

Support Material for Agenda Item No. 24

Board of Directors

September 7, 2016

10:15 a.m.

Location:

SANBAG

First Floor Lobby

Santa Fe Depot, 1170 W. 3rd Street

San Bernardino, CA

Consent Calendar

Council of Governments

24. Changes to the Commercial HERO Program Administered by SAMAS Capital, LLC

Approve Resolution No. 17-004 authorizing changes to the Commercial HERO Program administered for San Bernardino Associated Governments (SANBAG) by SAMAS Capital, LLC (SAMAS), including: amending the HERO Program Report and the Master Indenture for issuance of bonds secured by assessments on commercial parcels participating in SAMAS Commercial program; and second amendments to the Master Bond Purchase Agreement with SAMAS (C14055) and the Administrative Services Agreement with SAMAS (C14052). **Duane Baker**

The attachments listed below are being provided separately for your information:

- *SAMAS Commercial Program Report*
- *SAMAS Commercial HERO Application*
- *SANBAG HERO Commercial Handbook*



PROGRAM REPORT

SAN BERNARDINO ASSOCIATED GOVERNMENTS

SANBAG HERO PROGRAM REPORT HISTORY

- ORIGINALLY APPROVED BY THE SANBAG BOARD OF DIRECTORS ON MARCH 6, 2013.
- JULY 10, 2014 – AMENDED BY SANBAG BOARD OF DIRECTORS BY ADOPTION OF RESOLUTION No. 13-087 TO EXPAND THE PROGRAM AREA TO INCLUDE THE CITIES OF NEEDLES, REDLANDS AND UPLAND AND THE TOWN OF APPLE VALLEY.
- JULY 2, 2014 – AMENDED BY SANBAG BOARD OF DIRECTORS BY ADOPTION OF RESOLUTION No. 14-028 TO EXPAND THE PROGRAM AREA TO INCLUDE THE CITY OF BARSTOW.
- NOVEMBER ____, 2014 – AMENDED BY EXECUTIVE DIRECTOR PURSUANT TO RESOLUTION No. 13-044 TO MODIFY THE RESIDENTIAL HERO PROGRAM ASSESSMENT CONTRACT FOUND IN APPENDIX E.
- JULY __, 2016 – AMENDED BY SANBAG BOARD OF DIRECTORS TO CHANGE THE “COMMERCIAL HERO PROGRAM” TO “SAMAS COMMERCIAL” AND TO AUTHORIZE RENOVATE AMERICA, INC. TO ADMINISTER AND FINANCE A PROGRAM FOR COMMERCIAL PROPERTIES TO BE KNOWN AS THE “HERO COMMERCIAL PROGRAM”

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I PROGRAM INTRODUCTION

This SANBAG HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the SANBAG HERO Program (the "Program") for the San Bernardino Associated Governments ("SANBAG").

A Residential Program Handbook and a Commercial Program Handbook (collectively, the "Handbooks") are incorporated by reference into this Program Report and supplement and provide further details on the Program.

1.1 PURPOSE OF THE PROGRAM

The San Bernardino Associated Governments ("SANBAG") is making the Program available to every city in San Bernardino County (the "County") and to San Bernardino County that elect to participate in the Program to encourage installation of distributed generation renewable energy sources and energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. SANBAG has partnered with Renovate America, Inc. and SAMAS Capital to make the Program available to all participating cities and the County. Within the Program, SANBAG has authorized the establishment of the HERO Residential Program to be administered and financed by Renovate America, Inc. to finance the installation of eligible improvements on residential properties. SANBAG has also authorized the establishment of separate commercial programs to finance the installation of eligible improvements on commercial properties: the HERO Commercial Program to be administered and financed by Renovate America, Inc. and the Samas Commercial Program to be administered and financed by Samas Capital, Inc.

The Program is an economic development program available at no cost to the participating cities and the County. The Program finances improvements which decrease energy usage, create clean renewable energy, or decrease water consumption. In addition to these direct benefits, the Program helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

The original HERO residential program was launched in western Riverside County in December 2011, and has received several awards across the state. The SANBAG HERO Residential Program for residential properties and the Samas Commercial Program for commercial properties launched in December 2013. The HERO Commercial Program for commercial properties launched in August 2016.



Southern California Association of Governments
2012 President's Award for Excellence (Highest Honor)
<http://www.compassblueprint.org/toolbox/videos/12awards/wrcog>



U.S. Green Building Council

2012 Best Residential Partnership Program in California<http://www.usgbc.org/ShowFile.aspx?DocumentID=18852>Urban Land Institute
2012 Best of the Best**1.2 HERO FINANCING**

In July, 2008, the California Legislature approved and Assembly Bill 811 was enacted to amend Chapter 29 of the Improvement Act of 1911 (Streets and Highways Code Section 5898.12 and following) (“Chapter 29”), authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. Assembly Bill 474 was subsequently enacted in 2009 to further amend Chapter 29 to add water efficiency improvements to the list of eligible improvements. Finally, SB 1340 was enacted in 2010 to amend Chapter 29 to authorize the installation of electric vehicle charging infrastructure.

Under the Program, a contractual assessment is entered into between the property owner and SANBAG. Participation by a property owner in such a contractual assessment is 100% voluntary. The contractual assessment is memorialized in a contract between the participating property owner and SANBAG (an “Assessment Contract”). The separate forms of Assessment Contract for residential properties, i.e., a property developed for a single family home or fewer than four (4) residential dwelling units (“Residential Properties”), or commercial properties, i.e., all non-residential properties, including apartment buildings with five (5) units or more (“Commercial Properties”), are set forth in substantially the forms attached to this Program Report as Appendix E. The amount of the contractual assessment is equal to the cost to pay for the eligible improvements (“Eligible Products”), the costs to pay for the issuance of the bonds that will finance the Program, and the costs to administer the Program. Like most assessments, the amounts are billed and collected on the County property tax bill. If the property subject to a contractual assessment is sold, the obligation to make the remaining payments on the assessment may remain on the property or may be paid off when the primary mortgage is refinanced or when the property is sold. Additionally, if a property owner fails to pay the annual contractual assessment installments, SANBAG is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure that can result in the public sale of such a delinquent property in less than a year. This process is disclosed to the property owner in the applicable Assessment Contract.

1.3 PURPOSE OF THE PROGRAM REPORT

This report is prepared pursuant to Sections 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the Program. This document, together with separate handbooks for the HERO Residential Program, the HERO Commercial Program and the Samas Commercial Program (each, a “Handbook” and collectively, the “Handbooks”), establish the parameters of the Program applicable to residential and commercial properties, respectively, and the requirements for property owner participation in the Program and fulfills the requirements of Sections 5898.22 and 5898.23.

II RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS

This section identifies the Program requirements relating to improvements made on Residential Properties and Commercial Properties.

2.1 ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

In order for properties to be eligible to participate in the Program, the applicant must meet the eligibility requirements listed below. The Handbooks provides additional detail on each criteria.

- a. Applicant. Applicant(s) must be the property owner(s) of record.
- b. Address. The applicant's property must be located within the boundaries of the Program. If a property is located in a city, the city must enter into a memorandum of understanding with SANBAG authorizing SANBAG to offer the Program within its boundaries. If a property is located within the unincorporated territory of the County, the County must enter into a memorandum of understanding with SANBAG authorizing SANBAG to offer the Program within such unincorporated territory. A map showing areas within which the Program may be offered is attached hereto as Appendix B.
- c. Property Taxes. The property owners must be current on their property taxes within the time period specified in the applicable Handbook.
- d. Involuntary Liens. The property must not be subject to involuntary liens, judgments or defaults or judgments in excess of the amount identified in the applicable Handbook.
- e. Mortgage Debt. The mortgage debt on the property must not exceed a certain percentage of the value of the property as set forth in the applicable Handbook.
- f. Annual Property Taxes. The total annual property tax and assessments, including the contractual assessment, on the property must not exceed 5% of the property's market value, as determined at the time of approval of the Assessment Contract.
- g. Bankruptcy. The property owner must not have declared bankruptcy within the time period specified in the applicable Handbook.

2.2 ELIGIBLE PRODUCTS, CONTRACTORS AND COSTS

Eligible Products

Property owners are solely responsible for installation, operation, and maintenance of the Eligible Products installed on their property. Property owners must address performance and other system-related issues directly with the contractor installing the Eligible Products according to the terms of the contract between the property owner and the contractor. The Program is a financing program only. Neither SANBAG, the city or the County in which the property is located, nor their employees or agents are responsible for selection of the Eligible Products, their installation or their performance.

The Program affords property owners the opportunity to take advantage of a wide range of eligible renewable energy, energy-saving, and water conservation/efficiency products that are included among the Eligible Products, consistent with the following provisions:

- a. The Program is intended principally to encourage the adoption of renewable energy, energy efficiency and water efficiency measures.
- b. The Program provides financing only for Eligible Products that are permanently affixed to real property.
- c. The Program provides financing only for Eligible Products specified in Appendix A of this Program Report. The list of Eligible Products may be updated from time to time and will also be published in the Handbooks. Broadly, the Eligible Products include:
 - a. Water Conservation/Efficiency
 - b. Energy Efficiency Eligible Products
 - c. Renewable Energy Systems
 - d. Electric Vehicle Charging Infrastructure
 - d. Custom Products
- d. The property owner must ensure that any and all permits and inspections required by the jurisdiction within which such property is located for the installation of the Eligible Products are obtained.
- e. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, and renewable energy improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.

Contractors

The cost of installation of Eligible Products shall be eligible to be financed under the Program only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing such Eligible Products. A list of contractors that are registered with the Program shall be located on the Program website. Registration of a contractor with the Program is neither a recommendation of such contractor nor a guaranty of or acceptance of responsibility for work of such contractor by SANBAG, Renovate America or Samas Capital or the officers, employees or agents of such entities. Neither SANBAG, Renovate America, Samas Capital, their officers, employees nor agents any have responsibility whatsoever for the selection by a property owner of a registered contractor or the work performed by such registered contractor.

Improvement Costs

Eligible costs of the improvements include the cost of equipment and installation of such equipment. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with Eligible Products. Repairs and/or new construction do not qualify for Program financing except to the extent that

the construction is required for the installation of approved Eligible Products. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products, including the pricing of Eligible Products, and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited as set forth in the applicable Handbook.

Administrative Costs/Fees

The Program will cover all or a portion of its costs of establishing the Program; processing, reviewing and approving a property owner's application; processing the Assessment Contract and other related financing and contract documents and issuing the bonds that will finance the Program through an expense component to be added to the amount of the financing request as set forth in the applicable Handbook. In addition, there may be other costs that are not covered in the expense component and will be borne by the property owners as set forth in the applicable Handbook. These costs may include:

- a. Application Fee. An application fee may be required. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible in which case the unused portion of the application fee may be prorated.
- b. Title and Recording Costs. Title and recording costs, including title insurance, where required, may be paid by the property owner.
- c. Permitting Costs. Property owners are required to verify whether or not a permit and/or inspection are required by the participating jurisdictions in which such owner's property is located. Any such permit and/or inspection costs will be initially paid by the property owner or contractor but are an eligible cost to include in the financing.
- d. Ongoing Administration Costs. Annual assessment administration, collection, County treasurer-tax collector and auditor-controller and trustee costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for the County or region.
- e. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed eligible energy efficiency, water efficiency, and/or renewable generation products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.
- f. Multiple Disbursement Fees. The Program may offer multiple disbursements for assessments if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee per disbursement as set forth in the applicable Handbook; provided, however, that such fee may not exceed the actual cost of providing such service.
- g. Capitalized Interest. Because the County has established a deadline for placing the contractual assessments on the County property tax bill, the principal component of the contractual assessment may also include an amount equal to the first tax year's contractual assessment installments if the deadline cannot be met.
- h. Deposit to a Debt Service Reserve Fund. SANBAG or project investors may require property owners to fund a deposit to a debt service reserve fund as set forth in the applicable Handbook. The reserve fund

would be used to pay debt service on bonds issued to finance the installation of Eligible Products in the event of contractual assessment installment delinquencies.

III **CONSULTATION WITH THE COUNTY AUDITOR-CONTROLLER'S OFFICE.**

As required pursuant to Section 5898.22 of Chapter 29, SANBAG has met and consulted with the staff of the County Auditor-Controller's office concerning the additional fees, if any, that will be charged to SANBAG for incorporating the proposed assessment installments into the assessments of the general taxes on real property. The payment of such fees shall be included as a part of ongoing administration costs which will be added each year to the annual assessment on property tax bills.

IV **APPEAL PROCESS**

The Program allows for property owners to go through an appeal process if their application is denied or if the property owner or property is deemed ineligible to participate in the Program. The process is set forth in the applicable Handbook.

V **TRACKS FOR PARTICIPATION**

There are four categories of improvements under which property owners may participate in this Program. Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will "ratchet-up" with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by SANBAG Board of Directors. A complete list of Eligible Products can be found in Appendix A.

5.1 ***WATER CONSERVATION/EFFICIENCY***

Water Conservation/Efficiency covers a wide range of water conserving fixtures, such as low flow toilets, low flow shower heads, and irrigation controllers.

5.2 ***ENERGY EFFICIENCY***

Energy Efficiency covers a wide range of energy efficiency fixtures such as windows and doors, attic insulation, and HVAC equipment that are EnergyStar rated. Most Eligible Products in this category must meet specified minimum efficiencies.

5.3 ***RENEWABLE ENERGY***

Solar Photovoltaic or Solar Thermal Systems provide for solar energy generation and solar hot water systems, respectively. Small wind turbines, fuel cell systems or geothermal systems may also be eligible under this category.

5.4 ***CUSTOM PROJECTS***

The development of technologies is encouraged by the Program as a means of diversifying the region's energy and water sources. Custom Projects will be evaluated and provided funding, if appropriate, for either innovative projects or for more complex, larger projects that require additional review.

VI **PROGRAM PARAMETERS**

6.1 ***MINIMUM ENERGY FINANCING AMOUNT AND DURATION OF ASSESSMENT***

Assessment Contracts are available for varying terms as set forth in the applicable Handbook.

Minimum and maximum financing amounts are set forth in the applicable Handbook.

6.2 ***MAXIMUM PORTFOLIO***

The maximum aggregate dollar amount of contractual assessments initially authorized under the Program is \$2 billion.

6.3 ***ASSESSMENT INTEREST RATE***

Residential Properties: The interest rate for a contractual assessment on a residential property is set at the time that the Assessment Contract is delivered to the property owner. An estimated, current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations.

Commercial Properties: The interest rate for a contractual assessment on a commercial property is set at the time the assessment contract is entered.

The Program interest rate(s) will be set with the intention of creating a self-sustaining Program at rates that are competitively priced to compare to financing options available through banking or other financial institutions, balanced with the ability to remarket the securities and encourage the future liquidity of the Program.

6.4 ***PROPERTY ASSESSMENT LIEN***

All property owners must sign, and return the Assessment Contract within the time period specified in the notice of approval of a property owner's application. Upon completion of the installation of the Eligible Products and execution of the Assessment Contract, the Program will place a lien for the full amount of the contractual assessment on the property that secures the assessment. If the lien is recorded before the first business day in July, the assessment installment will appear on the next property tax bill. For liens recorded after the first business day of July, the assessment installment will not appear on the property tax bill until the following tax year, but interest will accrue on the outstanding

balance. A direct bill and/or additional tax bill or other method of payment (including capitalized interest) may be required, as determined by the Program, during the first tax year.

6.5 ***DELINQUENT ASSESSMENT COLLECTIONS***

In general, it is expected that assessment installments will be collected on the *ad valorem* tax bills sent to property owners by the County Treasurer-Tax Collector, and therefore delinquency information will generally be available from the County Treasurer-Tax Collector's office. In order to attract and ensure the continuing availability of competitive financing, SANBAG will covenant to commence and pursue judicial foreclosure proceedings with respect to parcels that are delinquent in the payment of assessment installments. The precise terms of such a covenant will be determined at the time of bond issuance.

VII **THE FINANCIAL STRATEGIES**

The Program includes the following financial strategies.

Strategy One: The Program will utilize Renovate America to fund installation of Eligible Products for Residential Properties, known as the HERO Residential Program. Pursuant to such financing plan, Renovate America will provide a revolving credit line to finance the installation of Eligible Products for such Residential Properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the Residential Handbook. In consideration for funding the installation of such Eligible Products SANBAG shall issue and deliver to Renovate America one or more municipal bonds secured by the contractual assessments payable by the Residential Properties to be improved.

Strategy Two: The Program will utilize Renovate America to fund installation of Eligible Products for Commercial Properties, known as the HERO Commercial Program. Pursuant to such financing plan, Renovate America will provide a revolving credit line to finance the installation of Eligible Products for Commercial Properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the HERO Commercial Handbook. In consideration for funding the installation of such Eligible Products SANBAG shall issue and deliver to Renovate America one or more municipal bonds secured by the contractual assessments payable by the Commercial Properties to be improved.

Strategy Three: The Program will utilize Samas Capital LLC to fund installation of Eligible Products for Commercial Properties, known as the Samas Commercial Program. Pursuant to such financing plan, Samas Capital LLC will provide a revolving credit line to finance the installation of Eligible Products for Commercial Properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the Samas Commercial Handbook. In consideration for funding the installation of such Eligible Products SANBAG shall issue and deliver to Samas Capital LLC one or more municipal bonds secured by the contractual assessments payable by the Commercial Properties to be improved.

Strategy Four: SANBAG may establish the "SANBAG PACE Financing Fund" (the "PACE Fund") and may accept funds from any available source. Repayments will be made pursuant to Assessment Contracts between the property owners and SANBAG and will be collected through the property assessment mechanism in the County property tax system. SANBAG will manage or cause the Trustee or other qualified third party administrator to manage the PACE Fund in one enterprise fund with multiple sub-funds.

Strategy Five: For additional financing, SANBAG will continue to explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of SANBAG, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, funding from private entities, or any financing structure allowed by law.

VIII GLOSSARY OF TERMS

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

ASSEMBLY BILL 811: Approved in July 2008 by the California legislature, AB 811 amended Chapter 29 to authorize cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

ASSEMBLY BILL 474: Approved in October 2009 by the California legislature, AB 474 amended Chapter 29 to authorize the funding of water conservation products through a voluntary contractual assessment program.

