



## CITY COUNCIL STAFF REPORT

DATE: September 8, 2010

PUBLIC HEARING

SUBJECT: PROPOSED ADOPTION OF A RESOLUTION OF THE CITY OF PALM SPRINGS APPROVING THE REPORT IN CONNECTION WITH THE PROPOSED ESTABLISHMENT OF A CONTRACTUAL ASSESSMENT PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS FOR PROPERTY WITHIN THE CITY PURSUANT TO CHAPTER 29 OF PART 3 OF DIVISION 7 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE; ESTABLISHING A PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCESr AND ENERGY EFFICIENCY IMPROVEMENTS; AND CONFIRMING ASSESSMENTS TO BE LEVIED WITHIN THE PARAMETERS OF THE REPORT

FROM: David H. Ready, City Manager

BY: Michele Mician, Manager, Office of Sustainability

### SUMMARY:

The City Council will consider the second step in a two step process necessary for the adoption of a City of Palm Springs Property Assessed Clean Energy (PACE) Program that was recently authorized by the passage of Assembly Bill 811. The proposed resolution approves the report in connection with the proposed establishment of a contractual assessment program pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, (commencing with Section 5898.12) establishing a program to finance energy efficiency improvements, and confirming assessments to be levied within the parameters of the report. This public hearing is being held to consider the formation of an Energy and Water Efficiency Assessment District and adoption of the California Property Assessed Clean Energy (CA PACE) Program.

### RECOMMENDATION:

Staff recommends that City Council

1. Open the public hearing and receive public testimony.

ITEM NO. 1.A

2. Adopt Resolution No. \_\_\_\_\_, " A RESOLUTION. OF THE CITY OF PALM SPRINGS APPROVING THE REPORT IN CONNECTION WITH THE PROPOSED ESTABLISHMENT OF A CONTRACTUAL ASSESSMENT PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS FOR PROPERTY WITHIN THE CITY PURSUANT TO CHAPTER 29 OF PART 3 OF DIVISION 7 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE; ESTABLISHING A PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY EFFICIENCY IMPROVEMENTS; AND CONFIRMING ASSESSMENTS TO BE LEVIED WITHIN THE PARAMETERS OF THE REPORT

3. Authorize the City Manager or his designee to execute all the necessary documents.

#### STAFF ANALYSIS:

##### Current Status

On July 21, 2008, the Governor signed into law AB 811, which became effective immediately as an emergency measure. The bill authorizes cities to establish a program to enter into contractual assessment agreements with property owners to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property. In summary, an AB 811 program allows cities to make assessment financing available to property owners for the purchase and installation of such improvements. Property owners repay the financing through a contractual assessment on their property. The contractual assessments are collected on property owner's tax bills at the same time and in the same manner as property taxes.

Two factors affect the opportunity for all properties within the City of Palm Springs to utilize the PACE program at this time.

1. Properties on leased land are ineligible to participate in the PACE program as there is not a mechanism for property assessment
2. On July 6, 2010 the Federal Housing Finance Agency made a decision to designate PACE loan programs as "high risk," and called for a "pause" on such programs.

A supplemental disclosure and copies of the most recent statements from FHFA, Fannie May, and Freddie Mac are included within the CA PACE report to ensure applicants are fully aware of the FHFA decision and its affect on the program.

##### Background

On June 16, 2010 the City Council Adopted Resolution No. 22745 declaring its intent to establish an energy and water efficiency district and adopt the CA PACE program pursuant to AB 811. Resolution No. 22745, among other things, briefly described the proposed arrangements for funding and directed the preparation of a report as required by AB 811. September 8, 2010 was the date set for a public hearing on CA PACE. Pursuant to AB 811, the City Clerk provided notice of the public hearing by publishing a notice once a week for two weeks in the Desert Sun.

Any person may present oral or written testimony. The City Council will consider all objections or protests, if any, to (i) the proposed improvements, (ii) the proposed Assessment District boundaries, and (iii) the proposed Assessment District contractual assessment.

Approval of the attached California Property Assessed Clean Energy (CA PACE) Report (the "Report") is required in order for the City to establish a contractual assessment program to finance the installation of distributed generation renewable energy sources and energy efficiency improvements that are permanently fixed to real property in the City. Staff prepared the California Property Assessed Clean Energy (CA PACE) Report to comply with the requirements of AB 811. The Report is attached.

FISCAL IMPACT:

Funding for the program will be provided by Pacific Finance Solutions and Engineering who will issue a bond. There is no fiscal cost to the City as all associated costs are paid by the bond issuer. The bond issuer receives an administrative fee that is integrated in the interest rate to cover costs. The City will receive a \$250 green permit fee which will be paid by the borrower upon the application's approval.

  
Michele Mician, Manager,  
Office of Sustainability

  
Tom Wilson  
Assistant City Manager

  
David H. Ready, City Manager

Attachments:

1. Resolution No. \_\_\_\_\_ Approving the Report in Connection with the Proposed Establishment of a Contractual Assessment Program to Finance Distributed generation Renewable Energy Sources and Energy and Water Efficiency Improvements For Property within the City
2. CA PACE Report

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING THE FORMATION OF AN ASSESSMENT DISTRICT TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS FOR PROPERTY WITHIN THE CITY PURSUANT TO CHAPTER 29 OF PART 3 OF DIVISION 7 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE; CONFIRMING THE BOUNDARIES OF THE ASSESSMENT DISTRICT AND THE LEVY OF CONTRACTUAL ASSESSMENTS; AUTHORIZING PARTICIPATION IN THE PACIFIC HOUSING & FINANCE AGENCY'S PROPERTY ASSESSED CLEAN ENERGY AND WATER EFFICIENCY PROGRAM; AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Palm Springs (the "City") is a municipal corporation organized and existing pursuant to the laws of the State of California; and

WHEREAS, the Pacific Housing & Finance Agency (the "PHFA") is a joint powers financing agency and has established an energy and water efficiency assessment financing program (the "Program") pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ( the "Act"); and

WHEREAS, through its PACE – Property Assessed Clean Energy and Water Efficiency Program, the PHFA facilitates loans to property owners within PHFA's participating member jurisdictions for the financing of distributed generation renewable energy sources and energy and water saving property improvements; and

WHEREAS, pursuant to the Act and the Program, PHFA requires its participating member jurisdictions to form a contractual assessment district, and the PHFA will loan participating property owners within the assessment district funds secured by an assessment lien on the subject property; and

WHEREAS, the PHFA Program provides for the funding and administration of the assessment district for its member jurisdictions; and

WHEREAS, the City is a member of PHFA and desires to take the steps necessary for the creation of a contractual assessment district for the purposes described in this Resolution; and

WHEREAS, on June 16, 2010, the City Council adopted its Resolution No. 22745 (the "Resolution of Intention"), declaring its intention to form an energy and water efficiency assessment district pursuant to the Act for the purpose of participating in the

Program to finance distributed generation renewable energy sources and energy and water efficiency improvements within the geographical boundaries of the City; and

WHEREAS, the Resolution of Intention ordered the City's Authorized Officer to prepare and file a report (the "Report") with the City Clerk in accordance with Section 5898.22 of the Act and the Director has filed the Report with the City Clerk; and

WHEREAS, the Resolution of Intention set the time and place for a hearing on the proposed formation of the assessment district; and

WHEREAS, the Resolution of Intention described the proposed funding of the CA PACE Program from the proceeds of bonds issued by the PHFA; and

WHEREAS, on September 8th, 2010, following notice duly given in accordance with law, the City Council held a full and fair public hearing at which interested persons were afforded the opportunity to object to, inquire about, or provide evidence with regard to the proposed assessment district or any of its particulars, including the extent of the area proposed to be included within the assessment district, the terms and conditions of the draft contract (described below), or the proposed financing provisions; and

WHEREAS, the Report contains (a) a map showing the boundaries of the assessment district as the geographical boundaries of the City, (b) a draft application for participation in the Program (the "Application"), (c) a draft contract (the "Contract") specifying the terms and conditions upon which a property owner and the PHFA agree to participation in the Program, (d) a statement of city policies concerning contractual assessments including: (1) identification of types of facilities, distributed generation renewable energy sources, or energy and water efficiency improvements that may be financed through the use of contractual assessments (the "Authorized Equipment List"), (2) identification of a City official to direct the Executive Director of PHFA to enter into contractual assessments on behalf of the assessment district, (3) a maximum aggregate dollar amount of contractual assessments, (4) a method for setting requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount of contractual assessments, (e) a plan for the issuance of bonds by the PHFA, (f) a statement of, or method for, determining the interest rate and time period during which contracting property owners would pay assessments, (g) the establishment of any reserve fund or funds, (h) the apportionment of all or any portion of the costs incidental to financing, administration of the assessment district between the assessment district and contractual assessment property owners, and (i) a report on the results of the consultations of the County Auditor-Controller's office; and

WHEREAS, the City Council, having considered all oral and written testimony, desires to approve the formation of the energy and water efficiency assessment district and participation in the Program.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are all true and correct and are incorporated herein by this reference.

SECTION 2. The City Council declares that the Report as filed is hereby approved.

SECTION 3. The City Council hereby establishes the energy and water efficiency assessment district (the "Assessment District") to be implemented as provided for by the Program and related Report. The City Council hereby finds and determines that the property within the area of the Assessment District will be benefited by the improvements and activities funded by the assessments.

SECTION 1. The City Council hereby confirms the contractual assessments to be levied within the parameters of the Program Report.

SECTION 5. The City Council hereby appoints and designates the Executive Director of the PHFA to administer the Assessment District in connection with the Program. The Executive Director of PHFA is hereby authorized and directed to file with the City Treasurer and to revise, as appropriate, a list of the parcels for which the PHFA and a property owner have entered into a contractual assessment agreement (each, a "Assessment Financing Agreement") pursuant to the Program as and when such Assessment Financing Agreement(s) are entered.

SECTION 6. Upon the execution of any Assessment Financing Agreement by all parties thereto pursuant to the Program, the Executive Director of the PHFA is hereby directed to cause to be recorded in the office of the Superintendent of Streets and in the office of the County Recorder of the County of Riverside an assessment lien on the subject property in the form as provided in the Program Report.

SECTION 7. The City Manager and City Clerk are hereby authorized and directed to do all acts and things which may be required of them by this Resolution, or which may be necessary or desirable in connection with the Assessment District and carrying out the CA PACE Program and all matters incidental thereto, including without limitation, to make clarifying changes to the Report and to modify as deemed necessary by the Director of the PHFA or the City Manager, the Authorized Equipment List, the draft Application and the draft Contract included therein.

ADOPTED THIS 8TH DAY OF SEPTEMBER, 2010.

