to determine whether you have an overall reputation for a high level of service and workmanship);</p> <p>E. Training – Complete a product-specific training (either in-person or online) within 30 days of preliminary approval of this agreement</p> <p>F. Credit Approval – Have satisfactory company and, if required by RF at its sole discretion, personal credit histories for company principals.</p>
Fees to Contractor	None
How long is the training to become a participating contractor?	All contractors must participate in an initial webinar or onsite training to become eligible. Contractors and their sales staff receive personalized ongoing support and training from Regional Managers. Contractors must comply with the policies detailed in the attachment <i>Contractor Participation Requirements</i>
Do you share loan fees with jurisdictions?	A portion of program revenue goes towards offsetting annual dues for League of California Cities membership. CSCDA subsidizes dues by 48.7%, saving the City of Riverside more than \$90,000 over the past three years.
Provide reports to participating jurisdiction – what data?	On a quarterly basis, or as requested by the jurisdiction, Renew Financial will provide information on # of applications, \$ of Applications, # of projects funded or under construction, \$ of projects funded or under construction, GHG reduction, jobs created, Therms saved, Gallons saved, kWh saved
Termination Process for Govt.	Pass a resolution opting out of the program.

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Language around indemnification of the joining jurisdiction?	Renew Financial can provide a standard indemnification agreement.
Includes solar electric?	Yes
Includes solar hot water?	Yes
Includes water efficiency?	Yes
Includes landscaping?	Yes
Includes EV charging?	Yes
Energy Audit Provided	Residential: Encouraged but not required Commercial: ASHRAE level II Audit required
Website	www.CaliforniaFIRST.org

Attachments:

1. CaliforniaFIRST Frequently Asked Question
2. CSCDA Consumer Protection Policy
3. Contractor Participation Requirements
4. CaliforniaFIRST/SolarCity Partnership

FREQUENTLY ASKED QUESTIONS

CaliforniaFIRST is a government-supported PACE (Property Assessed Clean Energy) financing program that provides upfront funding for home energy efficiency, renewable energy and water saving improvements. With CaliforniaFIRST PACE financing, there's no out-of-pocket cost, and you repay on your property tax bill over the course of up to 25 years.

1. What is CaliforniaFIRST?

CaliforniaFIRST is a Property Assessed Clean Energy (PACE) financing program for residential and commercial properties. CaliforniaFIRST allows property owners to finance the installation of energy and water improvements on homes or businesses without putting any money down.

Property owners pay back the funds that were used to finance their home improvement project as a line item on their property tax bill.

CaliforniaFIRST is a public/private partnership, administered by Renew Financial. The program is sponsored by the California Statewide Community Development Authority (CSCDA).

2. How do I know if my city or county is participating in CaliforniaFIRST?

CaliforniaFIRST is available to more than 13 million Californians in cities and counties across the state, from San Diego to Humboldt and El Dorado to Monterey. See the CaliforniaFIRST website for a list of all participating jurisdictions.

CaliforniaFIRST may only accept financing applications from property owners located in jurisdictions that have opted in to the program. Local governments around the state can join CaliforniaFIRST by passing a simple "opt-in" resolution.

Give us a call if you have questions about getting your city or county involved in the program.

3. How is CaliforniaFIRST different from traditional financing?

CaliforniaFIRST is financed through assessments collected on the property tax bill, and the assessment obligation is almost always assumed by the new owner when the property is sold.

FREQUENTLY ASKED QUESTIONS

4. Does CaliforniaFIRST use taxpayer dollars to fund projects or administer the program?

No. CaliforniaFIRST uses private capital to fund every project. Costs to administer the program are paid by program participants through fees that are rolled into each project's financing.

County tax assessors and tax collectors incur small costs to place each PACE assessment on the tax rolls and to collect and distribute the PACE assessment payments. Counties are reimbursed for these costs through the above-mentioned fees. Cities do not incur any costs as a result of opting in to the program.

