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**PACE Funding Program Handbook**



**California (CSCDA)**

**Residential Property Owner**  
**PACE Program Handbook**

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## PACE Funding Program Handbook

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## PACE Funding Program Handbook

### 1. Introduction

#### 1.1 Program Overview

Home Run Financing’s Property Assessed Clean Energy (“PACE”), Program, offered through the California Statewide Community Development Authority (“CSCDA or Program Sponsor”), is an innovative way for Property Owners to finance the installation of solar, energy efficiency, water efficiency, seismic strengthening, and electric vehicle charging infrastructure improvements to their homes (“Eligible Products”) as a way to reduce their energy and/or water usage which would lower their utility bill and carbon footprint.

Property Owners in participating cities and counties may borrow money through the PACE Funding Program (the “Program”) to finance Eligible Products. Participation in the Program is completely voluntary, requiring full consent of all owners on the property title. Property Owners agree to repay the amount financed over either a 5-, 10-, 15-, 20-, 25-, or 30 year period dependent upon the expected useful life of the Eligible Products being financed. Property Owners repay the financing through semi-annual installments collected on their property taxes through a property tax assessment lien (“PACE Assessment”).

To see if your city or county is a Participating Community, please check the Program Website ([www.homerunfinancing.com/pace-funding/communities-we-serve/california](http://www.homerunfinancing.com/pace-funding/communities-we-serve/california)) or in Appendix 6.3 of this Handbook. Property Owners are required to be on the property title and meet all the eligibility requirements to qualify for financing.

#### 1.2 Contacts

##### Program Sponsor - California Statewide Community Development Authority (CSCDA)

|         |  |
|---------|--|
| Phone   | 800 531-7476   |
| Email   | info@cscda.org   |
| Address | 1700 North Broadway, Suite 405<br>Walnut Creek, CA 94596             |
| Website | <a href="http://www.cscda.org/Open-PACE">www.cscda.org/Open-PACE</a> |

##### Program Administrator – Home Run Financing PACE Funding

|               |  |
|---------------|--|
| Program Phone | (844) USE-PACE   |
| Program Email | <a href="mailto:operations@homerunfinancing.com">operations@homerunfinancing.com</a> |

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|                           |  |
|---------------------------|--|
| Eligible Contractor Email | operations@homerunfinancing.com                      |
| Address                   | 750 University Ave, Suite 140<br>Los Gatos, CA 95032 |
| Website                   | www.homerunfinancing.com                             |

### 1.3 Call Center Hours

#### Applications, Eligible Contractor and Program Information

Approved Contractors will initiate an application request and homeowners will receive a secured link to a web-based application form. Once submitted, the application will be underwritten and a decision will be rendered and communicated to the applicant(s). General questions about the Program can be answered by visiting <http://www.homerunfinancing.com> or by calling Home Run PACE Funding at (844) USE – PACE. Program call center hours are:

|                  |                              |
|------------------|------------------------------|
| Monday – Friday: | 5:00AM (PST) – 9:00PM (PST)  |
| Saturday         | 6:00 AM (PST) – 8:00PM (PST) |
| Sunday           | 7:00 AM (PST) – 8:00PM (PST) |

### 1.4 California Statewide Community Development Authority Overview

The California Statewide Communities Development Authority (“CSCDA”) was created in 1988, under California’s Joint Exercise of Powers Act, to provide California’s local governments with an effective tool for the timely financing of community-based public benefit projects.

Although cities, counties and special districts are able to issue their own debt obligations or serve as a conduit issuer of private activity bonds that promote economic development and provide critical community services, many local agencies find stand-alone financings too costly or lack the necessary resources or experience to facilitate the bond issuance and perform post-issuance activities for the term of the bonds. In response, CSCDA was created by and for local governments in California, and is sponsored by the California State Association of Counties and the League of California Cities.

Currently, more than 500 cities, counties and special districts have become Program Participants to CSCDA – which serves as their conduit issuer and provides access to an efficient mechanism to finance locally approved projects. CSCDA helps local governments build community infrastructure, provide affordable housing, create jobs, make access available to quality healthcare and education, and more. CSCDA provides an important resource to our local government members.

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In 2015 CSCDA launched an Open PACE platform (“CSCDA Open PACE Program”), a turnkey resource for residential property owners to allow the financing of certain distributed generation renewable energy sources, energy efficiency improvements, water efficiency improvements, seismic strengthening improvements, electric vehicle charging infrastructure and such other work, infrastructure or improvements as may be authorized by law from time to time that are permanently fixed to real property (the “Authorized Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the California Streets & Highways Code (“Chapter 29”) and the issuance of improvement bonds under the Improvement Bond Act of 1915 (California Streets and Highways Code Section 8500 and following) (the “1915 Act”).

In the same year, CSCDA appointed PACE Funding Group LLC (“PACE Funding”) as a program administrator (“Program Administrator”). PACE Funding’s program is herein referred to as the “PACE Funding Program”. In 2021 PACE Funding Group became Home Run Financing.

California cities and counties must be a member of CSCDA and adopt a resolution to opt-in to CSCDA Open PACE in order to participate. If your jurisdiction is interested in joining the program, please visit [cscda.org/property-assessed-clean-energy-programs](https://cscda.org/property-assessed-clean-energy-programs)

### 1.5 Future Program Changes and Disclaimers

The Program Administrator reserves their right to change the Program and its terms at any time; however, any such change will not affect a Property Owner’s existing Annual PACE Assessment Obligation agreed to in an executed PACE Assessment Contract.

All applicants **must** (and interested parties such as Eligible Contractors should) read the Handbook with a focus on the Section 5, Additional Terms and Requirements, which describes many of the legal issues associated with the Program, including the responsibilities and obligations of both participating Property Owners, Eligible Contractors, and the Program Administrator. **Applicants will be required to certify that they have read the Handbook as a precondition to participating in the Program.**

## 2. Program Eligibility Requirements

A summary of eligibility requirements is listed below with details on each requirement provided in sections 2.1 – 2.9. General questions about the Program can be answered by visiting the Program Website at [www.homerunfinancing.com](https://www.homerunfinancing.com) or calling the Program’s toll free hotline 1-844 USE – PACE.

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### PROPERTY

Property must be Residential and pay property taxes.

Property must be in a participating community.

New construction is not eligible unless a certificate of occupancy has been obtained.

Manufactured and mobile homes can be approved if permanent affixed to real property and not located in a mobile home park and the mobile/manufactured homeowner also owns the underlying land and pays real property taxes.

Property is held in a trust or owned by another legal entity are eligible subject to the conditions contained herein.

Property value is determined by obtaining results from at least three automated valuation models and choosing the one with the highest confidence score.

The Property cannot have any current involuntary liens or judgments greater than \$1,000

The Property cannot be subject to any notices of default.

### PROPERTY OWNERS

Applicant(s) must be the owner(s) of record of the subject property.

All Property Owners must sign all required documentation, including but not limited to the application, the Completion Certificate and the PACE Assessment Contract with all other required Financing Documents.

All debt secured by the subject property must be current and have no more than 1 late payment thirty days past due for the twelve (12) months prior to application date (or since purchase if owned for less than 12 months).

Property taxes must be current. Property Owner(s) must certify that property taxes have not been paid late more than once during the prior 3 years (or since purchase if owned by them for less than 12 months).

The subject property may not be subject to any default.

The Property Owners must demonstrate the ability to pay the annual assessment amount. That ability is measured subtracting living expenses, including mortgage and other debt payment obligations, insurance,

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property taxes, HOA dues, alimony and child support obligations, and general cost of living assumptions, from the Property Owners annual income. The difference must be more than the expected annual assessment payment.

No Property Owner has had any active bankruptcies within the past 4 years, provided, however, that this criterion can be met if the bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and non-mortgage) past due for more than 30 days in the most recent 12 months.

Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien.

Property Owners must be working with an approved Eligible Contractor, no self-installation is permitted.

The property may have no more than one other PACE assessment on the property.

The property may not be subject to a reverse mortgage.

### ELIGIBLE PRODUCTS

Eligible Products are identified by the Eligible Products guidelines attached as Appendix 6.3.

All products and materials must be new; used, refurbished or remanufactured products are not eligible.

### ELIGIBLE CONTRACTORS

Only Eligible Contractors that have been approved by a Program Administrator may complete Projects financed by the Program.

Eligible Contractor must be in good standing with the California State License Board (“CSLB”).

Eligible Contractors may only perform work for which they have the appropriate CSLB license.

Eligible Contractors must have general liability and workers compensation insurance and are required to carry a bond that adequately protects the Property Owner for the Project costs.

### PACE ASSESSMENT AMOUNTS

The minimum PACE Assessment amount is five thousand dollars (\$5,000).



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The Maximum Assessment amount is the lesser of two hundred thousand dollars (\$200,000) or up to 14.99%\* of the Property Value. The combined amount financed under the program plus mortgage related debt may not exceed 97% of the Property Value.

The total annual property tax and PACE Assessment payments on a subject property may not exceed five percent (5%) of the subject property's market value.

The Term(s) cannot exceed the useful life of the Eligible Product.

\*Note that 14.99% of Property Value is only available for first \$700K of the Property Value then it should be for less than 10% is applied.

### 2.1. Eligible Property Types & Requirements

To be eligible, the Property must be Residential, pay property taxes, and meet the requirements as set forth below:

#### Eligible Community

The Property must be located within a county or city that (a) is a member of CSCDA Open PACE and (b) is participating in the Program by adopting an authorizing resolution in compliance with applicable law. A current list of Participating Communities in the Program can be found at

<http://www.homerunfinancing.com/communities-we-serve>

#### New Construction

New construction is not eligible unless certificate of occupancy has been obtained.

#### Mobile & Manufactured Homes

Mobile homes and manufactured homes are eligible if the homes are permanently attached to the real property, and if the mobile/manufactured home owner(s) also own the underlying land and pay real property taxes (not DMV fees).

#### Homeowners Associations

Properties within Homeowners Associations ("HOA") are eligible, subject to HOA restrictions. It is the Property Owner(s) sole responsibility to ensure that the installed products meet all HOA requirements. The Program and Program Administrators are not responsible for any claims made by an HOA. If a HOA requires a Property Owner to remove and or modify any improvements financed by the Program, the Property Owner is still responsible for making payments as agreed in the PACE Assessment Contract.