BRITISH THERMAL UNITS (BTU): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

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

BUILDING PERMITS: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

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

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

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

CALIFORNIA TITLE 20: Title 20, a California law intended to drive down electrical energy consumption in the state, is having a noticeable impact on manufacturers, importers and retailers who produce or sell portable lamps.

COEFFICIENT OF PERFORMANCE (COP): The COP is the basic parameter used to report efficiency of refrigerant based systems.

COMMERCIAL: Commercial entities are defined as all non-residential properties and include, but are not limited to, apartment buildings with five units or more, industrial and agricultural properties.

CONTRACTOR: A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

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

COOL ROOF RATING COUNCIL (CRRC): The CRRC is an independent, non-profit organization that maintains a third-party rating system for radiative properties of roof surfacing materials.

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

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

ELIGIBLE PRODUCTS: All Eligible Products as specified in the applicable Program Handbook.

ENERGYSTAR: EnergyStar is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

EXPECTED PERFORMANCE-BASED BUY-DOWN (EPBB): Under CSI, EPBB provides that solar systems smaller than 30kW in capacity can receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a \$ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

EVAPOTRANSPIRATION (ET): ET is a term used to describe the sum of evaporation and plant transpiration from the Earth's land surface to atmosphere.

HEAT SEASONAL PERFORMANCE FACTOR (HSPF): HSPF is the most commonly used measure of a heat pumps heating efficiency. The higher the HSPF, the more efficient the heat pump.

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

INTERCONNECTION AGREEMENT: A legal document authorizing the flow of electricity between the facilities of two electric systems. Under the CSI Program, eligible renewable energy systems must be permanently interconnected and operating in parallel to the electrical distribution grid of the utility serving the customer's electrical load. Portable systems are not eligible. Proof of interconnection and parallel operation is required prior to receiving an incentive payment.

INVESTOR-OWNED UTILITY (IOU): For purposes of the Program, this refers to Southern California Edison Company, Pacific Gas & Electric Company and San Diego Gas & Electric Company.

KILOWATT (kW): A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand. The watt is a metric measurement of power (not energy) and is the rate (not the duration over which) electricity is used. 1,000 kW is equal to 1 megawatt (MW).

KILOWATT HOUR (kWh): The use of 1,000 watts of electricity for one full hour. Unlike kW, kWh is a measure of energy, not power, and is the unit on which the price of electrical energy is based. Electricity rates are most commonly expressed in cents per kilowatt hour.

MARKET VALUE: Highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

MANUAL J REPORT: A report that is the accepted industry standard for the proper sizing and selection of HVAC equipment in residential applications. Manual J outlines the accurate procedure which can be used to estimate the heat loss and heat gain for conventional residential structures

MEGAWATT (MW): Unit of electrical power equal to one million watts; also equals 1,000 kW.

NET OPERATING INCOME (NOI): Net operating income is rental income of a property after operating expenses. These expenses would include all operating expenses, including maintenance, janitorial, supplies, insurance, accounting, management, etc.

PARTICIPATING JURISDICTION: A city or county that has elected to participate in the HERO Program.

PROGRAM: The SANBAG PACE Program.

PROGRAM ADMINISTRATOR: The SANBAG Executive Director and/or his designee are designated as the Program Administrator and are authorized to enter into contractual assessments.

REAL PROPERTY: A property in the County that is subject to a real property tax.

PERFORMANCE BASED INCENTIVE (PBI): All solar systems requesting incentive payments over 30 kW must take the PBI. Any sized system can elect to take PBI. The PBI pays out an incentive, based on actual kWh production, over a period of five years. PBI payments are provided on a \$ per kilowatt-hour basis.

POWER PURCHASE AGREEMENT (PPA): PPA's are contracts between two parties, one who generates electricity for the purpose of sale (the seller) and one who agrees to purchase electricity (the buyer). Financing for the project is delineated in the contract, which also specifies relevant dates of the project coming into effect, when the project will begin commercial operation, and a termination date for which the contract may be renewed or abandoned. All sales of electricity are metered to provide both seller and buyer with the most accurate information about the amount of electricity generated and bought. Rates for electricity are agreed upon in the contract between both parties.

RENEWABLE: Electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, small hydropower, and various forms of biomass.

RESIDENTIAL: Single family home, fewer than four (4) residential units.

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

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

SOLAR HEAT GAIN COEFFICIENT (SHGC): SHGC measures how well a product blocks heat by sunlight. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the less solar heat is transmitted into the building.

SOLAR RATING AND CERTIFICATION CORPORATION (SRCC): The CRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

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

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

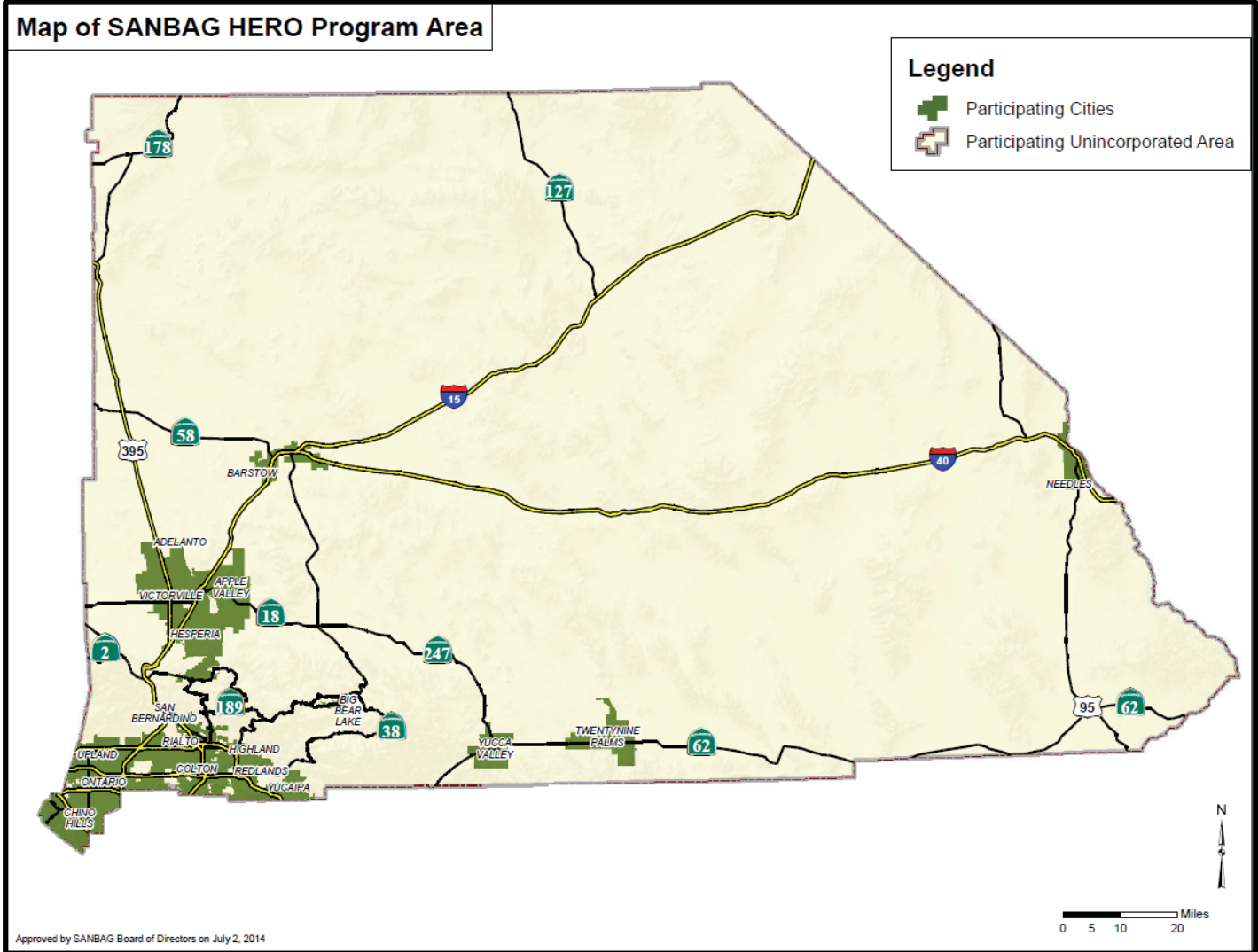
Appendix A Eligible Products

The Program offers financing for a number of eligible equipment types, energy efficiency measures, water efficiency/conservation improvements, solar systems, and other innovative, energy-saving, water saving, and energy generation custom products for residential and commercial property owners as specified in the applicable Handbook.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by SANBAG.

Any Solar PV system must be eligible for and participate in CSI or an equivalent utility rebate program, unless the property is not connected to the electricity grid, or such utility rebate program is not available.

Appendix B Map of SANBAG Program Area



Appendix C Residential Properties



HERO Financing Program™ Application

P: (855) HERO-411 F: (858) 815-8860 E: sanbag@heroprogram.com A: 1170 W. 3rd St 2nd Floor
San Bernardino, CA 92410

The San Bernardino Associated Governments ("SANBAG") HERO Program (the "Program") finances installation of renewable energy, energy or water efficiency products, or electric vehicle charging infrastructure that are permanently fixed to a property owner's real property ("Eligible Products"). Eligible Products will be financed upon the signing of an assessment contract between SANBAG and the property owner ("Assessment Contract"). SANBAG has retained Renovate America, Inc. ("RA") to facilitate the Program, and you will see this name throughout the Program materials. SANBAG and RA are referred to collectively therein as "Program Administrator."

Property Owner Acknowledgments

In order to participate in the Program, I understand that I need to meet the qualifications listed below. By signing this Application, I acknowledge and represent to the best of my knowledge that I and any other owner(s) of the property which is the subject of this application (the "Property") meet these qualifications and I authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustees whose social security number is provided on this application.

1. Applicant(s) must be the owner(s) of record of the property;
2. Mortgage-related debt on the property must not exceed 90.00% of the value of the property;
3. Property owner(s) must be current on their property taxes and there must be no more than one late payment in the past three years;
4. Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the previous 12 months;
5. Property owner(s) must not have had any active bankruptcies within the last seven years, and the Property must not be an asset in an active bankruptcy. However, for all jurisdictions with the exception of the City of San Diego, if a bankruptcy was discharged between two and seven years prior, and the property owner(s) have not had any additional late payments more than 60 days past due in the last 24 months, the property owner may be approved; and
6. The property must not have any federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the property.

I understand that to qualify for the Program that the following requirements must be met:

- a. The amount to be financed under the Program must be less than 10% of the value of the Property.
- b. The combined amount to be financed under the Program plus the mortgage related debt must not exceed 100% of the value of the Property. For properties within the City of San Diego, all mortgage related debt plus the HERO Financing amount must not exceed 95% of the value of the property.
- c. All property owners must sign all required documentation, including but not limited to the Application, the Completion Certificate and the Assessment Contract with all other required Financing Documents.
- d. Following approval, my contractor or I must call the Program to identify the Eligible Products I would like to purchase, enter into an Assessment Contract with SANBAG, and receive Notification to Proceed from the Program before beginning the installation of any Eligible Products. Products which have not been approved by the Program will not be funded.
- e. Interest rates may change from the approval date to receiving the Notification to Proceed.

By signing this Application, I hereby declare under penalty of perjury under the laws of the State of California all of the following:

1. That the information provided in this Application is true and correct as of the date set forth opposite my signature on the Application and that I understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties including, but not limited to, imprisonment, liability for monetary damages to SANBAG, its agents, or successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I have made in this Application, or both.
2. I have the authority to authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustee(s) whose social security number(s) is provided on this Application.
3. I understand that it is my responsibility to receive, read and understand all documents comprising the Program, which, in addition to information on the Program website, include the following:
 - a. This Application;
 - b. Privacy Policy Notice;
 - c. Assessment Contract; and
 - d. Program Handbook.

I have had an opportunity to ask Program representatives and/or my legal counsel any questions I have regarding the documents listed above. I understand I will be asked to sign the Assessment Contract, among other documents, as a pre-condition to the closing of the financing.

4. I am applying to participate in the Program. I have the authority, without the consent of any third party, to execute and deliver this Application, the Assessment Contract, and the various other documents and instruments referenced herein.
5. I understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against the Property. I understand that an assessment lien will be recorded by SANBAG against the Property in the office of the County Recorder of the County of San Bernardino upon execution of the Assessment Contract. The property tax bill (which will include the assessment payments) for the Property will increase by the amount of these assessment installment payments. The Assessment Contract will specify the amount of the assessment, the assessment installments and the interest on the assessment to be collected on the property tax bill for the Property each year during the term specified in the Assessment Contract. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid. As with all tax and assessment liens, this lien will be senior to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.



HERO Financing Program™ Application

P: (855) HERO-411 F: (858) 815-8860 E: sanbag@heroprogram.com A: 1170 W. 3rd St 2nd Floor
San Bernardino, CA 92410

Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. A full understanding of any item listed below can be gained only by reviewing the relevant laws, policy statements, and/or the contractual documents related to the Program. The Program Administrator is committed to your understanding each of the items listed below before you enter into an Assessment Contract, and invites you to ask Program representatives any questions regarding these items or if you need copies of any document related to the Program.

1. Program Disclosures and Disclaimers.

- a. **Existing Mortgage.** The Program establishes the manner by which SANBAG may finance, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10), the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between you and SANBAG.

BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO A PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY SANBAG. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

If your lender requires an impound for your property taxes, please consider notifying them of the annual assessment payment amount so they can adjust your impound amount.

- b. **Interest Rate.** You will be charged a fixed interest rate on your total financed amount. Your interest rate will be set at the time your financing documents are issued. Interest rates may change from the approval date to the date the Notification to Proceed is sent.
- c. **Program Administration Fee.** At the time of closing, SANBAG will charge you a one-time administration fee of 6.95% of the principal amount of the assessment on the Property to cover the costs of administering the Program. This fee will be added to the assessment amount.
- d. **Recording Fee.** At the time of closing, SANBAG will pass-through the assessment recording fee of approximately \$95.00 to you to cover the costs of recording the assessment. This fee will be added to the assessment amount.
- e. **Assessment Administration Fee.** Each year, an annual assessment administrative fee will be added to the assessment lien amount on your property tax bill. Currently these costs are \$35.00 and there will be adjustments in subsequent years for cost of living increases, not to exceed \$95.00.
- f. **Interest Before First Payment:** Based on the date an assessment is recorded on your property the payment of assessment installments may not begin until the following year's property tax bill. As a result interest will be added to the assessment amount for the period between your closing date and the date of your first assessment payment. The maximum amount of interest will be listed on your Final Payment Summary, which will be provided with your financing documents.
- g. **Automated Valuation Model Disclosure.** You have the right to a copy of the automated valuation model (AVM) report used in connection with your application for credit. If you want to obtain a copy, please email or write to us at the address we have provided. We must hear from you no later than 90 days after we provide you with a notice of the action taken on your application or a notice of incompleteness, or in the case of a withdrawn application, 90 days after the withdrawal. An AVM is not an appraisal. It is a computerized property valuation system that is used to derive a real property value.
- h. **Foreclosure.** Not later than October 1 each year, SANBAG shall determine whether any annual assessment installment is not paid when due and shall have the right and obligation to order that any such delinquent payment, penalties, interest, and associated costs be collected by an action brought in Superior Court to foreclose the lien of such delinquent assessment installment in the manner provided and to the extent permitted by applicable law.
- i. **Prepayment.** You have the option to pay off your assessment amount at any time in full, or in any amount of at least \$2,500. A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the earlier of March 2nd or September 2nd occurring at least 50 days following the date the prepayment is made.
- j. **No Endorsement, Warranty or Liability.** SANBAG, Renovate America, Inc., and the Program do not endorse any manufacturer, contractor, product, or system, or in any way warranty such equipment, installation, or the efficiency or production capability of any equipment. SANBAG, Renovate America, Inc. and the Program make no representations and have no responsibility regarding the equipment and its installation, including the quality, safety, cost savings, efficiency or production capability of any equipment; or any compliance of the equipment or its installation with any applicable laws, regulations, codes, standards or requirements. Further, SANBAG, Renovate America, Inc. and the Program shall not be in any way liable for any incidental or consequential damages resulting from the equipment or its installation.
- k. **Validation.** The Program may validate that installed Eligible Products meet Program eligibility requirements including requiring the applicant to provide additional sales receipts, contractor invoices, serial numbers or other identifying details, portions of packages or stickers originally attached



HERO Financing Program™ Application

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to the installed Eligible Products beyond what the Program already requires to be provided. The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data. You, by submitting this application, consent to any such onsite validations, online monitoring, and utility bill energy usage analysis. By submitting this application, you also agree to sign the authorization form to participate in utility billing energy usage analysis to measure Program impact savings and participant satisfaction.

2. Legal Disclosures

- a. **Equal Credit Opportunity Act (ECOA).** The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against Credit Applicant(s) on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant(s) income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Division of Credit Practices, Washington, D.C. 20580.
- b. **Fair Credit Reporting Act.** As part of assembling your Program application, SANBAG has requested a consumer report bearing your credit worthiness, credit standing and credit capacity. This notice is given to you pursuant to the Fair Credit Reporting Act.
- c. **The Housing Financial Discrimination Act Of 1977.** It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:
 - i. trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
 - ii. race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.
- d. **Patriot Act Disclosure.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: As part of applying to the Program, SANBAG may be required to ask for your name, address, date of birth, and other information that will allow it to identify you. SANBAG may also need a copy of the driver's license or other identifying documents from any and all borrowers and guarantors.
- e. **Communications with Legal Advisers.** If you have any questions about any agreements or security instruments which affect the Property or to which you are a party, or about your authority to execute the Program Application or enter into an Assessment Contract with SANBAG without the prior consent of your existing lender(s), the Program strongly encourages you to consult with your own legal counsel and your lender(s). Program staff cannot provide you with advice about existing agreements or security instruments.
- f. **Monitoring and Recording Telephone Calls.** The Program may monitor or record telephone calls for security and customer service purposes. By applying for HERO Financing, you consent to have any phone conversations with the Program recorded or monitored.

Property Owner Signature(s)

I declare that (i) I have received, read and understand the risks and characteristics of the Program described in the Property Owner Acknowledgments and Disclosures set forth in this Application and (ii) I have been informed that I must take the sole responsibility to satisfy myself that executing the Assessment Contract, receiving financing for Eligible Products, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument (specifically the terms of any mortgage on the Property) which affects the Property or to which I am a party.