5. What are the benefits?

CaliforniaFIRST solves many of the financial hurdles facing property owners wanting to install energy and water improvements:

- Competitive, fixed interest rates (which are effectively even more competitive when homeowners are eligible to deduct the interest portion of the PACE payments from their taxes)
- Up to a 25-year payback term
- Decreased utility bills from reduced electricity and water usage
- Qualifying for financing does not consider FICO score
- The PACE lien payment obligation usually transfers to the new owner if the property is sold

6. Is this a voluntary program?

Yes. Utilizing CaliforniaFIRST financing is completely voluntary. Properties and property owners that don't participate remain unaffected.

7. How do I qualify for financing?

Qualifying for CaliforniaFIRST financing is primarily based on:

- The property's estimated market value;
- The amount of the property owner's equity in the property;
- The property owner's recent mortgage and property tax payment history; and
- The dollar value of the proposed renewable energy and energy- and water-saving improvements.
- Qualifying is not based on FICO score.

FREQUENTLY ASKED QUESTIONS

8. How much money can I borrow?

The minimum amount that can be financed is \$5,000. The maximum financing amount is 15% of the property value, but may not exceed \$200,000.

9. What are the interest rates?

As of March 25, 2015, our interest rates are:

Years to Repay	Interest Rates
5	6.75%
10	7.59%
15	7.99%
20	8.29%
25	8.39%

Consult with your contractor to confirm if interest rates have changed.

10. How is the length of the repayment period determined?

Repayment periods can be 5, 10, 15, 20 or 25 years, depending on your preference and are limited by the expected useful life of the most costly product of the project's CaliforniaFIRST-financed improvements.

11. How does repayment work?

As a property owner applying to CaliforniaFIRST, you will agree to the levy by CSCDA of a "contractual assessment" on your property. You will receive funds to pay the up-front costs of installing the approved improvements. The PACE assessment will appear as a new line item on your property tax bill.

FREQUENTLY ASKED QUESTIONS

12. Are there any penalties for prepayment of the PACE assessment?

There are no penalties for paying all or a portion of the PACE assessment early. Please see Question 19 below for additional information.

13. What happens when I sell my property?

As part of the property record, the assessment will be disclosed at the time of property sale, and the remaining unpaid balance of the financed amount may be transferred to the new property owner.

14. Can CaliforniaFIRST finance solar leases or Power Purchase Agreements (PPAs)?

Yes, pre-paid solar leases and PPAs can be financed through CaliforniaFIRST.

15. Do I need to complete an energy audit of my home?

No, but it is encouraged. In certain cases you may want to have a qualified auditor evaluate your home to determine the most cost-effective measures to reduce the home's energy use.

The costs of an energy assessment can be financed with CaliforniaFIRST financing.

16. Is there an application fee?

No, there is no fee to apply for CaliforniaFIRST.

17. Why do you need my Social Security Number on the application?

As part of the application, CaliforniaFIRST requests a credit bureau report for each homeowner. FICO score is NOT used as part of the application, but other elements of the credit report such as mortgage payment history are necessary to determine maximum financing amounts.

FREQUENTLY ASKED QUESTIONS

18. Can I use any contractor?

In order to participate, contractors must be registered with CaliforniaFIRST. As long as contractors meet program requirements, they can quickly and easily register by visiting californiafirst.org/contractor.

All participating contractors must have a valid and active contractor's license with the Contractors State License Board.

19. How are tax credits, rebates and other incentives incorporated into CaliforniaFIRST financing?

We encourage you to pursue available Federal Investment Tax Credits (ITCs), utility rebates and any other incentives. All or a portion of total incentives may be subtracted from the amount financed under the program; however, it is not required that the financed amount be reduced by the estimated value of the incentives.

Once you receive your rebates and tax credits, those funds may be used to pay down the PACE assessment balance; the balance would then be re-amortized, resulting in lower annual PACE assessment payments.

20. Is the interest on the PACE assessment payment tax deductible?

The interest portion of payments made under the CaliforniaFIRST Assessment Contract may be deductible for income tax purposes.