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### Equity Requirements

The subject property must have at least 10% equity after all mortgage-related debt is considered. In addition, the sum of all debt secured by the subject property, inclusive of the PACE financing and all involuntary liens as described herein, must not exceed 100% of the Property Value.

### Properties held in Trusts and Corporate Entities

If the property is held in a trust or owned by a legal entity such as a corporation or LLC, the property may be eligible for Program participation provided that the applicant(s) produce documentation from the legal entity granting the applicant(s) the authority to enter into such a transaction.

### Liens

The subject property must not have any Federal, State, or involuntary liens with a balance greater than one thousand dollars (\$1,000). Prohibited liens do not include community facilities district assessments or other financing district liens placed on all properties in that particular financing district.

However, if any of the above-mentioned liens exist, the Property Owner(s) may provide documentation of a payment arrangement with a term of less than 12 months to satisfy this requirement, provided however that the sum of the lien balance and mortgage balance conforms to the equity requirements described herein.

### Bankruptcy

No homeowner Property Owner with a history of any active bankruptcies within the past 7 years, provided, however, that this criterion can be met if the bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and nonmortgage) past due for more than 60 days in the most recent 24 months.

## 2.2. Property Owners

To be eligible, the Property Owner(s) must meet the following criteria:

### Owner of Record

Applicant(s) must be the owner(s) of record according to the property's title records recorded with the Participating County.

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### **Mortgage Status**

All debt secured by the subject property must be current. Property Owner(s) cannot have had more than one mortgage payment 30 days late from 12 months prior to application through funding (or no late payments since the purchase of the Property if owned less than 12 months).

### **Property Tax Status**

All property taxes for the assessed property must be current for the previous three years or since the current owner(s) acquired the Property, whichever period is shorter. The Property owner(s) must certify that property taxes have not been paid late more than once during the prior three years (or no late payments since the purchase of the Property if owned less than 12 months).

### **Approval**

All Property Owners of record must sign the Required Program Documents as described in the Required Documents sections of this Program Handbook.

## **2.3 Eligible Products**

The Program offers a way for Property Owners to finance the installation of solar, energy efficiency, water efficiency, seismic strengthening, electric vehicle charging infrastructure, and fire hardening products that will be permanently fixed to property. The PACE Assessment Contract can be used to cover the cost of a Project to include but not limited to: products, materials, professional installation, analysis, design, drafting, engineering, permitting, inspections and fees. Neither the Installation Contract nor PACE Assessment can include products that are not eligible for PACE nor any labor charges that are not directly related to the installation of Eligible Products. The initial Eligible Products are identified by the initial Eligible Products and Useful Life Schedule attached as Appendix 6.3, and the Program Administrator may update the product eligibility guidelines and, accordingly, the list of Eligible Products authorized for financing from time to time. To be eligible the Project must meet the following criteria:

### **Approved Products**

Products must be approved by the Program Administrator, and meet minimum energy production, energy efficiency, water conservation, water efficiency, seismic strengthening, fire hardening and/or other requirements. Product guidelines and eligibility criteria is attached as Appendix 6.3 and available on the Program website at <http://www.homerunfinancing.com>.

### **New Products and Custom Projects**

Property Owners who would like to install a product that is not on the Eligible Product List can fill out and submit a New Product Application Form. This form is typically filled out by the Eligible

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Contractor. The Program will review the new product request and determine if the product meets necessary energy efficiency performance attributes, and business objectives of PACE Funding. A decision will be made by the Program to add the new product to the Eligible Product and Useful Life Schedule, not approve the new product, or consider it a Custom Project (defined below). All such decisions are made at the sole discretion of the Program Administrator.

A Custom Project is defined to be a one-time requirement whereby the circumstances are such that the Project (product included) passes the energy and/or water efficiency scrutiny in the specific case that is being requested. Approval of a Custom Project for one property will not be considered to establish a precedent that would necessarily be applied to other homes such that it should be considered a new product or placed on the Eligible Product schedule. The Program Administrator reserves the sole right to approve or disapprove of new products and Custom Projects.

### **No Used Products**

All products and materials must be new. Used, refurbished or remanufactured products are not eligible for PACE financing.

### **Permanently Affixed**

Eligible products must be permanently affixed to the subject property.

### **Third Party Transactions**

The Program may be used in conjunction with third party transactions, including, but not limited to, leases and PPAs as long as such transactions do not require any further payment obligations to the PPA or lease provider by the home owner for the Term of the Assessment Contract. If the financing of the Eligible Products are structured through a power purchase agreement (“PPA”) or lease, the PPA or lease must be prepaid in whole, and include no further payment obligations to the PPA or lease provider by the Property Owner for the Term of the PACE Assessment Contract, and the power purchase agreement or lease must contain all of the following provisions:

- (a) The term of the power purchase agreement or lease is at least as long as the Term of the related Assessment Contract.

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- (b) The owner of the attached system agrees to install, maintain, and monitor the system for the entire term of the power purchase agreement or lease.
- (c) The owner of the attached system is not permitted to remove the system prior to completion of the term of the assessment.
- (d) After installation, the power purchase agreement or lease is paid, either partially or in full, using the funds from the PACE Assessment.
- (e) The right to receive the electricity from the system, through a power purchase agreement or lease or the right to the system itself, is tied to the ownership of the Real Property and is required to be automatically transferred with the title to the Real Property whether the title is transferred by voluntary sale, judicial or nonjudicial foreclosure, or by any other means.
- (f) The power purchase agreement or lease identifies CSCDA as a third-party beneficiary of the power purchase agreement or lease until the assessment lien on the property has been fully paid and, only until that time, prohibits amendments to the power purchase agreement or lease without the consent of CSCDA.
- (g) In order to ensure that the Property Owner is guaranteed the electric power from the system for the length of the Assessment, the system shall not be removed if the owner of the attached system is not performing its obligations under the contract, and the owner of the attached system does both of the following:
  - (A) Covenants in its contract with the Property Owner that neither the owner of the attached system nor any successor in interest will remove or permanently decommission the attached system during the term of the contract.
  - (B) Warrants in the contract with the Property Owner that no assignee, creditor, partner, or owner of the attached system's owner has, as of the date of the contract or during the remaining term of the contract, the right to remove or permanently decommission the attached system.

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### Installation

A licensed Eligible Contractor that is approved by the Program Administrator must complete all installations. No self-installations are permitted. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges.

### 2.4 Eligible Product Costs

Eligible costs under the program include both the cost of eligible equipment and the installation costs. Installation costs may include, but aren't necessarily limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The cost of installing Eligible Products must be reasonable and accomplished within industry guidelines. If the costs reflected in the Completion Certificate exceed industry guidelines, the Program Administrator has the right to refuse to finance any excessive costs and/or request additional documentation to determine the reasonableness of the Completion Certificate.

In addition to financing the eligible equipment and installation costs, this Program also finances the financing costs, referenced in section 3.2.

All available up-front federal, state, or utility rebates that are assignable to the Eligible Contractor must be deducted from the PACE Assessment amount at the time of financing. The Property Owner and the Eligible Contractor are responsible for notifying the Program of the qualification, award or grant of the Eligible Products for any such assignable rebates.

Performance-based incentives which are paid over time are not required to be deducted. State or federal tax credits and rebates that are not assignable to the Eligible Contractor are not required to be deducted from the PACE Assessment amount; however, Property Owners may wish to consider these additional benefits in determining the amount of their financing request.

### 2.5 Participating Eligible Contractors

#### Eligible Contractors

Only Eligible Contractors that have been approved by the Program Administrator may complete Projects financed by the Program. New Eligible Contractors may apply to participate in the Program by contacting the Program Administrator and requesting a new Eligible Contractor application. Upon receiving a completed new Eligible Contractor application, the Program Administrator will review and determine if the Eligible Contractor meets the necessary criteria for Program eligibility. Approval or denial of a new Eligible Contractor shall be at the sole discretion of the Program Administrator.

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For interest parties, please apply either via the hotline at (844) USE-PACE or visit the Program Website at <http://www.homerunfinancing.com>. Typical response time for approval of a complete application is 3-5 business days.

**PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR SELECTING AND ENTERING INTO AN INSTALLATION CONTRACT WITH THE ELIGIBLE CONTRACTOR(S) TO WORK ON THE INSTALLATION OF THEIR PRODUCTS.**

**THE PROGRAM AND THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS DO NOT ENDORSE OR RECOMMEND ELIGIBLE CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH ELIGIBLE CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.**

In addition to meeting the Program Administrator’s application requirements, an Eligible Contractor must meet the following minimum criteria to be register with a Program Administrator:

### **Good Standing**

Eligible Contractor must be in good standing with the California State License Board (“CSLB”).

### **Qualified to Install**

Eligible Contractors may only perform work for which they have the appropriate CSLB license.

### **Installation Warranty**

Eligible Contractors must provide a reasonable warranty as determined by the Program Administrator for all work performed.

### **Quality Control**

The Program Administrator may at their own discretion conduct quality control procedures to ensure that every Project financed by the Program meets the Program and Program Administrator’s eligibility requirements.

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### Inspection

The Program Administrator reserves the right to schedule an on-site validation visit to confirm that the approved Eligible Product was fully and permanently installed either before or after Assessment proceeds have been dispersed.

## 2.6 PACE Assessment Amounts

### Minimum PACE Assessment

The minimum PACE Assessment is five thousand dollars (\$5,000).

### Maximum PACE Assessment

The maximum Assessment is equal to the lesser of up to 14.99% of the first \$700,000 of the market value of the collateral property and 10% of the remaining market value of the property above \$700,000, up to a maximum Assessment of \$200,000.

The contractual PACE Assessment, real property tax and any other special assessments must be less than 15% of the market value of the property.

The Property must have at least 10% equity after all mortgage debt is considered.

The combined Assessment plus the property's mortgage related debt must not exceed 100% of the market value of the property. However, in the event a municipality has a more conservative limitation, then the Maximum Assessment will be no greater than the requirements imposed by the municipality.

The total annual real property tax and assessments, including the PACE Assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.

### Determination of Property Value

The value of the property will be the market value based on an automated valuation model ("AVM") provided by a third party independent vendor selected by the Program. If an AVM value is not available for a particular property, the Program will use the Assessed Value unless the Property Owner can provide an appraisal prepared by a licensed appraiser with a date of value not older than 6 months for the date of application. In addition, if a Property Owner disagrees with the AVM value, the Property Owner may



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choose to pay for an appraisal from a licensed appraiser approved by the Program Administrator and the Program Administrator will review the appraisal and provide a determination at its sole discretion, which shall be final, whether such appraised value may be used for eligibility calculations.

