

**Golden State Finance
Authority (GSFA)
Board of Directors Meeting**



**Thursday, April 21, 2016
10:00 a.m.**

**Holiday Inn Express, Willows
545 North Humboldt Avenue
Willows, CA 95988**

**Golden State Finance Authority (GSFA)
Board of Directors Meeting
Wednesday, April 21, 2016 – 10:00 a.m.
Holiday Inn Express, Willows
545 North Humboldt Avenue
Willows, CA 95988**

AGENDA

- 1. Call to Order & Determination of Quorum**
*Chair, Supervisor Kevin Cann, Mariposa County
Vice Chair, Supervisor Randy Hanvelt, Tuolumne County*
- 2. Approval of Minutes – March 16, 2016 Board Meeting** **Page 1**
Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise
- 3. Member County Concerns**
- 4. Public Testimony**
At this time any member of the public may address the Board. Speakers are asked to state their name for the record. Comments are usually limited to no more than 3 minutes per speaker.
- 5. Resolution 16-04: Addition of Seismic Improvement Financing to PACE Program – ACTION** **Page 5**
*Greg Norton, Executive Director
Craig Ferguson, Vice President*
- 6. Resolution 16-05: Limited Obligation Improvement Bonds Revised to Include Seismic Improvement Financing - ACTION** **Page 57**
*Greg Norton
Craig Ferguson*
- 7. GSFA Membership Status Update** **Page 63**
*Greg Norton
Craig Ferguson*
- 8. Program Updates**
*Greg Norton
Craig Ferguson*
- 9. Adjournment**
Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participant in a public meeting, please call Sarah Bolnik at (916) 447-4806 at least 48 hours before the meeting. Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item.

**Golden State Finance Authority
Board of Directors Meeting
March 16, 2016
11:45 a.m.
1215 K Street, Suite 1650
Sacramento CA 95814
916-447-4806**

MINUTES

Call to Order & Determination of Quorum

Chair, Supervisor Kevin Cann, Mariposa County, called the meeting to order at 12:37 p.m. A quorum was determined at that time. Those present:

<u>Supervisor</u>	<u>County</u>
Mary Rawson	Alpine
Brian Oneto	Amador
Cliff Edson	Calaveras
Dave Finigan	Del Norte
Michael Ranalli	El Dorado
John Viegas	Glenn
Rex Bohn	Humboldt
Matt Kingsley	Inyo
Aaron Albaugh	Lassen
Kevin Cann	Mariposa
Diane Dillon	Napa
Jim Holmes	Placer
Les Baugh	Shasta
Lee Adams	Sierra
Michael Kobseff	Siskiyou
Larry Munger	Sutter
Bob Williams	Tehama
John Fenley	Trinity
Randy Hanvelt	Tuolumne
Roger Abe	Yuba

Absent

Doug Teeter	Butte
Kim Dolbow Vann	Colusa
Michael Kelley	Imperial
Anthony Farrington	Lake
David Rogers	Madera
Carre Brown	Mendocino
John Pedrozo	Merced

Geri Byrne	Modoc
Tim Fesko	Mono
Nate Beason	Nevada
Kevin Goss	Plumas
Anthony Botelho	San Benito
Matt Rexroad	Yolo

Others in Attendance

Supervisor Allen Ishida, Tulare County
Supervisor Richard Forster, Amador County
Wanda Ishida
Staci Heaton, RCRC Regulatory Affairs Advocate
Sarah Bolnik, RCRC Office Manager
Mary Pitto, Regulatory Affairs Advocate
Terrance Rodgers, Economic Development Officer
Lisa McCargar, RCRC Chief Financial Officer
Mary-Ann Warmerdam, Legislative Advocate

Staff in Attendance

Greg Norton, Executive Director
Patricia Megason, Deputy Director
Craig Ferguson, Vice President

Approval of Minutes – January 20, 2016 Board Meeting

Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise

Supervisor Randy Hanvelt, Tuolumne County, motioned to approve the minutes of the January 20, 2016 GSFA Board of Directors Meeting. Supervisor John Viegas, Glenn County, seconded the motion. Motion unanimously passed.

Member County Concerns

Supervisor Cliff Edson, Calaveras County, addressed the GSFA Board of Directors, and graciously thanked them for the generous contribution to Calaveras County for the assistance in the Butte Fire. Supervisor Edson noted that while not all of the donation funds have been utilized, there is no doubt that the money will be used to benefit the residents of the county.

Public Testimony

None

Resolution No. 16-03: Resolution Authorizing Application to the California Debt Limit Allocation Committee (CDLAC) to Permit the Issuance of Qualified Mortgage Bonds and/or Mortgage Credit Certificates

Craig Ferguson, Vice President, reviewed with the GSFA Board of Directors Resolution 16-03. Resolution 16-03 would authorize GSFA to issue an amount of tax-exempt mortgage revenue bonds and/or mortgage credit certificates not to exceed

\$1,000,000,000. Mr. Ferguson noted that this action is to be utilized for single family homes only.

Recommendation:

It is recommended that the GSFA Board of Directors:

1. Review and approve Resolution 16-03 and,
2. Direct staff to take the actions necessary for authorization, notification and holding of the required TEFRA hearing.

Supervisor Bob Williams, Tehama County, motioned to approve Resolution 16-03 and the recommendations listed above. Supervisor Les Baugh, Shasta County, seconded the motion. Motion passed.

Facsimile Signature Authorization

Greg Norton, Executive Director, shared with the Board of Directors that with the successful launch of the GSFA/Ygrene program in multiple cities and counties, the volume of applications received is increasing. A primary focus is customer service and to be as efficient as possible. Currently "wet signatures" are required on the PACE tax and assessment liens. By eliminating these wet signatures and moving forward with e-signatures, the process will be simplified and completed in a much timelier manner. Mr. Norton also added that this will be an annual action taken to the GSFA Board of Directors.

Recommendations:

It is recommended that the GSFA Board of Directors:

1. Adopt the use of facsimile signatures in conjunction with the recording of tax and assessment liens associated with the GSFA/Ygrene program for recordation; and
2. Authorize the individuals included in the attached letter as those whose signatures are authorized for this practice.

Supervisor John Viegas, Glenn County, motioned to approve the recommendations listed above. Supervisor Randy Hanvelt, Tuolumne County, seconded the motion. Motion passed.

GSFA Membership Status Update

Greg Norton informed the GSFA Board of Directors that after January 20, 2016 when the Board approved Resolution 16-01, listing GSFA Members, additional associate members have joined GSFA. In the months of January and February 2016 alone, an additional 25 Cities have joined the JPA. Mr. Norton explained that GSFA's current list of members includes thirty-three member counties, twenty-two associate member counties, one-hundred thirty-four associate member cities, and one associate member joint powers authority.

Program Updates

Greg Norton and Craig Ferguson provided an update on the existing Housing and Energy Retrofit Programs to the GSFA Board of Directors.

Adjournment

Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Board of Directors at 12:58 p.m.

To: GSFA Board of Directors
From: Greg Norton, Executive Director
Craig Ferguson, Vice President
Date: April 12, 2016
Re: **Resolution 2016-04: Addition of Seismic Improvement Financing to PACE Program - ACTION**

Summary

As the Board is aware, GSFA and Ygrene implemented a Property Assessed Clean Energy (PACE) program permitting the financing of energy efficiency, renewable energy generation, water efficiency improvements and electric vehicle charging infrastructure under both SB 555 and AB 811 permitted structures. The existing program has been implemented utilizing the SB 555 Community Facilities District structure placing Mello Roos liens on the improved property to allow for the financing.

Resolution 2016-04 is presented to permit financing of the installation of seismic strengthening improvements that are permanently affixed to residential, commercial, industrial, agricultural and other real property. The program would operate under the AB 811 structure utilizing voluntary contractual assessments.

Resolution 2016-04 authorizes the necessary revisions to the previously approved Program Report and related documents. The proposed revised Program Report, AB 811 Residential Program Handbook and AB 811 Commercial Program Handbook with proposed revisions reflected in track changes are included as attachments for your review.

The Resolution also authorizes the Authority's special council Best Best & Krieger LLP (BBK) to file and prosecute on the Authority's behalf, an amendment to the Judgment Validation; confirms the contractual assessments to finance installation of such Authorized Improvements be levied by the Assessment Contracts; and approves other necessary actions.

Recommendation:

It is recommended that the GSFA Board of Directors review and approve Resolution 2016-04 approving and authorizing:

- financing of the installation of seismic strengthening improvements that are permanently affixed to residential, commercial, industrial, agricultural and other real property;

- revisions to the Program Handbook, AB 811 Residential Handbook and AB 811 Commercial Program Handbook;
- Best Best Kreiger (BBK) to file and prosecute on the Authority's behalf, an amendment to the Judgment Validation;
- the contractual assessments to finance installation of such Authorized Improvements be levied by the Assessment Contracts; and
- other necessary actions.

Attachments

- Resolution 2016-04
- Amended and Restated Program Handbook
- Revised AB 811 Residential Program Handbook
- Revised AB 811 Commercial Program Handbook

GOLDEN STATE FINANCE AUTHORITY

RESOLUTION NO. 2016-04

RESOLUTION OF THE BOARD OF DIRECTORS OF THE GOLDEN STATE FINANCE AUTHORITY CONFIRMING THE REVISED REPORT TO ADD SEISMIC IMPROVEMENTS TO THE AUTHORIZED IMPROVEMENTS THAT MAY BE FINANCED BY THE CHF PACE PROGRAM AND APPROVING AND ORDERING OTHER RELATED MATTERS

WHEREAS, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (“Chapter 29”), the Joint Exercise of Powers Agreement of the Golden State Finance Authority (formerly known as the California Home Finance Authority) (“Authority”) originally made and entered into July 1, 1993 (the “Joint Exercise of Powers Agreement”), as further amended to date, authorizes the Authority to take the necessary steps to implement a property assessed clean energy (“PACE”) program, to finance the installation of distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure, the Authority is authorized and proposes to establish a voluntary contractual assessment program, to be known as the CHF PACE Program (the “CHF PACE Program”), to assist property owners within the jurisdictional boundaries of each Participating Party (as defined below) with the cost of installing distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the “Authorized Improvements”) that are permanently fixed to real property; and

WHEREAS, Chapter 29 authorizes the Authority to enter into contractual assessments to finance the installation of Authorized Improvements; and

WHEREAS, on September 26, 2014, pursuant to Resolution No. 2014-05 (the “Resolution of Intention”), the Board of Directors declared its intention to establish the CHF PACE Program, pursuant to which the Authority would enter into voluntary contractual assessments to finance the installation of Authorized Improvements within the jurisdictional boundaries (the “Program Area”) of those current or future Members and Associate Members whose governing bodies have approved and consented to their inclusion in the CHF PACE Program (the “Participating Parties”); and

WHEREAS, on December 10, 2014, pursuant to Resolution No. 2014-08 (the “Resolution Confirming Report”), and after holding a noticed public hearing, the Board of Directors confirmed a report (the “Program Report”) addressing all of the matters set forth in Section 5898.22 of Chapter 29, including a draft agreement or agreements (each, an “Assessment Contract”) between the Authority and property owners participating in the CHF PACE Program providing for payment of voluntary contractual assessments and the financing of the installation of Authorized Improvements; and

WHEREAS, the Authority obtained a Judgment of Validation in an action entitled *California Home Finance Authority doing business as Golden State Finance Authority v. All Persons, etc.* (Sacramento County Superior Court Case No. 34-2015-00174212) validating the CHF PACE Program and all actions taken with respect to its formation as lawful and valid, and authorizing the implementation of the CHF PACE Program; and

WHEREAS, Section 5899 of Chapter 29 authorizes a PACE program to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Golden State Finance Authority as follows:

Section 1. The above recitals are true and correct.

Section 2. Incorporation of Resolution of Intention. The provisions of the Resolution of Intention are hereby incorporated in this Resolution by this reference.

Section 3. Approval of Revised Program Report and Related Documents. The Revised Program Report and the component parts thereof, which add seismic improvements to the list of Authorized Improvements, and including each exhibit and the handbooks that are incorporated by reference in the Revised Program Report, are hereby approved and confirmed. The Executive Director or his designee (referred to together hereafter as the “Executive Director”) is hereby authorized to make such changes to the Revised Program Report, including but not limited to the list of the Authorized Improvements, the Assessment Contracts and the plan for financing installation of the Authorized Improvements, as the Executive Director determines are appropriate in connection with the addition of seismic improvements to the list of Authorized Improvements that may be financed through the CHF PACE Program. A copy of the Revised Program Report is attached hereto as **Exhibit A** and incorporated herein by reference.

Section 4. Authorized Improvements; Contractual Assessments. The Board of Directors hereby orders that the Authorized Improvements identified in the Assessment Contracts include seismic improvements and confirms the contractual assessments to finance installation of such Authorized Improvements to be levied by the Assessment Contracts.

Section 5. Exemption from the California Environmental Quality Act. Pursuant to California Code of Regulations Section 15378(b)(4), the Board of Directors hereby finds that the approval of the CHF PACE Program is not a “project” subject to the requirements of the California Environmental Quality Act (California Public Resources Code Section 21000 and following) because the approval of the CHF PACE Program is the creation of a government funding mechanism or other government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. If deemed necessary by the Executive Director, the Secretary is hereby

authorized to file, or cause to be filed, a Notice of Exemption pursuant to the State CEQA Guidelines with the County Clerk of each County in California.