The interest portion will vary from year to year, and any tax savings will depend on your tax bracket and other variables. Consult with your tax advisor to determine if, and to what extent, you may deduct the interest component of payments made under the Assessment Contract.

21. Who do I contact with additional questions?

CaliforniaFIRST staff are available 8 am to 9 pm Monday to Friday and 9 am to 6 pm Saturday to answer additional questions. We can also be reached via email at info@californiafirst.org or by phone at 844-589-7953.

CaliforniaFIRST is administered by Renew Financial.



CaliforniaFIRST is sponsored by the California Statewide Communities Development Authority (CSCDA), a joint powers authority co-sponsored by the California State Association of Counties and the League of California Cities.

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For additional information, please visit californiafirst.org or call 844-589-7953



Contractor Participation Requirements

Introduction

Renew Financial has revolutionized the energy efficiency and renewable energy field with our arsenal of financing options that make home and business upgrades easy and affordable. We are dedicated to growing your business through smart financing and technology tools.

The requirements you must satisfy in order to be approved and participate in Renew Financial's financing programs and the obligations with which you must comply to receive funding from Renew Financial's financing products include:

1. Contractor Eligibility Requirements. To become a Participating Contractor, you must:

- A. Contractor and Business Licenses – Have all required contractor and business licenses, be in good standing with any required government agencies, and authorized to conduct business in the jurisdictions in which you operate;
- B. Insurance Requirements – Meet each applicable licensing board's bonding and workers' compensation insurance requirements and maintain general liability insurance in an amount equal to the greater of \$500,000 or that coverage required under any program offered by Renew Financial under which you are operating, with such coverage provided by a carrier that is reasonably acceptable to us; If requested, provide us with a certificate of insurance evidencing such insurance coverage and renewals thereof;
- C. Time in Business – Provide evidence that you have operated the business for a minimum of three years, installing the equipment, products or materials indicated on their contractor's license or provide evidence of equivalent experience;
- D. Form W-9 – Sign and submit an IRS form W-9 "Request for Taxpayer Identification Number & Certification;"
- E. Better Business Bureau (BBB) Rating – Have a satisfactory BBB rating of "B" or better (if you are not rated on BBB, RF may consider other online reputation sites to determine whether you have an overall reputation for a high level of service and workmanship);
- F. Training – Complete a product-specific training (either in-person or online) within 30 days of preliminary approval of this agreement (Note: any delay in completing product-specific training within 30 days could result in you becoming ineligible to offer the Program);
- G. Branch Locations – Provide a list of cities in which you have branch locations and complete contact information for at least one branch location for each state served, including address, phone number, fax number, email and branch manager name; and
- H. Credit Approval – Have satisfactory company and, if required by RF at its sole discretion, personal credit histories for company principals.

2. Participating Contractor Obligations. To remain eligible for funding from Renew Financial Programs, you must:

- A. Control and Permits – Be solely responsible for design, engineering, equipment procurement, job-site supervision, provision of qualified and licensed labor, materials, equipment, tools, construction equipment and machinery, utilities, transportation and procurement of all permits or other government authorizations required for the applicable home improvement;
- B. Qualification Support – Upon request, submit such information reasonably requested by Renew Financial to confirm continual compliance with Eligibility Requirements, which may include, among other things, 1) your financial statements; 2) three trade references; 3) copies of any license(s) you are required by law to maintain; and 4) copies of Liability and Workmen's Compensation Insurance Policies.
- C. Licenses – Retain all required licenses to conduct its business and to perform its obligations under this Agreement and any consumer agreement;
- D. Employee Qualifications – Have sales and installation employees that are duly qualified, registered and licensed, and have received training for their respective positions commensurate with customary industry practice;
- E. Consumer Verification – Verify the identification of prospective consumer(s) by reviewing a government-issued photo identification document prior to signing agreements;
- F. Delivery of Consumer Offers – Provide any credit offer and any other required disclosures to the applicable consumer promptly upon your receipt;
- G. Eligible Products – Install Eligible Products as required for the applicable Program as specified in the contractor portal;