### 2.7 PACE Assessment Terms

The Program offers flexible financing Terms from five (5) to thirty (30) years. The financing Term may not exceed the useful life of the installed Eligible Product. The Program Administrator at its sole discretion determines the useful life and maximum financing term offered for each PACE Assessment, which is set forth in Appendix 6.3, and may be changed from time to time. If the Eligible Products used have a different useful life, the useful life that is applicable to the greatest percentage of the Project will pertain.

### 2.8 Rebates and Tax Credits

Federal, state, or local laws or rebate programs may change at any time. The Program Administrator is not liable for any loss of or change in a rebate or tax credit. Property Owners should consult with their tax advisors and/or accountants as to the applicability of any federal tax credits to their personal tax situation.

### 2.9 Number of PACE Assessments

Property Owner(s) may apply for multiple PACE Assessments under the Program for the same property, or another Property, provided that the sum of all PACE Assessments for that particular property meet all Program guidelines described herein, including but not limited to maximum PACE Assessment amounts.

### 2.10 Fraudulent Activity

Any misrepresentations made to the Program in the application, the Installation Contract or any other document at any time during the Program may cause the Property Owner and/or the Eligible Contractor to be terminated from the Program and may result in legal action. For example, such misrepresentation may, in the sole discretion of the Program, result in a denial of an application, a notification that any installed Eligible Products will be ineligible to be financed by the Program, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

## 3. Financial Terms

Below are the costs associated with the PACE Assessment. All Interest Rates and fees are subject to change. Interest rates and fees for a PACE Assessment are set at the time that Financing Documents are issued. If work is not completed by the Expiration Date indicated on the Financing Documents, then the

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Program Administrator reserves the right to require you to enter into a new PACE Assessment. The new contract may have a different Interest Rate and costs.

### 3.1 Interest Rates

The Interest Rate on the PACE Assessment is set at the sole discretion of the Program Administrator. The final Interest Rate will be established in the Financing Documents. The Interest Rates will remain fixed for the entire term of the PACE Assessment.

#### Interest before First Payment

An amount equal to the interest between the Funding Date and the first payment date (“Capitalized Interest”) will be added to the Principal balance of the PACE Assessment.

Based on the Funding Date of your PACE Assessment Contract, payments on your assessment may not be due until the following tax year. Capitalized Interest is the amount of interest that is added to the PACE Assessment amount for the period prior to when the first PACE Assessment installment payment is made. The amount of Capitalized Interest will be included on your Financing Documents.

### 3.2 PACE Assessment Costs

#### Application

There are no costs to apply for the Program.

#### Program Origination Fee

A Program Origination Fee is a one-time fee that can be financed or paid by the Property Owner(s). The Program Origination Fee covers the cost of issuing the bonds. The Program Origination Fee is identified on the Program Website and included in the Financing Documents.

#### Lien Recording Fee

The Lien Recording Fee is a one-time fee used to record the recording documents at the county recorder’s office. The estimated Lien Recording Fee is identified on the Program Website with the actual county Lien Recording Fee included in the Financing Documents.

#### Annual Ongoing Administrative Fee

The annual ongoing administrative fee is an annual fee for ongoing administrative expenses incurred by the Program in connection with collecting PACE Assessments and the administration and management of the Program. The amount of such fee, if any, will be provided in the Financing Documents.

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### **Loan Loss Reserve Fund**

The Program Administrator requires Property Owner(s) to finance a one-time fee into a reserve fund or account, which would be used to pay debt service on a related series of bonds in the event of PACE Assessment Contract installment delinquencies.

### **Refinancing Expenses**

Costs and expenses associated with refinancing activities, including but not limited to Principal repayment, processing fees, accrued interest and prepayment penalties.

### **Additional Fees**

Additional fees may be applied to each PACE Assessment as specified in the Financing Documents and provided to the Property Owner upon application approval.

## **3.3 Annual Repayments**

Property Owners will repay the principal, interest and applicable fees over the financing term as agreed to and specified in the PACE Assessment Contract, any Addendum, and plus the Notice of Assessment. Payment will be billed and paid as a line item on the property tax bill. Failure to repay as agreed will result in additional interest and penalties and may result in foreclosure and sale of the Property.

## **3.4 Prepayments and Re-amortization**

### **Prepayment**

The PACE Assessment may be prepaid in full or in part at any time with a minimum partial prepayment of \$2,500.

However, if you do prepay the PACE Assessment (i) the whole or portion of the unpaid PACE Assessment and (ii) the accrued but unpaid interest relating to the whole or applicable portion of the unpaid PACE Assessment through the date which the related bonds will be redeemed must be paid. All prepayments must be received by the Program Administrator 50 days prior to the date on which the related bonds will be redeemed.

### **Re-amortization**

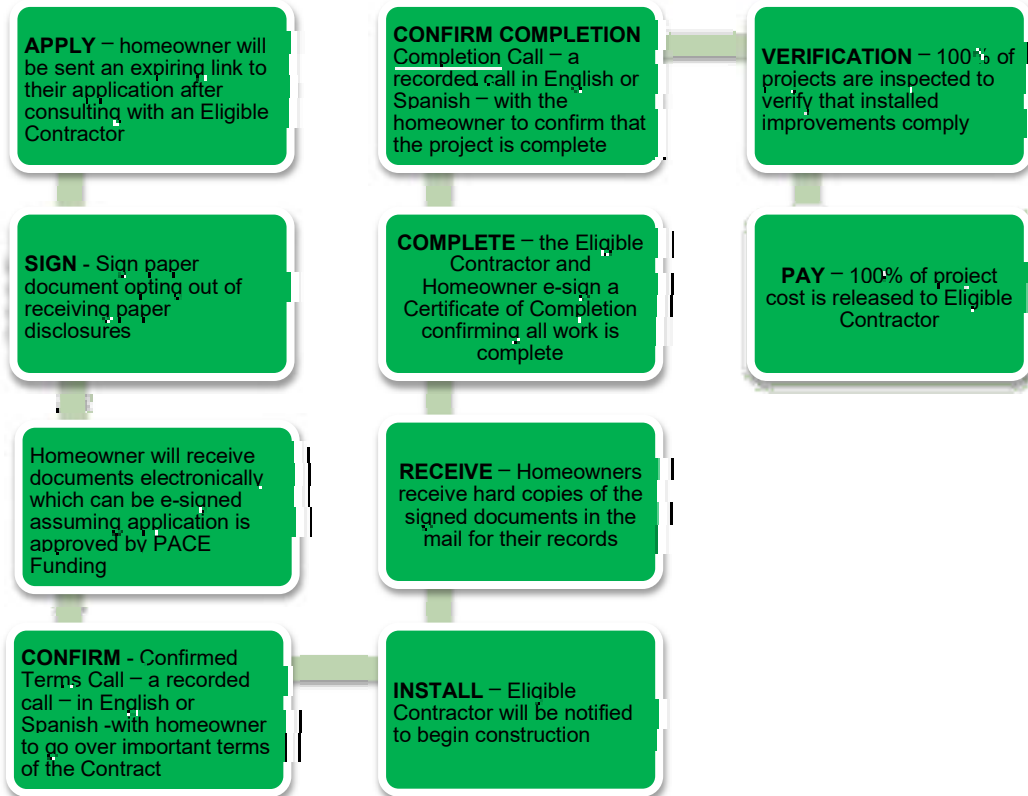
Property Owner(s) that make partial prepayments may elect to re-amortize their PACE Assessment, which will create a lower payment.

## **4. Program Process**

## PACE Funding Program Handbook

The Program Process section describes the entire process for Residential Property Owners, Eligible Contractors, and Program Representatives from before the Project begins, through all steps of the financing process.

### 4.1. Process Overview



### 4.2. Application

#### Property Owner Application

Property Owner(s) will need to complete an application to receive financing. Approved Contractors will initiate an application request and homeowners will receive a secured link to a web-based application form. Once submitted, the application will be underwritten and a decision will be rendered and communicated to the applicant(s).

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## PACE Funding Program Handbook

Submission of an application does not guarantee that you will be approved for financing. Additionally, if you proceed with installing your Project prior to receiving approval, you assume the risk that your project, property or Eligible Contractor may not be eligible for financing. Furthermore, if a Property Owner is approved for financing but then installs products that are not eligible, those products will not be funded.

By submitting an application, you are specifically authorizing and agreeing that the Program Administrator has permission to obtain a credit report for each Property Owner and any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify your declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program.

### **FHFA Disclosure**

Property Owner(s) will be provided information in the form of a signature-required disclosure that serves as Exhibit D of the PACE Assessment Contract:

*In May 2010, Fannie Mae and Freddie Mac issued new instructions to lending institutions on how to treat properties with assessments under Property Assessed Clean Energy (PACE) programs such as the CSCDA Open PACE Program. These letters and addition statements issued by the Federal Housing Finance Agency instruct lenders to treat energy assessments as “loans” instead of “assessments.” On August 31, 2010, the agencies issued additional instructions to lenders that Fannie Mae and Freddie Mac “will not purchase mortgage loans secured by properties with an outstanding PACE obligation.”*

Property Owner(s) must sign this disclosure, regardless of whether their property is encumbered by a lien or is owned by them free and clear. **Truth In Lending Act Disclosure**

A Truth in Lending Act disclosure (TILA) in the application is provided to Property Owner(s) and it must be signed when signing the PACE Assessment Contract. If the amount of requested financing changes during the application process such that it changes the interest rate reported on the original TILA disclosure by 0.125% or more, the Property Owner(s) must sign a new TILA disclosure prior to the Program Administrator approving the application for contract signing.

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## PACE Funding Program Handbook

### Lender Acknowledgement

The Program Administrator recommends Property Owner(s) review their mortgage loan documents and contact their mortgage lender if they have questions. By signing the application, Property Owner(s) declare that they have reviewed applicable mortgage loan documents and that

the CSCDA Open PACE Program will not constitute a default under those applicable mortgage loan documents.

### 4.3 Application Results

#### Approved

An application will be approved if an underwriter has verified all of the items listed in the Eligibility Requirements for properties and Property Owners. An approved applicant will receive an Approval Letter with instructions about the next steps for obtaining Program approval of Eligible Products, signing Financing Documents, installation of Eligible Products, satisfying any pre-closing stipulations and submitting the Completion Certificate. An approved applicant must comply with all Program requirements for these items, or will not be approved for funding at a later date.