Section 6. **Further Actions.** All actions heretofore taken by the officers and agents of the Authority with respect to the matters contemplated by this Resolution and the Revised Program Report are hereby approved, confirmed and ratified, and the proper officers of the Authority including but not limited to the Executive Director, the Secretary and their designees, are hereby authorized, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, assignments, notes and other documents which they, or any of them, may deem necessary or advisable in order to consummate the matters contemplated by this Resolution and the Program Report.

Section 7. **Authorization to File Application for Amendment to Validation Judgment.** The Authority's special counsel, Best, Best & Krieger LLP is hereby authorized and directed to file and prosecute on the Authority's behalf, an amendment to the Judgment of Validation entered into in the matter of *California Home Finance Authority dba Golden State Finance Authority v. All Persons, etc.* (Sacramento County Superior Court Case No. 34-2015-00174212) that the contractual assessments, bonds, contracts, obligations or evidences of indebtedness arising out of the addition of seismic improvements to the list of Authorized Improvements that may be financed by the CHF PACE Program, and all matters, agreements, and procedures related thereto, are in all respects legal, valid and binding.

Section 8. **Effective Date.** This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Golden State Finance Authority held on April 21, 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

GSFA Chair

ATTEST:

GSFA, Secretary of the Board

CALIFORNIA CLEAN ENERGY PROGRAM
~~CALIFORNIA HOME FINANCE~~
~~AUTHORITY~~GOLDEN STATE FINANCE
AUTHORITY

AMENDED AND
RESTATED
PROGRAM REPORT

Contents

1. Introduction
2. Program Report
3. Program Requirements & Parameters
4. Authorized Improvements
5. The Financial Strategy
6. Changes to the Report

Appendix A – Map of the Program Area

Appendix B – Form of Assessment Contract

A Residential Program Handbook and a Commercial Program Handbook provide further details.

1. Introduction

In July of 2008, the California Legislature approved Assembly Bill 811 amending Chapter 29 of the Improvement Act of 1911 (Streets and Highways Code Section 5898.12 and following) (the "Act"), authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners (collectively "PACE" programs). The Act was subsequently amended to add water efficiency improvements, ~~and~~ electrical vehicle charging infrastructure and seismic strengthening improvements to the list of authorized improvements ("Authorized Improvements"). The California Legislature declared that such programs, which authorize local governments to finance the installation of such improvements that are permanently affixed to real property, would serve a public purpose.

~~California Home Finance Authority~~ Golden State Finance Authority ("the Authority") ~~intends to use its authority to establish~~ has established and judicially validated a PACE program (the "Program"). The Program was initially authorized to finance renewable energy, energy efficiency, water efficiency and electric vehicle charging infrastructure projects. The Authority is now authorizing the Program to additionally finance seismic strengthening improvements. Under the Program, private property owners ~~will enter~~ enter into a voluntary contractual assessment with the Authority. The amount of the contractual assessment is equal to the cost to pay for the installation of Authorized Improvements, the costs of bonds that will finance the Program, the costs to administer the Program and Program fees. Like most assessments, the amounts are billed and collected on County property tax bills. If the property is sold or the primary mortgage(s) refinanced, the obligation to make the payments on the assessment will remain on the property or can, subject to prepayment premiums that may be established for the Program, be paid off. If a property owner fails to pay the annual contractual assessment installments, the Trustee, on behalf of the Authority, is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure, disclosed in the Assessment Contract and other Program documents that can result in the public sale of the property in less than a year.

The Program ~~is being~~ was instituted to serve private properties within California. The Program ~~will be~~ is offered in both incorporated and unincorporated jurisdictions that are members or associate members of the Authority, or that become members or associate members in the future, consistent with terms and conditions adopted by the Authority. Any incorporated territories authorizing the Program must agree to comply with all terms and conditions of the Program as adopted from time to time.

Property owner participation in the Program is purely voluntary and requires the full consent of all of the owners of any property for which Program financing will be used to install Authorized Improvements. As with other land-secured public financing programs (such as utility or road maintenance assessment districts), property owners repay the costs advanced by the Program through property taxes that amortize a recorded assessment on the property. Assessment installments are payable, along with ad valorem and other property taxes, in semi-annual installments that appear as a separate line item on property tax bills.

Program Goals: The Authority intends that the Program will allow property owners to make principled investments in their homes and businesses, in their long-term economic health and in the global environment. At the same time, this Program can help jurisdictions throughout California meet State goals for dealing with climate change, ~~and~~ drought and seismic safety.

Program Benefits: The Program provides a strategic opportunity for cities and counties to achieve significant public benefits in the areas of economic development and quality of life. By letting property owners easily finance energy and water conservation measures the Program promotes reduced consumption. This translates into direct consumer savings and an increase in

| discretionary income. The multiplier effect attributable to such savings can benefit businesses

and households throughout California, encouraging job growth and bolstering local-government revenues. The most recent ECONorthwest study shows that investments in energy efficiency lead to direct job growth, estimating up to 60 new jobs for every \$4 million invested. Improvements to the building stock as a result of Program financing enhance occupant comfort and safety, promote public health and increase employee productivity. Water conservation projects increase the supply and quality of the State's water resources and protect recreational and life-style access.

Program Administration: The Authority ~~is contracting~~has contracted with Ygrene Energy Fund (the "Program Administrator") to operate and fund the Program. The Authority's Executive Director or ~~designee~~ is authorized to enter into Assessment Contracts on behalf of the Authority. The Program Administrator will oversee the staff, contractors and organizations assisting with Program implementation.

2. Program Report

The Authority stated its intention to establish the California Clean Energy Program on September 26, 2014 by adopting its Resolution No. 2014-05 (the "ROI"). In the ROI, the Authority directed preparation of this-a Program Report, which is now being amended and restated by the Authority (as so amended and restated, the "Report") to include the following:

- A map showing the boundaries of the territory within which the Program intends to offer voluntary assessment financing to private property owners (Exhibit A).
- Policies concerning participation in the Program and the maximum aggregate dollar amount of Authorized Improvements that may be financed under the Program.
- Identification of the Authorized Improvements.
- Information on the Authority's and the Program Administrator's incidental, financing, and administrative costs, and the cost of placing assessments on the tax roll.
- A plan for raising capital required to pay for work performed pursuant to contractual assessments.
- A draft assessment agreement ("Assessment Contract") that includes information defining the Authority official authorized to enter into Assessment Contracts with participating property owners (Exhibit B).

The Report is the guiding document for the Program and fulfills the requirements of Sections 5898.22 and 5898.23 of the California Streets and Highways Code. The Program is offered to property owners in Cities and Counties throughout the State of California that are members or associate members of the Authority, or that become members or associate members of the Authority, and that elect to make the Program available to their constituents by adopting a resolution that authorizes Ygrene Energy Fund CA, LLC ("Program Administrator") to operate the Program on behalf of the Authority within their respective boundaries. The Administrator also offers supplemental handbooks ("Program Handbook") for the residential and commercial sections of the Program.

3. Program Requirements & Parameters

Boundaries of Program Area

A map (Exhibit A) showing the prospective boundaries within which contractual assessments may be offered is attached. The governing bodies of counties within the prospective boundaries may allow citizens in the unincorporated areas of the County to participate in Program financing by passing a resolution adopting the Program. Incorporated cities must adopt similar resolutions to enable their residents to participate. Each owner intending to secure Program financing for their property must complete an application, pay the application fee and secure the signatures of all owners of record on the Assessment Contract.

Eligible Property Owners and Eligible Properties

Property owners eligible to participate in the Program include, but are not necessarily limited to, individuals, associations, business entities, and cooperatives. For financing to be approved, property owners must meet eligibility and underwriting criteria established for the Program. Details of these requirements are provided in the Program Handbook (available from the Program Administrator) and on-line. Notwithstanding anything to the contrary in this Report or in any Program Handbook, the Authority and the Program Administrator will implement adequate safeguards to ensure compliance with Section 5898.15 of the Act.

Authorized Improvements

The Program enables owners of qualified property within the Program area to finance a wide range of Authorized Improvements consistent with the following provisions:

- The Program provides financing for Authorized Improvements that are permanently affixed to real property.
- Program financing may be used for direct purchase of equipment, installation and services, leases and power purchase agreements.
- Program financing is available for retrofits that replace outdated or inefficient equipment, or to install new equipment.
- The Program Administrator certifies contractors for participation in the Program (each, a "Certified Contractor") and requires that they meet Program standards.

Eligible Project Costs and Administrative Costs

Eligible Project Costs.

- Program financing may be used to cover the actual cost of Authorized Improvements including charges for equipment, materials, supplies, and installation.
- Installation costs may include, but are not necessarily limited to, construction labor, energy and water-survey consultants and auditors, design/engineering/architecture, and program soft costs such as appraisals, permits and inspection fees.
- The Program Administrator must pre-approve any payments for labor provided by property owners on Authorized Improvements.
- Eligible costs do not include general remodeling or property repairs that are not directly required to enable installation of Authorized Improvements.

Administrative Costs.

- The intent of the Program is to minimize initial out of pocket costs for property owners while also supporting Program sustainability. Accordingly, the Program Administrator may impose fees and other charges in accordance with schedules posted from time to time on the Program website and in Program materials. With the exception of the application fee, all Program fees may be included in the financing and will be added to the disbursement amount at the time of closing unless the property owner elects to pay them directly.

Duration of Assessment

Assessment Contracts may be available for terms up to 30-years based on the average weighted useful lives of the installed Authorized Improvements. Most projects are financed for 20 years, but the Program Administrator offers alternative amortization schedules to accommodate property owner preferences.

Program Interest Rate

The Program Administrator will set the interest rate for the financing at the time the property owner enters into an Assessment Contract. The interest rate will be fixed at that point for the rate-lock period ("Rate Lock") defined in the Assessment Contract and will not change unless the property owner fails to submit a valid funding request during the Rate-Lock. The Program Administrator will make periodic changes to the Program interest rates and Rate-Lock periods in response to conditions in the financial markets. Current policies will be available from the Program Administrator and on the Program website.

Assessment Lien

All owners of record of participating properties must sign an Assessment Contract and have their signatures either notarized or verified through a third party verification process. Execution of the Assessment Contract authorizes recording of a lien on the property that secures repayment of the assessments levied in accordance with the agreement.

Delinquent Assessment Collections

Delinquent assessments will be collected using the procedures and powers authorized under California law for the collection of property taxes, and assessments. While unlikely, one remedy available to holders of beneficial interests in Program assessment liens to collect delinquent installments is accelerated judicial foreclosure of the tax lien against the delinquent property, which may be initiated following the delinquency. To minimize the possibility of delinquent assessments the Program Administrator may implement a pooled interest reserve.

First Levy of Assessment

If funds are disbursed to property owners before June 30 of any year, then the assessment and the first year's installment will appear on the next tax bill. For disbursements made on or after July 1 of any year, the first assessment will not appear on the tax bill until the following tax year. Interest on deferred installments will be capitalized and added to the amount to be financed under the Assessment Contract or, at the election of the property owner, may be paid directly at the time of funding.

The Program Administrator may offer an option of financing additional capitalized interest to enable property owners, at their election, to extend the period during which no assessments would appear on the property tax bill or be payable.

Reserve Fund

The amount to be financed under the Assessment Contract may include an amount to fund a reserve from which payments can be made if assessment collections are insufficient to pay debt service on bonds issued for the Program. The amount of the reserve will be specified in the

4. Authorized Improvements

There are ~~four~~five categories of Authorized Improvements that can be financed through the Program. A representative list of Authorized Improvements is set out in the Program Handbook.

- Energy Efficiency Improvements: Energy efficiency improvements comprise a wide range of fixtures from windows and doors to attic insulation and HVAC equipment. Such measures will help reduce energy use through increased efficiency in buildings and other improved real property.
- Renewable Energy Improvements: Renewable energy improvements are usually solar photovoltaic installations intended to replace utility generated electrical power with renewable solar power for all or part of a property's energy needs. Also included are wind generation, solar-thermal, geothermal, and hydroelectric installations, as well as emerging technologies for renewable energy generation.
- Water Conservation Improvements: Water conservation improvements comprise a wide range of water saving measures designed to reduce demand or waste. Included are recirculation systems, gray-water systems, low-flow fixtures, waterless urinals, deionization equipment, and filter upgrades. In addition, numerous innovative agriculture and aquaculture installations can be financed through the Program.
- Electric Vehicle Charging Infrastructure: The Program can finance charging station equipment and installations whether for commercial or residential use.
- Seismic Strengthening Improvements: The Program can finance seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural or other real property, including, but not limited to, the seismic strengthening of cripple walls and sill plate anchorage of light, wood-framed buildings.
- Custom Improvements: The Program encourages the development of innovative technologies that will diversify and expand the State's energy saving and renewable energy generation opportunities. As described above, the Program Administrator is also always looking to approve for funding creative water saving measures. Applicants who seek program financing for custom improvements should consult with the Program Administrator to determine eligibility and, if necessary, obtain directions for submitting detailed information about the proposal. The Program Administrator will approve custom improvements on a case-by-case basis.

5. The Financial Strategy

The following conditions will govern financial resources for the Program, financing of projects, recordation of assessments and collection and distribution of assessment payments:

- The maximum aggregate principal amount of contractual assessments to be levied under the Program is \$2,000,000,000, subject to increase if there is sufficient demand. It is anticipated that the Authority will issue bonds secured by contractual assessments that will be purchased by the Program Administrator, or its affiliates or designees, to fund projects completed under Program Assessment Contracts.
- The Program Administrator has entered into agreements with funding sources to secure adequate interim and long-term financing for the Program, and represented to the Authority that it can provide all necessary financial resources to fund the Program.
- In the event it appears that, at any time, funding resources for the Program will be inadequate to meet demand, completed and properly executed applications for Program funding will be processed in the order in which received by the Program Administrator.