	Property Owner 1	Date	Property Owner 2	Date
	Property Owner 3	Date	Property Owner 4	Date



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San Bernardino, CA 92410

FOR CONTRACTOR CALL IN ONLY	HERO ID#:
-----------------------------	-----------

Property Address

Property Type		
Property Address		
City	State	Zip Code

Property Owner

Ownership Type:		
First Name	M. Initial	Last Name
XXX-XX-XXXX Social Security Number	XX/XX/XXXX Birth Date (mm/dd/yyyy)	Home Phone Number
Email Address		
Mailing Address		
City	State	Zip Code

Property Owner 2

First Name	M. Initial	Last Name
XXX-XX-XXXX Social Security Number	XX/XX/XXXX Birth Date (mm/dd/yyyy)	

Property Owner Signature(s)

I declare that I have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Application, Assessment Contract, and the various documents and instruments referenced therein.

	Property Owner 1	Date	Property Owner 2	Date
	Property Owner 3	Date	Property Owner 4	Date

If you do NOT wish to receive email communications from the Program and would prefer all communications to occur through the U.S. mail instead, please contact us.

Please check this box if you do NOT want to receive newsletters or other marketing materials from the Program or Renovate America, Inc.

Appendix D DRAFT SAMAS Commercial Properties Program Application



APPLICATION DATE:
____/____/____
(MONTH/DAY/YEAR)

FOR OFFICIAL USE ONLY
DATE RECEIVED: ____/____/____
FILE #: _____

SAMAS COMMERCIAL APPLICATION

PROPERTY OWNER QUALIFICATIONS:

- | | | |
|--------------------------|--------------------------|--|
| YES | NO | |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are and have been current on all property debt for the past six (6) months, including no technical defaults. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are current on property taxes with no more than one late payment during the past three (3) years. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have no involuntary liens, defaults or judgments on the property. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have not declared bankruptcy in the last seven (7) years and the property is not an asset in a bankruptcy. |
| <input type="checkbox"/> | <input type="checkbox"/> | Mortgage-related debt does not exceed 80% of the fair market value of the property, as defined in the Program Handbook. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property has a debt service coverage ratio of 1.05 (or 105%) (calculated by dividing net operating income by total lender debt on property). |

PROPERTY ADDRESS:

(STREET) _____ (CITY) _____ (STATE) _____ (ZIP CODE)

(ASSESSOR'S PARCEL NUMBER)

OCCUPANCY TYPE: Owner-Occupied Tenant-Occupied Both

DESCRIBE OCCUPANTS' BUSINESSES: _____

PROPERTY TYPE:

Multi-Family (5+ units) Commercial Industrial Agricultural Other: _____

MAILING ADDRESS:
(if different from property address)

(STREET/P.O. BOX) _____ (APT./SUITE/ETC.) _____ (CITY) _____ (STATE) _____ (ZIP CODE)

PROPERTY OWNER TYPE:

Individual Trust Corporation Partnership Other: _____

PROPERTY OWNER #1 INFORMATION (Should be person/entity who handles all program contacts):

NAME OF PROPERTY OWNER _____ (TAX ID # OR SSN) _____ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER _____

(PHONE NUMBER) _____ (ADDITIONAL PHONE NUMBER) _____ (EMAIL ADDRESS) _____ % OWNERSHIP _____

PROPERTY OWNER #2 INFORMATION:
(If there are additional Property Owners or Trustees, please provide additional sheet(s) with property owner information.)

NAME OF PROPERTY OWNER _____ (TAX ID # OR SSN) _____ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER _____

(PHONE NUMBER) _____ (ADDITIONAL PHONE NUMBER) _____ (EMAIL ADDRESS) _____ % OWNERSHIP _____



Assets	Amount	Liabilities	Amount
Cash in Banks		Notes Payable	
Accounts Receivable		Accounts Payable	
Notes Receivable		Income Tax Payable	
Securities Owned		Other Taxes Payable	
Real Estate		Mortgages or Liens on Real Estate	
Other Assets		Other Liabilities	
Total		Total	

Property Income (Annual)	Amount	Property Expenses (Annual)	Amount
Rent		Maintenance and Repairs	
Other Income		Property Taxes	
Interest		Property Insurance	
Total		Total	

Mortgages and Liens on Commercial Real Estate							
Property ID	To Whom Payable	1 st or 2 nd Mortgage?	Monthly Payment	Current?	Security	Maturity Date	Principal Remaining

If the property is cross-collateralized or cross-defaulted, please complete this section.

Commercial Real Estate Schedule							
Address / Type of Property	Title in Name of	How Held	Cost / Year Acquired	Monthly Income	Present Market Value	Total Balance Owed	

If the property is owner-occupied, please complete this section.

Notes Payable				
Name of Debtor	Collateral	Monthly Payment	Maturity Date	Total Amount Due

OTHER CRITERIA QUESTIONS

Please explain all "yes" answers on a separate sheet.

- | | | |
|--------------------------|--------------------------|---|
| YES | NO | |
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any outstanding judgment(s)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any tax obligations, including payroll or real estate taxes, that are past due? |
| <input type="checkbox"/> | <input type="checkbox"/> | Is/Are the Property Owner(s) a party in any active or threatened lawsuit(s) or other legal action(s)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) had property foreclosed or give title or deed in lieu thereof? |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) compromised a debt or modified a mortgage loan in the last 12 months? |



For the listed insurance policy types, is there an active insurance policy for this property?

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	Fire and Hazard insurance?
<input type="checkbox"/>	<input type="checkbox"/>	General Liability insurance?
<input type="checkbox"/>	<input type="checkbox"/>	Flood Insurance? Please check here if not in flood zone <input type="checkbox"/>

REQUIRED ATTACHMENTS:	
<input type="checkbox"/>	Completed rent rolls form.
<input type="checkbox"/>	Signed lender consent for each mortgage on the property to be improved.
<input type="checkbox"/>	12 month payment history for each mortgage on the property to be improved (account history print out (preferred) or mortgage statements).
<input type="checkbox"/>	Profit and Loss Statements and Tax Returns for past two years.
<input type="checkbox"/>	Proposed Improvements – Contractor Bid(s) or Consultant/Engineer Proposal

APPLICANT(S) SIGNATURES			
By signing this Application, the undersigned hereby declares under penalty of perjury under the laws of the State of California that all property owner(s) and/or trustees have read, understand, and agree to all sections of the Program Handbook and that all information set forth in this Application is true, accurate, and complete.			
_____	_____	_____	_____
(Applicant Signature)	(Date)	(Applicant Signature)	(Date)
_____	_____	_____	_____
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	
_____	_____	_____	_____
(Applicant Signature)	(Date)	(Applicant Signature)	(Date)
_____	_____	_____	_____
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	



RENT ROLL DETAILS FORM

DATE: _____

Unit #	Unit Type	Tenant Name	Square Feet	Monthly Rent	Term		Occupied Yes or No?	Comments
					Start	End		
Prospective Tenants								

Rent Roll Certification:

I/We certify that the above information dated _____ for the property located at _____ is/are true and correct.

By: _____

Title: _____



EXHIBIT A
PROPOSED BUILDING IMPROVEMENTS

DESCRIPTION	ESTIMATED COST
<p>1</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____ Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p>2</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____ Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p>3</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____ Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p align="center">ITEMIZED ESTIMATED COST OF IMPROVEMENT(S)</p> <p>A. (i) Construction contract(s) (bid price for cost of materials and labor less any applicable rebates): and/or (ii) If self-installing, cost of equipment (less applicable rebates; do not include any labor costs):</p> <p>B. Energy assessment/audit costs</p> <p>C. Draft, engineering and/or plan preparation costs:</p> <p>D. Estimated Permit fees:</p> <p>E. Recording Fee for Assessment Lien documents and assessment contract. Set by state law and the County Recorder's Office</p> <p>F. Title Costs</p> <p>G. Other Please list (Attach separate sheet(s) explaining other costs if needed.)</p> <p>Other: _____</p> <p>Other: _____</p>	<p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p>
<p>Requested Financing Amount: This requested amount is the maximum amount that can be funded.</p>	<p>\$ _____</p>
<p>Loan Term (5, 10, 15, 20 years):</p>	<p>_____</p>



EXHIBIT B

Fill in all contractors or sub-contractors working on the proposed project:

CONTRACTOR OR SUB-CONTRACTOR	CONTRACTOR COMPANY	CONTRACTOR NAME	CONTRACTOR LICENSE #
1 Circle One: Contractor or Sub-Contractor	_____	_____	_____
2 Circle One: Contractor or Sub-Contractor	_____	_____	_____
3 Circle One: Contractor or Sub-Contractor	_____	_____	_____
4 Circle One: Contractor or Sub-Contractor	_____	_____	_____
5 Circle One: Contractor or Sub-Contractor	_____	_____	_____
6 Circle One: Contractor or Sub-Contractor	_____	_____	_____
7 Circle One: Contractor or Sub-Contractor	_____	_____	_____
8 Circle One: Contractor or Sub-Contractor	_____	_____	_____
9 Circle One: Contractor or Sub-Contractor	_____	_____	_____

Appendix E
DRAFT HERO Commercial Properties
Program Application

[TO COME]

Appendix F Draft Assessment Contracts

San Bernardino Associated Governments Residential HERO Program ASSESSMENT CONTRACT

This Assessment Contract (this "Contract") is made and entered into as of this [Date] day of [Month], [Year], by and between the San Bernardino Associated Governments, a joint exercise of powers authority ("SANBAG"), and the record owner(s), **[Property Owner Name]** (the "Property Owner"), of the fee title to the real property identified on Exhibit A (the "Property").

RECITALS

WHEREAS, SANBAG is a joint exercise of powers authority the members of which include numerous cities in San Bernardino County and the County of San Bernardino; and

WHEREAS, SANBAG has established the HERO financing program (the "HERO Program") to allow for the financing of certain renewable energy, energy efficiency, water efficiency, and electric vehicle charging infrastructure improvements that are permanently fixed to real property (the "Authorized Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the California Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (California Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, SANBAG has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City or County identified in Exhibit A and which has elected to participate in the HERO Program (the "Participating Entity"); and

WHEREAS, the Property is located in the boundaries of the Participating Entity, and the Participating Entity has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the HERO Program and (ii) SANBAG conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, SANBAG and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit A (the "Improvements") and SANBAG would agree to provide financing, all on the terms set forth in this Contract;

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

AGREEMENT

Section 1. Purpose. The Property Owner and SANBAG are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. SANBAG will not finance installation of Improvements other than those listed on Exhibit A.

Section 2. The Property. This Contract relates to the real property identified on Exhibit A. The Property Owner has supplied to SANBAG current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Contract on behalf of the Property Owner.

Section 3. Contract to Pay Assessment; Prepayment

(a) Payment of Assessment. The Property Owner hereby freely and willingly agrees to pay the "Assessment," the amount of which shall be determined as provided in Section 3(b) below. SANBAG will not provide financing in an amount in excess of the Assessment.

Except as otherwise set forth in this Contract, the Assessment will be paid in the installments set forth in Exhibit B.

Interest will accrue on the Assessment at the interest rate set forth on Exhibit B beginning on the date on which SANBAG issues bonds to finance the installation of the Improvements.

(b) The Assessment. The Assessment shall equal the total amount disbursed by SANBAG to pay for (i) the Improvements identified on Exhibit A, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B, which total amount is also known as the Actual Disbursement Amount (defined below). In no event, however, will the amount disbursed by SANBAG exceed the Maximum Disbursement Amount set forth in Exhibit B.

Exhibit B sets forth an Estimated Disbursement Amount, which is based upon the price of the initially selected Improvements identified in Exhibit A, which in turn provides the basis for calculating the associated costs, fees and interest appearing on Exhibit B.

Upon receipt of the fully executed and final Completion Certificate (as described in the SANBAG HERO Residential Program Handbook, Version 1.1, dated June 2014, Section 7.6.1 referred to herein as the "Handbook") SANBAG shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder. If at any time after executing this Contract but before SANBAG pays the Actual Disbursement Amount, the Property Owner changes the Improvements to be installed from those originally appearing on Exhibit A, but (i) the Improvement categories and the Improvement types do not change from those originally selected, and (ii) the "Revised Estimated Disbursement Amount" (which means the amount anticipated to be the Actual Disbursement Amount based on the changed Improvements) is less than or equal to the Estimated Disbursement Amount, the parties do not need to execute the Addendum described in Section 4 below, and this Contract shall remain unmodified and the Assessment shall be calculated as described above in this Section 3(b). If, however, any such change meets the provisions of Section 4 below, then an Addendum will be required.

(c) Administrative Expenses. The Property Owner hereby acknowledges and agrees that SANBAG may add amounts to an annual installment of the Assessment in order to pay for the costs of collecting the Assessment (the "Additional Administrative Assessment").

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or in any amount of at least \$2,500, at any time upon the payment of (i) the whole or a portion of the unpaid principal component of the Assessment, (ii) and interest on the Assessment Prepayment Amount to the earlier of March 2nd or September 2nd occurring at least 50 days following the date the prepayment is made.

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

Section 4. Addendum. The parties agree to execute an addendum to this Contract (the "Addendum") if at any time after executing this Contract but before the Actual Disbursement Amount is released for disbursement: (i) the Improvement categories or the Improvement types change from those appearing in Exhibit A; (ii) the Revised Estimated Disbursement Amount is greater than the Estimated Disbursement Amount but does not exceed the Maximum Disbursement Amount; or (iii) it becomes necessary to correct the name, capacity, title, party or clerical errors identified therein. In any such case, SANBAG, or the HERO Program on behalf of SANBAG, shall prepare an Addendum: (i) setting forth an accurate description of the Improvements installed; (ii) confirming that the Assessment does not exceed the Maximum Disbursement Amount; and (iii) as necessary, correcting the names, capacities, titles, parties and other clerical corrections appearing in the original documentation comprising this Contract. SANBAG, or the HERO Program on behalf of SANBAG, shall prepare and provide such Addendum to the Property Owner for review and signature. Once signed by the Property Owner, SANBAG shall execute the Addendum, which shall become part of, and be incorporated into, this Contract as if it originally appeared therein.

Section 5. Collection of Assessment; Lien. The Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the Additional Administrative Assessment shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

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

Section 6. Financing of the Improvements.

(a) Contract to Finance Improvements. SANBAG hereby agrees to use the Assessment, together with the Additional Administrative Assessment, to finance the Improvements, including the payment of SANBAG's reasonable costs of administering the HERO Program, subject to the Property Owner's compliance with the conditions for such financing established by SANBAG.

(b) Assessment Installments. The Property Owner agrees to the issuance of bonds by SANBAG to finance the installation of the Improvements. The interest rate used to calculate the Assessment installments set forth on Exhibit B is identified on Exhibit B. If SANBAG determines in its reasonable discretion that the Assessment installments may be reduced because the applicable interest rate on the bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit B, or if the cost of the

Improvements, as shown in a final invoice provided to SANBAG by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, SANBAG may provide the Property Owner with a schedule of annual Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit B.

Section 7. Term: Contract Runs with the Land: Subdivision.

(a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

(b) This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment will be assigned to each of the newly-created parcels on a per-acre basis, unless SANBAG, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

Section 8. Assessment and Lien. The Property Owner hereby authorizes and directs SANBAG to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 9. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property, including any subdivision of the Property, of the obligation to pay the Assessment pursuant to this Contract.

Section 10. Waivers, Acknowledgment and Contract. Because this Contract reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIII D of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of SANBAG undertaken in connection with the HERO Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that SANBAG is entering into this Contract solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that SANBAG and the Participating Entity have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG and the Participating Entity from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Contract that the Property

Owner may now have or hereafter acquire against SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG or the Participating Entity.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

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

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner 1 Initials:	_____	Property Owner 2 Initials:	_____
Property Owner 3 Initials:	_____	Property Owner 4 Initials:	_____

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

Section 11. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG or the Participating Entity, 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 Property Owner's participation in the HERO Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Contract, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Contract.

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

Section 12. Right to Inspect Property. The Property Owner hereby grants SANBAG, its agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants SANBAG, its agents and representatives the right to examine and copy any documentation relating to the Improvements.

Section 13. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the HERO Program.

Section 14. HERO Program Application. The Property Owner hereby represents and warrants to SANBAG that the information set forth in the HERO Program Application submitted to SANBAG in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the HERO Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 15. Amendment. Except as set forth in Section 3(b) or as provided for in Exhibit A pertaining to a fully executed and final Completion Certificate, this Contract may be modified only by an Addendum (as provided in Section 4) or other written agreement of SANBAG and the Property Owner.

Section 16. Binding Effect; Assignment. This Contract inures to the benefit of and is binding upon SANBAG, the Property Owner and their respective successors and assigns. SANBAG has the right to assign any or all of its rights and obligations under this Contract without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Contract is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way SANBAG's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

Section 17. Exhibits. Exhibits A and B attached to this Contract are incorporated into this Contract by this reference as if set forth in their entirety in this Contract.

Section 18. Severability. If any provision of this Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Contract.

Section 19. Corrective Instruments. SANBAG and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Contract.

Section 20. Governing Law: Venue. This Contract is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Contract must be instituted in the Superior Court of the County of San Bernardino, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County.

Section 21. Counterparts. This Contract may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 22. Monitoring and Recording of Telephone Calls. The HERO Program may monitor and/or record telephone calls for security and customer service purposes. By agreeing to this Assessment Contract the Property Owner agrees to have their telephone calls with the HERO Program monitored and/or recorded.

Section 23. Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and SANBAG includes each and every document specified in the List of Documents contained in Exhibit B to this Contract (together, the "Contract Documents").

By executing this Contract Property Owner acknowledges and agrees that:

- a. Property Owner has had sufficient time to review and has reviewed each of the Contract Documents and has had the opportunity to ask any questions to SANBAG that Property Owner may have regarding such Contract Documents.
- b. Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the Handbook.
- c. Property Owner has reviewed, understands, agrees to and affirms each and every representation and warranty contained in the Property Owners application and the Handbook.

Prior to executing this Assessment Contract I have read and understand (a) the Property Owners Acknowledgments and Disclosures contained in the (a) Application, (b) this Assessment Contract, (c) the Privacy Notice and (d) the Handbook.

Owner(s) must execute and return this Contract to SANBAG at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by SANBAG not later than [Contract Due Date]. If the Property Owner(s) fail to return the signed Assessment Contract to SANBAG by the indicated date the HERO Program reserves the right to require Property Owner(s) to enter into a new Contract. All signatures of the Owner(s) must be notarized by a duly licensed notary unless all Owner(s) have previously successfully completed the identity verification process approved by SANBAG.