#### Under Review

An application will be reviewed if the underwriter and/or the automated underwriting system is unable to connect the property with the Property Owner using the information that was submitted by the applicant or any issues arise during verification of eligibility requirements. Under review applicants will be notified of the issues that need to be resolved before the application can be advanced. If the applicant has any questions, he or she can always call the underwriter to discuss the status of his/her application. If an applicant fails to address the issues associated with the application, it may result in the application being subsequently declined.

#### Declined

An application will be declined if an underwriter determines that the applicant(s) or the property do not meet the eligibility requirements. A Property Owner/applicant will be notified in writing by mail of the specific reason(s) why his or her application was denied.

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## PACE Funding Program Handbook

### 4.4. Financing Documents

After products are approved, Property Owners will be emailed their Financing Documents, which must be e-signed and returned to the Program by the date stated on the signature page of the PACE Assessment Contract. The following individual documents are included in the Financing Documents:

#### **Application**

To be submitted at the beginning of the process, used by the Program Administrator to determine eligibility and Approval Amount.

#### **PACE Assessment Contract**

A contract between the Property Owner(s) and Program to provide financing for approved projects. The PACE Assessment Contract specifies the terms and conditions that would be agreed to by a Property Owner and CSCDA.

#### **Work Estimate**

A document that describes the scope, products, and costs of each project being financed in the PACE Assessment Contract.

#### **Right to Cancel**

A document that allows the Property Owner(s) to cancel a PACE Assessment Contract prior to start of construction, provided to the Property Owner(s) with the PACE Assessment Contract. Under federal law, Property Owner(s) have a legal right to cancel a PACE Assessment Contract, without cost, within three (3) business days from whichever of the following events occurs last:

- (1) The date on which the PACE Assessment Contract has been signed by the Property Owner(s);
- (2) The date Property Owner(s) received its Truth in Lending disclosure; or
- (3) The date Property Owner(s) received a Notice of Right to Cancel.

By California law if one of the Property Owners is aged 65 or above, the Right to Cancel is extended to five (5) business days from whichever of the following events occurs last:

- (1) The date on which the PACE Assessment Contract has been signed by the Property Owner(s);
- (2) The date the Property Owner(s) receive the Truth in Lending disclosure; or
- (3) The date the Property Owners(s) receive the Notice of Right to Cancel.

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## PACE Funding Program Handbook

If the Property Owner(s) cancels the PACE Assessment Contract, no assessment lien will be placed on the property and The Program Administrator must return to the Property Owner(s) the money given to The Program Administrator in connection with Property Owner(s)' application for financing, if any.

Property Owner(s) may keep any money The Program Administrator has given Property Owner(s) until The Program Administrator has done the things mentioned above, but Property Owner(s) must then offer to return the money. Money must be returned to the Program Administrator's current address.

If Property Owner(s) decided to cancel their PACE Assessment Contract, Property Owner(s) must

do so by notifying The Program Administrator in writing at its current address provided on [www.homerunfinancing.com](http://www.homerunfinancing.com)

Property Owner(s) may use any written statement that is signed and dated by Property Owner(s) and states Property Owner(s) intention to cancel or Property Owner(s) may use the notice provided in the application. Property Owner(s) shall keep one copy of this notice because it contains important information about Property Owner(s) rights.

If Property Owner(s) cancel by mail, Property Owner(s) must send the notice no later than midnight of the latest of the three (3) events listed above. If Property Owner(s) deliver written notice to cancel in person, it must be delivered to The Program Administrator's current address no later than that time.

### **Completion Certificate**

A document signed by the Eligible Contractor and Property Owner upon acceptable completion of each Project; submitted to the Program Administrator upon completion of each Project.

### **PACE Assessment Contract Addendum**

This document may be created to account for any changes in the PACE Assessment Contract. Such changes may include changes to the scope and/or cost of the project, and/or changes to the amount of capitalized interest due to the actual date of project completion.

### **Recording Documents**

The following documents are recorded with the participating County as public record.



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## PACE Funding Program Handbook

- **Notice of Assessment and Payment of Contractual Assessment Required**

A notice to be sent with the next annual Property Tax statement sent by County revenue authorities to taxpayers detailing the amount of property tax they owe, in addition to a notice that is sent to the Auditor-Controller-Treasurer- Tax Collector describing the assessment and PACE assessment contract.

### **Additional Documents**

The Program Administrator may at its own discretion require additional documents for Program financing.

### **4.5. Installation**

A licensed Eligible Contractor that is approved by the Program Administrator must complete all installations within 360 days. No self-installations are permitted. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. Eligible Contractors must provide a reasonable warranty as determined by a Program Administrator for all work performed.

### **4.6. Payment Issued**

Once the work of the Installation Contract has been completed by the Eligible Contractor, the Property Owner must submit an executed Completion Certificate to the Program for approval.

### **4.7. Record Lien on Property**

After receiving the executed Completion Certificate, the Program will record the PACE Assessment lien documents with the County in which the property is located. Bonds are then issued to finance the PACE Assessment and Program Administrator will have payment made to the Eligible Contractor(s) listed on the Completion Certificate.

### **4.8. PACE Assessment added to Property Taxes**

For all Property Owner(s) who sign Financing Documents, the Program will submit to the county a tax roll that identifies the PACE Assessment lien and the PACE Assessment due. This PACE Assessment payment will appear as a separate line item on a Property Owner's annual property tax bills for the term of the financing.

Recordation of the PACE Assessment lien on the property will establish a continuing annual lien. As with other property taxes, the Property Owner may pay the entire Annual Assessment Obligation amount on

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## PACE Funding Program Handbook

the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.

**If the Property Owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with all assessments. Under the PACE Funding Program, when a Property Owner sells or refinances their property, the Program will permit their PACE Assessment to stay with the property; however, the Program make no representations or warranties regarding any other lenders or buyers requirements or practices pertaining to tax assessments, PACE Assessments, and/or liens. Property Owners should consult with their lenders at the time of refinance or sale of the property to determine whether their PACE Assessment will need to be paid in full. In addition, by law, Property Owners must provide notice of the PACE Assessment to the buyer prior to sale of the property.**

If a Property Owner uses an impound account to pay his or her property taxes, Property Owner can contact the impound account administrator to increase monthly impound payments by an amount equal to the total annual PACE Assessment divided by twelve (12) months.

### 5. Additional Terms and Requirements

#### Agree to all Program Terms

By execution of the Financing Documents, each executing Property Owner certifies that they have read, understood and agreed to the terms of the Program as outlined in this Program Handbook in addition to the terms of the PACE Assessment Contract. Property Owner also thereby certifies that the Property Owner(s), the Property, and the Installation Contract meet all Program eligibility requirements.

#### Property Owner Representations

By submitting an application the Property Owner represents that He or She:

- Is the legal Property Owner;
- Has the authority to install Eligible Products on the property;
- Has received a copy of this Program Handbook;
- Is authorizing the Program Administrator to obtain credit information;

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## PACE Funding Program Handbook

### **Tax Matters**

The Program and Program Administrators do not offer any tax advice or related services. Property Owners should consult with a qualified tax advisor or accountant on any tax matters including whether or not Property Owner(s) may claim deductions of any part of the Annual Assessment Obligation on tax returns.

### **Fraudulent Activity**

Any misrepresentations made to the Program or Program Administrator by a Property Owner or Eligible Contractor at any time is likely to cause the Property Owner and/or the Eligible Contractor to be terminated from the Program and may result in legal action.

### **Marketing Guidelines**

Use of any trademarks, logos or other branding collateral owned by the CSCDA or the Program Administrator requires prior written approval.

### **Collection & Use of Data**

By submitting a Program application, Property Owner agrees that the Program Administrator may disclose his or her personal information to Program staff, and that the Program Administrator and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of the Program Administrators' or its member agencies' business or to provide services to Property Owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or regulators, (ii) enable the Program Administrator or the Program staff or third parties to provide services to Property Owner and to otherwise perform their duties, and (iii) obtain and provide credit reporting information.

In order to receive funding for this Program and to enable communication regarding the State of California's rebate program, Property Owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the local Utility. Property Owner further agrees to the release of his or her name and contact information and the subject property's utility usage data for twelve (12) months before installation of the improvements and throughout the Term, from the local utility company to the Program Administrator, Program staff, its grantors, and its designated Eligible Contractors for the purpose of conducting surveys and evaluating the Program and its impact. In addition, Property Owner understands that the CSCDA is a public agency which, in certain circumstances, may have an obligation to release information under the California Public Records Act or pursuant to court order

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## PACE Funding Program Handbook

### **No Endorsement**

The Program offer no endorsement of the Eligible Contractors, Products, or product claims of economic value, warranty, energy savings, safety or reliability of the products.

### **Defaults on PACE Assessment Payments**

After written notification, defaults in payment of PACE Assessments could result in the initiation of foreclosure proceedings.

### **Releases and Indemnification**

By submitting a Program application, Property Owner thereby acknowledges that the CSCDA has established the Program solely for the purpose of assisting the Property Owners in the CSCDA participating jurisdictions with the financing of approved products and that CSCDA, Program Administrators, its member agencies and Program staff, including their officers, directors, employees and agents, have no responsibility of any kind for, and shall have no liability of any kind arising out of, the installation, operation, financing, refinancing or maintenance of the products. Property Owner agrees that Property Owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or maintenance of the products. Participation in the Program does not in any way obligate CSCDA, Program Administrators, its member agencies and Program staff, including their officers, directors, employees and agents, to guarantee or ensure the performance of any products. Property Owner thereby acknowledges that the subject property will be responsible for payment of the Annual Financing Payment regardless of whether the products are properly installed or operate as expected.

Property Owner also agrees to release, defend, indemnify, and hold harmless CSCDA, Program Administrators, its member agencies and Program staff, including their officers, directors, employees and agents, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorneys' fees and cost of court, arising out of or in any way connected with his or her participation in this Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

### **Property Owners Are Responsible for Products, Building Permits and Inspections**

The Property Owner is solely responsible for all products installed on his or her property, including the selection of any Eligible Contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the Property Owner and the Property Owner's Eligible Contractor(s). Neither the CSCDA, Program staff, including their officers, directors, employees and agents nor the Program Administrator is responsible for the performance of the products. ***The CSCDA and the***

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## PACE Funding Program Handbook

***Program Administrator disclaim any express or implied warranty of merchantability or fitness for a particular purpose in connection with the Property Owner's purchase or installation of any Product under the Program.***

Completion of all city and county permitting and inspections are the responsibility of the Property Owner. The Program Administrator will require a copy of the final approved permit to submit a Completion Certificate.

### **Dispute Resolution**

#### **Signed PACE Assessment Contract:**

The parties who have signed an PACE Assessment Contract for the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any PACE Assessment Contract under the Program by negotiations between the Program Administrator or his or her designated representative and the Property Owner. Either party must give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the Program Administrator, and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference. Each party is required to continue to perform its obligations under the PACE Assessment Contract pending final resolution of any dispute arising out of or relating to the PACE Assessment Contract. If a meeting and mediation is unsuccessful, the matter will be submitted to binding arbitration. The parties will mutually select an arbitrator. The arbitration will be decided using so-called "baseball arbitration" or "best last offer" where the arbitrator may only choose one of the final two offers.

#### **No Signed Assessment Contract:**

Property Owners who wish to dispute decision(s) made by the Program Administrator, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to the Program Administrator at the Address indicated in the Contact section of this Program Handbook. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the Program Administrator with the Property Owner, and shall attempt to resolve the dispute. The Program Administrator shall render a written decision in 30

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## PACE Funding Program Handbook

calendar days and send that decision to the Property Owner. The decision of the Program Administrator is final.

### 6. Appendix

#### 6.1. Glossary of Terms and Other Useful Resources Terms

**Annual Assessment Obligation:** The annual amount added to your property tax bill, which is equal to Principal, Interest, and Estimated Administrative Expenses for one tax year.

**Annual Financing Installment:** The annual Principal and interest paid for one tax year.

**Annual Fuel Utilization Efficiency (AFUE):** AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

**Assessed Value:** The value of a property that has been determined by the county assessor's office. This is the basis on which you pay property taxes.

**Assessment:** This is equal to the sum of the Project Amount and Upfront Costs.

**Assessment Contract:** The legal financing agreement between the Property Owner(s) and CSCDA.

**Assessment Contract Addendum:** An addendum to the Assessment Contract that is used to make corrections to the contract and/or modify the contract to make desired Project changes.

**Assessment Contract Date:** The date that the Assessment Contract was generated for the Property Owner(s) signature.

**Building Performance Institute (BPI):** BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

**California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA):** CAEATFA administers a program for the state of California that protects mortgage holders from any losses that

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## PACE Funding Program Handbook

they may incur due to a foreclosure event initiated by a PACE program for a delinquent PACE assessment. CAEATFA insures properties that are three or fewer units and it insures most project types, but not all, often because project types are added later by state legislation but the CAEATFA regulations do not get updated simultaneously, if ever. Notably, currently excluded from the CAEATFA program are seismic strengthening projects.

**California Statewide Community Development Authority (CSCDA):** Is a joint powers authority representing its Associate Members in establishing the PACE Funding Program. CSCDA is serving as Agent to facilitate funding for owners of properties in jurisdictions of its Associate Members that meet the Project approval and funding criteria provided herein for participation in the PACE Funding Program.

**California Solar Initiative (CSI):** The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

**California State Licensing Board (CSLB):** The CSLB is the state entity in California that licenses and regulates all contractors. You may check the Eligible Contractor's license status, as well as their bonding and workers compensation information at any time on the CSLB website.

**Capitalized Interest:** The interest on the financed amount for the period prior to the first tax year (or initial tax year) in which payment is made.

**Completion Certificate:** A document signed by the Property Owner(s) and Eligible Contractor upon completion of the Project.

**Cool Roof:** roof that reflects and emits the sun's heat back to the sky instead of transferring it to the building below. "Coolness" is measured by two properties, solar reflectance and thermal emittance. Both properties are measured from zero (0) to one (1) and the higher the value, the "cooler" the roof

**Custom Project:** A one-time requirement whereby the circumstances are such that the Project (product included) passes the energy and/or water efficiency scrutiny or seismic strengthening in the specific case that is being requested.

**Energy Audit:** An evaluation of energy consumption, as in a home or business, to determine ways in which energy can be conserved.

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## PACE Funding Program Handbook

**Energy Efficiency Ratio (EER):** EER is a measure of how efficiently a cooling system will operate when the outdoor temperature is at a specific level (95°F). The higher the EER, the more efficient the system.

**Eligible Contractor:** The person or business entity who contracts to install Eligible Products and has signed an Eligible Contractor Agreement.

**Eligible Products:** All Eligible Products listed in Appendix 6.3.

**ENERGY STAR:** ENERGY STAR is a U.S. Environmental Protection Agency (EPA) voluntary program that helps businesses and individuals save money and protect our climate through superior energy efficiency.

**Estimated Administrative Fee:** The annual fee to cover the applicable county's and CSCDA's cost of collecting the Assessment on your property tax bill.

**Expiration Date:** The date that all approved Eligible Products are must be installed and completed in order for the locked Interest Rate on the Assessment Contract to remain unchanged. (360 days after the Assessment Contract Date, depending on the installed Eligible Products).

**Financing Documents:** The Financing Documents are all the documents which the property owner must sign as set forth in the application, Completion Certificate and Assessment Contract.

**Funding Date:** The latest possible date for disbursement of payments to the designated payee indicated on the Completion Certificate.

**Interest Rate:** The rate applied to the financed amount. This is not compounded.

**Heat Seasonal Performance Factor (HSPF):** HSPF is the most commonly used measure of a heat pump's heating efficiency. The higher the HSPF, the more efficient the heat pump.

**Home Energy Rating System (HERS):** Based on the home's plans, the Home Energy Rater uses an energy efficiency software package to perform an energy analysis of the home's design. This analysis yields a projected, pre-construction HERS Index. Upon completion of the plan review, the rater will work with the builder to identify the energy efficiency Eligible Products needed to ensure the house will meet Energy Star performance guidelines. The rater then conducts onsite inspections, typically including a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the plan review, are used to generate the HERS Index score for the home.



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## PACE Funding Program Handbook

**Installation Contract:** the contract signed by the Property Owner(s) and the Eligible Contractor wherein Eligible Contractor agrees to install Eligible Products on the Property and Property Owner(s) agree(s) to pay the Project Amount, which will be financed by the PACE Assessment. The Installation Contract cannot include products that are not eligible for PACE nor any labor charges that are not directly related to the installation of Eligible Products.

**Participating Community:** Areas where Program financing is available as identified on <http://www.homerunfinancing.com/communities-we-serve> Other members of the CSCDA may elect to participate in the future.

**Principal:** Also called PACE Assessment. This is equal to the sum of the Project Amount and Upfront Costs.

**Project:** The installation of Eligible Products on the Property by an Eligible Contractor.

**Project Amount:** The total amount requested by the Property Owner(s) to finance the Project.

**Program:** The Home Run Financing program.

**Program Administrator:** Home Run Financing is the designated Program Administrator on behalf of CSCDA.

**Program Origination Fee:** One-time fee that can be financed or paid by the Property Owner(s) that covers the cost of issuing the bonds. Annual Fee also. The Program Origination Fee is identified included in the Financing Documents. Separate from the one- time fee at time of issuance, there is also an annual fee which is paid on an annual basis.

**Program-Related Fees:** One-time and annual fees incurred at Funding Date. Program-Related Fees include program administration, origination, program sponsor, bond counsel, and tax administration.

**Property Value:** A home's market value derived from an automation value model, the Assessed Value, or the appraised value.

**Property:** The Real Property where Eligible Products will be installed.

**Property Owner:** The record owner(s) of the fee title to the Property.

**Real Property:** A property in a city or county that is participating in the Program that is subject to a real property tax.

**Residential:** Single family home, with four (4) or fewer residential units.

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## PACE Funding Program Handbook

**R-Value:** R-Value is a measure of thermal resistance used in the building and construction industry, usually for insulation. The higher the R-Value, the greater the insulation qualities of the product.

**Seasonal Energy Efficiency Ratio (SEER):** SEER is most commonly used to measure the efficiency of central air conditioners and air source heat pumps. SEER measures how efficiently a cooling system will operate over an entire season. The higher the SEER, the more efficient the system.

**Solar Heat Gain Coefficient (SHGC):** SHGC measures how well a product blocks heat by sunlight. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the less solar heat is transmitted into the building.

**Solar Rating and Certification Corporation (SRCC):** The SRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

**Term:** The number of years to pay off the Assessment.

**Title 24:** California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code, is a compilation of three types of building standards from three different origins:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;
- Building standards that have been adopted and adapted from the national model code standards to meet California conditions;
- Building standards, authorized by the California legislature, that constitute extensive additions not covered by the model codes that have been adopted to address particular California concerns.

**Total Assessment Obligation:** The sum total of Principal, interest, Estimated Administrative expenses over the Term.

**Water Audit:** Water Audit is a qualitative and quantitative analysis of water consumption to identify means of reducing, reusing and recycling of water.

**WaterSense:** WaterSense is a partnership program sponsored by the U.S. Environmental Protection Agency (EPA) with the goal of protecting the future of the US's water supply. By promoting and enhancing the market for water efficient products and services, WaterSense makes every drop count by leveraging relationships with key utility, manufacturer and retail partners across the U.S.

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## PACE Funding Program Handbook

**Upfront Costs:** One-time fees incurred at Funding Date.

### 6.2. Eligible Communities

To view all Eligible Communities, please visit <http://www.homerunfinancing.com/communities-we-serve>



## PACE Funding Program Handbook

|                                 |  |    |  |
|---------------------------------|--|----|--|
| Solar Inverter                  | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 15 |  |
| Solar Panels - PPA              | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the signed final inspection card must be submitted for this product prior to funding.</li> <li>3. Product is not eligible in Los Angeles County.</li> </ol>   | 30 |  |
| Solar Panels - with monitoring  | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the signed final inspection card must be submitted for this product prior to funding.</li> <li>3. To be eligible for a 30-year term, the system must monitor performance. (30-year term is not available in Los Angeles County, unincorporated Sacramento County, or the City of Chula Vista).</li> </ol> | 30 |  |
| Solar Panels without monitoring | <ol style="list-style-type: none"> <li>1. Product must be on California Solar Initiative Eligible Products list.</li> <li>2. A copy of the signed final inspection card must be submitted for this product prior to funding.</li> </ol>  | 30 |  |
| Solar Cleaning System           |  | 10 |  |

### Solar Thermal

| Product Type | Eligibility Specifications | Maximum Term (Years) |  |
|--------------|----------------------------|----------------------|--|
|              |                            |                      |  |

## PACE Funding Program Handbook

|                     |   |    |  |
|---------------------|---|----|--|
| Solar Water Heating | <ol style="list-style-type: none"> <li>1. System must have OG-300 System Certification by Solar Rating and Certification Corporation (SRCC).</li> <li>2. System Solar Fraction (SF) must meet the following criteria in the property's climate zone:               <ol style="list-style-type: none"> <li>a. Climate Zones 1-9: Solar Fraction <math>\geq</math> 0.20</li> <li>b. Climate Zones 10-16: Solar Fraction <math>\geq</math> 0.35</li> </ol> </li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 15 |  |
| Solar Pool Heating  | <ol style="list-style-type: none"> <li>1. System must have OG-100 System Certification by Solar Rating and Certification Corporation (SRCC).</li> </ol>   | 15 |  |

### Alternative Energy

| Product Type                      | Eligibility Specifications  | Maximum Term (Years) |  |
|-----------------------------------|---|----------------------|--|
| Small Wind Turbine                | <ol style="list-style-type: none"> <li>1. Product must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 20                   |  |
| Advanced Energy Storage System    | <ol style="list-style-type: none"> <li>1. System must meet the eligibility requirements outlined in the current California Self-Generation Incentive Program (SGIP) Handbook.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 10                   |  |
| Electric Vehicle Charging Station | <ol style="list-style-type: none"> <li>1. Product must be a Level 2 charger with SAE J1772 standard charging plug.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>   | 10                   |  |

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|-----------------------------------|--|----|--|
| Back-up Generator                 | <ol style="list-style-type: none"> <li>1. Must be installed with a new or existing solar system.</li> <li>2. Product must be fueled by propane, diesel or natural gas.</li> <li>3. Product must be permanently affixed to the home.</li> </ol>   | 15 |  |
| Stationary Fuel Cell Power System | <ol style="list-style-type: none"> <li>1. System must be certified as meeting the ANSI/CSA America FC1 standard.</li> <li>2. Installation must comply with the Standard for the Installation of Stationary Fuel Cell Power Plants (NFPA 853).</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 10 |  |
| Wiring upgrade                    | Wires must be replaced by wire with a lower gauge  | 25 |  |

### Cogeneration

| Product Type               | Eligibility Specifications   | Maximum Term (Years) |  |
|----------------------------|--|----------------------|--|
| Micro turbine              | <ol style="list-style-type: none"> <li>1. P.U. Code 216.6</li> <li>2. Installed per manufacturer specs.</li> </ol> | 20                   |  |
| Internal Combustion Engine | <ol style="list-style-type: none"> <li>1. P.U. Code 216.6</li> <li>2. Installed per manufacturer specs.</li> </ol> | 20                   |  |

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|-----------|--|----|--|
| Fuel Cell | <ol style="list-style-type: none"> <li>1. P&gt;U&gt;Code 216.1</li> <li>2. Installed per manufacturer specs</li> </ol> | 20 |  |
|-----------|--|----|--|

### 6.3.2 Energy Efficiency Products

#### High-Efficiency Heating Ventilation and Air Conditioning (HVAC)

| Product Type              | Eligibility Specifications  | Maximum Terms (Years) |  |
|---------------------------|---|-----------------------|--|
| Air-Source Heat Pump      | <ol style="list-style-type: none"> <li>1. SEER <math>\geq</math> 14.0, EER <math>\geq</math> 11.0, and HSPF <math>\geq</math> 8.0.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 15                    |  |
| Central Air Conditioner   | <ol style="list-style-type: none"> <li>1. SEER <math>\geq</math> 14.0 and EER <math>\geq</math> 11.0.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>                              | 20                    |  |
| Furnace                   | <ol style="list-style-type: none"> <li>1. AFUE <math>\geq</math> 80%.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding</li> </ol>   | 20                    |  |
| Multi Zone Damper Systems | <ol style="list-style-type: none"> <li>1. Must be installed per manufacturer specifications.</li> <li>2. Must have at least 2 thermostats in the house.</li> </ol>  | 10                    |  |
| Evaporative Cooler        | <ol style="list-style-type: none"> <li>1. Product must be listed in California Energy Commission Appliance Efficiency Database.</li> <li>2. Product must be permanently affixed to the home.</li> </ol>   | 15                    |  |



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|----------------------------|--|----|--|
| Boiler                     | <ol style="list-style-type: none"> <li>1. AFUE <math>\geq</math> 82%.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>   | 20 |  |
| Gas Fireplace              | <ol style="list-style-type: none"> <li>1. Product must include a closable metal or glass doors covering the entire opening of the firebox.</li> <li>2. Installation must include a combustion air intake to draw air from outdoors and a flue damper.</li> <li>3. Continuously burning pilot lights are prohibited.</li> <li>4. A copy of the pulled permit or permit number must be</li> </ol>  | 20 |  |
|                            | <p>submitted for this product prior to funding. 5. Product is not eligible in Los Angeles County.</p>  |    |  |
| Geothermal Heat Pump       | <ol style="list-style-type: none"> <li>1. Product must meet the criteria below:               <ol style="list-style-type: none"> <li>a. Ground water-source heat pumps (cooling): EER <math>\geq</math> 16.2</li> <li>b. Ground water-source heat pumps (heating): COP <math>\geq</math> 3.6</li> <li>c. Ground-source heat pumps (cooling): EER <math>\geq</math> 13.4</li> <li>d. Ground-source heat pumps (heating): COP <math>\geq</math> 3.1</li> </ol> </li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol> | 10 |  |
| Radiant Heating            | <ol style="list-style-type: none"> <li>1. Distribution must be hydronic, not electric resistance.</li> <li>2. If installing a heat source, the heating equipment must comply with eligibility criteria.</li> <li>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>   | 15 |  |
| Mini-Split Air Conditioner | <ol style="list-style-type: none"> <li>1. Product must be AHRI certified.</li> <li>2. Efficiency: <math>\geq</math> 15 SEER and HSPF <math>\geq</math> 8.2.</li> <li>3. Must replace an existing product. 4. Installed per manufacturer specs.</li> </ol>  | 15 |  |

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|------------------------------------|--|----|--|
| Mini-Split Heat Pump               | <ol style="list-style-type: none"> <li>1. Product must be AHRI certified.</li> <li>2. Efficiency: <math>\geq 15</math> SEER and HSPF <math>\geq 8.2</math>.</li> <li>3. Must replace an existing product.</li> <li>4. Installed per manufacturer specs.</li> </ol> | 15 |  |
| Biomass / Wood Stove               | <ol style="list-style-type: none"> <li>1. Product must be certified and listed on the EPA Certified Wood Stoves list.</li> <li>2. Installed per manufacturer specs.</li> </ol>   | 15 |  |
| Pellet stove or insert             | <ol style="list-style-type: none"> <li>1. Product must be on the List of EPA Certified Wood Stoves.</li> </ol>   | 20 |  |
| Duct Replacement                   | <ol style="list-style-type: none"> <li>1. Final total system leakage must be <math>\leq 5\%</math> of nominal system air flow.</li> <li>2. Product must be insulated with R-value <math>\geq 6</math>.</li> </ol>  | 20 |  |
| Duct Sealing                       | <ol style="list-style-type: none"> <li>1. Final total system leakage must be <math>\leq 15\%</math> of nominal system air flow.</li> </ol>   | 20 |  |
| Duct Insulation                    | <ol style="list-style-type: none"> <li>1. R-value <math>\geq 6</math>.</li> <li>2. Total system leakage must be <math>\leq 15\%</math> of nominal system air flow prior to insulation.</li> </ol>  | 20 |  |
| Ductless Mini-split                | <ol style="list-style-type: none"> <li>1. SEER <math>\geq 14.0</math> and HSPF <math>\geq 8.2</math>.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>                                     | 20 |  |
| Ductless Minisplit Air Conditioner | <ol style="list-style-type: none"> <li>1. SEER <math>\geq 14.0</math>.</li> <li>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</li> </ol>  | 20 |  |

## PACE Funding Program Handbook

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|---|--|----|--|
| Energy Recovery Ventilation (ERV) System  | 1. Product must be certified by the Home Ventilation Institute (HVI).  | 15 |  |
| Exhaust Ventilation Fixture               | 1. Product must be ENERGY STAR Certified.<br>2. Installed per manufacturer specs.  | 10 |  |
| Whole House Fan                           | 1. Product must be listed in California Energy Commission Appliance Efficiency Database.   | 20 |  |
| Ventilating Fan                           | Product must be listed in California Energy Commission Appliance Efficiency Database.  | 10 |  |
| Attic Ventilation Fixture                 | 1. Product must be ENERGY STAR Certified.<br>2. Installed per manufacturer specs.  | 15 |  |
| Ceiling Fan                               | Product must be listed in the CEC Appliance Efficiency Database.   | 10 |  |
| Heating and Air Conditioning Package Unit | 1. SEER $\geq$ 14.0, EER $\geq$ 11.0, and AFUE $\geq$ 80%.<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 15 |  |

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|-------------------------|--|----|--|
| Programmable thermostat | 1. Product must have a clock mechanism that allows the building occupant to program temperature set-point for at least four periods within 24 hours. | 15 |  |
|-------------------------|--|----|--|

### Windows Doors and Skylights

| Product Type                              | Eligibility Specifications   | Maximum Terms (Years) |  |
|---|--|-----------------------|--|
| Window                                    | 1. Product must meet criteria below, based on Climate Zones defined by Title 24: <ul style="list-style-type: none"> <li>a. Climate Zones 1, 3, 5: U-Factor <math>\leq 0.32</math> (SHGC not required)</li> <li>b. Climate Zones 2, 4, 6-16: U-Factor <math>\leq 0.32</math> and SHGC <math>\leq 0.25</math>.</li> </ul> 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 30                    |  |
| Door                                      | 1. Product must meet criteria below, based on Climate Zones defined by Title 24: <ul style="list-style-type: none"> <li>a. Climate Zones 1, 3, 5: U-Factor <math>\leq 0.32</math> (SHGC not required)</li> <li>b. Climate Zones 2, 4, 6-16: U-Factor <math>\leq 0.32</math> and SHGC <math>\leq 0.25</math>.</li> </ul> 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 30                    |  |
| Skylights and Tubular Day lighting Device | 1. U-Factor $\leq 0.55$ and SHGC $\leq 0.30$   | 20                    |  |