- The Executive Director of the Authority and/or designee is authorized to enter into Assessment Contracts with participating property owners.
- The annual assessments will be authorized in accordance with the Act and the Assessment Contracts and collected through the property-tax system in the County in which the Property is located.
- The Authority will pledge the assessment revenues to a trustee as directed by the Program Administrator as security for bonds issued to finance the Program.
- The Program Administrator will manage the Program, establish the program budget, and be responsible for funding program operations.

Upon execution of the Assessment Contract, the Program Administrator will record a Notice of Assessment against the participating property. This lien secures payment of the assessment for as long as it remains on the property. The Assessment Contract uses (i) a Principal Amount to be financed, (ii) Capitalized Interest due on the transaction, (iii) a Program Interest Rate charged on the principal amount, and (iv) ongoing administrative fees, to arrive at the annual assessment that appears on the tax bill.

- **Principal Amount to be Financed:** The Program typically finances the costs associated with installing Authorized Improvements including, but not necessarily limited to, appraisals, energy and water-survey consultations, architectural and engineering services, permits and inspections. The financed amount will also include Program fees and capitalized interest. Principal amounts can also include lease and/or power purchase contract payments, whether up-front or incremental.
- **Capitalized Interest:** County tax collectors place assessments on property tax rolls once each year – usually during the first week of August. As a result, when funds are disbursed at the completion of the project, the Program Administrator will add an amount to the assessment sufficient to cover the interest from the date of closing until the beginning of the tax year when the assessment is first placed on tax bills. This capitalized interest is included in the financing and amortized at the Program interest rate for the term of the loan. There will be no payments due on the financing during the capitalized interest period.
- **Program Interest Rate:** The rate of interest paid by the property owner for the financing will be fixed for the entire term. The rate offered to property owners will vary from time to time depending on the Program Administrator's cost of funds, and will be posted daily on the Program website.
- **Administrative Costs and Costs of Issuance:** Annual administrative costs may include, but are not limited to, (i) the fees charged by the County to prepare the tax roll and collect Program assessments, (ii) financing origination costs, (iii) costs to offset capital provider, third party and operational costs associated with the provision of the financing and Program administration and (iv) reserve funds. These fees will be added to the annual assessment each year.

6. Changes to Report

The Program Administrator may make changes to this Program Report that the Authority and the Program Administrator reasonably determine are necessary to clarify its provisions or to effectuate the purposes of the Program. Changes to this Program Report may not affect the assessments payable under then existing Assessment Contracts between property owners and the Authority.

EXHIBIT A – BOUNDARY MAP

BOUNDARIES OF THE DISTRICT

~~CALIFORNIA HOME FINANCE~~
~~AUTHORITY~~ GOLDEN STATE FINANCE
AUTHORITY

ASSESSMENT DISTRICT NO. 2014-05 (CLEAN ENERGY)

EXHIBIT B - ASSESSMENT CONTRACT

FORM OF ASSESSMENT CONTRACT

This Assessment Contract (the "**Agreement**"), dated _____, is between the ~~California Home Finance Authority~~ Golden State Finance Authority, a California joint exercise of powers authority (the "**Authority**") and all of the persons or entities identified below as the record owner(s) (the "**Property Owner**") of the fee title to the real property identified herein.

Owner No. 1:

Owner No. 2:

Owner No. 3:

Owner No. 4:

Trust:

Legal Entity:

Project ID No.:

Folio Number:

Property Street Address:

City:

State:

Zip:

RECITAL

WHEREAS, the Authority has established a PACE program (the "**Program**") to allow the financing and refinancing of the installation of distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, ~~and~~ electric vehicle charging infrastructure and seismic strengthening improvements that are permanently fixed to real property (the "**Qualifying Improvements**") through the levy of contractual assessments (the "**Assessment(s)**") pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California, as amended ("**Chapter 29**"); and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 and other applicable California law to enter into this Agreement with the Property Owner; and

WHEREAS, the Authority and the Property Owner wish to enter into this Agreement pursuant to which the Authority will agree to finance or refinance the costs of installing the Qualifying Improvements and the Property Owner freely and willingly agrees to the imposition by the Authority of the Assessment on the real property described above (the "**Property**") in order to repay the costs incurred by the Authority with respect to financing or refinancing the installation of the Final Improvements, all on the terms set forth in this Agreement; and

WHEREAS, the Authority has contracted with Ygrene Energy Fund California, LLC (together with any successors or assigns), (the "**Administrator**") to act as the administrator of the Program pursuant to a Third Party Administration Agreement dated as of _____ (the "Administration Agreement") between the Authority and the Administrator.

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose.

The Property Owner and the Authority are freely and willingly entering into this Agreement for the purpose of financing or refinancing the installation of the Final Improvements on the Property whether by lease of the Final Improvements, purchase of energy generated by the Final Improvements through a power purchase contract or otherwise. The Authority will not finance or refinance the installation of any improvements that are not Authorized Improvements.

Section 2. The Property. The Property Owner hereby represents and warrants that:

- a) It is indefeasibly seized with fee simple title to the Property and possesses all legal authority necessary to execute this Agreement;
- b) All property taxes and any other assessments levied on the same bill as property taxes are paid and have not been delinquent for the preceding three years or the Property Owner's period of ownership, whichever is less;
- c) There are no involuntary liens, including, but not limited to, construction liens on the Property; and no notices of default or other evidence of property-based debt delinquency have been recorded during the preceding three years or the Property Owner's period of ownership, whichever is less;
- d) Property Owner is current on all mortgage debt on the Property; and has not been late in making mortgage payments more than once in the preceding 12 months, or the Property Owner's period of ownership, whichever is less.
- e) If there are any existing mortgages encumbering or otherwise secured by the property, before entering into a financing agreement, the Property Owner or Administrator has provided to the holders or loan servicers of record of any existing mortgages encumbering or otherwise secured by the property a notice of the Property Owner's intent to enter into this Agreement together with the maximum principal amount to be financed and the maximum annual assessment necessary to repay that amount as set forth in Exhibit A. Property Owner has provided a verified copy or other proof of such notice to the Administrator.

Section 3. Agreement to Pay Assessment; Prepayment; Non-Completion

- a) Payment of Final Assessment. Upon completion of the Final Improvements, the Authority will record a Notice of Assessment which will include the Addendum, which will set forth the final cost of the Final Improvements, which will not exceed the Maximum Amount (the "Final Cost"), the final total principal amount of the Assessment (the "Final Assessment"), the final annual payment schedule for the Assessment (the "Final Annual Assessment Schedule"), and each annual amount shown thereon, (the "Yearly Annual Assessment") and the final interest rate calculated as of the date of execution of the Addendum (the "Final Interest Rate") and the Property Owner hereby freely and willingly agrees to pay the Final Assessment together with interest thereon at the Final Interest Rate. THE PROPERTY OWNER ACKNOWLEDGES AND AGREES THAT FINAL INTEREST RATE WILL BE THE SAME AS THE ESTIMATED INTEREST RATE IF THE FINAL IMPROVEMENTS ARE COMPLETED WITHIN THE PERIOD SET FORTH IN EXHIBIT A HERETO; OTHERWISE THE FINAL INTEREST RATE WILL BE BASED ON MARKET CONDITIONS EXISTING AT THE TIME THAT FUNDS ARE RELEASED AND MAY BE MORE THAN THE ESTIMATED INTEREST RATE, RESULTING IN A CORRESPONDING INCREASE IN THE MAXIMUM ANNUAL ASSESSMENT. IN ADDITION, THE PROPERTY OWNER ACKNOWLEDGES AND AGREES THAT ALL OF THE AMOUNTS SET FORTH IN EXHIBIT A HERETO WILL CHANGE IF THE PROPERTY OWNER REQUESTS A CHANGE IN THE TERM OVER WHICH ASSESSMENTS ARE TO BE REPAID. The Authority shall not provide financing in an amount in excess of the Final Cost. Interest will accrue on the Final Assessment at the Final Interest Rate.
- b) Payment of Non-Completion Assessment. The Property Owner understands and hereby acknowledges that in the event that the Property Owner begins the installation of the Qualifying Improvements and subsequently decides not to complete such Qualifying Improvements in compliance with the Program rules and this Agreement (a "Project Abandonment"), the Authority may be obligated to pay the Authority's expenses incurred prior to Project Abandonment. To the extent the Authority incurs such expenses (the "Abandonment Payment"), the Property Owner hereby freely and willingly agrees to pay a non-completion assessment (the "Non-Completion Assessment," which, in the case of a Project Abandonment, will be treated the same as, and may also be referred to as, a "Final Assessment"). Failure to sign all the required program documents within 30 days of the successful inspection of the improvements will constitute project abandonment. Upon Project Abandonment, the Property Owner agrees that the Authority will record a Notice of Assessment which will set forth the amount of the Abandonment Payment, the total principal amount of the Non-Completion Assessment, the annual payment schedule for the Non-Completion Assessment (the "Annual Non-Completion Assessment Schedule") and the interest rate calculated as of the date of execution of the Addendum (the "Non-Completion Interest Rate"). Such Addendum will not require any further consent of, or execution by, the Property Owner. THE PROPERTY OWNER ACKNOWLEDGES AND AGREES THAT THE NON-COMPLETION INTEREST RATE WILL BE BASED ON MARKET CONDITIONS EXISTING AT THE TIME THE ADDENDUM IS FINALIZED AND MAY BE MORE OR LESS THAN THE ESTIMATED INTEREST RATE. Interest will accrue on the Non-Completion Assessment at the Non-Completion Interest Rate. The Property Owner acknowledges that the purpose of the Non-Completion Assessment is to provide for redemption of any bonds issued by the Authority or prepayment of any other financial obligation entered into by or on behalf of the Authority to finance or refinance installation of the Qualifying Improvements, and to pay any costs incurred by the Authority in order to release the lien of the Assessment on the Property. The Property Owner further agrees and acknowledges that the Authority will levy the Non-Completion Assessment in the first fiscal year in which the Authority is able to cause the Non-Completion Assessment to be placed on the property tax roll. The Property Owner hereby freely and willingly agrees to pay the Non-Completion Assessment, together with interest thereon at the Non-Completion Interest Rate.
- c) Administrative Expenses. The Property Owner hereby agrees and acknowledges that the Authority may add amounts to an annual installment of the Assessment (including a Non-Completion Assessment) in order to pay for the costs of collecting the Assessment and the administrative costs and expenses of the Authority and the Administrator in administering the Assessment or the bonds issued to finance or refinance the Qualifying Improvements (the "Final Assessment" and the "Non-Completion Assessment" shall include such amounts as referred to herein). These amounts may vary based on the applicable County's Tax Collector fee schedule and the costs of the Authority and Administrator in administering the Program.
- d) Prepayment of the Final Assessment. The Final Assessment may be prepaid in whole or in any amount of at least \$[] at any time upon the payment of (i) the amount of any delinquent installments of principal or interest on the Assessment, together with

penalties accrued to the date of prepayment; (ii) the whole or, subject to the minimum amount set forth in this subsection, a portion of the unpaid non-delinquent principal component of the Final Assessment; (iii) the accrued but unpaid interest on the principal amount of the unpaid Final Assessment being prepaid through the earlier of the March 2 or September 2 that occurs at least 50 days following the date the prepayment is made; (iv) a prepayment premium in the amount set forth on **Exhibit A**; and (v) a reasonable fee, if charged by the Authority or the Administrator, for the cost of administering the prepayment and redemption of bonds.

- e) **Absolute Obligation.** The Property Owner hereby agrees and acknowledges that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bonds secured thereby are refunded or for any other reason.

Section 4. Collection of Assessment; Lien

The Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the administrative fees shall constitute a lien against the Property until they are paid and shall be collected and, as set forth in Chapter 29, such lien shall be coequal to and independent of the lien for general taxes.

The Property Owner acknowledges that if any Assessment installment is not paid when due, the Authority has the right to have such delinquent installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Qualifying Improvements, the Authority may pledge and assign this Agreement and the related Assessment and lien as security for the bonds and obligate itself, through a covenant with the owners of such bonds, to exercise its judicial foreclosure rights with respect to delinquent Assessment installments under circumstances specified in such covenant.

Section 5. Financing of the Final Improvements

- a) **Agreement to Finance Final Improvements.** The Authority hereby agrees to use the Assessment to finance the Final Improvements, including the payment of the Authority's and Administrator's reasonable costs of administering the Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority.
- b) **Disbursement of Funds.** The Administrator will make one disbursement on behalf of the Authority when the following conditions have been met, except in the case of an approved phase or course of construction payment schedule authorized by the Authority. The Administrator's obligation to disburse funds to pay the costs of the Final Improvements shall be conditioned upon the Property Owner providing, to the satisfaction of the Administrator, (i) all required affidavits from all contractors and the Property Owner certifying that the Final Improvements have been completed in accordance with all applicable building codes, regulations, and other governmental requirements, and (ii) final releases or waivers of all applicable contractors', mechanic's and material men's liens. Disbursed funds must be used to pay for the installation of improvements, including by lease or power purchase agreement, or used purely as a reimbursement of expenses incurred for the installation of improvements. Acceptance of financing while refusing to pay for installation of improvements may constitute fraud against the Program.