Section 24. Multiple Contractors and Improvements. Notwithstanding anything to the contrary in this Contract, if the Property Owner engages one or more contractors (each, a “Contractor,” which term includes any designee thereof) to install more than one Improvement, the installation of which Improvements will not be completed simultaneously, the Property Owner and SANBAG agree as follows:

- a. Upon receipt of the initial Completion Certificate from a Contractor(s) and the Property Owner(s) (the “First Installation Completion Certificate”) acknowledging installation of the first type or category of Improvements, then:
 - i. The “Investor” (which means any person or entity who has entered into an agreement with SANBAG to purchase bonds under the Program) shall deposit the Actual Disbursement Amount with the municipal trustee for the Program;
 - ii. SANBAG shall cause bonds to be issued and sold to the Investor in the amount equal to the Actual Disbursement Amount deposited with such municipal trustee;
 - iii. SANBAG shall cause all instruments, documents and agreements described in Section 8 of this Contract to be recorded;
 - iv. SANBAG shall cause the amount reflected in the First Installation Completion Certificate to be disbursed to the Contractor(s) who installed such Improvements; and
 - v. SANBAG shall cause all administrative, recording and other fees described on line 6 of Exhibit B to be paid.
- b. Upon receipt of a subsequent Completion Certificate from the Property Owner and Contractor(s) (each, a “Subsequent Installation(s) Completion Certificate”) acknowledging installation of the subsequent types or categories of Improvements, SANBAG shall cause the municipal trustee for the Program to disburse amount(s) reflected in each such Subsequent Installation Completion Certificate to the Contractor(s) who installed such Improvements.
- c. Upon receipt of the final Completion Certificate from the Contractor(s) and the Property Owner(s) (the “Final Installation Completion Certificate”) acknowledging installation of the final types or categories of Improvements, then:
 - i. SANBAG shall cause the amount reflected in such Final Installation Completion Certificate to be disbursed to the Contractor(s) who installed such Improvements; provided, however, that:
 1. If the remaining balance of the Actual Disbursement Amount the Investor has deposited with the municipal trustee exceeds the amount reflected in the Final Installation Completion Certificate, SANBAG shall cause such excess to be applied, at the discretion of the Investor, (i) to the Property Owner’s next assessment payment due under this Contract, or (ii) to the reduction of the outstanding balance of the Assessment determined in accordance with Sections 3 and 4 of this Contract; or
 2. If the remaining balance of the Actual Disbursement Amount the Investor has deposited with the municipal trustee is less than the amount reflected in the Final Installation Completion Certificate, the Property Owner(s) shall be individually responsible for paying such difference to the applicable Contractor(s), and such payment shall be excluded from the Assessment under this Contract.
- d. If for any reason any one or more of the categories or types of Improvements planned to be installed under this Section 24 is not installed by the expiration date reflected in the Notice to Proceed, then the Investor shall have the option to declare the financing of the Improvements complete, in which case the municipal trustee shall be notified to apply any remaining balance of

the Actual Disbursement Amount held by such municipal trustee to reduce Property Owner's the then outstanding Assessment.

IN WITNESS WHEREOF, SANBAG and the Property Owner have caused this Contract to be executed in their respective names by their duly authorized representatives, all as of the Effective Date. The "Effective Date" is defined as the last date entered with the signatures of the parties below.

Owner 1:	

[Property Owner], Signature	
Date: _____	Identity Verification Code:
Month/Day/Year	<input type="text"/>

SANBAG: Executive Director and/or his or her designee:	

Name <i>(Please Print)</i>	
_____	_____
SANBAG Signature	Date of Execution by SANBAG

EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION

Description of Property:

Property Owner(s) Name(s):

Property Address:

APN:

Participating Entity:

Description of Products:

The Products include the following:

PRODUCT #1	
Product Category Type:	[Product Category] – [Product Type]
PRODUCT #[n]	
Product Category Type:	[Product Category] – [Product Type]

Or similar energy efficient product, which is allowed under the HERO Program Guide.

All terms set forth in the fully executed and final Completion Certificate shall supersede and take precedence over any term in this Exhibit A that conflicts with, is not covered by, or is otherwise contrary to, the terms set forth in such Completion Certificate, and such Completion Certificate shall become part of, and be incorporated into, this Exhibit A as if they originally appeared therein.

Notice Information

San Bernardino Associated Governments
 Attn: SANBAG HERO Program Manager
 1170 W. 3rd St 2nd Floor
 San Bernardino, CA 92410

[Property Owner Name]
 [Property Owner Address]

EXHIBIT B

**LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND
SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL,
INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE**

List of Contract Documents:

The Contract shall consist of the following documents:

- This Contract and the exhibits hereto;
- Any Addendum entered into pursuant to Section 4 hereto;
- The Application;
- The Right to Cancel;
- The Completion Certificate or, pursuant to Section 24, each applicable Completion Certificate;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The SANBAG HERO Residential Program Handbook, Version 1.1, dated June 2014;
- The HERO Program website located at <https://www.heroprogram.com>.

Disbursement Amounts:

The "Maximum Disbursement Amount" under this Contract is [\$_____], which means that SANBAG shall not disburse any amount that exceeds this figure.

The "Estimated Disbursement Amount" under this Contract is [\$_____], which was based upon the Improvements and pricing set forth on the table below in this Exhibit B.

Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments is based on the following assumptions:

1. SANBAG disburses the Estimated Disbursement Amount to Owner.
2. Interest totaling a maximum of \$[Worst CAPI With Prepay] will accumulate until your first Payment. That amount will be added to Owner's Estimated Disbursement Amount.
3. SANBAG disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is [Interest Rate]%
5. The Annual Percentage Rate (APR) of your assessment is [APR]%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The annual percentage rate is the interest rate the borrower actually pays, including fees required in order to participate in the HERO Program.
6. The total administrative fees, recording fees and annual assessment added to your assessment is \$[Total Fees With Prepay].

San Bernardino Associated Governments Residential HERO Program

**ADDENDUM TO THE ASSESSMENT CONTRACT
Addendum No. 1**

All terms set forth below in this Addendum (i) shall supersede and take precedence over any term in the Assessment Contract by and between the San Bernardino Associated Governments, a joint exercise of powers authority ("SANBAG"), and [Property Owner Name] entered into on the Effective Date (defined within the Assessment Contract) (the "Contract") that conflicts with, is not covered by, or is otherwise contrary to, the terms set forth herein and (ii) shall become part of, and be incorporated into, the Contract as if they originally appeared therein. For the avoidance of doubt, name, capacity, title, party and clerical corrections appearing below in this Addendum shall become part of, and be incorporated into, the Contract as if they originally appeared therein. For purposes of this Addendum, "Exhibit A" and "Exhibit B" refer to Exhibits A and B within the Contract.

RECITALS:

WHEREAS, SANBAG and Property Owner have executed the Contract to finance the Improvements installed at the Property; and

WHEREAS, (i) the Improvements, Improvement types, and/or Improvement categories appearing in Exhibit A differ from those appearing in this Addendum, and/or (ii) the Estimated Disbursement Amount appearing in this Addendum is greater than the Estimated Disbursement Amount originally listed in Exhibit B; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in this Addendum and not otherwise defined herein shall have the meanings given to them in the Contract.
2. Addendum.
 - a. The Improvements and Improvement Amounts appearing in this Addendum shall replace the Improvements listed in Exhibit A, and shall become part of, and incorporated into, Exhibit A as if they originally appeared herein.
 - b. The Revised Estimated Disbursement Amount listed in this Addendum shall replace the Estimated Disbursement Amount listed in Exhibit B, and shall become part of, and be incorporated into, Exhibit B as if it originally appeared therein.
 - c. The name, capacity, title, party and other clerical corrections (if any) appearing in the signature block of this Addendum shall supersede and take precedence over those originally appearing in the Contract and shall become part of, and be incorporated into, the Contract as if they originally appeared therein.
3. Miscellaneous. The existing Contract, as amended by the Addendum, remains in full

force and effect. Any reference to the Contract from and after the date hereof shall be deemed to refer to the Contract as amended hereby.

4. Representations and Warranties.

- a. Property Owner hereby represents and warrants that (i) the terms, conditions and information contained in this Addendum are true and correct, and (ii) he or she affirmatively authorized installation of the Improvements identified herein and in the fully executed and final Completion Certificate.
- b. Property Owner hereby confirms that (i) each of its representations, warranties and covenants set forth in the Contract, after giving effect to this Addendum are true and correct as of the date first written above with the same effect as though each is been made as of such date, and (ii) all terms and conditions of the Contract shall remain in full force and effect and Property Owner hereby ratifies the obligations thereunder.

Property Owner Information:

Date: [Today's Date]
 Property Owner(s): [Property Owner Names]
 Trust Name: [Trust Name]
 Property Address: [Property Address]
 HERO ID: [HERO ID]
 Application Date: [Application Date]
 Expiration Date: [Expiration Date]

Summary:

Financing Term	Interest Rate	Annual Amount Added to Property Tax Bill
[Term] years	[Interest Rate]%	\$(Annual Payment)

Description of Products:

	Eligible Product Type
1	[Product Category] – [Product Type]
2	[Product Category] – [Product Type]
3	[Product Category] – [Product Type]
n	[Product Category] – [Product Type]
Total Improvement Amount	

Payment Schedule:

Tax Year (commencing July 1)	Interest	Principal	Total Assessment	Current Annual Administrative Assessment Fee****	Total Estimated Contractual Assessment Payment

*The Estimated Initial Tax Year shown on preceding schedule is based upon the Estimated Disbursement Date. The actual Initial Tax Year will be based upon the actual Disbursement Date.

**** Subject to change

All signatures of the Property Owner(s) must be notarized by a duly licensed notary unless all Property Owner(s) have previously, immediately prior to executing this Amendment No. 1, successfully completed the identity verification process approved by the SANBAG.

Owner 1:	
_____ [Property Owner], Signature	
Date: _____ Month/Day/Year	Identity Verification Code: _____

SANBAG: Executive Director and/or his or her designee:	

Name (Please Print)	
_____	_____
SANBAG Signature	Date of Execution by SANBAG

**DRAFT SAMAS COMMERCIAL PROGRAM
ASSESSMENT CONTRACT**

This Assessment Contract (“Contract”) is made and entered into as of the Effective Date (defined below) by and between the San Bernardino Associated Governments, California, (“SANBAG”), a joint exercise of powers authority, and **[OWNER(S)]** (“Owner”), the record owner of fee title to the real property identified in the “Description of Property” section of Exhibit A attached hereto and incorporated herein by this reference (the “Property”). The “Effective Date” is defined as the last date entered with the signatures of the parties below.

RECITALS

- A. The San Bernardino Associated Governments (SANBAG) is a joint exercise of powers authority the members of which include the County of San Bernardino (the “County”) and numerous cities located in the County (each, a “Member Agency”).
- B. SANBAG has established the “SANBAG Energy Efficiency and Water Conservation Program for Western San Bernardino County” (the “Program”) pursuant to Chapter 29 of Division 7 of the Streets & Highways Code of the State of California (“Chapter 29”) to allow for the financing of certain renewable energy, energy efficiency and water efficiency and electric vehicle charging infrastructure improvement products that are permanently affixed to real property (“Eligible Products”).
- C. Pursuant to Chapter 29 and the Program, SANBAG may levy voluntary contractual assessments against developed properties in the jurisdictions of the Member Agencies that have authorized SANBAG to implement and administer the Program within such Member Agencies (each, a “Participating Member Agency”), with the free and willing consent of the owners of the properties on which such assessments are levied, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy, energy efficiency and/or water efficiency products. The purpose and method of administration of the assessments under the Program are described in the SANBAG HERO Program Report originally adopted by the SANBAG Board of Directors on March 6, 2013, as such report has been and may be amended from time to time (the “Report”) prior to the Effective Date of this Contract.
- D. The Property is located within the jurisdiction of the Participating Member Agency set forth in the “Description of Property” section of Exhibit A hereto and such Participating Member Agency has consented to (i) owners of property within its jurisdiction participating in the Program and (ii) SANBAG conducting the assessment proceedings under Chapter 29 and issuing bonds pursuant to the Program to finance Eligible Products.
- E. Owner has submitted an application and funding request to participate in the Program (collectively, the “Application”). SANBAG has approved the Application pursuant to the requirements of the Report. The Application describes, among other things, the particular Eligible Products that have been acquired, constructed on and/or installed in the Property and are to be financed pursuant to the Program. In this Contract, such Eligible Products, together with their acquisition, construction and/or installation on the Property, are referred to as “the Products.”
- F. Owner will acquire and construct and/or install the Products on or in the Property or will cause the acquisition and construction and/or installation of the Products on or in the Property and Owner will obtain all necessary permits and/or inspections required pursuant to this Contract and the Program necessary to enable SANBAG to finance the Products.

G. Pursuant to Chapter 29 and the Program, SANBAG and Owner wish to enter into a contract pursuant to which Owner agrees to pay a voluntary contractual assessment in order to finance the Products including the acquisition, construction and/or installation of thereof and SANBAG agrees to providing financing for such purpose, all on the terms set forth in this Contract.

NOW THEREFORE, in consideration of the foregoing and the mutual material covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Owner and SANBAG formally covenant and agree as follows:

CONTRACT

- 1) **Purpose** The Owner and the Authority are entering into this Contract for the purpose of financing the acquisition, construction and/or installation of the Products identified in Exhibit A in or on the Property.
- 2) **The Property** This Contract relates to the Property identified in Exhibit A.
- 3) **Contract Documents** This Contract shall consist of the documents listed in Exhibit B attached hereto and incorporated herein by this reference.

All such documents shall be collectively referred to herein as the "Contract Documents." All of the declarations and warranties of Owner made in the Application are incorporated in this Contract as if fully set forth herein. Owner acknowledges that Owner has received copies of each of the Contract Documents.

OWNER AGREES AND UNDERSTANDS THAT OWNER MUST EXECUTE AND RETURN THIS CONTRACT SO THAT SUCH CONTRACT IS RECEIVED BY SANBAG OR ITS REPRESENTATIVE ON OR BEFORE THE DEADLINE DATE SET FORTH ON THE SIGNATURE PAGE HEREOF AND THAT ALL SIGNATURES MUST BE NOTARIZED BY A DULY LICENSED NOTARY PUBLIC.

- 4) **Contract Term** The term of this Contract shall be until the Assessment defined below and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.
- 5) **Assessment and Lien**
 - a) Owner agrees that upon the execution of this Contract by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Contract, Chapter 29 and other applicable law (the "Assessment") together with interest, and consents to levy of the Assessment on and recordation of a lien against the Property. Upon execution of this Contract, SANBAG will execute and cause to be recorded in the office of the County Recorder (i) a notice of assessment (the "Notice of Assessment") as required pursuant to Chapter 29, together with a copy of this Contract and (ii) a Payment of Contractual Assessment Required as required pursuant to Chapter 29.
 - b) The execution of this Contract by the parties constitutes the levy of the Assessment by SANBAG against the Property without any further action required by the parties.
 - c) Upon recordation of the Notice of Assessment in the Office of the County Recorder, the Assessment and each installment, together with any interest and penalties that become due on the Assessment, shall constitute a lien upon the Property until paid. Initially, as reflected in the Notice of Assessment, upon recordation of the Notice of Assessment, the Assessment shall be equal to the Disbursement Amount, as defined in Section 6 below.
 - d) Failure to pay any installment of the Assessment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In

addition, under those circumstances, SANBAG has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 8(g) below.

- 6) **Disbursement Amount** SANBAG agrees to disburse monies to or on behalf of Owner pursuant to the terms of this Contract in the amount set forth in Exhibit B attached hereto and incorporated herein by this reference (“Disbursement Amount”). In the event the actual cost of the Products exceeds the Disbursement Amount, Owner shall be solely responsible for the payment of all such costs.
- 7) **Special Benefit to Property** Owner expressly acknowledges that the Products confer a special benefit to the Property in an amount at least equal to the Assessment.
- 8) **Collection of Assessment and Annual Assessment Administrative Fee on Property Tax Bill; Other Remedies**

- a) The annual portion of the principal amount of the Assessment, together with the annual interest on the Assessment and the Annual Assessment Administrative Fee (defined in paragraph f) below) (collectively, the “Annual Assessment Installment”), due and payable each Tax Year (each such Tax Year being the period from July 1st through the following June 30th), shall be collected on the property tax bill pertaining to the Property. The Annual Assessment Installment coming due in any Tax Year shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County on real property are payable, and the Annual Assessment Installments shall be payable and become delinquent at the same times and in the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.
- b) Following disbursement of the Disbursement Amount to the Owner, the Annual Assessment Installments shall be placed on the tax roll each Tax Year, commencing with the Tax Year beginning immediately following the date of such disbursement (the “Disbursement Date”). The initial Tax Year is set forth in Exhibit B attached and incorporated by this reference (the “Initial Tax Year”).

The amount of interest accrued on the Assessment from the Disbursement Date through September 1st of the Initial Tax Year (“Capitalized Interest”) has been included in the Disbursement Amount and is therefore included in the principal amount of the Assessment.

- c) Interest shall accrue on the unpaid Assessment from the Disbursement Date at a simple interest rate fixed by SANBAG and set forth on Exhibit B attached hereto and incorporated herein by this reference. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a court of competent jurisdiction determines the interest or other charges provided for herein in connection with the Assessment or the Annual Assessment Administrative Fee exceed the limits permitted by applicable law, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to such permitted limit; and (ii) any sums already collected which exceed such permitted limit will be refunded by SANBAG. SANBAG may make the refund by making a direct payment to Owner or by crediting the refund amount against the next installment or installments of the Assessment.
- d) The Annual Assessment Installments that may be placed on the tax roll each Tax Year are set forth in Exhibit B. The amounts set forth on Exhibit B are based on the assumption that SANBAG disburses the Disbursement Amount to or on behalf of Owner 14 calendar days following the Contract Date (defined in Section 31 below). Following disbursement of the Disbursement Amount, SANBAG will adjust the Annual Assessment Installments to reflect the actual Assessment based upon the Disbursement Amount, date of such disbursement and the actual amount of Capitalized Interest.
- e) The lien of the Assessment shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property

on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property, and (v) restrictions of record.

f) In addition to the Assessment, until the Assessment and the interest thereon is paid in full, Owner agrees that the Property is subject to an annual administrative fee to be included in the Annual Assessment Installment pursuant to this Contract, Chapter 29 and applicable law to pay costs incurred by SANBAG which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Assessment Administrative Fee"). The maximum Annual Assessment Administrative Fee shall not exceed fifty dollars (\$50.00) in Tax Year commencing on July 1, 2014 and shall thereafter be adjusted annually commencing on July 1 of each subsequent Tax Year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for applicable to the County of San Bernardino. SANBAG shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.

g) Owner acknowledges and understands that, no later than October 1 of each year, SANBAG will determine whether the Property is delinquent in the payment of any Assessment Installments and, if so, will notify SANBAG Counsel of any such delinquencies. SANBAG Counsel will commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than December 1 of such year. Failure of such a complaint to be filed by such December 1 shall not, however, invalidate any judicial foreclosure proceedings commenced after such date.

9) Use of Proceeds Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Products on the Property, for the Program fees, and capitalized interest.

10) Disbursement Procedures

a) Notwithstanding anything to the contrary contained herein, SANBAG shall have no obligation to disburse funds to Owner unless and until each of the following conditions is satisfied, or any such condition is expressly waived by SANBAG:

i) Owner has, as appropriate, executed and delivered to SANBAG the Contract Documents and such other documents or instruments pertaining to the Disbursement Amount or the Products as SANBAG may require.

ii) As of the Disbursement Date, SANBAG shall have determined that the representations of Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 18 below) shall have occurred and be continuing.

iii) No stop payment or mechanic's lien notice pertaining to the Products has been filed and remains in effect as of the Disbursement Date.

iv) Owner will, within fifteen (15) days of presentation by SANBAG or the representative thereof, execute any and all documents or instruments required by the Contract Documents in connection with the

disbursement of funds to Owner, other than this Contract, which must be executed by the date set forth on the Signature Page below.

- b) Upon satisfaction or waiver of the conditions described in paragraph (a), above, SANBAG will disburse funds to or on behalf of the Owner.

11) Prepayment of Assessment Owner may prepay the remaining balance of the Assessment by paying the principal amount or a portion of the Assessment in increments of \$5,000 owing on the Assessment, plus the applicable prepayment premium, if any, calculated on the principal amount of the Assessment to be prepaid, processing fee and accrued interest determined by SANBAG in accordance with this Contract and the Report, and the amount of any delinquent installments of principal of and interest on the Assessment, together with penalties accrued to the date of prepayment. The processing fee and schedule of prepayment premiums is set forth in Exhibit B hereto.

Interest on the Assessment shall accrue until the next available redemption date for any bond or bonds issued pursuant to a financing relationship contemplated by the Report and which bond or bonds are secured by the Assessment. Such redemption date shall not exceed 180 days from the date of prepayment of the Assessment. Owner shall notify SANBAG in writing of Owner's determination to prepay the Assessment at least ten (10) business days prior to the date Owner intends to prepay the Assessment.

12) Representations and Warranties of Owner Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Contract. By accepting the Disbursement Amount, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Contract and in the Application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

- a) Formation: If Owner 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.
- b) Authority: Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by Owner to SANBAG in connection therewith. The Contract Documents have, if required, been duly executed and delivered by Owner and are valid and binding upon and enforceable against Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by Owner, is required for Owner's execution thereof or the performance of its obligations contained therein.
- c) Compliance with Law: Neither Owner nor the Property is in violation of, and the terms nor provisions of the Contract Documents conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Property.
- d) No Violation: The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by Owner, and the performance by Owner of its obligations contained in the Contract, 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 Owner or the Property is bound.
- e) Other Information: All reports, documents, instruments, information and forms of evidence which have been delivered to SANBAG related to Owner's application for the Program funding are accurate, correct and sufficiently complete to give SANBAG true and accurate knowledge of their subject matter.
- f) Lawsuits: There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Owner or the Property which may impair Owner's ability to perform its

obligations hereunder, or which may impair SANBAG's ability to levy and collect the Assessment and Annual Assessment Installments.

- 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 Contract.
- h) Accuracy of Declarations: The declarations of Owner contained in the Application are accurate, complete and true.

13) Owner's Covenants Owner promises:

- a) Installation and Maintenance of Products: Owner shall cause its contractor(s) to install the Products, in a good and workmanlike manner and in accordance with sound construction and installation practices. Owner shall maintain the Products in good condition and repair.
- b) Compliance with Law and Agreements: Owner shall complete all Products, or cause the Products to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Products.
- c) Site Visits: Owner grants SANBAG, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Owner, for the purposes of observing the Products. SANBAG will make reasonable efforts during any site visit to avoid interfering with Owner's use of the Property. Owner shall also allow SANBAG to examine and copy records and other documents of Owner which relate to the Products. Any site visit, observation or examination by SANBAG shall be solely for the purposes of protecting SANBAG's rights under the Contract Documents.
- d) Protection Against Lien Claims: Owner 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 Products. Owner 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 Products.
- e) Notice to Successors in Interest: Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to a Program assessment lien, and to provide any subsequent purchaser a copy of this Contract.
- f) Insurance: If the Disbursement Amount exceeds \$50,000, Owner shall provide, maintain and keep in force at all times until the Products are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Disbursement Amount.
- g) Notices: Owner shall promptly notify SANBAG in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

14) 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 Products, SANBAG may summarily refuse to disburse any funds to Owner, and in the event Owner fails to furnish SANBAG a bond causing such notice or lien to be released within ten (10) days of notice from SANBAG to do so, such failure shall at the option of SANBAG constitute a Default under the terms of this Contract. Owner shall promptly deliver to SANBAG copies of all such notices or liens.

15) Owner Responsibility; Indemnification

- a) Owner acknowledges that SANBAG has established the Program solely for the purpose of assisting the owners of property in the SANBAG subregion with the financing of the acquisition, construction, and installation of Eligible Products. The Program is a financing program only. Neither SANBAG, its officials, agents, employees, attorneys and representatives, are responsible for selection, management or supervision of the Products or of the Products' performance. Owner acknowledges and understands that any issues related to performance of the Products should be discussed with chosen contractors or installers, and the manufacturer or distributor of the Products.
- b) To the extent permitted by law, Owner shall indemnify, defend, protect, and hold harmless SANBAG and any and all officials, agents, employees, attorneys and representatives of SANBAG, the purchasers of any bonds issued to finance the installation of the Products 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 attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Products, (iv) any breach or Default by Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (vi) the imposition of the lien of the Assessment, and (vii) any other fact, circumstance or event related to SANBAG's extension and payment of the Disbursement Amount to or on behalf of Owner or Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement. If the Property is located in an incorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the city in which the Property is located. If the Property is located in an unincorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the County. This indemnity shall also extend to the purchasers of any bonds issued to finance the installation of the Products and such purchasers' officials, agents, employees, attorneys and representatives. Each of the parties to which the indemnifications provided for in this paragraph b) extend shall be referred to as the "Indemnified Parties."
- c) The indemnity obligations described in this Section shall survive the disbursement of funds to Owner, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

16) Waivers, including Waiver of Claims

- a) Because this Contract reflects Owner's free and willing consent to enter into this Contract and to pay the Assessment and the Annual Administrative Assessment Fee, Owner hereby waives any otherwise applicable requirements for or right to the preparation of an engineer's report, notice of public hearing, public hearing, protest or opportunity to submit an assessment ballot in support of or in opposition to the Assessment pursuant to Article XIID of the California Constitution, the Proposition 218 Omnibus Implementation Act (commencing at California Government Code Section 53750) and any other provision of California law.

Owner agrees and acknowledges that the Assessment is not a "tax" as used in Section 1(e) of Article XIIC of the California Constitution and that if such Assessment is a levy, charge, or exaction of any kind by SANBAG, it is a charge imposed for a specific benefit conferred or privilege granted to Owner that is not provided to those not charged, and which does not exceed the reasonable costs to SANBAG of conferring the benefit or granting the privilege to Owner. Owner further knowing and voluntarily waives

any otherwise applicable requirements for or rights granted under Article XIII A or XIII C pertaining to the Assessment.

Owner hereby waives Owner's right to repeal or reduce the Assessment by initiative or any other action, or to file any lawsuit or other proceeding, at law or in equity, to challenge the validity of the Assessment or the proceedings of SANBAG, or any portion thereof, undertaken in connection with the establishment of the Program.

- b) For and in consideration of SANBAG's execution and delivery of this Contract, Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and each of them from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Owner may now have or hereafter acquire against any of Indemnified Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of the Disbursement Amount, (iii) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by SANBAG pursuant to the Program, (vi) the performance of the Products, (vii) the Products, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Products, (ix) any personal injury or death that may result from the construction or installation of the Products, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Products, (xi) the merchantability and fitness for any particular purpose, use or application of the Products, (xii) the amount of energy savings resulting from the Products and the Products, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to the Program. This release includes claims, obligations, liabilities, causes of action, and damages of which Owner is not presently aware or which Owner does not suspect to exist which, if known by Owner, would materially affect Owner's release of the Indemnified Parties.

OWNER 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, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES. **Owner's Initials:** _____

The waivers and releases by Owner contained in this Section 16 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

- 17) **Further Assurances** Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as SANBAG shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to Owner.

18) Events of Default

- a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Owner hereunder are governed by the provisions of Section 8 hereof and state law.
- b) The failure of any of Owner's representations or warranties to be correct in all material respects, or the failure or delay by Owner to perform any of its obligations under the terms or provisions of the Contract Documents, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fee, or other amount payable by Owner shall constitute a non monetary default hereunder ("Default"). Owner 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 paragraph (c) below.
- c) If a Default occurs, prior to exercising any remedies under the Contract Documents or Chapter 29, SANBAG shall give Owner notice of such Default. If the Default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by SANBAG under the Contract Documents or Chapter 29. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Owner (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 Owner shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by SANBAG. However, in no event shall SANBAG 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.
- d) Subject to the provisions of paragraph (c), above, if any Default occurs SANBAG may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. Upon the election of SANBAG, if there has been no Disbursement, this Contract shall terminate and, except as otherwise expressly provided herein, the parties shall have no further obligations or rights hereunder.
- e) Except as provided in Section 22, any and all costs and expenses incurred by SANBAG in pursuing its remedies hereunder shall be additional indebtedness of Owner to SANBAG.
- f) Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of SANBAG are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by SANBAG, 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 SANBAG 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 SANBAG 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.
- g) Performance of the covenants and conditions imposed upon Owner hereunder with respect to the commencement and completion of the Products shall be excused while and to the extent that, Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of Owner; provided, however, that 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 Owner shall immediately resume installation of the Products.

19) Severability Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, 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 Contract shall be valid and shall be enforced to the extent permitted by law.

20) Notices All notices and demands shall be given in writing by first class mail, postage prepaid, 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. Notices shall be addressed as provided in the "Notice Information" section of Exhibit A attached hereto and incorporated herein by this reference 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.

Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

21) Attorneys' Fees and Costs In the event that any action is instituted to enforce payment or performance under this Contract, 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 Contract.

22) No Waiver No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of SANBAG to receive a refund thereof from Owner.

23) Governing Law This Contract shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Contract must be instituted in the Superior Court of the County of San Bernardino, State of California.

24) Assignment by SANBAG SANBAG, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Assessment Administrative Fee, and any other payments due to SANBAG hereunder, without obtaining the consent of Owner.

25) Owner Assignment Prohibited In no event shall Owner assign or transfer any portion of this Contract or Owner's obligations under the Contract without the prior express written consent of SANBAG, which consent may be granted or withheld in the sole and absolute discretion of the SANBAG. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.

26) Carbon Credits Owner agrees that any carbon credits or renewable energy credits attributable to the Products shall be owned by SANBAG (on behalf of the Program).

27) Entire Agreement; Counterparts; Amendment This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Products, and any amendment to this Contract, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Contract 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.

28) Further Documents SANBAG and Owner agree that they shall sign, deliver and if appropriate record any additional documents necessary to effectuate the purposes of this Contract. Upon expiration or termination of this Contract, SANBAG and Owner agree to shall sign and record any document reasonably necessary to cancel this Contract from the public records as to the Property.

29) Special Termination Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if Owner has submitted to SANBAG a notice of its decision to

cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to Owner upon its execution of this Contract.

- 30) No Third Party Beneficiary Rights** This Contract is entered into for the sole benefit of Owner and SANBAG and, subject to the provisions of Sections 13, 14, 15, and 25, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.
- 31) Contract Date** The date on which SANBAG or its representative sends this Contract to the Owner or Owners for execution shall be referred to herein as the "Contract Date."
- 32) Recordation of Contract** SANBAG may file this Contract for recordation with the County Recorder of the County either as a separate instrument or as a part of the Notice of Assessment within ten (10) days after the last day entered with the signatures below.

Owner(s) must execute and return this Contract to SANBAG at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by SANBAG not later than _____, 20__. All signatures of the Owner(s) must be notarized by a duly licensed notary.

IN WITNESS WHEREOF , Owner and SANBAG have entered into this Contract as of the Effective Date.			
Owner 1:		Owner 2:	
[OWNER 1 NAME]		[OWNER 2 NAME]	
<i>Owner 1 Name (Please Print)</i>		<i>Owner 2 Name (Please Print)</i>	
By:		By:	
<i>Owner 1 Signature (Must be Notarized)</i>		<i>Owner 2 Signature (Must be Notarized)</i>	
Date of Execution by Owner 1:		Date of Execution by Owner 2:	
, 20		, 20	
<i>Date</i>	<i>Year</i>	<i>Date</i>	<i>Year</i>

SANBAG: Executive Director and/or his or her designee
<i>Name (Please Print)</i>
By:
<i>SANBAG Signature (Must be Notarized)</i>
Date of Execution by SANBAG:

**COMMERCIAL HERO PROGRAM
ASSESSMENT CONTRACT**

EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION,

Description of Property:

Owner(s) Name(s):

Property Address:

APN:

Participating Member Agency:

Legal Description:

Description of Products:

The Products include the following:

Notice Information:

**COMMERCIAL HERO PROGRAM
ASSESSMENT CONTRACT**

EXHIBIT B

**LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND
SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL,
INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE**

List of Contract Documents:¹

The Contract shall consist of the following documents:

- This Contract and the exhibits hereto;
- The Application;
- The Funding Request;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The SANBAG Energy Efficiency and Water Conservation Program for Western San Bernardino County, Residential HERO Program Handbook, Version ____, dated _____, 2011; and
- SANBAG HERO Program website located at <http://SANBAG.herofinancing.com>.

Disbursement:

The Disbursement Amount is \$_____.

The Disbursement Date is \$_____.

¹ The List of Contract Documents may vary depending upon the financing plan being used for a particular parcel. In any event the terms of the Assessment Contract entered into for a particular parcel will govern if there is any conflict between such Assessment contract and Appendix C.

Schedule of Annual Assessment Installments:

Assessment Interest Rate: _____%

Tax Year (commencing July 1)	Interest	Principal	Total Principal and Interest	Current Annual Assessment Administrative Fee	Total Annual Assessment Installment
20 - 20 *					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					
20 - 20					

*Initial Tax Year

Prepayment Fee and Prepayment Premium Schedule:

Processing Fee: The fee for processing the prepayment of the Assessment in whole or in part shall be \$_____.

Prepayment Premium: The prepayment premium applicable to the principal amount of the Assessment to be prepaid in whole or in part in increments of \$5,000 pursuant to Section 11 of the Assessment Contract shall be 5%.

**DRAFT HERO COMMERCIAL PROGRAM
ASSESSMENT CONTRACT**

APPLICATION DATE:
 _____ / _____ / _____
 (MONTH/DAY/YEAR)



FOR OFFICIAL USE ONLY
 DATE RECEIVED: _____ / _____ / _____
 FILE #: _____

SANBAG COMMERCIAL HERO APPLICATION

PROPERTY OWNER QUALIFICATIONS:

- | | | |
|--------------------------|--------------------------|--|
| YES | NO | |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are and have been current on all property debt for the past six (6) months, including no technical defaults. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees are current on property taxes with no more than one late payment during the past three (3) years. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have no involuntary liens, defaults or judgments on the property. |
| <input type="checkbox"/> | <input type="checkbox"/> | Property Owner(s) and/or Trustees have not declared bankruptcy in the last seven (7) years and the property is not an asset in a bankruptcy. |
| <input type="checkbox"/> | <input type="checkbox"/> | Mortgage-related debt does not exceed 90% of the fair market value of the property, as defined in the Program Handbook. |

PROPERTY ADDRESS:

 (STREET) (CITY) (STATE) (ZIP CODE)

 (ASSESSOR'S PARCEL NUMBER)

OCCUPANCY TYPE: Owner-Occupied Tenant-Occupied Both

DESCRIBE OCCUPANTS' BUSINESSES: _____

PROPERTY TYPE:

Multi-Family (5+ units) Commercial Industrial Agricultural Other: _____

MAILING ADDRESS:
(if different from property address)

 (STREET/P.O. BOX) (APT/SUITE/ETC./) (CITY) (STATE) (ZIP CODE)

PROPERTY OWNER TYPE:

Individual Trust Corporation Partnership Other: _____

PROPERTY OWNER #1 INFORMATION (Should be person/entity who handles all program contacts):

NAME OF PROPERTY OWNER _____ (TAX ID # OR SSN) _____ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER _____

(PHONE NUMBER) _____ (ADDITIONAL PHONE NUMBER) _____ (EMAIL ADDRESS) _____ % OWNERSHIP _____

PROPERTY OWNER #2 INFORMATION:
(If there are additional Property Owners or Trustees, please provide additional sheet(s) with property owner information.)

NAME OF PROPERTY OWNER _____ (TAX ID # OR SSN) _____ NAME OF CONTACT PERSON, IF BUSINESS ENTITY OWNER _____

(PHONE NUMBER) _____ (ADDITIONAL PHONE NUMBER) _____ (EMAIL ADDRESS) _____ % OWNERSHIP _____



OTHER CRITERIA QUESTIONS

Please explain all "yes" answers on a separate sheet.

- | YES | NO | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any outstanding judgment(s)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do(es) the Property Owner(s) have any tax obligations, including payroll or real estate taxes, that are past due? |
| <input type="checkbox"/> | <input type="checkbox"/> | Is/Are the Property Owner(s) a party in any active or threatened lawsuit(s) or other legal action(s)? |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) had property foreclosed or give title or deed in lieu thereof? |
| <input type="checkbox"/> | <input type="checkbox"/> | Has(ve) the Property Owner(s) compromised a debt or modified a mortgage loan in the last 12 months? |

For the listed insurance policy types, is there an active insurance policy for this property?

- | YES | NO | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Fire and Hazard insurance? |
| <input type="checkbox"/> | <input type="checkbox"/> | General Liability insurance? |
| <input type="checkbox"/> | <input type="checkbox"/> | Flood Insurance? Please check here if not in flood zone <input type="checkbox"/> . |

REQUIRED ATTACHMENTS:	
<input type="checkbox"/>	Articles of Incorporation
<input type="checkbox"/>	If there is a Lender, the Lender's Name and Contact information
<input type="checkbox"/>	If there is a Lender, 12 month payment history for each mortgage on the property to be improved (account history print out or mortgage statements).
<input type="checkbox"/>	Proposed Improvements – Contractor Bid(s) or Consultant/Engineer Proposal

APPLICANT(S) SIGNATURES

By signing this Application, the undersigned hereby declares under penalty of perjury under the laws of the State of California that all property owner(s) and/or trustees have read, understand, and agree to all sections of the Program Handbook and that all information set forth in this Application is true, accurate, and complete.

(Applicant Signature)	(Date)	(Applicant Signature)	(Date)
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	
(Applicant Signature)	(Date)	(Applicant Signature)	(Date)
(Printed Name, Business Name, Title (if applicable))		(Printed Name, Business Name, Title (if applicable))	

EXHIBIT A

Fill in all contractors or sub-contractors working on the proposed project:

CONTRACTOR OR SUB-CONTRACTOR	CONTRACTOR COMPANY	CONTRACTOR NAME	CONTRACTOR LICENSE #
1 Circle One: Contractor or Sub-Contractor	_____	_____	_____
2 Circle One: Contractor or Sub-Contractor	_____	_____	_____
3 Circle One: Contractor or Sub-Contractor	_____	_____	_____
4 Circle One: Contractor or Sub-Contractor	_____	_____	_____
5 Circle One: Contractor or Sub-Contractor	_____	_____	_____
6 Circle One: Contractor or Sub-Contractor	_____	_____	_____
7 Circle One: Contractor or Sub-Contractor	_____	_____	_____
8 Circle One: Contractor or Sub-Contractor	_____	_____	_____
9 Circle One: Contractor or Sub-Contractor	_____	_____	_____

EXHIBIT B

PROPOSED BUILDING IMPROVEMENTS

DESCRIPTION	ESTIMATED COST
<p>1</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____</p> <p>Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p>2</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____</p> <p>Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p>3</p> <p>Description: _____ Brand: _____ Model #: _____ Quantity: _____ Efficiency Level: _____</p> <p>Estimated Annual Energy Savings/ Production (# Units): _____</p>	<p>\$ _____</p>
<p>ITEMIZED ESTIMATED COST OF IMPROVEMENT(S)</p> <p>A. (i) Construction contract(s) (bid price for cost of materials and labor less any applicable rebates): and/or (ii) If self-installing, cost of equipment (less applicable rebates; do not include any labor costs):</p> <p>B. Energy assessment/audit costs</p> <p>C. Draft, engineering and/or plan preparation costs:</p> <p>D. Estimated Permit fees:</p> <p>E. Recording Fee for Assessment Lien documents and assessment contract. Set by state law and the County Recorder's Office</p> <p>F. Title Costs</p> <p>G. Other Please list (Attach separate sheet(s) explaining other costs if needed.)</p> <p>Other: _____</p> <p>Other: _____</p>	<p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p> <p>\$ _____</p>
<p>Requested Financing Amount: This requested amount is the maximum amount that can be funded.</p>	<p>\$ _____</p>
<p>Loan Term (5, 10, 15, 20 years):</p>	<p>_____</p>



Commercial Handbook

June 3, 2013

A low cost financing program for commercial, industrial, and multi-family buildings in San Bernardino County

1 Program Introduction

1.1 Program overview

Between 2008 and 2010, the State of California approved legislation authorizing cities and counties to establish voluntary programs to pay for energy efficiency, water efficiency and renewable energy products and electric vehicle charging infrastructure products which are permanently attached to property (“Eligible Products”).

The California SAMAS Commercial Program (the “SAMAS Commercial Program” or “Program”) was created by the Western Riverside Council of Governments (“Agent”) to enable cities and counties throughout the State of California to elect to participate in the California SAMAS Commercial Program and thereby enable the California SAMAS Commercial Program to provide homeowners and businesses with financing to pay for energy efficiency, water efficiency, renewable energy products and electric vehicle charging infrastructure and their installation.

Once a city or the county has elected to participate in the California SAMAS Commercial Program, owners of commercial property within such city or county may borrow money through the California SAMAS Commercial Program. Commercial property owners repay the financing through annual installments collected on their property tax bill. Participation in the California SAMAS Commercial Program is completely voluntary. Property owners agree to repay the amount financed over a 5-, 10-, 15- or 20-year period dependent upon the Eligible Products being financed.

1.2 Handbook structure

The purpose of the handbook is to help property owners apply for and receive financing for energy efficiency, renewable generation, water conservation and electric vehicle charging infrastructure products and installation. The handbook is divided into nine sections plus appendices, which will take the reader through the process necessary to complete and fund the Eligible Products. For capitalized terms used in the Handbook please see Appendix A – Glossary of Terms.

- Section 1: Program Introduction provides a brief overview of Program basics
- Section 2: Program Contact Information
- Section 3: Future Program Changes to the Handbook
- Section 4: Program Eligibility describes eligibility requirements for commercial properties, property owners, and Eligible Products
- Section 5: Program Requirements outlines the requirements for Program participation
- Section 6: Financial Terms outlines the cost of the Program
- Section 7: Program Process provides a detailed description of the Program process
- Section 8: Dispute Resolution provides summary of steps to take if an applicant wishes to dispute decisions by the Program
- Section 9: Additional Requirements and Terms provides information about additional Program requirements and terms
- Appendices: Appendices provide important forms and definitions, which are required by the Program

For purposes of the handbook, all references to “days” are in calendar days, unless otherwise specified.

1.3 Other Terms and Disclaimers

All applicants **must** (and interested parties such as contractors should) read the Additional Terms and Requirements section in the Appendices. **Applicants will be required to certify that they have read the Additional Terms and Requirements as a precondition to participating in the Program.** This section

outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating property owners and Program staff.

2 Program Contact Information

2.1 Program Website

The Program website will provide a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, and a list of contractors who have registered with the Program and attended the Program orientation. In addition, commercial property owners will be able to download all necessary application documents online and contractors will be able to register online. The Program website address is www.samas-pace.com.

2.2 Program Call Center

Property owners and contractors may call (800) 645-0687 to ask questions about the Commercial SAMAS Commercial Program or request a copy of the application by mail or email. Program Call Center hours are 8 am to 5 pm PST, Monday through Friday. Please see the Program website www.samas-pace.com for recent updates about the call center operation times, phone number and other relevant information.

2.3 Program Contact Information and Other Useful Resources

General questions about the Program can be answered by visiting the Program website at www.samas-pace.com, calling the Program’s toll free number at (800) 645-0687.

Program Contacts

	Phone Number(s):	Address:
Agent	(909) 884-8276	1170 w. 3rd Street San Bernardino, CA 92410-1715
Samas Capital LLC	Program Call Center Number: (800) 645-0687	
	Program Fax Number: (949) 861-6212	
	Program Email: california@samascapital.com	
	Contractor Email: contractor@samascapital.com	

Other Useful Information

Building Performance Institute	BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs.	www.bpi.org (877) 274-1274
CaICERTS	CaICERTS is an approved California Energy Commission (CEC) Home Energy Rating System (HERS) Provider. CaICERTS, Inc. is a private organization that provides service, support, training and certification to HERS raters.	https://www.calcerts.com/ (877) 437-7787
California Building Performance Contractors Association	CBPCA is a non-profit 501c-6 trade association that develops, trains and promotes whole house energy-efficient retrofitting for contractors and professionals in the building performance industry. BPI and HERS training and certification are available.	http://thebcpca.org/ (510) 433-5042
California Solar Initiative (Go Solar California)	The California Solar Initiative (CSI) is the solar rebate program for California consumers that are customers of the investor-owned utilities, including Southern California Edison (SCE).	http://www.GoSolarCalifornia.ca.gov (866) 584-7436 (technical) Solar PV – SC Edison (800) 799-4177 (general) Solar PV – SC Edison (800) 799-4177 Solar Thermal – SC Edison (800) Gas-2000 Solar Thermal -- SoCalGas
Contractors State License Board	The Contractors State License Board (CSLB) protects consumers by licensing and regulating California's construction industry.	www.cslb.ca.gov CLSB License Check check Contractor's License Status 1 (800) 321-CSLB (2752)
DSIRE	DSIRE is a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency.	www.dsireusa.org
Energy Star	Energy Star is a government-backed program helping businesses and individuals protect the environment through superior energy efficiency. Energy Star provides energy efficiency standards, qualified and labeled energy efficiency products and recommended installation methods, among other things.	www.energystar.gov Energy Star Hotline for specific questions about specific products (888) 782-7937
Federal Tax Credits	Information page about federal tax credits available for energy efficiency and renewable energy improvements.	www.energysavers.gov/financial/70010.html
State and Local Rebates	See your local utility company information above. See also, Energy Upgrade California to search for rebates by zip code.	See local utility company information above. See also Energy Upgrade California, https://energyupgradeca.org/county/san_bernardino/overview (800) 736-4777 SC Edison EUC Program (800) 427-2200 SoCalGas EUC Program
Title 24 Hot Line	The Title 24 Hotline is provided by the California Energy Commission and is intended to help contractors and others interpret and understand the rules in California Code of Regulations Title 24 regulations for new construction of and retrofitting of residential and commercial buildings.	www.energy.ca.gov/efficiency/hotline.html (800) 772-3300 Mon.-Fri. 8AM – 12 PM, 1 PM – 4:30 PM

3 Future Program Changes

The Agent reserves the right to change the Program and its terms at any time; however, any such change will not affect a property owner's existing obligation to pay the contractual assessment agreed to in an executed Assessment Contract.

A property owner's participation in the Program will be subject to the requirements set forth in this Handbook and other documents and other documents that constitute the agreement between the Agent and the property owner. If any provisions of this Handbook are determined to be unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the Handbook and shall not affect the validity and enforceability of any remaining provisions.

4 Program Eligibility Requirements

Potential property applicants should carefully review this section in order to determine whether they are eligible for the Program before submitting an application.

4.1 Eligible Applicants

In addition to the property eligibility requirements, commercial property owners must meet specific criteria in order to be eligible to participate in the Program. The eligibility criteria for commercial property owners are set forth below.

4.1.1 Qualification Criteria:

- Applicant property owner(s) must be the property owner(s) of record of the property upon which the Eligible Products are to be installed.
- Mortgage debt lender(s) have given consent to Program financing.
- Property owner(s) must be current on property taxes on the subject property and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property tax more than once during the prior three (3) years (or since the purchase of the subject property, if owned by such property owner(s) less than three (3) years).
- Property owners must be current on all property debt on the subject property for a period of six (6) months prior to the application, including no payment defaults or technical defaults (or since purchase if the property has been owned less than six (6) months by the current owner(s)), through funding.
- Property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- All individual property owners must sign the application, assessment contract and all required notices. For properties owned by corporations, LLC's or LLP's, signatures by authorized representatives and/or corporate resolutions are required.
- Non-profit organizations must stipulate that they have not claimed an exemption from taxes.

4.2 Eligible Properties

To be eligible, the property must meet the following requirements:

- The property must be located in the jurisdictional boundaries of a Participating Entity.
- The property must be improved. Project financing may not be used to finance the installment of Eligible Products in conjunction with new construction on a previously vacant parcel.

- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- The property must be subject to the payment of property taxes.
- Eligible Product costs are reasonable in relation to property value. Proposed Eligible Products must not exceed 20% of the market value of the property.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed 90% of the market value of the property.
- The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.
- The property cannot currently be an asset in a bankruptcy proceeding.

4.3 Eligible Products

The Program offers financing for various energy efficiency, renewable energy, and water efficiency products ("Eligible Products").

4.3.1 Eligible Products Must Be Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by the Program. Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location are not eligible. Previously installed products are not eligible for Program financing. Also, products that are not permanently fixed are ineligible, including appliances, light bulbs and other non-fixtures.

4.3.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. The products are required to adhere to standards set forth in Title 24 of the California Code of Regulations ("CCR").

At the time of submitting the application, contractors or property owners are required to also submit a project proposal. The project proposal should include:

- Description of existing and proposed equipment.
- Description of existing and proposed control mechanism(s).
- Explanation of how energy savings will be achieved.
- Justification for existing and proposed operating hours.
- Estimated energy savings per improvement.
- Estimated cost savings per improvement.
- Useful life of each proposed improvement.
- Specification sheets for proposed equipment that meets Program requirements.
- Estimated project cost per measure.
- Calculations in the original, editable format; where
 - assumptions and equations must be well documented and supported, and
 - calculations should properly capture the equipment performance and load characteristics.

4.3.3 Solar Systems Must Meet CSI Requirements

All solar PV and solar thermal systems must use California Solar Initiative (CSI) eligible equipment and must be installed according to CSI requirements. The Program recommends that energy efficiency measures be

completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the renewable energy system. Additionally, the Program will not finance any structural alteration of the roof, the building, or the property related to the installation of a solar system.

4.4 Eligible Costs

Eligible costs under the Program include both the cost of the equipment and the installation costs. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed by a licensed contractor of the property owner's choice who is registered with the Program.

For property owners who elect to complete their Program retrofits at the same time as a larger capital project, financing is only available for retrofitting or new installations on the existing structure with Eligible Products. Repairs to the existing building's envelope, systems, and/or infrastructure are not eligible except where they are caused by the installation of the Eligible Product. If a property owner is planning to finance Eligible Products included in a larger remodeling project, they should first contact Program Representatives to determine what costs will be eligible for financing.

The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines. The Program shall have the right to refuse to advance funding for any portion of a Completion Certificate that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any Completion Certificate.

4.5 Eligible Contractors

Only contractors who have registered with the Program may complete Program financed installation work. Contractors may register with the Program if they have an active license with the California Contractors State License Board ("CSLB"), including meeting the CSLB's bonding and workers compensation insurance requirements and agree to all Program terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All Solar PV and solar thermal systems must be installed by a CSI registered installer holding the correct contractor's license.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. SANBAG, SAMAS CAPITAL AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENT AND ASSIGNS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

A current listing of contractors registered for the Program who have also attended the Program orientation can be found on the Program website (www.samas-pace.com).

4.6 Eligible Assessment Amounts

The minimum assessment amount is \$5,000. The maximum assessment amount is 20% of the value of the property not to exceed a combined mortgage and assessment contract amount of 90% of the value of the property or not to exceed \$5,000,000.

For commercial properties, the value of the property will be the market value based on either the assessed value of the property or a recent appraisal. You may choose to pay for an appraisal from a licensed appraiser and the Program will review the appraisal and determine whether it may be used for eligibility calculations.

4.7 Eligible Assessment Term(s)

Assessment Contracts may include financing with a 5-, 10-, 15-, 20-, or 25-year term, but the financing term may not exceed the “useful life” of the installed Eligible Product.

The Program reserves the right to approve a different assessment term than requested based on the useful life of the Eligible Product(s) to be installed.

4.8 Eligible Rebate Programs and Tax Credits

For energy efficiency, renewable energy, and water efficiency Eligible Products, various federal tax credits, state and local rebates, and incentive programs exist.

Not all Eligible Products eligible under the Program will qualify for federal tax credits and/or state or local utility rebates. For example, some of the federal tax credit specifications require a higher energy efficiency standard than those required by the Program.

Neither the Agent, Samas Capital nor the Program make any representation or warranty whatsoever that Eligible Products will qualify for any tax credits, rebates or other incentive programs.

For information on rebates and tax credits, please visit the rebates pages listed in Section 2.4 above, including Energy Upgrade California at https://energyupgradeca.org/county/san_bernardino/overview, which allows a zip code search for a comprehensive list of different types of rebates available in the area. Other resources include a “Rebate Locator” on the Energy Star website (<http://www.energystar.gov>) and a “Rebate Finder” on the WaterSense website (<http://www.epa.gov/WaterSense/>), as well as a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency on the DSIRE website (<http://www.dsierusa.org>).

4.8.1 Deductions from Financing Amount

All available up front federal, state, or utility rebates that are assignable to the contractor must be deducted from the assessment amount at the time of financing. **The property owner and the contractor will be responsible for notifying the Agent and Samas Capital of the qualification of or award or grant to the Eligible Products for any such assignable rebates.**

Performance-based incentives which are paid over time, such as the CSI PBI rebate, will not be deducted. State or federal tax credits and rebates that are not assignable to the contractor are also not deductible from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.

4.8.2 Solar Rebates and Program Participation

Property owners who plan to install solar photovoltaic (“solar PV”) or solar thermal water heating systems must be eligible for and participate in the appropriate California Solar Initiative (“CSI”) rebate program, unless rebates are not available or the property is currently not connected to the utility grid (solar PV only). Most solar installers can assist property owners with applying for these rebates.

4.9 Eligible Number of Assessments

A property owner may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program for a particular property owner still meet all Program requirements as to maximum assessment limits.

5 Program Requirements

5.1 Contractor Registration

All contractors who install Program-financed Eligible Products must register with the Program.

Any contractor who is licensed by the State of California and is in good standing with the Contractors State License Board (“CSLB”), including meeting all applicable bonding and insurance requirements, and who meets any fraud check requirements, is eligible to register with the Program.

Contractors must also agree to abide by all Program terms and conditions, including:

- Pulling permits as required by the local building department for the installation of Eligible Products..
- Obtaining approval of proposed Eligible Products in advance of ordering or installing such Eligible Products by calling the Program or completing the Custom Product Application process.
- Installing only Eligible Products that meet the required eligibility specifications.
- Only installing Eligible Products for which he/she has the correct contractor’s license.
- Providing evidence of a business license for the jurisdiction that the contractor is operating within.

Contractors who also attend a Program orientation will be listed on the Program website.

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

5.2 Building Permits and Inspection

Property owners are responsible for obtaining any required building permits for Eligible Products. If permits are required, the pulled permit documentation must be submitted with the Completion Certificate.

Property owners should speak with their contractors to determine if their Eligible Products will require a permit and/or inspection.

Program staff may also schedule an on-site validation visit to confirm that the approved Eligible Product was fully and permanently installed before approving a submitted Completion Certificate.

5.3 Fraudulent Activity

Any misrepresentations made to the Program in the application, the contractor’s bid or any other document at any time during the Program is likely to cause the property owner and/or the contractor to be terminated from the Program and may result in legal action. For example, such misrepresentation may, in the sole discretion of the Agent, result in denial of an application, a notification that any installed Eligible Products will be ineligible to be

financed by the California SAMAS Commercial Program, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

5.4 Required Documents

Required documents must be submitted at different steps in the Program process. For a list of required documents which must be submitted and when they need to be submitted, please see Section 7, Program Process.

6 Financial Terms

6.1 Costs to Apply

An application fee may be required and will not exceed the greater of \$500 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the application. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated.

6.2 Assessment Costs

Below are the costs to utilize Program financing for the installation of Eligible Products on your property.

6.2.1 Program Financing Fee

A Program Financing Fee is a onetime fee of not to exceed 7% that can be added to the amount of the assessment. The Program Financing Fee covers the cost of issuing bonds by the Agent to finance the installation of the Eligible Products and the costs to approve and fund installation of the Eligible Products. The amount of the Program Financing Fee is identified on the Program website and in the Financing Documents.

6.2.2 Interest Rate

The interest rate for the assessment will be based on market rates. The final interest rate will be set at the time the Financing Documents are issued and sent to the property owners. The current estimated interest rate(s) will be available on the Program website, with the actual interest rate identified in the Financing Documents.

6.2.3 Capitalized Interest

Based on the closing date of your assessment, payments on your assessment may not begin until the following year's tax statement. This is the amount of interest that is added to the assessment amount for the period between your closing date and the date of your first assessment payment. The amount of interest for your assessment will be included on your Financing Documents.

6.2.4 Recording Fees

Property owners will need to pay for any and all fees their respective County charges to record the assessment lien documents and related notices. These fees are added to the assessment amount. The total County recording fee amount will be listed on the Assessment Contract.

6.2.5 Annual Assessment Administrative Fee

Additionally, each year, an annual assessment administrative fee will be added to the assessment lien amount on property tax bills. This fee covers the annual costs to place the lien on your property tax bill and manage the tax payments as well as pay the Program Trustee. The annual assessment administrative fee will be identified in the Financing Documents.

6.3 Annual Repayments

Property owners will repay principal and interest over 5-, 10-, 15-, 20, or 25-years, depending on their approved term. Payment will be billed and paid through a separate line item on the property owner's property tax bill. As with other property taxes, the assessment payment is due in one or two installments each year (each payment, an "Assessment Installment"). The not-to-exceed payment schedule will be attached to the Assessment Contract that property owners sign, which sets forth the annual amounts due during the assessment term. Failure to pay the Assessment Installments and the Annual Administrative Assessment Fees when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and sale of the property of the delinquent property owner.

6.4 Prepayments

Property owners may choose to prepay their assessment lien in full or in increments of \$5,000 at any time.

However, if you do prepay the assessment lien, you will need to pay (i) the principal amount of the assessment to be prepaid (the "Assessment Prepayment Amount"), (ii) a prepayment premium of 5%, (iii) interest on the

Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 90 days following the date the prepayment is made and (iv) a processing fee of up to \$500.

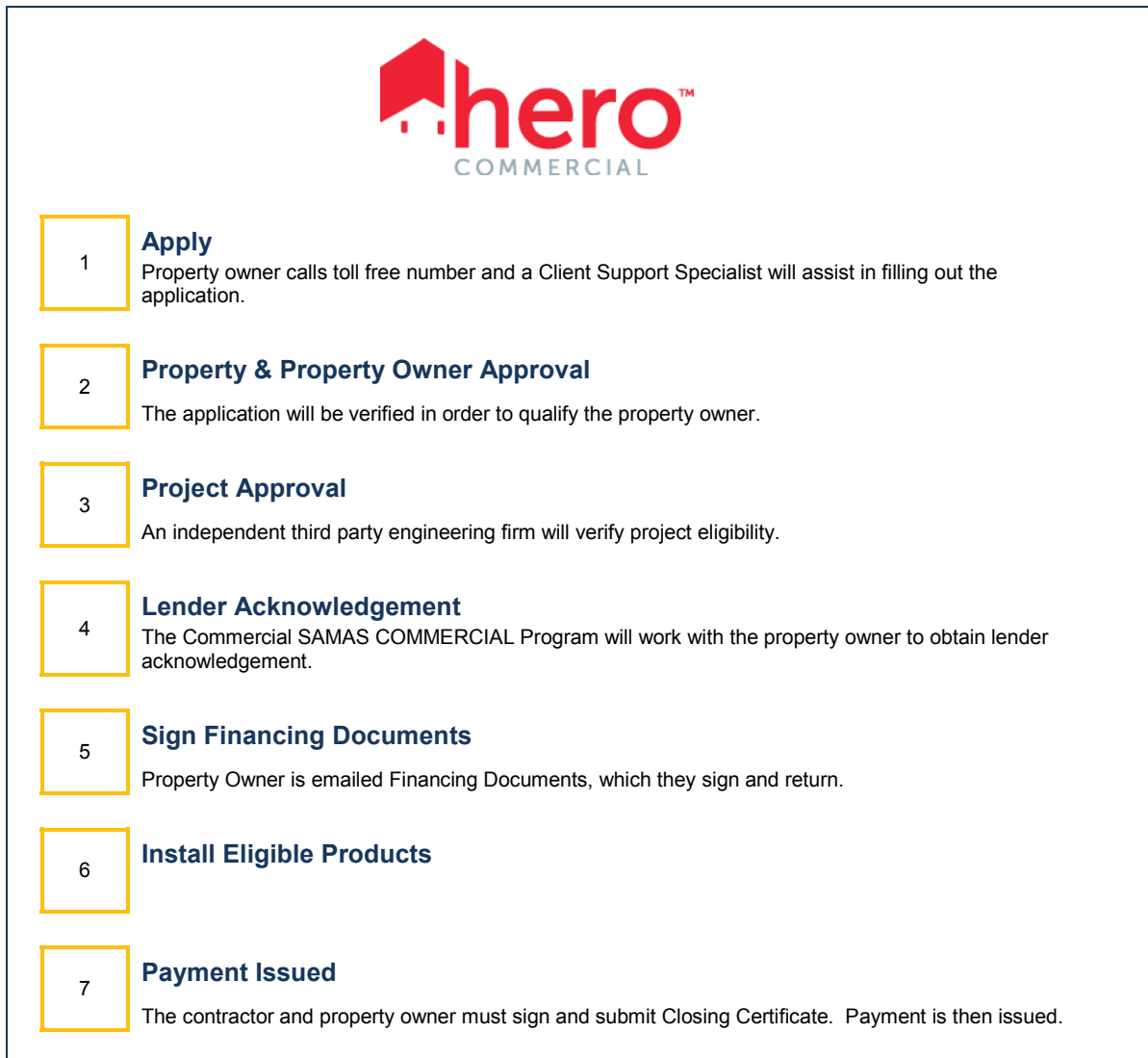
In order to prepay, the property owner will need to contact the Program to initiate the prepayment process. If the assessment is to be repaid in full, this will include a calculation of the principal, interest and prepayment costs.

7 Program Process

The Program Process section describes the entire process for commercial property owners, contractors, and Program Representatives from before the project begins, though all steps of the financing process.

7.1 Process Overview

The chart below shows the steps for the completion of a commercial project financed through the Program:



7.2 Step 1: Apply

7.2.1 Application

Each property owner will need to complete an application and pay the application fee, if applicable.

Property owners have the option of submitting the application by:

1. Phone: (800) 645-0687
2. Fax: (949) 861-6212
3. Email: california@samascapital.com

Submission of an application does not guarantee that a property owner will be approved for financing. Also, if a property owner proceeds with ordering and/or installation of any Eligible Products prior to receiving approval, the property owner risks becoming ineligible for Program financing. Furthermore, if a property owner is approved for financing but then installs products that are not eligible, the installation of any such ineligible products will not be funded.

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

A copy of the application for the Program is available on the Program website (www.samas-pace.com). The application is a step-by-step process where each applicant provides personal and property information. Applicants can call (800) 645-0687 and a Customer Support Specialist will guide them through the application process.

7.3 Step 2: Property & Property Owner Approval

7.3.1 Application Results

Applicants will be contacted by their Client Support Specialist to receive official notification of the status of their applications. If the financing amount exceeds the financing threshold, the property owner will have the option to have an appraisal run. The property owner will be able to finance the maximum amount of the highest property value between the county assessed value and the appraised value. All appraisal costs will be borne by the property owner.

7.4 Step 3: Project Approval

7.4.1 Scope of Project - Obtain Quote

Property owners must determine which Eligible Product(s) they wish to finance through the Program.

Property owners can work directly with an energy/water auditor and/or contractors to determine the scope of their project.

It is highly recommended that property owners perform a comprehensive energy/water audit on their property before considering any Eligible Products. A comprehensive audit applies building science principles from data collected on the subject property utilizing sophisticated diagnostic equipment including a blower door,

duct blaster, and digital infrared camera to precisely detect the cause and measure the effects of building performance related problems.

To find an energy auditor, contact the California Building Performance Contractors Association (CBPCA), Building Performance Institute (BPI), CalCERTS, or RESNET. Some energy auditors also provide performance contracting work and specialize in energy efficiency products.

Property owners should register and then complete the rebate process for their solar PV projects with CSI, or the appropriate local utility, when available. Please note that structural work to support a solar system is not eligible for financing even if the system itself is eligible.

7.4.2 Independent Third Party Engineering Firm Product Approval

Once the property and property owner have been approved, an independent third party engineering firm will review the submitted project proposal to verify that the proposed improvements are eligible per the program guidelines and that the assumptions used to model the project are reasonable per market standards. If there is a modification to the project proposal at any point in time, the contractor or property owner must contact the Client Support Specialist again and repeat the process outlined above.

The Program reserves the right to deny any Product or Project. Reasons for denial may include, but are not limited to, any of the following: if it appears that the proposed product is not cost effective, is too experimental or unreliable, the claimed energy or water savings or renewable energy generation product is not clearly supported, the costs do not appear to be in conformance with industry standards, or installation of the product may violate local laws or regulations. The Program will provide a written explanation for any denial.

7.5 Step 4: Lender Acknowledgement

7.5.1 Lender Acknowledgement

Samas Capital works with the property owner to obtain the affirmative acknowledgement of existing lenders whose affirmative acknowledgement is required for further encumbrance. Samas Capital will provide the property owner with a package including: program information (i.e. history, background, and benefits) as well as the project specifications. Samas Capital will also make itself available for consultation with existing lenders. Samas Capital can provide options to the property owner if the lender denies acknowledgement, such as refinance of existing first mortgage through an approved lender.

7.6 Step 5: Sign Financing Documents

After products are approved, the Client Support Specialist will email property owners their Financing Documents, which must be signed and received by the Program Representative at 32 Executive Park, Suite 105, Irvine, CA 92618 by the date stated on the signature page of the Assessment Contract:

1. Signed Assessment Contract with exhibits thereto;
2. Signed Application

The due date on the signature page of the Assessment Contract will generally be ten (10) calendar days from the date of issuance of the Financing Documents. This means that the original, executed Financing Documents must be received by the Program by the close of business on the stated due date.

If all property owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents will need to be issued with a new interest rate. Repeated delays requiring repeated

reissuance of Financing Documents, however, may result in a cancellation of approval, or processing fee charge, for Program financing.

The property owner will also receive an email, which informs the property owner and contractor of the next steps. Included with the Financing Documents will be the Completion Certification, which will list the approved Eligible Products.

7.7 Step 6: Install Eligible Product

A property owner and the Agent must enter into an Assessment Contract and the property owner must sign all Financing Documents (see Step 5 above) PRIOR to ordering Eligible Products or commencing or causing the commencement of installation of such products.

Installation may only be completed by a contractor who has registered with the Program. Eligible contractors may register with the Program if they have met all the requirements and sign an agreement to comply with all Program terms and conditions.

All Eligible Product installations, inspections or validations, and submission of the Completion Certificate and required attachments must be completed within the date indicated on the Completion Certificate. Applicants who are completing larger projects and/or who believe they need more time may contact the Program to come to an agreement on an appropriate completion period.

If the approval period expires without the Program agreeing to an extension in writing, the property owner may be required to sign new Financing Documents.

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

7.7.1 Building Permit Requirements

Property owners are responsible for obtaining building permits and completing inspections, including final inspection sign-off, by the appropriate City or County Building Department. Property owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. Property owners should speak with their contractors to determine if their Eligible Products require a building permit and/or inspection and what requirements must be met.

The Program has the right to schedule an on-site validation visit once the Completion Certificate is submitted for any installed, Program-financed Eligible Products.

7.8 Step 7: Payment Issued

7.8.1 Submit Completion Certificate

Once installation is complete, the property owner must submit an executed Completion Certificate and all required attachments to the Program for approval. To do so, the following conditions must be met: (1) all installed Eligible Products or Custom Products have been specifically approved by the Program in advance of installation and listed in one or more Completion Certificate(s); (2) all Eligible Products or Custom Products to be financed have

been completed and installed in compliance with Program rules; and, (3) property owner(s) are submitting a complete Completion Certificate within the financing period set forth in the application approval letter.

The Completion Certificate must be submitted with the following documents:

1. A final invoice from all contractor(s) or product invoice(s) if self-installed;
2. If required by the jurisdiction, a pulled permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products;
3. If a solar PV or solar thermal system was installed, a copy of the CSI Rebate Reservation form, including the CSI Reservation number;
4. Specific Eligible Product Attachments:
 - a) Window, door, skylight or window film – must attach peel off NFRC labels with Energy Star efficiency information (one for each financed window, door, etc.)
 - b) Duct Sealing – must attach HERS Report
 - c) Air sealing – must attach blower door test results

Completion Certificates and required attachments may be submitted to the Program by facsimile, email, mail or hand delivery.

If an on-site validation visit is required before approval or the Completion Certificate is incomplete, Program Representatives will notify the property owner by email or mail of the next steps.

7.8.2 Right to Validate Products by the Agent

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed.

If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner once a Completion Certificate has been submitted.

7.9 Record Lien on Property and Issue Payment

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the respective County, issue bonds to finance the installation of the Eligible Products and other costs, and issue payment. Payment will be issued to the contractor(s) listed in the Completion Certificate(s) and signed by the property owner.

7.10 Add Assessment to Property Taxes

For all property owners who sign Financing Documents, the Program will submit to the County a tax roll that identifies the assessment lien and the assessment due. This assessment payment will appear as a separate line item on a property owner's annual property tax bills for the term of the financing.

7.10.1 Assessment Payments on Property Tax Bill

Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal or corporate financial circumstances, the condition of the property, or the condition, operation or efficiency of performance of the Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and eventually, foreclosure of the property by the Agent or tax sale of the property by the County Tax Collector.

Recordation of the assessment lien on the property will establish a continuing annual lien. As with other property taxes, the property owner may pay the entire annual amount on the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.

If the property owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with assessments. Under the California SAMAS Commercial Program, when a property owner sells or refinances their property, the Agent and the County will permit their assessment to stay with the property; **however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their SAMAS Commercial Program assessment when the property owner refinances or sells the property. Accordingly, depending upon the requirements of the lenders, the seller may be able to remain on the property (or in the case of a refinancing allow it to remain on the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance.** Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.

If a property owner uses an impound account to pay his or her taxes, he or she can contact his or her lender to increase monthly impound payments by an amount equal to the total annual assessment divided by twelve (12) months.

The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing administration fees and the effective interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments attached to the Assessment Contract.

8 Dispute Resolution

The parties who have signed an Assessment Contract for the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the Agent or his or her designated representative and the Property Owner. Either party must give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the Agent and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference. Notwithstanding the foregoing provisions, a party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who wish to dispute decision(s) made by the Agent, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to the Agent at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA 9241001715 to the attention of the Executive Director of the Agent with a copy to General Counsel of the Agent sent to the same address. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the Agent with the Property Owner, and shall attempt to resolve the dispute. the Agent shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the Agent is final.

9 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Handbook. **ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THESE ADDITIONAL REQUIREMENTS AND TERMS AS APPLICABLE AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.**

10 Appendices

Appendix A: Glossary of Terms

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

Assembly Bill 811 or AB 811: Approved in July 2008 by the California legislature, authorizes cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

Assembly Bill 474 or AB 474: Approved in October 2009 by the California legislature, expands provisions enacted by Assembly Bill 811 to authorize the legislative body of any public agency, as defined, to determine that it would be in the public interest to designate an area within which authorized officials and free and willing property owners may enter into contractual assessments to finance the installation of eligible water conservation products that are permanently fixed to real property.

Assessment Contract: A contract entered into between the property owner and the Agent to provide financing for Eligible Products under the California SAMAS Commercial Program.

British Thermal Units (Btu): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

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

Building Permits: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

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

Coefficient of Performance (COP): The COP is the basic parameter used to report efficiency of refrigerant based systems.

Commercial: Commercial entities are defined as all non-residential properties and include apartment buildings with five units or more and industrial properties.

Completion Certificate: A document completed and executed by a property owner participating in the California SAMAS Commercial Program and such property owner's contractor upon completion of the installation of Eligible Products containing such certifications of such property owner and such contractor that required to be made as a condition precedent to the financing of the installation of such Eligible Products through the California SAMAS Commercial Program.

Contractor: A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

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

Cool Roof Rating Council (CRRC): The CRRC is an independent, non-profit organization that maintains a third-party rating system for radiative properties of roof surfacing materials.

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

Custom Products: Energy efficiency, water conservation, renewable energy or electric vehicle charging infrastructure products that require special approval to be financed through the California SAMAS Commercial Program because the products are not included on the approved Eligible Products List.

DSIRE: A comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency. Established in 1995 and funded by the U.S. Department of Energy, DSIRE is an ongoing project of the North Carolina Solar Center and the Interstate Renewable Energy Council, Inc.

Eligible Products: All Eligible Products listed in Appendix D.

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

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

Energy Star: EnergyStar is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

Expected Performance-Based Buy-Down (EPBB): Solar installations smaller than 30 kw in capacity that can be eligible to receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a \$ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

Evapotranspiration (ET): ET is a term used to describe the sum of evaporation and plant transpiration from the Earth's land surface to atmosphere.

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

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

SAMAS Commercial Program or Program: The California SAMAS Commercial Program.

Improved Property: Improved property is land with one or more structures on it. It is the opposite of vacant or unimproved property. Only Eligible Products installed on Improved Property may be financed through the California SAMAS Commercial Program.

Interconnection Agreement: A legal document authorizing the flow of electricity between the facilities of two electric systems. Under the CSI Program, eligible renewable energy systems must be permanently

interconnected and operating in parallel to the electrical distribution grid of the utility serving the customer's electrical load. Portable systems are not eligible. Proof of interconnection and parallel operation is required prior to receiving an incentive payment.

Investor-Owned Utility (IOU): For purposes of the Program, this refers to Southern California Edison Company.

Kilowatt (kw): A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand. The watt is a metric measurement of power (not energy) and is the rate (not the duration over which) electricity is used. 1,000 kw is equal to 1 megawatt (MW).

Kilowatt Hour (kwh): The use of 1,000 watts of electricity for one full hour. Unlike kw, kwh is a measure of energy, not power, and is the unit on which the price of electrical energy is based. Electricity rates are most commonly expressed in cents per kilowatt hour.

Market Value: Highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

Megawatt (MW): Unit of electrical power equal to one million watts; also equals 1,000 kw.

Net Operating Income (NOI): Net operating income is rental income of a property after operating expenses. These expenses would include all operating expenses, including maintenance, janitorial, supplies, insurance, accounting, management, etc.

Real Property: A property in any city or county that has authorized participation in the Program and that is subject to a real property tax.

Performance based incentive (PBI): All systems over 30 kw must take the PBI. Any sized system can elect to take PBI. The PBI pays out an incentive, based on actual kwh production, over a period of five years. PBI payments are provided on a \$ per kilowatt-hour basis.

Renewable Energy: Electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, small hydropower, and various forms of biomass.

Residential: Single family home, fewer than four (4) residential units.

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

Western Riverside Council of Governments ("Agent"): Is a joint powers authority representing 24 cities and the County of San Bernardino.

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

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

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

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

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

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

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

Appendix B: Additional Requirements and Terms

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

Property Owner Agrees to All Program Terms

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

Authority to Install Products

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

No Endorsement by Agent or Samas Capital

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

Property Owner Is Responsible for Products, Permits and Inspections

The property owner is solely responsible for all products installed on his or her property, including the selection of any contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the property owner and the property owner's contractor(s). **Agent, SAMAS CAPITAL, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.**

Completion of all city and county permitting and inspections are the responsibility of the property owner.

Program May Inspect Products

The Program reserves the right to inspect any and all products financed by the Program at any time during installation or when a Completion Certificate is submitted to ensure compliance with the Program.

Dispute Resolution

The parties to any Assessment Contract under the Program shall attempt in good faith to resolve any dispute arising out of or relating to it promptly by negotiations between Agent and an authorized representative of the property owner.

Defaults on Assessment Payments

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

Rebates and Tax Credits

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

Tax Deductibility of Contractual Assessment

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

Program Database

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

Prepayments

Early pre-payment of the assessment may result in pre-payment penalties as set forth in the Assessment Contract.

Releases and Indemnification

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

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

Disclosure of Participant Information

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

In order to receive funding for the Program and to enable communication regarding the State of California's rebate program, property owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the Local Utility. Property owner further agrees to the release of his or her name and contact information and the subject property's utility usage data for 12 months before installation of the improvements and up to 24 months after installation of the improvements from the local utility company to Agent, Program staff, its grantors, and its designated contractors for the purpose of conducting surveys and evaluating the Program and its impact. In addition, property owner understands that Agent is a public agency which, in certain circumstances, may have an obligation to release information under the California Public Records Act or pursuant to court order

Renewable Energy Certificates and other Green Attributes

For those property owners who install solar PV or non-PV electricity generating systems, Renewable Energy Certificates ("RECs") and all related green attributes will be assigned to the Property Owner for the length of the financing term. RECs can only be registered and tracked for properties with monitoring systems.

Contractor Marketing Guidelines

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

Appendix C: Eligible Products List

Energy Efficiency Products

Product		Eligibility Specifications	Max. Term																					
Air Sealing and Weatherization		<p>Contractors should follow the Building Performance Institute (“BPI”) standards, Energy Star guidelines and/or ASHRAE 62.2-7 2007 Ventilation Standards for air sealing and weatherization.</p> <p>It is mandatory that air sealing levels are measured by a blower door test before and after improvements are made. A copy of the blower door test results (CFM₅₀) before and after improvements are installed must be included with the Completion Certificate. Mechanical ventilation should be installed if natural ventilation is below the minimum levels specified in ASHRAE 62.2-7 2007 Ventilation Standards.</p>	10 years																					
Insulation	Attic	Energy Star labeled and R-30 minimum required in open attic; cathedral ceilings will vary.	20 years																					
	Wall	Energy Star labeled and R-19 minimum, or fill wall cavity (e.g., for 2x4, R-13 will fill wall cavity)	20 years																					
	Floor (over unconditioned space)	Energy Star labeled and R-19 minimum	20 years																					
	Perimeter (foundation)	R-10 minimum	20 years																					
	Ducts (in unconditioned space)	R-6 minimum	20 years																					
	Reflective Insulation and Radiant Barriers	Foil type radiant barriers are recommended. Ventilation and moisture control requirements should be considered.	20 years																					
Cool Roof System		<ol style="list-style-type: none"> Roofing products including liquid coatings must comply with all mandatory measures of the current CCR Title 24. The roofing products manufacturer must have its roofing product listed in the CRRC’s Rated Product Directory (see http://www.coolroofs.org) OR, for steep sloped roofs only, be an approved Above-Sheathing Ventilation (ASV) metal roofing product whose manufacturer has provided sufficient evidence of energy savings equivalent to the minimum solar reflectance and thermal emissivity requirements set forth below. Roofing products must at a minimum meet the following solar reflectance and thermal emissivity requirements. In the case of liquid roofing products, the overall final roof assembly or surface, with the product applied, must meet these requirements: <table border="1" data-bbox="609 1249 1299 1491"> <thead> <tr> <th></th> <th>Initial*</th> <th>Aged*</th> </tr> </thead> <tbody> <tr> <td colspan="3">steep sloped applications</td> </tr> <tr> <td>minimum solar reflectance</td> <td>0.25</td> <td>0.2</td> </tr> <tr> <td>minimum thermal emittance</td> <td>0.75</td> <td>0.75</td> </tr> <tr> <td colspan="3">low sloped applications</td> </tr> <tr> <td>minimum solar reflectance</td> <td>0.65</td> <td>0.5</td> </tr> <tr> <td>minimum thermal emittance</td> <td>0.75</td> <td>0.75</td> </tr> </tbody> </table> Any project involving roofing may be subject to additional code compliance requirements such as those prescribed by the California Building Code, or CCR Title 24 for additions and alterations. The project stakeholder is fully and solely responsible to meet any such additional requirements. <p>**Initial” is the score for that product when it is newly installed. ”Aged” is the score for that product after it has been installed on the roof for three years.</p>		Initial*	Aged*	steep sloped applications			minimum solar reflectance	0.25	0.2	minimum thermal emittance	0.75	0.75	low sloped applications			minimum solar reflectance	0.65	0.5	minimum thermal emittance	0.75	0.75	20 years
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Space Heating, Ventilation, and Air Conditioning (HVAC)	Programmable Thermostat	Shipped with a default energy saving program that is capable of maintaining two separate programs (to address the different comfort needs of weekdays and weekends) and four temperature settings or more for each day.	15 years																					
	Duct Sealing	A HERS test is required for duct replacement or repair. A copy of the CF6R Form will be required as part of the Completion Certificate. Total CFM leakage should be less than 6%. Contractors should follow Energy Star guidelines.	20 years																					
	Boiler	On Energy Star Qualified list (≥ 85% AFUE).	20 years																					
	High Efficiency Furnace	On Energy Star Qualified list: Natural Gas or Propane (≥ 90% AFUE).	15 years																					

	Whole House Fan	Must be included on the Southern California Edison Qualifying Product List.	20 years										
	Attic Fan	Fan must have controls (thermostat). Fan opening must be properly insulated and sealed in winter. Solar-powered fans are allowed.	15 years										
	Ceiling Fan	Must be on Energy Star Qualified list.	10 years										
	Other Ventilating Fans	On Energy Star Qualified list. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Airflow (cfm)</th> <th style="width: 30%;">Minimum Efficacy</th> </tr> </thead> <tbody> <tr> <td>Range Hoods – up to cfm (max)</td> <td>2.8</td> </tr> <tr> <td>Bathroom and Utility Room Fans – 10 to 89 cfm</td> <td>1.4</td> </tr> <tr> <td>Bathroom and Utility Room Fans – 90 to 500 cfm (max)</td> <td>2.8</td> </tr> <tr> <td>In-Line (single-port & multi-port) Fans</td> <td>2.8</td> </tr> </tbody> </table>	Airflow (cfm)	Minimum Efficacy	Range Hoods – up to cfm (max)	2.8	Bathroom and Utility Room Fans – 10 to 89 cfm	1.4	Bathroom and Utility Room Fans – 90 to 500 cfm (max)	2.8	In-Line (single-port & multi-port) Fans	2.8	10 years
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	Air Source Heat Pumps	On Energy Star Qualified and AHRI lists: <ul style="list-style-type: none"> Split systems: ≥ 8.2 HSPF, ≥12 EER and ≥ 14.5 SEER Packaged systems: ≥ 8 HSPF, ≥11 EER and ≥ 14 SEER <p>The AHRI Number for the system must be provided to ensure the system meets Energy Star and AHRI minimum values.</p>	15 years										
	Ground Source Heat Pumps	On Energy Star Qualified list: <u>As of January 1, 2011:</u> <ul style="list-style-type: none"> Closed Loop (water to air): ≥ 16.1 EER and ≥ 3.5 COP Open Loop (water to air): ≥ 18.2 EER and ≥ 3.8 COP Closed Loop (water to water): ≥ 15.1 EER and ≥ 3.0 COP Open Loop (water to water): ≥ 19.1 EER and ≥ 3.4 COP DGX (Direct Expansion): ≥ 16.0 EER and ≥ 3.6 COP <u>As of January 1, 2012:</u> <ul style="list-style-type: none"> Closed Loop (water to air): ≥ 17.1 EER and ≥ 3.6 COP Open Loop (water to air): ≥ 21.1 EER and ≥ 4.1 COP Closed Loop (water to water): ≥ 16.1 EER and ≥ 3.1 COP Open Loop (water to water): ≥ 20.1 EER and ≥ 3.5 COP DGX (Direct Expansion): ≥ 16.0 EER and ≥ 3.6 COP 	15 years										
	Radiant Heating and Cooling (floor, wall, and ceiling)	Radiant systems must be powered by a qualified heat pump (electric or gas-fired, or ground-source), efficient gas boiler, or solar system (not by electric resistance).	15 years										
	Central Air Conditioner	On Energy Star Qualified and AHRI lists: <ul style="list-style-type: none"> Split systems: ≥12 EER and ≥14.5 SEER Packaged systems: ≥11 EER and ≥14 SEER <p>Replacement of existing system only. No new cooling systems.</p> <p>The AHRI Number for the system must be provided to ensure the system meets Energy Star and AHRI minimum values.</p>	15 years										
	Evaporative Cooler	Must be included on the Southern California Edison Qualified Product list. <p>Must be permanently installed through the wall or on the roof. Window installed evaporative coolers are not eligible.</p> <p>Must have separate ducting system— independent of the air conditioning and heating duct system.</p> <p>Can be single stage or two stage system that:</p> <ol style="list-style-type: none"> Has UL recognized electrical components; Comes with a water quality management system that provides positive removal of sump water on a regular interval (a bleed system is not allowed); Have a single duct or multi ducted distribution system; Have either: <ol style="list-style-type: none"> A multi-function manual control switch, which offers high and low fan speed, pump on or off and the unit control of on or off; or A thermostat specifically designed for evaporative coolers, which automatically control the unit operation based on the indoor temperature, fan speed, and pump operation. The automatic thermostat must be mounted remotely from the cooler. Pressure relief dampers are required. 	10 years										
	ECM Motor	The ECM (Electronically Commutated Motor) or frictionless fan motor may not be financed for longer than the remaining useful life of the forced air unit in which it is installed in.	10 years										

Water Heating	Gas Condensing Water Heater	On Energy Star Qualified list or ≥ 0.8 EF	10 years
	Natural Gas Storage Water Heater	On Energy Star Qualified list: (≥ 0.67 EF)	10 years
	Tankless (Demand) Water Heater	On Energy Star Qualified list (≥ 0.82 EF)	20 years
	Electric Heat Pump Water Heater	On Energy Star Qualified list (≥ 2.0 EF)	15 years
Windows, Skylights, and Doors	Exterior Windows	Energy Star labeled (≤ 0.35 U Factor and ≤ 0.30 SHGC) Replacement windows only; no newly created windows. A copy of the NFRC label will be required with the Completion Certificate.	20 years
	Doors	Energy Star labeled: <ul style="list-style-type: none"> • Opaque ≤ 0.21 U Factor and no required rating for SHGC, • $\leq 1/2$-lite ≤ 0.27 U-Factor and ≤ 0.30 SHGC • $> 1/2$-lite $\leq .32$ U-Factor and ≤ 0.30 SHGC A copy of the NFRC label will be required with the Completion Certificate.	20 years
	Skylights	Energy Star labeled (U Factor ≤ 0.57 and SHGC ≤ 0.30) Replacement skylights only, no new skylights. A copy of the NFRC label will be required with the Completion Certificate.	20 years
	Window Film	Spectrally selective window films. $\geq 70\%$ visible light transmission recommended. Must provide NFRC label or product sheet with the Completion Certificate.	10 years
Pool Equipment	High Efficiency Pool Circulating Pump and Motor	Must be included on the Southern California Edison Qualified Product list. Replace existing pool pump and motor with energy-efficient variable-speed pool pump on a single family residence pool. It is recommended that pump motor be premium rated efficiency (NEMA). May include add on of efficient pool filter which does not use backwashing. Proof of efficiency/no backwashing must be provided.	10 years
	Natural Gas Pool Heater	On Palm Desert Set to Save Qualifying Product List (Thermal efficiency $\geq 84\%$)	10 years
Lighting Measures	Indoor Fixtures	On Energy Star Qualified list. Must be permanently installed.	10 years

Renewable Energy Systems

Product	Eligibility Specifications	Max. Term
Solar Photovoltaic (PV)	System must be installed by a contractor registered with the California Solar Initiative Program who has the correct contractor's license to install solar systems. System owner must utilize equipment that has been approved by the California Solar Initiative rebate program. Systems must be grid-connected unless the property is not connected to the grid. Please see the Program Handbook for more information.	20 years
Solar Thermal Water Heating	Indoor Water Heating: The system (OG 200) must be certified by the Solar Rating and Certification Corporation (SRCC). Auxiliary tank must be residential-class. SF ≥ 0.5 Pool Heating: The collectors (OG 100) must be certified by the SRCC.	15 years
Small Wind Turbines	Equipment must be listed on California Energy Commission's List of Eligible Small Wind Turbines.	20 years

Water Efficiency Products

Product	Eligibility Specifications	Max. Term	
Indoor	High Efficiency Toilets	WaterSense qualified (≤ 1.28 gpf)	20 years
	Urinals	WaterSense qualified (≤ .5 gpf)	20 years
	Hot Water Delivery Systems (that save hot water)	Hot water delivery options as defined by the Energy Star "Volumetric Hot Water Savings Guidelines:" (a) Dedicated recirculating Line—This method of re-circulating hot water requires specially designed plumbing where the hot water pipe from your water heater is plumbed to each fixture in a loop fashion, and then continues back to the water heater through a third line (return line). A small pump re-circulates the hot water in a continuing loop, only shutting off with a timer or thermostat. (b) Whole house manifold systems—Whole house manifold systems, also called parallel pipe or home run systems, use small diameter, flexible pipes that run directly to each individual fixture from a central manifold located near the water heater. The manifold may be either plastic or metal, and the piping consists of flexible plastic piping such as PEX, which is a high- temperature, flexible polymer pipe. For example, bathroom sinks and showers would be on their own hot water line from the water heater. (c) Demand initiated recirculating systems—The user initiates demand-initiated recirculating systems by pushing a button or via a motion sensor located near the hot-water fixture. Pumps are used to send cold water in the pipes back to the water heater through a dedicated return line or the cold water line and pull hot water from the water heater to where it is needed. When the pump is operating, a sensor measures a change of temperature and turns the pump off when the desired temperature change is met. (d) Core plumbing systems—A core plumbing system is a system that has a central plumbing core, where the kitchen, the bathrooms, and the laundry room are in close proximity and the water heater is centrally located beneath the central plumbing core. The system is designed to minimize the total volume of pipe by limiting run lengths and designing the system in a tree-like structure with trunks, branches, and twigs, where longer pipe lengths have a much smaller pipe diameter. Please see http://www.EnergyStar.gov/ia/partners/bldrs_lenders_raters/downloads/Volumetric_Hot_Water_Savings_Guidelines.pdf for more information.	15 years
Outdoor	Weather Based Irrigation Control Systems	A weather-based irrigation system (also called a Smart irrigation or "Evapotranspiration (ET)" controller or system) with a rain shut off device that uses weather data and/or site information such as plant type and sprinkler system output to adjust watering times and frequency. Please see http://www.epa.gov/watersense/products/controltech.html for more information. Must be on the SoCal Water Smart rebate list.	10 years
	Rotating Sprinkler Nozzles	Product also called "rotary nozzles and bodies." Replaces regular sprinkler nozzles and bodies with rotary versions that reduce water usage up to 20%. Should also have matched precipitation capability so that all spray patterns and radius deliver water evenly over the landscape area.	10 years
	Drip Irrigation	Drip irrigation systems in gardens, planters and beds.	10 years
	Rainwater Catchment	Must be permanently installed. Storage system to be sized to hold all water from a 1" rainfall event (or 0.62 gallons per sq foot of total roof area used for capture).	20 years
	Gray Water Systems	The system must meet Chapter 16A of the California Plumbing Code. Gray water re-use system to be used for irrigation or indoor use. Can be collected from clothes washer, showers, faucets or other sources. Single fixture systems are not eligible. Only permitted	15 years

		systems are eligible.	
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