## PACE Funding Program Handbook

|                           |  |    |  |
|---------------------------|--|----|--|
| Applied Window Film       | Product must be NFRC certified.  | 10 |  |
| Interior Window Treatment | <ol style="list-style-type: none"> <li>1. Product must be permanently installed on the interior of a window or door.</li> <li>2. The following products are eligible:               <ol style="list-style-type: none"> <li>a. Blinds</li> <li>b. Shades</li> <li>c. Plantation Shutters</li> <li>d. Interior Shutters</li> </ol> </li> </ol> | 10 |  |
|                           | (Draperies, Insulated Panels, Mesh Screens, and Storm Panels are not eligible.)  |    |  |

### Building Envelope

| Product Type      | Eligibility Specifications  | Maximum (Term) |  |
|-------------------|---|----------------|--|
| Cool Wall Coating | <ol style="list-style-type: none"> <li>1. bonded, licensed and insured to sell the Product;</li> <li>2. required to verify that the manufacturer of the Product is additionally insured on the contractor’s general liability insurance;</li> <li>3. certified by classroom and jobsite training to install the Product;</li> <li>5. required to provide a list with the exact square footage of the actual application of the Product for each property including a confirmation from the manufacturer that demonstrates the exact square footage of the Product sold by the manufacturer was sold to the contractor.</li> </ol> | 25             |  |

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|--------------------------|--|----|--|
| Insulated Siding         | <p>1. One of the following performance criteria must be met in order for the product to be eligible:</p> <ul style="list-style-type: none"> <li>a. The siding includes an insulated backing with R-value <math>\geq 2</math>.</li> <li>b. Insulation with R-value <math>\geq 2</math> is installed beneath the siding.</li> </ul>  | 25 |  |
| Cool Roof - Prescriptive | <p>1. Product must meet ONE of the criteria below. If Aged Solar Reflectance is not available, it can be calculated using the following equation: Aged Solar Reflectance = <math>(0.7) \times (\text{Initial Solar Reflectance}) + 0.06</math>. If Aged SRI is not available, it can be calculated using the CEC SRI calculator worksheet.</p>   | 30 |  |
|                          | <ul style="list-style-type: none"> <li>a. Low-Slope roofs (pitch <math>\leq 2:12</math>) must have Aged Solar Reflectance <math>\geq 0.63</math> and Initial Thermal Emittance <math>\geq 0.75</math>, OR Aged SRI <math>\geq 75</math>.</li> <li>b. Steep-Slope roofs (pitch <math>&gt; 2:12</math>) must have Aged Solar Reflectance <math>\geq 0.20</math> and Initial Thermal Emittance <math>\geq 0.75</math>, OR Aged SRI <math>\geq 16</math>.</li> </ul> <p>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</p> |    |  |
| Cool Roof - Performance  | <p>1. One of the following performance criteria must be met in order to be eligible:</p> <ul style="list-style-type: none"> <li>a. Eligible Attic Insulation is installed (R38)</li> <li>b. Eligible Duct Replacement is installed in attic</li> <li>c. Eligible Duct Sealing and Duct Insulation is completed in attic</li> <li>d. Eligible Radiant Barrier is installed</li> <li>e. 1 inch air-space is installed between top of roof deck and bottom of roofing product</li> <li>f. Insulation is installed above roof deck with R-value <math>\geq 2</math>.</li> </ul>  | 30 |  |

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|              |  |    |  |
|--------------|--|----|--|
|              | 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. |    |  |
| Roof Coating |  | 10 |  |

### Insulation and Sealing

|                  |  |    |  |
|------------------|--|----|--|
| Attic Insulation | 1. Installation must meet criteria below, based on Climate Zones defined in Title 24.<br>a. Climate Zones 1, 2, 4, and 8-16: R-value $\geq$ 38.<br>b. Climate zones 3, 5-7: R-value $\geq$ 30. | 25 |  |
| Wall Insulation  | 1. Final R-value $\geq$ 13.  | 25 |  |

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|                                 |   |    |  |
|---------------------------------|---|----|--|
| Floor Insulation                | 1. Final R-value $\geq 19$ .  | 25 |  |
| Foam Insulation – Attic or Roof | 1. Final R-value $\geq 19$ .  | 25 |  |
| Radiant Barrier                 | Emissivity $\leq 0.1$ .<br>Reflectivity $\geq 0.9$ .<br>Installed per manufacturer specs. | 20 |  |
| Air Sealing                     | 1. Service must be performed to Title 24 Guidelines.                                      | 20 |  |

### High Efficiency Water Heating

| Product Type             | Eligibility Specifications   | Maximum Term (years) |  |
|--------------------------|--|----------------------|--|
| Gas Storage Water Heater | <p>1. Product must meet criteria below, based on volume and draw pattern:</p> <p>a. <math>\geq 20</math> gal and <math>\leq 55</math> gal, Low: Uniform Energy Factor <math>\geq 0.5982 - (0.0019 * \text{volume})</math></p> <p>b. <math>\geq 20</math> gal and <math>\leq 55</math> gal, Medium: Uniform Energy Factor <math>\geq 0.6483 - (0.0017 * \text{volume})</math></p> <p>c. <math>\geq 20</math> gal and <math>\leq 55</math> gal, High: Uniform Energy Factor <math>\geq 0.6920 - (0.0013 * \text{volume})</math></p> <p>d. <math>&gt; 55</math> gal and <math>\leq 100</math> gal, Low: Uniform Energy Factor <math>\geq 0.7689 - (0.0005 * \text{volume})</math></p> <p>e. <math>&gt; 55</math> gal and <math>\leq 100</math> gal, Medium: Uniform Energy Factor <math>\geq 0.7897 - (0.0004 * \text{volume})</math></p> <p>f. <math>&gt; 55</math> gal and <math>\leq 100</math> gal, High: Uniform Energy Factor <math>\geq 0.8072 - (0.0003 * \text{volume})</math></p> <p>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</p> | 10                   |  |



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|   |  |           |  |
|---|--|-----------|--|
| <p>Electric Heat Pump Tank Water Heater</p> | <p>1. Product must meet criteria below, based on volume and draw pattern:<br/> a. <math>\geq 20</math> gal and <math>\leq 55</math> gal, Low: Uniform Energy Factor <math>\geq 0.9254 - (0.0003 * \text{volume})</math><br/> b. <math>\geq 20</math> gal and <math>\leq 55</math> gal, Medium: Uniform Energy Factor <math>\geq 0.9307 - (0.0002 * \text{volume})</math><br/> c. <math>\geq 20</math> gal and <math>\leq 55</math> gal, High: Uniform Energy Factor <math>\geq 0.9349 - (0.0001 * \text{volume})</math><br/> d. <math>&gt; 55</math> gal and <math>\leq 120</math> gal, Low: Uniform Energy Factor <math>\geq 2.0440 - (0.0011 * \text{volume})</math><br/> e. <math>&gt; 55</math> gal and <math>\leq 120</math> gal, Medium: Uniform Energy Factor <math>\geq 2.1171 - (0.0011 * \text{volume})</math><br/> f. <math>&gt; 55</math> gal and <math>\leq 120</math> gal, High: Uniform Energy Factor <math>\geq 2.2418 - (0.0011 * \text{volume})</math><br/> 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</p> | <p>10</p> |  |
| <p>Electric Tankless Water Heater</p>       | <p>1. Product must meet criteria below, based on volume and draw pattern:<br/> a. <math>&lt; 2</math> gal, Low: Uniform Energy Factor <math>\geq 0.91</math><br/> b. <math>&lt; 2</math> gal, Medium: Uniform Energy Factor <math>\geq 0.91</math><br/> c. <math>&lt; 2</math> gal, High: Uniform Energy Factor <math>\geq 0.92</math><br/> 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</p>   | <p>10</p> |  |
| <p>Gas Tankless Water Heater</p>            | <p>1. Product must meet criteria below, based on volume and draw pattern:<br/> a. <math>&lt; 2</math> gal, Low: Uniform Energy Factor <math>\geq 0.81</math><br/> b. <math>&lt; 2</math> gal, Medium: Uniform Energy Factor <math>\geq 0.81</math><br/> c. <math>&lt; 2</math> gal, High: Uniform Energy Factor <math>\geq 0.81</math><br/> 2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.</p>   | <p>20</p> |  |

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|                           |   |    |  |
|---------------------------|---|----|--|
| Hot Water Tank Insulation | 1. R-value $\geq 12$ .  | 10 |  |
| Pipe insulation           | R-value $\geq 3.0$  | 10 |  |
| Water Heat Recovery       | 1. Heat exchanger must transfer waste heat from drain to hot water tank or hot water delivery system.   | 25 |  |
| Water Softener            | Product must be a central cation-exchange water softener. (Descalers, water conditioners, and other water treatment products are not eligible.) | 20 |  |

### High Efficiency Pool Equipment

| Product Type          | Eligibility Specifications  | Maximum Term (years) |  |
|-----------------------|---|----------------------|--|
| Pool Pump and Motor   | Product must be listed in the CEC Appliance Efficiency Database.  | 10                   |  |
| Heat Pump Pool Heater | 1. COP $\geq 3.5$ .<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding.                 | 10                   |  |
| Gas Pool Heater       | 1. Thermal Efficiency $\geq 82\%$ .<br>2. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 10                   |  |

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|                      |  |    |  |
|----------------------|--|----|--|
| Automatic Pool Cover | 1. Product must be automatic.            | 10 |  |
| Pool Filter          | Product must be a cartridge pool filter. | 5  |  |

### High Efficiency Lighting

| Product Type                 | Eligibility Specifications  | Maximum Term (Years) |  |
|------------------------------|---|----------------------|--|
| LED Indoor Lighting Fixture  | 1. Product must be listed in the CEC Appliance Efficiency Database for 2016 JA8 High Efficacy Lighting or use LED technology. | 20                   |  |
| LED Outdoor Lighting Fixture | Product must be listed in the CEC Appliance Efficiency Database for 2016 JA8 High Efficacy Lighting or use LED technology.    | 20                   |  |
| Lighting Control             | 1. Product must be listed in the California Energy Commission Appliance Efficiency Database.                                  | 20                   |  |

### Indoor Water Efficiency

| Product Type | Eligibility Specifications | Maximum Term (Years) |  |
|--------------|----------------------------|----------------------|--|
|              |                            |                      |  |

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|                                |  |    |  |
|--------------------------------|--|----|--|
| High-Efficiency Toilet Fixture | Gallons Per Flush $\leq$ 1.28.   | 20 |  |
| Urinal                         | 1. Gallons Per Flush $\leq$ 0.125.   | 20 |  |
| High-Efficiency Faucet Fitting | Product must meet criteria below:<br>a. Bathroom faucets and aerators: 1.2 Gallons Per Minute<br>b. Kitchen faucets and aerators: 1.8 Gallons Per Minute with optional temporary flow of 2.2 Gallons Per Minute  | 15 |  |
| High-Efficiency Showerhead     | GPM $\leq$ 2.5.  | 15 |  |
| Water Delivery System          | 1. Product must meet the definition of one of the following water delivery options:<br>a. Dedicated Recirculation Line<br>b. Whole House Manifold System<br>c. Demand-initiated Recirculating System<br>d. Core Plumbing System.<br>2. Installation cannot include any work on the wastewater system or the city main.<br>3. A copy of the pulled permit or permit number must be submitted for this product prior to funding. | 25 |  |

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| <b>Outdoor Water Efficiency</b>     |  |                      |  |
|-------------------------------------|--|----------------------|--|
| Product Type                        | Eligibility Specifications   | Maximum Term (Years) |  |
| High-Efficiency Sprinkler Nozzle    | <ol style="list-style-type: none"> <li>1. Product must be on SoCal Water Smart Qualified Sprinkler Nozzle product list.</li> <li>2. Installed per manufacturer specs.</li> </ol>                         | 10                   |  |
| Rotating Sprinkler Control          | <ol style="list-style-type: none"> <li>1. Product must shoot multi-trajectory, rotating streams of water.</li> <li>2. Product must be installed in turf, garden, planter, or flowerbed areas.</li> </ol> | 10                   |  |
| Weather-Based Irrigation Controller | <ol style="list-style-type: none"> <li>1. Product must be WaterSense Qualified.</li> </ol>   | 10                   |  |
| Drip Irrigation                     | <ol style="list-style-type: none"> <li>1. Product installed be installed in turf, garden, planter, or flower bed area.</li> </ol>  | 10                   |  |
| Rainwater Catchment System          | <ol style="list-style-type: none"> <li>1. Sized to hold <math>\geq</math> 50 gallons at one time.</li> </ol>   | 20                   |  |
| Gray Water System                   | <ol style="list-style-type: none"> <li>1. A copy of the pulled permit or permit number must be submitted for this product prior to funding</li> </ol>  | 15                   |  |

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### Drought Tolerant Landscaping

|                              |   |    |  |
|------------------------------|---|----|--|
| Artificial Turf              | 1. Product must be water-permeable.   | 15 |  |
| Drought Tolerant Landscaping | 1. Impervious hardscape must be installed so that entire surface drains to one of the following: (a) Bioretention Basin with a surface area of the Basin must be at least 4% of the area draining into it. (b) Dry well or Infiltration Basin with a volume of at least 50 gallons (6.8 cubic feet) per 100 sq ft of the area draining into it.<br>2. Financed amount cannot include the cost of plants.<br>3. Product is not eligible in Los Angeles County. | 20 |  |
| Permeable Ground Cover       | 1. Product must be water-permeable.<br>2. The following products are eligible:<br>a. Decomposed granite<br>b. Pavers and patio stones with a minimum of 1/4" joint spacing<br>c. Gravel/rock/boulders/stone<br>d. Artificial Turf underlayment<br>(Plants and biodegradable material are not eligible.)<br>2. Product depth must be at least 2".  | 20 |  |

### Enabling Work

|               |  |   |  |
|---------------|--|---|--|
| Enabling Work | 1. Work must be installed on the property.<br>2. Work must enable the installation of an eligible product.<br>3. Total cost of Enabling Work cannot exceed \$10,000 and 25% of the total project cost. | 5 |  |
|---------------|--|---|--|

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### Miscellaneous

|                                     |  |    |  |
|-------------------------------------|--|----|--|
| Sewer Lateral Replacement or Repair |  | 30 |  |
| Main Panel Upgrade                  |  | 30 |  |
| Wiring Efficiency Retrofit          |  | 25 |  |

### 6.3.3 Safety and Resiliency

#### Seismic Retrofit

A copy of the pulled permit must be submitted for this product prior to funding. The permit must reference in the scope of work that the work is being done in accordance with Chapter A3, an approved standard plan set, or custom engineered solution.

Max term 30 years

#### PACE Fire Hardening Products

The following wildfire safety improvements are allowed to be installed on Properties that are within a designated Very High Fire Hazard Severity Zone (<http://egis.fire.ca.gov/FHSZ/>). This list does not supersede or replace any local or state regulations. Improvements made for fire safety through PACE must meet or exceed all local building requirements and fire restrictions.

| Product Category | Product Type | Unit | Max Term | Qualifying Criteria |
|------------------|--------------|------|----------|---------------------|
|------------------|--------------|------|----------|---------------------|



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|                |                              |             |    |  |
|----------------|------------------------------|-------------|----|--|
| Fire Hardening | Roofing- Class A Covering    | Sqft        | 25 | All materials must be Class A fire rated and installed per manufacturer's instructions.  |
| Fire Hardening | Roofing- Class A by Assembly | Sqft        | 25 | If Class A materials are not used, a covering or underlying material must be used to enhance fire performance to meet Class A specifications using ASTM Standard Test E-108.   |
| Fire Hardening | Covered Rain Gutters         | Linear Feet | 10 | Product must be covered or constructed so debris and vegetation does not accumulate in or around the gutter. Product must be composed of non-combustible materials and installed such that the leading edge of the roof is finished so that no sheathing is exposed. |
| Fire Hardening | Deck Replacement             | Sqft        | 15 | Replacement ONLY, new decks are not permitted. Replacement of deck structure or surface with non-combustible materials; base of deck should be enclosed and constructed from a non-combustible material.   |

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|                |                    |             |    |   |
|----------------|--------------------|-------------|----|---|
| Fire Hardening | Siding Replacement | Sqft        | 25 | Product must replace existing wood or shingle siding with noncombustible or ignition-resistant material. Product shall be installed per the manufacturer's instructions and positioned to avoid gaps. Any voids shall be caulked or otherwise filled. |
| Fire Hardening | Windows            | Quantity    | 25 | Windows must be dual paned, with a tempered exterior pane. All frames and other materials must be constructed from noncombustible or ignition-resistant material.   |
| Fire Hardening | Fence              | Linear Feet | 15 | Product must be made from noncombustible material, ignition resistant wood or heavy timber construction; gates must be constructed entirely of non-combustible material. Wood slat fences are not permitted.  |

### 6.4 Additional Requirements and Terms

In addition to the Program eligibility criteria and requirements described above in the Handbook, the following additional terms are required of property owners who participate in the Program.

#### Property Owner Agrees to All Program Terms

By execution of the Assessment Contract documents, each executing property owner certifies that they have read, understood and agreed to the terms of the Program as outlined in the Program Handbook in addition to the terms of the Assessment Contract. Property owner also thereby certifies that the property owner(s), the property, and the products meet all Program eligibility requirements.

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### Authority to Install Products

By execution of the Assessment Contract documents, each property owner represents that he or she has the authority to install the approved products on the property named in the Assessment Contract documents.

### No Endorsement by Agent or Home Run Financing

The property owner(s) understand, acknowledge and agree that review of the proposed products, the determination that such products are Eligible Products and authorization for Program funding of the installation of such products by Agent and Home Run Financing shall not be construed as a confirmation or endorsement of the qualifications, efficiency or performance of such products, the Eligible Contractors that installed such products, the manufacturer of or any other person involved with the products; or the design of the products; or a warranty or guaranty the performance, economic value, energy savings, safety, durability or reliability of such products.

### Property Owner Is Responsible for Products, Building Permits and Inspections

The property owner is solely responsible for all products installed on his or her property, including the selection of any Eligible Contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the property owner and the property owner's Eligible Contractor(s). Neither the Agent nor its Agents are responsible for the performance of the products. **AGENT, HOME RUN FINANCING, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND ELIGIBLE CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH ELIGIBLE CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.** Completion of all city and county permitting and inspections are the responsibility of the property owner.

### Defaults on Assessment Payments

After written notification, defaults in payment of Annual Assessment Obligation will result in the initiation of foreclosure proceedings on the December 1st following such default.

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## PACE Funding Program Handbook

### Tax Deductibility of Contractual Assessment

Please confer with your tax advisor as to whether he or she recommends deducting any part of your contractual assessment on your tax return.

### Program Database

All information obtained from Property Owners through the Program will be used only for purposes of the Program, utility rebate programs, energy savings tracking, and federal or state grant program funds tracking and surveys.

### Releases and Indemnification

**By submitting a Program application, property owner thereby acknowledges that Agent has established the Home Run PACE Funding Program solely for the purpose of assisting the property owners in the Participating Entity where their property is located with the financing of Eligible Products and that Agent, each Participating Entity, Home Run Financing and their respective officers, employees, agents and assigns have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of such Eligible Products. Property owner agrees that property owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or maintenance of such Eligible Products. Participation in the Program does not in any way obligate Agent, any Participating Entity, Home Run Financing and/or their respective officers, employees, agents and assigns to guarantee or ensure the performance of any Eligible Products. Property owner thereby acknowledges that the subject property will be responsible for payment of the contractual assessment regardless of whether the products are properly installed or operate as expected.**

Property Owner also agrees to release, defend, indemnify, and hold harmless Agent, the Participating Entities, their respective officers, employees, agent assigns, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorney fees and cost of court, arising out of or in any way connected with his or her participation in the Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

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## PACE Funding Program Handbook

### **Renewable Energy Certificates, Incentive Tax Credits, and other Green Attributes**

Property Owner(s) may retain all rights to any available Investment Tax Credits (“ITCs”). CSCDA will retain rights to all other related green attributes, including Renewable Energy Certificates (“RECs”) for qualifying renewable energy products.

### **Eligible Contractor Marketing Guidelines**

The Agent has provided Eligible Contractor Trademark and Logo Usage Guidelines for any third party wishing to reference the Program in that third party’s marketing materials. These guidelines should be strictly adhered to or such third party will risk being excluded from participating in the Program in the most severe instances.