Section 6. Term; Agreement Runs with the Land; Subdivision

- a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment.
- b) This Agreement establishes rights and obligations that are for the benefit of the Property and such rights and obligations run with the land.
- c) In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will remain on all subdivided parcels that were used to calculate property value at the time of funding. If the Final Improvements no longer exist, the Assessment will be assigned to each of the newly created parcels on a per-acre basis, unless the Authority, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

Section 7. Recordation of Documents

The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the public records of the applicable County the various notices and other documents, including an Addendum, required by applicable laws to be recorded against the Property.

Section 8. Sole Responsibility to Deal with Lenders

The Property Owner should note the following:

- 1) When the Property Owner enters into this Agreement with the Authority and finances any Qualifying Improvements, an assessment lien will be imposed on the Property.
- 2) By law, the assessment lien will be co-equal with the lien for general property taxes. It thus will be superior to the lien of any existing deed of trust the Property Owner may have previously executed in favor of a mortgage lender.
- 3) Existing mortgage lenders may contend that by entering into this Agreement the Property Owner has violated the loan agreements or deeds of trust.
- 4) The fact that the Property Owner or Administrator sent the notice described in Section 2(e) will not preclude the lenders from later alleging that the Property Owner has violated the loan agreements with them, and there is a risk that the lenders may prevail in any litigation over the alleged violation.
- 5) Neither the Authority nor the Administrator can advise the Property Owner about any loan agreements with lenders. The Property Owner's contractual relations with lenders are the Property Owner's sole responsibility.

Section 9. Notice

To the extent required by applicable Law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of

the Property of the obligation to pay the Assessment pursuant to this Agreement.

Section 10. Waivers, Acknowledgement and Agreement

This Agreement reflects the Property Owner's free and willing consent to the imposition of the Assessment. The Property Owner hereby waives any otherwise applicable requirements of Article XIII D of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot. The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Authority or the Program Administrator undertaken in connection with the Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Final Improvements. The Property Owner hereby acknowledges that the Property Owner will be responsible for payment of the Assessment regardless of whether the Final Improvements are properly installed, operated, maintained or perform as expected.

THE PROPERTY OWNER HEREBY AGREES THAT THE AUTHORITY IS ENTERING INTO THIS AGREEMENT SOLELY FOR THE PURPOSE OF ASSISTING THE PROPERTY OWNER WITH THE FINANCING OR REFINANCING OF THE INSTALLATION OF THE QUALIFYING IMPROVEMENTS, AND THAT THE AUTHORITY HAS NO RESPONSIBILITY OF ANY KIND FOR, AND SHALL HAVE NO LIABILITY ARISING OUT OF, THE INSTALLATION, OPERATION, FINANCING, REFINANCING, MAINTENANCE OR PERFORMANCE OF THE QUALIFYING IMPROVEMENTS.

BASED UPON THE FOREGOING, THE PROPERTY OWNER HEREBY WAIVES THE RIGHT TO RECOVER FROM AND FULLY AND IRREVOCABLY RELEASES THE AUTHORITY AND THE ADMINISTRATOR AND ANY AND ALL AGENTS, EMPLOYEES, BOARD MEMBERS, ATTORNEYS, REPRESENTATIVES AND SUCCESSORS AND ASSIGNS OF THE AUTHORITY AND THE ADMINISTRATOR, FROM ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), PENALTIES, FINES, FORFEITURES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE OUT-OF-POCKET LITIGATION COSTS AND REASONABLE ATTORNEY'S FEES), RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT THAT THE PROPERTY OWNER MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST THE AUTHORITY OR THE ADMINISTRATOR AND ANY AND ALL AGENTS, EMPLOYEES, BOARD MEMBERS, ATTORNEYS, REPRESENTATIVES AND SUCCESSORS AND ASSIGNS OF THE AUTHORITY OR THE ADMINISTRATOR.

TO THE EXTENT THAT THE FOREGOING WAIVERS AND AGREEMENTS ARE SUBJECT TO SECTION 1542 OF THE CALIFORNIA CIVIL CODE OR SIMILAR PROVISIONS OF OTHER APPLICABLE LAW, IT IS THE INTENTION OF THE PROPERTY OWNER THAT THE FOREGOING WAIVERS AND AGREEMENTS WILL BE EFFECTIVE AS A BAR TO ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), PENALTIES, FINES, FORFEITURES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE OUT-OF-POCKET LITIGATION COSTS AND REASONABLE ATTORNEY'S FEES), OF WHATEVER CHARACTER, NATURE AND KIND, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, AND PROPERTY OWNER AGREES TO WAIVE ANY AND ALL RIGHTS AND BENEFITS CONFERRED UPON THE PROPERTY OWNER BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE. SECTION 1542 READS AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, PROPERTY OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELAEASES.

Property Owner's Initials:

The waivers, releases and agreements set forth in this Section 10 shall survive termination of this Agreement.

Section 11. Indemnification

THE PROPERTY OWNER AGREES TO INDEMNIFY, DEFEND, PROTECT, AND HOLD HARMLESS THE AUTHORITY AND THE ADMINISTRATOR AND ANY AND ALL AGENTS, EMPLOYEES, BOARD MEMBERS, ATTORNEYS, REPRESENTATIVES AND SUCCESSORS AND ASSIGNS OF THE AUTHORITY AND THE ADMINISTRATOR, FROM AND AGAINST ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), PENALTIES, FINES, FORFEITURES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE OUT-OF-POCKET LITIGATION COSTS AND REASONABLE ATTORNEY'S FEES) AND ANY DEMANDS OF ANY NATURE WHATSOEVER RELATED DIRECTLY OR INDIRECTLY TO, OR ARISING OUT OF OR IN CONNECTION WITH (I) THE ASSESSMENT, (II) THE FINANCING BY OR ON BEHALF OF THE AUTHORITY OF THE FINAL IMPROVEMENTS, (III) THE FINAL IMPROVEMENTS, OR (IV) ANY OTHER FACT, CIRCUMSTANCE OR EVENT RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, REGARDLESS OF WHETHER SUCH LOSSES, LIABILITIES, CLAIMS, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), PENALTIES, FINES, FORFEITURES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE OUT-OF-POCKET LITIGATION COSTS AND REASONABLE ATTORNEY'S FEES) ACCRUE BEFORE OR AFTER THE DATE OF THIS AGREEMENT.

The provisions of this Section 11 shall survive the termination of this Agreement.

Section 12. No Representation by Authority or Administrator as to Suitability or Effectiveness of Final Improvements

THE PROPERTY OWNER HEREBY ACKNOWLEDGES THAT IT HAS DONE ITS OWN INVESTIGATION AND ANALYSIS OF THE SUITABILITY OF THE FINAL IMPROVEMENTS FOR THE PROPERTY AND THE POTENTIAL COST SAVINGS AND ENVIRONMENTAL IMPACT OF THE FINAL IMPROVEMENTS. NEITHER THE AUTHORITY NOR THE ADMINISTRATOR REPRESENTS OR GUARANTEES (A) THAT THE FINAL IMPROVEMENTS ARE SUITABLE FOR THEIR INTENDED PURPOSES, (B) THAT THE FINAL IMPROVEMENTS WILL RESULT IN ENERGY SAVINGS OR OTHER COST SAVINGS TO THE PROPERTY OWNER OR (C) THE ECONOMIC VALUE OR THE ENVIRONMENTAL IMPACT OF THE FINAL IMPROVEMENTS. IN PARTICULAR, NEITHER THE AUTHORITY NOR THE ADMINISTRATOR REPRESENTS OR GUARANTEES THAT UTILITY COMPANIES WILL NOT RAISE THEIR RATES IN THE FUTURE AND THEREBY OFFSET ALL OR A PORTION OF THE PROPERTY OWNER'S PROJECTED SAVINGS AS A RESULT OF MAKING THE FINAL IMPROVEMENTS NOR THAT THE INSTALLATION OF THE FINAL IMPROVEMENTS WILL RESULT IN ANY INCREASE IN THE VALUE OF THE PROPERTY. THE

PROPERTY OWNER HEREBY ACKNOWLEDGES AND AGREES THAT THE AUTHORITY AND THE ADMINISTRATOR ARE MERELY ASSISTING THE PROPERTY OWNER BY PROVIDING A FINANCING MECHANISM FOR THE FINAL IMPROVEMENTS AND HAVE NO ROLE IN DETERMINING THE ECONOMIC, FINANCIAL OR ENVIRONMENTAL VALUE OR IMPACT OF THE FINAL IMPROVEMENTS. THE PROPERTY OWNER HEREBY AGREES THAT THE WAIVERS IN SECTION 10 AND THE INDEMNIFICATION PROVISIONS IN SECTION 11 APPLY SPECIFICALLY TO, AMONG OTHER THINGS, THE MATTERS REFERRED TO IN THIS SECTION 12.

Section 13. Right to Inspect Property

The Property Owner hereby grants the Authority and the Administrator, their agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Final Improvements. The Property Owner further hereby grants the Authority and the Administrator, their agents and representatives the right to examine and copy any documentation relating to the Final Improvements.

Section 14. Carbon Credits

The Property Owner agrees, upon direction of the Program Administrator, to transfer any carbon credits, renewable-energy credits, solar-renewable-energy credits, offsets, or other tradable environmental certificate or permit attributable to the Final Improvements (collectively, "Carbon Credits") to the Authority; following which, such Carbon Credits will be owned by the Authority. Should installation of the Final Improvements qualify for a monetary incentive or rebate program that requires transfer of Carbon Credits to the provider of the monetary incentive or rebate, then the Authority shall waive its rights to the transfer of the Carbon Credits to it by the Property Owner in conjunction with the provision of the monetary incentive or rebate to the Property Owner.

Section 15. Program Application

The Property Owner hereby represents and warrants to the Authority that the information set forth in the program application (the "Program Application") submitted to the Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 16. Amendment

This Agreement may be modified only by the written agreement of the Authority and the Property Owner.

Section 17. Binding Effect; Assignment

This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns. The Authority has the right to assign or delegate to any person or entity (whether by way of sale, pledge, grant of security interest, or otherwise) this Agreement and any or all of its rights (including rights to payment, the Assessment, the Assessment lien, the right to pursue judicial foreclosure of the Assessment lien, and the right to enforce the collection of the Assessment or any installment thereof against the Property) and obligations under this Agreement, without the consent of the Property Owner. Any such delegation of obligations by the Authority shall release the Authority from such obligations to the extent stated in such delegation, without the need for any consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement and in the Addendum is an obligation of the Property and no agreement or action of the Property Owner will serve to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

Section 18. Exhibits

The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 19. Severability

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Agreement.

Section 20. Corrective Instruments

The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments, including the Addendum, as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 21. Governing Law; Venue

This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of California, County of Sacramento; provided, however, that actions to foreclose delinquent installments of the Assessment will be filed and maintained in the Superior Court of California in the County in which the Property is located.

Section 22. Counterparts

This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

PROPERTY OWNER NO. 1

First Name:	Middle:	Last Name:
Mailing Address:		
City:	State:	Zip Code:
Trust:		
Legal Entity:		

**IMPORTANT SIGNATURE INSTRUCTIONS: PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ABOVE IN THE NAME FIELDS.
IF YOU ARE A TRUSTEE, PLEASE INCLUDE THE TITLE "TRUSTEE" AFTER YOUR SIGNATURE. EXAMPLE: John M. Smith,
Trustee**

.....
DATE
PROPERTY OWNER NO. 1 SIGNATURE

.....
DATE

**Print Name & Title
of Authorized Person:**

STATE OF CALIFORNIA)
COUNTY OF _____)SS
)

The foregoing instrument was acknowledged before me this..... day of
....., 20....., by

....., who is/are
personally known to me or who

has/have produced..... as identification.

[SEAL]

.....
Notary Public, State of California

PROPERTY OWNER NO. 2

First Name:	Middle:	Last Name:
Mailing Address:		
City:	State:	Zip Code:
Trust:		
Legal Entity:		

IMPORTANT SIGNATURE INSTRUCTIONS: PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ABOVE IN THE NAME FIELDS.
IF YOU ARE A TRUSTEE, PLEASE INCLUDE THE TITLE "TRUSTEE" AFTER YOUR SIGNATURE. EXAMPLE: John M. Smith,
Trustee

PROPERTY OWNER NO. 2 SIGNATURE

DATE

**Print Name & Title
of Authorized Person:**

STATE OF CALIFORNIA)
)SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this..... day of
....., 20....., by

....., who is/are
personally known to me or who

has/have produced.....as identification.

[SEAL]

.....
Notary Public, State of California

PROPERTY OWNER NO. 3

First Name:	Middle:	Last Name:
Mailing Address:		
City:	State:	Zip Code:
Trust:		
Legal Entity:		

IMPORTANT SIGNATURE INSTRUCTIONS: PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ABOVE IN THE NAME FIELDS. IF YOU ARE A TRUSTEE, PLEASE INCLUDE THE TITLE "TRUSTEE" AFTER YOUR SIGNATURE. EXAMPLE: John M. Smith, Trustee

PROPERTY OWNER NO. 3 SIGNATURE

DATE

**Print Name & Title
of Authorized Person:**

STATE OF CALIFORNIA)
)SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by

_____, who is/are personally known to me or who

has/have produced _____ as identification.

[SEAL]

Notary Public, State of California

PROPERTY OWNER NO. 4

First Name:	Middle:	Last Name:
Mailing Address:		
City:	State:	Zip Code:
Trust:		
Legal Entity:		

IMPORTANT SIGNATURE INSTRUCTIONS: PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ABOVE IN THE NAME FIELDS.
IF YOU ARE A TRUSTEE, PLEASE INCLUDE THE TITLE "TRUSTEE" AFTER YOUR SIGNATURE. EXAMPLE: John M. Smith,
Trustee

PROPERTY OWNER NO. 4 SIGNATURE

DATE

**Print Name & Title
of Authorized Person:**

STATE OF CALIFORNIA)
)SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this..... day of
....., 20....., by

....., who is/are
personally known to me or who

has/have produced.....as identification.