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David H. Ready, City Manager

ATTEST:

\_\_\_\_\_  
James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on \_\_\_\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
James Thompson, City Clerk  
City of Palm Springs, California

# CALIFORNIA PROPERTY ASSESSED CLEAN ENERGY (CA PACE) REPORT



A PACIFIC HOUSING & FINANCE AGENCY PROGRAM

*District Program  
Administered By:*



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## Introduction

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This energy and water efficiency assessment district report ("Report") has been prepared to be in compliance with AB 811, AB 474, and Section 5898.22 of the California Streets and Highways Code in connection with the establishment of the City of Palm Springs ("City") California Property Assessed Clean Energy (**CA PACE**) ("Program"). This is the guiding document for the Program and fulfills the requirements that this report contain the following required documents:

- A) A **map** showing the boundaries of the territory within which contractual assessments are proposed. (See Appendix B.)
- B) A **draft contract** between a property owner and the City specifying the terms and conditions. (See Appendix D.)
- C) **City policies** concerning contractual assessments which includes the following
  1. types of improvements that can be financed.
  2. designated City official authorized to enter into contractual assessments on behalf of the City.
  3. maximum aggregate dollar amount of contractual assessments.
  4. method for setting requests in priority order in the event that requests will likely exceed authorization amount.
- D) A **plan for raising money** to pay for the work performed.
- E) Riverside County Auditor/Controller fees.

The CA PACE Program described is designed to help the City of Palm Springs property owners to implement water and energy efficiency measures which are necessary to address the issue of global climate change. The Program helps Palm Springs property owners save energy and money while doing right for the environment.

### Goals

The Program seeks to provide multiple benefits to those property owners who are desirous of the following:

- ❖ Reducing the amount of their utility bill and saving money
- ❖ Improving their residence or business
- ❖ Promoting energy conservation
- ❖ Stimulating the local economy

The City welcomes innovative energy solutions that will contribute to the goal of reducing waste and promote energy and water conservation. The Program will assist the City in achieving its energy and water conservation goals.

## ***Background***

Assembly Bill 811 and AB 474 were approved by the California Legislature and signed into law by the Governor. Under these bills, the California Legislature has declared that a public purpose will be served by a contractual assessment program that provides local government with the authority to finance the installation of distributed generation renewable energy sources - such as solar -- and energy efficiency improvements and water savings equipment that are affixed to residential, commercial, industrial, or other real property (collectively known as "energy and water improvements").

To make energy and water improvements more financially affordable and to promote their installation, the law authorizes voluntary "property tax" assessments to finance the cost of these improvements. The Program is only possible when a city forms an assessment district and there is a property owner who decides to make energy and water improvements to their property.

The City of Palm Springs CA PACE Program can provide assessment financing to property owners within the City to finance the installation of energy and water improvements pursuant to contractual assessment agreements. Property owners in the City will repay the financing through an assessment levied against their property which is payable in semi-annual installments over time on property tax bills.

## ***Program Benefits***

From the City's perspective, the program provides a local stimulus to the economy through local energy conservation-related job creation. The City may also receive benefit from:

- ❖ Sales tax revenues from energy and water improvement installations
- ❖ Permit fee revenues from business license permits, building permits, and other permit revenue
- ❖ Cleaner communities

For property owners, the Program offers:

- ❖ A no-money-down means of financing energy and water improvements
- ❖ Fixed-rate assessment financing repaid and amortized over a 15 to 20 year period  
(NTE 75% of the useful life of the improvements)
- ❖ Financing without requiring a property appraisal,



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- ❖ Higher property values derived from energy and water improvements

### ***Program Administration***

The Program will be administered by the Joint Powers Authority - Pacific Housing & Finance Agency ("PHFA"), which is headed by the Executive Director of PHFA ("Director") and support staffed by Public Finance Solutions & Engineering ("PFSE") professionals. PFSE staff will be responsible for:

- ❖ Working with the City and community outreach
- ❖ Assisting property owners in obtaining Program assessment financing applications and materials
- ❖ Processing assessment financing applications
- ❖ Managing and tracking Program assessment financing
- ❖ Assisting in monitoring individual and collective energy conservation

The intent of these services is to provide a "turn-key" service for the City of Palm Springs property owners who want to finance energy and water improvements.



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## **Program Requirements**

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### ***Eligible Property Owners***

All owners of improved real property are eligible for the Program. Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner paying real property taxes. A property owner needs to be current in the payment of property taxes and current on any mortgages on the parcel. Property owners are eligible to make multiple applications for additional energy and water improvements. However the minimum amount of any assessment financing request must be equal to or greater than \$5,000 and cannot exceed the assessed land value of the subject property without specific written approval from the PHFA Executive Director.

### ***Eligible Properties***

Program Assessment Financing is available to all owners of improved real properties in the City including, but not limited to, residential, commercial, and industrial properties. Program Assessment Financing is not available for properties that do not pay property taxes, such as governmental entities, churches and certain non-profit corporations.

### ***Eligible Vendors***

Program Assessment Financing is made to property owners whose equipment has been installed and verified in accordance with the Program requirements. All licensed (City and State) contractors in good standing are eligible to participate in providing energy and water equipment installations to eligible property owners. The vendors would need to simply:

1. Obtain / download a Vendor Application form located on the PHFA's website [www.cityenergysavings.com](http://www.cityenergysavings.com).
2. Once approved (usually within 48 hours), the vendor will be added to the Eligible Vendors list and can start contracting with property owners in accordance with their Assessment Financing Agreement located at Appendix D.
3. Per the Agreement, participating vendors would be responsible for installation of the equipment on the property (after receiving approval from PHFA), and then would be reimbursed from Municipal Bond Proceeds from the Pacific Housing & Finance Agency within 90 days of the Agency verifying that the qualifying equipment is permanently affixed to the property.



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## ***Eligible Equipment***

The Program affords property owners in the City of Palm Springs the opportunity to take advantage of a wide range of energy-savings measures, consistent with the following provisions:

1. The Program provides financing for energy and water improvements permanently affixed to property.
2. Property owners choosing to voluntarily engage in broader retrofit projects - such as home or business remodeling - will only be provided Program Assessment Financing for that portion of the costs used to retrofit existing structures with energy and water improvements. (This is discussed further in Eligible Costs.)
3. Program Assessment Financing is intended for retrofit activities to replace outdated equipment and to install new equipment that takes energy off the grid. However, Program Assessment Financing is also made available for purchasers of new homes and businesses that wish to add energy and water efficiency improvements after the property owner takes title to the property.
4. Program Assessment Financing is made available for the following types of improvements:

*Energy and water improvements that promote energy efficiency and saves water.* The Program supports a wide range of efficiency measures as presented in Appendix A.

*Solar Systems.* Program Assessment Financing is available for a range of solar systems, from photovoltaic to solar thermal.

*Alternative / Custom Improvements.* Upon review and approval by the Director of the Pacific Housing & Finance Agency, Program Assessment Financing is made available for emerging technologies for energy improvements that provide new ways to save or generate energy and that will be evaluated on a case-by-case basis.

5. Program Assessment Financing is also made available for combinations of energy efficiency improvements such as bundling energy efficiency and renewable energy measures. For instance, a property owner may choose to replace both an aging and inefficient air conditioner, insulation, doors, windows and install a solar system.
6. Program Assessment Financing is also made available to reimburse property owners who have recently installed qualifying equipment within in the 6 months prior to the City adopting the Program.



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## ***Eligible Costs***

Eligible costs of the energy and water improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, labor, drafting, engineering, application fees, permit fees, processing fees, and inspection charges.

The installation of energy and water improvements can be completed by a qualified contractor of the property owner's choice from the list of approved vendors published by the Pacific Housing & Finance Agency. Property owners are encouraged to obtain multiple bids from several vendors or contractors, since each transaction is between the property owner and the vendor or contractor. Property owners must protect their own interests and obtain the best price, service and warranties. The City of Palm Springs and the Pacific Housing & Finance Agency are responsible for financing the energy and water savings improvements while the property owner is totally responsible for his or her purchase, service expectations and warranties.

Any contractor is eligible to become an approved vendor, as long as they are licensed in good standing, insured, and agree to the Reimbursement Terms set forth in the Contractor Reimbursement Agreement. Eligible costs do not include labor costs for property owners who elect to do the work themselves.

In each case, the PHFA Director will determine whether the estimated equipment and installation costs are reasonable. Pacific Housing & Finance Agency reserves the right to evaluate market conditions and, at its discretion, require additional bids to determine whether costs are reasonable. While the property owner is encouraged to select the bidder of his or her choice from the list of approved vendors, the amount available from the Program Assessment Financing may be limited to an amount deemed reasonable by the Pacific Housing & Finance Agency (as set forth in this report). In addition, the City Manager, City Staff and/or the City of Palm Springs City Council reserve the right to approve Program Assessment Financing.



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## **The Financial Strategy**

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The City intends to work with the Pacific Housing & Finance Agency in the issuance of taxable municipal bonds to reimburse approved energy vendors and contractors of energy and water efficiency projects. As the program administrator, Public Finance Solutions & Engineering (PFSE) will be placing the charges on each participating property owner's tax bill each year the Program Assessment Financing is outstanding for repayment.

Any contractor is eligible to become an approved vendor, as long as they are licensed in good standing, insured and agree to the Reimbursement Agreement terms with the Pacific Housing & Finance Agency. The approved vendors will contractually agree to provide and install the energy equipment on an "approved order" basis whereby the property owner completes the application process and once approved, the energy vendor installs the equipment. After successful verification the vendor is reimbursed within 90 days through the issuance of taxable municipal bonds. Bond issuance proceeds will be deposited within the Bank Trustee's Energy Fund for vendor reimbursement.



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## Program Parameters

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### *Program Limits*

#### ***Minimum Energy Amount***

The minimum size for Program Assessment Financing is \$5,000.

#### ***Maximum Energy Amount***

The maximum amounts are set for the following property types:

##### **Residential Properties**

Minimum Amount

\$5,000.00

Maximum Amount:

Not-To-Exceed Assessed Land Value

##### **Commercial and Other Property Types**

Minimum Amount:

\$5,000.00 (Five thousand dollars)

No Maximum Amount -----however, Program Assessment Financing in excess of \$80,000 require the Executive Director approval.

*In any event the maximum amount can not exceed the Assessed Land Value of the Property without PHFA Director and underwriter of the taxable municipal bonds approval.*

### ***Maximum Portfolio***

The maximum principal amount of the Program Assessment Financing to property owners under the Program is \$95 million. This represents the total amount of financing available to all participating cities and counties that are members of the Pacific Housing & Finance Agency, including the City of Palm Springs.

The maximum principal amount of the Program Assessment Financing can be increased through PHFA resolution and PHFA Board Approval.

### ***Duration***

Program Assessment Financing is made available for up to three fourths of the estimated life of the improvements. Hence, the term of the financing is based on the life expectancy of the improvements installed.



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### ***Interest Rate***

Program Assessment Financing will be made for property owners at an annual interest rate that is determined by market conditions and is secured by the property owner at the time the application is approved. In any event, the law does not allow the interest rate to exceed 12%. The Pacific Housing & Finance Agency will market the taxable municipal bonds at the then prevailing market for such bonds. Upon successfully marketing the bonds, the program interest rate for Program Assessment Financing will be established. After the property owner affirms that the improvements have been installed as set forth in the vendor or contractor's contract and after inspection of the improvements, the funding of the Program Assessment Financing will be concluded upon bond closing. Program Assessment Financing that is entered into at different times will have different interest rates depending on bond market conditions and successful marketing of the bonds.

### ***Administrative Fees***

Administrative Fees are recovered by the "spread" between bond rates and the Program Assessment Financing issuance rate. Other than the two fees below, the property owners will not be billed for any additional charges or assessments.