- H. Approval of Custom Products – Obtain approval of proposed custom products in advance by submitting proposed project information through one of the methods described on the portal;
- I. Consumer Nonpublic Personal Information – Preserve the confidentiality of (and maintain effective information security policies and procedures to protect) any nonpublic personal information relating to consumers (“NPI”) in accordance with applicable laws (including, without limitation, the Gramm–Leach Bliley Act of 1999, title V, its implementing regulations) and prudent industry practices; promptly notify us of any unauthorized access of NPI and take appropriate action to prevent further unauthorized access; provide us with any records and information that we reasonably request in order to verify your compliance with such laws and practices;
- J. Compliance with Law – Comply with all applicable law, regulations, ordinances and court orders, whether federal state or local in its dealings with consumers, installation of projects and all other aspects of its performance under the Program;
- K. Business in English – Carry out all written and oral communication with your consumers that will use a Renew Financial Program in English;
- L. Consumer Representations and Proposals – Ensure that any representation to consumers regarding the performance of, or savings resulting from, any home improvement is (1) not misleading, (2) provided by (or reasonably related to and consistent with) those provided by the equipment manufacturers, and (3) made in accordance with good industry practice; Prevent your employees or representatives, from verbally making representations not reflected in the written materials provided to consumers; Ensure that all warranties provided to consumers are expressly set forth in the applicable home improvement contract that it enters with the consumer; Provide to us any written materials and representations provided to consumers upon our written request at any time within two years of funding;
- M. No Discrimination – Not discriminate against any Consumer on any basis prohibited by applicable law;
- N. Agreement to Program Policies for each Program – Comply with all policies and procedures outlined in each financial product handbook or other policy document we provide to you, each as amended from time to time;
- O. Warranty – Expressly set forth any and all warranties provided to consumers in your home improvement contract; limit warranties to commercially reasonable, market terms;
- P. Service Agreements – Not include extended warranties or service agreements in the amount financed;
- Q. Program Marketing / Use of Renew Financial and Program Logos – Strictly adhere to Branding Guidelines we provide for Participating Contractors who wish to reference Renew Financial or the Programs in their marketing materials;
- R. Fees and Discounts – Pay to Renew Financial any transaction fee or discounts described in the handbook or other materials for the applicable Program, as updated by Renew Financial and approved by you, from time to time;
- S. Relationship to Renew Financial and its Partners – Not represent yourself as an agent, representative, broker or employee of Renew Financial or any other program sponsor, funding agencies, investor, governmental agency, lender, association or company involved in Renew Financial's Programs; and
- T. No Hidden Finance Charges – Charge a fair retail price for the design, procurement and installation of each home improvement that is no higher than the price that you would charge for an equivalent improvement sold for cash or sold on credit with someone other than Renew Financial.

Help bring lower-cost power to small and medium businesses.



Local businesses can get lower-cost, clean energy with no capital expense required.

SolarCity and CaliforniaFIRST have joined together to empower small and medium businesses (SMBs) to go solar without the high upfront cost. Utilizing the PACE program, businesses can lease a system that produces clean solar power at a lower cost than power sourced from the grid. Utility rates can rise unpredictably, but now SMBs can secure predictable electricity rates with solar and save on energy costs from day one. Customers don't pay for their solar equipment, design or installation—only the power generated from their new solar system.

What is PACE?

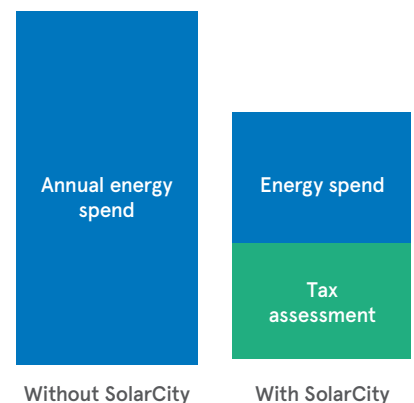
PACE (Property Assessed Clean Energy) is an innovative way for commercial property owners to pay for on-site renewable energy and energy-efficiency projects. Private sources of capital provide funding for PACE, and is repaid with an assessment on a property's tax bill over a term of up to 20 years. PACE is enabled by state law. However, the law requires that, for a property owner to be able to take advantage of a PACE program, the local government in which the property is located must opt into the program.

Adopt the PACE program for your community.

Solar projects for SMBs have been difficult to finance because there's a gap in traditional credit evaluation. SMBs generally don't have the formal investment-grade credit ratings of large corporations, nor the commercial equivalent to the FICO scores that are often the basis of consumer financing. PACE financing, with underwriting focused on the property as opposed to the cash position of the business, overcomes the credit rating challenge for SMBs and allows them to take advantage of solar savings.

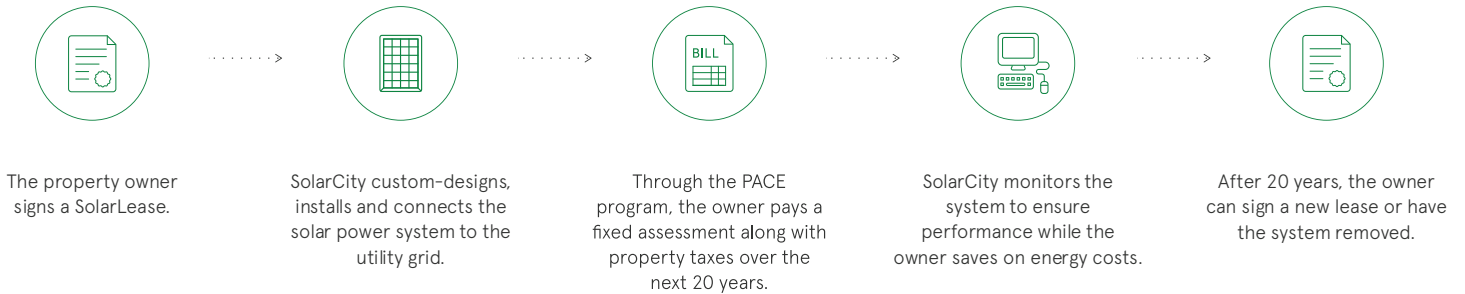
Solar leasing at a glance.

- Zero upfront investment.
- Immediate savings on energy bills.
- Low, predictable rates.
- Financing billed as tax assessments with property.
- Assessment transfers with the property.
- No price escalation over the life of the contract.
- 20-year energy production guarantee.



**Illustrative example, not actual savings.*

How it works for the customer.



How much can businesses save with solar?

Savings can vary greatly depending on a business' energy load, current cost of power and roof space available for solar. SolarCity offers businesses a free analysis of their energy bills to estimate the amount of potential savings and to determine whether solar is an economically viable option for them.

What type of businesses are suitable for solar?

SolarCity has identified buildings with flat rooftop space in the range of 5,000 to 50,000 square feet as the initial target market for this opportunity. Rooftops of this size can hold from 30 kilowatts to 500 kilowatts of solar panels.

What if the property is being leased?

A SolarLease requires an agreement from the property owner. Most property owners, however, realize the value a solar system can add to their property. Businesses in leased properties should talk to their landlord and let them know they can save on their energy bill with no capital costs.

What if the owner decides to sell the property during the contract?

No problem. Solar leases are line-itemed as an assessment on the property tax bill. Should a business owner choose to sell their building, they may prepay the assessment or the assessment will transfer to the new owner.

About SolarCity

SolarCity® (NASDAQ: SCTY) is America's #1 solar energy provider. The company has disrupted the century-old energy industry by providing renewable electricity directly to homeowners, businesses and government organizations for less than they spend on utility bills. SolarCity gives customers control of their energy costs to protect them from rising rates. The company makes solar energy easy by taking care of everything from design and permitting to monitoring and maintenance.

About CaliforniaFIRST

CaliforniaFIRST is one of the largest PACE financing providers in California, whose founder came up with the PACE concept and was the first to implement a PACE program in the United States.