[SEAL]

.....
Notary Public, State of California

CALIFORNIA HOME FINANCE AUTHORITY**GOLDEN STATE FINANCE AUTHORITY**

Signature of Authorized Person:

Print Name and Title of Authorized Person:

Date:

STATE OF CALIFORNIA)
)SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this..... day of
....., 20....., by

....., who is/are
personally known to me or who

has/have produced..... as identification.

[SEAL]

.....
Notary Public, State of California

CALIFORNIA CLEAN ENERGY PROGRAM
CALIFORNIA HOME FINANCE
AUTHORITY GOLDEN STATE FINANCE
AUTHORITY

AB 811 RESIDENTIAL PROGRAM HANDBOOK

The ~~California Home Finance Authority~~ Golden State Finance Authority ("the Authority") has established a California Clean Energy PACE funding program (the "Program"). For details of the Program policies and goals please refer to the California Clean Energy Program Report. In order to apply for Program financing, property owners must read and acknowledge receipt of the Program Report and this Program Handbook that accompanies it.

The Program Handbook, along with the documents you will execute with your participation in the Program (the "Program Documents"), outlines the Program process and requirements. It is important that property owners understand the provisions of this Program Handbook and the attached Program Documents. The Authority has contracted with Ygrene Energy Fund ("Ygrene") to act as the Program Administrator. Ygrene reserves the right to amend this Program Handbook from time to time.

1. Purpose of the Program

The Program helps owners finance the installation of a wide range of energy efficiency and water conservation improvements, renewable energy improvements, electric vehicle charging infrastructure and seismic strengthening improvements on their property. The financing and the administrative costs are repaid through a voluntary special assessment that is added to your property tax bill. Because there are many types of financing available, you should investigate whether this is your best financing option, and seek help from your finance or tax professionals if you have questions.

2. Summary of the Program Process

As discussed in more detail below, obtaining Program financing involves the following steps. In many cases residential property owners may be able to obtain a notice to proceed with their project in a few minutes.

- Determine that you meet the eligibility requirements (see 'Eligibility').
- Apply either directly or through a Certified Contractor of your choosing (see 'Applications').
- Pay the application fee.
- Authorize Ygrene to notify your lender that you intend to participate in the Program.
- Receive a Notice of Approval from Ygrene.
- Sign and notarize or electronically verify signatures for the Assessment Contract.
- Submit a Construction Contract through your Certified Contractor for the installation of the improvements (Authorized Improvements) on your property.
- Receive a Notice to Proceed and authorize your contractor to begin construction.

- Submit a Payment Request upon project completion.
- Pay the special assessment when it appears on your property tax bill.

3. Eligibility

The Program can be used to finance Authorized Improvements on all types of private property - residential, commercial, industrial and agricultural. This Program Handbook sets forth the terms and conditions that are applicable to residential properties:

- The property must be located within a city or county that has agreed to participate in the Program.
- All of the owners of the property must sign the Program Documents. Therefore, before submitting an application, you must ensure that each person with an ownership interest will agree to participate.
- Payments must be current for all obligations secured by the property including loans, property taxes, assessments and tax liens and no owner may be in bankruptcy. Certain allowances may be made for property tax payment delays that do not reflect financial distress.
- The total debt secured by the property (before the addition of the Program financing) cannot exceed 90% of the fair market value. To determine this Ygrene will check mortgages, equity lines of credit, assessments and tax liens.
- In some cases Ygrene may request additional information during the approval process. These requests are common when residential property is held by trusts or entities other than individuals; but may be made for other reasons at Ygrene's discretion.

Please see the list of underwriting criteria and considerations attached as Exhibit C.

4. Application

If you want to participate in the Program, you must submit an online application and pay an application fee. Ygrene provides telephone assistance for property owners who have questions, need help applying, or would prefer to fill out a paper form. In addition, Certified Contractors are familiar with the application process and can coordinate with Ygrene on your behalf. Following are the steps:

- Submit an application form, either online or printed and signed, and the required application fee.
- Following review by Ygrene, you will receive a Notice of Approval, a Notice of Denial or a request for additional information. This process can take as little as ten minutes.
- At the time Ygrene issues your Notice of Approval, it will submit notification forms on your behalf to all lenders with secured loans on your property.
- Once your application is approved, a Ygrene representative will prepare electronic documents for signature by all property owners. These documents include the Assessment Contract which is the financing agreement through which you agree to pay the assessment when due and authorize recordation of the assessment lien on your property. You have three days after signing to cancel the agreement if you decide not to participate in the Program.

- Once it confirms approval, Ygrene can process information received from your Certified Contractor in preparation for issuing a Notice to Proceed with construction (see Project Approval below).
- Should your application be denied for any reason, the Notice of Denial will include recommended remedial action that you can pursue.

5. General Provisions

The following apply to all projects submitted for funding under the Program:

- Only Authorized Improvements are eligible for funding. A list of Authorized Improvements is provided in Appendix A. You should consult with your Certified Contractor to ensure that the improvements installed on your property qualify under the Program guidelines.
- Neither the Authority nor Ygrene is responsible for installation of the Authorized Improvements or their performance. The Certified Contractor that provides construction services for your project works for you and you should be sure that you are satisfied with the quality and completeness of their work before authorizing payments.
- Under the PACE law, Authorized Improvements must be permanently affixed to the property. Free-standing appliances, light bulbs and similar products that can be unplugged and removed from the property are not Authorized Improvements.
- Authorized Improvements must be installed by Certified Contractors that are listed on the Program website or available from a Ygrene customer service representative, or you may install the improvements yourself. If you choose to do the work yourself, Program financing will not cover the cost of your labor and only the material and equipment costs will be funded. Sub-contractors may work under the supervision of a Certified Contractor without being certified by the Program.
- The minimum Program funding is \$2,500.
- The total of all Program funding on your property cannot exceed (i) 15% of the fair market value of the property, (ii) an amount that, when added to your existing secured indebtedness, exceeds 100% of the fair market value of the property, or (iii) the final cost of installing the Authorized Improvements, including Program fees and applicable capitalized interest. In no event will Program funding exceed the amount authorized under applicable Program policies or State law.

6. Contractors and Construction

You can begin working with a Certified Contractor before or after you apply to the Program. If you consult with them early, you may be able to submit for project approval at the time you apply. Ygrene cannot issue a notice to proceed with construction until you select a Certified Contractor and provide information about the nature and cost of improvements you wish to finance. This information can be in the form of a Construction Contract or project cost breakdown. The following are the steps that lead to construction authorization:

- Select a contractor that is currently certified or ask your contractor to obtain Program certification. A list of Certified Contractors is available on the Program website or from a Ygrene customer service representative. You may wish to obtain bids and advice from more than one Certified Contractor.
- Work with your selected Certified Contractor to determine project scope, obtain bids, verify that the proposed work qualifies for funding and help complete the approval process with Ygrene.

- Once Ygrene approves the project, it will prepare the Assessment Contract and other financing documents and submit them to you for electronic signatures. All owners of the property must sign these documents and obtain electronic third party verification of their signatures.
- As soon as Ygrene receives completed documents, it can authorize construction with a Notice to Proceed. If you select your Certified Contractor early, and we don't encounter questions during the underwriting process, application, project approval and document preparation can often be completed in a few minutes.
- If you begin construction prior to receipt of Ygrene's Notice to Proceed, you run the risk of not qualifying for Program funding.
- If Ygrene denies the project, it will issue a Notice of Denial letter that outlines remedies you may employ to obtain approval.

7. Funding

- Once your Certified Contractor completes installation of the Authorized Improvements, they can help you submit a Payment Request. They will also be required to provide the project verification documents listed below. Ygrene will review your submittal, produce final Program forms, and email or mail them to you in accordance with your instructions. Once Ygrene receives the executed documents it will schedule funding – usually within a few days. The following are requirements for funding:
 - i. A final sign-off on the building permit for the project from the authorized building official in the participating jurisdiction.
 - ii. Final invoices and lien releases from all Certified Contractors and any sub-contractors or materials providers who worked on the project.
 - iii. A signed Estimated Settlement Statement
 - iv. A signed Right to Receive Financing Proceeds form if the payment is to be assigned to someone other than the property owner.
- Unless Ygrene authorized additional time, property owners must sign and return the closing documents to Ygrene within seven (7) days following transmittal of a Payment Request or the request may expire. In that event, an updated Payment Request will be required. If the Program interest rate changes between the date of the original funding request and an updated request, the interest rate may increase.
- Following final review Ygrene will reconfirm eligibility of the project and the final assessment details and approve issuance of checks or bank wires in accordance with your instructions.
- In the event you cancel the financing after submitting a request for funding, all expenses incurred by the Program for recording and removing tax liens, preparing bond documents and other district and Ygrene costs will be your responsibility. Property owners may also be responsible for expenses incurred by contractors according to their construction agreements. Under no circumstances does the Authority or Ygrene have any obligation to release funds if the work has not been completed.

8. Repayment

- In order to receive funding, property owners agree to pay special assessments in an amount adequate to repay the financing including (i) the principal amount received from the Program, (ii) interest on the principal amount received from the Program and (iii) initial and on-going administrative expenses.
- Principal. This is the total amount disbursed at closing. It can include construction and materials

costs, Program fees, permits, energy audit expenses, application fees and capitalized interest (see "Capitalized Interest" below).

- **Interest Rate.** This is the interest rate that is applied to the Principal in the amortization schedule that calculates the annual tax payment required to repay the financing. The interest rate will be fixed for the full term of the assessment. The rate will be set on the date the property owner signs the assessment contract and will be locked for the then applicable rate-lock period as published on the Program website and/or available by contacting Ygrene.
- **Capitalized Interest.** Because assessments are placed on County tax rolls only once each year, it may be several months before the assessment appears on your property tax bill. Consequently, interest from the funding date until the assessment is placed on the tax roll will be added to the funding and you will have no payments for that period. Ygrene estimates capitalized interest on the Estimated Settlement Statement and itemizes the final amount on the Final Closing Statement.
- **Prepayment.** In the event you elect to pay the assessment in full before the end of the financing term, Ygrene may impose a prepayment premium not to exceed 5% of the unpaid principal balance on the assessment. You should ask your Certified Contractor or a Ygrene customer service representative whether a prepayment premium will apply to your financing.

9. Program Fees

The following charges apply to the Program. Ygrene may change these charges from time to time in response to increases or decreases in the cost of providing Program services.

RESIDENTIAL PROGRAM FEE SCHEDULE

Application	\$50	Upon application submittal
Processing & Underwriting	\$250 Maximum	At disbursement*
Documentation	\$200 Maximum	At disbursement*
Program Cost Recovery	Not to exceed 1% minimum \$100	At disbursement*
Funding Fee	Not to exceed 4%	At disbursement*

*These charges may be included in the principal amount to be financed.

The Auditor Controller in each county charge an annual fee for placing assessments on the

property tax roll will apply. The tax administrator, trustee and loan servicer have similar fees. These fees are estimated to be approximately \$50 per year, but may be more in some counties.

9. Special Taxes & Foreclosures

A property owner must pay the agreed upon special assessment regardless of personal financial circumstances, the condition of the property, or the performance of the Authorized Improvements. Property owners should not apply for financing if they are not certain they can meet the assessment obligations. The failure to pay property taxes in full or in part will result in financial repercussions including penalties, interest and possibly foreclosure. If property owners use an escrow account (impound) to pay their property taxes, they should notify the escrow company of the special tax. In such cases, property owners should increase monthly payments to the escrow account by an amount equivalent to the annual special tax, divided by 12 months.

10. Compliance with Existing Mortgages

Recordation of the Notice of Assessment Lien will establish a continuing lien as security for the obligation to pay the assessments. The lien will be senior to private liens, including existing mortgage(s). Many mortgage and loan documents limit the ability of borrowers to place senior liens on their property without the consent of the lender. In 2010, and as recently as August of 2014, the Federal Housing Finance Agency issued policy guidelines that question special tax liens. Program participants are encouraged to confirm with their lender(s) that participation in the Program does not violate their existing loan documents. When it approves your application, Ygrene notifies lenders on your behalf of your intention to participate in the Program.

11. Sale of the Property

Because ownership of any Authorized Improvements on the property transfers to the buyer when you sell your home, if you sell your property prior to the end of the assessment term the new owner can assume the assessment. You are obligated to make all legally required disclosures regarding the existence of the assessment lien on the property.

12. Rebates and Taxes

Participation in this Program does not reduce incentives available through federal, state, utility and other rebate programs. More information on available programs can be found online or through Certified Contractors. Property owners should consult with their tax advisors with respect to the state and federal tax benefits and consequences of participating in the Program.

13. Changes in Program Terms

Program terms, including interest rates and underwriting requirements, can change at any time. However, no such changes will affect your obligation to pay special assessments in accordance with the Program Documents. Participation in the Program is subject to the requirements of Program Report, Program Handbook and Program Documents in effect at the time you apply for financing.

APPENDIX A

AUTHORIZED IMPROVEMENTS

The Program offers financing for a variety of energy-efficiency improvements, water conservation improvements, solar and other distributed generation systems, ~~and~~ electric vehicle charging infrastructure and seismic strengthening improvements. In each case, any rebates received by or approved for property owners prior to funding must be deducted from the amount of financing requested. In addition, property owners are encouraged to pursue the most cost effective improvements (or combination of improvements) to maximize their long-term utility savings and return on investment. This list is not intended to be comprehensive. Any projects that measurably save energy beyond the level required by legislation, or that generate renewable energy, ~~or~~ add to the conservation of water resources or improve the seismic safety of homes and buildings, can be financed through the program. Consult the Program Administrator for details.