Two forms of costs will be the responsibility of the property owner:

1. Title costs - including title verification - will be borne by the property owner but reimbursable through the program. This cost to the property owner is approximately \$395 per Program Assessment Financing Application. For commercial property owners, an additional \$.02 per square foot is added to the application fee to cover the costs of a commercial energy evaluation on the property.
2. Assessment collection costs will appear as a line item on property taxes not to exceed \$40 per property per year - and will be paid by property owners. The \$40 per year may escalate 2% per year for County Fee Increases.



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## Changes to Report

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The Pacific Housing & Finance Executive Director may make changes to this Report that is reasonably determined to be necessary to clarify its provisions.

Pacific Housing & Finance Director may modify from time to time the Equipment List, the Application / Contract and terms of the Application attached hereto as Appendix A, together with Appendix C and Appendix D, respectively, as deemed necessary.



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## **Appendix A: Equipment List**

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The Program is offered for a number of equipment types, including water and electrical efficiency measures, solar systems, and other innovative, energy-saving custom measures. In each case, the use of rebates and tax credits to prepay a portion of the outstanding assessment financing is at the discretion of property owner.

### ***Energy Efficient Equipment***

The Program provides services and s for a wide range of Energy Star-rated efficiency measures which property owners can get rebates (and tax incentives) as well as Program Assessment Financing. Energy efficiency equipment that is Energy Star rated must meet the Energy Star minimum efficiency levels.

The City of Palm Springs anticipates that Energy Star requirements will "ratchet up" to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus the Program will evolve with Energy Star and the market for energy-efficient technologies.

The following Energy Star measures - among others - are eligible:

- ❖ Attic and wall insulation
- ❖ Light fixtures (no bulb-only retrofits)
- ❖ Reflective roofs and coatings (Metal and Asphalt)
- ❖ Windows, doors, and skylights (including sliding glass doors, garage doors, storm doors and storm windows)
- ❖ HVAC: Central Air Conditioners, Air Source Heat Pumps, Furnaces and Boilers
- ❖ Water Heaters: Gas, Oil, & Propane Water Heaters, Electric Heat Pump Water Heaters
- ❖ Biomass Stoves
- ❖ Geothermal Heat Pumps
- ❖ Solar Panels
- ❖ Solar Water Heaters
- ❖ Small Wind Energy Systems

### ***ENERGY STAR rated improvement (permanently affixed to the Property)***

ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy to assist consumers in protecting the environment while saving money through energy efficient products and practices. Products can earn the



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ENERGY STAR label by meeting the energy efficiency requirements set forth in ENERGY STAR product specifications.

Products that have earned the ENERGY STAR label automatically qualify for the Program if they are permanently affixed. Examples of ENERGY STAR products that would qualify:

- Insulation and Air Sealing: windows and reflective insulation.
- Roofing Materials: roof coatings for solar reflectance
- Doors and Skylights
- Heating and Cooling: Air conditioners, furnaces, and boilers
- Plumbing: Water heaters which include solar and tankless.

Repairs and or construction required for the installation of the improvements do not qualify for financing. If there are repairs that must be done prior, during, or after the improvements, the property owner will have to bear those costs. For example, if dry rot was discovered during the installation of ENERGY STAR windows, the cost of the windows and their installation would only be covered, not the repair of the dry rot.

### ***Pool Equipment***

- ❖ Pool circulating pumps (must be Variable Flow and/or Multi-speed with controllers)
- ❖ Natural gas pool heaters (must have a thermal efficiency of 84% or greater)

### ***Renewable Energy Generation / Solar Equipment***

Solar Panels or Photovoltaic (PV) Systems are solar cells that capture the heat from the sun and convert it directly into electricity. PV Systems that meet applicable fire and electrical code requirements are available for Program funding. Program Assessment Financing will be available for photovoltaic equipment and installers listed by the California Energy Commission. Solar thermal equipment must be rated by the Solar Rating Certification Council (SRCC). As with efficiency measures, the property owner maintains the discretion as to whether to prepay a portion of the gross with any solar rebates and tax credits.

Eligible solar equipment includes:

- (1) Solar thermal systems (hot water)
- (2) Solar thermal systems for pool heating
- (3) Photovoltaic systems (electricity)



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- (a) Battery back-up systems will be allowed
- (b) Funding for off-grid systems will be allowed
- (c) PV systems can be sized to accommodate plug-in electric vehicles
- (d) Plug in stations
- (4) Emerging technologies – following the Custom Measures Track
  - (a) Nano/thin film photovoltaic
  - (b) High intensity (parabolic solar panels)
- (5) Battery back-up systems will be allowed
- (6) Funding for off-grid systems will be allowed
- (7) PV systems can be sized to accommodate plug-in electric vehicles

The City of Palm Springs encourages innovation in saving energy to meet its energy savings goals. Other alternative energy savings equipment will only be funded for Program Assessment Financing if sufficient proof of energy savings is provided to the Office of Energy Management that the measure will reduce usage by 20%. The Pacific Housing & Finance Executive Director reserves the right to defer funding until he deems the evidence sufficient to verify this performance requirement.

The following types of measures - among others - will be considered for Program Assessment Financing through the:

- ❖ Building Energy Management controls
- ❖ HVAC Duct zoning control systems
- ❖ Irrigation pumps and controls
- ❖ Lighting controls
- ❖ Motors and controls
- ❖ Natural gas fuel cells
- ❖ Water heating equipment
  - a. Tank-style
  - b. Tankless
  - c. Central water heating system

#### Water Conservation Equipment

- ❖ High efficiency toilets
- ❖ Low flow shower heads
- ❖ Bathroom sink aerators
- ❖ Hot water delivery options
  - Hot water recirculation systems and on-demand hot water systems
  - Whole house manifold system or core plumbing systems
  - Demand initiation or instantaneous hot water heaters



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- ❖ Demand initiated water softeners
- ❖ Hot water pipe insulation
- ❖ Evapotranspiration irrigation systems or smart irrigation controllers
- ❖ Permanently installed rainwater cisterns
- ❖ Matched precipitation rate sprinkler heads
- ❖ High efficiency outdoor irrigation
- ❖ Pre-rinse spray valves
- ❖ Waterless urinals or low flow urinals
- ❖ Bathroom sink aerators
- ❖ Industrial process water use reduction
- ❖ Recycled water source
- ❖ Deionization
- ❖ Filter upgrades
- ❖ Cooling condensate reuse
- ❖ Foundation drain water
- ❖ Cooling tower conductivity controllers
- ❖ High efficiency outdoor irrigation
- ❖ smart irrigation systems / controllers

## ***Water And Conservation Measures***

### **A. Residential Indoor Water Conservation Measures.**

- (1) High efficiency toilets (average flush volume of 1.28 gallons or less)
- (2) Showerheads (1.75 gpm)
- (3) Bathroom aerators (1.5 gpm)
- (4) Hot water delivery options, as defined by the Energy Star "Volumetric Hot Water Savings Guidelines"
  - (a) Hot water recirculation systems use a hot water circulating pump to pump hot water from the water heater, through the hot water piping, and on back to the water heater through an additional length of pipe that runs from the furthest fixture back to the water heater.
  - (b) Demand initiated hot water systems use a recirculation pump to rapidly pull hot water from a water heater while simultaneously sending cooled-off water from the hot water lines back to the water heater to be reheated.
  - (c) Whole house manifold systems consist of a manifold (trunk line) connected to the water heater from which individual pipes (twigs) are connected to each water fixture.



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- (d) Core plumbing systems are hot water distribution systems where water volumes in the pipes are reduced by a combination of smaller pipe diameters and shorter pipe runs due to a centrally located water heater.
- (5) Demand initiated water softeners, Energy Star rated
- (6) Demand initiated or instantaneous hot water heaters
- (7) Hot water pipe insulation (minimum of R4)

#### B. Residential and Commercial Outdoor Water Conservation Measures.

- (1) A weather-based irrigation controller, or Smart irrigation controller with a rain shut off device, uses weather data and site information such as plant type and sprinkler system output to adjust watering times and frequency. This provides more efficient watering, reduces water run-off and improves the health of your landscape.
- (2) Permanently installed rainwater cisterns.
- (3) Drip irrigation systems in gardens, planters and beds. Drip irrigation can save up to 70% in water usage due to more efficient delivery.
- (4) Matched precipitation sprinklers so that all spray patterns and radius deliver water evenly over the landscape area.
- (5) Custom Measure: Replace turf grass with native or low water use plants. Project must include soil amendment, mulch, drip irrigation and /or matched precipitation sprinklers and a Smart irrigation controller.

#### C. Commercial Water Conservation Measures.

- (1) All applicable water conservation measures listed for "residential"
- (2) Pre-rinse spray valves (1.2gpm)
- (3) Urinals (pint)
- (4) Waterless urinals
- (5) Bathroom aerators (0.5 gpm)

#### D. Commercial Custom Measures.

- (1) Industrial process water use reduction
- (2) Recycled water source
- (3) Deionization
- (4) Filter upgrades
- (5) Cooling condensate reuse
- (6) Foundation drain water
- (7) Cooling tower conductivity controllers

#### E. Residential and Commercial Recycled Water Use

- (1) Outdoor irrigation

### **ENERGY EFFICIENCY MEASURES**



Except the HVAC equipment as noted below, efficiency measures must meet the performance criteria stated in the list of Eligible Improvements or the Energy Star minimum efficiency levels. For all packaged and central air conditioning systems funded in this Program, the minimum efficiency levels shall be as required by the current minimum requirements set forth in List of Eligible Improvements. All other proposed efficiency measures will be considered in the Custom Measure Track. It is anticipated that Energy Star requirements will "ratchet up" to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the CA PACE Program will evolve with Energy Star and the market for energy-efficient technologies.