Energy-Efficiency Improvements

- Air sealing and ventilation
- Air filtration
- Building envelope
- Duct leakage and sealing
- Bathroom, ceiling, attic, and whole-house fans
- Insulation
- Defect correction
- Attic, floor, walls, roof, ducts
- Weather-stripping
- Sealing
- Geothermal exchange heat pumps
- HVAC systems
- Evaporative coolers (coolers must have a separate ducting system from ducting for air-conditioning systems and heating systems)
- Natural-gas-storage water heater
- Tank-less water heater
- Solar-water-heater system
- Reflective insulation or radiant barriers
- Cool roof
- Windows and glass doors (U value of 0.40 or less and solar-heat-gain coefficient of 0.40 or less)
- Window filming
- Skylights
- Solar tubes
- Additional building openings to provide additional natural light
- Lighting (fixture retrofits only)
- Pool equipment (circulating pumps, etc.)

Other Non-residential Building Improvements

- Occupancy-sensor lighting fixtures
- SMART parking-lot bi-level fixture
- SMART parking-garage bi-level fixtures
- SMART pathway lighting
- SMART wall-pack fixtures
- Task ambient office lighting
- Classroom lighting
- Refrigerator case LED lighting with occupancy sensors
- Wireless daylight-lighting controls
- Kitchen exhaust variable air-volume controls

- Wireless HVAC controls & fault detection

Renewable-Energy Improvements (Photovoltaic and Solar-Thermal Equipment)

- Solar thermal hot-water systems
- Solar thermal systems for pool heating
- Photovoltaic systems (electricity)
- Emerging technologies

Water-Conservation Improvements

- Faucet aerators
- Core-plumbing systems
- Gray-water systems
- Instantaneous hot-water heaters
- Recirculation hot-water systems
- Demand initiated hot-water systems
- Hot-water pipe insulation
- Irrigation-control systems
- Irrigation systems
- Rainwater cisterns
- Low-flow showerheads
- High-efficiency toilets
- Demand water softeners
- Whole-house water-manifold systems

The following water-conservation improvements are approved for non-residential applications:

- Cooling-condensate reuse
- Cooling-tower conductivity controllers
- Deionization equipment
- Filter upgrades
- Foundation drain water
- Industrial-process water-user reduction
- Pre-rinse spray valves
- Recycled water sources
- Urinals
- Waterless urinals

Seismic Strengthening Improvements

- Foundation bolting
- Cripple wall bracing
- Installation of shear walls
- Work to repair or replace substandard foundations
- Other structural strengthening improvements
- Securing of chimneys and stacks
- Other abatement of falling hazards
- Anchoring of existing water heaters
- Improvements providing safe entry and exit
- Other seismic strengthening work that meets acceptable engineering standards

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Custom Improvements

The Program Administrator can evaluate and approve financing for Eligible Improvements that are not "off the shelf" ("Custom Improvements"). Custom Improvements may involve large-scale industrial or commercial energy-efficiency improvements; processing or industrial mechanical systems; and renewable energy generation from sources such as geothermal and fuel cells. Custom Improvements that will be considered for Program funding include the following:

- Building energy-management controls

- HVAC duct zoning-control systems
- Irrigation pumps and controls
- Lighting controls
- Industrial- and process-equipment motors and controls
- Fuel cells
- Wind-turbine power systems
- Natural gas
- Hydrogen fuel
- Electric Vehicle charging stations
- Other fuel sources (emerging technologies)
- Co-generation (heat and energy)

APPENDIX B
SAMPLE THREE-DAY RIGHT TO CANCEL

Your Right to Cancel

You are entering into an Assessment Contract for financing under the Program that will result in an assessment lien being placed on your property at the following address:

Ygrene is offering you the right to cancel this transaction without cost within three (3) business days from the date you execute the Assessment Contract.

If you cancel this transaction during this three-day period, the Authority will not record the assessment lien on the property.

Acknowledgement of Receipt

I/We hereby acknowledge reading and receiving a copy of this Notice of Right to Cancel.

_____, 20____
Owner No.1 Signature Date

_____, 20____
Owner No. 2 Signature Date

_____, 20____
Owner No.3 Signature Date

_____, 20____
Owner No. 4 Signature Date

How to Cancel

If you decide to cancel this transaction, you must notify the Program Administrator in writing at 100 B Street, Santa Rosa, CA 95401 or by emailing your cancellation to laura.choi@ygrene.us. You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below.

I Wish to Cancel

_____, 20____
Owner Signature Date

I would like to cancel my Assessment Contract for the reason(s) described below:

APPENDIX C UNDERWRITING REQUIREMENTS

Underwriting. All property owners, and improved properties in the District(s) that meet the Program's criteria for approved property types, must meet the following underwriting criteria for participation:

- Address. The property must be improved or will be improved by the project, be located within the Program boundaries and must be on the property tax rolls or capable of being added to the rolls.
- Applicant. All owners of record must agree to participate and be willing to execute the Financing Agreement.
- Mortgage Debt. Prior to Program funding, mortgage debt must not exceed a certain percentage of the market value of the property as set forth on the Program website. Total debt on the property including Program financing must not exceed the market value of the property. For property owners who obtain lender consent, these requirements may be waived.
- Mortgage Payments. Property owners must have no recorded notice of default on the property during the period specified on the Program website. For property owners who obtain lender consent, this requirement may be waived.
- Property Taxes. Property owners must be current on their property taxes.
- Bankruptcy. Property owners must not be in bankruptcy.
- Involuntary Liens. There must be no involuntary liens on the property that reflect financial distress.
- Maximum Financing. Funding requests must not exceed limits provided by the Act. Projects with funding requests exceeding \$100,000 may require additional underwriting during the project approval phase.
- Minimum Financing. Minimum funding request is \$2,500.
- Other: Property owners must authorize Ygrene to notify all existing mortgage holders of their intent to participate in the program.
- Property owners may be asked to provide utility records for the property for the two years prior to completion of the project.
- For property owners whose FICO score is 700 or greater, as reported by Equifax, Experian, TransUnion or other reputable national credit bureau, the requirements above related to mortgage debt currency, late payment of mortgages, property tax currency and involuntary liens may be waived.

These requirements may change from time to time. The most up-to-date Program requirements are available on the Program website or from a Ygrene customer service representative.

CALIFORNIA CLEAN ENERGY PROGRAM
~~CALIFORNIA HOME FINANCE~~
~~AUTHORITY~~GOLDEN STATE FINANCE
AUTHORITY

AB 811 COMMERCIAL PROGRAM HANDBOOK

The ~~California Home Finance Authority~~Golden State Finance Authority ("the Authority") has established a California Clean Energy PACE funding program (the "Program"). For details of the Program policies and goals please refer to the California Clean Energy Program Report. In order to apply for Program financing, property owners must read and acknowledge receipt of the Program Report and this Program Handbook that accompanies it.

The Program Handbook, along with the documents you will execute with your participation in the Program (the "Program Documents"), outlines the Program process and requirements. It is important that property owners understand the provisions of this Program Handbook and the attached Program Documents. The Authority has contracted with Ygrene Energy Fund ("Ygrene") to act as the Program Administrator. Ygrene reserves the right to amend this Program Handbook from time to time as described below.

1. Purpose of the Program

The Program helps owners finance the installation of a wide range of energy efficiency and water conservation improvements, renewable energy improvements, electric vehicle charging infrastructure and seismic strengthening improvements on their property. The financing and the administrative costs are repaid through a voluntary special assessment that is added to your property tax bill. Because there are many types of financing available, we recommend that you investigate whether this is your best financing option, and seek help from your finance or tax professionals if you have questions.

2. Summary of the Program Process

As discussed in more detail below, obtaining Program financing involves the following steps.

- Determine that your property meets the eligibility requirements (see 'Eligibility').
- Apply either directly or through a Certified Contractor of your choosing (see 'Applications').
- Pay the application fee.
- Authorize Ygrene to notify your lender or lenders that you intend to participate in the Program.
- Receive a Notice of Approval from Ygrene.
- Sign and notarize or electronically verify signatures on the Assessment Contract.
- Submit a Construction Contract through your Certified Contractor for the installation of the improvements (Authorized Improvements) on your property.
- Receive a Notice to Proceed and authorize your contractor to begin construction.

- Submit a Payment Request upon project completion.
- Pay the special assessment when it appears on your property tax bill.

3. Eligibility

The Program can be used to finance Authorized Improvements on all types of private property – office, retail, industrial, agricultural. Contact Ygrene or your Certified Contractor if you have questions about the type of installation you plan. This Program Handbook sets forth the terms and conditions that are applicable to most commercial properties:

- The property must be located within a city or county that has agreed to participate in the Program.
- All of the owners of the property, including representatives of any entities that are on title, must sign the Program Documents. Therefore, before submitting an application, you must ensure that each person or business entity with an ownership interest will agree to participate.
- Payments must be current for all obligations secured by the property including loans, property taxes, assessments and tax liens and no owner may be in bankruptcy. Certain allowances may be made for property tax payment delays that do not reflect financial distress.
- The total debt secured by the property (before the addition of the Program financing) cannot exceed 90% of the fair market value. To determine this Ygrene will check mortgages, equity lines of credit, assessments and tax liens.
- In some cases Ygrene may request additional information during the approval process. These requests are common when commercial property is held by trusts or entities other than individuals; but may be made for other reasons at Ygrene's discretion.

Please see the list of underwriting criteria and considerations attached as Exhibit C.

4. Application

If you want to participate in the Program, you must submit an online application and pay an application fee. Ygrene provides telephone assistance for property owners who have questions, need help applying, or would prefer to fill out a paper form. In addition, Certified Contractors are familiar with the application process and can coordinate with Ygrene on your behalf. Following are the steps:

- Submit an application form, either online or printed and signed, and the required application fee.
- Following review of the Application by Ygrene, you will receive a Notice of Approval, a Notice of Denial or a request for additional information. In some cases a Ygrene representative will contact you to obtain additional information about ownership and other elements of your project prior to issuing a notice
- At the time Ygrene issues your Notice of Approval, it will submit notification forms on your behalf to all lenders with secured loans on your property.
- Once your application is approved a Ygrene representative will prepare electronic documents for signature by all property owners. These documents include the Assessment Contract which is the financing agreement through which you agree to annex your property into the District, pay the assessment when due and authorize recordation of the assessment lien on your property. You have three days after signing to cancel the agreement if you decide not to participate in the Program.

- Once it confirms approval, Ygrene can process information received from your Certified Contractor in preparation for issuing a Notice to Proceed with construction (see Project Approval below).
- Should your application be denied for any reason, the Notice of Denial will include recommended remedial action that you can pursue.

5. General Provisions

The following apply to all projects submitted for funding under the Program:

- Only Authorized Improvements are eligible for funding. A list of Authorized Improvements is provided in Appendix A. You should consult with your Certified Contractor to ensure that the improvements you plan to install on your property qualify under the Program guidelines.
- Neither the Authority nor Ygrene can assume responsibility for installation of the Authorized Improvements or their performance. The Certified Contractor that provides construction services for your project works for you and you are responsible to approve the quality and completeness of their work.
- Under the PACE law, Authorized Improvements must be permanently affixed to the property. Free-standing appliances, light bulbs and similar products that can be unplugged and removed from the property are not Authorized Improvements.
- Authorized Improvements must be installed by Certified Contractors that are listed on the Program website or available from a Ygrene customer service representative. Sub-contractors may work under the supervision of a Certified Contractor without being certified by the Program.
- The minimum Program funding is \$2,500, however commercial underwriting and title costs can result in fees that make Program financing impractical for very small commercial projects.
- The total of all Program funding on your property cannot exceed (i) 15% of the fair market value of the property, (ii) an amount that, when added to your existing secured indebtedness, exceeds 100% of the fair market value of the property, or (iii) the final cost of installing the Authorized Improvements, including Program fees and applicable capitalized interest. In no event will Program funding exceed the amount authorized under applicable Program policies or State law.

6. Contractors and Construction

You can begin working with a Certified Contractor before or after you apply to the Program. If you consult with them early, you may be able to submit for project approval at the time you apply. Ygrene cannot issue a notice to proceed with construction until you select a Certified Contractor and provide information about the nature and cost of improvements you wish to finance. This information can be in the form of a Construction Contract or project cost breakdown. The following are the steps that lead to construction authorization:

- Select a contractor that is currently certified or ask your contractor to obtain Program certification. A list of Certified Contractors is available on the Program website or from a Ygrene customer service representative. You may wish to obtain bids and advice from more than one Certified Contractor.
- Work with your selected Certified Contractor to determine project scope, obtain bids, verify that the proposed work qualifies for funding and help complete the approval process with Ygrene.

- Once Ygrene approves the project, it will prepare the Assessment Contract and other financing documents and submit them to you for electronic signatures. All owners of the property must sign these documents and obtain electronic third party verification of their signatures.
- As soon as Ygrene receives completed documents, it can authorize construction with a Notice to Proceed. It will help expedite approvals if you select and consult with your Certified Contractor early in the process.
- If you begin construction prior to receipt of Ygrene's Notice to Proceed, you run the risk of not qualifying for Program funding.
- If Ygrene denies the project, it will issue a Notice of Denial letter that outlines remedies you may employ to obtain approval.

7. Funding

- Once your Certified Contractor completes installation of the Authorized Improvements, they can help you submit a Payment Request. They will also be required to provide the project verification documents listed below. Ygrene will review your submittal, produce final Program forms, and email or mail them to you in accordance with your instructions. Once Ygrene receives the executed documents it will schedule funding – usually within a few days. The following are requirements for funding:
 - i. A final sign-off on the building permit for the project from the authorized building official in the participating jurisdiction.
 - ii. Final invoices and lien releases from all Certified Contractors and any sub-contractors or materials providers who worked on the project.
 - iii. A signed Estimated Settlement Statement
 - iv. A signed Right to Receive Financing Proceeds form if the payment is to be assigned to someone other than the property owner.
- Unless Ygrene authorizes additional time, property owners must sign and return the closing documents to Ygrene within seven (7) days following transmittal of a Payment Request, or the request may expire. In that event, an updated Payment Request will be required. If the Program interest rate changes between the date of the original funding request and an updated request, the interest rate may increase.
- Following final review Ygrene will reconfirm eligibility of the project and the final assessment details and approve issuance of checks or bank wires in accordance with your instructions.
- In the event you cancel the financing after submitting a request for funding, all expenses incurred by the Program for recording and removing tax liens, preparing bond documents and other district and Ygrene costs will be your responsibility. Property owners may also be responsible for expenses incurred by contractors according to their construction agreements. Unless Ygrene approves multiple payments during the course of construction, it will not release funds if the work has not been completed and the building permit closed.

8. Repayment

- In order to receive funding, property owners agree to pay special assessments in an amount adequate to repay the financing including (i) the principal amount received from the Program, (ii)

interest on the principal amount received from the Program and (iii) initial and on-going administrative expenses.

- **Principal.** This is the total amount disbursed at closing. It can include construction and materials costs, Program fees, permits, energy audit expenses, application fees and capitalized interest (see "Capitalized Interest" below).
- **Interest Rate.** This is the interest rate that is applied to the Principal in the amortization schedule that calculates the annual tax payment required to repay the financing. The interest rate will be fixed for the full term of the assessment. The rate will be set on the date the property owner signs the assessment contract and will be locked for the then applicable rate-lock period as published on the Program website and/or available by contacting Ygrene.
- **Capitalized Interest.** Because assessments are placed on County tax rolls only once each year, it may be several months before the assessment appears on your property tax bill. Consequently, interest from the funding date until the assessment is placed on the tax roll will be added to the funding and you will have no payments for that period. Ygrene estimates capitalized interest on the Estimated Settlement Statement and itemizes the final amount on the Final Closing Statement.
- **Prepayment.** In the event you elect to pay the assessment in full before the end of the financing term, Ygrene may impose a prepayment premium not to exceed 5% of the unpaid principal balance on the assessment. You should ask your Certified Contractor or a Ygrene customer service representative whether a prepayment premium will apply to your financing.

9. Program Fees

The following charges apply to the Program. Ygrene may change these charges from time to time in response to increases or decreases in the cost of providing Program services.

COMMERCIAL PROGRAM FEE SCHEDULE

Application	\$250	Upon application submittal
Processing & Underwriting	\$250 or Cost of Recovery	At disbursement*
Documentation	\$400 Maximum	At disbursement*
Recording & Disbursement	\$250 Maximum	At disbursement*
Program Cost Recovery	Not to exceed 1% minimum \$500	At disbursement*
Funding Fee	Not to exceed 4%	At disbursement*

*These charges may be included in the principal amount to be financed.

The Auditor Controller in each county charges an annual fee for placing assessments on the property tax roll. The tax administrator, trustee and loan servicer have similar fees. These fees are estimated to be approximately \$50 per year, but may be more in some counties.

10. Special Taxes & Foreclosures

A property owner must pay the agreed upon special assessment regardless of personal financial circumstances, the condition of the property, or the performance of the Authorized Improvements. Property owners should not apply for financing if they are not certain they can meet the assessment obligations. The failure to pay property taxes in full or in part will result in financial repercussions including penalties, interest and possibly foreclosure.

11. Compliance with Existing Mortgages

Recordation of the Notice of Assessment Lien as described in the Assessment Contract will establish a continuing lien as security for the obligation to pay the assessments. The lien will be senior to private liens, including existing mortgage(s). Many loan documents limit the ability of borrowers to place senior liens on their property without the consent of the lender. Program participants are encouraged to confirm with their lender(s) that participation in the Program does not violate their existing loan documents. When it approves your application, Ygrene notifies lenders on your behalf of your intention to participate in the Program.

12. Sale of the Property

Because ownership of any Authorized Improvements on the property transfers to the buyer when you sell the property, if you do so prior to the end of the assessment term the new owner can assume the assessment. You are obligated to make all legally required disclosures regarding the existence of the assessment lien on the property.

13. Rebates and Taxes

Participation in this Program does not reduce incentives available through federal, state, utility and District sponsored rebate programs. More information on available programs can be found online or through Certified Contractors. Property owners should consult with their tax advisors with respect to the state and federal tax benefits and consequences of participating in the Program.

14. Changes in Program Terms

Program terms, including interest rates and underwriting requirements, can change at any time. However, no such changes will affect your obligation to pay special assessments in accordance with the Program Documents. Participation in the Program is subject to the requirements of Program Report, Program Handbook and Program Documents in effect at the time you apply for financing.

APPENDIX A

AUTHORIZED IMPROVEMENTS

The Program offers financing for a variety of energy-efficiency improvements, water conservation improvements, solar and other distributed generation systems, ~~and~~ electric vehicle charging infrastructure and seismic strengthening improvements. In each case, any rebates received by or approved for property owners prior to funding must be deducted from the amount of financing requested. In addition, property owners are encouraged to pursue the most cost effective improvements (or combination of improvements) to maximize their long-term utility savings and return on investment. This list is not intended to be comprehensive. Any projects that measurably save energy beyond the level required by legislation, or that generate renewable energy, ~~or~~ add to the conservation of water resources or improve the seismic safety of homes and buildings, can be financed through the program. Consult the Program Administrator for details.

Energy-Efficiency Improvements

- Air sealing and ventilation
- Air filtration
- Building envelope
- Duct leakage and sealing
- Bathroom, ceiling, attic, and whole-house fans
- Insulation
- Defect correction
- Attic, floor, walls, roof, ducts
- Weather-stripping
- Sealing
- Geothermal exchange heatpumps
- HVAC systems
- Evaporative coolers (coolers must have a separate ducting system from ducting for air- conditioning systems and heating systems)
- Natural-gas-storage waterheater
- Tank-less water heater
- Solar-water-heater system
- Reflective insulation or radiant barriers
- Cool roof
- Windows and glass doors (U value of 0.40 or less and solar-heat-gain coefficient of 0.40 or less)
- Window filming
- Skylights
- Solar tubes
- Additional building openings to provide addition natural light
- Lighting (fixture retrofits only)
- Pool equipment (circulating pumps, etc.)

Other Non-residential Building Improvements

- Occupancy-sensor lighting fixtures
- SMART parking-lot bi-level fixture
- SMART parking-garage bi-level fixtures
- SMART pathway lighting
- SMART wall-pack fixtures
- Task ambient office lighting
- Classroom lighting
- Refrigerator case LED lighting with occupancy sensors
- Wireless daylight-lighting controls
- Kitchen exhaust variable air-volume controls
- Wireless HVAC controls & fault detection

Renewable-Energy Improvements (Photovoltaic and Solar-Thermal Equipment)

- Solar thermal hot-water systems
- Solar thermal systems for pool heating
- Photovoltaic systems (electricity)
- Emerging technologies

Water-Conservation Improvements

- Faucet aerators
- Core-plumbing systems
- Gray-water systems
- Instantaneous hot-water heaters
- Recirculation hot-water systems
- Demand initiated hot-water systems
- Hot-water pipe insulation
- Irrigation-control systems
- Irrigation systems
- Rainwater cisterns
- Low-flow showerheads
- High-efficiency toilets
- Demand water softeners
- Whole-house water-manifold systems

The following water-conservation improvements are approved for non-residential applications:

- Cooling-condensate reuse
- Cooling-tower conductivity controllers
- Deionization equipment
- Filter upgrades
- Foundation drain water
- Industrial-process water-use reduction
- Pre-rinse spray valves
- Recycled water sources
- Urinals
- Waterless urinals

Seismic Strengthening Improvements

- Foundation bolting
- Cripple wall bracing
- Installation of shear walls
- Work to repair or replace substandard foundations
- Other structural strengthening improvements
- Securing of chimneys and stacks
- Other abatement of falling hazards
- Anchoring of existing water heaters
- Improvements providing safe entry and exit
- Other seismic strengthening work that meets acceptable engineering standards

Comment [DBR1]: Ygrene to insert detail

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Custom Improvements

The Program Administrator can evaluate and approve financing for Eligible Improvements that are not "off the shelf" ("Custom Improvements"). Custom Improvements may involve large-scale industrial or commercial energy-efficiency improvements; processing or industrial mechanical systems; and renewable energy generation from sources such as geothermal and fuel cells. Custom Improvements that will be considered for Program funding include the following:

- Building energy-management controls
- HVAC duct zoning-control systems
- Irrigation pumps and controls

- Lighting controls
- Industrial- and process-equipment motors and controls
- Fuel cells
- Wind-turbine power systems
- Natural gas
- Hydrogen fuel
- Electric Vehicle charging stations
- Other fuel sources (emerging technologies)
- Co-generation (heat and energy)

**APPENDIX B
SAMPLE THREE-DAY RIGHT TO CANCEL**

Your Right to Cancel

You are entering into an Assessment Contract for financing under the Program that will result in an assessment lien being placed on your property at the following address:

Ygrene is offering you the right to cancel this transaction without cost within three (3) business days from the date you execute the Assessment Contract.

If you cancel this transaction during this three-day period, the Authority will not record the assessment lien on the property.

Acknowledgement of Receipt

I/We hereby acknowledge reading and receiving a copy of this Notice of Right to Cancel.

_____, 20____
Owner No.1 Signature Date

_____, 20____
Owner No. 2 Signature Date

_____, 20____
Owner No.3 Signature Date

_____, 20____
Owner No. 4 Signature Date

How to Cancel

If you decide to cancel this transaction, you must notify the Program Administrator in writing at 100 B Street, Santa Rosa, CA 95401 or by emailing your cancellation to laura.choi@ygrene.us. You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below.

I Wish to Cancel

_____, 20____
Owner Signature Date

I would like to cancel my Assessment Contract for the reason(s) described below:

APPENDIX C UNDERWRITING REQUIREMENTS

Underwriting. All property owners, and improved properties in the District(s) that meet the Program's criteria for approved property types, must meet the following underwriting criteria for participation:

- Address. The property must be improved or will be improved by the project, be located within the program boundaries and must be on the property tax rolls or capable of being added to the rolls.
- Applicant. All owners of record must agree to participate and be willing to execute the Financing Agreement.
- Mortgage Debt. Prior to Program funding, mortgage debt must not exceed a certain percentage of the market value of the property as set forth on the Program website. Total debt on the property including Program financing must not exceed the market value of the property. For property owners who obtain lender consent, these requirements may be waived.
- Mortgage Payments. Property owners must have no recorded notice of default on the property during the period specified on the Program website. For property owners who obtain lender consent, this requirement may be waived.
- Property Taxes. Property owners must be current on their property taxes.
- Bankruptcy. Property owners must not be in bankruptcy.
- Involuntary Liens. There must be no involuntary liens on the property that reflect financial distress.
- Maximum Financing. Funding requests must not exceed limits provided by the Act. Projects with funding requests exceeding \$100,000 may require additional underwriting during the project approval phase.
- Minimum Financing. Minimum funding request is \$2,500.
- Other: Property owners must authorize Ygrene to notify all existing mortgage holders of their intent to participate in the program.
- Property owners may be asked to provide utility records for the property for the two years prior to completion of the project.
- For property owners whose FICO score is 700 or greater, as reported by Equifax, Experian, TransUnion or other reputable national credit bureau, the requirements above related to mortgage debt currency, late payment of mortgages, property tax currency and involuntary liens may be waived.

These requirements may change from time to time. The most up-to-date Program requirements are available on the Program website or from a Ygrene customer service representative.

To: GSFA Board of Directors
From: Greg Norton, Executive Director
Craig Ferguson, Vice President
Date: April 12, 2016
Re: **Resolution 2016-05: Limited Obligation Improvement Bonds
Revised to Include Seismic Improvement Financing - ACTION**

Summary

Following approval of Resolution 2016-04 authorizing the financing of seismic strengthening improvements as part of the GSFA/Ygrene PACE program, Resolution 2016-05 authorizes revisions to the Limited Obligation Improvement Bonds to include the use of proceeds to finance the installation of seismic strengthening improvements. The seismic installation improvements will occur under the AB 811 structure utilizing voluntary contractual assessments.

Resolution 2016-05 reaffirms the Bond documents previously approved by Resolution 2014-09 and reaffirms the approval of the sale of Bonds as set forth in the applicable Trust Indenture. Resolution 2016-05 also authorizes the filing of Application for Amendment to the Validation Judgment by Best Best & Krieger LLP (BBK) and approves other necessary actions.

Recommendation:

It is recommended that the GSFA Board of Directors review and approve Resolution 2016-05:

- Approving and authorizing revisions to the Limited Obligation Improvement Bonds to include the use of proceeds to finance the installation of seismic strengthening improvements;
- reaffirming the Bond documents previously approved by Resolution 2014-09;
- reaffirming the approval of the sale of Bonds as set forth in the applicable Trust Indenture;
- authorizing Best Best & Krieger LLP (BBK) to file and prosecute on the Authority's behalf, an amendment to the Judgment Validation; and
- approving and authorizing other necessary actions.