- (1) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher
    - (ii) Ground source exchange closed loop system 15.5 EER or higher
- (2) Home EV charging installations (3) HVAC Systems
  - (a) Minimum efficiencies
    - (i) Split systems with 14 SEER and 12 EER or higher rating
    - (ii) Natural gas furnaces of 90 AFUE or higher
    - (iii) Package systems with 14 SEER and 11 EER or higher rating
  - (b) Home energy management control systems
  - (c) Whole house fan systems
  - (d) Duct insulation, meeting Energy Star guideline
  - (e) Duct sealing
- (4) Evaporative Coolers
  - (a) Cooler must have a separate ducting system from air conditioning and heating ducting system
  - (b) Maximum 5 gallons/ton-hour cooling
- (5) Natural gas storage water heater, EF of 0.67 or higher and Energy Star listed
- (6) Tankless water heater, EF of 0.82 or higher and Energy Star listed
- (7) Solar water heater systems, rated by Solar Rating Certification Council
- (8) Cool roof system as defined by the 2005 California Building Energy Efficiency Standards (also called the California Energy Code). Roofing replacement eligible under this program shall be:
  - (a) Tested and rated through the Cool Roof Rating Council (CRRC);
  - (b) Be labeled for its initial reflectance and initial emittance as determined in the CRRC tests and be labeled that the product meets Title 24, Section 118(i);
  - (c) Achieve at least a 0.75 initial emittance and 0.70 initial reflectance or, if the initial emittance is less than 0.75, have an initial reflectance of at least  $[0.70 + \{0.34 \times (0.75 - \text{initial emittance})\}]$ ; \*and, if applied as a liquid coating in the field,



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- be applied at a minimum dry mil thickness of 20 mils\* across the entire roof surface and meet performance requirements.
- (9) Reflective roofs and coatings
- (10) Attic and wall insulation, minimum R value 30 and Energy Star listed
- (11) Reflective insulation or radiant barriers
- (12) Attic fans
- (13) Windows and glass doors, U value of 0.40 or less and solar heat gain coefficient of 0.40 or less
- (14) Window film, in compliance with the NFRC glazing attachment ratings for solar heat a gain and visible transmittance
- (15) Weather-stripping, following Energy Star guidelines
- (16) Home sealing, following Energy Star guidelines
- (17) Skylights, U Value of 0.60 or less and solar heat gain coefficient of 0.40 or

less

- (18) Solar tubes
- (19) Additional building openings to provide addition natural light, windows and doors must meet the Energy Star rating U value of 0.40 or less
- (20) Lighting, Energy Star listed (no bulb only retrofits)
- (21) Pool equipment (a) Pool circulating pumps (must be variable flow and/or multi-speed with controllers)

#### B. Residential Energy Efficiency Custom Measures.

- (1) Passive solar (heating/cooling)

#### C. Commercial Energy Efficiency Measures.

- (1) Heating, ventilating and air conditioning systems ("HVAC")
  - (a) Minimum efficiencies
    - (i) Split systems with 14 SEER or 12 EER
    - (ii) Package systems with 13 SEER or 11 EER
- (2) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher
    - (ii) Ground source exchange closed loop system 15.5 EER or higher
- (3) High efficiency electric hand dryer
- (4) All applicable energy efficiency measures listed in "Residential" section

#### D. Commercial Energy Efficiency Custom Measures.

- (1) Building energy management systems,
- (2) Lighting control systems, which shall include occupancy sensors and other energy saving measures
- (3) HVAC duct zoning control systems
- (4) Motors and controls (processing or manufacturing equipment)

(5) Customer electric vehicle plug-in station

**ALTERNATIVE ENERGY EFFICIENCY MEASURES**

The Alternative Energy Efficiency Measures is a process by which PHFA Staff can evaluate and fund projects that are not “off the shelf” improvements listed in the eligible Water Conservation, Energy Efficiency or Renewable Energy Generation Measures. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management solutions and emerging technologies. The following types of measures – among others – will be considered for funding through the Alternative Energy Efficiency Measures Track:

A. Energy Efficiency Alternative Measures.

- (1) Alternative energy generation (other than photovoltaic)
- (2) Building energy management controls
- (3) HVAC duct zoning control systems
- (4) Irrigation pumps and controls
- (5) Lighting controls
- (6) Industrial and process equipment motors and controls

As these “Custom Measures” become Energy Star rated they will be included in the List of Eligible Improvements.

B. Energy Generation Alternative Measures.

- (1) Fuel Cells
- (2) Natural gas
- (3) Hydrogen fuel
- (4) Other fuel sources (emerging technologies)
- (5) Co-generation (heat and energy)



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## **Appendix B: City of Palm Springs Boundary Map**

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The boundary of the Assessment District shall be the same as the City of Palm Springs City Boundaries, and the Complete City Boundary Map is on file with the Office of the City Engineer, City of Palm Springs and is incorporated herein by reference.

## Appendix C: Application

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### INSTRUCTIONS

Applying for Program Assessment Financing is simple by completing these easy steps:

STEP	ACTIVITY	ACTION
1	SUBMIT CA PACE APPLICATION	Obtain an application from PFSE by calling (877) 577-7373 or download it directly at <a href="http://cityenergysavings.com">cityenergysavings.com</a> .
2	SCHEDULE & COMPLETE AN ENERGY EVALUATION	After your application has been reviewed, Connor Energy will contact you to schedule your Energy Evaluation to be performed (at no additional cost to residential property owners. Commercial/Industrial will be charged at 0.02 per square foot).
3.	FINALIZE ASSESSMENT FINANCING APPLICATION	Once the energy evaluation is performed, you can select the energy improvements to be installed from the approved vendors list at <a href="http://cityenergysavings.com">cityenergysavings.com</a> (If the vendor you want is not listed please have them contact PFSE to be approved and added).
4.	RECORD LIEN AND AUTHORIZE INSTALLATION	After receiving the proposed installation contract and final Assessment Financing amount request, PFSE will process the application for final approval and recordation. Property owner will need to agree to final interest rate and notarize the assessment lien. Once approval is granted, PFSE records the assessment lien on the property, and authorizes the vendor to install improvements.
5.	ASSESSMENT FINANCING REPAYMENT	The annual amount of the Assessment Financing is repaid through assessments on property owners tax bill over the specified number of years.
6.	ENJOY YOUR IMPROVEMENTS	Enjoy your savings while helping the environment.

**STEP 1** – Obtain and **Complete an application** for Program Assessment Financing from PFSE or download it at [www.cityenergysavings.com](http://www.cityenergysavings.com).

**Mail the completed application** for Program Assessment Financing to:  
Public Finance Solutions & Engineering  
C/O City of Palm Springs – CA PACE Program  
7670 Opportunity Rd, Suite 250  
San Diego, CA 92111

**Along with the completed application**, be sure to include:

- 1) A Check in the Amount of \$395.00 (Commercial/Industrial Properties add \$.02 per square foot) payable to:  
**Public Finance Solutions & Engineering**

Please complete and sign the attached Application Form and include all requested attachments. Please type or print neatly in blue or black ink. All applications are processed on a first-come, first-served basis, upon receipt, until otherwise directed by the PHFA Director. Incomplete and/or incorrect applications cannot be processed. Resubmitted applications are processed on a first-come, first-served basis upon the new receipt date. If the program is temporarily unavailable or not currently processing applications, an approved applicant will be placed on a waiting list. Keep a copy of all home improvement contracts, energy installation agreements completed, application and all documents submitted.

For questions regarding the status of your Application contact the Program Administrator, Public Finance Solutions & Engineering:

TOLL FREE: (877) 577-PFSE (7373)

**STEP 2** – **Schedule and Complete Energy Evaluation**. You will be contacted by Connor Energy and / or PFSE to schedule your Energy Evaluation. For residential properties, the evaluation is complementary. This step is required for all applicants.



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**STEP 3 - *Select a vendor*** from the approved vendor list. Property owners are encouraged to obtain multiple bids from vendors and contractors to assure obtaining improvements that are guaranteed and priced to the satisfaction of the parcel owner. Only vendors from this list will qualify for Program Assessment Financing. If the vendor you want is not listed, have the vendor contact **PFSE** at (877) 577-PFSE (7373). It takes about 48 hours to approve a new vendor. Input the Vendor information on the form, but **DO NOT PAY or MAKE ANY PAYMENTS TO THE VENDOR.** *Program Assessment Financing* when complete will directly reimburse vendors for equipment installed in accordance with Program guidelines.

Once you have determined the equipment you would like to have installed, forward a copy of the equipment bid or purchase agreement from the vendor to PFSE.

For information on home improvement contracts or the status of your contractor's license visit [www.cslb.ca.gov](http://www.cslb.ca.gov) or call the Contractor's State License Board at 1-800-321-CSLB.

**STEP 4 –** After the Assessment Financing and vendor contracts have been approved. PFSE will forward to Property Owner the final Assessment Financing agreements, assessment lien (needs to be notarized), the interest rate of the Assessment Financing and any final disclosures. The property owner will be required to return all documents for final recordation. After the lien has been recorded against the property, the contractor will be authorized to install the requested improvements.

**STEP 5 –** After the improvements are installed, the property owner simply needs to make the timely payments on their property tax bills.

**STEP 6 –** Enjoy the improvements and the savings!

## Appendix D: Sample Agreement

### AGREEMENT PHFA CA PACE PROGRAM FOR THE CITY OF PALM SPRINGS, (A PROGRAM OF THE PACIFIC HOUSING & FINANCE AGENCY)

This Agreement ("Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the PACIFIC HOUSING & FINANCE AUTHORITY, a California joint powers authority ("Agency") and \_\_\_\_\_ ("Borrower").

### RECITALS

A. The City of Palm Springs is a participant in the Agency's California Property Assessed Clean Energy Program (the "Program") pursuant to which the City has authorized the Agency to extend to property owners the opportunity to finance the acquisition and installation on their property certain qualifying renewable energy systems and energy efficient equipment. The purpose and method of administration of the assessments under the Program are described in the CA PACE Program Report adopted by the City Council on September 8, 2010, as it may be amended from time to time (the "Report").

B. The Program is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Act").

C. The Borrower has submitted to the Agency that certain CA PACE Program Assessment Financing Application dated \_\_\_\_\_, 20\_\_\_\_, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference (the "Application"). The Application describes, among other things, the renewable energy system and/or energy efficient equipment which is to be financed with the proceeds of the described herein, and to be constructed on or installed in the property of Borrower described in Exhibit "B" attached hereto and incorporated herein by this reference (the "Property"), and the Agency has approved the Application as provided in the Report.

D. The Borrower wishes to participate in the Program by executing this Agreement with the Agency and using the proceeds of the made by the Agency to the Borrower hereunder to finance the acquisition and [construction] [installation] on the Property of the [renewable energy system] [energy efficiency equipment] described in the



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Application (the "Equipment"). The Equipment and its construction on or installation in the Property is collectively referred to herein as the "Work".

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

**AGREEMENT**

**1. Agreement**

(a) Subject to the conditions set forth herein. The Agency agrees to extend assessment financing ("financing") to Borrower in the amount of up to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ) (the " Amount"). Notwithstanding anything to the contrary contained herein, the Amount shall not in any event exceed the actual cost of the Work. The Borrower shall be solely responsible for the payment of all cost of the Work which exceeds the Amount and Borrower agrees in any event to complete the Work and to fund all costs associated with such completion which may be in excess of the Amount. This Agreement, together with the Application, the Report and the documents and instruments attached to or referenced in this Agreement and the Application are collectively referred to herein as the "Documents."

(b) The term of the Assessment Financing and this Agreement shall be \_\_\_\_\_ ( \_\_\_\_\_ ) years from the date that the proceeds of the \_\_\_\_\_ are first disbursed to the Borrower.

(c) Interest shall accrue on the unpaid principal balance of the Amount from the date first disbursed to Borrower at the simple interest rate of 8.5 percent (8.5%) per annum. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a law which applies to the \_\_\_\_\_ and which sets maximum interest rates or charges is interpreted by a court of competent jurisdiction in a manner as would cause the interest or other charges collected or to be collected in connection with the \_\_\_\_\_ to exceed the limits permitted by such laws, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to the permitted limit; and (ii) any sums already collected which exceed permitted limits will be refunded by the Agency. The Agency may choose to make the refund by reducing the outstanding principal amount of the \_\_\_\_\_ or by making a direct payment to the Borrower.

(d) The Borrower promises to pay to the Agency, without deduction or offset, the Amount and the interest accrued thereon as provided herein. The repayment of the Amount and interest accrued thereon shall be repaid by the Borrower to the Agency by the payment of an assessment levied against the Property pursuant to Section 5898.30

of the California Streets and Highway Code (the "Assessment"). In addition to the Assessment, the Borrower promises to pay to the Agency, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the Agency which result from the administration and collection of the Assessment or from the administration or registration of any associated bonds or reserve or other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed Forty Dollars (\$40) per year, with annual increases to the \$40 maximum of no more than 2% per year. **The Assessment and the Annual Administrative Assessment, and the interest and any penalties thereon, if not timely paid, shall constitute a lien on the Property until they are paid.** The installments of the Assessment and the Annual Administrative Assessment (including principal and interest) shall be collected on the property tax bill pertaining to the Property, and shall be subject to the same penalties, remedies, and lien priorities as for property taxes in the event of non-payment. The Borrower hereby expressly consents to the levy of the Assessment and the Annual Administrative Assessment and the imposition of the lien on the Property as described herein and in the Act.

(e) The amount of assessment installments that will be placed on the Property each year is set forth in Exhibit "C" attached hereto and incorporated herein by this reference.

(f) The Assessment may be prepaid, in whole or in part, at any time upon the payment of a premium in an amount equal to two percent (2%) of the amount of the Assessment to be prepaid. Prepayment costs may also include trustee fees, bond interest, and other related charges.

## **2. Use of Proceeds**

All proceeds of the shall be used by Borrower for the sole purpose of paying for the reasonable costs and expenses of the Work on the Property, and in connection therewith the Borrower shall comply with all requirements set forth herein, in the Application and in the Report.

## **3. Disbursement Procedures**

(a) Notwithstanding anything to the contrary contained herein, the Agency shall have no obligation to disburse the Amount to the Vendor and/or Property Owner hereunder unless and until each of the following conditions are satisfied, or any such condition is expressly waived by the Director:

(i) The receipt by the Director of a written certification from Borrower, and the contractor(s), if any, that performed the Work, stating that the Work for which

disbursement is requested is complete, and the actual cost of such Work. PHFA has selected Connor Energy to perform such certification.

(ii) An inspection of the Work by the PHFA, and a determination by the Director that the Work has been completed in full compliance with the requirements of the Documents.

(iii) The receipt by the Director of such other documents and instruments as the Director may require, including but not limited to, if applicable, the sworn statements of contractor(s) and releases or waivers of lien, all in compliance with the requirements of applicable law.

(iv) Borrower has, as appropriate, executed and delivered to Director the Documents and such other documents or instruments pertaining to the or the Work as the Director may require.

(v) As of the date of disbursement of the Amount, the Director shall have determined that the representations of the Borrower contained in the Documents are true and correct, and no Default (as defined in Section 12 below) shall have occurred and be continuing.

(vi) No stop payment or mechanic's lien notice pertaining to the Work has been served upon the Agency and remains in effect as of the date of disbursement of the Amount.

(vii) The Agency shall have performed a title verification (the "Title Check") and shall be in form and substance acceptable to the Director.

(b) Borrower will, within ten days (10) days of presentation by the Director, execute any and all documents or instruments required by the Documents in connection with the disbursement of the Amount.

#### **4. Reports**

Borrower agrees, upon the request of Director, to promptly deliver to the Director, or, if appropriate, cause its contractor(s) to promptly deliver to Director, a written status report regarding the Work.

#### **5. Representations and Warranties of Borrower**

Borrower promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement, and the date of disbursement



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of the Amount. The disbursement of the Amount shall be deemed to be a reaffirmation by the Borrower of each and every representation and warranty made by Borrower in this Agreement.

(a) Formation: Authority. If Borrower is anything other than a natural person, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business. Borrower is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Documents, and all other documents and instruments delivered by Borrower to the Agency in connection therewith.

This Agreement and the Application have been duly executed and delivered by Borrower and are valid and binding upon and enforceable against the Borrower in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by the Borrower, is required for the Borrower's execution thereof or the performance of its obligations contained therein.

(b) Compliance with Law. Neither Borrower nor the Property is in violation of, and the terms and provisions of the Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting Borrower or the Property.

(c) No Violation. The terms and provisions of the Documents, the execution and delivery of the Documents by Borrower, and the performance by Borrower of its obligations contained therein, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which the Borrower or the Property is bound.

(d) Other Information. If Borrower is comprised of the trustees of a trust, the foregoing representations shall also pertain to the trustor(s) of the trust. All reports, documents, instruments, information and forms of evidence which have been delivered to Agency concerning the are accurate, correct and sufficiently complete to give Agency true and accurate knowledge of their subject matter.

(e) Lawsuits. There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Borrower which may impair Borrower's ability to perform its obligations hereunder.

(f) Borrower Not a "Foreign Person". Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended from time to time.



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(g) No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Agreement.

(h) Accuracy of Declarations. The declarations of the Borrower contained in the Application are accurate, complete and true.

## **6. Borrower's Covenants**

Borrower promises to keep each of the following covenants:

(a) Completion of Work and Maintenance of Equipment. Borrower shall, or shall cause its contractor to, promptly commence construction of the Work, and diligently continue such Work to completion, in a good and workmanlike manner and in accordance with sound construction and installation practices. Borrower shall maintain the Equipment in good condition and repair.

(b) Compliance with Law and Agreements. In commencing and completing the Work, Borrower shall comply with all existing and future laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Work, and with all recorded instruments, agreements, and covenants and restrictions affecting the Property.

(c) Permits, Licenses and Approvals. Borrower shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Work. Borrower, upon the request of the Director, shall promptly deliver copies of all such permits, licenses and approvals to the Director.

(d) Site Visits. Borrower grants Agency, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Borrower, for the purposes of observing the Work. Agency will make reasonable efforts during any site visit to avoid interfering with Borrower's use of the Property. Borrower shall also allow Agency to examine and copy records and other documents of Borrower which relate to the Work. Agency is under no duty to visit the Property, or observe any aspects of the Work, or examine any records, and Agency shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by Agency shall be solely for the purposes of protecting Agency's rights under the Documents.

(e) Protection Against Lien Claims. Borrower shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Work. Borrower shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Work.

(f) Insurance. Borrower shall provide, maintain and keep in force at all times until the Work is completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the full replacement cost of the Work.

(g) Notices. Borrower shall promptly notify Agency in writing of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

## **7. Mechanic's Lien and Stop Notices**

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Work, Director may summarily refuse to make any disbursement of the Amount, and in the event Borrower fails to furnish Director a bond causing such notice or lien to be released within ten (10) days of notice from Director to do so, such failure shall at the option of Agency constitute a Default under the terms of this Agreement. Borrower shall promptly deliver to Director copies of all such notices or liens.

## **9. Indemnification**

(a) Borrower shall indemnify, defend, protect, and hold harmless the Agency and any and all agents, employees, attorneys, and representatives of the Agency including Pacific Housing & Finance Agency personnel, Public Finance Solutions & Engineering, and Connor Energy (collectively, the "Agency Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Documents, (ii) the disbursement of the Amount, (iii) the Work, (iv) the Equipment, (v) any breach or Default by Borrower under the Documents, (vi) the Assessment and the Annual Administrative Assessment, or (vii) any other fact, circumstance or event related to Agency's extension of the to Borrower or Borrower's performance of its obligations under the Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the disbursement of the Amount.

(b) The indemnity obligations described in this Section 9 shall survive the disbursement of the Amount, the repayment of the , the transfer or sale of the Property by the Borrower, and the termination of this Agreement.

### **9. Waiver of Claims**

For and in consideration of the Agency's execution and delivery of this Agreement, Borrower, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Borrower , hereby waives the right to recover from and fully and irrevocably releases the Agency Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court Costs, that Borrower may now have or hereafter acquire against any of the Agency Parties and accruing from or related to (i) the Documents, (ii) the disbursement of the Amount, (iii) the performance of the Work, (iv) the Equipment, (v) any damage to or diminution in value of the Property that may result from the Work, (vi) any personal injury or death that may result from the Work, (vi) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Work or the Equipment, (vii) the merchantability and fitness for any particular purpose, use or application of the Equipment, (vii) the amount of energy savings resulting from the Work and the Equipment, (ix) the workmanship of any third parties, and (x) any other matter with respect to the Program. This release includes claims, obligations, liabilities, causes of action, and damages of which Borrower is not presently aware or which Borrower does not suspect to exist which, if known by Borrower, would materially affect Borrower's release of the Agency Parties.

**BORROWER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:**

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." BY INITIALING BELOW, BORROWER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.**

Borrower's Initials

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The waivers and releases by Borrower contained in this Section 9 shall survive the disbursement of the amount, the repayment of the , the transfer or sale of the Property by the Borrower, and the termination of this Agreement.

### **10. Further Assurances**

The Borrower shall execute any further documents or instruments consistent with the terms of this Agreement, including documents and instruments in recordable form, as Agency shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the .

### **11. Events of Default**

(a) Subject to the further provisions of this Section 11, the failure of any representation or warranty of the Borrower contained herein to be correct in all material respects, or the failure or delay by Borrower to perform any of its obligations under the terms or provisions of the Documents, shall constitute a default hereunder ("Default"). The Borrower must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in Sections 11(c) and (d) below, as applicable.

(b) The Agency shall give written notice of default to Borrower, specifying the default complained of by the Agency. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

**The Assessment and the Annual Administrative Assessment, and the interest and-any penalties thereon, if not timely paid, shall constitute a lien on the Property until they are paid.**

(c) If a monetary event of default occurs, prior to exercising any remedies under the Documents or the Act, Agency shall give Borrower written notice of such default. Borrower shall have a period of thirty (30) days after such notice is given within which to cure the default prior to exercise of remedies by Agency.

(d) If a non-monetary event of default occurs, prior to exercising any remedies under the Documents or the Act, Agency shall give Borrower notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Agency under the Documents or the Act. If the default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Borrower (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is



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reasonably necessary to cure the default prior to exercise of any remedies by Agency. However, in no event shall Agency be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default, or if the default is not cured within one hundred and twenty (120) days after the first notice of default is given.

(e) If any Default occurs, then, upon the election of Agency, (i) if there has been no disbursement of the Amount, this Agreement shall terminate and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder, or (ii) if the Amount has been disbursed in whole or in part, Agency may terminate its obligations to make any further disbursement of the Amount and exercise any or all of the rights and remedies available to it under applicable law, at equity or as otherwise provided herein.

(f) Any and all costs and expenses incurred by the Agency in pursuing its remedies hereunder shall be additional indebtedness of the Borrower to the Agency hereunder, and shall be secured as provided in the Act.

(g) Except as otherwise expressly stated in this Agreement, the rights and remedies of the Agency are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the Agency, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by Agency in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive the Agency of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(h) Performance of the covenants and conditions imposed upon Borrower hereunder with respect to the commencement and completion of the Work shall be excused while and to the extent that, Borrower is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of the Borrower; provided, however, that such event is not caused by the fault, negligence or misconduct of Borrower; and provided, further, as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Borrower shall immediately resume compliance therewith and performance thereof.

## **12. Compliance with Local, State and Federal Laws**

Borrower shall perform the Work, or cause the Work to be performed, in conformity with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards. Borrower agrees to indemnify, defend



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and hold the Agency Parties harmless from and against any cost, expense, claim, charge or liability relating to or arising directly or indirectly from any breach by or failure of Borrower or its contractor(s) or agents to comply with such laws, rules or regulations. The indemnification obligations described in this Section 12 shall survive the disbursement of the Amount, the repayment of the , and the termination of this Agreement.

### **13. Severability**

Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

### **14. Notices**

All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To Agency:

**PACIFIC HOUSING & FINANCE AGENCY**  
1621 W 25<sup>th</sup> STREET, STE 111  
SAN PEDRO, CA 90732

And

**PUBLIC FINANCE SOLUTIONS & ENGINEERING**  
7670 OPPORTUNITY ROAD, SUITE 250  
SAN DIEGO, CA 92111

To Borrower:



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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**15. Attorneys' Fees and Costs**

In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing party in enforcing this Agreement.

**16. No Waiver**

No disbursement of the Amount shall constitute a waiver of any conditions to the Agency's obligation to make further disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Agency from thereafter declaring such inability to constitute a Default under this Agreement. No disbursement of the Amount based upon inadequate or incorrect information shall constitute a waiver of the right of Agency to receive a refund thereof from Borrower.

**17. Governing Law**

This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California, or in an appropriate municipal court in that County or in the United States District Court for the Central District of California.

**18. Amendment of Agreement**

No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Borrower and Agency.

**19. Agency May Assign: Role of the Agency**

Agency, at its option, may (i) assign any or all of its rights and obligations under the and this Agreement, and (ii) pledge and assign its right to receive the Assessment, the Annual Administrative Assessment, and the repayment of the and any other payments due to the Agency hereunder, without obtaining the consent of the Borrower.

**20. Borrower Assignment Prohibited**



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In no event shall Borrower assign or transfer any portion of this Agreement or Borrower's rights or obligations under the Agreement without the prior express written consent of Agency, which consent may be granted or withheld in the sole and absolute discretion of the Agency.

**21. Relationship of Borrower and Agency**

The relationship of Borrower and Agency pursuant to this Agreement is that of debtor and creditor and shall not be or be construed to be a joint venture, equity venture, partnership, or other relationship.

**22. General**

Time is of the essence of this Agreement and of each and every provision hereof. This Agreement, together with the other Documents, constitutes the entire agreement between the parties hereto, and there shall be no other agreement regarding the subject matter thereof unless signed in writing by the part to be charged. If there is more than one "Borrower," the obligations hereunder of all Borrowers shall be joint and several.

**23. Counterparts**

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

**24. Special Termination**

Notwithstanding anything to the contrary contained herein, this Agreement shall terminate and be of no further force or effect If the Borrower has submitted to the Director a notice of its decision to cancel this transaction on or prior to the date and time described in the [Notice of Right to Terminate] which was delivered to the Borrower upon its execution of this Agreement

**IN WITNESS WHEREOF**, Borrower and Agency have entered into this Agreement as of the date and year first above written.

**Borrower:**

\_\_\_\_\_

\_\_\_\_\_

**Agency:**

**PACIFIC HOUSING & FINANCE AGENCY**

a California Joints Powers Authority



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Date of Execution by Borrower:

---

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_



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**EXHIBIT "A"**  
**[ATTACH COPY OF EXECUTED AND APPROVED APPLICATION]**



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**EXHIBIT "B"**  
**DESCRIPTION OF THE PROPERTY**



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**EXHIBIT "C"**  
**SCHEDULE OF ASSESSMENT INSTALLMENTS**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Maximum Annual Administrative Assessment</u>	<u>Total</u>
-------------	------------------	-----------------	---	--------------

[To be provided]

## **Appendix E: Summary of Process**

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### **Definition / Role of Key Participants:**

**JPA Agency:** Pacific Housing and Finance Agency (PHFA). PHFA is the Joint Powers Authority (JPA) sponsoring the CA PACE Program in which Member Agencies may participate in. Mr. Dave Elder is the Executive Director for the JPA Agency.

**Member Agency:** Any Agency or Public Agency that is a member of the Pacific Housing and Finance Agency (PHFA) Joint Powers Authority. For a complete list of current Member Agencies please visit our website at [www.Agencyenergysavings.com](http://www.Agencyenergysavings.com).

**Bond Underwriter:** The municipal bond underwriter, Chilton & Associates, will use its best efforts for issuing municipal bonds to finance approved property owner energy efficiency s for participating Member Agencies. The bond underwriter will market the bonds at the market given then existing bond market conditions. It is possible, if economic situations that arose in late 2008 and the first half of 2009 were to reappear, that there would be no market for the Pacific Housing & Finance Agency Energy Improvement Bonds.

**Bond Counsel:** The municipal bond counsel, Timothy Sabo of Lewis, Brisbois, Bisgaard & Smith, LLP, is responsible for rendering a legal opinion on the municipal bonds issued.

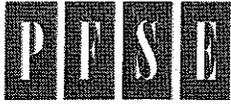
**Program Administrator:** Public Finance Solutions & Engineering (PFSE) is the program administrator for the JPA Agency responsible for program administration including property owner questions, debt administration (including tax roll billing) and Member Agency support.

**Energy Verification Agent:** Connor Energy is the Energy Verification Agent for the JPA Agency. The Energy Verification Agent is responsible for two main functions:

- 1) Qualifying contractors and vendors to participate in the program;
- 2) Certify that the energy equipment has been properly and securely installed at the property location.

### **STEP 1: Defining the Energy and Water Efficiency Improvements**

The first step in the process is defining the type of energy efficiency improvements or water savings equipment to be installed. Property owners can work directly with any approved contractor (all licensed and insured contractors are eligible to become an approved contractor) to determine the scope of a project. Property owners should schedule meetings with approved contractors to discuss proposed Energy and Water Improvements guarantees and warranties and to get assistance with planning for those Improvements. It is



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encouraged that property owners solicit multiple bids for the work the property owner desires to have completed.

Most approved contractors will provide property owners with an optional, no-cost, on-site energy survey (including a no-cost solar site check) to assist property owners in determining their most effective means for CA PACE Program participation.

Lastly, the property owner obtains an approved contractor's bid or determines the cost of the equipment construction, and/or installation.

### **STEP 2: Completing the Program Assessment Financing Application**

The property owner may contact the Program Administrator:

Public Finance Solutions & Engineering (PFSE)  
7670 Opportunity Rd. Suite 250  
San Diego, CA 92111

Call Toll Free: (877) 577-PFSE (7373)

Or download forms at: [www.Agencyenergysavings.com](http://www.Agencyenergysavings.com)

Or visit their Agency's local office to request a Program Assessment Financing Application form (the "Application"). The Program Administrator's staff will provide an Application by hard copy, e-mail, facsimile, U.S. Mail or web link as requested by the property owner. Applications and instructions are also available on the web site ([www.Agencyenergysavings.com](http://www.Agencyenergysavings.com)).

The property owner submits the Application together with its required attachments to the Program Administrator. The Program Administrator determines whether each Application is complete and acceptable per Program Administrator guidelines. Incomplete Applications will not be accepted.

Applications will be processed on first-come, first-served basis.

**The complete application submittal shall include:**

- 1) Completed application and requested attachments;**  
**Application Fee Check payable to PFSE for application processing.** The application fee is fully refundable if the application is incomplete.

### **Application Review**

**During the Application Review process the Program Administrator verifies that:**



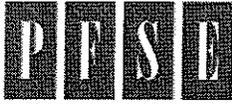
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1. The application is complete and accurate;
2. The property owner(s) owns the subject property;
3. The subject property is developed and located in the boundaries of the Member Agency's defined Program Boundaries;
4. The subject property is not exempt from ad valorem property taxes;
5. The property owner(s) is/are current in the payment of ad valorem property taxes for the subject property;
6. The property owner(s) has/have declared that the subject property is/are not currently involved in a bankruptcy proceeding or foreclosure process;
7. The proposed Energy Efficiency Improvements and costs are eligible to be financed under the Program. If the proposed Energy Efficiency Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between retrofitting and new construction;
8. The cost estimate(s) appear to be reasonable;
9. The proposed contractor(s) is/are licensed by the State of California and is/are in good standing with the Contractors State Licensing Board;
10. The proposed contractor(s) has a current Agency Business License;
11. The requested amount is equal to or greater than \$5,000; and
12. CA PACE Program financing is available upon the successful sale of the bonds by the Pacific Housing & Finance Agency.

Within 15 business days of receipt of an application, the Program Administrator notifies the property owner if the application is incomplete, or denied.

Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. Incomplete applications may be resubmitted. The Program Administrator will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.



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Denied. An application shall be deemed denied if the Program Administrator cannot verify any of the items in steps (1) through (12). A property owner may request a written statement of specific reasons for the denial within 60 business days of the date of notification of denial. In such case, the Program Administrator will provide such a statement to the property owner. Denied applications may be resubmitted. The Program Administrator will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.

If an application is denied because the cost estimate(s) is/are not deemed reasonable by the Program Administrator and/or JPA Executive Director, a resubmitted application must be accompanied by additional documentation of cost estimates as determined in the Program Administrator and/or JPA Executive Director's discretion, including, but not limited to, cost estimates provided by one or more additional contractors.

The property owner will not be required to select the low bid; however, the Program Administrator and/or JPA Executive Director may limit the maximum amount to an amount deemed reasonable by the Program Administrator and/or JPA Executive Director.

With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology, the Program Administrator and/or JPA Executive Director reserves the right to require the appropriate energy studies showing the energy savings and/or energy generation capabilities of the proposed project.

### **STEP 3: Enter into a Contract**

Sometime after an Application has been approved, the Program Administrator on behalf of the Pacific housing & Finance Authority will enter into a contractual assessment agreement (the "Contract") with the property owner. This will assure the property owner that the Program Assessment Financing has been approved and that funds will be reserved for the property owner's approved project if there is a Pacific Housing & Finance Agency bond sale. Failure of the property owner to execute a Contract within such 10-day period will require the Application to be resubmitted. The Program Administrator will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.

Upon execution of a Contract, the Agency records an assessment lien against the subject property in the Agency offices and the County Recorder's office. The Approval number is then provided to the Program approved Contractor to commence the installation of the energy efficiency improvements as specified in the Contract.

### **STEP 4: Installation of Improvements**



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Property owner enters into a contractual arrangement directly with a contractor for energy and water efficiency improvements unless the property owner is self-installing the improvements. All work is subject to the Member Agency's Building Department permitting and inspections and all other applicable federal state and local laws and regulations. All work must be completed within 180 days of execution of the Contract.

Progress Payments are not permitted under the Program. However, if the maximum amount is \$20,000 or greater, the property owner may request in writing that the JPA Executive Director approve a progress payment prior to the completion of the work. The JPA Executive Director's decision to make a progress payment shall be based on Program funding availability. Any such decision shall be final.

#### **STEP 5: Final Inspections**

Once the Property owner notifies the Program Administrator that all work has been completed the Program Administrator shall direct the Energy Verification Agent to inspect the completed work within seven (7) business days of receipt of notification that work is completed.

Based on satisfactory project completion, the Program Administrator shall direct that bond proceeds be disbursed to the approved Contractor according to the terms of the Contractor Installation Agreement with the Energy Verification Agent upon the successful sale of bonds. Within 90 days after all required paperwork has been received, and all improvements verified, the Contractor shall be paid in accordance with the Contractor Installation Agreement.

#### **STEP 6: Annual Payment of Property Taxes**

The property owner shall be responsible for the CA PACE Program Assessment Financing payment included in their annual Property Tax Bill, and shall be collected with and in the same manner as Property Taxes. The Program Administrator staff annually sends a database of assessment installments to the County Assessor for collection of the assessment on the property tax roll.

At any time, the property owner can request a payoff quote at no-charge to pre-pay the CA PACE assessment lien on the property. Such payoff calculation includes the principal balance, any bond redemption premiums, interest amounts due, and any administrative charges if applicable.



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## Appendix F: Disclosures

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### SUPPLEMENTAL DISCLOSURE REGARDING ASSESSMENT FINANCING

#### FHFA STATEMENT

The City of Palm Springs wishes to inform you of actions taken by the Federal Housing Finance Agency (FHFA) on July 6, 2010 and Fannie Mae and Freddie Mac on August 31, 2010, stating that participation in energy assessment programs such as the California Property Assessed Clean Energy Program (CA PACE) may be in violation of your mortgage documents.

Such actions by FHFA, Fannie Mae, and Freddie Mac, and some of their implications for residential property owners participating in the CA PACE Program, are described in this Supplemental Disclosure. This Supplemental Disclosure provides additional information for property owners to evaluate in making their informed decision as to the financing available under a PACE Program

Fannie Mae and Freddie Mac are government sponsored enterprises that purchase a large segment of single family home mortgages from lenders. On July 6, 2010, the Federal Housing Finance Agency (FHFA), the federal regulatory agency that oversees Fannie Mae and Freddie Mac, issued a guidance statement to Fannie Mae and Freddie Mac. FHFA's statement highlights the provisions in mortgages or deeds of trust used in connection with Fannie Mae's and Freddie Mac's programs prohibiting a property owner from incurring a senior lien on the property (such as a CA PACE assessment) without the consent of the mortgage lender.

In FHFA's view, lenders participating in Fannie Mae and Freddie Mac programs should treat energy improvement assessments (such as a contractual assessment levied under the CA PACE Program) differently than assessments levied in connection with traditional assessment districts. The City of Palm Springs disagrees with this viewpoint and is working to modify this position. Commencing July 6, 2010, FHFA's statement directs Fannie Mae and Freddie Mac to enforce the provisions in their mortgages or deeds of trust prohibiting a property owner from incurring a senior lien on the property (such as a CA PACE assessment lien) without the consent of the mortgage lender.

To implement FHFA's July 6, 2010 directives, on August 31, 2010, Fannie Mae and Freddie Mac issued instruction letters to lenders and servicers of mortgages or deeds of trust that may be sold to Fannie Mae and Freddie Mac. These letters state that Fannie Mae and Freddie Mac will not purchase from lenders mortgages or deeds of trusts for properties with a senior energy assessment lien (such as a CA PACE



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assessment lien). In other words, if your lender wishes to sell or has sold your mortgage or deed of trust to Fannie Mae or Freddie Mac, your lender has been instructed by Fannie Mae and Freddie Mac to withhold consent to energy assessment financing under a program such as the CA PACE Program.

Additionally, in their August 31, 2010 letters, Fannie Mae and Freddie Mac prescribe new restrictions and regulations on mortgage refinancing options for mortgages or deeds of trust sold by a lender to Fannie Mae or Freddie Mac with EIP financing obtained before July 6, 2010.

FOR PROPERTIES WITH MORTGAGES OR DEEDS OF TRUST REGULATED BY FHFA, ENTERING INTO A CA PACE PROGRAM LOAN AGREEMENT ON OR AFTER JULY 6, 2010 WITHOUT THE CONSENT OF THE OWNER'S EXISTING LENDER(S) WILL LIKELY CONSTITUTE AN EVENT OF DEFAULT UNDER THE EXISTING SECURITY INSTRUMENT (MORTGAGE OR DEED OF TRUST). DEFAULTING UNDER SUCH SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE PROPERTY OWNER, WHICH COULD INCLUDE (I) ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH SECURITY INSTRUMENT, (II) UNWILLINGNESS OF THE LENDER TO PERMIT REFINANCING OF THE EXISTING MORTGAGE LOAN UNLESS THE OWNER FIRST REPAYS THE ENTIRE AMOUNT OF THE CA PACE ENERGY ASSESSMENT, OR (III) UNWILLINGNESS OF THE LENDER TO PERMIT SALE OR TRANSFER OF THE PROPERTY UNLESS THE OWNER FIRST REPAYS THE ENTIRE AMOUNT OF THE CA PACE ENERGY ASSESSMENT.

Before proceeding with your CA PACE Program Application, you should carefully review any agreement(s) or security instrument(s) (such as mortgages or deeds of trust) which affect your property or to which you are a party, and contact your lender if you have any concerns.

A property owner must declare under penalty of perjury in the CA PACE Program Application that (i) the owner has the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the loan agreement, the Application, and the various documents and instruments referenced therein; and (ii) that executing the loan agreement, receiving the loan proceeds, and consenting to the assessment levied against the property owner's property will not constitute a default under any other agreement or security instrument which affects the property owner's property or to which the property owner is a party.

If you have any questions regarding any agreements or security instruments which affect your property or to which you are a party, or regarding your authority to execute the CA PACE Program Application or enter into a loan agreement with the City without



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the prior consent of your existing lender(s), the City strongly encourages you to consult with your own legal counsel and/or your lender(s). City Staff will not provide property owners with advice regarding existing agreements or security instruments.

If you still wish to participate in the CA PACE Program, please sign and date this Supplemental Disclosure Statement.

<b>ACKNOWLEDGEMENT OF RECEIPT</b>	
<b>I have received a copy of this Notice.</b> Property Owner Signature: _____	<b>I have received a copy of this Notice.</b> Property Owner Signature: _____
Printed Name: _____	Printed Name: _____
Date: _____	Date: _____

Attachments: July 6, 2010 Guidance Statement of Federal Housing Finance Agency (FHFA)  
August 31, 2010 Instruction Letter of Fannie Mae  
August 31, 2010 Instruction Letter of Freddie Mac



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## FEDERAL HOUSING FINANCE AGENCY



### STATEMENT

For Immediate Release  
July 6, 2010

Contact: Corinne Russell (202) 414-6921  
Stefanie Mullin (202) 414-6376

### FHFA Statement on Certain Energy Retrofit Loan Programs

After careful review and over a year of working with federal and state government agencies, the Federal Housing Finance Agency (FHFA) has determined that certain energy retrofit lending programs present significant safety and soundness concerns that must be addressed by Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Specifically, programs denominated as Property Assessed Clean Energy (PACE) seek to foster lending for retrofits of residential or commercial properties through a county or city's tax assessment regime. Under most of these programs, such loans acquire a priority lien over existing mortgages, though certain states have chosen not to adopt such priority positions for their loans.

First liens established by PACE loans are unlike routine tax assessments and pose unusual and difficult risk management challenges for lenders, servicers and mortgage securities investors. The size and duration of PACE loans exceed typical local tax programs and do not have the traditional community benefits associated with taxing initiatives.

FHFA urged state and local governments to reconsider these programs and continues to call for a pause in such programs so concerns can be addressed. First liens for such loans represent a key alteration of traditional mortgage lending practice. They present significant risk to lenders and secondary market entities, may alter valuations for mortgage-backed securities and are not essential for successful programs to spur energy conservation.

While the first lien position offered in most PACE programs minimizes credit risk for investors funding the programs, it alters traditional lending priorities. Underwriting for PACE programs results in collateral-based lending rather than lending based upon ability-to-pay, the absence of Truth-in-Lending Act and other consumer protections, and uncertainty as to whether the home improvements actually produce meaningful reductions in energy consumption.

Efforts are just underway to develop underwriting and consumer protection standards as well as energy retrofit standards that are critical for homeowners and lenders to understand the risks and rewards of any energy retrofit lending program. However, first liens that disrupt a fragile housing finance market and long-standing lending priorities, the absence of robust underwriting standards to protect homeowners and the lack of energy retrofit standards to assist homeowners, appraisers, inspectors and lenders determine the value of retrofit products combine to raise safety and soundness concerns.



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On May 5, 2010, Fannie Mae and Freddie Mac alerted their seller-servicers to gain an understanding of whether there are existing or prospective PACE or PACE-like programs in jurisdictions where they do business, to be aware that programs with first liens run contrary to the Fannie Mae-Freddie Mac Uniform Security Instrument and that the Enterprises would provide additional guidance should the programs move beyond the experimental stage. Those lender letters remain in effect.

Today, FHFA is directing Fannie Mae, Freddie Mac and the Federal Home Loan Banks to undertake the following prudential actions:

1. For any homeowner who obtained a PACE or PACE-like loan with a priority first lien prior to this date, FHFA is directing Fannie Mae and Freddie Mac to waive their Uniform Security Instrument prohibitions against such senior liens.
2. In addressing PACE programs with first liens, Fannie Mae and Freddie Mac should undertake actions that protect their safe and sound operations. These include, but are not limited to:
  - Adjusting loan-to-value ratios to reflect the maximum permissible PACE loan amount available to borrowers in PACE jurisdictions;
  - Ensuring that loan covenants require approval/consent for any PACE loan;
  - Tightening borrower debt-to-income ratios to account for additional obligations associated with possible future PACE loans;
  - Ensuring that mortgages on properties in a jurisdiction offering PACE-like programs satisfy all applicable federal and state lending regulations and guidance.

Fannie Mae and Freddie Mac should issue additional guidance as needed.

3. The Federal Home Loan Banks are directed to review their collateral policies in order to assure that pledged collateral is not adversely affected by energy retrofit programs that include first liens.

Nothing in this Statement affects the normal underwriting programs of the regulated entities or their dealings with PACE programs that do not have a senior lien priority. Further, nothing in these directions to the regulated entities affects in any way underwriting related to traditional tax programs, but is focused solely on senior lien PACE lending initiatives.

FHFA recognizes that PACE and PACE-like programs pose additional lending challenges, but also represent serious efforts to reduce energy consumption. FHFA remains committed to working with federal, state, and local government agencies to develop and implement energy retrofit lending programs with appropriate underwriting guidelines and consumer protection standards. FHFA will also continue to encourage the establishment of energy efficiency standards to support such programs.

###

*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.*



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SELLING GUIDE

Announcement SEL-2010-12

August 31, 2010

## Options for Borrowers with a PACE Loan

On July 6, 2010, the Federal Housing Finance Agency (FHFA) issued a statement regarding Property Assessed Clean Energy (PACE) loan programs. PACE loans are made by localities to finance residential energy improvements and are generally repaid through the homeowner's real estate tax bill. In its July 6 statement, FHFA advised that PACE programs that provide for automatic lien priority over mortgage loans pose safety and soundness risk to mortgage investors.

The purpose of this Announcement is to issue additional lender requirements to address these risks, and to issue special instructions regarding Fannie Mae borrowers who obtained PACE loans prior to July 6, 2010. The *Selling Guide* will be updated to incorporate these policy changes at a future date.

### Requirements for PACE loans originated prior to July 6, 2010

Fannie Mae is implementing specific requirements for lenders regarding borrowers who obtained PACE loans prior to July 6, 2010. These requirements are intended to address safety and soundness concerns caused by PACE loans originated prior to the issuance of statements by FHFA and other banking regulators.

Fannie Mae is waiving the uniform security instrument prohibition against PACE loans with lien priority for whole loans purchased before July 6, 2010 and for loans in an MBS pool with an issue date on or before July 1, 2010.

Additionally, the following requirements apply to borrowers with loans that are owned or securitized by Fannie Mae who seek to refinance and who obtained a PACE loan prior to July 6, 2010. To mitigate the risk posed by PACE obligations that take lien priority over the mortgage, Fannie Mae is requiring that borrowers with sufficient equity pay off the existing PACE obligation as a condition to obtaining a new mortgage loan. If a lender determines that a borrower does not have sufficient equity to pay off the existing PACE obligation, the lender may underwrite the loan as described in the second bullet below. This "waterfall" approach is designed to mitigate Fannie Mae's exposure, while avoiding borrower hardship.

- Lender must first attempt to qualify the borrower for either a cash-out or limited cash-out refinance option, with the PACE loan being paid off as part of the refinance. The prohibition against using the proceeds of a limited cash-out refinance to pay off a loan not used to purchase the property will not apply. (See the *Selling Guide*, B2-1.2-02, Limited Cash-Out Refinance Transactions, for structure and eligibility requirements.)
- If the borrower is unable to qualify for a cash-out or limited cash-out refinance with sufficient proceeds to pay off the PACE loan, the lender may underwrite the loan as a limited cash-out refinance, DU Refi Plus™, or Refi Plus™ loan, as applicable, with the PACE loan remaining in place. In these cases, it will not be necessary to include the PACE loan in the calculation of the combined loan-to-value ratio, however the PACE loan payment must be included in the monthly housing expense calculation.



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**Note:** The PACE loan must be included on the Uniform Residential Loan Application (Form 1003) as an installment debt with the balance and payment reflected. If the PACE loan will not be paid off with the transaction, the payment must be included in the total expense ratio.

Due to the complexity of data entry options for limited cash-out refinance transactions in which the PACE loan is being paid off with mortgage proceeds, these transactions must be manually underwritten.

#### **Requirements for PACE loans originated on or after July 6, 2010**

Fannie Mae will not purchase mortgage loans secured by properties with an outstanding PACE obligation unless the terms of the PACE program do not permit priority over first mortgage liens.

Lenders are responsible for monitoring state and local law to determine whether a jurisdiction has a PACE program that provides for lien priority.

Fannie Mae supports the need for programs to help homeowners fund energy efficiency improvements, and believes it may be accomplished without altering the lien status of first mortgages. In the event that PACE or similar programs with automatic lien priority proliferate, Fannie Mae will consider further limitations as necessary to address safety and soundness concerns posed by PACE programs, in line with the July 6 FHFA statement. These restrictions may include tightening borrower debt-to-income ratios or loan-to-value ratios in jurisdictions offering such programs.

#### **Effective Date**

This Announcement is effective immediately.

\*\*\*\*\*

Lenders who have questions about this Announcement should contact their Customer Account Team.

John S. Forlines  
Vice President  
Single-Family Chief Risk Officer



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# Bulletin

NUMBER: 2010-20

TO: Freddie Mac Sellers and Servicers

August 31, 2010

**SUBJECT: MORTGAGES SECURED BY PROPERTIES WITH AN OUTSTANDING PROPERTY ASSESSED CLEAN ENERGY (PACE) OBLIGATION**

This *Single-Family Seller/Servicer Guide* ("Guide") Bulletin provides guidance to our Seller/Servicers regarding Freddie Mac's purchase of Mortgages secured by properties with a Property Assessed Clean Energy (PACE) or PACE-like obligation.

**BACKGROUND**

In our Industry Letter dated May 5, 2010, *First Lien Mortgages and Energy Efficient Loans*, Freddie Mac reminded Seller/Servicers that an energy-related lien may not be senior to any Mortgage delivered to Freddie Mac. We also indicated that we would provide additional guidance regarding our requirements on energy retrofit lending programs in the future, should they move beyond the experimental stage.

On July 6, 2010, the Federal Housing Finance Agency (FHFA) issued a Statement on Certain Energy Retrofit Loan programs, such as PACE programs ("the FHFA Statement"). The FHFA Statement advised that First Liens offered by most PACE programs "pose unusual and difficult risk management challenges for lenders, servicers and mortgage securities investors," and change customary lending priorities.

The FHFA Statement further provides that First Liens created by PACE programs raise safety and soundness concerns. Other regulators share these concerns. For example, a Bulletin issued July 6, 2010 by the Office of the Comptroller of the Currency (OCC 2010-25) states, "This lien infringement raises significant safety and soundness concerns that mortgage lenders and investors must consider."

Freddie Mac supports the goal of encouraging responsible financing of energy efficient and renewable energy home improvements, and we believe this goal may be achieved without altering the lien priority status of first Mortgages or other underwriting requirements. To the extent necessary to mitigate greater risks associated with PACE and PACE-like programs, Freddie Mac will take additional actions. These actions could include adjusting loan-to-value and debt-to-income ratios for Mortgages secured by properties located in jurisdictions that permit such programs.

**REQUIREMENTS**

The requirements of this Bulletin apply to PACE obligations that provide for First Lien priority.

**Mortgages secured by properties subject to PACE obligations that provide for First Lien priority**

Freddie Mac will not purchase Mortgages secured by properties subject to PACE obligations that provide for First Lien priority. Seller/Servicers are responsible for monitoring State and local laws to determine whether a jurisdiction has a PACE program that provides for First Lien priority.



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**Mortgages secured by properties subject to PACE obligations originated before July 6, 2010 that provide for First Lien priority**

For Mortgages with Freddie Mac Settlement Dates before July 6, 2010 that are secured by properties subject to PACE obligations originated before July 6, 2010 that provide for First Lien priority, Freddie Mac will waive the Uniform Security Instrument requirement that these obligations be subordinate to the First Lien. Otherwise, our requirements regarding Mortgages secured by properties subject to PACE obligations that provide for First Lien priority remain unchanged.

**Refinance of Mortgages secured by properties subject to PACE obligations originated before July 6, 2010 that provide for First Lien priority**

To mitigate the risk posed by PACE obligations that provide for First Lien priority over the Mortgage, we are implementing additional requirements with respect to the refinance of Mortgages with Freddie Mac Settlement Dates before July 6, 2010 that are secured by properties subject to PACE obligations originated before July 6, 2010 that provide for First Lien priority.

For such Mortgages (except when refinanced under Freddie Mac's Relief Refinance Mortgages<sup>SM</sup> offering as described below), Freddie Mac will require that Borrowers who have sufficient equity pay off the existing PACE obligation in full as a condition to obtaining a new Mortgage. In addition, Sellers must qualify the Borrower using the steps below that are designed to mitigate Freddie Mac's exposure and minimize Borrower hardship:

- Sellers must first attempt to refinance the Mortgage either as:
  - A cash-out refinance Mortgage under the requirements of Guide Section 24.6, *Requirements for Cash-Out Refinance Mortgages*, or
  - A "no cash-out" refinance Mortgage under the requirements of Guide Section 24.5, *Requirements for "no cash-out" refinance Mortgages*, except that pay-off of the PACE obligation will be permitted in the same manner that secondary financing that is used in its entirety to purchase the subject property may be paid off

Proceeds from the cash-out refinance Mortgage or the "no cash-out" refinance Mortgage must be used to pay off the PACE obligation in full.

- If the Mortgage does not meet the requirements for a cash-out refinance Mortgage or a "no cash-out" refinance Mortgage, as described above, with sufficient proceeds to pay off the PACE obligation in full, the Seller may then underwrite the Mortgage under Freddie Mac's Relief Refinance Mortgage<sup>SM</sup> – Open Access offering under the requirements of Guide Chapter B24, *Freddie Mac Relief Refinance Mortgages<sup>SM</sup> – Open Access*, with the PACE obligation remaining in place. In underwriting under such offering, it will not be necessary to include the PACE obligation in the calculation of the total loan-to-value ratio; however, the PACE obligation must be included in the monthly debt payment-to-income ratio.

*Special delivery requirements*

For Relief Refinance Mortgages - Open Access when the PACE obligation remains in place, in addition to complying with the special delivery requirements provided in Chapter B24, the Seller must deliver special characteristics code "H28."



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**GUIDE REVISIONS**

Applicable Guide sections will be updated in a future Bulletin to reflect these changes.

**CONCLUSION**

If you have any questions, please contact your Freddie Mac representative or call (800) FREDDIE.

Sincerely,

Patricia J. McClung  
Vice President  
Offerings Management

**Appendix G: CA PACE Program Highlights**



California Property Assessed  
Clean Energy Program

**PACE PROGRAM HIGHLIGHTS**

**Program Benefits for Property Owners:**

- No money down, no credit check, provides for easy assessment financing for energy saving equipment
- Provides a low, fixed-rate



**Program Benefits for the City of Palm Springs:**

- Create and stimulate the local economy through job growth
- Provides a facility to retrofit thousands of homes and business improving the community and increasing values
- No costs to join or have the City of Palm Springs participate

properties,

**Property Owner Requirements:**

- Current on Property Taxes.
- Maximum Financing not to exceed Assessed Land Value





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- No Negative Equity Financing
- Application fee of \$395 for residential. Add \$.02 per square foot for commercial properties.

**Terms of Financing:**

- Length of financing: Lesser of useful life of equipment or 20 years, whichever is less.
- Financing Rate: Taxable Bond Rate + 1.5%



**Eligible Property Owners:**

- No Bankruptcy.
- Property Ownership. Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner paying real property taxes.
- Current on Payments. A property owner needs to be current in the payment of property taxes and current on any mortgages on the parcel.

Program Administrator:

Public Finance Solutions & Engineering

[www.PFS-Engineering.com](http://www.PFS-Engineering.com)

7670 Opportunity Road, Ste 250, San Diego CA 92111

TEL: (877) 577-PFSE (7373)



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# City of Palm Springs

Office of the City Clerk

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## NOTICE OF CONTINUANCE

NOTICE IS HEREBY GIVEN that the Meeting of September 8, 2010, Public Hearing Item No. 1.C.

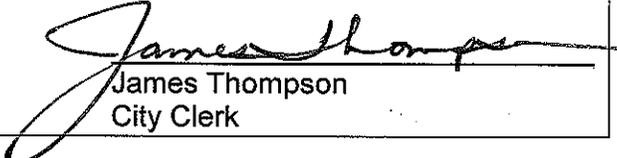
### PROPOSED ESTABLISHMENT OF A CONTRACTUAL ASSESSMENT PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS

By a unanimous vote of the City Council of the City of Palm Springs the public hearing was continued to Wednesday, September 22, 2010, Council Chamber, 3200 E. Tahquitz Canyon Way, at 6:00 p.m., or as soon thereafter as possible.

#### AFFIDAVIT OF POSTING

State of California )  
County of Riverside ) ss.  
City of Palm Springs )

I, James Thompson, City Clerk of the City of Palm Springs, California, certify this Notice of Continuance was posted at or before 6:00 p.m., September 9, 2010, as required by established policies and procedures.

  
James Thompson  
City Clerk