Attachments

- Resolution 2016-05

GOLDEN STATE FINANCE AUTHORITY

RESOLUTION NO. 2016-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE GOLDEN STATE FINANCE AUTHORITY AUTHORIZING ISSUANCE OF LIMITED OBLIGATION IMPROVEMENT BONDS TO INCLUDE SEISMIC IMPROVEMENTS, APPROVING AND DIRECTING THE EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED ACTIONS

WHEREAS, on September 26, 2014, the Board of Directors of the California Home Finance Authority, now known as the Golden State Finance Authority (“Authority”) adopted Resolution No. 2014-05, “Resolution of the Board of the California Home Finance Authority Declaring Its Intention to Finance Distributed Generation Renewable Energy Sources and Energy Efficiency Improvements Through the Use of Voluntary Contractual Assessments Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code and Setting a Public Hearing Thereon” (the “Resolution of Intention”), to initiate proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California (“Chapter 29”), and the Joint Exercise of Powers Agreement of the Golden State Finance Authority, originally made and entered July 1, 1993, as further amended to date, for implementation of a property-assessed clean energy (“PACE”) program to finance the installation of distributed generation renewable energy sources, energy or water efficiency improvements or electric vehicle charging infrastructure, the Authority proposed to establish the CHF PACE Program, to assist property owners within the jurisdictional boundaries of each Participating Party (as defined below) with the cost of installing distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the “Authorized Improvements”) that are permanently fixed to real property; and

WHEREAS, on December 10, 2014, after holding a duly noticed public hearing at which interested persons were allowed to object to or inquire about the proposed CHF PACE Program, the report prepared pursuant to Section 5898.22 of Chapter 29 addressing all of the matters required to be included therein (the “Program Report”) or any of its particulars, the Board of Directors adopted Resolution No. 2014-08, entitled “Resolution Confirming the Report Relating to the Financing of the Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure and Approving and Ordering Other Related Matters,” (the “Resolution Confirming Program Report”), pursuant to which the Board of Directors, among other things, (i) confirmed and approved the Program Report, (ii) established the CHF PACE Program; (iii) approved the form and authorized execution of agreements (“Assessment Contracts”) with the owners of property located within the boundaries of the Program Area to provide for the levy of such voluntary contractual assessments (the “Contractual Assessments”) to finance installation of Authorized Improvements; and (iv) authorized the filing of a civil validation action under California Government Code section 53111 and Code of Civil Procedure sections 860 *et seq.* in

Sacramento County Superior Court seeking a validation judgment that the contractual assessments, bonds, contracts, obligations or evidences of indebtedness arising out of the establishment and implementation of the CHF PACE Program and all matters, agreements and procedures related thereto, are in all respects legal, valid and binding; and

WHEREAS, on December 10, 2014, the Board of Directors adopted Resolution No. 2014-09 Authorizing Issuance of the Limited Obligation Improvement Bonds, Approving and Directing the Execution of Related Documents and Approving Related Actions;

WHEREAS, the Authority obtained a Judgment of Validation in an action entitled *California Home Finance Authority doing business as Golden State Finance Authority v. All Persons, etc.* (Sacramento County Superior Court Case No. 34-2015-00174212) validating the CHF PACE Program and all actions taken with respect to its formation as lawful and valid, and authorizing the implementation of the CHF PACE Program, including the issuance of limited obligation improvement bonds; and

WHEREAS, Section 5899 of Chapter 29 authorizes a PACE program to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property; and

WHEREAS, on April 21, 2016, the Board of Directors adopted Resolution No. 2016-04 Confirming the Revised Program Report and all related documents to add seismic improvements to the list of Authorized Improvements that may be financed by the CHF PACE Program;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Golden State Finance Authority as follows:

Section 1. Authorization of the Issuance of the Bonds. Pursuant to Resolution No. 2014-09, the Board previously authorized the issuance of one or more series or subseries of the Bonds under and pursuant to Chapter 29 and the Bond Act. This authorization shall include the use of proceeds of Bonds to finance the installation of seismic improvements pursuant to Chapter 29.

Section 2. Previous Approval of Trust Indenture, Purchase Agreement and Form of Bonds Re-Affirmed. Pursuant to Resolution No. 2014-09, the Board of Directors previously approved the proposed form of Trust Indenture, Purchase Agreement and Form of Bonds, and such approvals are hereby re-affirmed to include any changes to such documents necessitated by the addition of seismic improvements as Authorized Improvements that may be financed with the proceeds of Bonds.

Section 3. Previous Approval of Sale of the Bonds. Pursuant to Resolution No. 2014-09, the Board of Directors authorized the sale of the Bonds to Ygrene Energy Fund, Inc. ("Ygrene") or any assignee thereof approved by the Authority (the "Bonds Purchaser") provided that the conditions for issuance of any series or subseries of Bonds

set forth in the applicable Trust Indenture have been satisfied. Such prior approval is hereby re-affirmed.

Section 4. Appointment of Trustee. Zions First National Bank is appointed as Trustee pursuant to the Trust Indenture to take any and all actions provided for therein to be taken by the Trustee.

Section 5. Official Actions. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of GSFA, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the documents approved pursuant to this Resolution. All actions heretofore taken by the officers and agents of GSFA with respect to the establishment of the CHF PACE Program and the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 6. Authorization to File Application for Amendment to Validation Judgment. The Authority's special counsel, Best, Best & Krieger LLP is hereby authorized and directed to file and prosecute on the Authority's behalf, an amendment to the Judgment of Validation entered into in the matter of *California Home Finance Authority dba Golden State Finance Authority v. All Persons, etc.* (Sacramento County Superior Court Case No. 34-2015-00174212) that the Bonds and all procedures taken by the Authority with respect to the addition of seismic improvements as improvements that may be financed with the proceeds of Bonds, are in all respects proper, legal, valid and binding.

Section 7. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Golden State Finance Authority held on April 21, 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

GSFA Chair

ATTEST:

GSFA, Secretary of the Board



Golden State Finance Authority (GSFA)
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfahome.org

To: GSFA Board of Directors
From: Greg Norton, Executive Director
Date: April 12, 2016
Re: GSFA Membership Status Update

Summary

At the January 20, 2016 GSFA Board meeting, the Board approved Resolution 16-01 fulfilling the Board's responsibilities of governance required in the Joint Exercise of Powers Agreement by documenting the process by which the Authority accepts associate members. Among other related items, the Resolution approved acceptance of the new Associate Members joining GSFA during 2016.

At the meeting, it was stated that updates will be provided at future GSFA Board of Directors meetings on the status of membership and associate membership as appropriate. At the March Board meeting it was reported that GSFA had added 25 additional associate member cities during January and February 2016. For the month of March 2016 GSFA has added 10 more cities as associate members.

The current list of GSFA members and associate members (attached) through March 31, 2016 is provided for the Board of Directors' information. Currently GSFA membership includes thirty-three regular member counties. Additionally, GSFA membership includes twenty-two associate member counties, one-hundred forty-four associate member cities and one associate member joint powers authority.

Attachments

- GSFA Member and Associate Member List (through March 31, 2016)



Golden State Finance Authority (GSFA)
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfahome.org

MEMBERS

Alpine County
Amador County
Butte County
Calaveras County
Colusa County
Del Norte County
El Dorado County
Glenn County
Humboldt County
Imperial County
Inyo County

Lake County
Lassen County
Madera County
Mariposa County
Mendocino County
Merced County
Modoc County
Mono County
Napa County
Nevada County
Placer County

Plumas County
San Benito County
Shasta County
Sierra County
Siskiyou County
Sutter County
Tehama County
Trinity County
Tuolumne County
Yolo County
Yuba County

ASSOCIATE MEMBERS

Alameda County
Contra Costa County
Fresno County
Kern County
Kings County
Marin County
Monterey County
Orange County

Riverside County
Sacramento County
San Bernardino County
San Diego County
San Francisco County
San Joaquin County
San Luis Obispo County
San Mateo County

Santa Cruz County
Solano County
Sonoma County
Stanislaus County
Tulare County
Ventura County

ASSOCIATE MEMBER JOINT POWERS AUTHORITY (JPA)

Independent Cities Finance Authority (ICFA)

ASSOCIATE MEMBER CITIES

Aliso Viejo (Orange County)
Alturas (Modoc County)
American Canyon (Napa County)
Angels Camp (Calaveras County)
Antioch (Contra Costa County)
Arcata (Humboldt County)
Atwater (Merced County)
Avenal (Kings County)
Bakersfield (Kern County)
Baldwin Park (Los Angeles County)

Beaumont (Riverside County)
Bell (Los Angeles County)
Bellflower (Los Angeles County)
Belvedere (Marin County)
Benicia (Solano County)
Brea (Orange County)
Brentwood (Contra Costa County)
Buena Park (Orange County)
Burlingame (San Mateo County)
Calabasas (Los Angeles County)

ASSOCIATE MEMBER CITIES (continued)

Camarillo (Ventura County)	Lemoore (Kings County)
Carlsbad (San Diego County)	Lomita (Los Angeles County)
Carson (Los Angeles County)	Los Angeles (Los Angeles County)
Chino (San Bernardino County)	Lynwood (Los Angeles County)
Citrus Heights (Sacramento County)	Madera (Madera County)
Clovis (Fresno County)	Malibu (Los Angeles County)
Colton (San Bernardino County)	Manteca (San Joaquin County)
Compton (Los Angeles County)	Martinez (Contra Costa County)
Concord (Contra Costa County)	Mill Valley (Marin County)
Corcoran (Kings County)	Mission Viejo (Orange County)
Costa Mesa (Orange County)	Montclair (San Bernardino County)
Crescent City (Del Norte County)	Moorpark (Ventura County)
Danville (Contra Costa County)	Morro Bay (San Luis Obispo County)
Del Mar (San Diego County)	Mount Shasta (Siskiyou County)
Dunsmuir (Siskiyou County)	Napa (Napa County)
El Cajon (San Diego County)	National City (San Diego County)
El Segundo (Los Angeles County)	Newport Beach (Orange County)
Elk Grove (Sacramento County)	Novato (Marin County)
Encinitas (San Diego County)	Oakland (Alameda County)
Escondido (San Diego County)	Oakley (Contra Costa County)
Eureka (Humboldt County)	Oceanside (San Diego County)
Fairfax (Marin County)	Orland (Glenn County)
Fairfield (Solano County)	Oroville (Butte)
Firebaugh (Fresno County)	Palmdale (Los Angeles County)
Fontana (San Bernardino County)	Paramount (Los Angeles County)
Fort Bragg (Mendocino County)	Placerville (El Dorado County)
Foster City (San Mateo County)	Point Arena (Mendocino County)
Fresno (Fresno County)	Poway (San Diego County)
Galt (Sacramento County)	Rancho Cordova (Sacramento County)
Garden Grove (Orange County)	Redondo Beach (Los Angeles County)
Gardena (Los Angeles County)	Reedley (Fresno County)
Glendora (Los Angeles County)	Rialto (San Bernardino County)
Hanford (Kings County)	Rio Dell (Humboldt County)
Hawthorne (Los Angeles County)	Rolling Hills Estates (Los Angeles County)
Hayward (Alameda County)	Sacramento (Sacramento County)
Hesperia (San Bernardino County)	Salinas (Monterey County)
Huntington Beach (Orange County)	San Anselmo (Marin County)
Huron (Fresno County)	San Diego (San Diego County)
Imperial Beach (San Diego County)	San Fernando (Los Angeles County)
Ione (Amador County)	San Jacinto (Riverside County)
Irwindale (Los Angeles County)	San Jose (Santa Clara County)
Jackson (Amador County)	San Luis Obispo (San Luis Obispo County)
La Habra (Orange County)	San Marino (Los Angeles County)
La Mesa (San Diego County)	San Mateo (San Mateo County)
Lafayette (Contra Costa County)	San Rafael (Marin County)
Lake Forest (Orange County)	San Ramon (Contra Costa County)
Lancaster (Los Angeles County)	Santa Ana (Orange County)
Larkspur (Marin County)	Santa Fe Springs (Los Angeles County)
Lemon Grove (San Diego County)	Santa Monica (Los Angeles County)



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ASSOCIATE MEMBER CITIES (continued)

Santee (San Diego County)
Sausalito (Marin County)
Shasta Lake (Shasta County)
Solana Beach (San Diego County)
South San Francisco (San Mateo County)
Suisun City (Solano County)
Taft (Kern County)
Tehama (Tehama County)
Thousand Oaks (Ventura County)
Tiburon (Marin County)
Torrance (Los Angeles County)
Tracy (San Joaquin County)
Trinidad (Humboldt County)

Twentynine Palms (San Bernardino County)
Ukiah (Mendocino County)
Union City (Alameda County)
Upland (San Bernardino County)
Vacaville (Solano County)
Vallejo (Solano County)
Ventura (Ventura County)
Vista (San Diego County)
Waterford (Stanislaus County)
Westminster (Orange County)
Williams (Colusa County)
Willits (Mendocino County)
Willows (Glenn County)

Name _____

Phone Number

Provide documentation for expenses as required in the Travel and Expense Policy for Delegates. Mileage expenses may not exceed \$0.54 per mile. For lodging in the Sacramento area, reimbursement will include lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$112 per night. Meal allowances may not exceed \$8 for breakfast, \$12 for lunch, and \$25 for dinner without prior approval, except as noted in the Travel and Expense Policy.

Mail Payment To:

Address:

Approved By: _____

Amount:
