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8
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

10 **FOR THE COUNTY OF LOS ANGELES**

11 REGINALD NEMORE, an individual;
VIOLETA SENAC, an individual; AURELIA
12 MILLENDER, an individual; and ALLEN
BOWEN, an individual,

13 Plaintiffs,

14 vs.

15 RENOVATE AMERICA, INC., a Delaware
16 corporation; the COUNTY OF LOS
ANGELES; and DOES 1 through 10,

17 Defendants.
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Case No. BC701810 [Related Case BC701809]

**SECOND AMENDED CLASS ACTION
COMPLAINT FOR:**

1. **FINANCIAL ELDER ABUSE**
(against Renovate America)
 2. **FINANCIAL ELDER ABUSE**
(against the County of Los Angeles)
 3. **BREACH OF CONTRACT**
 4. **DECLARATORY RELIEF RE:
UNLAWFUL CONTRACT**
(Cal. Civil Code § 1670.5)
 5. **DECLARATORY RELIEF RE:
UNLAWFUL CONTRACT**
(Cal. Civil Code § 1668)
 6. **VIOLATION OF BUS. & PROF.
CODE § 17200**
 7. **CANCELLATION OF TAXES**
 8. **DECLARATORY RELIEF**
 9. **REFUND (against the County of Los
Angeles)**
- AND DEMAND FOR JURY TRIAL**

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1 Plaintiffs Reginald Nemore, Violeta Senac, Aurelia Millender, and Allen Bowen,
2 individually and on behalf of all others similarly situated, allege the following against Defendants
3 Renovate America, Inc. (“Renovate America”) and the County of Los Angeles (the “County”):

4 **OVERVIEW OF THE DISPUTE**

5 1. For the last five years, Renovate America and the County of Los Angeles have
6 harmed thousands of low-income, elderly, and non-native English-speaking homeowners
7 throughout the County, through a program known as Property Assessed Clean Energy (“PACE”).
8 The California Legislature authorized local governments to implement PACE programs, and the
9 County enacted its PACE program in 2012. The County delegated administrative responsibility to
10 Renovate America, and to non-party Renew Financial, in 2015.¹

11 2. In May 2020, the County discontinued the PACE program. In doing so, the County
12 itself publicly acknowledged that it could not protect homeowners from consumer protection
13 abuses suffered as a result of the PACE program. But the County and Renovate America have yet
14 to answer for the harm done to the tens of thousands of homeowners who were signed up for
15 PACE loans while the program was operational.

16 3. The County’s stated goal for the PACE program was laudable—to “enable[]
17 homeowners to install energy efficiency, renewable energy, and water-saving improvements to
18 their properties without putting any money down.” Ex. A (“Los Angeles County PACE,”
19 available at <http://pace.lacounty.gov/residential/index.html>). The reality of the PACE program,
20 however, was very different. The County’s PACE program has been a disaster for thousands of
21 vulnerable homeowners.

22 4. The PACE program utilized incompetent and unscrupulous home improvement
23 contractors as salespeople, and these contractors sold homeowners overpriced and defective goods
24 and services, often mauling their homes with shoddy and incomplete projects. The PACE
25 program loans made its victims’ homes more difficult to sell or refinance, encumbered their
26 equity, made it nearly impossible for them to borrow additional funds, increased their property tax

27 _____
28 ¹ Renew Financial’s improper conduct in connection with the PACE program is addressed in a separate complaint, filed concurrently in the related case BC701809.

1 payments and mortgages beyond their ability to pay, and left them in or on the edge of foreclosure.
2 Many PACE participants have taken on debt beyond their means to repay. Many PACE
3 participants are struggling to hold onto their homes, fearful of what lies ahead.

4 5. The County's PACE program had many serious flaws.

5 • **First**, Renovate America approved PACE loans based on the equity in the
6 homeowner's property, not on his or her ability to repay the loan. This was problematic because,
7 no matter how much equity an owner may have in his or her home, he or she can still lack the
8 income to repay a loan for even a small fraction of that equity.

9 • **Second**, by classifying PACE financing as a tax assessment rather than a loan, the
10 County and Renovate America circumvented traditional regulations and consumer protections that
11 govern loans secured by real property.

12 • **Third**, the County imposed an assessment on homeowners' property tax bills to
13 collect the PACE loan. If the homeowner fails to pay the PACE assessment, the County deems
14 the homeowner to have defaulted on his or her property taxes and, as a result, the County has the
15 right to foreclose, to sell the house, and to evict the PACE loan participant.

16 • **Fourth**, although the PACE special assessments are allegedly "voluntary," the
17 County did not allow any individual homeowner to negotiate the terms of his or her assessment,
18 but instead relied on "take it or leave it" agreements presented to homeowners by home
19 improvement salesmen who had a financial stake in homeowners agreeing to the financing in the
20 first place.

21 • **Fifth**, the PACE loans are secured by liens on the properties, which catapult over
22 every previous lien to take the first priority position. That structure puts the homeowners
23 potentially in default under their existing mortgages, under which homeowners typically promise
24 their lender that it will be in first position.

25 • **Sixth**, that first priority position, and the fact that the PACE loans are based on
26 home equity, materially reduced the County's risk in making PACE loans and rendered the PACE
27 interest rates unjustified and excessive. Plaintiffs and class members are thus stuck paying above-
28 market interest rates for the privilege of participating in a ruinous secured-lending program that

1 the County has since discontinued.

2 6. The County cannot claim to be surprised by any of these serious problems. To the
3 contrary, not only were these problems predictable, but they *actually were predicted*. County
4 Treasurer and Tax Collector Mark J. Saladino warned the County Supervisors of these harms in
5 August 2014, *before* the County implemented its residential PACE program and *before* it engaged
6 Renovate America (and Renew America) to run it:

7 It is the Treasurer and Tax Collector’s expectation that borrowing costs for
8 residential PACE participants will also be *materially* higher than comparable
9 rates on both home equity lines of credit and home equity loans.

9

10 The FHFA [Federal Housing Finance Agency] asserted that PACE
11 assessments violated the terms of the uniform security instrument utilized in
12 mortgage contracts purchased by the Federal Mortgage Agencies [Fannie
13 Mae and Freddie Mac]. This assertion has been reviewed by County Counsel
14 and found to be accurate

13

14 County Counsel determined that the Federal Mortgage Agencies would likely
15 have the ability to declare an event of default ... as a result of PACE
16 assessments.... If the property owner were neither able to cure the default
17 through full payment of the PACE assessment nor the mortgage contract, the
18 Federal Mortgage Agency could initiate foreclosure proceedings

17 *See* Ex B at 5, 6, 7 (August 12, 2014 Saladino Letter to County Board of Supervisors) (emphasis
18 added).

19 7. Despite these stark and straightforward warnings, the County plunged ahead,
20 authorizing and designing an extraordinarily large scale PACE program. The County initially
21 authorized \$100 million in bonds (with authorization to sell up to \$1 billion), and used the
22 proceeds to make individual PACE loans. *See* Ex. D at 3-4 (“Resolution of the Board of
23 Supervisors Authorizing the Establishment of a Special Fund for the LACEP, the Issuance and
24 Sale of Bonds and the Execution and Delivery of Certain Documents in Connection with the
25 LACEP, and Authorizing a Validation Action and Certain Actions Related Thereto”); Ex. E at 6
26 (“Los Angeles County Energy Program, Program Report”). The County aimed to have 15,000
27 PACE program participants within the first few years. *See id.* at 2.

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1 8. The County exceeded even that ambitious goal. When the County finally
2 terminated the PACE program in May 2020, an estimated 30,000 homeowners or more had been
3 saddled with hundreds of millions of dollars' worth of unaffordable PACE loans.

4 9. The County outsourced administration of the PACE program to two private
5 administrators, one of which was Renovate America, pursuant to a March 2015 contract (the
6 "Administration Contract"). *See* Ex. F. Renovate America profited from each PACE loan it
7 originated through fees, and through the ability to sell its interest in PACE loans as asset-backed
8 securities. The County profited through collecting recording fees and other administrative fees.

9 10. The County knew that the PACE program could harm homeowners, including
10 vulnerable populations such as elders and individuals who were not fluent in English. Thus, the
11 County required Renovate America to ensure "best in class protections" for the benefit of
12 homeowners who participated in the PACE program, including protection from "predatory
13 lending, unscrupulous contractors and poor-quality assessment servicing." *Id.* at Ex. F, "Ex. A
14 Statement of Work" § 5.1.

15 11. Renovate America agreed to provide these "best in class protections." Renovate
16 America also promised to provide special protections for seniors and to create a "Consumer
17 Protection Measures Plan." *Id.* at §§ 5.2.4, 5.2.5, 5.2.8. Renovate further agreed to "Provide
18 assistance in multiple languages, other than and in addition to English, to ensure consumers
19 understand the terms of their financing in their native language." *Id.* at § 5.2.5.

20 12. All of these promises were false. Renovate America reneged on every single one
21 of them. And when Renovate America did so, the County looked the other way.

22 13. Eventually, the County stopped the PACE program, and its relationship with
23 Renovate, belatedly recognizing its and the program administrators' failure to provide consumer
24 protections. Nevertheless, the County continues to ignore the plight of homeowners who entered
25 the program before it was dissolved.

26 14. The most basic form of protection against predatory lending is to ensure that the
27 potential borrower *can afford* to repay the loan, whether through earnings or other sources. This
28 basic protection was glaringly absent from the County's PACE program. To the contrary,

1 Renovate America’s primary lending criterion was whether the borrower’s home was worth more
2 than the value of the PACE loan and other secured debts. That approach ensured the County
3 would get its money in the event of a default, but it did nothing to assess whether a homeowner
4 could afford to repay a PACE loan. In other words, as long as the County, Renovate America, and
5 bondholders were sure to get repaid, they paid no attention to whether a homeowner was oversold
6 improvements or ended up on the street. The absence of ability-to-pay protections makes PACE
7 assessments textbook examples of predatory loans. Even worse, because the assessments are
8 secured by the borrowers’ homes, these predatory loans put unlucky county residents at risk of
9 homelessness.

10 15. Numerous federal agencies criticized the PACE program before, during, and after
11 Defendants’ adoption and implementation of that program. The FHFA warned that the program
12 could place homeowners in default under their mortgages and put them at risk of foreclosure. *See*
13 Ex. G (Summary of Speech by Alfred M. Pollard, General Counsel, Federal Housing Finance
14 Agency, available at [https://www.fhfa.gov/Media/ PublicAffairs/Pages/Pollard-Statement-before-](https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx)
15 [California-Legislature-Keeping-Up-with-PACE.aspx](https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx).) The Department of Housing and Urban
16 Affairs reached the same conclusion. *See* Ex. H (Dept. of Housing and Urban Development Press
17 Release No. 17-111 (Dec. 7, 2017)) (“In addition, such [PACE] activity is risky for FHA [Federal
18 Housing Administration] borrowers and potentially violates the terms of their FHA-insured
19 mortgage.”).

20 16. And, in 2017, the Securities and Exchange Commission (“SEC”) and the Federal
21 Bureau of Investigation (“FBI”) demanded information from Defendant Renovate America about
22 its California PACE program. *See* Ex. I (Kristen Grind, “FBI, SEC Look Into Business Practices
23 of Country’s Largest ‘Green’ Lender,” Sep. 26, 2017, at [https://www.wsj.com/ articles/ fbi-sec-](https://www.wsj.com/articles/fbi-sec-look-into-business-practices-of-countrys-largest-green-lender-1506430977)
24 [look-into-business-practices-of-countrys-largest-green-lender-1506430977](https://www.wsj.com/articles/fbi-sec-look-into-business-practices-of-countrys-largest-green-lender-1506430977)).

25 17. *The Wall Street Journal* characterized PACE as the new “subprime crisis” for its
26 reckless extension of credit to homeowners. *See* Ex. C (Kristen Grind, “America’s Fastest-
27 Growing Loan Category Has Eerie Echoes of the Subprime Crisis,” Jan. 10, 2017, available at
28 <https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of->

1 [subprime-crisis-1484060984](#)). As detailed below, that is an understatement.

2 18. Meanwhile, other California local governments suspended or cancelled their PACE
3 programs, after seeing its flaws and the harms it had inflicted on their citizens.²

4 19. Despite these red flags, the County and Renovate America plunged ahead with the
5 PACE program for several years, continuing to sell thousands of vulnerable County residents
6 overpriced and unaffordable loans that put their home ownership at risk.

7 20. By this action, Plaintiffs seek to clean up the PACE mess that the County and
8 Renovate America created and chose to leave behind, even while recognizing the inherent
9 shortcomings of their own program.

10 21. Plaintiffs bring this action on their own behalf, and on behalf of a class of all
11 persons who entered into PACE financing via Assessment Agreements with the County who meet
12 the criteria stated in paragraph 145 (the “**PACE Class**”), the criteria stated in paragraph 147 (the
13 “**Ability to Pay Subclass**”), the criteria stated in paragraph 149 (the “**DTI Subclass**”), the criteria
14 stated in paragraph 152 (the “**Predatory Loan Subclass**”), the criteria stated in paragraph 153 (the
15 “**Mortgage Subclass**”), and the criteria stated in paragraph 154 (the “**Language Subclass**”).
16 Plaintiffs Senac, Millender, and Bowen also bring this action on their own behalf, and on behalf of
17 a subclass of all persons who meet the criteria stated in paragraph 151 (the “**Elder Subclass**”).
18 Plaintiffs and members of the proposed class and subclasses (collectively, “**Class Members**”)
19 seek restitution from Renovate America of amounts paid, declaratory and injunctive relief, and
20 other appropriate remedies from Renovate America and the County for violations of the law
21 including but not limited to:

22 a. As to persons over the age of 65, Defendants Renovate America and the
23 County violated the Elder Abuse Statute, Welfare & Institutions Code sections 15600, et
24

25 ² For example, in response to rampant abuse and harm to homeowners, Kern County ended its
26 PACE program in June 2017. Ex. P (Daniel Freeman, “Kern Board of Supervisors votes to shut
27 down PACE program,” June 14, 2017, available at [http://www.kerngoldenempire.com/news/local-
28 news/kern-board-of-supervisors-votes-to-shut-down-pace-program/740863394](http://www.kerngoldenempire.com/news/local-news/kern-board-of-supervisors-votes-to-shut-down-pace-program/740863394)). The City of
Bakersfield followed suit one month later. Ex. Q (Steven Mayer, “Bakersfield City Council ends
PACE loan program,” Jul. 19, 2017, available at [http://www.bakersfield.com/news/bakersfield-
city-council-ends-pace-loan-program/article_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html](http://www.bakersfield.com/news/bakersfield-city-council-ends-pace-loan-program/article_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html)).

1 seq., by (among other things) taking, secreting, appropriating, obtaining and/or retaining
2 the property of elder persons entitled to the protection of the statute, for wrongful use.

3 b. Defendant Renovate America breached its express obligations under the
4 Administration Contract. Plaintiffs and Class Members are express third-party
5 beneficiaries of Defendant Renovate America's promises to the County to implement "best
6 in class protections" against predatory lending, to provide "special protections" for PACE
7 program participants over 65 years old, and to take other steps set forth in that contract to
8 protect and serve customers.

9 c. Defendant Renovate America violated the Unfair Competition Law,
10 Business & Professions Code sections 17200, et seq., in that its PACE program practices
11 were unfair and unlawful.

12 d. Defendants Los Angeles County and Renovate America have illegally or
13 erroneously encumbered the title to the Plaintiffs' and Class Members' property, as a result
14 of statutory violations and breach of the Administration Contract, through the imposition
15 of tax liens and assessments, which encumbrances should be cancelled.

16 e. Plaintiffs and Class Members dispute the enforceability of the liens on the
17 subject homes, the enforceability of the underlying Assessment Agreements, and the rights
18 of Defendants to maintain the liens and impose tax assessments to pay off the PACE loans.

19 **JURISDICTION & VENUE**

20 22. This Court has personal jurisdiction over Defendants. The events giving rise to this
21 case occurred in the State of California. Defendants have been afforded due process because they
22 have, at all times relevant to this matter, individually or through their agents, subsidiaries, officers
23 and/or representatives, operated, conducted, engaged in and carried on a business venture in this
24 State, and/or maintained an office or agency in this State, and/or provided services, committed a
25 statutory violation within this State related to the allegations made herein, and caused injuries to
26 Plaintiffs and Class Members, which arose out of the acts and omissions that occurred in the State
27 of California, during the relevant time period, at which time Defendants were engaged in activities
28 in the State of California, resulting in injuries to Plaintiffs and Class Members.

1 agents and sub-agents. In addition, Plaintiffs are informed and believe that Renovate America was
2 an agent, servant, and fiduciary of the County, and that Renovate America at all times mentioned
3 herein was acting within the course and scope of that relationship.

4 31. The true names and capacities of Defendants DOES 1 through 10 are unknown to
5 Plaintiffs. Plaintiffs will seek leave of court to amend this complaint to allege such names and
6 capacities after they are ascertained. Each of the Defendants herein was the agent, joint venturer,
7 or employee of each of the remaining Defendants, and in engaging in the acts hereinafter alleged,
8 each was acting in the course and scope of its agency, employment, or joint venture with advance
9 knowledge of, acquiescence in, or subsequent ratification of the acts of each and every other
10 remaining defendant. Each DOE Defendant is responsible, legally, negligently, or in some other
11 actionable manner, for the events and happenings referred to in this Complaint, and caused injuries
12 and damages proximately thereby to Plaintiffs and the Class as hereinafter alleged, either through
13 co-defendants' conduct, or through the authorized and/or ratified conduct of its agents, servants, or
14 employees, or in some other manner.

15 32. Renovate America, the County, and DOES 1 through 10 are referred to herein
16 collectively as "Defendants."

17 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

18 **A. In 2008, California Authorized Local PACE Programs.**

19 33. The California Legislature introduced PACE in 2008. The legislative history
20 reflects an intent that PACE's novel method of financing energy efficiency and water conservation
21 improvements would benefit California homeowners, including homeowners without access to
22 traditional sources of capital for home improvements.

23 34. The primary participants in a PACE program are: (a) a government entity (typically
24 a county or city) who authorizes the sale of public improvement bonds for initial funding of the
25 program; (b) a non-governmental entity, usually a private business, that administers the program
26 for the government entity (the "program administrator"); (c) home improvement contractors who
27 solicit homeowners to enter into qualifying energy efficiency or water conservation projects and
28 perform the work (typically after the program administrator approves the proposed contract); and

1 (d) homeowners who contract for the offered improvements.

2 35. To finance the cost of the improvements, the homeowner enters into an Assessment
3 Agreement with the public entity (here, the County). The Assessment Agreement grants the
4 County the right to place a lien on the homeowner’s property in the amount of the principal, plus
5 fees and capitalized interest (the “PACE Lien”). The PACE Lien takes first priority, ahead of any
6 pre-existing loan or mortgage. To collect payments on the PACE Lien, plus interest and
7 additional fees, the County adds an additional assessment to the owner’s annual property tax bill.
8 The additional assessment is collected at the same time and in the same manner as the
9 homeowner’s property taxes. If the property owner fails to pay, the County has the right to
10 foreclose, as do Renovate America and any investors who have purchased an interest in the PACE
11 Lien.

12 36. The PACE Lien remains on title until fully repaid, so, in theory, if a homeowner
13 sells the house before the loan balance has been fully repaid, the PACE obligation “remains on
14 title” and becomes an obligation of the new owner. The fact that the PACE loan would “run with
15 the property” has been an important selling point, starting with the California Legislature and
16 continuing to the County, Renovate America, and ultimately to homeowners interested in
17 participating in the PACE program. *See, e.g.*, Ex. E, at 2 (noting that a purported benefit of the
18 County’s PACE program is that it “establishes a loan obligation that is attached to the property
19 and not to the individual borrower.”).

20 37. In reality, however, PACE Liens make it virtually impossible for homeowners to
21 pass the obligation to subsequent homeowners. Because the PACE Liens enjoy “super priority”
22 status, mortgage lenders will rarely agree to subordinate their interests to an existing PACE Lien,
23 and homeowners are often forced to pay off their PACE Liens before any mortgagee or bank will
24 agree to provide any additional mortgages, home equity loans, or home equity lines of credit.

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1 **B. In 2015, the County Hired Renovate America to Serve as a PACE**
2 **Program Administrator.**

3 38. After the California Legislature authorized PACE programs, Renovate America
4 entered into agreements with county and city governments around the State to serve as those
5 entities' program administrator.

6 39. Renovate America used that experience to market itself to the County. Following
7 extensive negotiation and administrative review, in March 2015, the County and Renovate
8 America entered into the Administration Contract, attached hereto as Exhibit F and incorporated
9 herein by this reference.

10 40. In approving that contract, the County's Board of Supervisors' resolutions assured
11 the public that "the Treasurer will pursue underwriting criteria, largely dictated by the bond
12 market, to help ensure that only creditworthy individuals are approved for loans." Ex. J at 6 (May
13 25, 2010 Board of Supervisors Adopted LACEP Recommendation to the Board from County
14 Chief Executive Officer and Director of Internal Services Department).

15 41. Exhibit A to the Administration Contract (attached as Ex. F to this Complaint),
16 titled "Statement of Work," details Renovate America's many obligations to the County and to
17 PACE program participants—that is, to homeowners like Plaintiffs and Class Members—as third-
18 party beneficiaries. Those obligations include, among others, those listed under the heading
19 "Consumer Protection Measures."

20 42. The first of those consumer protections to which Renovate America agreed under
21 the Administration Contract was that it would "ensure *best in class protections for property*
22 *owners* from actions such as, including but not limited to, predatory lending, unscrupulous
23 contractors and poor-quality assessment servicing." *Id.* at §5.1 (emphasis added).

24 43. As part of its obligation to ensure those "best in class protections," Renovate
25 America agreed "*at a minimum*" to do the following:

- 26 a. "Implement a multi-faceted approach to consumer protection and integrate
27 it into training modules [for contractors] including: brand usage guidelines, marketing
28 activity policies, advertising policies, sales and training protocol, and collateral." *Id.* at §

1 5.2.1.

2 b. “Provide special protection for seniors over 65 years of age to confirm they
3 clearly understand the terms of the financing.” *Id.* at § 5.2.4.

4 c. “Provide assistance in multiple languages, other than and in addition to
5 English, to ensure consumers understand the terms of their financing in their native
6 language.” *Id.* at § 5.2.5.

7 d. “Enforce all policies and procedures for compliance.” *Id.* at § 5.2.6.

8 e. “Prior to Program Launch, create a *Consumer Protection Measures Plan*,
9 included as part of the Operations Manual [for contractors], and provide to the County for
10 comment and approval.” *Id.* at § 5.2.8.

11 44. Plaintiffs are informed and believe that Defendants failed to adhere to these
12 required standards and failed to provide these benefits to PACE program participants.

13 **C. Renovate America Ignored Borrowers’ Ability to Repay.**

14 45. If Renovate America had met its obligations to provide homeowners the “best in
15 class” protections against predatory lending described above, it would have, at a minimum, used
16 an ability to repay analysis in deciding whether to approve each PACE Lien application. *See, e.g.,*
17 Ex. G (expressing FHFA’s disapproval of PACE’s failure to conduct an ability to repay analysis).

18 46. Renovate America failed to do that. To the contrary, during the class period,
19 Renovate America’s underwriting standards did not contain any ability to repay criterion. Instead,
20 the primary consideration for underwriting a PACE loan was whether there is enough equity in the
21 homeowner’s property (*i.e.* the difference between what the house would sell for and the unpaid
22 amount of any mortgage and other liens). Thus, Renovate America asked only: If the homeowner
23 fails to repay the PACE Lien, will the proceeds from the foreclosure be sufficient to repay it? In
24 other words, Renovate America decided whether to make a PACE loan based solely on whether
25 the loan could be fully repaid by the forced sale of the asset securing the loan—without a care that
26 such a forced sale would mean kicking the homeowner out of his or her house and onto the street.
27 Paired with the dramatically above-market interest rates for loans that were already low-risk to the
28 lender, this is paradigmatic predatory lending.

1 **D. Renovate America Recruited and Unleashed an Army of Contractors to**
2 **Serve as Unlicensed Mortgage Brokers.**

3 47. Renovate America did not use licensed loan or mortgage brokers to market or
4 originate PACE Liens. Instead, Renovate America drafted battalions of “Renovate Registered
5 Contractors” both to sell PACE financing, and to sell and install the home improvements to be
6 financed. Typically, Renovate Registered Contractors introduced homeowners to the PACE
7 program, facilitated the financing application process, and obtained homeowners’ signatures on
8 PACE contracts, usually via electronic signature.

9 48. To become a Renovate Registered Contractor, the contractor must have agreed,
10 among other things, to:

- 11 a. Install products for reasonable, market-based prices that are within industry
12 price guidelines, Ex. K at 5 (“Registered Contractor Terms and Conditions”);
13 b. Analyze accurately each homeowner’s energy usage, and anticipated energy
14 savings, *id.* at 13, and
15 c. Present property owners with the full and complete set of HERO financing
16 documents, when asked to do so by Renovate America. *Id.*

17 49. Renovate America publicly claimed that: “Everyone agrees to the rules. Every
18 contractor registered with Renovate America has agreed to follow our guidelines, which includes
19 our industry-leading consumer safeguards.” Ex. L (“Find the Right Contractor, Right Away,”
20 available at <https://www.renovateamerica.com/find-a-contractor>). In fact, the Administration
21 Contract *required* Renovate America to “enforce all policies and procedures for [contractor]
22 compliance.” Ex. F at Ex. A, Statement of Work § 5.2.6.

23 50. In many cases, Renovate Registered Contractors were the primary source of
24 information that homeowners received (or did not receive) about the PACE program and its
25 financing terms before a homeowner entered into a PACE loan. Often, the homeowner did not
26 receive a copy of the PACE financing contract until after the improvement work had already been
27 completed and the homeowner had become obligated to pay for that work.

28 ///

1 51. Renovate America directly and indirectly encouraged its Renovate Registered
2 Contractors to market PACE aggressively. This encouragement included, but was not limited to,
3 the following: (a) Renovate America rubber-stamped its approval of payment in full to contractors
4 for any home improvement contract submitted for HERO financing, without regard to whether the
5 contractor followed the guidelines required of a Renovate Registered Contractor; (b) Renovate
6 America instructed its Renovate Registered Contractors that they did *not* need to determine if the
7 potential customer could afford the loan; and, (c) in practice, Renovate America informed its
8 Renovate Registered Contractors how much equity each homeowner had available and instructed
9 the contractors that they could and should base the amount of improvements they sold to
10 homeowners on their available equity.

11 52. Because the amount of PACE financing that a homeowner can receive is based on
12 the home's equity rather than a homeowner's ability to repay, PACE loans are typically much
13 larger than traditional home improvement loans. This structure encouraged Renovate Registered
14 Contractors to solicit as many PACE-financed contracts as possible and to upsell and overcharge
15 homeowners as much as possible. Unsophisticated homeowners were left to guess whether the
16 contract prices were reasonable and whether they could afford to repay the PACE loans. Prices on
17 PACE-financed work skyrocketed upward, and contractors pocketed profit margins of as much as
18 75% from a program designed to help low- and moderate-income homeowners.

19 53. At Renovate America's direction, predatory contractors targeted homeowners with
20 relatively high equity in their homes. In particular, contractors routinely targeted homeowners
21 who, often despite getting by on a modest fixed-income, had achieved the American dream of
22 owning their home and who had slowly and steadily built substantial equity in it over the years.

23 **E. The County Offloaded the Risk of Its PACE Program.**

24 54. Akin to what home mortgage lenders did in the lead-up to the 2008 financial
25 meltdown, the County and the PACE Administrators, including Renovate America, offloaded
26 risks by securitizing PACE payments into asset-backed securities and selling them to Wall Street
27 investors. As with the subprime mortgage crisis, the lenders (i.e. the PACE administrators and the
28 County) effectively transferred any risks associated with these PACE-backed securities away from

1 themselves. However, unlike the notorious home lenders of the last decade, the County has the
2 ability to use its full governmental powers to collect on the debts homeowners owed, and the
3 County, Renovate America, and PACE investors have priority over every other creditor.

4 55. To make those bonds attractive, the County assured potential purchasers that the
5 County would continue to use its official property tax collection apparatus to collect PACE loan
6 payments and “quickly foreclose on a delinquent obligor’s property”—a power that no bank or
7 other lender had at its disposal. Ex. M at 18 (Kroll Bond Rating Agency Hero Funding 2017-2
8 Class Notes Pre-Sale Report).

9 56. But because of statutory restrictions, the County had to pay higher rates of interest
10 to these bondholders. It passed those costs on to PACE program participants through higher
11 interest rates. As County Treasurer and Tax Collector Saladino told the County Supervisors in
12 August 2014, *before* the County implemented the residential PACE program and *before* it
13 engaged Renovate America:

14 It is a legal requirement that all PACE bonds be issued on a taxable basis and
15 not as tax-exempt securities. As a result, the interest rate on PACE
16 assessments will be substantially higher than what could be achieved by the
17 County in the tax-exempt municipal market. It is the Treasurer and Tax
18 Collector’s expectation that ***borrowing costs for residential PACE
participants will also be materially higher than comparable rates on both
home equity lines of credit and home equity loans.***

18 See Ex B at 5 (emphasis added).

19 57. Mr. Saladino’s candid admission flatly contradicts the avowed purpose of the
20 PACE program and undermines a key alleged benefit to homeowners that the County and
21 Renovate have promoted. The PACE program was supposed to harness the borrowing power of
22 county and municipal governments to help low-income homeowners finance energy and water
23 saving projects that they could not otherwise afford. Instead, as the County’s pre-implementation
24 admission confirms, the County loaned PACE homeowners money at above-market rates. Instead
25 of providing the claimed benefit to homeowners, the County’s PACE program has been a profit
26 center for Renovate America, building contractors, and Wall Street bond holders—financed on the
27 backs of low-income County residents.

28 ///

1 58. In addition, Defendants knew that they would have difficulty in packaging and
2 flipping the portfolio of PACE loans to Wall Street investors unless they either raised the interest
3 rates or gave the bondholders the right to initiate foreclosure on any PACE program participant
4 who failed to repay his or her PACE loan. *See id.* at 4. Sadly, the program instituted by the
5 County did both.

6 59. The County also enticed investors by promising investments that were immune to
7 legal challenge, at the expenses of the legal rights and remedies of the homeowners the program
8 was designed to help.

9 **F. The County’s Assessment Agreements are Unconscionable Contracts of**
10 **Adhesion that Force Homeowners to Waive All Rights and Remedies.**

11 60. PACE is a unique financing product for which no comparable market alternative is
12 reasonably available. PACE offers “no money down” for approved home improvements, a feature
13 generally not offered by traditional home equity or mortgage lenders or home improvement
14 contractors. Indeed, part of the legislative purpose of PACE was to extend credit to individuals
15 who did not have the capital otherwise to purchase green home improvements through more
16 traditional means.

17 61. Lending without assessing the borrower’s ability to pay is also a PACE practice in
18 which traditionally regulated mortgage and bank lenders typically do not engage. In fact, federal
19 regulations require lenders to make a “reasonable and good faith determination at or before
20 consummation that the consumer will have a reasonable ability to repay the loan according to its
21 terms” before making a loan secured by a dwelling. 12 C.F.R. § 1026.43(c)(1).

22 62. To participate in the County’s PACE program, homeowners were required to sign a
23 document entitled LA HERO Program Assessment Contract (Residential) (referenced elsewhere in
24 this Complaint as the Assessment Agreement) which is subsequently recorded as a security
25 interest against the homeowner’s property (the PACE Lien).

26 63. The Assessment Agreement is a lengthy, single-spaced form contract between the
27 County of Los Angeles and the homeowner. It contains over twenty sections, many containing
28 subparagraphs, enumerating the homeowners’ obligations with respect to payment and other

1 topics. Among other provisions, it includes: an obligation of the homeowner to indemnify the
2 County against any expenses whatsoever related even indirectly to the PACE program, regardless
3 of when they accrue; a right of the County to inspect the property; and a release and waiver of any
4 claim the homeowner has, or in the future may have, against the County.

5 64. The Assessment Agreement was drafted by the County. The terms of the
6 Plaintiffs' Assessment Agreements are standard. Plaintiffs had no negotiating power over any
7 term of the Assessment Agreement.

8 65. The Assessment Agreements do not include the individual homeowner's name,
9 address, or any individualized information about the Plaintiffs' PACE transaction apart from
10 exhibits which, while incorporated by reference, are not signed to indicate that the homeowner
11 actually read or received the documents.

12 66. Buried within the form Assessment Agreement, in the same style and font as every
13 other section of the agreement, is a section inconspicuously titled: "Waivers, Acknowledgment
14 and Contract" which contains the following:

15 a. A waiver of any otherwise applicable Constitutional requirements.

16 b. Waiver of the right to repeal the Assessment "by initiative or any other
17 action, or to file any lawsuit or other proceeding to challenge the [a]ssessment
18 [o]bligations or any aspect of the proceedings of the County undertaken in connection with
19 the [PACE] Program."

20 c. An acknowledgement that the property owner is responsible for paying the
21 assessment, whether or not the home improvements are installed as expected.

22 d. A release of the County and any bond purchaser from any damages relating
23 to the subject matter of the agreement, whether acquired at the time of the contract or
24 thereafter.

25 e. A waiver of section 1542 of the California Civil Code, a statute which
26 would ordinarily exempt unknown claims from a general release.

27 f. A stipulation that these waivers shall survive termination of the agreement.

28 ///

1 67. Also buried in the agreement, in the same font as the rest of the document, is a
2 unilateral indemnification provision that requires the property owner to agree to indemnify,
3 defend, protect, and hold harmless the County from any losses resulting from “any demands of
4 any nature whatsoever related directly or indirectly to, or arising out of or in connection with” the
5 homeowner’s participation in the PACE program, the assessment, the improvement, or “any other
6 circumstance or event related to the subject matter of this Agreement, regardless of whether such
7 losses...accrue before or after the date of this Agreement.” The indemnification provision also
8 purports to survive termination of the Assessment Agreement.

9 68. In exchange for above-market rate financing, which the County made no inquiry to
10 determine if the homeowner could afford, and for which the County obtains a first-priority lien
11 with right of foreclosure, the County also required that the homeowner: (a) waive any and all legal
12 rights to challenge the assessment, including based on any issues with the improvements
13 themselves; (b) waive statutory protections against overbroad waivers contained in Civil Code
14 Section 1542; (c) waive any other rights, including by implication, statutory protection against
15 elder financial abuse and unconscionability; and (d) agree to pay the legal costs of the County in
16 which the property is located, as well as the legal costs of any bond purchaser associated with any
17 attempted challenge to any aspect of the assessment or improvements, even if arising before the
18 assessment contract was signed.

19 69. Nowhere in the Assessment Agreement is the homeowner advised to consult an
20 attorney.

21 70. Nowhere in the Assessment Agreement is the homeowner informed that the
22 agreement is negotiable. Instead, the contract is offered as a take-it-or-leave-it proposition.

23 71. The County contracted out to Renovate America the job of obtaining homeowner
24 signatures on these Assessment Agreements. Renovate America, in turn, allowed Participating
25 Contractors who had a personal stake in the homeowner signing up for PACE-financed home
26 improvements to present the Assessment Agreement to the homeowner for signature.

27 72. The waiver and indemnification clauses, separately and in conjunction with one
28 another, are oppressively one-sided and unjustifiably reallocate the entire risk of the County’s

1 conduct in connection with the Assessment Agreement to the homeowner in a situation where the
2 County is already fully protected from the primary risk of lending money -- non-payment -- by
3 virtue of the first-priority lien recorded in favor of the County to secure the homeowner's financial
4 obligations under the Assessment Agreement.

5 73. The effect of this imbalance is that homeowners are locked into financing contracts
6 for five to twenty-five years that, according to the County, they have no right to challenge for any
7 reason, whether arising before or after the homeowner signed the contract. If the homeowner
8 asserts a challenge, according to the County, the homeowner is on the hook for not only the
9 County's attorney's fees and damages, but damages to the County's bond purchasers. Even if the
10 County or its agents violate the law in administering their PACE program, the homeowner remains
11 obligated and the County can foreclose and take the homeowner's home after one missed
12 payment, without making any recourse, complaint, or defense available.

13 74. The Assessment Agreements do not require the County to adhere to even a minimal
14 standard of care in contracting with the Plaintiffs and Class Members and are incompatible with
15 the County's and Renovate America's promises to provide "best in class" consumer protections to
16 participating homeowners and special protections to homeowners over 65 years old. Indeed, these
17 provisions mock the notion that there is anything consumer-friendly about the County's PACE
18 program.

19 **G. The County Knew or Should Have Known That Its PACE Program**
20 **Would Hurt Vulnerable Homeowners.**

21 75. FHFA regulates mortgage lending through its supervision and oversight of the
22 Federal National Mortgage Association (commonly known as "Fannie Mae") and the Federal
23 Home Loan Mortgage Corporation (commonly known as "Freddie Mac"). Those entities purchase
24 and guarantee most of the loans PACE participants used to purchase their homes.

25 76. In 2014, the County's Treasurer and Tax Collector and the County's Director of its
26 Internal Services Department warned the County Board of Supervisors that the FHFA had
27 repeatedly objected to PACE, even before the County had authorized the PACE program in 2010.
28 According to the County Treasurer and Tax Collector, the FHFA had stated that "PACE programs

1 present safety and soundness concerns to the mortgage portfolios held by the Federal National
2 Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie
3 Mac) and the Federal Home Loan Banks.” *See* Ex. B at 2. Furthermore:

4 The FHFA asserted that PACE assessments violated the terms of the uniform
5 security instrument utilized in mortgage contracts purchase by the Federal
6 Mortgage Agencies [Fannie Mae and Freddie Mac]. This assertion has been
7 reviewed by County Counsel and found to be accurate with respect to the
8 uniform security instrument used in the majority of mortgage contracts within
9 California. It is estimated that upwards of 80% of all new mortgages in
10 California ... include terms and conditions specifically aligned with the
11 uniform security instrument referenced by the FHFA.

12 *Id.* at 6.

13 77. In plain English, the County knew before it launched its residential PACE program,
14 and before it hired Renovate America to administer it, that by giving the County a first priority
15 lien to secure the PACE loan, the vast majority of PACE program participants would
16 automatically be put into default under their mortgages:

17 County Counsel determined that the Federal Mortgage Agencies would likely
18 have the ability to declare an event of default ... as a result of the PACE
19 assessments.... If the property owner were neither able to cure the default
20 through full payment of the PACE assessment nor the mortgage contract, the
21 Federal Mortgage Agency could initiate foreclosure proceedings.

22 *Id.* at 7.

23 78. In advising the County Board of Supervisors, the County Treasurer and Tax
24 Collector was even more blunt about the plague the County was about to let loose:

25 It is the view of the Internal Services Department and the Treasurer and Tax
26 Collector that such risk [of homeowner default through participation in the
27 PACE program] can be fully eliminated only through federal legislation or a
28 change in the terms and conditions of the uniform security instrument [the
conventional loan agreement] utilized in California. By initiating a
residential PACE program, the County is making a determination that the risk
associated with current FHFA statements is manageable and should not
threaten property owners within Los Angeles County.

Id.

29 79. These 2014 admissions make clear that the County knowingly chose to subject
30 thousands of its most vulnerable citizens to what the County knew was a serious risk of losing
31 their homes.

32 80. Equally appalling, the County knew before it launched the PACE program and
33 hired Renovate America to administer it that one of the key selling points of the PACE program—

1 that the loan is an obligation on the property and not the homeowner—was a mirage. The County
2 Treasurer and Tax Collector was concerned, and the Board of Supervisors knew, that the FHFA
3 could require a County PACE participant to pay off the PACE loan if the homeowner sold or
4 refinanced his or her home. *See id.* at 6. And the County knew that, as a result of adopting the
5 PACE program, Fannie Mae and Freddie Mac might cease purchasing mortgages from banks in
6 the County. *Id.* If that happened, conventional sources of home lending and refinance would
7 disappear. The County also knew that this would affect not only PACE participants, but also
8 “those property owners who have no involvement with PACE except to live in an area that allows
9 for such financings.” *Id.* Here, too, the County turned a blind eye and plunged ahead with the risk
10 to which it was exposing potentially tens of thousands of low-income County homeowners.

11 81. In the ensuing years, the FHFA continued to sound alarm bells about PACE. In a
12 June 9, 2016, speech to the California Legislature, FHFA General Counsel Alfred Pollard
13 explained that PACE loans “increase the risk of loss to taxpayers” because they destroy the first-
14 priority lien status of loans insured by Fannie Mae and Freddie Mac and increase the risk that the
15 government—and hence taxpayers—will lose money due to PACE. Ex. G.

16 82. The FHFA’s concerns about the PACE program did not stand alone. The FHA
17 issues and insures mortgages on millions of home purchases and refinancings each year. FHA
18 mortgage insurance and loan parameters that meet FHA requirements can be necessary parts of
19 obtaining a loan from a conventional bank. Like the FHFA, the FHA objected to PACE. The
20 FHA refused to insure mortgages on properties with existing PACE Liens, except for the period
21 from July 2016 to December 2017. The FHA was “very concerned about PACE obligations being
22 placed on FHA-insured mortgages that are already outstanding. The post-endorsement placement
23 of these assessments on an FHA-insured mortgage creates a lack of transparency.... In addition,
24 such activity is risky for FHA borrowers and potentially violates the terms of their FHA-insured
25 mortgage.” Ex. H.

26 83. A third federal agency also expressed concerns about the PACE program. The
27 United States Department of Energy (“DOE”) directed counties adopting PACE programs to
28 consider a homeowner’s ability to repay before making a PACE loan. In its 2010 “Guidelines for

1 Pilot PACE Financing Programs”—issued *five years* before the County adopted its PACE
2 program—the DOE provided several “best practices” to PACE program administrators, like
3 Renovate America, one of which was considering the homeowner’s ability to repay as part of its
4 underwriting. The DOE suggested that program administrators ensure that borrowers have the
5 ability to repay through precautions such as limiting financing to projects that “pay for
6 themselves” by reducing the homeowner’s energy costs by more than the cost of the financing.
7 Ex. N at 2 (“Guidelines for Pilot PACE Programs,” available at [https://www1.eere.energy.gov/
8 wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf](https://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf)).

9 84. In addressing the epidemic of faulty PACE loans, the DOE revised its guidelines in
10 2016, stating that administrators “should confirm property owners can support the cost of the
11 PACE assessment by collecting and reviewing information from property owners on their
12 household income and debt obligations.” Ex. O at 8 (“Best Practice Guidelines for Residential
13 PACE Financing Programs,” available at [https://energy.gov/sites/prod/files/2016/11/f34/best-
14 practice-guidelines-RPACE.pdf](https://energy.gov/sites/prod/files/2016/11/f34/best-practice-guidelines-RPACE.pdf)). The DOE also directed PACE program administrators to
15 provide homeowners financing terms for PACE loans before their right to cancel the home
16 improvement contract expired. *Id.* at 10.

17 85. The DOE noted that low-income and elderly homeowners were particularly
18 vulnerable to the harms of PACE loans. It advised PACE program administrators to provide extra
19 protections for these populations. According to the DOE, at a minimum, program administrators
20 should directly contact low-income and elderly homeowners to ensure that they had received the
21 necessary disclosures with the PACE financing terms, should review improvement costs to ensure
22 they are proportional to the anticipated savings, and should limit loans to those projects that pay
23 for themselves through expected energy savings. *Id.* at 10, 13-15.

24 **H. The California Legislature Enacts Statutes Designed to Address the**
25 **Problems with PACE Programs.**

26 86. In response to the concerns raised by consumer advocates, the California legislature
27 passed a series of bills which imposed statutory obligations on administrators. These bills were
28 passed into law on 2017 and amended in 2018, and they are codified in California Finance Code

1 §§ 22680, *et seq.* The law first took effect on April 1, 2018.

2 87. Section 22686 states: “A program administrator shall not execute an assessment
3 contract, and no work shall commence under a home improvement contract that is financed by that
4 assessment contract nor shall that home improvement contract be executed *unless the program*
5 *administrator makes a reasonable good faith determination that the property owner has a*
6 *reasonable ability to pay the annual payment obligations for the PACE assessment.”* Cal. Fin.
7 Code § 22686 (emphasis added).

8 88. Section 22687 goes on to list, in detail, the various factors that a PACE
9 administrator must analyze when determining a homeowner’s ability to pay. These factors include,
10 but are not limited to:

11 a. The monthly income of the mortgagor and any person over 18 years old
12 who is on the title to the property, as verified by the PACE administrator;

13 b. Other current or reasonably expected assets or income, as verified by the
14 PACE administrator, but *not including* “Nonliquid assets,” “Temporary sources of
15 income,” or “*Proceeds derived from the equity from the subject property*” (Cal. Fin. Code
16 § 22687(b)(2) (emphasis added));

17 c. The homeowner’s monthly housing expenses, including mortgage
18 payments, insurance, property taxes, and other pre-existing fees and assessments on the
19 property; and

20 d. The homeowner’s monthly debt obligations, including all secured and
21 unsecured debts, alimony, and child support.

22 89. These factors establish the legally required minimum ability-to-pay assessment that
23 a PACE administrator must conduct for each homeowner.

24 90. Additionally, PACE administrators are now required to make annual reports to the
25 Commissioner of the Department of Business Oversight. Cal. Fin. Code § 22692. Among the data
26 reported, PACE administrators must report information concerning “the overall impact on
27 property owners of the absence of a minimum residual income threshold.” *Id.*

28 ///

1 **I. Plaintiffs Have Exhausted Administrative Claims on Behalf of**
2 **Themselves and All Others Similarly Situated Because the**
3 **Administrative Process Applied to Plaintiffs’ Claims Is Inadequate**

4 91. Plaintiffs filed a first amended complaint on January 24, 2019 (“FAC”).

5 92. The County demurred to the FAC on the basis that Plaintiffs’ PACE tax
6 assessments were subject to the same requirements as property taxes generally, and the named
7 plaintiffs had not exhausted administrative remedies before filing in court.

8 93. On May 16, 2019, the Court sustained the County’s demurrer and stayed this
9 litigation to allow Plaintiffs to exhaust their administrative remedies before the County
10 Assessment Appeals Board, functioning as the Board of Equalization for Los Angeles County.

11 94. Pursuant to Revenue and Tax (“R&T”) Code § 1603, Plaintiffs filed verified claims
12 with the County’s Assessment Appeals Board (“AAB”) using County form AAB100.³ The claims
13 sought cancellation of PACE assessments pursuant to R&T Code § 4986 and refund of associated
14 tax payments. Plaintiffs’ claims were sought on behalf of themselves and all others similarly
15 situated.

16 95. Pursuant to R&T Code § 5142, Plaintiffs simultaneously sought a stipulation that
17 the issues in dispute—which were based on the claims in the FAC—were not issues of valuation.

18 96. Had the AAB heard Plaintiffs’ administrative claims, Plaintiffs would have been
19 afforded a public hearing, an exchange of information, opportunity to submit new information at
20 the time of hearing, testimony under oath, subpoena power for witnesses, a hearing record, and
21 written findings of fact. The burden of proof for an owner-occupied dwelling would have
22 belonged to the assessor. The standard of proof would have been preponderance of the evidence.

23 97. On September 10, 2019, the AAB notified Plaintiffs that their applications were
24 being referred to the Los Angeles County Auditor-Controller for review and disposition pursuant
25 to R&T Code § 4986.

26
27 _____
28 ³ Plaintiff Senac filed her assessment appeal on July 12, 2019. All other named plaintiffs filed their assessment appeals on July 5, 2019, the first week the Assessment Appeals Board accepted claims in connection with the 2019-2020 tax year.

1 98. Upon information and belief, no evidence or statement of facts was provided by the
2 AAB to the Auditor in connection with this transfer, other than Plaintiffs’ claims as filed with the
3 AAB.

4 99. Plaintiffs attempted without success to determine the details of the administrative
5 procedure to be applied to Plaintiff’s claims by the Auditor-Controller, if not the procedures set
6 forth in R&T Code §§ 1603 *et seq.* There are no equivalent administrative hearing procedures
7 associated with R&T Code § 4986.

8 100. Upon information and belief the Auditor-Controller did not have an existing
9 administrative procedure for adjudicating PACE cancellation claims when it received the referral
10 from the AAB.

11 101. On November 19, 2019, Plaintiffs received notice that the Auditor-Controller was
12 sending Plaintiffs claims to the Internal Services Department (“ISD”). Upon information and
13 belief, ISD is the agency that oversees the PACE program for the County and the agency that
14 signed and approved all recorded PACE assessments on behalf of the County.

15 102. That same day, Plaintiffs received letters from ISD requesting additional
16 information from Plaintiffs within two weeks to “evaluate” their cancellation claims. The letters
17 also sought authorization from Plaintiffs to request additional information from their PACE
18 administrator or other sources, and for other County departments to review and consider the
19 information submitted in any investigation the County deemed warranted.

20 103. On December 3, 2019, Plaintiffs submitted responses to ISD’s requests,⁴ making
21 clear again that they were seeking relief on behalf of themselves and all others similarly situated,
22 on the grounds set forth in the First Amended Complaint. Copies of Plaintiffs’ assessment
23 appeals, including the ISD addendum, are collectively attached hereto as Exhibit W.

24 104. Plaintiffs repeatedly asked the County to explain the administrative procedures
25 governing this review or to identify where the procedures could be found. In response to Public
26

27 ⁴ Plaintiffs submitted their responses to PACEclaims@isd.lacounty.com, an email address that,
28 upon information and belief, was created in approximately mid-September 2019, for the purpose
of accepting Plaintiffs’ submissions.

1 Records Act (“PRA”) requests, neither ISD nor the Auditor-Controller provided reference to any
2 applicable statute, legislation, or publicly available information on the administrative process being
3 applied to Plaintiffs’ claims for cancellation of PACE assessments.

4 105. Instead, Plaintiffs were provided with the Auditor-Controller’s “Direct Assessment
5 Manual.” This document does not provide for a public administrative hearing for claimants, an
6 exchange of information, testimony under oath, or findings of fact by a neutral. *See* Exhibit X.
7 Upon information and belief, the Direct Assessment Manual is not intended for use by the public
8 at all, but by the taxing agencies that submit direct assessments to the Auditor-Controller for
9 processing. *Id.* at ii.

10 106. Plaintiffs also were provided with an interrogatory response that the County
11 provided in another lawsuit, *Bermudez v. Pure Solar Co. et al* (19STCV21933), which stated:

12 [C]laims requesting cancellation, pursuant to Revenue and Taxation Code 4986,
13 of a County-PACE assessment are accepted for filing by the Auditor-Controller
14 (“A-C”). The A-C logs the cancellation claim and forwards it to the County’s
15 Internal Services Department (“ISD”). ISD reviews the cancellation claim to
16 determine a recommended action, and then communicates the recommended
17 action to the A-C. The A-C reviews the claim and recommended action to
18 determine whether satisfactory proof supports cancellation of the County-PACE
19 assessment pursuant to Revenue and Taxation Code 4986. If the claim is denied,
20 the A-C issues a denial letter notifying the claimant of the denial. If the claim is
21 approved, the A-C will cancel the assessment pursuant to the A-C’s authority
22 under Revenue and Taxation Code section 4986 and provide notice to the
23 claimant.

24 *See* Exhibit Y (at responses 9 and 10). This process does not provide for a public administrative
25 hearing for claimants, an exchange of information, testimony under oath, or findings of fact by a
26 neutral.

27 107. On April 1, 2020, Plaintiffs received an email from County Counsel containing
28 ISD’s recommendations (dated March 13, 2020) to the Auditor-Controller. ISD recommended
29 Plaintiff Allen Bowen’s cancellation claim be granted, but his claim for refund be denied. ISD
30 recommended denial of cancellation and refund for all other Plaintiffs. A copy of this letter is
31 attached hereto as Exhibit Z.

32 ///

1 108. Upon information and belief, the Auditor-Controller accepted ISD's
2 recommendations in full and did not conduct any independent investigation of Plaintiffs' claims.

3 109. Plaintiffs are informed and believe that cancellation of Plaintiff Bowen's PACE
4 assessment has been processed by the County.

5 110. Plaintiffs have exhausted the administrative process the County set forth for
6 Plaintiffs to follow, which was essentially an internal investigation and recommendation between
7 County agencies.

8 111. An internal investigation is not an adequate administrative remedy.

9 112. The County's process for reviewing Plaintiffs' cancellation claims is not an
10 adequate administrative remedy because, *inter alia*, there was:

- 11 a. No evidentiary hearing;
- 12 b. No presence of an impartial finder of fact;
- 13 c. No submission of briefing or argument;
- 14 d. No exchange of evidence;
- 15 e. No taking of testimony or cross-examination;
- 16 f. No clearly defined information about the procedural steps of the process,
17 either via statute or that was otherwise publicly available (even through
18 Plaintiffs' Public Record Act Requests);
- 19 g. No process, standard, or timeline for reconsideration or appeal;
- 20 h. No development of a factual record for review;
- 21 i. Evidence that this process was created *sui generis* to deal with Plaintiffs'
22 claims;⁵ and
- 23 j. The available administrative remedies explicitly do not provide for
24 classwide relief.

25
26
27 ⁵ In fact, the County has generally directed individuals with complaints about their PACE
28 assessments to file complaints with the Los Angeles Department of Business and Consumer
Affairs, not the Auditor-Controller. *See* Exhibits AA and BB (PACE Termination FAQs at
Question 6).

1 113. All named Plaintiffs have exhausted the administrative review process the County
2 applied to Plaintiffs' claims.

3 114. Exhaustion is not required for putative class members, but even if it were,
4 exhaustion would not be required for putative class members here because the process is
5 inadequate as a matter of law and Plaintiffs are not required to exhaust administrative remedies
6 that are inadequate.

7 115. Therefore, Plaintiffs' class claims are appropriately before the Court.

8 116. Even if the internal review and recommendation from ISD was an adequate
9 administrative remedy, Plaintiffs are informed and believe that sufficient numbers of homeowners
10 have had their PACE complaints investigated in some manner by ISD, such that a numerous class
11 of individuals who have exhausted their administrative remedies through the County's process
12 already exists.

13 **THE NAMED PLAINTIFFS**

14 **A. Plaintiff Reginald Nemore**

15 117. Plaintiff Reginald Nemore is a 60-year-old resident of Los Angeles County. At all
16 times relevant here, Mr. Nemore has owned the real property located at 657 E. Ladera Street in
17 Pasadena. According to the County Assessor's office, Mr. Nemore's home is less than 1,200
18 square feet.

19 118. Forced into early retirement by disability, Mr. Nemore spends most of his time
20 caring for his wife, who has Multiple Sclerosis. His income consists of Social Security Disability
21 Income (SSDI) of approximately \$1,241 a month.

22 119. On or about September 29, 2016, Mr. Nemore purportedly entered into a Renovate
23 America PACE assessment contract with the County. The contract covered the installation of
24 some solar panels. The cost of a typical solar installation for a medium-sized house (6kW) in
25 California ranges from \$12,000 to \$15,000. Renovate America's contractor charged Mr. Bowen
26 \$26,247 for the panels, roughly twice the typical price, even though his home is not large. To
27 secure repayment of that contract, the County recorded a PACE Lien on Mr. Nemore's property, a
28 certified copy of which is attached hereto as Exhibit R and incorporated herein by reference.

1 120. The PACE lien secures the \$26,247 that Renovate America’s contractor charged
2 Mr. Nemore, plus \$4,000 in Renovate America fees and capitalized interest, plus another \$41,410
3 in interest to be paid over the 25 year life of the PACE loan, for a total of \$71,778 in payments to
4 the County. Even before Renovate America approved that PACE loan, Mr. Nemore’s pre-existing
5 debt-to-income ratio was over 95%. His annual PACE assessment of \$2,871 represents 19% of
6 his annual SSI income. If Mr. Nemore wants to hold onto his home, he will have to find a way to
7 pay that assessment, every year, for the next 25 years.

8 121. On July 5, 2019, Mr. Nemore filed an administrative claim for cancellation and
9 refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The
10 Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the
11 County’s Internal Services Department, the County denied his claims.

12 **B. Plaintiff Violeta Senac**

13 122. Plaintiff Violeta Senac is a 90-year-old resident of Los Angeles County. At all
14 times relevant here, Ms. Senac has owned the real property located at 5755 Ensign Avenue in
15 North Hollywood. According to the County Assessor’s office, Ms. Senac’s home was built in
16 1938 and contains 947 square feet.

17 123. On or about May 19, 2016, Ms. Senac purportedly entered into a Renovate
18 America PACE assessment contract with the County. Ms. Senac was then 85 years old. She was
19 providing a home for her disabled adult daughters. Ms. Senac speaks limited English and has poor
20 eyesight. Her only income is her monthly Social Security check. When she purportedly entered
21 into the PACE financing agreement, she had less than \$700 in her bank account.

22 124. The PACE assessment contract covered the installation of one or more toilets,
23 windows, doors, and roofing material. Renovate America’s contractor charged Ms. Senac
24 \$39,995. To secure repayment of that assessment contract, the County recorded a PACE Lien on
25 Ms. Senac’s property, a certified copy of which is attached hereto as Exhibit S and incorporated
26 herein by reference.

27 125. In addition to the \$39,995 in Renovate America contractor charges, the PACE lien
28 secures \$3,000 in Renovate America fees and capitalized interest, plus another \$46,768 in interest,

1 all of which are to be paid over the 20-year life of the PACE loan, at the rate of \$4,518 per year,
2 for a total of \$90,361 in payments to the County.

3 126. When Ms. Senac purportedly entered into the financing agreement with the County,
4 her pre-existing debt-to-income ratio was approximately 135%. In other words, her monthly debt
5 obligations already exceeded her monthly income *before* she purportedly promised to pay the
6 County a Renovate America PACE assessment of \$4,518.05 per year. If Ms. Senac wanted to
7 continue to live in that house, and provide a home for her disabled daughters, she would have to
8 find a way to come up with that additional \$4,518.05, every year, for the next 20 years.

9 127. In March 2018, Ms. Senac paid off the outstanding principal balance of her
10 Renovate assessment, \$42,098.95, by obtaining a new reverse mortgage.

11 128. Ms. Senac presented a Claim for Damages to Person or Property to the County on
12 behalf of herself and others similarly situated on September 13, 2018. She amended her claim on
13 October 22, 2018. The County rejected the claim on December 7, 2018.

14 129. Ms. Senac filed an administrative claim for cancellation and refund of her PACE
15 assessments with the Los Angeles County Assessment Appeals Board on July 12, 2019. The
16 Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the
17 County's Internal Services Department, the County denied her claims.

18 **C. Plaintiff Aurelia Millender**

19 130. Plaintiff Aurelia Millender is an 84-year-old resident of Los Angeles County. At
20 all times relevant here, Ms. Millender has owned the real property located at 2057 W. 71st Street
21 in Los Angeles. According to the County Assessor's office, Ms. Millender's home was built in
22 1929. It contains 1,446 square feet.

23 131. Ms. Millender's income consists of Social Security and Supplemental Security
24 Income, totaling less than \$1,000 a month. She also usually receives a few hundred dollars a
25 month from a family member. Her monthly income never exceeds \$1,350.

26 132. On or about August 31, 2016 and November 20, 2016, when she was 80 years old,
27 Ms. Millender purportedly entered into two Renovate America PACE assessment contracts with
28 the County. The first covered some exterior paint, which supposedly would lower the temperature

1 inside her house on hot days, and one replacement window. Renovate America's contractor
2 charged Ms. Millender \$18,951 for those items. The second contract covered roof shingles that
3 supposedly would also lower the summertime temperature inside her home. For that, the
4 Renovate America contractor charged her \$20,500. To secure repayment of these assessment
5 contracts, the County recorded two PACE Liens on Ms. Millender's property, certified copies of
6 which are attached hereto as Exhibits T and U and incorporated herein by reference.

7 133. In addition to the \$39,451 in Renovate America contractor charges, the PACE
8 Liens secure \$5,500 in Renovate America fees and capitalized interest, plus another \$49,900 in
9 interest, all of which are to be paid over the 20-year life of the PACE Loans, at the rate of
10 \$4,737.36 per year, for a total of approximately \$94,747 in payments to the County.

11 134. The first of her two PACE Liens caused Ms. Millender's debt-to-income ratio to
12 increase to approximately 48%, and left her with residual income of less than \$700 a month to pay
13 for food, utilities, transportation, etc. Ms. Millender's second PACE Lien caused her debt-to-
14 income ratio to increase to approximately 64%, and left her with residual income of less than \$500
15 per month. Ms. Millender has noticed no meaningful difference in the temperature inside her
16 home from the \$39,451 in wall and roof paint that Renovate America's contractor charged her, or
17 for the \$4,737.36 per year she will have to pay the County until 2036 to stay in her house.

18 135. Ms. Millender has a reverse mortgage, and she is behind on her payments as a
19 result of the additional PACE liens, and she is at risk of foreclosure. The only thing currently
20 preventing foreclosure is that she has secured a temporary at-risk extension from her mortgage
21 servicer based on her age and poor health.

22 136. On July 5, 2019, Ms. Millender filed an administrative claim for cancellation and
23 refund of her PACE assessments with the Los Angeles County Assessment Appeals Board. The
24 Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the
25 County's Internal Services Department, the County denied her claims.

26 **D. Plaintiff Allen Bowen**

27 137. Plaintiff Allen Bowen is a 72-year-old resident of Los Angeles County. At all
28 times relevant here, Mr. Bowen has owned the real property located at 2001 W. 78th Street in Los

1 Angeles. According to the County Assessor's office, Mr. Bowen's home was built in 1927 and
2 contains 1,534 square feet.

3 138. Mr. Bowen is a United States Army veteran and retired United States Postal
4 Service employee. He receives a pension of \$2,324 and receives an additional \$217 per month in
5 Social Security retirement benefits. On this fixed income, Mr. Bowen supports himself and his
6 teen-aged son.

7 139. On or about May 24, 2017, when Mr. Bowen was 69 years old, he purportedly
8 entered into a Renovate America PACE assessment contract with the County. The contract
9 covered the installation of solar panels and windows for his house. Despite the modest size of Mr.
10 Bowen's home, the Renovate America contract charged him \$39,800 for the panels and windows.
11 To secure repayment of that assessment contract, the County recorded a PACE Lien on Mr.
12 Bowen's property, a certified copy of which is attached hereto as Exhibit V and incorporated
13 herein by reference.

14 140. The PACE Lien covers the \$39,800 in contractor charges, plus more than \$5,000 in
15 Renovate America fees and capitalized interest, plus another \$10,330 in interest over the next five
16 years, for a total of \$51,658 in payments to the County. All of that requires Mr. Bowen to make a
17 \$10,331 annual PACE Loan payment to the County, on an annual income from his pension and
18 Social Security of about \$30,500. The PACE Loan resulted in an increase in Mr. Bowen's debt-
19 to-income ratio from less than 25% to over 60%. His PACE assessment payment was one-third of
20 his annual income, income he had intended to spend on traveling to visit family in his hard-earned
21 retirement.

22 141. On July 5, 2019, Mr. Bowen filed an administrative claim for cancellation and
23 refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The
24 Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the
25 County's Internal Services Department, the County cancelled Mr. Bowen's PACE assessment
26 effective for the 2020-2021 tax year. The County denied Mr. Bowen's claim for refund.

27 142. All Plaintiffs had a sharp increase in their property tax bills as a result of their
28 annual PACE obligations. The County collected payments for PACE assessments, either directly

1 from each Plaintiff or from mortgage lenders to that Plaintiff, who advanced such payments on
2 behalf of that Plaintiff and then charged that advance to the Plaintiff, typically through an escrow
3 account.

4 143. The County remitted and continues to remit some or all of the PACE assessments it
5 collects to Renovate America as required by the terms of their Administration Contract.

6 **CLASS ACTION ALLEGATIONS**

7 144. Plaintiffs bring this action pursuant to Code of Civil Procedure section 382 as a
8 class action, on behalf of themselves and all others similarly situated, for the purpose of asserting
9 the claims alleged in this Complaint on a common basis.

10 145. The “**PACE Class**” consists of all homeowners who purportedly entered into a
11 Renovate America HERO assessment contract with Los Angeles County between March 1, 2015
12 and March 31, 2018, where that assessment contract has been recorded as a lien against the
13 homeowner’s real property. All named Plaintiffs are members of the PACE Class.

14 146. Every putative member of the PACE Class has been harmed, is facing a threatened
15 harm that is certainly impending, or faces a substantial risk that harm will occur in the future.
16 Examples of such harms include, but are not limited to: (1) being subjected to a predatory loan
17 which they cannot afford to repay; (2) paying unconscionably high interest rates; (3) threats of
18 foreclosure by Defendants or class members’ mortgage servicers; (4) actual foreclosure by
19 Defendants or class members’ mortgage servicers; (5) unjust encumbrances on their real property;
20 (6) being unable to secure additional financing due to their PACE Liens; and (7) having
21 “improvements” installed that are unnecessary, shoddy, or otherwise incomplete.

22 147. The “**Ability to Pay Subclass**” consists of members of the PACE Class for whom
23 Renovate America did not perform a “reasonable good faith determination” of the homeowner’s
24 “reasonable ability to pay” the PACE assessment. All named Plaintiffs are members of the Ability
25 to Pay Subclass, as Renovate America never made good faith determinations of their abilities to
26 repay their PACE assessments.

27 148. A “reasonable good faith determination” of a homeowner’s “reasonable ability to
28 pay” is defined as codified in California Finance Code § 22687.

1 149. The “**DTI Subclass**” consists of members of the PACE Class where either (a) the
2 homeowner’s debt-to-income ratio (“DTI”), at the time the contract was purportedly executed, and
3 including the homeowner’s annual PACE obligation, was 50% or more, or (b) the homeowner’s
4 DTI, at the time the contract was purportedly executed, and including the homeowner’s annual
5 PACE obligation, was less than 50%, but left the household with residual monthly income of less
6 than \$1,000 for one person, or \$1,000 plus \$500 for each additional household member.

7 150. All named Plaintiffs are members of the DTI Subclass because their DTI ratios,
8 including the homeowner’s annual PACE obligation, equaled or exceeded 50% at the time their
9 PACE assessment contract was executed, or their DTI was less than 50%, but left the household
10 with residual monthly income of less than \$1,000 for one person, or \$1,000 plus \$500 for each
11 additional household member.

12 151. The “**Elder Subclass**” consists of members of the PACE Class who were 65 years
13 old or older when they purportedly entered into the PACE loan agreement. Plaintiffs Senac,
14 Millender, and Bowen (collectively, the “Elder Plaintiffs”) bring this action on behalf of the Elder
15 Subclass.

16 152. The “**Predatory Loan Subclass**” consists of members of the PACE Class who
17 were facially unable to afford their PACE obligations—as determined by established methods of
18 consumer protection for property-secured financing—at the time they purportedly entered into
19 their assessment contracts.

20 153. The “**Mortgage Subclass**” consists of members of the PACE Class who had a
21 federally-backed mortgage at the time the homeowner purportedly entered into the assessment
22 contract.

23 154. The “**Language Subclass**” consists of members of the PACE Class who
24 purportedly signed an English language assessment contract and who had limited English
25 proficiency.

26 155. Defendants and their directors, officers, employees, and affiliates are excluded
27 from the aforementioned classes and subclasses.

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1 156. **Ascertainable**: Plaintiffs are informed and believe, and upon such information and
2 belief allege, that individuals who fall within these classes are ascertainable and can be identified
3 with reasonable efficiency. The class definitions are objective. The exact number and identities
4 of the Class Members are unknown at this time, but may be ascertained through discovery.

5 157. **Community of Interest**: The questions of law and fact common to the Class
6 Members sufficiently predominate over any questions affecting only individual members as to
7 create a single community of interest between them. The common questions in this case are
8 capable of having common answers. If Plaintiffs' claims regarding Defendants' conduct are
9 accurate, Plaintiffs and Class Members will have identical claims capable of being efficiently
10 adjudicated and administered in this case.

11 158. Among the questions of law and fact common to Plaintiffs and all Class Members
12 are:

13 a. Whether Plaintiffs and Class Members are third-party beneficiaries of the
14 Administration Contract;

15 b. Whether Defendant Renovate America breached its duty in the
16 Administration Contract to "ensure best in class protections for property owners from
17 actions such as, including but not limited to, predatory lending" by, for example, failing to
18 consider ability to repay the PACE Liens;

19 c. Whether Defendant Renovate America's breaches of its contractual
20 obligations under the Administration Contract impaired or reduced the value of Class
21 Members' properties subject to PACE Liens;

22 d. Whether the Assessment Contracts or any of their terms are unconscionable
23 and should not be enforced;

24 e. Whether Defendant Renovate America's failure to provide essential
25 consumer protections to Class Members constitutes an "unfair" practice under Business &
26 Professions Code sections 17200, et seq.;

27 f. Whether Defendants' failure to provide adequate consumer protection
28 measures has subjected Class Members to a continuing risk of significant harm;

1 g. Whether Class Members—(excepting Mr. Bowen)—are entitled to an order
2 declaring the liens and assessments recorded against their properties to secure the PACE
3 loans at issue herein to be cancelled;

4 h. Whether Class Members are entitled to restitution of amounts paid to the
5 County, or other damages, related to the PACE program; and

6 i. Whether Class Members are entitled to specific performance of the
7 Administration Contract.

8 159. Among the questions of law and fact common to the Language Subclass are:

9 a. Whether Defendant Renovate America breached its duty in the
10 Administration Contract to provide assistance in multiple languages, other than and in
11 addition to English, to ensure consumers understand the terms of their financing in their
12 native language;

13 160. Among the questions of law and fact common to the Elder Subclass are:

14 a. Whether Defendant Renovate America breached its duty in the
15 Administration Contract to provide “special” or “heightened” protection for senior citizens
16 to confirm they clearly understand the terms of the financing;

17 b. Whether Defendants Renovate America and the County took, secreted,
18 appropriated, obtained, and/or retained the property of the elder Plaintiffs and the Elder
19 Subclass Members;

20 c. Whether Defendants Renovate America and the County assisted in taking,
21 secreting, appropriating, obtaining, and/or retaining the property of elder Plaintiffs and the
22 Elder Subclass Members;

23 d. Whether Defendants Renovate America and the County knew or should
24 have known that Renovate America’s breaching its agreement in the Administration
25 Contract to provide “special” or “heightened” protection for senior citizens, would be
26 likely to be harmful to the Elder Subclass Members;

27 e. Whether Defendants Renovate America and the County knew or should
28 have known that elder persons are likely to be harmed if credit is extended to them without

1 a reasonable evaluation of the elder person’s ability to repay;

2 f. Whether the taking of a property interest in the homes of the Elder Plaintiffs
3 and Elder Subclass Members was “unlawful” under Business & Professions Code sections
4 17200, *et seq.*

5 161. **Adequate Representation**: Plaintiffs are representatives who will fully and
6 adequately assert and protect the interests of the Class Members, and have retained competent and
7 adequate legal counsel experienced in class action and complex litigation. Plaintiffs are adequate
8 representatives and will fairly and adequately protect the interests of the Class Members.
9 Plaintiffs’ claims are typical of the claims of the classes and subclasses, as they are all based on
10 the same factual and legal theories, namely, the same wrongful conduct by Defendants, including
11 conduct by others that aided and abetted such conduct.

12 162. **Substantial Benefit**: A class action is superior to other available methods for the
13 fair, just, and efficient adjudication of the claims asserted herein and will provide a substantial
14 benefit to the court and the litigants. Joinder of all Class Members is impracticable and, for
15 financial and other reasons, it would be impractical for individual members to pursue separate
16 claims. The prosecution of separate actions by individual members would create a risk of
17 inconsistent or varying adjudications, which would establish incompatible standards of conduct
18 for the parties opposing these classes and subclasses. Such incompatible standards of conduct and
19 varying adjudications on the same essential facts, proof, and legal theories would also create and
20 allow the existence of inconsistent and incompatible rights within these classes and subclasses.
21 The prosecution of separate actions by individual members would unduly burden the courts.

22 163. Plaintiffs anticipate no difficulty in the management of this case as a class action.

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1 **FIRST CAUSE OF ACTION**

2 **Financial Elder Abuse**

3 **[Welfare & Institutions Code Section 15657.5]**

4 **(By the Elder Subclass Against Renovate America)**

5 164. The Elder Plaintiffs repeat and re-allege the allegations of paragraphs 1 through
6 163 as though they were fully set forth herein.

7 165. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all
8 times relevant and are thus “elders” under Welfare & Institutions Code section 15610.27.

9 166. Because Defendant Renovate America’s application form for the County’s PACE
10 program requires disclosure of the borrower’s birthdate, at all times material Defendant Renovate
11 America knew or should have known that the Elder Plaintiffs and the Elder Subclass were over the
12 age of 65.

13 167. By failing to implement best in class consumer protections and special protections
14 for seniors as required by Renovate America’s Administration Contract with the County, and by
15 originating loans for seniors, secured by a first-priority lien on their homes, without first
16 confirming that the borrower had the ability to make the semi-annual loan repayments, Defendant
17 Renovate America has taken, secreted, appropriated, obtained, and/or retained the property of the
18 Elder Subclass Members for a wrongful use.

19 168. Defendant Renovate America has also assisted Defendant County of Los Angeles
20 in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Plaintiffs
21 and Elder Subclass Members for a wrongful use. Defendant Renovate America’s assistance
22 includes but is not limited to:

- 23 a. Recruiting and ostensibly training home improvement contractors to act as
24 *de facto* mortgage brokers to sell PACE-financed home improvements to homeowners;
- 25 b. Selecting what products and services are actually approved for PACE
26 financing;
- 27 c. Sending and receiving contracts, including unconscionable Assessment
28 Agreements;

- 1 d. Checking properties' equity, as well as homeowners' property tax payment
2 history;
3 e. Recording PACE Liens; and
4 f. Servicing PACE Liens.

5 169. Defendant Renovate America knew or should have known that the Elder Subclass
6 Members were likely to be harmed by these activities because:

7 a. The Department of Energy and other federal and local agencies made public
8 statements about the potential dangers of implementing a PACE program without an
9 ability to pay analysis;

10 b. The Administration Contract required best in class consumer protections
11 and special protections for seniors, and the members of the Elder Subclass were especially
12 vulnerable to financial abuse, such as by predatory lending;

13 c. Homeowners were unable to negotiate any of the terms and conditions of
14 their Assessment Agreement with the County, such that they were contracts of adhesion
15 with unjustifiably one-sided and harsh terms;

16 d. The PACE loans it was originating without regard to ability to pay would be
17 enforceable by foreclosure if the Elder Plaintiff missed a payment;

18 e. Loans made without regard to ability to pay put Elder Plaintiffs and
19 Subclass Members at high risk of foreclosure or substantial loss or encumbrance of
20 property essential to their health and welfare; and

21 f. The high risk of foreclosure or substantial loss or encumbrance of property
22 essential to health and welfare created by the County's wrongful acts were likely to cause
23 mental suffering to the Elder Plaintiffs and the Elder Subclass Members

24 170. As a result of Renovate America's wrongful acts, the Elder Plaintiffs and the Elder
25 Subclass Members have been deprived of property rights insofar as they have made payments on
26 financing extended without regard to their ability to pay; their homes are encumbered by first-
27 priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County,
28 and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

1 171. Defendant Renovate America has also received substantial fees and commissions
2 from Elder Plaintiffs and the Elder Subclass Members as a result of its activities in originating
3 PACE Liens. On information and belief, Defendant Renovate America will continue to receive
4 additional fees and commissions for the life of each PACE Lien, which are paid by homeowners in
5 the form of finance charges.

6 172. Renovate America's conduct, as alleged herein, constitutes "financial abuse," as
7 defined in Welfare & Institutions Code section 15610.30.

8 173. Under Welfare & Institutions Code section 15657.5, Renovate America is liable for
9 compensatory damages, reasonable attorneys' fees and costs, and all other remedies otherwise
10 provided by law, including cancellation.

11 174. The actions taken by Renovate America set forth above were in all respects
12 reckless, oppressive, fraudulent and malicious.

13 175. Under Civil Code section 3345, Renovate America is liable for treble damages and
14 penalties because: (a) it knew or should have known that its conduct was directed as to an elder
15 person; (b) its conduct caused elder persons to suffer encumbrance, or substantial loss of property
16 essential to their health and welfare; (c) Elder Plaintiffs and the Elder Sub-Class Members are
17 senior citizens who are more vulnerable than other members of the public to Defendant Renovate
18 America's conduct because of their age, impaired understanding, impaired health, or restricted
19 mobility; and (d) Elder Plaintiffs and the Elder Sub-Class Members actually suffered substantial
20 economic harm resulting from Renovate America's conduct.

21 **SECOND CAUSE OF ACTION**

22 **Financial Elder Abuse**

23 **[Welfare & Institutions Code Section 15657.5]**

24 **(By the Elder Subclass Against the County of Los Angeles)**

25 176. The Elder Plaintiffs repeat at re-allege the allegations of paragraph 1 through 163
26 as though they were fully set forth herein.

27 177. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all
28 times relevant and are thus "elders" under Welfare & Institutions Code section 15610.27.

1 178. Because Defendant Renovate America’s application form for the County’s PACE
2 program requires disclosure of the borrower’s birthdate, at all times material the County knew or
3 should have known that the Elder Plaintiffs and the Elder Subclass were over the age of 65.

4 179. By failing to enforce the best in class consumer protections and special protections
5 for seniors required by its Administration Contract with Renovate America, by utilizing
6 unconscionable and one-sided contracts of adhesion, and by executing the Assessment
7 Agreements that are recorded against the property of each Elder Subclass Member, on the basis of
8 which Elder Subclass Members’ homes can be foreclosed (or that will trigger foreclosures by
9 conventional and reverse mortgage servicers), without regard to the Elders’ ability to pay,
10 Defendant County of Los Angeles has taken, secreted, appropriated, obtained and/or retained the
11 property of the Elder Subclass Members for wrongful use.

12 180. Defendant County of Los Angeles has also assisted Defendant Renovate America
13 in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Subclass
14 Members for wrongful use. As described more fully above, Defendant County of Los Angeles’
15 assistance includes but is not limited to:

- 16 a. Permitting Defendant Renovate America to originate financing without
17 reference to the borrowers’ ability to make the semi-annual payments;
- 18 b. Promoting the County’s PACE program and the County’s relationship with
19 Renovate America;
- 20 c. Failing to oversee Defendant Renovate America’s activities or to provide
21 oversight upon learning that financially vulnerable elders are being taken advantage of
22 through Defendant Renovate America’s administration of the PACE program;
- 23 d. Failing to meaningfully evaluate Renovate America’s performance as
24 required by sections 13.2.6 and 8.15 of the Administration Contract. See Ex. F at Ex. A,
25 Statement of Work;
- 26 e. Failing to enforce the provisions of its Administration Contract with
27 Renovate America that require best in class consumer protections and special protections
28 for seniors; and

1 f. Recording PACE liens against Elder Subclass Members.

2 181. The County knew or should have known that the Elder Subclass Members were
3 likely to be harmed by these activities because:

4 g. The Department of Energy and other federal and local agencies made public
5 statements about the potential dangers of implementing a PACE program without an
6 ability to pay analysis;

7 h. The County's Administration Contract required Renovate America to
8 provide best in class consumer protections and special protections for seniors, and the
9 Elder Plaintiffs and members of the Elder Subclass were especially vulnerable to financial
10 abuse, such as by predatory lending;

11 i. Homeowners were unable to negotiate any of the terms and conditions of
12 their Assessment Agreement with the County, such that they were contracts of adhesion
13 with unjustifiably one-sided and harsh terms;

14 j. The Assessment Agreements would be recorded as a first priority lien and
15 encumbrance on the homeowner's property, enforceable by foreclosure if the elder missed
16 a payment; and

17 k. Loans made without regard to ability to pay put Elder Plaintiffs and Sub-
18 Class Members at high risk of foreclosure or substantial loss or encumbrance of property
19 essential to their health and welfare.

20 182. As a result of Renovate America's wrongful acts, the Elder Plaintiffs and the Elder
21 Subclass Members have been deprived of property rights insofar as they have made payments on
22 financing extended without regard to their ability to pay; their homes are encumbered by first-
23 priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County,
24 and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

25 183. The County of Los Angeles has also received "administration" fees from Elder
26 Plaintiffs and the Elder Subclass Members as a result of its activities in collecting PACE Liens
27 and administering the PACE program. On information and belief, the County of Los Angeles will
28 continue to receive additional fees for the life of each PACE Lien. The County's conduct, as

1 alleged herein, constitutes “financial abuse,” as defined in Welfare & Institutions Code section
2 15610.30.

3 184. Under Welfare & Institutions Code section 15657.5, the County is liable for
4 equitable cancellation of the Assessment Agreements and any obligations associated with those
5 agreements, reasonable attorneys’ fees and costs, and all other equitable remedies otherwise
6 provided by law.

7 185. To the extent remedies sought from the County require presentation of a claim
8 pursuant to the Government Claims Act, Plaintiff Senac presented a claim to the County of Los
9 Angeles, Board of Supervisors on behalf of herself and all others similarly situated on September
10 13, 2018, amended October 22, 2018. The County rejected the claim on December 7, 2018.

11 **THIRD CAUSE OF ACTION**

12 **Breach of Contract – Third Party Beneficiary**

13 **[Civil Code Section 1559]**

14 **(By All Classes Against Defendant Renovate America)**

15 186. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
16 they were fully set forth herein.

17 187. The County and Renovate America have a valid contract that has not been
18 rescinded. See Ex. F.

19 188. By the terms of this contract the County allowed Renovate America to administer
20 the County’s PACE program, and obtain fees and interest from property owners who utilize the
21 PACE program, and Renovate America agreed to implement “Consumer Protection Measures” for
22 the County’s property owners, including “best in class” protections against predatory lending and
23 “special protections” for seniors. See Ex. F at Ex. A, Statement of Work § 5.1.

24 189. Plaintiffs and Class Members, as property owners who utilized the PACE program,
25 are express and intended third party beneficiaries of these and the related “Consumer Protection
26 Measures” provisions of the Administration Contract.

27 190. As express and intended beneficiaries, Class Members were entitled to the benefits
28 and protections of these promises.

1 191. Renovate America breached the Administration Contract by, among other things,
2 failing to provide minimum protections against predatory lending, as evidenced by the fact that
3 Renovate America’s underwriting process did not assess the borrower’s ability to repay the loan.

4 192. Renovate America breached other obligations owed to Plaintiffs and Class
5 Members under the Administration Contract, including but not limited to:

6 a. Its promise to provide “special” or “heightened” protection for seniors, such
7 as members of the Elder Subclass;

8 b. Its promise to provide language assistance to non-native English speakers,
9 such as members of the Language Subclass;

10 c. Failing to adequately vet Renovate Registered Contractors so as to prevent
11 them from installing on Plaintiffs’ and Class Members’ property unnecessary, incomplete,
12 or otherwise faulty “improvements;” and

13 d. Failing to screen and monitor its Registered Contractors in accordance with
14 its own policies, and as required by the Administration Contract to protect Class Members
15 from unscrupulous contractors.

16 193. On information and belief, Defendant Renovate America has charged, and will
17 continue to receive, fees and commissions for the life of each PACE Lien, which commissions are
18 paid by homeowners in the form of interest and finance charges.

19 194. Renovate America’s breaches of the Administration Contract have proximately
20 caused damage to Plaintiffs and Class Members. Such damages include, but are not limited to: (a)
21 the loss of funds they have paid in connection with PACE loans, including for fees, interest, and
22 assessment payments, (b) the increased risk of foreclosure, (c) the imposition of barriers to
23 refinancing or obtaining other debt secured by liens on their home, such as home mortgages or
24 reverse mortgages, (d) the reduced value of their homes, and (e) encumbrances that reduce the
25 equity in their homes.

26 195. Plaintiffs and Class Members have been damaged in an amount subject to proof at
27 trial substantially in excess of the jurisdictional minimum of this court but in an amount estimated
28 to be in the hundreds of millions of dollars, given the number of PACE participants, the value of

1 their homes, the total amount of the PACE Liens, and the diminution in values sustained.

2 196. Plaintiffs and Class Members are entitled to the consumer protections included in
3 the Administration Contract for their benefit, through specific performance or other remedies.

4 **FOURTH CAUSE OF ACTION**

5 **Declaratory Relief - Unlawful Contract As A Matter of Law**

6 **[Civil Code Section 1670.5 et seq.]**

7 **(By All Classes Against Defendant County of Los Angeles)**

8 197. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
9 they were fully set forth herein.

10 198. Code of Civil Procedure § 1060 permits any party to seek a declaration or
11 determination of validity of any written instrument.

12 199. Civil Code section 1670.5(a) permits a court to refuse to enforce a contract that was
13 unconscionable at the time it was made.

14 200. The County of Los Angeles requires Plaintiffs and all Class Members to sign an
15 Assessment Agreement, which is subsequently recorded as a lien against the property, and forms
16 the basis for the levy of additional assessments for the duration of the PACE loan term.

17 201. Financing alternatives on comparable terms, including “no money down” for green
18 energy improvements, do not exist.

19 202. The Assessment Agreements are contracts of adhesion between parties of vastly
20 unequal bargaining power.

21 203. Plaintiffs and Class Members are individual homeowners in the County of Los
22 Angeles. The County of Los Angeles is a local government with police powers.

23 204. The Assessment Agreements between the County and the Plaintiffs and Class
24 Members are standardized, uniform, lengthy legal documents where Plaintiffs and Class Members
25 had no opportunity to negotiate any individual term and, thus, form a classic “take-it-or-leave-it”
26 situation.

27 205. The Assessment Agreements were presented to Plaintiffs and Class Members by
28 Renovate Registered Contractors, who had a financial stake in Plaintiffs and Class Members

1 signing up for PACE-financed home improvements.

2 206. The signatures of the Plaintiffs are not on the same page as any part of the
3 Assessment Agreement, nor are the “Exhibits” incorporated by reference identified individually.

4 207. The Assessment Agreements contain surprising terms which are hidden in the
5 middle of the document, with no change in font or format to highlight them, including waiver of
6 all possible claims, but simultaneously, an indemnification clause forcing Plaintiffs and Class
7 Members to pay for any claims they do bring in any way “related” to the subject matter of the
8 Assessment Agreement.

9 208. The waiver provision itself is over one full page and written in “legalese.”

10 209. The waiver also has the unlawful objective of exempting the County and its agents
11 and investors from responsibility for their own fraud, willful injury to person or property, or
12 violations of law, whether willful or negligent, in violation of Civil Code section 1668.

13 210. The terms of the Assessment Agreements are unjustifiably one-sided and create
14 overly harsh results for the Plaintiffs and Class Members, who had unequal bargaining power in
15 the transaction to begin with.

16 211. In exchange for financing (at above-market interest rates), homeowners must agree
17 to a first-priority lien encumbering their property for the loan term, enforceable by foreclosure
18 after one missed payment. The County is fully protected from loss in the event of the
19 homeowner’s non-payment.

20 212. Given this high level of protection for the County and its investors, there is no
21 reasonable justification for obtaining an overbroad waiver from the Plaintiffs and Class Members
22 that prevents Plaintiffs and Class Members from making any claim challenging their assessment
23 obligations or the PACE program generally, even if those claims were to involve intentional tort,
24 fraud, forgery or violations of law by the County or the extensive network of agents it has engaged
25 to administer its PACE program.

26 213. In addition, the County is asking Plaintiffs and Class Members to waive the
27 statutory protection of Civil Code section 1542, which is a statutory consumer protection that
28 exempts future and unknown claims from a general release.

1 221. Civil Code section 1668 makes contracts that, directly or indirectly, exempt a
2 contracting party from responsibility for their own willful or negligent violations of law, against
3 policy of the law.

4 222. The County of Los Angeles, a public entity, elected to create a PACE program to
5 provide financing for home improvements to County homeowners.

6 223. The County made PACE available to any member of the public who met certain
7 minimal standards such as home ownership, and being current on mortgage and tax payments.

8 224. As a condition of obtaining PACE financing, the County of Los Angeles required
9 Plaintiffs and all Class Members to sign a standardized Assessment Agreement, which terms were
10 drafted by the County and PACE participants had no opportunity to negotiate; they could only
11 “take it or leave it.”

12 225. The Assessment Agreement contains an overbroad waiver, riddled with legalese,
13 that insulates the County and its bond purchasers from all consequences of its conduct. This
14 waiver is not limited to ordinary negligence, but purports to exculpate the County from any
15 conduct related to the Assessment Agreements whatsoever.

16 226. The Assessment Agreement also contains an indemnification provision, riddled
17 with legalese, that further requires the Plaintiffs and Class Members to bear the cost to the County
18 and its bond purchasers of any challenge to their conduct, whether that conduct be fraudulent,
19 willful injury to person or property, or a willful or negligent violation of law. The Plaintiffs and
20 Class Members had no control or negotiating power over who the County’s bond purchasers were,
21 or the terms of those investment agreements.

22 227. The Assessment Agreements do not require the County to adhere to even a minimal
23 standard of care in contracting with the Plaintiffs and Class Members, and illegally exculpate the
24 County from compliance with current and future statutory and regulatory violations, whether
25 willful or negligent, as well as insulate them from potential liability for gross negligence and
26 willful injury to person or property.

27 228. As alleged above, and in Count II, the County directly, or by assisting Renovate
28 America and its agents, violated the Elder Abuse Statute, Welfare & Institutions Code sections

1 15600, et seq., in its administration of its PACE program.

2 229. These waiver and indemnification provisions serve only the needs of the County
3 and their bond purchasers and, to the extent they attempt to shield the County for liability for
4 willful or negligent violations of law, are invalid on their face.

5 230. Plaintiffs are entitled to a declaration that the Assessment Agreements are unlawful
6 and unenforceable under Civil Code section 1668. In the alternative, Plaintiffs are entitled to a
7 declaration that the waiver and indemnification provisions of the Assessment Agreements are
8 unlawful and unenforceable under Civil Code section 1668.

9 **SIXTH CAUSE OF ACTION**

10 **Violation of California's Statutory Unfair Competition Law**

11 **[Business & Professions Code Sections 17200 et seq.]**

12 **(By All Classes Against Defendant Renovate America)**

13 231. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
14 they were fully set forth herein.

15 232. Business & Professions Code sections 17200 et seq., also known as California's
16 Unfair Competition Law, prohibits any "unlawful, unfair or fraudulent business act or practice."

17 233. Renovate America has violated, and continues to violate, section 17203's
18 prohibition against engaging in "unlawful" acts or practices by (a) violating Welfare & Institutions
19 Code section 15657.5, as described above.

20 234. Renovate America has violated, and continues to violate, section 17203's
21 prohibition against "unfair" acts or practices by the following acts:

22 a. Breaching its duties to Plaintiffs and Class Members under the
23 Administration Contract;

24 b. Failing to screen and monitor its Registered Contractors in accordance with
25 its own policies, and as required by the Administration Contract to protect Class Members
26 from unscrupulous contractors;

27 c. Allowing Class Members to be victimized by unscrupulous contractors;

28 ///

- 1 d. Charging an above-market rate of interest on PACE Liens and a rate of
2 interest in excess of the risk of return of principal;
- 3 e. Encouraging predatory lending by determining eligibility for PACE without
4 consideration of the Class Member’s ability to repay the PACE Lien;
- 5 f. Failing to adequately monitor PACE applications for suspect or
6 questionable data (e.g., fake email addresses, obviously inaccurate financial information,
7 etc.) so that Plaintiffs and Class Members were not so easily defrauded and taken
8 advantage of;
- 9 g. Failing to adequately vet Renovate Registered Contractors so as to prevent
10 unscrupulous contractors from getting easy access to Plaintiffs’ and Class Members’
11 homes and sensitive personally identifying information (such as social security numbers
12 and financial information);
- 13 h. Encouraging predatory lending by informing its Registered Contractors how
14 much funding Class Members qualified for based on the equity in their home;
- 15 i. Failing to provide assistance in multiple languages, other than and in
16 addition to English, to ensure homeowners understood the terms of their financing;
- 17 j. Failing to adequately inform elder homeowners of the potential risks in
18 taking on a PACE Lien with an existing federally-backed mortgage; and
- 19 k. Facilitating and participating in the County’s use of unlawful contracts.

20 235. As a result of Renovate America’s business acts and practices, Plaintiffs and Class
21 Members have incurred actual financial losses and injuries including first-priority PACE Liens on
22 their homes that require payment and may trigger foreclosure by the County or by pre-existing
23 conventional and reverse mortgage lenders.

24 236. Plaintiffs and Class Members are entitled to an order enjoining Renovate America
25 from continuing to collect excessive fees and interest, to enjoy the benefits of having a “super
26 priority” lien, and to otherwise engage in the acts and practices alleged herein that continue in
27 spite of the program’s end.

28 ///

1 April 2020, *after* the County had issued its order of cancellation.

2 253. The grounds for Mr. Bowen’s refund claim filed with the Assessment Appeals
3 Board each incorporated by reference the First Amended Complaint in the instant action, including
4 allegations that the PACE assessments were illegally assessed or levied, and erroneously or
5 illegally collected.

6 254. In March 2020, the County granted Mr. Bowen’s request for cancellation pursuant
7 to section 4986. His request for refund was refused.

8 255. Mr. Bowen is entitled to recover all of the taxes that were erroneously or illegally
9 collected or illegally assessed or levied pursuant to R&T Code § 5097.

10 256. Mr. Bowen is also entitled to recover, pursuant to R&T Code 5097.2(c), the amount
11 of taxes he paid in excess of the amount due on the property after the County cancelled his PACE
12 assessment.

13 **PRAYER FOR RELIEF**

14 **WHEREFORE**, Plaintiffs and Class Members respectfully request the following and pray
15 for judgment as follows:

16 **As to the First Cause of Action for Financial Elder Abuse Against Renovate America:**

- 17 1. For damages and all other relief authorized by Welfare & Institutions Code section
18 15657.5, including but not limited to punitive and exemplary damages, in an
19 amount according to proof at time of trial;
- 20 2. For treble damages pursuant to Civil Code section 3345;
- 21 3. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions
22 Code section 15657.5(a);

23 **As to the Second Cause of Action for Financial Elder Abuse Against the County:**

- 24 4. For equitable cancellation of the special assessments levied under the PACE
25 program at issue herein and any obligations associated with those agreements;
- 26 5. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions
27 Code section 15657.5(a);

28 ///

1 6. For all other equitable remedies otherwise provided by law;

2 **As to the Third Cause of Action for Breach of Contract Against Renovate America:**

3 7. For damages in the amount suffered as a result of Renovate America's breach of
4 the Administration Contract;

5 8. For specific performance of Renovate America's duties under the Administration
6 Contract;

7 **As to the Fourth Cause of Action for a Declaration that the Assessment Agreements**
8 **are Unlawful Contracts Under Civil Code § 1670.5:**

9 9. That this Court declare and enter an order and judgment that the Assessment
10 Agreement is unconscionable as a matter of law;

11 10. That this Court declare and enter an order refusing to enforce the Assessment
12 Agreement and voiding any obligations of the Plaintiffs and Class Members
13 thereunder, including payment of any future tax obligations associated with the
14 PACE assessment;

15 11. Any other remedy provided under Civil Code section 1670.5;

16 **As to the Fifth Cause of Action for a Declaration that the Assessment Agreements are**
17 **Unlawful Contracts Under Civil Code § 1668:**

18 12. That this Court declare and enter an order and judgment that the Assessment
19 Agreement is against policy of law;

20 13. That this Court declare and enter an order refusing to enforce the Assessment
21 Agreement and voiding any obligations of the Plaintiffs and Class Members
22 thereunder, including payment of any future tax obligations associated with the
23 PACE assessment;

24 14. Any other remedy provided under Civil Code section 1668;

25 **As to the Sixth Cause of Action for Violation of the UCL Against Renovate America:**

26 15. For restitution of all amounts paid in connection with the Los Angeles County
27 PACE program related to the activities of Renovate America as alleged herein;

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16. For all other relief authorized under the Unfair Competition Law, Business & Professions Code section 17200, et seq.;

As to the Seventh Cause of Action of Cancellation of Taxes Against the County:

17. For cancellation of all or any portion of any tax, penalty, or costs, illegally levied or charged on the Plaintiffs and Class Members and quiet title against the lien of any canceled taxes;

As to the Eighth Cause of Action of Declaratory Relief Against All Defendants:

18. A judicial determination of Plaintiffs and Class Members’ rights and interests in their respective properties and with respect to their Assessment Agreements with the County;

As to the Ninth Cause of Action of Refund on Behalf of Allen Bowen in His Individual Capacity Against the County:

19. A judgment for Refund for Mr. Bowen in the amount paid on his PACE assessments, up through and including the 2019-2020 tax year (estimated at \$30,995.22).

As to all Defendants and all Causes of Action:

- 20. For an order that this lawsuit properly may be maintained as a class action and certifying the Class and Subclass claims herein;
- 21. For appropriate injunctive relief;
- 22. An award of reasonable attorneys’ fees and costs pursuant to Code of Civil Procedure section 1021.5; and
- 23. Such other relief at law or equity as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury on all issues so triable.

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1 Dated: August 7, 2020

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EXHIBIT A



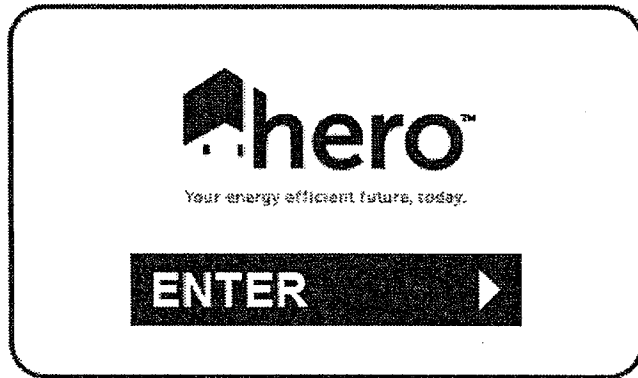
EXHIBIT A

The Los Angeles County Residential Property Assessed Clean Energy (PACE) Program enables homeowners to install energy efficiency, renewable energy and water-saving improvements to their properties without putting any money down! Under PACE, homeowners may work with one of two County-approved program administrators, CaliforniaFirst and HERO, to finance these home improvements.

A unique financing tool, PACE allows LA County to issue a bond to a lender, which secures funding for the installation of energy and water efficiency, and renewable energy projects that are permanently fixed to the property. Homeowners then repay financing annually through an assessment on their property tax bill.

PACE financing enhances home values, lowers homeowners' energy bills, reduces greenhouse gas emissions and creates green jobs.

Find out if your property is eligible for Residential PACE



Frequently Asked Questions

Why should I participate in Los Angeles County's ("LA County") Residential Property Assessed Clean Energy (PACE) Program?

- Stricter underwriting criteria
- Better consumer protections
- Additional foreclosure support
- Lower interest rates and fees
- Access to LA County HERO and CaliforniaFIRST

GENERAL QUESTIONS

1. What is the LA County Residential PACE Program and who are HERO and CaliforniaFIRST?

The LA County Residential Property Assessed Clean Energy (PACE) Program is a financing program sponsored by Los Angeles County for homeowners who want to install energy efficiency, renewable energy and water-saving improvements to their properties. PACE financing enhances home values, lowers homeowners' energy bills, reduces greenhouse gas emissions and creates green jobs stimulating the economy.

A unique financing tool, PACE allows LA County to issue a bond to a lender, which secures funding for the installation of energy projects that are permanently fixed to the property. Homeowners then repay financing annually through an assessment on their property tax bill.

Through a competitive solicitation, Los Angeles County chose two program administrators to operate its Residential PACE Program—HERO and CaliforniaFIRST. Choosing two administrators creates competition and gives homeowners more choices as detailed in Question 3.

Examples of qualifying projects include high efficiency air conditioners and heating systems, windows, cool roofs, insulation, rooftop solar panels and smart irrigation systems, to name a few. For additional information on specific energy measures visit LA County HERO and CaliforniaFIRST program websites.

2. Are all 88 cities within LA County part of the LA County Residential PACE program?

To participate in the LA County Residential PACE Program with HERO and CaliforniaFIRST, a city must pass a resolution to opt in. To date, 87 of 88 cities in Los Angeles County have passed resolutions opting into the LA County PACE Program. A list of participating cities may be found at pace.lacounty.gov. Three other cities are in progress of passing a resolution to participate.

Some LA County cities have opted into additional residential PACE Programs sponsored by entities other than LA County. For those cities that have opted into other programs, such as those run by FigTree and Ygrene, there will be no administrative support provided by the County.

3. What are the benefits of a LA County-sponsored Residential PACE program as opposed to one that is not sponsored by LA County?

Since LA County is sponsoring this program, it has the ability to require the following consumer-friendly measures: stricter underwriting criteria; additional quality assurance/quality control measures; better consumer protections; additional disclosures; services for elderly and non-English speakers; and additional foreclosure support through a reserve fund as described more fully in Question 9. Residential PACE programs offered by others may not have such stringent consumer protections built into them.

4. Why did LA County choose two companies to administer the LA County Residential PACE Program?

LA County chose two Residential PACE program administrators to create competition that will ultimately benefit its residents. If two administrators are competing for LA County residents' business, then they will be driven to offer the best possible product for consumers.

5. How are the LA County HERO and CaliforniaFIRST programs different and how are they the same?

LA County HERO and CaliforniaFIRST Residential PACE programs are different in that they may choose to: market their programs differently; offer different interest rates, fees and financing terms; require more stringent underwriting criteria; provide different timelines for payout; and/or provide different levels and methods of customer service. These are a few of the things that will differentiate the administrators and give consumers the power to make an informed choice about with whom to work to obtain Residential PACE financing. The programs are the same in that LA County will require/provide the following for both administrators: minimum underwriting criteria; the same or very

similar contractual document templates; and certain fixed fees. LA County will also issue PACE bonds—the financial mechanism that facilitates completion of a PACE financing transaction—for both program administrators.

6. Where can I find out more information about LA County’s Residential PACE Program?

To find out more information on LA County’s Residential PACE program (as well as its Commercial PACE program), please visit pace.lacounty.gov. Amongst other things, this website will provide links to both administrator’s external websites (HERO and CaliforniaFIRST).

7. Can a homeowner use any contractor to install products financed through LA County’s Residential PACE program, or does a contractor have to be affiliated with the program administrators?

No. Contractors must be registered with either the LA County HERO or CaliforniaFIRST programs in order to install products eligible for PACE financing. Both LA County HERO and CaliforniaFIRST have many participating contractors. Their contractors are specially trained to help the homeowner through the PACE financing process. To find a participating contractor, visit the **HERO** and **CaliforniaFIRST** program websites.

8. I completed an application for energy upgrades through one of the two Program Administrators (HERO, CaliforniaFIRST) and I want to complain about the Program Administrators. With whom do I file a complaint regarding the Program Administrators?

The homeowner can file a complaint with our Energy Network Call Center by contacting us at our hotline (877) 785-2237, or by email at info@lapace.org.

9. I completed an application for energy upgrades through one of the two Program Administrators (HERO, CaliforniaFIRST) and I want to complain about the Contractor(s). With whom do I file a complaint regarding the Contractor(s)?

A homeowner can contact the Program Administrators to file a complaint about the contractor(s).

HERO: Phone (855) 437-6411, email info@heroprogram.com

CaliforniaFIRST: Phone (844) 589-7953, email info@californiafirst.org

10. Where exactly does my PACE assessment appear on the Annual Secured Property Tax Bill?

If you have been approved for PACE financing and have executed an assessment contract, the annual assessment payments will appear under the Direct Assessment Section of your property tax bill. Some examples of how the assessment will appear are WRCOG Hero, LACEP RES PACE, LACEP RES 2016, LACEP COMM or California Hero to name a few. You can find an example of an annual secured property tax bill at <http://lacountypropertytax.com/portal/bills/annualbill.aspx> and Direct Assessments are number 7 on the bill. If you have a specific

question in regards to your direct assessment, please refer to the telephone number found on your Annual Secured Property Tax Bill.

11. I am interested in financing energy upgrades through PACE. Do I need to finance the total value through PACE, or can I pay some of that in cash?

The PACE program allows participants to pay any portion of their energy upgrades using either cash or a separate financing vehicle, so long as the PACE financing component is equal to at least \$5,000. Participants should keep in mind the increase in annual property taxes that will result from a PACE assessment, and use this figure in determining the amount of energy upgrades that can reasonably be afforded.

12. My mortgage lender pays my annual secured property tax bill, through an impound account. Do I need to inform the mortgage lender of the dollar value of upgrades financed through PACE so they can increase the monthly amount I pay to them?

Yes. Property owners should consult with their lender(s) or mortgage servicer(s) prior to entering into an assessment contract. Entering into an assessment contract without the consent of an existing lender(s) or mortgage servicer(s) may 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 property owners, which could include demand for payment in full or foreclosure.

Additionally, we recommend that property owners share contractual documents with lender(s) or mortgage servicer(s) to determine the appropriate increase for the escrow impound account to render payment for property taxes.

13. Can a lender foreclose on my property if I miss just one installment payment for my annual secured property tax bill?

While assessment bonds in California typically allow for judicial foreclosure following a single missed payment, the County's residential PACE program provides significantly greater protections for its participants. Judicial foreclosure can be initiated by bondholders in the County program only if: 1) a participating homeowner is delinquent for seven months following the second installment due date of February 1st; 2) the homeowner fails to resolve this delinquency within a subsequent 60-day cure period; 3) the cash reserve fund for the County's residential PACE program has been depleted; and 4) the Program Administrator's reserve fund "backstop" has been exhausted. As a result of these conditions, it is unlikely that one missed PACE assessment will trigger a judicial foreclosure and threaten the participant with the loss of their home.

FOR CITIES

14. What is the Los Angeles County Energy Program and how does it relate to LA County's Residential PACE program?

The Los Angeles County Energy Program (LACEP) is the name used in LA County's legal documents to describe both its Residential PACE program and its Commercial PACE program. Cities that have passed resolutions to participate in LA County's PACE program have probably noticed this term on their resolutions. Consequently, all cities that have passed resolutions opting into LACEP are participating in both LA

County's Residential and Commercial PACE Programs. For additional information and a list of participating cities, please visit pace.lacounty.gov.

15. What can a city do to promote Residential PACE?

Cities can promote Residential PACE by providing information to their constituents orally when fielding inquiries, through their respective websites by linking to pace.lacounty.gov, and through programmatic marketing material offered at city-sponsored events such as public meetings, conferences and entertainment venues like summer concert series. Other, more creative methods of supporting PACE include offering expedited permit processing for Residential PACE projects and creating additional incentives that support specific Residential PACE projects. If your city is interested in exploring these more creative approaches, contact LA County's Residential PACE Providers, LA County HERO and CaliforniaFIRST to receive guidance and support.

16. Other Residential PACE providers have approached our city. Should we join their programs too? Also, other PACE providers have claimed that they are included within LA County's program. Is this true?

Each city has the discretion to determine how many Residential PACE providers it will allow to operate in its city. The availability of multiple PACE providers in your city may create confusion in the marketplace. Through participation in LA County's Residential PACE program, cities already have access to two residential PACE providers, LA County HERO and CaliforniaFIRST, which provides numerous benefits to resident homeowners as described in Question 4. At this time, only HERO and CaliforniaFIRST are providers for the LA County Residential PACE Program.

17. Will the LA County Residential PACE program promote itself through a single marketing "brand"?

No. Although LA County's serves as Residential PACE's Program Sponsor, and ensures that certain components are the same for both program administrators (see Question 5 for more information), it has opted to let HERO and CaliforniaFIRST market their own brands to consumers such that consumers can decide for themselves with whom they should work to obtain PACE financing. As discussed above, LA County will provide links to both program administrator's external websites on its website, pace.lacounty.gov.

18. In July 2010, launch of LA County's Residential PACE program was put on hold due to concerns raised by the Federal Housing Finance Authority. Now that LA County is launching Residential PACE, do these FHFA concerns still pose an issue?

In July 2010, the Federal Housing Finance Agency (FHFA) issued a statement that PACE programs present safety and soundness concerns to the mortgage portfolios held by Fannie Mae and Freddie Mac. The concerns were related directly to the priority lien status of the PACE assessments and the associated right of a PACE bondholder to initiate a foreclosure proceeding for non-payment of the PACE assessment and be first in line to receive any payment resulting from the foreclosure process. Despite these objections, several PACE programs continued to operate throughout the country and have not encountered problems with the FHFA. In response to the FHFA objections, the County has developed the County-wide, County-managed, consumer and lender-friendly residential PACE Program that includes a number

of measures to mitigate the potential risks associated with FHFA objections, including a substantial amount of disclosures to property owners on the risks associated with entering into a PACE assessment contract. More information can be found at the following LA County website in the August 12, 2014 and March 3, 2015 Board of Supervisors meetings.

19. What is the history of PACE in California?

In California, the first commercial and residential PACE programs were established in 2008. The residential programs soon encountered a significant hurdle. The Federal Housing Finance Agency (FHFA) was concerned that residential PACE assessments had a lien status superior to that of existing mortgages underwritten by Fannie Mae and Freddie Mac.

Despite these objections, several residential PACE Programs continued to operate, including the Sonoma County Energy Independence Program (SCEIP), the City of Palm Desert's PACE Program and California HERO. None of these programs have met any repercussions from the FHFA, Fannie Mae or Freddie Mac to date.

In an effort to keep residential PACE alive in California, the State, its governor, several residential PACE Program administrators and local governments tried a number of methods to engage the FHFA in a conversation to agree to a solution. Since 2010, a number of developments have been made towards mitigating FHFA's concerns. This includes the implementation a statewide reserve fund created by Governor Jerry Brown, statewide legal validation of several residential PACE programs, additional disclosures to consumers and a variety of consumer protection measures.

As a result of the above measures taken to address FHFA's concern, the positive involvement of the State and Governor Jerry Brown, and the lack of action from FHFA, many cities and counties now have operating residential PACE Programs. To date, thousands of residential PACE assessments have been completed in California indicating millions of dollars of investment by California homeowners in energy efficiency, water efficiency and renewable energy projects saving them money on their utility bills and creating jobs.



EXHIBIT B



County of Los Angeles
INTERNAL SERVICES DEPARTMENT
1100 North Eastern Avenue
Los Angeles, California 90063

Telephone (323) 267-2101
FAX (323) 264-7135

"To enrich lives through effective and caring service"

August 12, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

13 August 12, 2014

Dear Supervisors:

**RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

As your Board instructed on May 20, 2014, the Internal Services Department (ISD) and Treasurer and Tax Collector (TTC) are reporting back to your Board regarding the formation of a residential Property Assessed Clean Energy (PACE) program. Having consulted with County Counsel, the Auditor-Controller and the Chief Executive Office, we are requesting authorization to initiate judicial validation proceedings for residential PACE and to release a Request for Proposals (RFP) for a program administrator to manage the program.

It is the objective of our Departments to establish a countywide program that provides residents with the appropriate consumer protections to pursue their energy efficiency goals. ISD and TTC seek to conclude both judicial validation and the program administrator RFP by early 2015 and to launch a residential PACE program shortly thereafter.

IT IS RECOMMENDED THAT THE BOARD:

1. Adopt a resolution authorizing the execution and delivery of a bond indenture, assessment contract and bond purchase agreement in relation to residential PACE, and authorizing the commencement of a judicial validation action;
2. Authorize ISD to release a new RFP for one or more residential PACE program administrators;

EXHIBIT B

3. Authorize ISD and TTC, in coordination with the Chief Executive Office and County Counsel, to develop a residential PACE program consistent with this Board letter.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

As part of a larger action, on May 20, 2014, your Board instructed ISD and TTC, in coordination with the Acting Auditor-Controller and County Counsel, to take all necessary steps to initiate the judicial validation for the PACE program and return to the Board within 60 days in writing with:

- a. Revised PACE program documents to be considered for judicial validation; and
- b. A discussion on both the risks associated with the ongoing objections by the Federal Housing Finance Agency to the PACE program and what measures can be taken to address those concerns, as well as recommendations as to whether the Board should initiate a new solicitation process to select one or more qualified administrator(s) to facilitate, at no cost to the County, the PACE program based on an analysis that includes an administrative model that is most likely to encourage lower interest rates and fees, and avoid market confusion.

This letter provides a discussion of the PACE judicial validation process, program risks and mitigations, proposed next steps, and solicitation process to select a residential PACE program administrator.

Background

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of Assembly Bill 811 (AB 811). On May 25, 2010, a public hearing was held in which your Board approved the formation and implementation of the Los Angeles County Energy Program (LACEP) and authorized the issuance of PACE bonds to finance private energy improvements. As approved in 2010, LACEP was established for both residential and commercial properties within the County. In July 2010, however, the residential PACE program was placed on hold due to FHFA statements that PACE programs present safety and soundness concerns to the mortgage portfolios held by Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (collectively, the "Federal Mortgage Agencies"). As a result of these statements, the County focused primarily on commercial PACE and began initiating loans for these non-residential properties in 2013.

The concerns that caused the County to halt residential PACE in 2010 were related exclusively to FHFA directives and the priority lien status of PACE assessments relative to federal mortgage contracts. Issues such as a bondholder's right to foreclose and the interest rate associated with PACE assessments were unchanged following the initial FHFA statement and not factor in the decision to discontinue residential PACE. It was the possibility that FHFA would take future adverse actions against PACE jurisdictions that caused the County and other California municipalities to reconsider their residential PACE programs.

Following the initial FHFA statement in July 2010, there have been numerous efforts by PACE stakeholders to seek a reversal of the FHFA position regarding residential PACE. These efforts have been unsuccessful as was most recently demonstrated by a May 1, 2014, letter from the FHFA

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Director to Governor Brown, in which the FHFA largely reiterated its objections from July 2010. Yet despite these ongoing objections from the FHFA, residential PACE programs continue to operate in California and have been successful in attracting property owners to their respective financing programs. In Los Angeles County, this has been evidenced by 41 cities that have elected to join a residential PACE program managed by the Western Riverside Council of Governments (WRCOG).

Risk Mitigation

ISD, TTC and County Counsel have worked jointly to identify and review the issues and risks associated with residential PACE programs. As discussed herein, the best means of addressing these risks is for the County to directly manage a residential PACE program that prioritizes the interests of property owners while minimizing payment defaults to both PACE bondholders and the Federal Mortgage Agencies. The formation of a countywide program would give cities the ability to forego their previous commitments to the WRCOG and participate in a program that is unique to Los Angeles County. Specifically, ISD and TTC seek to establish a residential PACE program that would provide lower fees, expanded disclosure, reduced risk of foreclosure, and the potential for lower interest rates going forward.

As noted above, the FHFA continues to express objections to PACE programs with priority lien assessments, contending that such programs violate the standardized mortgage contract used by lenders. To date, the FHFA has not taken action against existing PACE programs, but it remains an open question whether FHFA will initiate such action in the future. To ensure that potential PACE program participants are aware of the potential risk, any County PACE program will require full disclosure of this issue. The proposed countywide program would also provide flexibility to make programmatic adjustments should the FHFA take any formal action to alter future underwriting practices of the Federal Mortgage Agencies. These issues are discussed in detail later in this document.

The key attributes of a County-managed residential PACE program being recommended by our Departments are as follows:

Issuer Fees Remain in Los Angeles County

The two residential PACE programs most likely to compete for business with cities in Los Angeles County are the HERO Program with WRCOG as the bond issuer and the California First program with California Statewide Communities Development Authority (CSCDA) as the bond issuer. In each of these programs, the issuer of the assessment bonds is an entity that operates outside the boundaries of Los Angeles County. As a result, any fees paid to the issuer may be used for purposes that benefit neither the County nor its residents. Furthermore, it is an outside entity that would enter into the PACE assessment contracts and have responsibility for providing the Auditor-Controller with information regarding the levies to be placed on the tax roll. In a County-managed program, all issuer fees would be used for the exclusive benefit of the residential PACE program and the County itself would be the party entering into the assessment contracts.

Control of Underwriting Criteria

The development of proper underwriting criteria is critical to residential PACE, as this will determine both eligibility standards and the overall credit quality of PACE bonds. The latter is especially important in that it is expected to translate to lower interest rates for participants and a reduced

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delinquency rate for the program. It is the view of ISD and TTC that the maximum loan-to-value ratio for any property should not exceed 90% and the maximum amount of PACE financing for a residence should not exceed 10% of property value. It should be noted, however, that a maximum loan-to-value ratio in excess of 80% could potentially exceed federal underwriting guidelines, thereby causing the County to adjust the maximum loan-to-value ratio. To the extent that any underwriting criteria require tightening at a later date, a County-managed program would give your Board the opportunity to direct such changes.

Management of Foreclosure Risk

In connection with the issuance of PACE bonds, the County will be required to provide a judicial foreclosure covenant that applies to all delinquent assessments. The ability for bondholders to initiate foreclosure proceedings has been an integral credit feature for assessment district and community facilities district (Mello-Roos) financings in California for more than three decades. Our ability to sell PACE bonds without a specific foreclosure covenant is highly uncertain, and even if feasible, would result in much higher borrowing costs for the program. It is therefore recommended that the County retain the right, but not necessarily the obligation, to pursue judicial foreclosure as soon as a property owner becomes delinquent on an annual assessment associated with residential PACE.

Given the foreclosure requirements of assessment district financings, ISD and TTC will require that judicial foreclosure can only be initiated when the reserve fund established for the program is reduced to a level below its funding requirement. The incorporation of a reserve fund test represents a significant departure from existing residential PACE programs and should materially reduce the number of foreclosure proceedings. The reserve fund established by the County will typically be maintained at levels in excess of its initial requirement due to interest earnings that have accumulated during the tax year. These interest earnings can be used to offset any reduction in assessment revenue that might result in a draw on the reserve fund. In addition, the County will have the ability to supplement the reserve fund from other funding sources should this be necessary in order to avoid a foreclosure judgment. For example, the County could choose to defer certain administrative costs and use these monies as an additional means of meeting the minimum reserve requirement.

It is the expectation of ISD and TTC that foreclosures will be significantly less common for residential PACE than has been the case with prior assessment districts. Unlike other assessment district financings, residential PACE is completely voluntary and individual property owners will have to meet minimum credit requirements before being approved for participation. Furthermore, the County will have the discretion to pursue the larger delinquencies first and not to foreclose on every delinquency that contributes to a draw on the reserve fund. The County will also limit bondholders to collecting on those amounts associated with delinquent PACE assessments and will not allow for the acceleration of future assessment amounts.

Bond Securitization Oversight

The most important means to reduce interest rates for a residential PACE program is the ability to package large numbers of assessments into a single security and sell it in the capital markets. This securitization process would enable the program to achieve economies of scale and would provide investors with a liquid security instrument that can be bought and sold in the secondary bond market.

It is expected that a securitization of PACE assessments could be sold in today's market for as much as 300 basis points (3.0%) less than the interest rates being charged on typical PACE assessments in California. In a County-managed program, TTC would provide direct oversight of all bond securitizations and would operate with a mandate to maximize savings for future participants in the program. It will be a requirement of the County program that the "spread" between interest rates on the securitization and the PACE assessments be shared equitably among the program administrator, financing intermediary, and County residents participating in residential PACE.

Lower Interest Rates

It is a legal requirement that all PACE bonds be issued on a taxable basis and not as tax-exempt securities. As a result, the interest rates on PACE assessments will be substantially higher than what could be achieved by the County in the tax-exempt municipal market. It is TTC's expectation that borrowing costs for residential PACE participants will also be materially higher than comparable rates on both home equity lines of credit and home equity loans. With the experience of the WRCOG program in Riverside County as a guide, a typical \$20,000 PACE assessment would currently carry an all-in borrowing cost of approximately 10%-11%. (Borrowing cost of a PACE assessment does not take into account the ability of certain property owners to deduct the interest component of these assessments on their income tax returns. Individuals participating in a residential PACE program should consult with a tax professional regarding the permissibility of such deductions.)

If a 20-year repayment period is assumed for such borrowings, the impact on the average household in Los Angeles County would be as follows:

Median Home Price	Property Tax @ 1.25%	PACE Assessment	Total Annual Property Tax Bill
\$435,000	\$5,437.50	\$2,350.00	\$7,787.50

The objective of a County-managed program will be to reduce interest rates as much as possible and to offer a lower borrowing cost than could be achieved in a PACE program not managed by the County. This goal can be accomplished through TTC's involvement in the bond securitization process and the County's authority to manage administrative costs for the program.

FHFA Risk Management

In a County-managed program, there will be an emphasis on providing full disclosure on all risks associated with the FHFA objections to residential PACE. While such disclosures are also an important element of the current HERO and California First programs, the County would better be able to control the form and content of the disclosure with its own program. More importantly, a countywide program would give your Board the flexibility to immediately halt all residential PACE activity should the Federal Mortgage Agencies take action to change underwriting standards or seek acceleration of mortgage payments as a result of PACE assessments. The ability to make adjustments to a residential PACE program does not alleviate all risk associated with the FHFA objections, but it does provide an added level of protection for County residents.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Community Support and Responsiveness. The residential PACE program will provide an economic benefit to County residents and property owners, and supports the County's strategic initiative related to environmentally sustainable

practices, which include energy and water conservation and the reduction of greenhouse gas emissions.

FISCAL IMPACT/FINANCING

The fiscal impact of a residential PACE program is expected to be minimal as program administrator services are to be provided at no cost to the County and any legal and financial costs of issuance will be reimbursed through the PACE assessments. The only net County cost that may be associated with a County program is in relation to staff time in certain County departments. While much of the infrastructure already exists within the County to manage a residential PACE program, there is the possibility of new staffing requirements for ISD, TTC and potentially one or more other departments. The specific staffing needs will not be known until after a program administrator has been selected for residential PACE and a scope of work has been developed for their services. It is the current expectation that only two new budgeted positions would be required countywide, and that these positions would not be necessary prior to Fiscal Year 2015-16. A specific recommendation regarding additional staffing will be presented to your Board following the conclusion of the program administrator RFP.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In its July 2010 letter regarding residential PACE programs, the FHFA asserted that PACE assessments violated the terms of the uniform security instrument utilized in mortgage contracts purchased by the Federal Mortgage Agencies. This assertion has been reviewed by County Counsel and found to be accurate with respect to the uniform security instrument used in the majority of mortgage contracts within California. It is estimated that upwards of 80% of all new mortgages in California are "conforming loans" eligible for purchase by the Federal Mortgage Agencies and include terms and conditions specifically aligned with the uniform security instrument referenced by the FHFA.

The three principal actions that FHFA could initiate as a result of a municipality entering into a residential PACE program are as follows:

1. Require that PACE assessments be paid in full at the time of sale or refinancing;
2. Tighten underwriting criteria in jurisdictions that allow for residential PACE;
3. Require that the Federal Mortgage Agencies cease purchasing mortgages in residential PACE jurisdictions.

With respect to the requirement that no PACE assessments remain outstanding at the time of sale or refinancing, ISD and TTC would manage this risk through clear and overt disclosure language in every PACE application and assessment contract. Given the experience of the WRCOG program in Riverside County, it is not expected that this restriction on new mortgage contracts would have a significant impact on participation in a County program. In terms of the second and third actions referenced above, there has been no evidence to date that either FHFA or the Federal Mortgage Agencies would initiate such measures. If, however, this practice were to change and either of these two policies were pursued by FHFA, it would be the recommendation of both ISD and TTC that residential PACE be discontinued immediately within the County. A residential PACE program would not be viable if there were a negative impact on those property owners who have no involvement

10/12/2014

with PACE except to live in an area that allows for such financings.

In seeking to identify other potential consequences associated with a violation of the standard mortgage contract, County Counsel determined that the Federal Mortgage Agencies would likely have the ability to declare an event of default under the uniform security instrument as a result of PACE assessments. To the extent that the Federal Mortgage Agencies sought to remedy this default, they would then have a contractual right to accelerate the mortgage and require payment of the entire loan balance outstanding. If the property owner were neither able to cure the default through full payment of the PACE assessment nor the mortgage contract, the Federal Mortgage Agency could initiate foreclosure proceedings under the terms of the uniform security instrument. The possibility of FHFA recommending such actions on the part of the Federal Mortgage Agencies is considered unlikely and has never been put forth as a potential response to residential PACE programs.

The potential conflict with FHFA over the terms of the federal uniform security instrument is a risk inherent in any new residential PACE program. It is the view of ISD and TTC that such risk can be fully eliminated only through federal legislation or a change in the terms and conditions of the uniform security instrument utilized in California. By initiating a residential PACE program, the County is making a determination that the risk associated with current FHFA statements is manageable and should not threaten property owners within Los Angeles County. ISD, TTC and County Counsel will continue to monitor the actions of both FHFA and the Federal Mortgage Agencies, and will keep your Board apprised of any new developments. To the extent there is an opportunity to address these risks through discussions with FHFA, our Departments will work with the Chief Executive Office to pursue such options.

Judicial Validation

In accordance with Section 5989.30 of the California Streets and Highways Code, as amended by AB811, the levy and collection of assessments pursuant to residential PACE are valid under existing law and provide for the priority status of the assessment lien. Under the direction of County Counsel, the County will further confirm such validity by initiating a judicial validation proceeding with respect to the financing documents attached to this Board Letter. A final, non-appealable judgment by the Los Angeles County Superior Court regarding the validity of PACE assessments, and the priority status of the ensuing liens, is of great importance to potential investors and will assist with the pricing of future PACE bonds. It is important to note that the bond indenture, assessment contract and bond purchase agreement to be included with the judicial validation have each been modified from the form originally submitted to your Board in May 2010. They are now largely comparable to the documents utilized in the HERO and California First programs, which have each had successful outcomes to their judicial validations. It is anticipated that the County's validation proceedings will take approximately 90-180 days to complete.

Program Administrator RFP

The daily oversight of a residential PACE program will be the responsibility of a program administrator to be selected by ISD following the completion of an RFP process. It is expected that the RFP will be released immediately following your Board's approval of the recommendations contained in this Board Letter. While the RFP will allow for the selection of one or more program administrators to manage residential PACE within the County, there may be several advantages to selecting just a single administrator. Among these advantages are a simplified marketing effort,

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reduced administrative burden and staffing needs, and a more streamlined process for bond

securitization. Regarding the latter point, it is TTC's view that the bond securitization process will be more efficient with a single program administrator that can aggregate PACE assessments into a standardized security instrument that remains uniform throughout the County. Due to the limited number of qualified firms, it is expected that the RFP process can be completed in 90 to 180 days. As part of the minimum requirement for the RFP, all proposers will be required to provide their services at no cost to the County as well as provide various indemnifications regarding the risks associated with FHFA and the Federal Mortgage Agencies.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

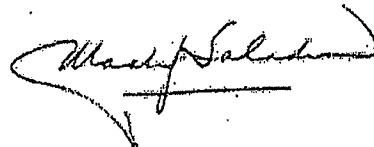
CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return one stamped copy of the approved Board Letter to the Director of ISD and another to the Treasurer and Tax Collector.

Respectfully submitted,



JIM JONES
Director



MARK J. SALADINO
Treasurer and Tax Collector

JJ:MJS:sg

Enclosures

c: Executive Officer, Board of Supervisors
Chief Executive Officer
County Counsel
Auditor-Controller

10/07/2014

EXHIBIT C

America's Fastest-Growing Loan Category Has Eerie Echoes of Subprime Crisis

wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of-subprime-crisis-1484060984

January 10, 2017



Cindi Ventura helps her mother out of the San Jose, Calif., house where they live. They got a PACE loan for \$16,732 after eroded sewer pipes caused a flood. Photo: Preston Gannaway for The Wall Street Journal

By

Updated Jan. 10, 2017 2:41 p.m. ET

Deanna White told a contractor she couldn't afford the \$42,200 loan he recommended for improvements to her house in Inglewood, Calif. The contractor, she recalled, said she wouldn't be on the hook because the loan was part of a "government program." She applied and was approved.

Two years later, Ms. White is struggling to make payments on the loan, which was packaged with more than 10,000 similar loans into bonds and sold to investors. Under its terms, Ms. White's five-bedroom house could be foreclosed on if she defaults.

Her loan is part of a booming corner of the lending industry called Property Assessed Clean Energy, or PACE. Such loans, set up by local governments across the U.S., are designed to encourage homeowners to buy energy-efficient solar panels, window insulation and air-conditioning units.

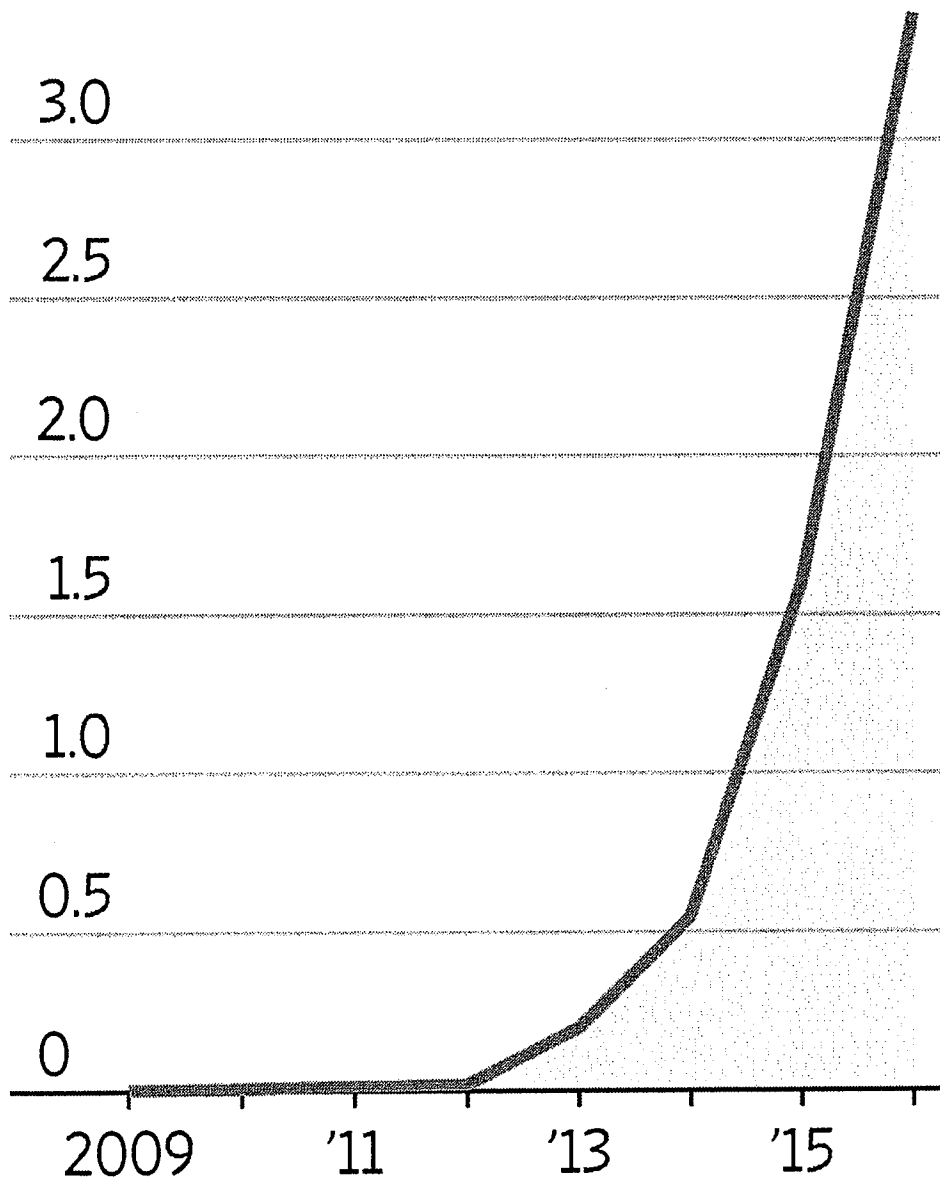
About \$3.4 billion has been lent so far for residential projects, and industry executives predict the total will double within the next year. That would likely rank PACE loans as the fastest-growing type of financing in the U.S.

As the loans spread, so do problems that echo the subprime mortgage crisis. Plumbers and repairmen essentially function as loan brokers but have scant training and oversight. They often pitch PACE loans to help land contracting jobs and earn referral fees from lenders, according to loan documents and more than two dozen borrowers, industry executives and employees.

Home Improvement

Cumulative PACE financing for residential projects

\$3.5 billion **2016: \$3.4 billion***



*Through Dec. 20

Source: PACENation

THE WALL STREET JOURNAL.

Creditworthiness matters little to lenders, because loans are based on the value of a homeowner's property. PACE loans typically require no down payment, and the debt is added to property-tax bills as an assessment. Ms. White's annual property taxes soared to \$6,500 from \$1,215.

Loan growth is fueled partly by investor appetite for bonds created from PACE loans, especially among mutual funds and insurers. Investors like the bonds' relatively high payouts, environmentally friendly reputation and lofty credit ratings. On the other hand, rating firms have said there aren't enough historical data on PACE loans to forecast potential defaults.

Some local governments that embraced the loans as a way to bring clean energy to the masses didn't anticipate the messy consequences.

"We wanted to put ourselves in the thick of this," says Rick Bishop, executive director of the Western Riverside Council of Governments, a group of city and county governments in California that helps run the largest PACE program. "The downside is now we hear about these stories from people who feel like they've been misinformed in some fashion."

The government group tries to resolve problems for borrowers. Riverside County, Calif., has opened an investigation into marketing practices for PACE loans, and California Gov. Jerry Brown signed into law in September new requirements establishing uniform disclosures for PACE loans, an effort to make lending terms closer to those for mortgages. Homeowners who get a PACE loan now have three days to back out.

The largest PACE lender, Renovate America Inc., is accused in three lawsuits filed in November by borrowers of double-charging interest and administrative fees and failing to immediately credit loan payments. The suits seek class-action status. The company denies the allegations and says it will "defend PACE, our company and the program vigorously."

In November, the Energy Department urged administrators of the loan programs to clearly explain loan costs and other terms, allow borrowers to cancel their loan during a short period and deter kickbacks to contractors.

Industry executives say most borrowers are satisfied with their loans and defaults are rare.

Lenders are working with consumer groups to create nationwide standards "to prevent things that wouldn't benefit consumers," says JP McNeill, Renovate America's founder and chief executive.

The growing pains are largely the result of the industry's young age, the executives say. The first PACE program was started in 2007 by Cisco DeVries, then chief of staff to the mayor of Berkeley, Calif.



Cisco DeVries, center, at the Cities for Tomorrow conference in New York in July 2015, calls himself a 'capitalist hippie' and is chief executive of clean-energy company Renew Financial Group. Photo: Larry Busacca/Getty Images

Thirty-four states and Washington, D.C., have passed legislation allowing the creation of PACE programs, according to PACENation, an industry trade group in Pleasantville, N.Y.

Mr. DeVries, who calls himself a "capitalist hippie" and now is chief executive of Renew Financial Group LLC, a clean-energy finance company in Oakland, Calif., says he is "really proud of what we've accomplished." He adds: "We set out to help people save money and save energy, and it's under way."

The industry could get a new growth spurt from a July decision by the Department of Housing and Urban Development to allow the Federal Housing Administration to purchase mortgages on homes with PACE loans.

PACE loans range in size from about \$5,000 to more than \$100,000, with an average of about \$25,000, and charge interest rates of 6% to 9% over a repayment period of usually five to 25 years.

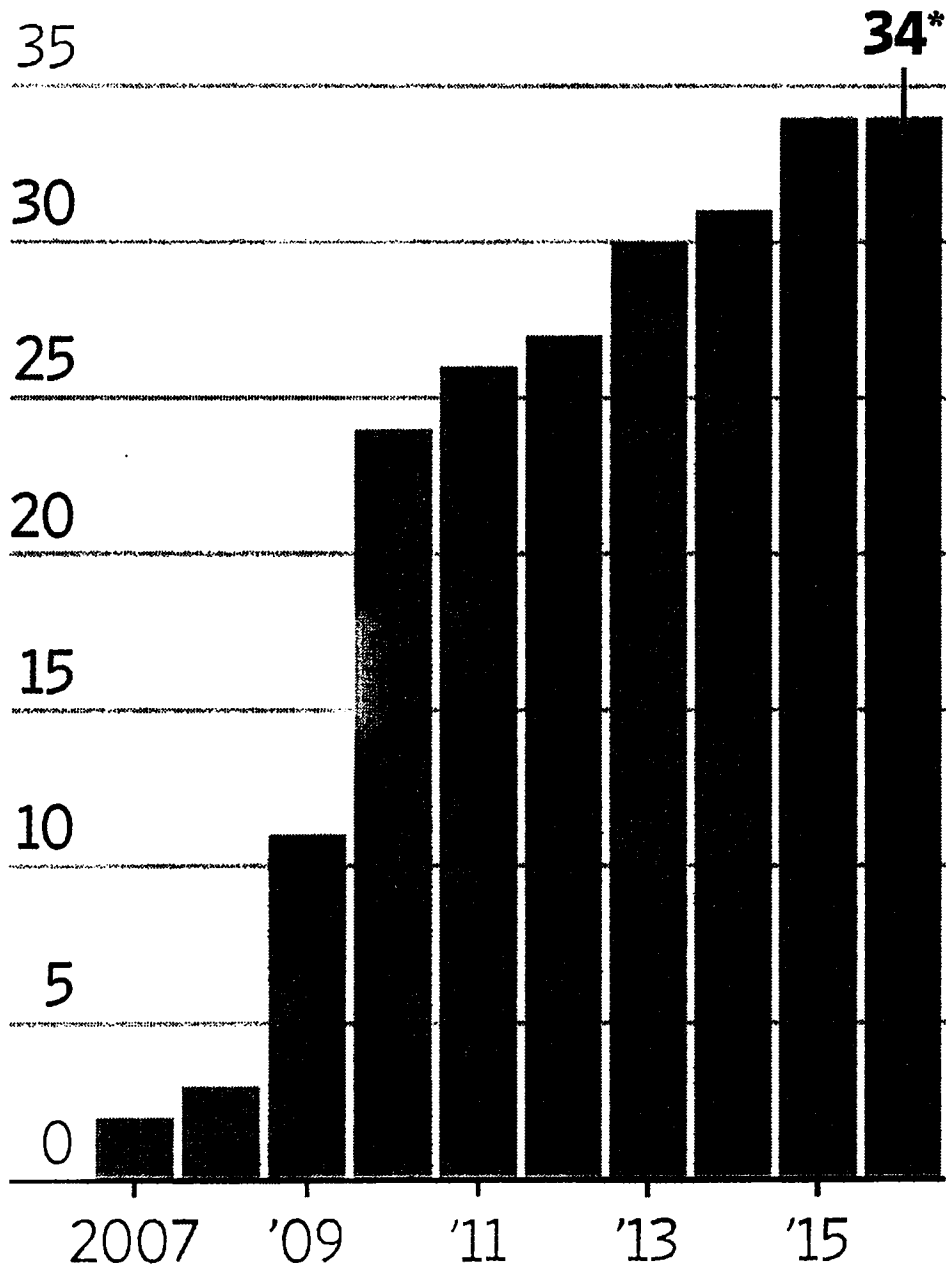
Instead of making monthly mortgage payments, PACE borrowers pay what they owe once or twice a year along with their property taxes. Cities and counties collect the loan payments and pass along the money to lenders.

Local governments collect fees from finance companies. In the fiscal year that ended June 30, the Western Riverside Council of Governments collected revenue of \$7.1 million, or about 15% of its budget, from the PACE program.

Another quirk of PACE loans is that the debt usually goes to the front of the line, ahead of the homeowner's mortgage. Like a typical tax assessment, that means if a homeowner defaults on the PACE loan, the property can be seized as collateral and sold to repay the lender.

Across the U.S.

Number of states with PACE legislation



*As of Dec. 20

Source: PACENation

THE WALL STREET JOURNAL.

That setup puts local governments in the awkward position of potentially foreclosing on their constituents. If that happens and the house turns out to be worth less than the amount owed by the homeowner, other taxpayers could be stuck with a loss on the difference. So far, that hasn't happened.

Some investors say the extensive involvement in PACE loans by governments across the country amounts to an implicit financial backstop. The belief that governments stand behind the loans is a major reason why investors are attracted to the bond deals, according to investors.

"There is such big national and state backing," says Mike Warmuth, portfolio management vice president at FBL Financial Group Inc., the owner of Farm Bureau Life Insurance Co. in West Des Moines, Iowa. The insurer owned \$22 million of PACE bonds at the end of September.

Mr. Warmuth says the insurer's broker suggested the bonds, which generally yield about 4%. He says he isn't aware of any underwriting deficiencies with the loans, adding that Farm Bureau only had access to aggregate loan data before buying the bonds.

Defaults on loans in PACE bond deals overall have been less than 1%, according to Kroll Bond Rating Agency Inc. Cecil Smart, a senior director at the ratings firm, says the bond deals are structured so that lenders bear the brunt of any losses, rather than investors.

Germany's Deutsche Bank AG is one of the largest packagers of PACE loans into securities and led a \$284 million deal in mid-December, which drew far more investor demand than expected. The bank is aware of problems stemming from the role of contractors, says a person familiar with the matter.

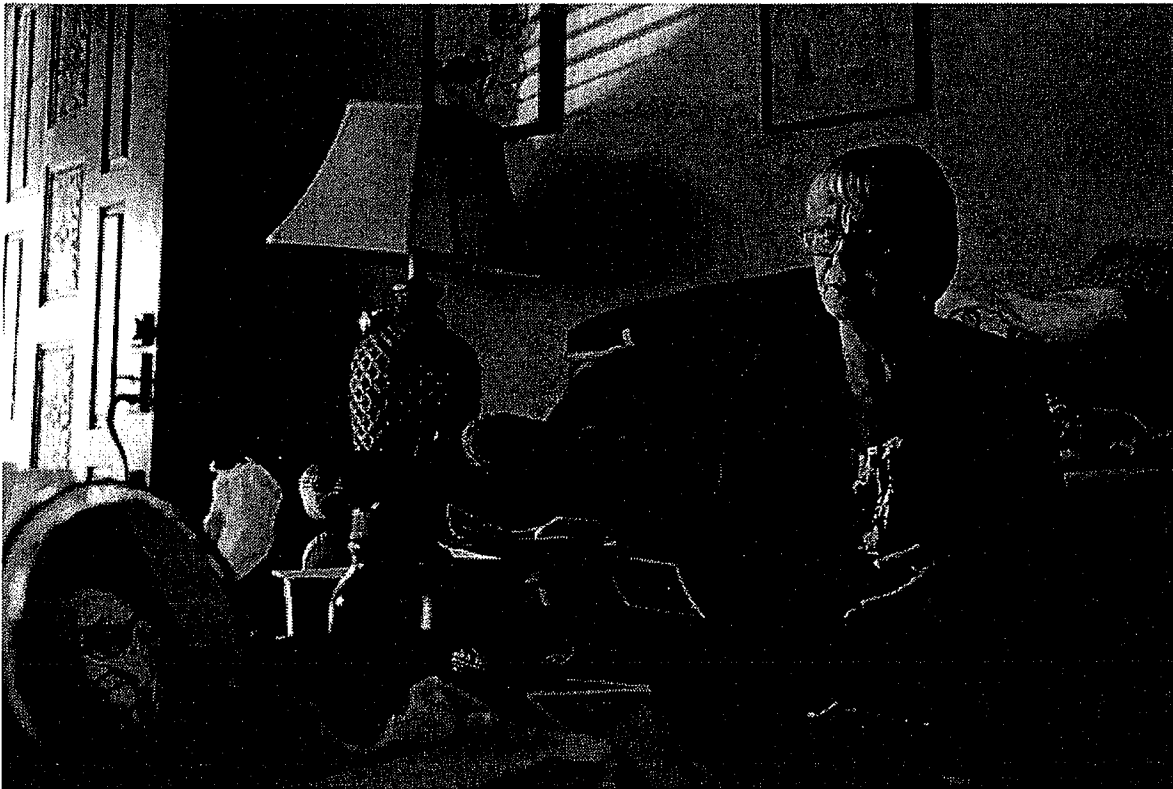
Contractors often line up loans while on house calls and can earn a referral fee of at least \$500 per borrower, according to current and former employees. The loans also are marketed at county fairs and by cold calling, borrowers say.

Renovate America uses about 8,000 contractors to help line up loans, according to bond documents. Those contractors are overseen by 23 employees at the San Diego company.

The company says it recently put in place a more-stringent contractor management program. Renovate America says only about 200 contractors are actively arranging PACE loans.

Cindi Ventura, 65 years old, says she was urged last summer by her plumber to apply for a PACE loan after sewer pipes eroded underneath her three-bedroom house in San Jose, flooding the property. She said she had recently filed for personal bankruptcy, didn't have the money to make all the repairs and couldn't qualify for a home-equity line of credit.

She and her mother, 83, received a \$16,732 loan for five years from Ygrene Energy Fund Inc. with a 6.5% interest rate. Ygrene ("energy" spelled backward), based in Santa Rosa, Calif., is the second-largest provider of PACE financing in the country, based on loan volume.



Cindi Ventura helps her mother sort old family photographs. She says she was confused about terms of their PACE loan because it was called an assessment. Photo: Preston Gannaway for The Wall Street Journal

Ms. Ventura, a receptionist, says she was confused about the loan's terms because it was called an assessment. She says she called and emailed Ygrene several times with questions about her loan documents and never heard back. "I still don't really understand what the program is," she says.

Louis Lalonde, chief marketing officer of Ygrene, says company representatives had a call with Ms. Ventura and her mother to answer all their questions before the loan was signed. He says he has no record of any further attempts to contact them.

The 3,200 contractors who drum up business for Ygrene are regularly screened for compliance with contractor licensing requirements and receive training before they are allowed to pitch loans to homeowners, he adds.

Malcolm Scott, 61, was planning to pay in cash the \$34,000 it would cost for a new air-conditioning unit, furnace and other improvements at his house in Woodland Hills, Calif. His contractor suggested applying for a PACE loan.

Mr. Scott was surprised to find out less than 24 hours later that he had been approved for \$94,000. Renovate America says he qualified for the larger loan based on the amount of equity in his house. He decided to borrow just the \$34,000.

Michael Gardner, who runs Mediterranean Heating & Air Conditioning, which lined up the loan, says he has been recommending loans for about two years and got "an hour or two" of online training from Renovate America.

4/4/2018

America's Fastest-Growing Loan Category Has Eerie Echoes of Subprime Crisis - WSJ

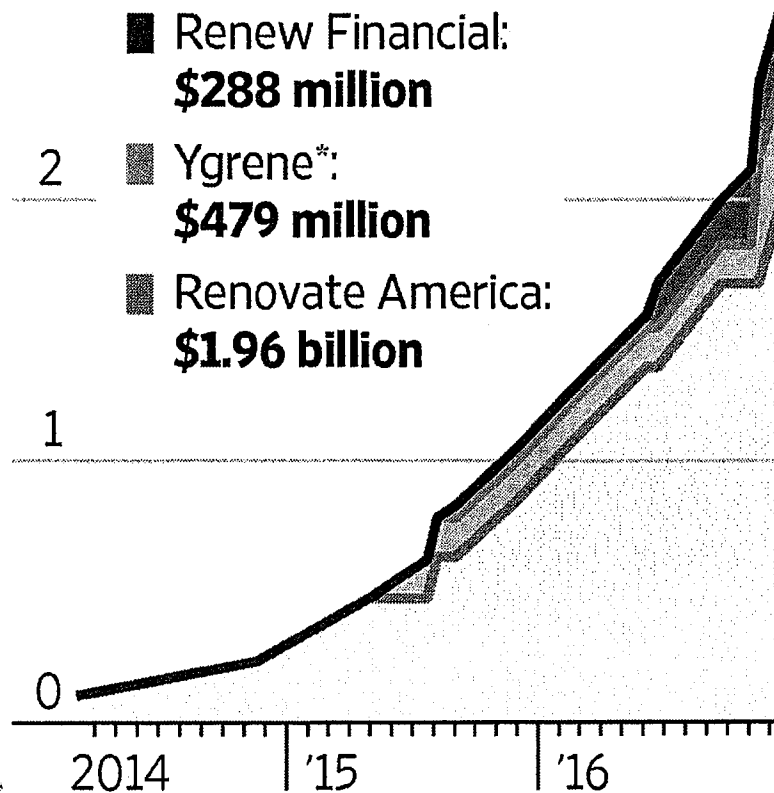
The program "is real nice because there are no FICO score requirements or anything like that," says Mr. Gardner.

Hungry Investors

The growth of PACE loans has been fueled partly by investor appetite for bonds created from the loans.

Cumulative securitization of residential PACE loans* by dollars funded

\$3 billion



Note: Through Dec. 15

*Ygrene includes some commercial loans.

Source: PACENation

THE WALL STREET JOURNAL.

Some lenders have taken steps to strengthen underwriting practices, make loan documents more transparent and boost contractor oversight. Renovate America now requires in-house representatives to speak with a borrower by phone—outside of the room and away from the contractor—before signing a homeowner up for a PACE loan.

Renovate America, which is backed by nine private-equity and venture-capital firms, says it has spent the last several months working with consumer groups and regulators to come up with national lending standards for PACE. The new standards could include a year with no payments for borrowers who are suffering from an economic hardship.

"At the end of the day, PACE is an unregulated industry, and it's just a matter of time before we get regulated," says Mr. Lalonde of Ygrene.

Phil Adleson, a lawyer in San Jose, Calif., who represents borrowers, says PACE is "a very great idea implemented in a dangerous fashion."

Ms. White, the borrower in Inglewood, a neighborhood in Los Angeles County, says a contractor from a company named the House Next Door told her in late 2014 not to worry that she couldn't afford the \$42,200 loan because "it wouldn't be coming out of my pocket."

The company says no one there would ever describe PACE loans like that and says Renovate America has held weekly training sessions for its contractors for "more than a year."

Ms. White says the contractor finished the drought-resistant landscaping at her house only after being contacted by a Journal reporter. Renovate America says the contractor has been "under suspension" for the past several weeks.

Her loan went into a pool of 11,282 PACE loans that are collateral on bonds issued by the Western Riverside Council of Governments. Deutsche Bank packaged the bonds into a \$240 million deal called "HERO Funding Trust 2015-1." Kroll gave it a AA rating, the firm's third-highest.

According to the latest available figures, fewer than 70 of the underlying PACE loans have defaulted, and Kroll said the transaction "has performed as projected."

Ms. White's next loan payment is due in April. She says she doesn't know how she will be able to pay it.

Write to Kirsten Grind at kirsten.grind@wsj.com

Appeared in the January 11, 2017, print edition as 'NEW LOANS, Same old Dangers.'

EXHIBIT D

A RESOLUTION OF THE BOARD OF SUPERVISORS
AUTHORIZING THE ESTABLISHMENT OF A SPECIAL
FUND FOR THE LOS ANGELES COUNTY ENERGY
PROGRAM, THE ISSUANCE AND SALE OF BONDS AND
THE EXECUTION AND DELIVERY OF CERTAIN
DOCUMENTS IN CONNECTION WITH THE LOS ANGELES
COUNTY ENERGY PROGRAM, AND AUTHORIZING A
VALIDATION ACTION AND CERTAIN ACTIONS RELATED
THERETO

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), previously approved a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution (the "Resolution Establishing the LACEP") which, among other things, authorized the establishment of the Los Angeles County Energy Program (the "LACEP") to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners (the "Property Owners") pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the County desires to finance the disbursement of amounts pursuant to the Assessment Contracts through the issuance of contractual assessment limited obligation improvement bonds (the "County Assessment Bonds") from time to time in one or more series under and pursuant to the Contractual Assessment Law and The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the "1915 Act"); and

WHEREAS, the Los Angeles County Public Works Financing Authority (the "Authority") may, in accordance with Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (as amended, the "JPA Act"), issue revenue bonds for the purpose of providing financial assistance to its contracting parties, including through the acquisition of County Assessment Bonds; and

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WHEREAS, the County Assessment Bonds may be sold by a negotiated sale or by competitive bid or acquired by the Authority in accordance with the JPA Act, all as may be determined as being in the best interests of the County; and

WHEREAS, the County also desires to finance the disbursement of amounts pursuant to the Assessment Contracts through the execution and delivery of one or more Loan Agreements (each, a "Loan Agreement") with the Authority; and

WHEREAS, the Authority may fund loans under the Loan Agreements (the "Loans") with proceeds of revenue bonds to be issued by the Authority pursuant to the JPA Act; and

WHEREAS, the Board of Directors (the "Board of Directors") of the Authority will approve a resolution (the "Authority Resolution") authorizing the issuance of its Los Angeles County Energy Program Contractual Assessment Revenue Bonds (the "Authority Revenue Bonds" and, together with the County Assessment Bonds, the "Bonds") from time to time in one or more series for the purpose of acquiring County Assessment Bonds or funding Loans to the County, as applicable, in each case to finance disbursements to free and willing property owners to finance the Improvements pursuant to LACEP and the Assessment Contracts; and

WHEREAS, in furtherance of LACEP and in order to effect the issuance and administration of the Bonds and any other evidence of indebtedness relating to LACEP, the County desires to establish a special fund to be held by the County called the "Energy Fund"; and

WHEREAS, in order to effect the issuance of the Bonds, the County desires to approve the form of and authorize the execution and delivery of the following documents, the forms of which are on file with the Clerk of the Board of Supervisors (the "Clerk of the Board of Supervisors"):

(1) an indenture (the "County Indenture") by and among the County, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder, pursuant to which the County will issue one or more series of County Assessment Bonds;

(2) an indenture (the "Marks-Roos Indenture") by and among the Authority, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder, pursuant to which the Authority will issue one or more series of Authority Revenue Bonds, the proceeds of which will be used to acquire County Assessment Bonds;

(3) a Loan Agreement by and between the County and the Authority pursuant to which the Authority agrees to lend to the County proceeds of certain Authority Revenue Bonds to finance Improvements under the Assessment Contracts; and

(4) an indenture (the "Authority Indenture" and, together with the County Indenture and the Marks-Roos Indenture, the "Indentures") by and among the Authority, the County, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder, pursuant to which the Authority will issue

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one or more series of Authority Revenue Bonds, the proceeds of which will be used to finance Loans under the Loan Agreements; and

WHEREAS, the Board of Supervisors desires to provide for the issuance of additional County Assessment Bonds and additional Authority Revenue Bonds (collectively the "Additional Bonds") from time to time in one or more series under the County Indenture, the Marks-Roos Indenture, the Authority Indenture or any other instrument for the issuance of evidences of indebtedness secured by contractual assessments or secured by debt obligations that are in turn secured by contractual assessments (the "Additional Issuance Instruments") and the authorization of any attendant issuance documents in connection with such issuance; and

WHEREAS, the Board of Supervisors desires to cause the filing of an action to determine the validity of the Assessments, the Assessment Contracts, the Indentures, the Bonds, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Resolution Establishing the LACEP, the Authority Resolution, the Loans and the Loan Agreements, and the actions proposed to be taken in connection therewith;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The recitals set forth hereinabove are true and correct in all respects. The Board of Supervisors hereby finds and declares that the issuance of the Bonds in one or more series and the other actions contemplated by this Resolution are in the best interests of the County.

Section 2. Energy Fund. The Board of Supervisors hereby establishes a special fund to be held in trust by the County called the "Energy Fund" and a fund within the Energy Fund called the "Program Expense Fund." Moneys in the Energy Fund and the funds and accounts therein shall be used and disbursed for the purpose of funding the Loans and administering LACEP. The Energy Fund may be subdivided into funds, accounts and sub-accounts as necessary or desirable for the administration of funds as contemplated in connection with issuance of one or more series of Bonds.

Section 3. Approval of the Bonds. The County hereby approves the initial issuance of the County Assessment Bonds in an aggregate principal amount of not to exceed \$100,000,000 for the purpose of funding LACEP; provided that the County Assessment Bonds shall have a final maturity of not to exceed 39 years from the second day of September next succeeding 12 months from their date of issuance and a true interest cost (including any bond insurance premiums, if any, and any reserve surety premiums, if any) not greater than the maximum rate of interest pursuant to applicable law; and provided, further, that the discount on the purchase price of the County Assessment Bonds to the underwriter for the County Assessment Bonds, if any, excluding original issue discount shall not exceed 2.0% of the aggregate principal amount of the County Assessment Bonds. The County Assessment Bonds may be sold by a negotiated sale or by competitive bid or acquired by the Authority in accordance with the JPA Act, all as may be determined as being in the best interests of the County, and the County Assessment Bonds may be secured or payable by a bank line of credit, letter of credit or other instrument, all as may be determined by either the Chief Executive

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Officer or the Treasurer and Tax Collector of the County for and in the name and on behalf of the County.

The County hereby approves the initial issuance by the Authority of the Authority Revenue Bonds in an aggregate principal amount of not to exceed \$100,000,000 for the purpose of funding LACEP; provided that the Authority Revenue Bonds shall have a final maturity of not to exceed 39 years from the second day of September next succeeding 12 months from their date of issuance and a true interest cost (including any bond insurance premiums, if any, and any reserve surety premiums, if any) not greater than the maximum rate of interest pursuant to applicable law; and provided, further, that the discount on the purchase price of the Authority Revenue Bonds to the underwriter for the Authority Revenue Bonds, if any, excluding original issue discount shall not exceed 2.0% of the aggregate principal amount of the Authority Revenue Bonds. The Authority Revenue Bonds may be sold by a negotiated sale or by competitive bid and the Authority Revenue Bonds may be secured or payable by a bank line of credit, letter of credit or other instrument, all as may be determined by either the Chief Executive Officer or the Treasurer and Tax Collector of the County for and in the name and on behalf of the County.

Pursuant to the Marks-Roos Local Bond Pooling Act of 1985, the County hereby finds and determines that the issuance of the Authority Revenue Bonds will result in significant public benefits to the citizens of the County within the contemplation of Section 6586 of the Marks-Roos Local Bond Pooling Act of 1985.

Section 4. Loan Agreement. The form of the Loan Agreement by and between the County and the Authority, in the form presented at this meeting and on file with the Clerk of the Board of Supervisors, is hereby approved. Each of the Chair of the Board of Supervisors, the Chief Executive Officer and the County Treasurer, or any of them, or their designee (each, an "Authorized Officer"), is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Loan Agreements in substantially said form, with such changes therein as may be requested by bond counsel and as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 5. Indentures. The forms of the Indentures, in the forms presented at this meeting and on file with the Clerk of the Board of Supervisors, are hereby approved. The Board of Supervisors also approves other instruments and funding mechanisms substantially similar to the Indentures pursuant to which the Authority or the County will issue evidences of indebtedness secured by voluntary contractual assessments or secured by debt obligations that are in turn secured by contractual assessments; provided that proceeds of such indebtedness are used to help finance Loans under LACEP or acquire County Assessment Bonds, the proceeds of which will be used to finance Improvements under LACEP. Each Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Indentures in substantially said forms, with such changes therein as may be requested by bond counsel and as the officer executing the same may require or approve, including such matters as are authorized by Section 3 hereof (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 6. Validation. The Authorized Officers are, and each of them hereby is authorized, in consultation with County Counsel and with the assistance of bond counsel, to

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prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Assessments, the Assessment Contracts, the Indentures, the Bonds, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Resolution Establishing the LACEP, the Authority Resolution, the Loans, the Loan Agreements and the Indenture in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure. The Board of Supervisors further authorizes the Authorized Officers and all other officers, employees and agents of the County to take any and all actions, including the execution and delivery of appropriate documentation, as may be required to conclude such judicial validation proceedings.

Section 7. Other Actions. The Authorized Officers and all other officers of the County are hereby authorized and directed, jointly and severally, to do any and all acts and things and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution and all matters incidental thereto, including issuing the Bonds and entering into Assessment Contracts, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 8. Effective Date. This Resolution shall take effect immediately upon adoption.

The foregoing Resolution was on the 25th day of May, 2010, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



SACHIA HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By: Sachelle Smith-Herman
Deputy

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDEN
County Counsel

By: Cammy C. DuPont
Cammy C. DuPont
Principal Deputy County Counsel

10/02/2014

Los Angeles County
Energy Program
(LACEP)



PROGRAM REPORT

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I. INTRODUCTION

The Los Angeles County Energy Program ("LACEP" or "Program") is intended to help property owners make capital investments in distributed generation renewable energy sources and energy efficiency and water efficiency improvements (collectively known as "Improvements") that will provide long-term benefits and reduced energy bills. The Program will provide a financing mechanism for the Improvements through an assessment contract (the "Assessment Contract") between the County of Los Angeles (the "County") and the property owner, pursuant to which the County will disburse a specified amount to the property owner. The property owner will pay contractual assessments levied against the property through annual installments on the property tax bill. If the owner sells the subject property prior to full repayment of the assessment, the repayment obligation remains a lien on the subject property. The County intends to finance the Program in part by issuing (or causing to be issued) bonds payable from contractual assessment revenues. Participation in the Program is completely voluntary and property taxes for non-participating property owners are unaffected by the Program.

This Program Report ("Report") is prepared pursuant to Section 5898.22 of Chapter 29 of the California Streets and Highways Code ("Chapter 29") in connection the establishment of LACEP. It includes the following:

- 1) A map showing the boundaries of the Program - the territory within which contractual assessments are proposed to be offered. See Appendix A attached hereto.
- 2) A draft Assessment Contract specifying the terms and conditions that would be applicable to the property owner and the County. See Appendix C attached hereto.
- 3) A statement of County policies concerning voluntary contractual assessments, including all of the following:
 - Identification of the types of facilities, distributed generation renewable energy sources, or energy or water efficiency improvements that may be financed through the use of contractual assessments.
 - Identification of one or more County officials authorized to enter into voluntary contractual assessments on behalf of the County.
 - A maximum aggregate dollar amount of voluntary contractual assessments.
- 4) A method for establishing priority order among the requests from property owners for financing through LACEP.
- 5) A financing plan for raising capital.
- 6) A report on the results of consultations with the County Auditor-Controller concerning the additional fees, if any, that will be charged for incorporating the proposed voluntary contractual assessments into the general taxes of the County on real property, and a plan for financing the payment of those fees.

Background

Widespread implementation of distributed generation renewable energy sources and energy efficiency and water efficiency measures in existing buildings within the County will help the State of California ("State") reach the greenhouse gas reduction goals set forth under State Assembly Bill 32 ("AB 32") and help the County and surrounding cities achieve their own targeted reductions. Participating property owners can help to achieve greenhouse gas reductions, reduce water and energy use, and save money by investing in these measures.

Chapter 29 authorizes various public agencies, including counties and cities, to designate areas within which free and willing property owners can enter into contractual assessments to finance the installation of Improvements that are permanently fixed to residential, commercial, industrial, agriculture or other real property. LACEP is the voluntary contractual assessment program developed by the County pursuant to

Chapter 29. Any assessments and liens under LACEP are levied only with the consent of free and willing owners of the property on which Improvements are to be made. The Program will provide financing for qualifying property owners within the County to install Improvements pursuant to the terms and conditions of the Assessment Contracts. Property owners will pay contractual assessments levied against their property in installments on their property tax bills. Each contractual assessment is tied directly to the applicable property and any unpaid amount at sale or other disposition of the property will remain on the property and become the responsibility of the subsequent owner.

Program Benefits

LACEP is intended to provide multiple benefits, including the potential for reduced utility bills for participating property owners. LACEP also offers a means of financing Improvements with a lower equity contribution than may be required in a conventional financing and establishes a loan obligation that is attached to the property and not to the individual borrower. The financing is intended to be competitive with conventional fixed-rate loans and provide for a streamlined financing and repayment process. All available State, utility or other energy efficiency, water efficiency or renewable energy rebates, incentives and all State and federal tax credits remain available to the property owner in connection with the Improvements (subject to applicable rules, restrictions, regulations and the current status of programs administered by other such entities), unless otherwise specified.

Incorporated cities may participate in LACEP without incurring the costs of forming separate programs because LACEP's geographical boundary is coterminous with the County's boundaries and includes, subject to such cities' approval of participation in LACEP, all 88 incorporated cities. Having a single program available to all residents of the County is anticipated to increase participation by eliminating confusion for residents in finding the appropriate program. Cities may join LACEP by adopting a resolution allowing property owners in their respective jurisdictions to apply for financing and implement Improvements under LACEP.

The Program seeks to mitigate long-term regional greenhouse gas production through the reduction of energy usage from traditional utility sources and help the County and participating cities satisfy the State's greenhouse gas reduction goals under AB 32. When it was signed into law in 2006, AB 32 established statewide goals for the reduction of greenhouse gas emissions and may yet require counties and cities to adopt regional greenhouse gas emission limits similar to the statewide target of achieving 1990 levels of greenhouse gas emissions by 2020. To the extent permitted by law, the County will hold and retain any carbon credits, offsets, carbon cap allocations, or other benefits attributable to the Improvements financed by LACEP. It is the intention of the County to apply any benefits resulting from such carbon credits to the furtherance of LACEP.

LACEP has the potential to provide a significant industry shift in the region towards an energy efficiency, water efficiency and renewable energy economy. LACEP aims to be a catalyst in spurring a new "green" economy in the County by supporting energy project inspection and installation jobs, job training and workforce development, local manufacturing and distribution, research and development, and marketing and outreach.

For the first few years of the Program, American Recovery and Reinvestment Act ("ARRA") grants will be used to partially fund LACEP. By the end of the ARRA funding term in 2012, LACEP seeks to achieve the following goals:

1. Retrofit 15,000 single-family homes with a 20% average energy reduction.
2. Create 1,600 home energy retrofit jobs and 1,000 ancillary jobs.
3. Reduce annual purchased energy consumption in retrofitted homes by an aggregate 150 billion British Thermal Units and \$2 million in utility charges per year.
4. Reduce the County's annual greenhouse gas emissions attributable to energy consumption in its existing housing stock by 20,000 tons of carbon dioxide.

The benefits to both the regional economy and the environment are expected to increase once individual cities join LACEP, as the above forecasts are quantified solely for unincorporated areas of the County.

Program Administration

The Program will be governed by the Board of Supervisors of the County of Los Angeles, which will approve the Program parameters, approve the issuance of bonds, and delegate authority to authorized officers to administer the Program.

The Director of the County's Internal Services Department will serve as the Program Administrator and will provide day-to-day management of the Program, including design, implementation, and administration. The authority to approve and enter into individual Assessment Contracts will be delegated by the Board of Supervisors to the Program Administrator.

The County Office of Sustainability ("COS"), within the Internal Services Department, and the Program Administrator will manage all Program activities, including, but not limited to, the following:

- Marketing and community outreach;
- Energy surveys and technical support for individual projects;
- Customer service, including question and answer support to interested Program participants;
- Assisting in project development;
- Processing Program applications;
- Managing and tracking funds available for financing Improvements;
- Managing and tracking progress of the Improvements and financing therefor;
- Tracking individual and collective energy and greenhouse gas benefits;
- Integrating LACEP with other County, State, utility and regional rebate/incentive programs;
- Working and coordinating with participating cities and other jurisdictions;
- Providing information on local and regional environmental programs; and
- Reporting progress and expenditures according to mandated reporting methods applicable to appropriated funds, including amounts received pursuant to ARRA.

These activities are intended to provide quality Program design, administration and implementation for qualifying property owners who may otherwise be unable to finance and install the Improvements.

Program Duration

Unless otherwise directed by the Board of Supervisors, the Program will continue as long as there is sufficient demand and funding for the Improvements.

II. PROGRAM REQUIREMENTS

Geographic Parameters and Participating City Requirements

LACEP is available in the unincorporated areas of the County immediately upon establishment of the Program by the Board of Supervisors. Cities within the County may join LACEP and make assessment financing available to qualifying property owners located within their city's boundaries. Anytime after the County's establishment of the Program, a city's legislative body may adopt a resolution requesting inclusion in the County Program. Pursuant to such resolution to participate in the Program, the city will find and declare that the properties in the city's incorporated area will benefit from participation. Further, the city's resolution will authorize the County to set the terms of LACEP, implement the Program, and take action necessary for financing the Improvements.

Participation in LACEP offers cities and their property owners the following advantages:

- An opportunity to save money through energy and water efficiency improvements;
- The ability to take advantage of substantial financial incentives and rebates from multiple sources;
- A financing mechanism that establishes an obligation that remains attached to the property; and
- Job creation and stimulation of the economy.

Cities may elect to withdraw from participation in LACEP by adopting a resolution terminating their involvement. If a participating city elects to withdraw from LACEP, no future assessment financing will be made in that city, but assessment obligations made previous to the city's termination will remain in effect. A map showing the Proposed Program boundaries is attached in Appendix A.

Eligible Owners and Properties

All owners of improved real property within participating areas are eligible to submit an application for LACEP. Qualifying property owners may be individuals, associations, business entities, cooperatives and any owner who pays real property taxes. At this time, financing through LACEP is not available for properties that are not subject to property taxes, such as governmental entities and certain non-profit corporations.

To protect the Program from defaults and to improve access to the capital markets, property owners must meet the following minimum requirements to qualify for financing:

- Property is located within Los Angeles County, and if within the boundaries of a city, the city has adopted a resolution to join the Program;
- Applicant is the legal owner of the property;
- All legal owners of the property agree to participate in the Program;
- The property is not subject to involuntary liens as set forth in the Assessment Contract or any other Program document;
- Property taxes and assessments are current on the property and have not been delinquent for a period up to 5 years (or since the date of the most recent transfer if less than 5 years);
- Property owner certifies that he/she is not in bankruptcy and the property is not an asset in a bankruptcy proceeding;
- Property owner certifies that he/she has not declared bankruptcy within the last 10 years;
- Property owner certifies and demonstrates that he/she is current on his/her mortgage, has not defaulted on the deed(s) of trust and can legally enter into the Program;
- Improvement costs are reasonable to property value. Property must meet a minimum value-to-lien ratio¹;
- Property must meet a positive equity test and not exceed a maximum loan-to-value² ratio; and
- Property is subject to the appropriate jurisdiction's (County, city, or town) permitting and inspections and all other applicable federal, State, and local codes and regulations.

Property owners may submit more than one application for funding under the Program if additional Improvements are desired by the owner. However, all existing criteria must be met at the time of each new application. Valuation of the property will reflect either the assessed value or the market value as determined by using established industry approved methodologies. Costs for the scope of work will be based on contractor estimates, quotes provided by the property owner, and general industry standards. Additional due diligence or underwriting criteria may be required for the financing of large projects.

¹ Value of the property divided by the amount of the contractual assessment.

² Aggregate total of all liens secured by real estate mortgages on the property divided by the value of the property.

The Program Administrator may exercise discretion in determining eligibility and any additional criteria required for financing Improvements. Furthermore, the minimum eligibility requirements provided in this Report are subject to change pursuant to the future financing needs of the Program.

Eligible Improvements

The Program provides property owners the opportunity to take advantage of a wide range of Improvements, subject to the following provisions:

- The Program will only finance distributed generation renewable energy sources and energy efficiency and water efficiency measures that are permanently fixed to the property.
- Property owners who elect to engage in broader retrofit projects (such as residential or nonresidential remodeling) will only be provided financing for costs associated with Improvements available under the Program.
- The Program is intended to finance the replacement of working, inefficient equipment and building materials and the installation of new equipment and building materials that reduce energy consumption (beyond that required by existing, applicable building codes), produce renewable energy, or reduce energy in connection with water usage. The Program will also make financing available for purchasers of residential, commercial or industrial properties who wish to add Improvements after transfer of title is complete.
- Property owners are responsible for the Improvements installed on their property. Property owners must address performance and other system-related issues directly with the installer in accordance with the terms of their contract with the installer. Property owners are responsible for maintenance and repair of the Improvements.

Examples of Improvements available for financing under LACEP are provided in Appendix B.

Eligible Costs

Eligible costs of the Improvements include the cost of surveys and audits, permits³ and inspections, equipment, installation from licensed, approved professionals, and follow-up inspections. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. A qualified contractor of the property owner's choice can be selected to complete installation of Improvements.

For each property, the Program Administrator will determine whether the estimated equipment and installation costs are reasonable. The Program Administrator will evaluate market conditions and may require the property owner to provide additional bids to determine whether costs are reasonable. While the property owner will be able to choose the contractor of his/her choice, the amount eligible for the LACEP financing may be limited to the amount deemed reasonable by the Program Administrator. Projects that exceed a certain size and dollar amount may be subject to additional review.

III. PROGRAM FINANCING

Strategy to Raise Capital

The County intends to raise capital for the Program through one or more of the following financing arrangements:

- Issuing or causing the issuance of bonds pursuant to Section 5898.28 of the Streets and Highways Code, the principal and interest of which will be repaid from contractual assessments;

³ All Improvements that require permits will be required to obtain such a permit from the local jurisdiction. Final inspection will ensure that the Improvements were completed.

- Advancement of certain County funds or funds held by the County Treasurer and Tax Collector, which will be repaid through contractual assessments or reimbursed from proceeds of a debt issuance;
- Application of funds received pursuant to federal and State programs and available for LACEP financing purposes;
- Issuing debt or entering into loan arrangements to fund the Improvements; and
- Private or owner-arranged financing.

To the extent that the County issues debt, it is expected to include a debt service reserve fund in the amount sufficient to enhance the marketability of the debt. The proceeds of the debt issuance will be applied to cover the costs of Improvements, fund the debt service reserve fund, and pay costs of issuance of the debt. The County may also pursue other financing options not listed above should such options benefit the ongoing viability of the Program.

The Energy Fund

The County will create a special fund, the Energy Fund ("Fund"), which will hold contractual assessments revenues received pursuant to the Assessment Contracts. Moneys in the Fund shall be used to make payments on debt issued by or on behalf of the County, fund certain administrative costs of the Program, replenish the debt service reserve fund, if required, and repay funds advanced by the County. Amounts in the Fund may also be used to finance additional Improvements secured by contractual assessments and any other reasonable activity needed to advance the Program. Payment of the contractual assessments will be made pursuant to Assessment Contracts between the property owner and the County.

Maximum Aggregate Contractual Assessment

The County is authorized to enter into up to \$1.0 billion in aggregate dollar amount of voluntary contractual assessments. The County will coordinate the timing and issuance of debt with the goal of providing the lowest possible interest rate to qualifying property owners and maintaining the long-term financial viability of the Program.

Administrative Costs/Application Fee

The County will offer the Program as an additional County service that will help property owners achieve reductions on their energy bills and other environmental goals, while helping the County achieve its own environmental goals. The County will be responsible for:

- Development and operation of LACEP;
- Acquisition of LACEP financing;
- Overall reporting of Program status and goals, including reports to financing agencies, regulators, and stakeholders;
- Overall structure and enforcement of Program governance; and
- Management and administration of LACEP consultants needed to perform services under the Program.

Certain administrative costs are anticipated in connection with the aforementioned responsibilities. All or a portion of such administrative costs may be financed through the interest component of the contractual assessment. The Program may also assign direct fees or charges to property owners for certain services provided during the process of securing an Assessment Contract. The County will recover a portion of these initial administrative costs through a one-time application fee.

Maximum Disbursement Amounts

The County will set a maximum disbursement amount for individual properties under the Assessment Contract. Where possible, the actual amount disbursed to a participating property owner pursuant to an Assessment Contract will equal the actual cost of Improvements. In the event that the final cost of Improvements exceeds the agreed upon maximum disbursement amount, the property owner will be solely responsible for the payment of excess costs incurred to complete the Improvements.

Single and Multiple Disbursements

Most disbursements will be delivered to property owners in a single payment upon completion of the Improvements. However, upon Program Administrator approval, some projects may qualify for multiple disbursements, which will allow for one or more payments to be made prior to project completion.

Assessment Interest Rate

The County will set a maximum interest rate for individual properties under the Assessment Contract. The final interest rate will be determined such that the total amount of contractual assessment payments (principal and interest) will be sufficient to repay the debt issued to finance the Improvements, pay the financing costs of such debt issuance, finance a debt service reserve fund with respect to such debt and fund eligible administrative costs so that the Program remains financially viable. The County Treasurer and Tax Collector, in conjunction with the Program Administrator, will determine individual contractual assessment interest rates. Under no circumstances will the interest rate exceed the maximum rate allowed by law.

Annual Administrative Assessment; Consultation with County Auditor-Controller

LACEP reserves the right to charge an Annual Administrative Assessment to cover costs incurred by the County for the ordinary and necessary costs of administering the levy and collection of the contractual assessments and all other administrative costs and incidental expenses related to the debt to be issued. Separate from any application fee or administrative cost recovered through amounts paid on the contractual assessment interest rate, the Annual Administrative Assessment will be collected in the same manner as the contractual assessment and may be adjusted annually to reflect changes in costs. The County Auditor-Controller has been consulted regarding any fees resulting from the incorporation of the contractual assessments into the general taxes of the County on real property. It has been determined that any such fees shall be collected pursuant to the Annual Administrative Assessment.

Assessment Term

The term of the contractual assessments will be no greater than the expected useful life of the Improvements for each individual Assessment Contract. In no event will the term of any contractual assessment exceed the maximum term allowed by law. The term of each contractual assessment will be set under the Assessment Contract.

Assessment Collection and Default

The contractual assessments will be collected in the same manner and at the same time as the general property taxes of the County. The contractual assessments are subject to the same penalties, remedies, and lien priorities in the event of delinquency and default. If any contractual assessment becomes delinquent and property taxes remain unpaid, the County shall have the right to initiate foreclosure proceedings on the subject property. The LACEP foreclosure policy will be developed in connection with future financing arrangements and will take into consideration any required covenants associated with a bond issuance.

Rebates and Incentives

Financing through the Program may coincide with current and future distributed generation renewable energy, energy efficiency and water efficiency financial incentives available from utility providers as well as local, State, federal, and other agencies. The value of expected rebates and incentives will be factored into the financing available to the property owner. The Program will advise, and may require that, participants apply for any and all applicable rebates and incentives available at the time of financing. References to rebates and financial incentives in this Report do not include income tax rebates.

Financing Process

The process for property owners to receive financing through LACEP is designed to be helpful, transparent, and straightforward. Presented below are the general procedures for the application, funding, and repayment process:

- **Education.** Property owners may access a variety of resources to learn about the Program, the financing terms, and other details. These resources may include a Program website, service centers staffed to assist property owners, and information made available at community events.
- **Application.** Property owners may apply for a funding reservation from LACEP and pay a non-refundable application fee. Applications must include a proposed project (scope of work) and a contractor bid.
- **Review and Approval.** The Program Administrator will approve an application only after confirming that the applicant and proposed project satisfy the underwriting criteria and other Program requirements.
- **Reservation of Funds.** Once the application is approved, the Program Administrator and the property owner will enter into the Assessment Contract. At this point in time, a maximum disbursement amount, loan term, and maximum interest rate will be set. The property owner will also agree to the terms and conditions of the Assessment Contract. The Program Administrator will provide assessment information to the County and an assessment lien will be filed with the County Registrar-Recorder.
- **Installation.** The property owner will receive a notice to proceed with the Improvements. A qualified installer must complete the installation of authorized Improvements on the property within the required timeframe after receiving the notice. In some cases, the Program Administrator in his/her sole discretion may grant a time extension.
- **Evidence of Compliance/ Disbursement of Funds.** The County is not obligated to disburse funds unless and until each of the requirements set forth under the Assessment Contract are satisfied or waived by the Program Administrator. Upon satisfaction of the above, the Program Administrator will release funds to the property owner in the amount of the actual cost of Improvements, but not exceeding the maximum disbursement amount set forth in the Assessment Contract. At this time, the Program Administrator will notify the property owner of the actual interest rate and amount of the contractual assessment.
- **Repayment.** After the release of funds, the County will place the assessment on the property tax roll for the tax year immediately following the disbursement date. The property owner will be expected to pay the contractual assessment installments in the amounts and at the times specified in the Assessment Contract. Prepayment of the contractual assessment will be permitted, however, penalties may apply. Any applicable penalties resulting from prepayment will be set forth in the Assessment Contract.

Priority of Funding

Applications from property owners for financing will be given priority based on the date on which the application is approved. If a request from a property owner for financing would cause LACEP to exceed the maximum amount of contractual assessments for the Program, then that application will be ineligible for financing. The Program Administrator shall retain the authority to grant exceptions to the priority status of individual applications.

Property Owner Financial Responsibilities

The following types of costs are examples of those that will be the responsibility of the property owner and will not be financed through the Program:

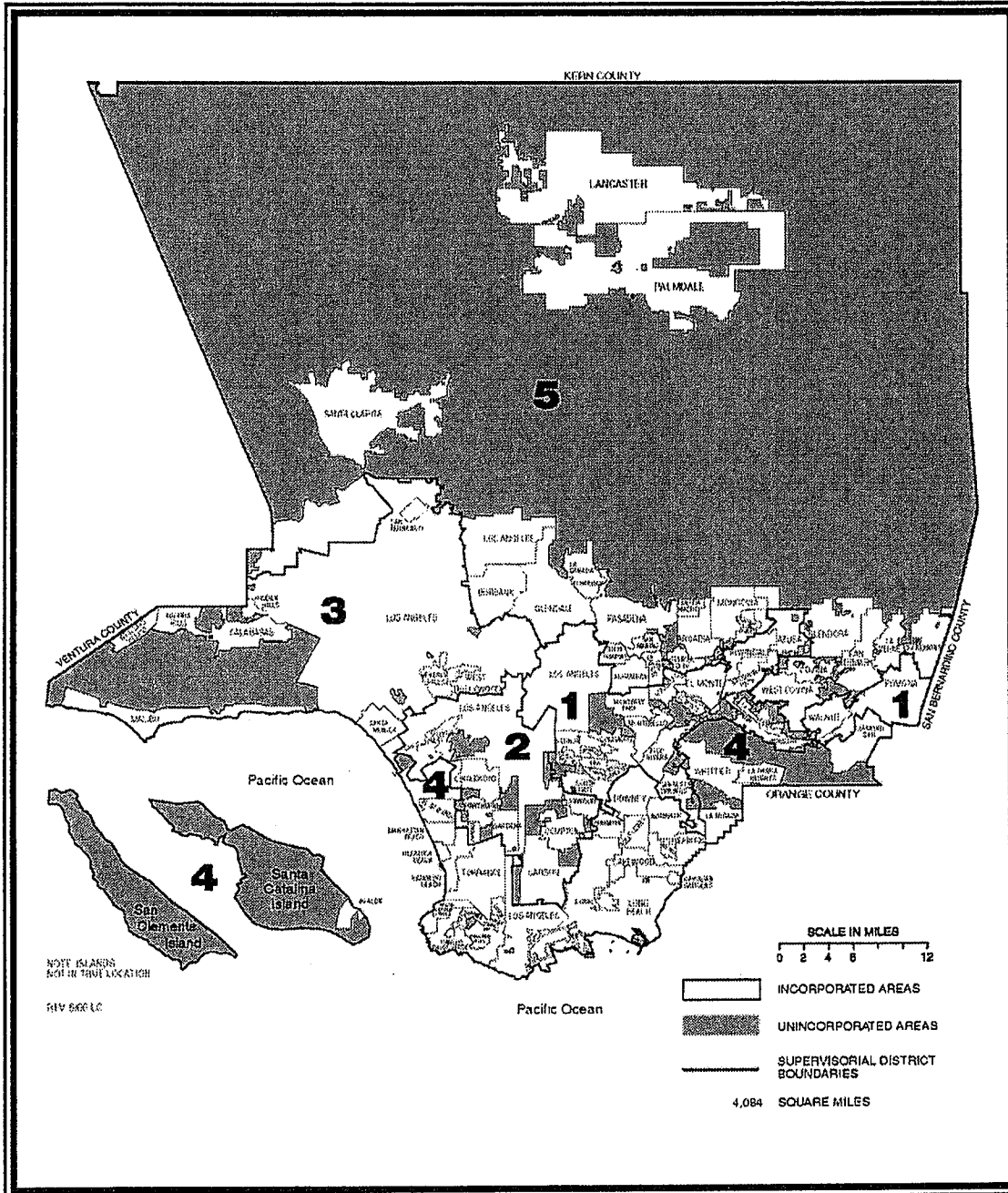
- Application fee;
- If applicable, title insurance and property insurance costs;
- Late payment fees;
- If applicable, costs associated with compliance with the California Environmental Quality Act; and
- Costs associated with repairs and maintenance of the Improvements.

IV. CHANGES TO THE PROGRAM REPORT

The Program Administrator may make changes to this Report that he/she reasonably determines are necessary to clarify its provisions. Any changes made to this Report that materially modify the LACEP shall only be made after approval by the Board of Supervisors.

The Program Administrator may modify the schedule of eligible Improvements attached as Appendix B and the draft Assessment Contract attached as Appendix C as deemed necessary or desirable to effectuate the intent of the Program.

Appendix A: Area Map



Appendix B: Eligible Improvements

Eligible improvements will include, but are not limited to, the following types of Improvements, subject to approval by the Program Administrator:

Energy Efficiency Improvements

- Air sealing
- Duct sealing and weather stripping
- Attic, duct, floor, roof and wall insulation
- Hot water system insulation
- Fans (Bathroom, ceiling, whole house)
- Energy efficient pool pumps
- HVAC systems
- Programmable thermostats and energy management systems
- Light fixtures
- Energy Star cool roof
- Radiant barriers
- Windows, doors, skylights
- Window film

Water Efficiency Improvements

- Hot water heater
- On-demand water recirculation control pump
- High-efficiency toilets and urinals
- Showerheads and aerators
- Smart irrigation/ Water efficient landscaping
- Rainwater harvesting system
- Grey water system

Distributed Generation Renewable Energy Improvements

- Solar hot water heating systems
- Solar thermal installation
- Solar space heating
- Photovoltaic systems
- Wind energy systems
- Fuel cell power systems

Appendix C: Draft Assessment Contract

(See attached.)

**LOS ANGELES COUNTY ENERGY PROGRAM
ASSESSMENT CONTRACT**

This Assessment Contract (this “Contract”) is made and entered into as of this ____ day of _____, 20__, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “County”), and _____ and _____ (collectively, the “Owner”).

WHEREAS, the County has established the Los Angeles County Energy Program (“LACEP”) pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”), in connection with which the County may levy assessments against developed properties in the County, with the free and willing consent of the owners of the properties, to finance the acquisition and construction on and installation in the assessed properties of certain qualifying renewable energy systems and energy and water efficiency improvements.

WHEREAS, the Owner has reviewed the Program participant handbook attached as Exhibit A hereto (the “Participant Handbook”) and submitted an application to participate in LACEP (the “Application”; together with Participant Handbook and this Contract, the “Contract Documents”) to finance the acquisition, construction and installation of the renewable energy systems, energy efficient improvements and/or water efficiency improvements described in Exhibit B attached hereto (the “Improvements”) on that certain real property of the Owner described in Exhibit C attached hereto (the “Property”) and the County has approved such Application.

WHEREAS, the County may fund LACEP through a number of financing mechanisms, including with proceeds of bonds to be issued by the County, with proceeds of loans derived from bonds issued by the Los Angeles County Public Works Financing Authority (the “Authority”) and from amounts to be advanced through available funds of the County.

WHEREAS, the County wishes to provide for the terms and conditions pursuant to which the Owner will participate in LACEP and pay assessments to finance the Improvements hereunder.

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

1. **Financing Terms**

(a) Disbursement Amount; Maximum Disbursement Amount. Subject to the conditions set forth herein, the County agrees to disburse moneys to the Owner in the amount of the actual cost of the Improvements (the “Disbursement Amount”); provided the Disbursement

Amount shall not exceed the maximum amount set forth in Exhibit B hereto (the "Maximum Disbursement"). LACEP Program Administrator (the "Program Administrator") shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator's reasonable judgment. The Owner agrees to complete the Improvements. The Owner agrees to pay for and shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement.

(b) Repayment by Owner.

(i) Assessment. In consideration of the disbursement of the Disbursement Amount, the Owner shall pay to the County an amount equal to the Disbursement Amount, certain financing costs, including any capitalized LACEP administrative expenses, and the interest accrued thereon. Such amounts shall be repaid by the Owner to the County by the payment of an aggregate assessment levied against the Property pursuant to Section 5898.30 of the Streets and Highway Code of the State of California (the "Assessment") without deduction or offset for any amounts the Owner may claim due to it by the County, all as set forth in Exhibit B attached hereto.

(ii) Interest on Assessment. Interest shall be payable in installments, computed on the basis of a 360-day year, and shall accrue on the unpaid Assessment from [the date of this contract¹][the date any portion of the Disbursement Amount is disbursed to the Owner] at the rate determined by the Program Administrator in his/her sole discretion at the time of disbursement or final disbursement, as applicable, of the Disbursement Amount. The maximum interest rate applicable to the unpaid Assessment and the interest installments therefor are set forth in Exhibit B hereto. The Program Administrator will give notice to the Owner of the interest rate applicable to the unpaid Assessment and the related interest installments as soon as practicable after its determination, which notice will be substantially in the form attached as Exhibit D hereto (the "Notice of Interest Rate and Payment Schedule").

(iii) Annual Administrative Assessment. The Owner shall pay to the County, without deduction or offset, an annual assessment levied against the Property to pay costs incurred by the County in connection with the administration and collection of the Assessment, the administration or registration of any associated bonds, securities or other financing arrangements, and the administration of any reserve fund or other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount set forth in Exhibit B hereto and may be changed from time to time by the Program Administrator, in his sole discretion, subject to the maximum Annual Administrative Assessment.

(iv) Financing Costs in the Event of Noncompletion. If the Owner fails to install the Improvements in compliance with LACEP requirements following execution of this Assessment Contract, the Owner shall pay for all expenses incurred by the County

¹ In the case of a County financing with accrued interest.

or any of its agents in connection with levying or removing the assessments hereunder and financing the Improvements, including costs relating to the redemption of bonds issued to finance the Improvements.

(c) Prepayment. The Owner may prepay the Assessment in whole and in part by paying all or a part of the principal amount owing on the Assessment, plus the applicable prepayment premium set forth in Exhibit B hereto, and accrued interest. Interest on the Assessment may accrue until the next available redemption date for any bonds or other evidences of indebtedness, or other financial arrangements entered into by the County pursuant to LACEP which financed the Assessment in whole or in part. Such redemption date shall not exceed ___ () days from the date of prepayment of the Assessment. The Owner shall notify the Program Administrator in writing of the Owner's determination to prepay the Assessment at least ___ () business days prior to the date the Owner intends to prepay the Assessment.

(d) Term of Contract. The term of this Contract shall be as set forth in Exhibit B hereto, commencing upon the execution hereof and ending on the date the Assessment and any applicable penalties, costs, fees, and charges have been paid in full; provided, however, the estimated payment schedule may be adjusted as provided in this Section 1. The initial amount of each Assessment and Annual Administrative Assessment installment that will be levied is set forth in Exhibit B attached hereto. The amount of each Assessment and Annual Administrative Assessment installment that will be levied each year, as adjusted to reflect the applicable interest rate determined by the Program Administrator but excluding any penalties that may accrue, is set forth in Exhibit D attached hereto.

2. **Lien of Assessment and Annual Administrative Assessment; Special Benefit.**

(a) Lien Against Property. The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment by the Board of Supervisors against the Property without any further action required by the parties. The Owner consents to the levy of the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect thereto, on and recordation of a lien against the Property and agrees that, upon the execution of this Contract by the parties, the Property shall be subject to the Assessment and the Annual Administrative Assessment in accordance with and pursuant to this Contract, the Act and applicable law.

(b) Notice of Assessment; Notice of Payment of Contractual Assessment Required. Upon execution of this Contract, the County will execute and cause to be recorded in the Office of the Registrar-Recorder/County Clerk a notice of assessment substantially in the form attached as Exhibit E hereto (the "Notice of Assessment") and a document entitled "Payment of Contractual Assessment Required" substantially in the form attached as Exhibit F hereto (the "Notice of Payment of Contractual Assessment Required"). Upon recordation of the Notice of Assessment in the Office of the Registrar-Recorder/County Clerk, the Assessment and the Annual Administrative Assessment, including each installment thereof and any interest and penalties that accrue with respect to the Assessment and the Annual Administrative Assessment, shall constitute a lien upon the Property until paid. The Notice of Assessment and Notice of Payment of Contractual Assessment Required, as recorded, shall initially reflect the Assessment as set forth in Exhibit B. Following the County's final disbursement of the Disbursement

Amount pursuant to Section 6 hereof, the Assessment shall equal the amount set forth in Exhibit D and the Notice of Assessment and Notice of Payment of Contractual Assessment Required will be supplemented accordingly.

(c) Priority of Lien. The lien of the Assessment and the Annual Administrative Assessment shall be coequal to and independent of the lien for general taxes and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general 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 and the Annual Administrative 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.

(d) Special Benefit to Property.

(i) Acknowledgement. The Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(ii) Waiver of Provisions Other Than Those of the Act. The Owner expressly waives to the fullest extent permitted by law the notice, protest and hearing procedures and provisions of any applicable law other than the Act with respect to the levy and collection of the Assessment and the Annual Administrative Assessment, as described in Section 2 and Section 3, respectively, hereof.

3. Collection of Amounts Due; Failure to Pay.

(a) Collection through Property Tax Bill. Annual installments of the Assessment and the Annual Administrative Assessment shall be collected on the property tax bill pertaining to the Property. The annual proportion of the Assessment and the Annual Administrative Assessment coming due in any year shall be payable in the same manner, at the same time and in the same installments as the general taxes of the County on real property are payable, and the assessment installments shall be payable and become delinquent at the same times and 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) Failure to Pay. Failure to pay any installment of the Assessment and the Annual Administrative Assessment, including interest and penalties with respect thereto, shall result in the accrual of penalties and interest on the amounts due and may result in the foreclosure of the lien of the Assessment and the Annual Administrative Assessment, as described in Section 13(e) hereof and provided by law. Except as provided in Government Code Section 53936, the liens of the Assessment and the Annual Administrative Assessment are not subject to extinguishment by judicial foreclosure or the sale of the Property on account of the nonpayment of any taxes.

4. **Commencement and Completion of Improvements.**

(a) **Consent and Authorization.** Upon the availability of funding under LACEP, the Program Administrator will give to the Owner a notice to proceed in the form of Exhibit G hereto (the "Notice to Proceed"), which notice shall constitute consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner bears the risk of any costs of the Improvements incurred prior to receipt of the Notice to Proceed. The Owner may perform the construction and/or installation on the Property provided that the Owner is deemed a qualified installer by the Program Administrator in his/her sole discretion in accordance with the Participant Handbook.

(b) **Date of Completion of the Improvements.** Subject to Section 13(g) hereof, the Owner agrees to complete installation of the Improvements no later than ___ days after the date of the Notice to Proceed of this Contract. The Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of the Notice to Proceed.

5. **Use of Proceeds.**

The Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith the Owner shall comply with all requirements set forth in the Contract Documents.

6. **Conditions Precedent to Disbursement of Funds**

(a) **Conditions Precedent to Disbursement of Funds.** Notwithstanding anything to the contrary contained herein, the County shall have no obligation to disburse funds to the Owner unless and until each of the requirements set forth under "_____" of the Participant Handbook and the following conditions are satisfied, or any such requirement or condition is expressly waived by the Program Administrator:

- (i) With respect to the initial disbursement:
 - (A) The Program Administrator shall have received a written request to disburse the Disbursement Amount.
 - (B) The Owner has executed and delivered to the Program Administrator the Contract Documents and such other declarations, certifications, documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.
 - (C) The Owner will, within _____ () days of presentation by the Program Administrator, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to the Owner.

(D) If the Property is a commercial property, the Owner shall have provided all applicable lenders the Notice of Proposed Contractual Assessment set forth as Exhibit H to this Contract and received an executed copy of the Certificate of Lender set forth as Exhibit I to this contract. In addition, the Owner shall have received from the Program Administrator, at the expense of the Owner, a determination that the Improvements to be financed hereunder (a) are within one or more classes of projects exempt from the California Environmental Quality Act (commencing with Section 21000 et seq. of the California Public Resources Code, "CEQA") pursuant to Sections 15301, 15302 or 15303 of the California Public Resources Code, (b) are the appropriate subject of a negative declaration pursuant to CEQA, in which case a negative declaration to that effect will be adopted pursuant to Section 21080 et seq. of the California Public Resources Code and Section 15070 et seq. of the California Code of Regulations, or (c), is the appropriate subject of an environmental impact report pursuant to CEQA, in which case an environmental impact report shall be prepared and certified and amounts hereunder shall be disbursed only if the Improvements are subsequently approved in accordance with CEQA.

(ii) With respect to the second and final disbursement:

- (A) The Program Administrator shall have received a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located, if applicable.
- (B) The Program Administrator shall have received a written certification from the Owner and the contractor(s) that installed or constructed the Improvements, if any, stating that the Improvements for which disbursement is requested is complete and setting forth the actual cost of the Improvements (exclusive of any cost attributable to labor performed by the Owner pursuant to the terms and conditions of this Contract and the other Contract Documents). Such certification shall be in form and substance acceptable to the Program Administrator.
- (C) If an inspection is required, an inspection of the Improvements and a determination by the applicable agency, authority or entity that the Improvements have been completed in full compliance with the requirements of applicable law or that any noncompliance has been waived.
- (D) No stop payment or mechanic's lien notices pertaining to the Improvements has been filed and remain in effect as of the date of disbursement of the Disbursement Amount.

(E) [If the Property is a commercial property, the Program Administrator shall have received a title insurance policy in form and substance acceptable to the Program Administrator in the Disbursement Amount and insuring the lien of the Assessment.]

(iii) With respect to each of disbursement:

(A) As of the date of disbursement of the Disbursement Amount the representations of the Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 13(a) below) shall have occurred and be continuing.

(B) The Program Administrator shall have received such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) or the Owner, if construction and/or installation is performed by the Owner in his/her capacity as a qualified installer pursuant to the Contract Documents, and releases or waivers of lien, all in compliance with the requirements of applicable law.

(iv) If there shall be a single disbursement under this Assessment Contract, all conditions under (i) through (iii) shall be satisfied by the Owner or waived by the Program Administrator prior to disbursement.

(b) Disbursement by County. Upon satisfaction or waiver of the conditions described in paragraph (a), above, the County will disburse funds to the Owner [as soon as practicable.] The Owner expressly waives the 30-day payment period provided by Section 10403 of the Streets and Highways Code.

7. Representations and Warranties of the Owner.

For purposes of entering into this Contract, the County has relied upon the declarations, warranties and covenants of the Owner in this Contract and in the Application, which are incorporated into this Contract as if fully set forth herein. The Owner promises that each representation and warranty set forth herein is true, accurate and complete as of the date of this Contract. By accepting the disbursement, the Owner shall be deemed to have reaffirmed each and every representation and warranty made by the Owner in this Contract and in the Application as of the date of disbursement. If the Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation: Authority. If the Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, its existence and the transaction of its business, and is in good standing in each State in which it conducts its business. The 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 the Owner to the County in connection therewith. The Contract Documents have been duly executed and delivered by the Owner and are valid and binding upon and enforceable against the

Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by the Owner is required for the Owner's execution thereof or the performance of its obligations contained therein.

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

(c) No Violation. The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by the Owner, and the performance by the 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 the Owner or the Property is bound.

(d) Other Information. All reports, documents, instruments, information and forms of evidence which have been delivered to the County in connection with the Owner's application for LACEP funding are accurate, correct and sufficiently complete to give the County true and accurate knowledge of their subject matter.

(e) Litigation. There is no litigation, tax claims, actions, proceedings, investigations or other disputes pending or threatened against the Owner or the Property which may impair the Owner's ability to perform its obligations hereunder, or which may impair the County's ability to levy and collect the Assessment and the Annual Administrative Assessment.

(f) 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.

8. Covenants of the Owner.

The Owner agrees and covenants to each of the following:

(a) Installation and Maintenance of Improvements. The Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements and diligently continue to completion in a good and workmanlike manner and in accordance with sound construction and installation practices. The Owner shall maintain the Improvements in good condition and repair.

(b) Reports. If the Disbursement Amount is disbursed in more than one installment, the Owner agrees, upon the request of the Program Administrator, to promptly deliver or cause to be promptly delivered to the Program Administrator a written status report of the Improvements, including the acquisition and installation thereof.

(c) Compliance with Law and Agreements. The Owner shall complete all Improvements, or cause the Improvements 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. The Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Improvements.

(d) Completion of Work. If the Disbursement Amount is disbursed in more than one installment, subject to any acceptable excuse for failure to complete the Improvements pursuant to Section 13(g) hereof, the Owner shall complete the Improvements within _____ [time period] of the initial disbursement of the Disbursement Amount.

(e) Site Visits; Utility Records; Surveys. For purposes of examining the workmanship of the Improvements, observing the quality of the Improvements and otherwise evaluating LACEP, the Owner grants the County, its agents and representatives, including without limitation the Program Administrator, the right to enter and visit the Property at any reasonable time, after giving reasonable notice to the Owner. For purposes of examining savings derived from the Improvements and other satisfying the requirements relating to grant moneys used to fund LACEP, the Owner shall also allow the County to examine and copy records and other documents of the Owner which relate to the Improvements, including utility records of the Owner and execute any consents, waivers or similar documents required by utility providers in connection therewith through the term of this Contract. The Owner also agrees to participate in any and all surveys conducted in connection with LACEP. The County is under no duty to visit the Property, observe any aspects of the Improvements or examine any records, and the County shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the County shall be solely for the purposes of protecting the County's rights under the Contract Documents.

(f) Protection Against Lien Claims. The 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 Improvements. The 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 Improvements.

(g) Notice to Successors in Interest. The Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an LACEP assessment lien, and to provide any subsequent purchaser a copy of this Contract.

(h) Insurance. [If the Maximum Disbursement exceeds \$_____,] the Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(i) Notices. The Owner shall promptly notify the County 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.

9. 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 Improvements, the Program Administrator may refuse to disburse any funds to the Owner, and, in the event the Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within ___ () days of notice from the Program Administrator to do so, such failure shall at the option of

the County constitute a default under the terms of this Contract. The Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

10. **Responsibilities of the Owner; Indemnification.**

(a) **Financing by County; No Responsibility for Improvements.** The Owner acknowledges that the County has established LACEP solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy and water efficiency improvements. LACEP is a financing program only. None of the County, the Authority (if bonds are issued by the Authority), their officials, agents, employees, attorneys and representatives, the Program Administrator, or LACEP staff is responsible for selection, management or supervision of the Improvements or of the Improvements' performance.

(b) **Indemnification.** The Owner shall indemnify, defend, protect, and hold harmless the County, the Authority (if bonds are issued by the Authority) and any and all officials, agents, employees, attorneys and representatives of the County and the Authority (collectively, the "Indemnified Parties") and, if the Property is located in an incorporated area, such incorporated city and any and all officials, agents, employees, attorneys and representatives of such city, (the "City Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable 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 Improvements, (iv) any breach or Default by the Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment and the Annual Administrative Assessment, (vii) any breach or failure of the Owner or its contractor(s) or agents to comply with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards, in connection with the acquisition, installation or completion of the Improvements, and (viii) any other fact, circumstance or event related to the County's payment of the Disbursement Amount to the Owner or the 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.

(c) **Survival of Indemnification.** The indemnity obligations described in Section 10(b) shall survive the disbursement of funds to the Owner, the payment of the Assessment in full, the transfer or sale of the Property by the Owner and the termination of this Contract.

11. **Waiver of Claims.**

For and in consideration of the County's execution and delivery of this Contract, the Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and, if the Property is located in an incorporated area, the City Parties, from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that the Owner may now have or hereafter acquire against any of

the Indemnified Parties and the City Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of any of the Disbursement Amount, including any amounts advanced hereunder, (iii) the levy and collection of the Assessment and the Annual Administrative Assessment, (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 the County pursuant to LACEP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (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 Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to LACEP. This release includes claims, obligations, liabilities, causes of action, and damages of which the Owner is not presently aware or which the Owner does not suspect to exist which, if known by the Owner, would materially affect the Owner's release of the Indemnified Parties and the City 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 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 the Owner contained in this Section 11 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by the Owner, and the termination of this Contract.

12. **Further Assurances.**

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

13. **Events of Default.**

(a) **Default.** Subject to the further provisions of this Section 13, the failure of any of the Owner's representations or warranties to be correct in all material respects, or the failure or delay by the Owner to perform any of its obligations under the terms or provisions of the Contract Documents, shall constitute a default hereunder ("Default").

(b) **Notice of Default.** Upon the occurrence of a Default, prior to exercising any remedies under the Contract Documents or the Act, the County shall give written notice of default to the Owner. Delay in giving such notice shall not constitute a waiver of any Default. The 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 herein.

(c) **Cure Period for Monetary Default.** If the Owner fails to timely pay any installment of the Assessment or the Annual Administrative Assessment, the Owner shall have a period of _____ () days after notice is given pursuant to paragraph (b) above within which to cure such default. Following such _____ () day period, the County in its sole discretion may exercise any and all of its available remedies, including its right to foreclose the lien of the Assessment or the Annual Administrative Assessment pursuant to applicable law.

(d) **Cure Period for Non-Monetary Default.** If a non-monetary Default occurs and such Default is reasonably capable of being cured within _____ () days, the Owner shall have such period to effect a cure prior to exercise of remedies by the County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured but not within such _____ () day period and the Owner (i) initiates corrective action within such _____ () day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the County in its sole discretion may elect to grant the Owner such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by the County. The foregoing notwithstanding, in no event shall the County be precluded from exercising any of its remedies if the Default is reasonably expected to result in the foreclosure or forfeiture of the Property, or if the Default is not cured within _____ () days after the first notice of Default is given.

(e) **Remedies Upon Default.** Subject to the provisions of paragraphs (b), (c) and (d) above, if any Default occurs the County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. If no disbursement has occurred hereunder, the County may elect to terminate this Contract and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder. If the Disbursement Amount has been disbursed in whole or in part, the County may terminate its obligations to make any further disbursement of the Disbursement Amount and exercise any or all of the rights and remedies available to it under this Contract and applicable law. As a cumulative remedy, if any installment of the Assessment and the Annual Administrative Assessment, together with any penalties, costs, fees, and other charges, accruing under applicable taxation provisions are not paid when due, the Board of Supervisors or its designee may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment and the Annual Administrative Assessment to

the extent permitted, and in the manner provided by, applicable law. Any and all costs and expenses incurred by the County in pursuing its remedies hereunder shall be additional indebtedness of the Owner to the County.

(f) Remedies Cumulative. Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of the County are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the County, 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 the County in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive the County 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) Force Majeure. Performance of the covenants and conditions imposed upon the Owner hereunder with respect to the commencement and completion of the Improvements shall be excused while and to the extent that, the 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 the 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 the Owner shall immediately resume installation of the Improvements.

14. 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.

15. Notices.

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

To the County: _____

Attention: Program Administrator

To the Owner: _____

Attention: _____

Notwithstanding anything set forth above, after disbursement of funds to the Owner, all notices regarding the assessment shall be sent only as provided by the laws of the State of California.

16. **No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of the County to receive a refund thereof from the Owner. No disbursement of any portion of the Disbursement Amount shall constitute a waiver of any conditions to the County's obligation to make further disbursements. No waiver by the County of any failure by the Owner to comply with any provision of this Contract shall in any way preclude the County from thereafter declaring such failure by the Owner a Default hereunder or be deemed a waiver of any other or subsequent Default.

17. **Governing Law.**

This Contract shall be construed and governed in accordance with the laws of the State of California.

18. **Assignment by the County.**

The County, 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 Administrative Assessment, and any other payments due to the County hereunder, without obtaining the consent of the Owner.

19. **Assignment by Owner Prohibited.**

The Owner may sell, transfer, rent or otherwise dispose of all or a portion of its interests in the Property so long as the Assessment and the Annual Administrative Assessment, including each installment thereof and the interest and penalties thereon, shall constitute a lien against the Property until the same is paid in full. All other dispositions of all or a portion of the Owner's rights and obligations under this Contract are subject to the prior express written consent of the County, which consent may be granted or withheld in the sole and absolute discretion of the County.

20. **Carbon Credits.**

The Owner agrees that any carbon credits attributable to the Improvements shall be held on behalf of LACEP by the County.

21. **Entire Agreement; Amendment.**

This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Contract, must be signed in writing by both parties.

22. **Natural Persons.**

If the Owner of the Property consists of more than one natural person, the obligations hereunder of all the owners shall be joint and several.

23. **Counterparts.**

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.

24. **Special Termination.**

Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if the Owner has submitted to the Program Administrator a notice of its decision to cancel this transaction in the form of the Notice of Cancellation attached as Exhibit J hereto, which notice shall be delivered to the County pursuant to Section 15 hereof no less than _____ () days prior to the disbursement of the Disbursement Amount.

25. **No Third Party Beneficiary Rights.**

This Contract is entered into for the sole benefit of the Owner and the County and, subject to the provisions of Sections 10, 11, 12 and 19, 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.

IN WITNESS WHEREOF, the Owner and the County have entered into this Contract as of the date and year first above written.

THE OWNER:

Date of Execution by the Owner:

_____, 20__

THE COUNTY:

COUNTY OF LOS ANGELES, CALIFORNIA

Name:

Title: _____

EXHIBIT A
PARTICIPANT HANDBOOK

[To Come]

EXHIBIT B

CERTAIN FINANCING TERMS

Maximum Disbursement Amount:

Contract Term:

Maximum Interest Rate: ___ Percent (___%) per annum.

Financing Costs in the Event of Noncompletion:

Annual Administrative Assessment⁽¹⁾:

Prepayment Premium: From _____ to _____, a prepayment premium of ___ percent (___%)

From _____ to _____, a prepayment premium of ___ percent (___%)

After _____, a prepayment premium of ___ percent (___%)

Improvements:

Estimated Payment Schedule:

Year ⁽²⁾	Assessment			Maximum	Total
	Disbursement Amount ⁽³⁾	Financing Costs ⁽⁴⁾	Interest	Annual Administrative Assessment ⁽⁵⁾	

⁽¹⁾ Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

⁽²⁾ If funds are disbursed to the Owner before _____, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed after _____, the assessment will appear on the property tax bill for the following tax year.

⁽³⁾ Based on Maximum Disbursement. Subject to revision by the Program Administrator following the disbursement of the Disbursement Amount, if necessary, pursuant to the Contract to reflect the Disbursement Amount.

⁽⁴⁾ Includes capitalized LACEP administrative expenses.

⁽⁵⁾ Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

EXHIBIT C
DESCRIPTION OF THE PROPERTY

C-1

EXHIBIT D

**LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE OF INTEREST AND PAYMENT SCHEDULE**

Owner: _____ (the "Owner")

Address: _____
_____ (the "Property")

Assessor's Parcel Number: _____

LACEP Loan Number: _____

Pursuant to Section 1(b)(ii) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby notified that the interest rate applicable to the unpaid Assessment (as defined in the Assessment Contract) is ____%. The schedule of Assessment Installments, interest thereon and the Maximum Annual Administrative Assessment with respect to the referenced property is set forth below:

Year ⁽¹⁾	Assessment			Maximum	Total
	Disbursement Amount	Financing Costs ⁽²⁾	Interest	Annual Administrative Assessment ⁽³⁾	

⁽¹⁾ If funds are disbursed to the Owner before _____, the assessment will appear on the property tax bill for the same tax year. If funds are disbursed _____, the assessment will appear on the property tax bill for the following tax year.

⁽²⁾ Includes capitalized LACEP administrative expenses.

⁽³⁾ Based on the Maximum Annual Administrative Assessment established for LACEP, which amount may be adjusted from time to time by the Program Administrator, provided that the adjusted amount does not exceed the Maximum Annual Administrative Assessment.

The Notice of Assessment of record with the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles will be amended to reflect the foregoing payment schedule.

Program Administrator,
Los Angeles County Energy Program

EXHIBIT E

NOTICE OF ASSESSMENT

WHEN RECORDED RETURN TO

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
Los Angeles, California 90012
Attention: Los Angeles County Energy Program
– Program Administrator

NOTICE OF ASSESSMENT

Pursuant to the requirements of Section 5898.32 of the Streets and Highways Code of the State of California, the undersigned Clerk of the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), hereby gives notice that contractual assessments relating to that certain real property described in Appendix A hereto (the "Property"), in the amounts set forth in Appendix B hereto, were recorded in the Office of the Registrar-Recorder/County Clerk of the County, as provided for in said Section 5898.32.

Pursuant to that certain Assessment Contract (the "Assessment Contract") by and between the County and the owner of the Property named herein in connection with the Los Angeles County Energy Program, the several assessments assessed on the Property set forth in Appendix B hereto became a lien upon the Property and the Property became subject to the assessment in accordance pursuant to the Assessment Contract, the Act and applicable law upon the execution of such Assessment Contract.

In addition to the assessment to pay the costs and expenses of the improvements to be acquired, the Property is subject to a separate and additional assessment, as set forth in Appendix B hereto, to be levied annually to pay for costs not otherwise reimbursed which will result from the administration and collection of assessments or from the administration or registration of any associated bonds and reserve or related funds.

Reference is made to the Assessment Contract for the amount of any final and adjusted assessments, including any annual assessment as levied for administrative costs or maintenance, as applicable.

Included in Appendix A hereto is the name(s) of the owner of record of the Property, which is also the assessed owner of the Property as it appears on the latest secured assessment roll, all as required pursuant to Section 27288.1 of the Government Code of the State of California.

Dated: _____

Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

Appendix A to Notice of Assessment

DESCRIPTION OF THE PROPERTY

Appendix B to the Notice of Assessment

Name(s) of Owner of the Property: _____

Assessment Amount: _____

Annual Administrative Assessment Amount: _____

EXHIBIT F

Payment of Contractual Assessment Required

Pursuant to the requirements of Section 5898.24(d) of the Streets and Highways Code of the State of California, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), hereby gives notice that the real property described in Appendix A hereto (the "Property") is subject to a contractual assessment that is required to be paid in accordance with that certain Assessment Contract (the "Assessment Contract") by and between the owner of the Property and the County in connection with the Los Angeles County Energy Program. Certain information regarding the contractual assessment assessed on the Property is set forth below.

- (1) The names of all current owners of the real property subject to the contractual assessment:

- (2) Legal description of the Property: See Exhibit Appendix A attached hereto and incorporated herein by this reference.

- (3) Assessor's parcel number for the Property: _____.

- (4) The annual amount of the contractual assessment: _____.

- (5) The contractual assessment referenced (4) above expires on the date such contractual assessment and any applicable penalties, costs, fees, and charges, including the Annual Administrative Assessment (as defined in the Assessment Contract), have been paid in full.

- (6) Funds from the contractual assessment were used to finance the acquisition and construction on and installation in the Property of certain qualifying renewable energy systems and energy and water efficiency improvements, as further described in the Assessment Contract.

- (7) Funds from the contractual assessment should be paid to the following:

[Name of entity to which contractual assessments should be paid]
[Address of entity]
[Contact person]²

² Section 5898.24(d)(2)(E) of the Act requires the document to include "the entity to which funds from the contractual assessment will be paid and specific contact information for that entity".

Date: _____

Treasurer and Tax Collector of the
County of Los Angeles [or Entity to which
Contractual Assessments will be paid]

By: _____³

Name:

Title:

³ Section 5898.24(d)(2)(F) of the Act requires the document to include "the signature of the authorized representative of the legislative body to which funds from the contractual assessment will be paid."

Appendix A to Notice of Payment of Contractual Assessment Required

DESCRIPTION OF THE PROPERTY

EXHIBIT G

**LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE TO PROCEED**

Date: _____

Owner: _____ (the "Owner")

Address: _____
_____ (the "Property")

Assessor's Parcel Number: _____

LACEP Loan Number: _____

Pursuant to Section 4(a) of that certain Assessment Contract (the "Assessment Contract") executed by and between you, as Owner of the Property, and the County in connection with the Los Angeles County Energy Program, you are hereby given notice to proceed (this "Notice to Proceed") with acquisition, construction and installation of the Improvements and, upon completion of the Improvements, submit a request for funding to LACEP. This Notice to Proceed constitutes consent and authorization pursuant to Section 5898.21 of the Act for the Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements. The Owner must complete installation of the Improvements no later than ___ days after the date of this Notice to Proceed, provided that the Owner and the Program Administrator may agree to an extension of this completion date for good cause shown pursuant to Section 4(b) and Section 13(g) of the Assessment Contract, but in no event shall the completion date be more than one year from the date of this Notice to Proceed. Disbursement of any amounts pursuant to the Assessment Contract is subject to satisfaction of the terms and conditions thereof.

Program Administrator,
Los Angeles County Energy Program

EXHIBIT H

**NOTICE OF PROPOSED CONTRACTUAL ASSESSMENT
(Commercial Property Owner)**

Notice Date: _____

Lender Address: _____

Property/Loan Information:

Owner: _____

Address: _____

APN: _____

Loan Number(s): _____

To Whom It May Concern:

The undersigned (the "Owner") is the owner of a certain real property located at the above-referenced address (the "Property"). You are the lender (the "Lender") with respect to the above-referenced (the "Loan") that is secured by a lien on the Property.

The Owner is sending this Notice of Proposed Contractual Assessment to Lender to (i) provide notice of the Owner's proposed participation in the Los Angeles County Energy Program ("LACEP"), (ii) request confirmation from the Lender that the levy of the contractual assessment pursuant to the herein described Assessment Contract will not trigger an event of default or the exercise of any remedies under the Loan documents, and (iii) provide notice that the contractual assessment (including any penalties and interest) will be secured by a statutory lien on the Property that is senior to the lien securing the Loan.

Background. The County of Los Angeles, a political subdivision of the State of California (the "County") has established LACEP to help finance the acquisition and construction on and installation in the assessed properties, including the Property, of certain qualifying renewable energy systems and energy and water efficiency improvements (the "Improvements") pursuant to Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Contractual Assessment Law").

In accordance with Contractual Assessment Law, the County will levy a contractual assessment to finance the installation of the Improvements on certain property with the agreement of the applicable property owner pursuant to the terms of an assessment contract (the "Assessment Contract") between such property owner and the County. Pursuant to Section 5898.30 of Contractual Assessment Law, the contractual assessment (including any penalties and interest) is collected on the property tax bill and is secured by a lien on the applicable property

that is (i) senior to all private liens, including private liens that existed prior to levy of the contractual assessment and (ii) cannot be subordinated to the private liens.

Information regarding the purpose and method of administration of the assessments under LACEP can be found at _____ [website].

Participation in LACEP. The Owner has applied to participate in LACEP and intends to finance installation on the Property of the Improvements set forth on Exhibit A hereto. The contractual assessment to be levied on the Property (the "Contractual Assessment") pursuant to the Assessment Contract and the related payment terms are proposed to consist of the following:

Principal amount: \$ _____
Estimated interest rate: _____ %
Term of repayment period: _____
Annual administrative component: \$ _____
Total estimated annual installment: \$ _____

Lender Approval. Please acknowledge that participation of the Property in LACEP is acceptable to the Lender by executing the attached Certificate of Lender and returning it to the undersigned at your earliest convenience.

Very truly yours,

BY: _____
(Signature)

OWNER
NAME: _____

MAILING ADDRESS (if different than
Property address): _____

EXHIBIT I

CERTIFICATE OF LENDER
(Commercial Property Owner)

Property/Loan Information

Owner: _____

Address: _____

APN: _____

Loan: _____

In connection with the above-referenced loan (the "Loan") relating to the above-referenced property (the "Property") by the herein referenced lender (the "Lender"), the undersigned hereby certifies, acknowledges, confirms and agrees as follows:

- (1) He/she is duly authorized to execute this Certificate on behalf of the Lender.
- (2) The Lender is in receipt of written notice (the "Notice") from the owner of the Property (the "Owner") that Owner intends to finance installation on the Property of certain renewable energy, energy efficiency and/or water efficiency improvements that will be permanently fixed to the Property (the "Improvements") by participating in the Los Angeles County Energy Program sponsored by the County of Los Angeles, a political subdivision of the State of California (the "County").
- (3) As a result of an Assessment Contract between the County and the Owner (the "Assessment Contract") and pursuant to Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, the Contractual Assessment described in the Notice will be levied on the Property and the Contractual Assessment (including any penalties and interest) will be secured by a statutory lien that is senior to the lien securing the Loan.
- (4) The Lender consents to the levy of the Contractual Assessment pursuant to the Assessment Contract.
- (5) The Lender agrees that the levy of the Contractual Assessment will not constitute an event of default or the exercise of any remedies under the documents relating to the Loan.

The Lender further acknowledges that the Owner and the County will rely on this Certificate in connection with the disposition and administration of the Assessment Contract and the Los Angeles County Energy Program.

[LENDER]

By: _____

Name:

Title:

Date:

EXHIBIT J

**LOS ANGELES COUNTY ENERGY PROGRAM
NOTICE OF CANCELLATION**

_____ [and _____] are the owner[s] of record ([collectively,] the "Owner") of that certain real property located at _____ located in the County of Los Angeles, California. The Owner previously executed that certain Assessment Contract (the "Assessment Contract") with the County of Los Angeles (the "County") in connection with the Los Angeles County Energy Program ("LACEP"). Pursuant to the Assessment Contract, Owner hereby notifies the LACEP Program Administrator in accordance with Sections 15 and 24 of the Assessment Contract no less than _____ () days prior to the disbursement of the Disbursement Amount that the Owner has determined to cancel the transaction described in the Assessment Contract. Accordingly, the Contract shall terminate and be of no further force or effect, except that the Owner agrees to pay amounts due, if any, pursuant to Section 1(b)(iv) of the Assessment Contract relating to financing costs in the event of the improvements are not completed.

Dated: _____

[OWNER]

By: _____
Name: _____

By: _____
Name: _____

EXHIBIT F



JIM JONES
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

"To enrich lives through effective and caring service"

Telephone: (323) 267-2101
FAX: (323) 264-7135

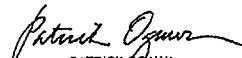
March 03, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

13 March 3, 2015


PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**IMPLEMENT THE COUNTY'S RESIDENTIAL
PROPERTY ASSESSED CLEAN ENERGY (PACE) FINANCING PROGRAM
AND AUTHORIZE AND EXECUTE CONTRACTS
FOR TWO PROGRAM ADMINISTRATORS
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

The Internal Services Department (ISD) and Treasurer and Tax Collector (TTC) return to the Board as directed on August 12, 2014, to seek authority to implement the County's residential Property Assessed Clean Energy (PACE) Financing Program, and to have the Board authorize and execute contracts for two third-party program administrators.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize and execute a contract for residential PACE program administrators with the following two companies:
 - a. Renovate America, Inc.; and
 - b. Renewable Funding LLC.
2. Authorize ISD and TTC to implement the residential PACE program, including issuance of PACE bonds upon receipt of a positive judgment under the Judicial Validation proceeding for the County's PACE program.

3. Delegate authority to the Director of ISD, or his designee, to authorize and execute amendments to the PACE program administration contracts, so long as such does not result in any net County cost, including those amendments for any programmatic enhancements to address market or Federal Housing Finance Agency (FHFA) changes, the exercise of any option years, or the Contractor's merger, acquisition, or change of ownership or entity.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Per the direction from your Board on August 12, 2014, ISD, in collaboration with TTC, developed and completed a competitive solicitation for one or more residential PACE program administrators. It is recommended that your Board execute a contract with the two highest-ranking proposers to administer a residential PACE program within Los Angeles County.

Background

This matter was last before your Board on August 12, 2014. At that time, ISD and TTC requested your Board to authorize the following steps necessary to implement a residential PACE program in the County:

1. Adopt a resolution authorizing the execution and delivery of a bond indenture, assessment contract and bond purchase agreement in relation to residential PACE, and authorizing the commencement of a judicial validation action;
2. Authorize ISD to release a new Request for Proposals (RFP) for one or more residential PACE program administrators;
3. Authorize ISD and TTC, in coordination with the Chief Executive Office and County Counsel, to develop a residential PACE program consistent with this Board letter; and
4. Additionally, your Board directed ISD to create an incentive in the scoring of the PACE RFP that would encourage all proposers to create improved financing opportunities for eligible water efficiency improvements as a component of the County's PACE.

The current status of each of these actions is summarized as follows:

Judicial Validation [No. 1]

In accordance with Section 5989.30 of the California Streets and Highways Code, as amended by AB811, the levy and collection of assessments pursuant to residential PACE are valid under existing law and provide for the priority status of the PACE assessment lien.

On October 2, 2014, TTC and County Counsel, working with the County's outside bond counsel for the PACE Program (Hawkins Delafield & Wood LLP), initiated a Judicial Validation proceeding in the California State Superior Court in Los Angeles County (Court) for the County's PACE program. The anticipated judgment by the Court, addressing the validity of the PACE assessments and confirming the priority lien status of the ensuing assessments, will be of importance to potential PACE investors and will help facilitate the future securitization of PACE bonds issued in the County.

To date, no parties have intervened in the Judicial Validation proceeding. The County's outside bond counsel understands, from recent communications with the Court Clerk, that the Judicial Validation proceeding may be completed in late March or early April, 2015. Upon receipt of a positive, final judgment from the Court, ISD and TTC will implement the residential PACE program.

RFP for Program Administrators [No. 2]

On August 26, 2014, ISD issued an RFP for one or more residential PACE program administrators. Four proposals were received, evaluated, and scored. ISD, upon consultation with TTC, determined that the proposers providing the two highest-scoring proposals should be selected to enter into negotiations, as multiple administrators would facilitate a more competitive market to the benefit of property owners, using two administrators would not commensurately increase the County's internal administration, and the two highest-scoring proposals in this procurement were both rated substantially higher than the other proposals.

On December 23, 2014, negotiations were successfully concluded with the highest-ranking proposer (Renovate America), and on January 9, 2015, negotiations were successfully concluded with the second-highest ranking proposer (Renewable Funding).

The procurement process and the proposed contracts are discussed in more detail in the section titled CONTRACTING PROCESS, below.

Development of the PACE Program and Mitigation of Risks per the August 12, 2014 Board Letter [No. 3]

The August 12, 2014 Board letter discussed certain aspects of residential PACE programs that posed possible risks to participating property owners. That Board letter listed in detail a number of measures to be undertaken by ISD, TTC, and County Counsel in developing the solicitation for the PACE program administrators, as well as during negotiations of the final proposed contracts with the program administrators. Some of the more significant measures integrated into the proposed contracts are briefly described as follows:

Homeowner Mortgage Foreclosure and Other Mortgage Risks

The proposed contracts (Exhibit A - Statement of Work, at Section 4.0 - FHFA Mitigation) require the program administrators to establish and use a clear response plan to address and mitigate any actions taken by the Federal Housing and Finance Authority (FHFA) against the County or property that could have adverse impacts on property owners. This response and mitigation plan is subject to the County's approval. If the administrators could not construct a response and mitigation plan acceptable to the County, then the County could suspend the PACE program offering for any new participants.

Additionally, the proposed contracts require the program administrators to implement a loss reserve program, using County PACE program revenues to protect property owners from potential foreclosure initiated by PACE bondholders in the event the property owner misses an assessment payment.

Disclosure of Risks to Homeowners, Consumer Protections

The proposed contracts provide specific direction regarding language to be used in the PACE financing process which adequately discloses the potential risks and obligations of program participants. Property owners must sign a program document acknowledging the disclosures, which include: a description of the statements issued by Freddie Mac and Fannie Mae regarding possible restrictions on the purchase of mortgages with PACE assessments, and a directive for applicants to review their existing mortgage documents to determine if a PACE lien can be added to their property, and the eligibility of their mortgage to be acquired by Freddie Mac or Fannie Mae if a PACE assessment lien is included on the property.

The County's solicitation included an evaluation of each proposer's plan for consumer protection. The proposed contracts require the program administrators to develop a detailed consumer protection plan for homeowners addressing: predatory lending practices, unscrupulous contractors, and poor quality program servicing. The consumer protection plan must also include specific measures to protect seniors over 65 years of age and non-English speaking constituents among other, additional requirements.

Water Efficiency Measures [No. 4]

The proposed contracts require that the PACE Program administrators include activities to increase the adoption rate of water conservation measures. Activities shall, at a minimum, include:

- Actively analyze additional and/or new water technologies for inclusion in the eligible measures list;
- Educate participating contractors regarding water conservation measures and help them build a referral system of reputable installers;
- Use marketing channels, press events and collateral to increase consumer awareness of water efficiency upgrades; and
- Coordinate with local outreach and awareness efforts to utilize existing water utility conservation programs and incentives, including those from LA County Water Authority, LADWP, and Metropolitan Water District.

Implementation of Strategic Plan Goals

The recommended actions support County Strategic Plan Goal 1, Operational Effectiveness, by providing a program that promotes energy efficiency and conservation, and enhances health and sustainable practices in the County.

The recommended actions also support County Strategic Plan Goal 2, Community Support and Responsiveness, by providing a program that provides economic benefits to County constituents and supports greenhouse gas reductions throughout the County.

FISCAL IMPACT/FINANCING

Under the proposed contracts, the third-party administrators will provide PACE Program services at no cost to the County. The administrators will receive compensation through the fees and interest rates charged to property owners who utilize the PACE Program.

The administrators are required to reimburse the County for all costs borne by the County to administer the Contract and to support the PACE Program up to one percent (1%) of the par amount of the PACE Program assessment bonds issued. County costs may include, but are not limited to, collecting and distributing the assessment, annual administrative costs incurred by the County, training of contractors, outreach to stakeholders and coordination with other energy programs administered by the County. County staff time is subject to full reimbursement by Contractor.

The County residential PACE Program will not incur any net County costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Potential FHFA Risk

In July 2010, the FHFA asserted that PACE assessments violated the terms of the uniform security instrument used in mortgage contracts purchased by the Federal Mortgage Agencies. This assertion has been reviewed by County Counsel and found to be accurate with respect to the uniform security instrument used in the majority of mortgage contracts within California. It is estimated that upwards of 80% of all new mortgages in California are "conforming loans" eligible for purchase by the Federal Mortgage Agencies and include terms and conditions specifically aligned with the uniform security instrument referenced by the FHFA.

The three main actions FHFA could initiate as a result of a local government, such as the County, entering into a residential PACE program are as follows:

- Require that PACE assessments be paid in full at the time of sale or refinancing;
- Tighten underwriting criteria in residential PACE jurisdictions; and
- Require that the Federal Mortgage Agencies cease purchasing mortgages in residential PACE jurisdictions.

In the section above titled PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION, we discussed how the PACE program development process as well as the final proposed contracts address and mitigate risk to property owners in the context of these potential FHFA responses.

The potential conflict with FHFA over the terms of the federal uniform security instrument is a risk inherent in any new residential PACE program. It is the view of ISD, TTC, and County Counsel that such risk can be fully eliminated only through federal legislation or a change in the terms and conditions of the uniform security instrument utilized in California. By initiating a residential PACE program, the County is making a determination that the risk associated with current FHFA statements is manageable and should not threaten property owners within Los Angeles County. ISD, TTC, and County Counsel will continue to monitor the actions of both FHFA and the Federal Mortgage Agencies, and will keep your Board apprised of any new developments.

Given the latest progress of residential PACE programs throughout California, as indicated in the August 12, 2014 Board letter, ISD, TTC and County Counsel believe it is unlikely that FHFA will take any actions against property owners with residential PACE assessments. The following metrics show the continued progress of residential PACE programs in California:

- Over 300 jurisdictions (counties and cities) enrolled in one or more operating residential PACE programs;
- Over \$230 million in residential PACE bonds sold to investors;
- Nearly 50,000 residential PACE projects either approved or completed.

Judicial Validation

As discussed on page 2, above, the County initiated a judicial validation proceeding on October 2, 2014, seeking a declaration that the levy and collection of assessments under the County's residential PACE program would be valid under existing law and would have the senior priority status of an assessment lien.

CONTRACTING PROCESS

On August 26, 2014, ISD issued an RFP for one or more residential PACE program administrators. Four proposals were received, evaluated, and scored. ISD, upon consultation with TTC, determined that the proposers providing the two highest-scoring proposals should be selected to enter into contract negotiations.

The proposed contracts were negotiated consecutively by a team from ISD, TTC, and County Counsel. On December 23, 2014, negotiations were successfully concluded with the highest-ranking proposer (Renovate America), and on January 9, 2015, negotiations were successfully concluded and the second-highest ranking proposer (Renewable Funding).

County Counsel reviewed the Request for Proposal, including its Sample Contract, prior to release, and participated in all contract negotiations. County Counsel approved the final proposed contracts as to form.

The proposed contracts include all Board-required programmatic provisions, and are unchanged from the Sample Contract that was issued with the RFP, except as noted below.

Renovate America, Inc.

The proposed contract with Renovate America is included as Attachment 1. All bracketed references in this discussion are to Attachment 1.

Renovate America objected to certain provisions in the Sample Agreement, and certain revisions resulted from negotiations.

The County's standard Termination for Default provision was revised to expressly reflect reciprocal rights for both parties [§ 8.43]. The County Sample Contract contains a Termination for Default provision that is unilateral and in favor of the County only. However, since each party would not be

foreclosed from pursuing legal remedies for any material breach by the other party, this revision would provide Renovate America with a procedural right to terminate the agreement for the County's material breach using agreed upon contractual processes, and not otherwise reduce the County's rights.

The County's unilateral right to termination for convenience has been deleted [§ 8.42]. To address the main circumstance that could potentially cause the County to elect to terminate for convenience, the Force Majeure clause has been amended and strengthened, to expressly state that adverse FHFA action that cannot be mitigated by Renovate America would constitute a force majeure event and suspension of continued offering of the PACE program [§§ 8.20.1, 8.20.4].

The County added a more specific data destruction clause to address the potential use of data under the PACE program [§ 9.5].

The administrator's various indemnification obligations are now consolidated and standardized in a single, comprehensive clause [§§ 8.23.1-8.23.7].

Renewable Funding, LLC

The proposed contract with Renewable Funding is included as Attachment 2. All bracketed references in this discussion are to Attachment 2.

Renewable Funding did not submit objections to the Sample Agreement.

The County added a more specific data destruction clause to address the potential use of data under the PACE program [§ 9.5].

The administrator's various indemnification obligations are now consolidated and standardized in a single, comprehensive clause [§§ 8.23.1-8.23.7].

Administrative Protest

A third proposer exercised its rights to the County's administrative protest process, but the protest was unsubstantiated and lacked merit.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

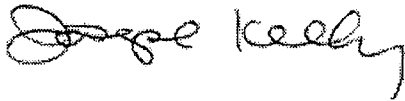
There is no impact on current services or projects provided by ISD, TTC, or County Counsel.

CONCLUSION

The Executive Office of the Board of Supervisors is requested to return two stamped and signed copies of each of the approved contracts to the Director of ISD.

The Honorable Board of Supervisors
3/3/2015
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Respectfully submitted,

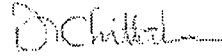


Joseph Kelly
Treasurer and Tax Collector

JJ:DC:JLG:HC

Enclosures

c: Executive Officer, Board of Supervisor
Chief Executive Officer
Chief Operating Officer
County Counsel
Auditor Controller



JIM JONES
Director



**CONTRACT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
RENOVATE AMERICA, INC.
FOR
RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY
(PACE) PROGRAM ADMINISTRATION**

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- B Request for Proposals for Residential Property Assessed Clean Energy (PACE) Program Administration #104464 (Not Attached)
- C Contractor's EEO Certification
- D County's Administration
- E Contractor's Administration
- F Contractor Acknowledgement and Confidentiality Agreement
- G Jury Service Ordinance
- H Safely Surrendered Baby Law
- I Charitable Contributions Certification

PACE PROGRAM

- J May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution
- K July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs
- L May 6, 2014 Board Letter - Authorize the Auditor-Controller to place residential Property Assessed Clean Energy (PACE) assessments on County tax rolls and authorize the Internal Services Department and Treasurer Tax Collector to perform an evaluation of the steps needed to implement a residential PACE program, including the execution of a solicitation to select a PACE Program Administrator
- M August 12, 2014 Board Letter - Residential Property Assessed Clean Energy (PACE) Program

**CONTRACT BETWEEN
COUNTY OF LOS ANGELES
AND
RENOVATE AMERICA, INC.
FOR
RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM
ADMINISTRATION**

This Contract is made and entered into as of the Effective Date by and between the County of Los Angeles, hereinafter referred to as County and Renovate America, Inc., a Delaware corporation, hereinafter referred to as Contractor.

RECITALS

WHEREAS, the County may contract with private businesses for Residential Property Assessed Clean Energy (PACE) Program Administration when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing Residential Property Assessed Clean Energy (PACE) Program Administration; and

WHEREAS, this Contract is therefore authorized under California Government Code Section 31000, which authorizes the Board of Supervisors to contract for special services; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

78348

1.0 APPLICABLE DOCUMENTS

This base document, together with Exhibits A, B, C, D, E, F, G, H, I, J, K, L, and M attached hereto and incorporated by this reference collectively form, and are referenced throughout and hereinafter as the "Contract." Any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base document and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the base document and Exhibit A (SOW), which are to be read together as a unified whole, and then to the Exhibits according to the following priority:

- 1.1 Base Document and Exhibit A -Statement of Work (SOW)
- 1.2 Exhibit B- Request for Proposals for Residential Property Assessed Clean Energy (PACE) Program Administration #104464 (RFP)
- 1.3 Exhibit C - Contractor's EEO Certification
- 1.4 Exhibit D - County's Administration
- 1.5 Exhibit E - Contractor's Administration
- 1.6 Exhibit F - Contractor Acknowledgement and Confidentiality Agreement
- 1.7 Exhibit G - Jury Service Ordinance
- 1.8 Exhibit H - Safely Surrendered Baby Law
- 1.9 Exhibit I - Charitable Contributions Certification
- 1.10 Exhibit J - May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution
- 1.11 Exhibit K - July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs
- 1.12 Exhibit L - May 6, 2014 Board Letter - Authorize the Auditor-Controller to place residential Property Assessed Clean Energy (PACE) assessments on County tax rolls and authorize the Internal Services Department and Treasurer Tax Collector to perform an evaluation of the steps needed to implement a residential PACE program, including the execution of a solicitation to select a PACE Program Administrator
- 1.13 Exhibit M - August 12, 2014 Board Letter - Residential Property Assessed Clean Energy (PACE) Program

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes all previous agreements, whether written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Sub-paragraph 8.1 - Amendments and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used

herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1 **American Recovery and Reinvestment Act of 2009 (ARRA):** Commonly referred to as the Stimulus or The Recovery Act. ARRA was an economic stimulus package enacted by the 111th United States Congress in February 2009, and signed into law on February 17, 2009, by President Obama.
- 2.2 **California PACE Loss Reserve Fund:** Authorized by Senate Bill 96 (2013), it is designed to address FHFA's financial concerns by making first mortgage lenders whole for any losses in a foreclosure or a forced sale that are attributable to a PACE loan. If a mortgage lender forecloses on a home that has a PACE lien, the reserve can be used to cover PACE payments during the foreclosure period. Alternatively, if a local government sells a home for unpaid taxes and the sale price falls short of the outstanding tax and first mortgage amounts, the reserve can be used to cover the shortfall (up to the amount of outstanding PACE payments). The \$10 million Loss Reserve will be available for all PACE loans issued by enrolled PACE programs and reported to CAEATFA for the length of their terms. PACE programs will report to CAEATFA semi-annually and pay a small administrative fee based on the principal amount of new loans they issue.
- 2.3 **Completion Certificate:** Document provided to County to certify the completion of a project.
- 2.4 **Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of Exhibit A - SOW.
- 2.5 **Contractor Program Director:** The individual designated by the Contractor with authority on contractual or administrative matters relating to this Contract that cannot be resolved by the Contractor's Program Manager.
- 2.6 **Contractor Program Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.
- 2.7 **Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the SOW.
- 2.8 **County Project Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Project Manager.
- 2.9 **County Project Manager:** Person designated by County's Project Director to manage the operations under this Contract.
- 2.10 **Day(s):** Calendar day(s) unless otherwise specified.
- 2.11 **DEER:** Database for Energy Efficient Resources.
(<http://www.deeresources.com/>)
- 2.12 **Delinquent Assessment Payments:** A property tax bill and any assessments contained therein is deemed delinquent if any portion of the amount due remains unpaid as of June 30th.
- 2.13 **Department Head:** Director of Internal Services Department.
- 2.14 **Department:** Internal Services Department.

- 2.15 **Early Payoff:** The act of paying the full amount owed on the PACE assessment prior to the end of the PACE assessment term. If an early payoff is requested by the property owner a payoff statement will be prepared showing the remaining terms on the assessment and any early payoff penalties that may be charged.
- 2.16 **Effective Date:** After acceptance and execution of this Contract by the Contractor, the date this Contract is accepted and approved by the County's Board of Supervisors.
- 2.17 **Federal Home Loan Mortgage Corporation (FMAC):** It is a government-sponsored enterprise, commonly known as Freddie Mac, whose primary responsibility is to provide liquidity, stability and affordability to the nation's housing market.
- 2.18 **Federal Housing Finance Agency (FHFA):** It is an independent regulatory agency responsible for the oversight of vital components of the secondary mortgage markets – the housing government-sponsored enterprises of Fannie Mae, Freddie Mac and the Federal Home Loan Bank System. Additionally, the FHFA is the conservator of Fannie Mae and Freddie Mac.
- 2.19 **Federal National Mortgage Association (FNMA):** It is a government-sponsored enterprise, commonly known as Fannie Mae, whose primary responsibility is to guarantee and purchase loans from mortgage lenders to ensure families can buy homes, refinance or rent a good home.
- 2.20 **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.21 **ISD:** Internal Services Department.
- 2.22 **Judicial Validation:** The process where the County PACE Program goes through a State court proceeding to allow any interested stakeholders to intervene and query the legality or other characteristics of the PACE Program to provide assurances to potential PACE Program bond investors that the PACE Program meets all legal requirements.
- 2.23 **July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs:** FHFA's Guidance Memo on July 6, 2010 to FNMA and FMAC describing the actions FHFA will take. Attached as Exhibit K.
- 2.24 **May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution:** Board Letter adopting the Los Angeles County Energy Program (LACEP) via the LACEP Program Report on May 25, 2010. Attached as Exhibit J and includes the following:
- **LACEP Assessment Contract:** The agreements by and between the County and free and willing property owners participating in LACEP, pursuant to which the County agrees to provide financing to such property owners for the acquisition, construction and installation of improvements to such owners' properties.
 - **LACEP Program Report:** The legal document approved by County Board of Supervisors enabling the establishment of a residential and commercial PACE program within Los Angeles County pursuant to PACE enabling legislation, which provides a general description of work anticipated in the

County's Residential PACE Program. This document also refers to the PACE programs as Los Angeles County Energy Program (LACEP).

- 2.25 **Officer of the Company:** A person appointed by the directors to manage the daily affairs of a corporation, sign certain documents and accept legal process for the corporation.
- 2.26 **PACE Program:** The Los Angeles County Residential PACE Program established as the LACEP pursuant to a Resolution adopted by the Board of Supervisors, on May 25, 2010, under the Contractual Assessment Law.
- 2.27 **Participating Contractor:** A home improvement contractor who has signed an agreement to participate in the PACE Program, completed the training, and maintains their eligibility.
- 2.28 **Program Administrator:** An organization or a team of organizations under a prime contractor who can provide turnkey design, implementation and administration services for the PACE Program.
- 2.29 **Program Launch:** Shall be the earliest date the County and Contractor mutually concur that the PACE Program may be offered to the public.
- 2.30 **Project:** The addition to or alteration, conversion, improvement, modernization, remodeling, repair or replacement of a building or part of a building that is used or designed to be used as a residence or dwelling place. For the purpose of this RFP and the PACE Program, all projects referred to herein must comply with the requirements as stated in California Assembly Bill 811.
- 2.31 **Property Assessed Clean Energy (PACE):** PACE is an innovative way to finance energy and water improvements to buildings and repay the cost of the improvements by means of a special assessment on property taxes bill of property owners.
- 2.32 **SOW:** Statement of Work. The complete scope of services requested through this RFP.

3.0 WORK

- 3.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in herein.
- 3.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

4.0 TERM OF CONTRACT

- 4.1 The term of this Contract shall be five (5) years commencing upon the Effective Date, unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2 The County shall have the sole option to extend this Contract term for up to five (5) additional one-year periods and six (6) month to month extensions, for a maximum total Contract term of ten (10) years and six (6) months. Each such

option and extension shall be exercised at the sole discretion of the Department Head or designee as authorized by the Board of Supervisors.

The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

- 4.3 The Contractor shall notify County when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to County at the address herein provided in Exhibit D - County's Administration.

5.0 CONTRACT SUM

The Contractor will provide PACE Program services at no cost to the County. Contractor will receive compensation through the fees and interest rates charged to property owners who utilize the PACE Program.

5.1 Reimbursements

Contractor will reimburse County for all costs borne by the County to administer the Contract and to support the PACE Program. Without limiting the generality of the foregoing, the Projected County costs are indicated in Appendix B – SOW, Sub-paragraph 8.2.6 of 8.2 - Financing, Assessment, Bond Issuance, and Funding.

5.2 Other Payments

Contractor shall provide moneys due to County such as for liquidated damages, fees assessed, and/or for any other applicable reason, within thirty (30) days when demand is made for other moneys.

Contractor shall remit all moneys by check, payable to the County of Los Angeles.

Internal Services Department
1100 N Eastern Ave
Los Angeles, CA 90063

In the event Contractor declines to pay County for the moneys owed, County reserves the right to terminate this Contract.

6.0 ADMINISTRATION OF CONTRACT - COUNTY

COUNTY ADMINISTRATION

A listing of all County Administration referenced in the following sub-paragraphs are designated in Exhibit D - County's Administration. The County shall notify the Contractor in writing of any change in the names or addresses shown.

6.1 County's Project Director

Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Contract are met; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

6.2 County's Project Manager

The responsibilities of the County's Project Manager include:

- meeting with the Contractor's Project Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor.

The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever.

7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Contractor's Program Director

7.1.1 The Contractor's Program Director is designated in Exhibit E - Contractor's Administration. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Program Director.

7.2 Contractor's Program Manager

7.2.1 The Contractor's Program Manager is designated in Exhibit E - Contractor's Administration. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Program Manager.

7.2.2 The Contractor's Program Manager shall be responsible for the Contractor's day-to-day activities as related to this Contract and shall coordinate with County's Project Manager on a regular basis.

7.2.3 The Contractor's Program Manager must have ten (10) years of experience, or be acceptable to the County.

7.3 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Program Manager.

7.4 Contractor's Staff Identification

Contractor shall provide, at Contractor's expense, all staff providing services under this Contract with a photo identification badge.

7.5 Background and Security Investigations

7.5.1 Each of Contractor's staff performing services under this Contract who is in a designated sensitive position, as determined by County in County's sole discretion, shall undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California Department of Justice to include State, local, and federal-level review, which may include, but shall not be limited to, criminal conviction information. The fees associated with the background investigation shall be at the expense of the Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.

- 7.5.2 If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be immediately removed from performing services under the Contract at any time during the term of the Contract. County will not provide to Contractor or to Contractor's staff any information obtained through the County's background investigation.
- 7.5.3 County, in its sole discretion, may immediately deny or terminate facility access to any member of Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.5.4 Disqualification of any member of Contractor's staff pursuant to this sub-paragraph shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.6 Confidentiality

- 7.6.1 Contractor shall maintain the confidentiality of all records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.
- 7.6.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with this paragraph, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this paragraph shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of County without County's prior written approval.
- 7.6.3 Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.
- 7.6.4 Contractor shall sign and adhere to the provisions of Exhibit F - Contractor Acknowledgement and Confidentiality Agreement.

8.0 STANDARD TERMS AND CONDITIONS

8.1 Amendments

- 8.1.1 For any change which affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and by Department Head or designee.
- 8.1.2 The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by Department Head or designee.
- 8.1.3 The Department Head or designee may at his/her sole discretion, authorize extensions of time as defined in Paragraph 4.0 - Term of Contract. The Contractor agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the Contractor and by Department Head or designee.

8.2 Assignment and Delegation

- 8.2.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.
- 8.2.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract, which consent shall not be withheld unreasonably, in accordance with applicable provisions of this PACE procurement or Contract. For the avoidance of doubt, nothing in this Section 8.2.2 or in Section 8.2.3 below shall limit or constrain Contractor's ability to sell, convey, pledge

or transfer any bonds or other financial instruments reflecting the obligations of the property owners under the PACE Program without obtaining the consent of the County.

- 8.2.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.3 Authorization Warranty

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 Budget Reductions

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Contract.

8.5 Complaints

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

- 8.5.1 Within seven (7) business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.
- 8.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.
- 8.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within seven (7) business days for County approval.

- 8.5.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.
- 8.5.5 The Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within two (2) business days of receiving the complaint.
- 8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.7 Copies of all written responses shall be sent to the County's Project Manager within two (2) business days of mailing to the complainant.

8.6 Compliance with Applicable Law

- 8.6.1 In the performance of this Contract, Contractor shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.6.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this paragraph shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

8.7 Compliance with Civil Rights Laws

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be

otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with Exhibit C - Contractor's EEO Certification.

8.8 Compliance with the County's Jury Service Program

8.8.1 Jury Service Program:

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as Exhibit G and incorporated by reference into and made a part of this Contract.

8.8.2 Written Employee Jury Service Policy.

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.
3. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor shall

have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

4. Contractor's violation of this sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 Conflict of Interest

8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this sub-paragraph shall be a material breach of this Contract.

8.10 Consideration of Hiring County Employees Targeted for Layoff/or Re-Employment List

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 Consideration of Hiring Gain/Grow Participants

8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor. Contractors shall report all job openings with job requirements to: gaingrow@dpss.lacounty.gov to obtain a list of qualified GAIN/GROW job candidates.

8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.12 Contractor Responsibility and Debarment

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

8.12.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which

negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.12.4 **Contractor Hearing Board**

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has

been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 **Subcontractors of Contractor**

These terms shall also apply to Subcontractors of County Contractors.

8.13 **Contractor's Acknowledgement of County's Commitment to the Safely Surrendered Baby Law**

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.14 **Contractor's Warranty of Adherence to County's Child Support Compliance Program**

8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the

Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 County's Contract Compliance Assurance Plan

The County or its agent will evaluate the Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors.

The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

8.16 Damage to County Facilities, Buildings or Grounds

8.16.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.16.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

8.17 Employment Eligibility Verification

8.17.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.17.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.18 Facsimile Representations

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to Sub-paragraph 8.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.19 Fair Labor Standards

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 Force Majeure

8.20.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, adverse action by the FHFA that is not remedied by the Contractor pursuant to *Section 4.0 (FHFA Mitigation)* of the Statement of Work, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

8.20.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

- 8.20.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.
- 8.20.4 Upon any adverse action by the FHFA, the County may suspend enrollment of new property owners under this Contract unless and until the Contractor delivers and implements a response plan approved by the County.

8.21 Governing Law, Jurisdiction, and Venue

This Contract is made and executed, and will be performed, all within the State of California. As such, this Contract shall be governed by, and construed in accordance with, the substantive and procedural laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.22 Independent Contractor Status

- 8.22.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.
- 8.22.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.
- 8.22.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.
- 8.22.4 The Contractor shall adhere to the provisions stated in Sub-paragraph 7.6 - Confidentiality.

8.23 Indemnification

Notwithstanding any provision of this Contract to the contrary, whether expressly or by implication, the Contractor shall indemnify, defend and hold harmless the

County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees") from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees. Without limiting the generality of this Section 8.23, Contractor's indemnity obligations under this Paragraph 8.23 cover, but are not limited to, the following particular categories found elsewhere in this Contract:

- 8.23.1 Confidentiality (7.6.2);
- 8.23.2 Compliance with Applicable Law (8.6.2);
- 8.23.3 Employment Eligibility Verification (8.17.2);
- 8.23.4 Fair Labor Standards (8.19);
- 8.23.5 Public Records Act Requests (8.36.2);
- 8.23.6 Subcontracting/Subcontractors (8.40.3); and
- 8.23.7 HIPAA (9.1.3)

8.24 General Provisions for All Insurance Coverage

Without limiting Contractor's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

8.24.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Contract.
- Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Contract. Certificates shall provide the full name of

each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.

- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

Angela Wu
1100 N Eastern Ave
Los Angeles, CA 90063
awu@isd.lacounty.gov

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against Contractor and/or County.

8.24.2 **Additional Insured Status and Scope of Coverage**

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.24.3 **Cancellation of or Changes in Insurance**

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice

shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

8.24.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

8.24.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.24.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

8.24.7 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.24.8 Sub-Contractor Insurance Coverage Requirements

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Contractor as additional insureds on the Sub-Contractor's General Liability policy. Contractor shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

8.24.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.24.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Contract. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

8.24.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

8.24.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.24.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

8.24.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.25 Insurance Coverage

8.25.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

- 8.25.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.
- 8.25.3 **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.
- 8.25.4 **Professional Liability/Errors and Omissions**
Insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Contract's expiration, termination or cancellation.
- 8.25.5 **[Intentionally Omitted]**
- 8.25.6 **Privacy/Network Security (Cyber)** liability coverage providing protection against liability for (1) privacy breaches [liability arising from the loss or disclosure of confidential information no matter how it occurs] (2) system breach (3) denial or loss of service (4) introduction, implantation, or spread of malicious software code (5) unauthorized access to or use of computer systems with limits of \$2 million. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

8.26 Liquidated Damages

- 8.26.1 If, in the judgment of the Department Head or designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Department Head or designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the

Contractor by the Department Head or designee, in a written notice describing the reasons for said action.

- 8.26.2 If the Department Head or designee, determines that there are deficiencies in the performance of this Contract that the Department Head or designee, deems are correctable by the Contractor over a certain time span, the Department Head or designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the Department Head or designee, may: (a) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or (b) Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars (\$100) per day per infraction, hereunder, and that the Contractor shall be liable to the County for liquidated damages in said amount. Said amount shall be deducted from the County's payment to the Contractor; and/or (c) Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.
- 8.26.3 The action noted in Sub-paragraph 8.26.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.
- 8.26.4 This sub-paragraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

8.27 Most Favored Public Entity

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

8.28 Nondiscrimination and Affirmative Action

- 8.28.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or

political affiliation, in compliance with all applicable Federal and State anti discrimination laws and regulations.

- 8.28.2 The Contractor shall certify to, and comply with, the provisions of Exhibit C - Contractor's EEO Certification.
- 8.28.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.28.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.28.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this sub-paragraph when so requested by the County.
- 8.28.7 If the County finds that any provisions of this sub-paragraph have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.
- 8.28.8 The parties agree that in the event the Contractor violates any of the anti discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.29 Non Exclusivity

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Contract shall not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources.

8.30 Notice of Delays

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.31 Notice of Disputes

The Contractor shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County's Project Manager or County's Project Director is not able to resolve the dispute, the Department Head or designee shall resolve it.

8.32 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.33 Notice to Employees Regarding the Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit H of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

8.34 Notices

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibits C - County's Administration and D - Contractor's Administration. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Department Head or designee shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.35 Prohibition against Inducement or Persuasion

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become

an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.36 Public Records Act

8.36.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Sub-paragraph 8.38 - Record Retention and Inspection/Audit Settlement of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.36.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.37 Publicity

8.37.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Project Director. The County shall not unreasonably withhold written consent.

8.37.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this sub-paragraph shall apply.

8.38 Record Retention and Inspection/Audit Settlement

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Contract, including but not limited to, documents relating to eligibility of projects, property owners, home improvement contractors and assessments. The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

- 8.38.1 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 8.38.2 Failure on the part of the Contractor to comply with any of the provisions of this sub-paragraph shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- 8.38.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by

the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

8.38.4 Contractor shall also retain records in compliance with all applicable Federal and State law and regulations, if applicable.

8.39 Recycled Bond Paper

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.40 Subcontracting

8.40.1 The requirements of this Contract may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

8.40.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:

- A description of the work to be performed by the Subcontractor;
- A draft copy of the proposed subcontract; and
- Other pertinent information and/or certifications requested by the County.

8.40.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the Contractor employees.

8.40.4 The Contractor shall remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.

8.40.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its Subcontractors of this County right.

8.40.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.

8.40.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

8.40.8 The Contractor shall obtain certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County from each approved Subcontractor. The Contractor shall ensure delivery of all such documents to:

Angela Wu
1100 N Eastern Ave
Los Angeles, CA 90063
awu@isd.lacounty.gov

before any Subcontractor employee may perform any work hereunder.

8.41 Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program

Failure of the Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.14 - Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Sub-paragraph 8.43 - Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.42 [Intentionally Omitted]

8.43 Termination for Default

8.43.1 Either Party may, by written notice to the other, terminate the whole or any part of this Contract, if:

- A Party has materially breached this Contract; or
- A Party fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
- A Party fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.43.2 In the event that the County terminates this Contract in whole or in part as provided in Sub-paragraph 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this sub-paragraph.

- 8.43.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Sub-paragraph 8.43.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "Subcontractor(s)" means Subcontractor(s) at any tier.
- 8.43.4 The rights and remedies of the Parties, and each of them, as provided in this sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law, equity, and/or under this Contract.

8.44 Termination for Improper Consideration

- 8.44.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
- 8.44.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.
- 8.44.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

8.45 Termination for Insolvency

8.45.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.46 Termination for Non-Adherence of County Lobbyist Ordinance

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

8.47 Termination for Non Appropriation of Funds

Notwithstanding any other provision of this Contract, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.48 Validity

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

8.49 Waiver

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this

sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.50 Warranty Against Contingent Fees

8.50.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.50.2 For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.51 Warranty of Compliance with County's Defaulted Property Tax Reduction Program

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206.

8.52 Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.51 - Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this contract and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

8.53 Time Off For Voting

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

9.0 UNIQUE TERMS AND CONDITIONS

9.1 Health Insurance Portability and Accountability Act Of 1996 ("HIPAA")

- 9.1.1 Contractor expressly acknowledges and agrees that the provision of services under this Contract does not require or permit access by Contractor or any of its officers, employees, or agents, to any patient medical records/patient information. Accordingly, Contractor shall instruct its officers, employees, and agents, that they are not to pursue, or gain access to, patient medical records/patient information for any reason whatsoever.
- 9.1.2 Notwithstanding the forgoing, the parties acknowledge that in the course of the provision of services hereunder, Contractor or its officers, employees, and agents, may have inadvertent access to patient medical records/patient information. Contractor understands and agrees that neither it nor its officers, employees, or agents, are to take advantage of such access for any purpose whatsoever.
- 9.1.3 Additionally, in the event of such inadvertent access, Contractor and its officers, employees, and agents, shall maintain the confidentiality of any information obtained and shall notify Director that such access has been gained immediately, or upon the first reasonable opportunity to do so. In the event of any access, whether inadvertent or intentional, Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all liability, including but not limited to, actions, claims, costs, demands, expenses, and fees (including attorney and expert witness fees) arising from or connected with Contractor's or its officers', employees', or agents', access to patient medical records/patient information. Contractor agrees to provide appropriate training to its employees regarding their obligations as described hereinabove.

9.2 Local Small Business Enterprise (SBE) Preference Program

- 9.2.1 This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.
- 9.2.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.
- 9.2.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.
- 9.2.4 If the Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification,

and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and Internal Services Department of this information prior to responding to a solicitation or accepting a contract award.

9.3 Ownership of Materials, Software and Copyright

9.3.1 Contractor warrants and represents, and as between the County and Contractor the County expressly acknowledges and agrees, that any and all computer software and all source code thereof, used or developed by Contractor ("Proprietary Software") in performing the services under this Contract is proprietary and Contractor, or its licensors, shall at all times exclusively own all rights, title, and interest in such software and Proprietary Software, including all intellectual property rights contained therein.

9.3.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's PACE Program documents, including assessment contracts, prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.

9.4 County Data

9.4.1 As between County and Contractor, County shall be the sole and exclusive owner of any and all information, data, plans, diagrams, reports and other documents and records entered or accessed or provided by County, its authorized users or Contractor ("County Data"), excluding any and all software, source codes, and/or directive works of the software, during provision of work and/or services under the Contract. Upon any expiration or termination of this Contract and for a period of five (5) years, and continuously throughout its term, Contractor, at its sole cost and expense, will make available to and otherwise provide County with a complete copy of the most recent back up of any County Data maintained by Contractor or on its behalf, in a

mutually agreed upon, commercially standard format that is compatible with County's then existing systems and will assist County in the transition of such County Data as reasonably requested by County. This Contract shall not be construed as granting any ownership rights in Contractor to any County Data or any other County Confidential Information. The County Data shall not be used by Contractor for any purpose other than as required under this Contract, nor shall the County Data or any part of the County Data be disclosed, sold, assigned, leased or otherwise disposed of to third parties by Contractor or commercially exploited or otherwise used by or on behalf of Contractor, its officers, directors, employees, subcontractors or agents.

9.4.2 Notwithstanding anything to the contrary in this paragraph 9.3:2, the County acknowledges and agrees that the Contractor, and its financing partners, will have collected and compiled data and information under this Contract (the "Data Compilations") in connection with the services provided under this Contract and that such Data Compilations may be used by the Contractor and/or its financing partners for their own purposes, including, without limitation, sale or distribution of financial instruments to third parties; provided, however, that the Contractor will not, and shall ensure that its financing partners will not, sell or distribute any of the County's confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis and does not disclose County Confidential Information.

9.5 Data Destruction

9.5.1 Contractor(s) and Vendor(s) that have maintained, processed, or stored the County of Los Angeles' ("County") data and/or information, implied or expressed, have the sole responsibility to certify that the data and information have been appropriately destroyed consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 titled *Guidelines for Media Sanitization*. Available at:

http://csrc.nist.gov/publications/PubsDrafts.html#SP-800-88_Rev_1

The data and/or information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices (e.g., servers, workstations) that are geographically located within the County, or external to the County's boundaries. The County must receive within ten (10) business days, a signed document from Contractor(s) and Vendor(s) that certifies and validates the data and information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Vendor shall certify that any County data stored on purchased, leased, or rented electronic storage equipment and electronic devices, including, but not limited to printers, hard drives, servers, and/or

workstations are destroyed consistent with the current National Institute of Standard and Technology (NIST) Special Publication SP-800-88, Guidelines for Media Sanitization. Vendor shall provide County with written certification, within ten (10) business days of removal of any electronic storage equipment and devices, that validates that any and all County data was destroyed and is unusable, unreadable, and/or undecipherable.

9.5.2 On County's written request or upon expiration or termination of this Contract for any reason, Contractor will promptly: (a) return or destroy, at County's option, all originals and copies of all documents and materials it has received containing County's Confidential Information; (b) if return or destruction is not permissible under applicable law, continue to protect such information in accordance with the terms of this Contract; and (c) deliver or destroy, at County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by Contractor, prepared under its direction, or at its request, from the documents and materials, and provide a notarized written statement to County certifying that all County Data has been delivered to County or destroyed, as requested by County.

9.5.3 Notwithstanding anything to the contrary in this paragraph 9.5, the County acknowledges and agrees that the Contractor, or its financing partners, may keep Data Compilations as well as all data which support any obligations Contractor enters into in connection with financing the Bonds.

9.6 Patent, Copyright and Trade Secret Indemnification

9.6.1 The Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of the Contractor's work under this Contract. County shall inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the Contractor's defense and settlement thereof.

9.6.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, or software product; or

- Replace the questioned equipment, part, or software product with a non-questioned item; or
- Modify the questioned equipment, part, or software so that it is free of claims.

9.6.3 The Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended.

9.7 Contractor's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete Exhibit I - Charitable Contributions Certification, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

9.8 Transitional Job Opportunities Preference Program

9.8.1 This Contract is subject to the provisions of the County's ordinance entitles Transitional Job Opportunities Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

9.8.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.

9.8.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Transitional Job Opportunity vendor.

9.8.4 If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the certifying department of this information prior to responding to a solicitation or accepting a contract award.

9.9 Disabled Veteran Business Enterprise Preference Program

9.9.1 This Contract is subject to the provisions of the County's ordinance entitled Disabled Veteran Business Enterprise Preference Program, as codified in Chapter 2.211 of the Los Angeles County Code.

9.9.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Disabled Veteran Business Enterprise.

9.9.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Disabled Veteran Business Enterprise.

9.9.4 If Contractor has obtained certification as a Disabled Veteran Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and

fails to notify the state and ISD of this information prior to responding to a solicitation or accepting a contract award.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

RENOVATE AMERICA, INC.

COUNTY OF LOS ANGELES

By *JRM*
Name
CEO
Title

By *Mike Antonovich*
Mayor, Board of Supervisors



I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

ATTEST:

PATRICK OGAWA
Acting Executive Officer-Clerk
of the Board of Supervisors

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By *Ant*
Deputy
MAR 03 2015

By *Ant*
Deputy

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

By *Behnaz Jashikone*
Principal Deputy County Counsel

13 MAR 03 2015

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

78348

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- E Contractor's Administration
- F Contractor Acknowledgement and Confidentiality Agreement
- G Jury Service Ordinance
- H Safely Surrendered Baby Law
- I Charitable Contributions Certification

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- J May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution
- K July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs
- L May 6, 2014 Board Letter - Authorize the Auditor-Controller to place residential Property Assessed Clean Energy (PACE) assessments on County tax rolls and authorize the Internal Services Department and Treasurer Tax Collector to perform an evaluation of the steps needed to implement a residential PACE program, including the execution of a solicitation to select a PACE Program Administrator
- M August 12, 2014 Board Letter - Residential Property Assessed Clean Energy (PACE) Program

EXHIBIT A: STATEMENT OF WORK

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1.0 SCOPE OF WORK

Contractor shall provide turnkey design, implementation, and administration services for County's Residential Property Assessed Clean Energy (PACE) Program Administration.

2.0 COUNTY RESPONSIBILITIES

The County's responsibilities are as follows:

2.1 Personnel

The County will administer the Contract according to Paragraph 6.0 - Administration of Contract – County of the base document. Specific duties will include:

- 2.1.1 Monitoring the Contractor's performance in the daily operation of this Contract.
- 2.1.2 Providing direction to the Contractor in areas relating to policy, information and procedural requirements.
- 2.1.3 Preparing Amendments in accordance with *Sub-paragraph 8.1 – Amendments* of the base document.
- 2.1.4 Placing the approved PACE assessment on the property tax roll for the tax roll year immediately following the disbursement date.
- 2.1.5 Collecting property taxes and distributing PACE assessment payments.
- 2.1.6 Other responsibilities as mutually agreed upon by County and Contractor which may include, but are not limited to, bond issuance, marketing and outreach, contractor training. As to issuance of bonds, such shall be in a timely manner for all projects which have met PACE Program requirements, and shall include mutually agreed-upon bond documents accompanying each bond including but not limited to bond counsel opinion, supplemental opinion, and reliance letter.

3.0 CONTRACTOR RESPONSIBILITIES

The Contractor's responsibilities are as follows:

3.1 Program Manager

- 3.1.1 Contractor shall provide a full-time Program Manager or designated alternate. County must have access to the Program Manager during all regular business hours on all business days excluding holidays. Contractor shall provide a telephone number where the Program Manager may be reached during the times requiring access.
- 3.1.2 Program Manager shall act as a central point of contact with the County.
- 3.1.3 Program Manager shall have a minimum of have one (1) year experience within the last five (5) years managing programs of the size and complexity described within as determined by the County.

3.1.4 Program Manager shall have full authority to act for Contractor on all matters relating to the daily operation of the Contract.

3.1.5 Program Manager shall be able to effectively communicate, in English, both orally and in writing.

3.2 Personnel

3.2.1 Contractor shall assign a sufficient number of employees to perform the required work.

3.2.2 Contractor shall be required to background check their employees as set forth in *Sub-paragraph 7.4 – Background & Security Investigations* of the base document.

3.3 Contractor's Office

3.3.1 Program Office

Contractor shall maintain an office with a telephone in the company's name where Contractor conducts Contract and PACE Program administrative services at a minimum of five (5) days per week between the hours of 8:00 AM and 6:00 PM. The office shall be staffed by at least one employee who can respond to inquiries and complaints from County staff, which may be received about the Contractor's performance of the Contract. When the office is closed, an answering service shall be provided to receive calls. The Contractor shall answer calls received by the answering service within one (1) business day of receipt of the call.

Address: Renovate America, Inc.
15073 Avenue of Science, Suite 200
San Diego, CA 92128

Program Call Center Number: 858-HERO-411

Program Fax Number: 858-815-6860

Program Email: info@heroprogram.com

Contractor Email: contractor@heroprogram.com

3.3.2 Field Office

Contractor shall maintain a field office within Los Angeles County in which PACE Program stakeholders, such as property owners and Participating Contractors, may visit to speak to PACE Program staff in person. The field office shall be approved by County prior to being deployed. The field office is an additional requirement to Sub-section 3.3.1.

3.4 Monthly Meetings

Contractor is required to attend a scheduled monthly meeting to discuss program status, progress, achievement of objectives, and other topics as identified by the County and the Contractor.

3.5 Monthly Reporting

Contractor shall provide County with monthly written reporting indicating status of key PACE Program metrics to be jointly determined by the Contractor and the County. Report for preceding month is due to the County no later than the 10th day of the current month.

4.0 FHFA MITIGATION

4.1 Description

Contractor shall establish and utilize a clear response plan indicating the actions Contractor will take if the FHFA decides to take action against the County or property owners as described in Contract, Exhibit B – RFP, Sub-paragraph 1.2 – Background. The response plan shall be subject to approval by County.

4.2 Activities

Activities shall, at a minimum, include:

4.2.1 Include a disclosure on the application to which all property owners must agree by signature prior to application submission. The disclosure shall address the August 31, 2010, Freddie Mac and Fannie Mae issued statements (the "Fannie/Freddie Rule") to sellers of mortgages or to servicers of mortgages held by Fannie/Freddie ("Seller/Servicers") to provide guidance on the purchase of mortgages by Fannie/Freddie secured by properties with a PACE obligation. The Fannie/Freddie Rule also individually provided:

- a. Freddie Mac will not purchase mortgages secured by properties subject to PACE obligations that provide for a first lien priority. Seller/Servicers are responsible for monitoring state and local laws to determine whether a jurisdiction has a PACE program that provides for first lien priority.
- b. Fannie Mae will not purchase mortgage loans secured by properties with an outstanding PACE obligation unless the terms of the PACE program do not permit priority over first mortgage liens. Lenders are responsible for monitoring state and local law to determine whether a jurisdiction has a PACE program that provides for lien priority.

There are three points that must be disclosed to a property owner by Contractor. The first is the Fannie/Freddie Rule identified above. The second is to make the property owner aware that they should review their existing mortgage documents, which may or may not be a conforming loan that has been acquired or would be eligible to be acquired by Fannie or Freddie. The third is to disclose that existing mortgages may have prohibitions against entering into senior liens on the property.

4.2.2 Subject to the County's approval, enroll in or maintain enrollment in the CAEATFA (California Alternative Energy and Advanced Transportation

Financing Authority) Loss Reserve Program or such similar mortgage loss reserve as described in Section 7.3.2.7.

- 4.2.3 To the extent that there are any additional rules by Fannie/ Freddie, the FHFA, the banks or any other significant authority, the Contractor will evaluate such measures and make any and all necessary recommendations to avoid adverse consequences to either property owner participants or communities participating in the Program.
- 4.2.4 Provide the County with indemnification provisions with respect to all future FHFA action.
- 4.2.5 Allow all participating property owners the right to pay off their assessment lien in part or in full.
- 4.2.6 The County reserves the right to actively participate and approve decisions related to the actions and tasks described herein and to any future actions by Fannie/ Freddie, the FHFA, the banks or any other significant authority.

5.0 CONSUMER PROTECTION MEASURES

5.1 Description

Contractor shall ensure best in class protections for property owners from actions such as, including but not limited to, predatory lending, unscrupulous contractors and poor quality assessment servicing.

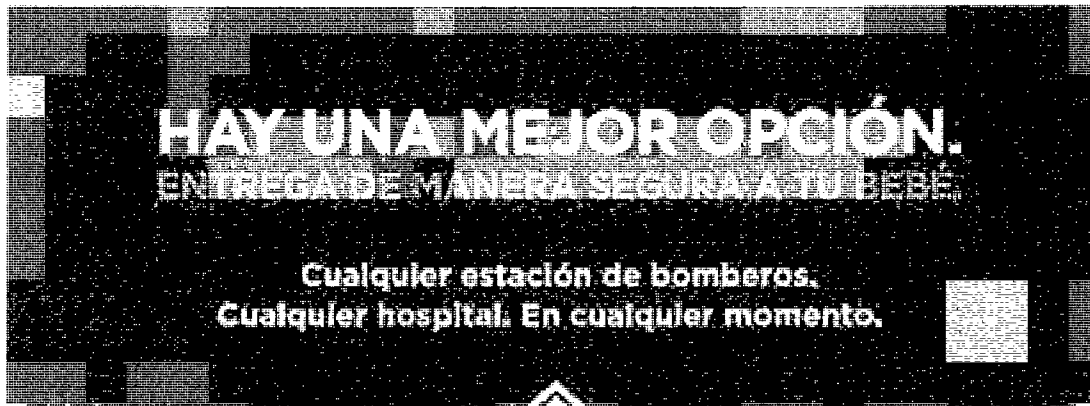
5.2 Activities

Activities shall, at a minimum, include:

- 5.2.1 Implement a multi-faceted approach to consumer protection and integrate it into training modules including: brand usage guidelines, marketing activity policies, advertising policies, sales and training protocol, and collateral.
- 5.2.2 Provide product eligibility verification by maintaining a database verifying that all products installed meet the US Department of Energy guidelines.
- 5.2.3 Perform a fair pricing assessment on projects if they fall outside a range of acceptability.
- 5.2.4 Provide special protection for seniors over 65 years of age to confirm they clearly understand the terms of the financing.
- 5.2.5 Provide assistance in multiple languages, other than and in addition to English, to ensure consumers understand the terms of their financing in their native language.
- 5.2.6 Enforce all policies and procedures for compliance.
- 5.2.7 Provide a dispute resolution team to assist consumers with issues.
- 5.2.8 Prior to Program Launch, create a *Consumer Protection Measures Plan*, included as part of the Operations Manual, and provide to the County for comment and approval.

EXHIBIT H: SAFELY SURRENDERED BABY LAW

2 OF 2



1.877.222.9723



BabySafeLA.org

Sin pena | Sin culpa | Sin nombres



EXHIBIT I: CHARITABLE CONTRIBUTIONS CERTIFICATION

1 OF 1

Renovate America

Company Name

15073 Avenue of Science, San Diego, CA 92128

Address

26-4104352

Internal Revenue Service Employer Identification Number

California Registry of Charitable Trusts "CT" number (if applicable)

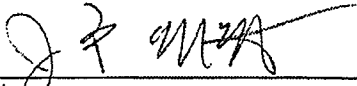
The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

Check the Certification below that is applicable to your company.

Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

OR

Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.


Signature

1/12/15
Date

JOHN PAUL MCNEILL CEO
Name and Title of Signer (please print)

Contract Exhibits
RESIDENTIAL PACE PROGRAM ADMINISTRATION



**CONTRACT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
RENEWABLE FUNDING LLC
FOR
RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY
(PACE) PROGRAM ADMINISTRATION**

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- M August 12, 2014 Board Letter - Residential Property Assessed Clean Energy (PACE) Program

**CONTRACT BETWEEN
COUNTY OF LOS ANGELES
AND
RENEWABLE FUNDING LLC
FOR
RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM
ADMINISTRATION**

This Contract is made and entered into as of the Effective Date by and between the County of Los Angeles, hereinafter referred to as County and Renewable Funding LLC, a California limited liability company, hereinafter referred to as Contractor.

RECITALS

WHEREAS, the County may contract with private businesses for Residential Property Assessed Clean Energy (PACE) Program Administration when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing Residential Property Assessed Clean Energy (PACE) Program Administration; and

WHEREAS, this Contract is therefore authorized under California Government Code Section 31000, which authorizes the Board of Supervisors to contract for special services; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

78349

1.0 APPLICABLE DOCUMENTS

This base document, together with Exhibits A, B, C, D, E, F, G, H, I, J, K, L, and M attached hereto and incorporated by this reference collectively form, and are referenced throughout and hereinafter as the "Contract." Any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the Base Document and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Base Document and Exhibit A (SOW), which are to be read together as a unified whole, and then to the Exhibits according to the following priority:

- 1.1 Base Document
 - Exhibit A - Statement of Work (SOW)
- 1.2 Exhibit B - Request for Proposals for Residential Property Assessed Clean Energy (PACE) Program Administration #104464 (RFP)
- 1.3 Exhibit C - Contractor's EEO Certification
- 1.4 Exhibit D - County's Administration
- 1.5 Exhibit E - Contractor's Administration
- 1.6 Exhibit F - Contractor Acknowledgement and Confidentiality Agreement
- 1.7 Exhibit G - Jury Service Ordinance
- 1.8 Exhibit H - Safely Surrendered Baby Law
- 1.9 Exhibit I - Charitable Contributions Certification
- 1.10 Exhibit J - May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution
- 1.11 Exhibit K - July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs
- 1.12 Exhibit L - May 6, 2014 Board Letter - Authorize the Auditor-Controller to place residential Property Assessed Clean Energy (PACE) assessments on County tax rolls and authorize the Internal Services Department and Treasurer Tax Collector to perform an evaluation of the steps needed to implement a residential PACE program, including the execution of a solicitation to select a PACE Program Administrator
- 1.13 Exhibit M - August 12, 2014 Board Letter - Residential Property Assessed Clean Energy (PACE) Program

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes all previous agreements, whether written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Sub-paragraph 8.1 - Amendments and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1 **American Recovery and Reinvestment Act of 2009 (ARRA):** Commonly referred to as the Stimulus or The Recovery Act. ARRA was an economic stimulus package enacted by the 111th United States Congress in February 2009, and signed into law on February 17, 2009, by President Obama.
- 2.2 **California PACE Loss Reserve Fund:** Authorized by Senate Bill 96 (2013), it is designed to address FHFA's financial concerns by making first mortgage lenders whole for any losses in a foreclosure or a forced sale that are attributable to a PACE loan. If a mortgage lender forecloses on a home that has a PACE lien, the reserve can be used to cover PACE payments during the foreclosure period. Alternatively, if a local government sells a home for unpaid taxes and the sale price falls short of the outstanding tax and first mortgage amounts, the reserve can be used to cover the shortfall (up to the amount of outstanding PACE payments). The \$10 million Loss Reserve will be available for all PACE loans issued by enrolled PACE programs and reported to CAEATFA for the length of their terms. PACE programs will report to CAEATFA semi-annually and pay a small administrative fee based on the principal amount of new loans they issue.
- 2.3 **Completion Certificate:** Document provided to County to certify the completion of a project.
- 2.4 **Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of Exhibit A - SOW.
- 2.5 **Contractor Program Director:** The individual designated by the Contractor with authority on contractual or administrative matters relating to this Contract that cannot be resolved by the Contractor's Program Manager.
- 2.6 **Contractor Program Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.
- 2.7 **Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the SOW.
- 2.8 **County Project Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Project Manager.
- 2.9 **County Project Manager:** Person designated by County's Project Director to manage the operations under this Contract.
- 2.10 **Day(s):** Calendar day(s) unless otherwise specified.
- 2.11 **DEER:** Database for Energy Efficient Resources.
(<http://www.deeresources.com/>)
- 2.12 **Delinquent Assessment Payments:** A property tax bill and any assessments contained therein is deemed delinquent if any portion of the amount due remains unpaid as of June 30th.
- 2.13 **Department Head:** Director of Internal Services Department.

- 2.14 **Department:** Internal Services Department.
- 2.15 **Early Payoff:** The act of paying the full amount owed on the PACE assessment prior to the end of the PACE assessment term. If an early payoff is requested by the property owner a payoff statement will be prepared showing the remaining terms on the assessment and any early payoff penalties that may be charged.
- 2.16 **Effective Date:** After acceptance and execution of this Contract by the Contractor, the date this Contract is accepted and approved by the County's Board of Supervisors.
- 2.17 **Federal Home Loan Mortgage Corporation (FMAC):** It is a government-sponsored enterprise, commonly known as Freddie Mac, whose primary responsibility is to provide liquidity, stability and affordability to the nation's housing market.
- 2.18 **Federal Housing Finance Agency (FHFA):** It is an independent regulatory agency responsible for the oversight of vital components of the secondary mortgage markets – the housing government-sponsored enterprises of Fannie Mae, Freddie Mac and the Federal Home Loan Bank System. Additionally, the FHFA is the conservator of Fannie Mae and Freddie Mac.
- 2.19 **Federal National Mortgage Association (FNMA):** It is a government-sponsored enterprise, commonly known as Fannie Mae, whose primary responsibility is to guarantee and purchase loans from mortgage lenders to ensure families can buy homes, refinance or rent a good home.
- 2.20 **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.21 **ISD:** Internal Services Department.
- 2.22 **Judicial Validation:** The process where the County PACE Program goes through a State court proceeding to allow any interested stakeholders to intervene and query the legality or other characteristics of the PACE Program to provide assurances to potential PACE Program bond investors that the PACE Program meets all legal requirements.
- 2.23 **July 6, 2010 FHFA Statement - FHFA Statement on Certain Energy Retrofit Loan Programs:** FHFA's Guidance Memo on July 6, 2010 to FNMA and FMAC describing the actions FHFA will take. Attached as Exhibit K.
- 2.24 **May 25, 2010 Board Letter - Public Hearing to Establish the Los Angeles County Energy Program Board Letter and Resolution:** Board Letter adopting the Los Angeles County Energy Program (LACEP) via the LACEP Program Report on May 25, 2010. Attached as Exhibit J and includes the following:
- **LACEP Assessment Contract:** The agreements by and between the County and free and willing property owners participating in LACEP, pursuant to which the County agrees to provide financing to such property owners for the acquisition, construction and installation of improvements to such owners' properties.
 - **LACEP Program Report:** The legal document approved by County Board of Supervisors enabling the establishment of a residential and commercial

PACE program within Los Angeles County pursuant to PACE enabling legislation, which provides a general description of work anticipated in the County's Residential PACE Program. This document also refers to the PACE programs as Los Angeles County Energy Program (LACEP).

- 2.25 **Officer of the Company:** A person appointed by the directors to manage the daily affairs of a corporation, sign certain documents and accept legal process for the corporation.
- 2.26 **PACE Program:** The Los Angeles County Residential PACE Program established as the LACEP pursuant to a Resolution adopted by the Board of Supervisors, on May 25, 2010, under the Contractual Assessment Law.
- 2.27 **Participating Contractor:** An organization or individual that contracts with another organization or individual (owner) for the construction of a building, road or facility.
- 2.28 **Program Administrator:** An organization or a team of organizations under a prime contractor who can provide turnkey design, implementation and administration services for the PACE Program.
- 2.29 **Program Launch:** Shall be the earliest date the County and Contractor mutually concur that the PACE Program may be offered to the public.
- 2.30 **Project:** The addition to or alteration, conversion, improvement, modernization, remodeling, repair or replacement of a building or part of a building that is used or designed to be used as a residence or dwelling place. For the purpose of this RFP and the PACE Program, all projects referred to herein must comply with the requirements as stated in California Assembly Bill 811.
- 2.31 **Property Assessed Clean Energy (PACE):** PACE is an innovative way to finance energy and water improvements to buildings and repay the cost of the improvements by means of a special assessment on property taxes bill of property owners.
- 2.32 **SOW:** Statement of Work. The complete scope of services requested through this RFP.

3.0 WORK

- 3.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in herein.
- 3.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

4.0 TERM OF CONTRACT

- 4.1 The term of this Contract shall be five (5) years commencing upon the Effective Date, unless sooner terminated or extended, in whole or in part, as provided in this Contract.

- 4.2 The County shall have the sole option to extend this Contract term for up to five (5) additional one-year periods and six (6) month to month extensions, for a maximum total Contract term of ten (10) years and six (6) months. Each such option and extension shall be exercised at the sole discretion of the Department Head or designee as authorized by the Board of Supervisors.

The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

- 4.3 The Contractor shall notify County when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to County at the address herein provided in Exhibit D - County's Administration.

5.0 CONTRACT SUM

The Contractor will provide PACE Program services at no cost to the County. Contractor will receive compensation through the fees and interest rates charged to property owners who utilize the PACE Program.

5.1 Reimbursements

Contractor shall reimburse County for all fees, costs, and expenses borne by the County to administer the Contract and to support the PACE Program up to one percent (1%) of the par amount of the PACE Program assessment bonds issued. County costs may include, but are not limited to, collecting and distributing the assessment, annual administrative costs incurred by the County, training of contractors, outreach to stakeholders and coordination with other energy programs administered by the County. County staff time is subject to full reimbursement by Contractor.

Without limiting the generality of the foregoing, the County will not submit an invoice to the Contractor until six (6) months after PACE Program Launch to the public.

5.2 Other Payments

Contractor shall provide moneys due to County such as for liquidated damages, fees assessed, and/or for any other applicable reason, within thirty (30) days when demand is made for other moneys.

Contractor shall remit all moneys by check, payable to the County of Los Angeles.

Internal Services Department
1100 N Eastern Ave
Los Angeles, CA 90063

In the event Contractor declines to pay County for the moneys owed, County reserves the right to terminate this Contract.

6.0 ADMINISTRATION OF CONTRACT - COUNTY COUNTY ADMINISTRATION

A listing of all County Administration referenced in the following sub-paragraphs are designated in Exhibit D - County's Administration. The County shall notify the Contractor in writing of any change in the names or addresses shown.

6.1 County's Project Director

Responsibilities of the County's Project Director include:

- ensuring that the objectives of this Contract are met; and
- providing direction to the Contractor in the areas relating to County policy, information requirements, and procedural requirements.

6.2 County's Project Manager

The responsibilities of the County's Project Manager include:

- meeting with the Contractor's Project Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor.

The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever.

7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Contractor's Program Director

7.1.1 The Contractor's Program Director is designated in Exhibit E - Contractor's Administration. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Program Director.

7.2 Contractor's Program Manager

7.2.1 The Contractor's Program Manager is designated in Exhibit E - Contractor's Administration. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Program Manager.

7.2.2 The Contractor's Program Manager shall be responsible for the Contractor's day-to-day activities as related to this Contract and shall coordinate with County's Project Manager on a regular basis.

7.2.3 The Contractor's Program Manager must have ten (10) years of experience, or be acceptable to the County.

7.3 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Program Manager.

7.4 Contractor's Staff Identification

Contractor shall provide, at Contractor's expense, all staff providing services under this Contract with a photo identification badge.

7.5 Background and Security Investigations

- 7.5.1 Each of Contractor's staff performing services under this Contract who is in a designated sensitive position, as determined by County in County's sole discretion, shall undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California Department of Justice to include State, local, and federal-level review, which may include, but shall not be limited to, criminal conviction information. The fees associated with the background investigation shall be at the expense of the Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.
- 7.5.2 If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be immediately removed from performing services under the Contract at any time during the term of the Contract. County will not provide to Contractor or to Contractor's staff any information obtained through the County's background investigation.
- 7.5.3 County, in its sole discretion, may immediately deny or terminate facility access to any member of Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.5.4 Disqualification of any member of Contractor's staff pursuant to this sub-paragraph shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.6 Confidentiality

- 7.6.1 Contractor shall maintain the confidentiality of all records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.
- 7.6.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with this paragraph, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this paragraph shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost

and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of County without County's prior written approval.

7.6.3 Contractor shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.

7.6.4 Contractor shall sign and adhere to the provisions of Exhibit F - Contractor Acknowledgement and Confidentiality Agreement.

8.0 STANDARD TERMS AND CONDITIONS

8.1 Amendments

8.1.1 For any change which affects the scope of work, term, Contract Sum, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and by Department Head or designee.

8.1.2 The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by Department Head or designee.

8.1.3 The Department Head or designee may at his/her sole discretion, authorize extensions of time as defined in Paragraph 4.0 - Term of Contract. The Contractor agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by the Contractor and by Department Head or designee.

8.2 Assignment and Delegation

8.2.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be

deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

8.2.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract, which consent shall not be withheld unreasonably, in accordance with applicable provisions of this PACE procurement or Contract. For the avoidance of doubt, nothing in this Section 8.2.2 or in Section 8.2.3 below shall limit or constrain Contractor's ability to sell, convey, pledge or transfer any bonds or other financial instruments reflecting the obligations of the property owners under the PACE Program without obtaining the consent of the County.

8.2.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.3 Authorization Warranty

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 Budget Reductions

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the

Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Contract.

8.5 Complaints

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.5.1 Within seven (7) business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

8.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

8.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within seven (7) business days for County approval.

8.5.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.

8.5.5 The Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within two (2) business days of receiving the complaint.

8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

8.5.7 Copies of all written responses shall be sent to the County's Project Manager within two (2) business days of mailing to the complainant.

8.6 Compliance with Applicable Law

8.6.1 In the performance of this Contract, Contractor shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

8.6.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this paragraph shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding

sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

8.7 Compliance with Civil Rights Laws

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with Exhibit C - Contractor's EEO Certification.

8.8 Compliance with the County's Jury Service Program

8.8.1 Jury Service Program:

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as Exhibit G and incorporated by reference into and made a part of this Contract.

8.8.2 Written Employee Jury Service Policy.

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more

County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any Subcontractor to perform services for the County under the Contract, the Subcontractor shall also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 Conflict of Interest

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the

County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this subparagraph shall be a material breach of this Contract.

8.10 Consideration of Hiring County Employees Targeted for Layoff/or Re-Employment List

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 Consideration of Hiring Gain/Grow Participants

8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor. Contractors shall report all job openings with job requirements to: gaingrow@dpss.lacounty.gov to obtain a list of qualified GAIN/GROW job candidates.

8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.12 Contractor Responsibility and Debarment

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

8.12.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of

6.0 PROPERTY OWNER AND PROJECT ELIGIBILITY REQUIREMENTS

6.1 Establish Requirements

6.1.1 Description

Contractor shall establish property owner and project eligibility requirements and QA/QC parameters by referencing the LACEP Program Report, Section II - Program Requirements, which outlines the minimum eligibility requirements for property owners, their properties and projects as originally contemplated when the PACE Program was approved by the Board. Contractor shall implement and enforce established requirements and verify eligibility with QA/QC parameters, which must be approved by County.

6.1.2 Activities

Activities shall, at a minimum, include:

- 6.1.2.1** Prior to implementation, identify property, project and owner eligibility requirements within the LACEP Program Report to which the Contractor would like to propose changes. Submit changes to the County for comment approval.
- 6.1.2.2** Create a Program Handbook to be made available to stakeholders and update it on a regular basis. See section 7.1.2.2 for additional information.
- 6.1.2.3** Prior to implementation, deliver a *QA/QC Protocol*, included as part of the Operations Manual, for verifying property, project and owner eligibility criteria.
- 6.1.2.4** Actively encourage and market the usefulness and benefits for residential energy and water audits. Allow the cost of the audit to be eligible for financing.

6.2 Water Conservation

6.2.1 Description

PACE Program shall include features to increase the adoption rate of water conservation measures.

6.2.2 Activities

Activities shall, at a minimum, include:

- 6.2.2.1** Actively analyze additional and/or new water technologies for inclusion in the eligible measures list.
- 6.2.2.2** Educate Participating Contractors regarding water conservation measures and help them build a referral system of reputable installers.
- 6.2.2.3** Use marketing channels, press events and collateral to increase consumer awareness of water efficiency upgrades.
- 6.2.2.4** Coordinate with local outreach and awareness efforts, including LA County Water Authority, LADWP and

Metropolitan Water District.

6.3 Revising and/or Retiring Requirements

6.3.1 Description

Contractor shall establish and implement a method by which eligibility requirements may be revised, retired or added to the PACE Program.

6.3.2 Activities

Activities shall, at a minimum, include:

6.3.2.1 Maintain a database of eligible energy efficient, water efficient and renewable energy product types and models. Update financing terms (ie. product useful life), product specifications and new product classes according to California Building Energy Efficient Standards and where applicable, with respect to California Building Climate Zones.

6.3.2.2 Create a copy of the *Qualified Improvement Procedure* document, included as part of the Operations Manual, that describes a method by which product eligibility requirements may be revised, retired or added to the Program.

6.3.2.3 All suggested revisions to property owner or underwriting criteria shall be pre-approved by the County prior to Implementation.

7.0 PACE PROGRAM ADMINISTRATIVE SERVICES

Contractor shall establish, implement and enforce the procedures and process for the application, verification, bond issuance, funding, and repayment of a PACE assessment which must be approved by the County.

7.1 Application Processing and Project Completion

7.1.1 Description

Contractor shall manage the process for property owner applications for PACE funding, confirmation of underwriting criteria, disbursement of funding, document execution and processing, confirming completion of work, assessing construction quality and placement of the assessment on the tax roll.

7.1.2 Activities

Activities shall, at a minimum, include:

7.1.2.1 Application processing, project completion and funding shall follow the following general process and timeline illustrated in Attachment A: Financing Process.

7.1.2.2 Contractor shall create the following:

- a. **PACE Program Handbook**, similar to the LA County Commercial PACE Program Handbook, to be made available to stakeholders and update it on a regular basis. The Program Handbook must, at a minimum,

describe:

- Any variations from requirements outlined in the Program Report
- Property, project and owner eligibility criteria
- Program requirements
- Finance standards, program fees, assessment terms and interest rate
- Program processes
- Dispute Resolution

b. **Operations Manual** as described in more detail in Section 13.2.3.

7.1.2.3 Contractor shall have a data system for generating, processing, and archiving all documentation related to the entire workflow from application submittal through funding. It shall ensure policy compliance, workflow efficiency and procedures and data archiving and reporting. It shall include the following features:

- a. Provide user-based access to information and functionality
- b. Access to all Program Services and Production Team members to complete tasks and/or document file notes
- c. User activity logging for every change, note and action
- d. Ability to look-up, add and edit eligible products
- e. Document generation that ensures a property owner's financing documents include accurate and policy-compliant terms and disclosures.
- f. Critical milestone and expiration date tracking on all files
- g. Electronic document workflows for eSignature.

7.1.2.4 Contractor shall transfer all County cities already opted into the WRCOG HERO Program to the County PACE Program upon Program Launch under this Contract. During Contract term and subsequent to Program Launch, all of Contractor's PACE activities in Los Angeles County shall be exclusively through the County's PACE Program under this Contract.

7.1.2.5 Contractor shall report monthly energy savings and program metrics.

7.2 Financing, Assessment, Bond Issuance and Funding

7.2.1 Description

Contractor shall establish procedures for financing, assessments, bond

issuance and funding. Contractor shall implement and enforce established procedures, which must be approved by County.

7.2.2 Activities

Activities shall, at a minimum, include:

- 7.2.2.1** Contractor shall set interest rates, fees, and terms as approved by County and re-negotiated periodically. Contractor shall ensure that such interest rates, fees, and a summary of terms shall be made available to property owners through the PACE Program website.
- 7.2.2.2** The costs identified by the borrower can be paid by the borrower or financed.
- 7.2.2.3** Property owners may choose to pay off their assessment amount at any time in full or in part in any amount of at least \$2500, or a lower amount as permissible by law.
- 7.2.2.4** Contractor shall record the assessment and place and/or record the lien against the property following the process indicated in Attachment C: Lien Recordation.
- 7.2.2.5** Contractor shall certify the completion of a project by requiring a signed Completion Certificate, final invoice and, if applicable, the final building permit prior to payment for products or services.
- 7.2.2.6** Contractor shall create, utilize and maintain Program documents and forms. Any proposed changes to Program documents will be proposed in advance by Contractor and subject to review and approval by County. Program Documents include, but are not limited to those listed in Attachment D: Program Documents.
- 7.2.2.7** Contractor shall reimburse County for all costs borne by the County to administer the Contract and to support the PACE Program up to one percent (1%) of the par amount of the PACE Program assessment bonds issued. Without limiting the generality of the foregoing, the County will not submit an invoice to the Contractor until six (6) months after PACE Program Launch to the public, County costs may include, but are not limited to, collecting and distributing the assessment, annual administrative costs incurred by the County, training of contractors, outreach to stakeholders and coordination with other energy programs administered by the County. County staff time is subject to full reimbursement by Contractor.
- 7.2.2.8** Contractor shall supply access to capital utilizing a primary path and a secondary path:
 - a. Primary Financing Path: Contractor will purchase

bonds, through means at its discretion, including its cash on hand, its credit facility, or otherwise. As part of the securitization process the Contractor may complete an audit of systems and the files associated with applicant. All costs related to a securitization will be paid by Contractor.

- b. Secondary Financing Path: Access “whole loan” buyers who are accredited investors and willing to purchase the unrated bonds and hold them to maturity, and are obligated to sign an investment letter.

7.2.2.9 Prior to any public sale of a securitization product, the County shall be allowed access to pricing materials, including transaction costs and secondary market trading activity, as well as bond documents for informational purposes only.

7.3 Financing Repayment

7.3.1 Description

Contractor shall manage the repayment process, keep track of the remaining PACE assessment amount and term, refund excessive or erroneous assessments, and manage delinquent payments and foreclosures subsequent to placing the PACE assessment on the tax roll.

7.3.2 Activities

Activities shall, at a minimum, include:

7.3.2.1 Contractor shall utilize software to generate the assessment contract and bond documents, verify electronic payment, generate recording documents and track completed steps.

7.3.2.2 Contractor shall track the remaining PACE assessment amounts and terms using a third-party assessment administrator approved by the County and retained by the Contractor. Payment amounts or outstanding payments amounts shall be shared with the County.

7.3.2.3 Contractor, or its approved agent, shall work with the County to facilitate the placement of PACE assessments on the property tax roll.

7.3.2.4 Contractor, or its approved agent, shall manage all early payoffs of PACE assessments.

7.3.2.5 Contractor, or its approved agent, shall manage the debt service payment process to bond holders. County has the right to advance approval of any paying agent or trustee to be assigned to the Program.

- 7.3.2.6** Contractor, or its approved agent, shall be proactive in the management of delinquent property tax payments and track delinquency promptly but no later than monthly. Monthly status reports shall be sent to the County that include detailed status on an assessment level, including APN, amount levied, amount paid, total delinquency. Upon payment of delinquent amounts, the assessment administrator provides reports that detail the amount collected with late fees and default interest reported separately.
- 7.3.2.7** The PACE Program shall have (2) loss reserves:
- a. Bond Reserve: This loss reserve is utilized to make advances to bondholders if a property owner is delinquent. It is a shared reserve across each Master Indenture. The loss reserve will be funded by PACE Program participants and held by a trustee approved by the County.
 - b. Mortgage Loss Reserve: This reserve is set up to advance funds to a mortgage entity that may have to pay delinquent taxes and will cost property owners additional costs. Contractor will work with the County to ensure that the PACE Program rules and requirements meet the restrictions imposed by participating in the CAEATFA PACE Loss Reserve or such similar mortgage loss reserve or insurance program as approved by the County.

8.0 MARKETING AND OUTREACH

8.1 Description

Contractor shall establish, implement, and enforce a marketing, outreach and PR program, and represent the PACE Program by participating in meetings and presentations. The marketing and outreach program shall be approved by County prior to being implemented.

8.2 Activities

Activities shall, at a minimum, include:

- 8.2.1** Contractor shall identify potential local stakeholder organization and companies and work to develop partnerships to help with marketing and education efforts in the region. Partnership efforts will be made with the following groups: local Participating Contractors, manufacturers and distributors, real estate organizers and civic organization.
- 8.2.2** Prior to implementation, Contractor will provide a draft *Marketing and PR Plan*, included as part of the Operations Manual, that is custom to

the County. It will include best practices from other markets but be custom to the demographics and local press and events for the LA County region.

8.2.3 Contractor shall create and update marketing collateral, informational materials, website, systems software, etc. necessary to market the PACE Program to targeted stakeholders while working with the County to receive appropriate approvals and integrate County comments and requests.

8.2.4 Contractor shall create and maintain a website that includes the following:

8.2.4.1 An experience that is intuitive, simple and easy to use, and inspires trust and confidence in the PACE Program

8.2.4.2 Comprehensive eligible energy, water and renewable energy product information, rebates and look-up capacity

8.2.4.3 Provide video and written testimonials

8.2.4.4 Help property owners evaluate which energy investments make sense for them and which Participating Contractors are properly licensed to do the work

8.2.4.5 Facilitate communication between property owners and staff, Participating Contractors, and other relevant providers through specialty web pages with email capability, and administrator functions

8.2.4.6 Provide an online application so that property owners may go to the website, enter their information and be pre-approved (or denied) in the same day.

8.2.4.7 Allow Participating Contractors who also complete the Program training to create a business listing on the Program website, including a short self-generated description of their business and specialties, that property owners may review when searching for a Participating Contractor

8.2.4.8 Create County and Participating Contractor portals that allow secure access to data, metrics and project status as needed by the respective parties.

a. Contractor shall create and maintain a custom-designed web portal specifically for Participating Contractors. It will contain resources for contractors and a protected area that will provide them with real-time data specific to their needs and projects

b. Contractor shall develop a County Portal on the PACE Program website as described in section 8.2.4.8 and give access to the County. The portal shall provide real-time program reporting on a number of key project metrics including, but not limited to:

- Number of applications
- Number of applications approved
- Dollar amount of applications
- Number of funded projects
- Dollar amount of funded projects
- Number of projects by industry: solar, energy efficiency, water efficiency
- Number of contractors by industry
- Identification of local contractors
- Jobs Created
- Energy Reductions
- GHG Reductions
- Economic Stimulus

8.2.4.9 Website shall connect with or have a landing page on www.lapace.org.

9.0 PARTICIPATING CONTRACTOR MANAGEMENT

9.1 Description

Contractor shall recruit, enroll, train, manage, and maintain a pool of qualified Participating Contractors sufficient to meet Program demand and enforce QA/QC parameters governing their eligibility and continued PACE Program participation.

9.2 Activities

Activities shall, at a minimum, include:

- 9.2.1 Contractor shall establish qualifications and QA/QC parameters, including penalties for failures up to and including disqualification from the PACE Program to manage Participating Contractors. These shall be described in a *Contractor Management Plan*, included as part of the Operations Manual.
- 9.2.2 Contractor shall manage the Participating Contractors' registration and training using the following general format outlined in Attachment E: Participating Contractor Approval.
- 9.2.3 Contractor shall verify active license status of all Participating Contractors via the California State Licensing Board.
- 9.2.4 Contractor shall require all Participating Contractors to register with the Program, agree to the terms and conditions and complete training prior to proceeding with their first customer.
- 9.2.5 Contractor shall verify the good standing of its Participating Contractors on a regular and timely basis and suspend those in violation of the requirements.
- 9.2.6 Contractor shall create a training program for Participating Contractors to meet both initial and ongoing training requirements and, to the

extent possible, leverage existing documents, training guides and program guides.

9.2.7 Contractor shall create and maintain a custom-designed web portal specifically for Participating Contractors as described in section 8.2.4.8.

9.2.8 Contractor shall ensure that the Participating Contractor base supply meets the PACE Program demand.

10.0 CUSTOMER SERVICE & SATISFACTION

10.1 Description

Contractor must assure quality customer service to PACE Program stakeholders, such as property owners and Participating Contractors. Contractor shall implement and enforce established procedures, which must be approved by County.

10.2 Activities

Activities shall, at a minimum, include:

10.2.1 Contractor shall establish a Customer Service Plan, included as part of the Operations Manual, using standard escalation management procedures. The Plan shall outline procedures and timelines for resolving complaints and concerns throughout the following stages: (1) Intake – Report of Incident, (2) Triage of Incident, (3) Investigate Incident, (4) Agree on Action, (5) Chief Compliance Officer Review Recommendations, (6) Implement Resolution Measure, (7) Closure and Tracking. It will address the point in the complaint process at which the County is notified.

10.2.2 Contractor shall respond to complaints within one business day.

10.2.3 Contractor shall maintain a toll free number operated by a live person during business hours.

10.2.4 Contractor shall track customer service metrics on multiple service level commitments and provide the County with monthly written updates.

10.2.5 Contractor shall provide an experienced and qualified customer service staff to adequately address issues in a timely manner.

11.0 COORDINATION WITH COUNTY ENERGY PROGRAMS

To perform the work herein, Contractor shall leverage marketing efforts and coordinate with other energy programs administered by the County including Green LA County, The Energy Network, Los Angeles County Commercial PACE Program and Energy Upgrade California – LA County.

12.0 OUTGOING TRANSITION PLAN

12.1 Contractor shall develop and provide an outgoing Transition Plan to ensure a smooth transition with County or County's selected contractor upon expiration or

termination of this Contract.

- 12.2 Upon County's advance written approval of the Transition Plan in Sections 12.1 and 12.3, Contractor shall implement the outgoing Transition Plan within sixty (60) Days, or such time as is necessary, at County's discretion,, prior to the expiration or termination of this Contract.
- 12.3 Without limiting the generality of the foregoing, the Transition Plan shall include an identification of: (1) applications submitted and approved, (2) signed assessment agreements, (3) projects completed but not yet funded through bond issuance, (4) payment history for all assessment contracts, and (5) access to all account statements produced by the paying agent and/or trustee since program inception.

13.0 PACE PROGRAM QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

13.1 Description

Contractor must assure best in class quality and control processes are in place and enforced to evaluate the effectiveness of the PACE Program and maintain quality control of eligibility requirements, contractors and projects. This section does not preclude County's right to terminate the Contract, in accordance with Contract, Paragraph 8.0 - Standard Terms and Conditions, Sub-paragraph 8.43 - Termination for Default.

13.2 Activities

Activities shall, at a minimum, include:

- 13.2.1 Contractor shall develop a County Portal on the PACE Program website as described in section 8.2.4.8.
- 13.2.2 Contractor shall perform on-site validations on a spot-check basis to ensure eligible product installation.
- 13.2.3 Contractor shall create an Operations Manual that includes internal procedures, processes, policies, best practices, form agreements and other documents that support the implementation, and administration of the PACE Program. It shall be approved by the County prior to implementation. The Operations Manual shall include at a minimum, but is not limited to, the following items:
 - 13.2.3.1 *Consumer Protection Measures Plan* addressing the requirements of Section 5.2.
 - 13.2.3.2 *Qualified Improvement Procedure* document addressing the requirements of Section 6.3.
 - 13.2.3.3 *Marketing and PR Plan* addressing the requirements of Section 8.2.
 - 13.2.3.4 *Contractor Management Plan* addressing the requirements of Section 9.2.
 - 13.2.3.5 *Customer Service Plan* addressing the requirements of

Section 10.2.

13.2.3.6 It shall include a list of all metrics that will be tracked during the Program term. Metrics shall be reportable on a County level or by individual cities within the County.

13.2.3.7 Contractor shall establish and utilize a comprehensive PACE Program *QA/QC Plan* to assure the County a consistent high level of service throughout the term of the contract. It shall include QA/QC processes, policies and best practices for all other program components including, but not limited to:

- a. Program Services (Call Center) – Fully trained, in house staff that can assist contractors and consumers with the PACE process. All calls, emails, and online chats shall be recorded. Contractor shall use procedures to monitor call center performance and provide mechanisms for feedback on agents from calls.
- b. Production – Fully trained in house team that supports every step of the underwriting, document, and funding processes. All actions shall be tracked and managed through secure residential PACE software platform and use QC audit procedures to ensure all originations meet detailed requirements and SLA's.
- c. Closing and Funding – When closing documentation is received, it must be approved and reviewed to ensure all closing conditions have been met, including the submittal of Final Building Permits, if applicable.
- d. Marketing –The Program marketing team shall approve all marketing plans and ads that fall outside of Participating Contractors -stated guidelines. Review and approval services shall be available to all Participating Contractors.
- e. Internal Training – Provide detailed, specific service level agreement and process requirements for all Program roles and departments ensuring that all guidelines are adhered and all training is consistent and continuous.
- f. Compliance Team –The compliance team shall provide assistance to resolve any disputes between Participating Contractors and consumers.
- g. Municipal Development / Account Management – Provide participating cities with dedicated account support and educate social service agencies and law enforcement agencies involved in consumer

protection so that they know and understand how the program works.

- h. Bond Issuance Process – Develop a methodical, streamlined approach to ensure all bond issuance requirements are met including review by bond counsel, approval, and signature on all applicable bond documents. As part of the bond issuance process, the Contractor shall generate a Data File that includes all calculations included in the bond documents and processes it through a multi-person workflow for review and approval.
- i. Program Impact Reporting – Provide an unbiased validation of actual and projected energy savings and economic impact achieved through Program implementation.
- j. Data Verification – All data is used to create customer amortization and payment schedules must be reviewed by Program staff, third-party assessment administrator, and Bond Counsel prior to issuance of bonds. Any change to software that accesses this data must be subjected to rigorous QA/QC testing before software changes are implemented.
- k. Delinquent Payments – Prepare reports at each tax payment date that detail delinquent payments. At the same time, send reminder notices to Property Owners followed by letters and inquiries if payment is not made by June 30th of a given tax year.

13.2.4 Contractor will provide a monthly Officer's Certificate stating compliance with all governing documents.

13.2.5 Contractor shall develop, implement and manage all resources, systems software, applications, models, templates and/or reporting mechanisms to track progress of the PACE Program, archive data and provide information in support of the PACE Program tasks, QA/QC and County requests.

13.2.6 The County will evaluate the Contractor's performance under this Contract using the Contract Compliance assurance procedures as defined in Contract, Sub-paragraph 8.15 - County's Contract Compliance Assurance Plan. When Contractor's performance does not conform to the requirements of this Contract, County will have the option to apply the following non-performance remedies:

13.2.6.1 Require Contractor to implement a formal corrective action plan, subject to approval by County. In the plan, Contractor must include reasons for the unacceptable performance, specific steps to return performance to an acceptable level,

and monitoring methods to prevent recurrence.

13.2.6.2 Reduce, suspend or cancel this Contract for systematic problems, deliberate misrepresentations or unacceptable levels of performance.

13.2.6.3 Failure of Contractor to comply with, or satisfy the request(s) for improvement of performance, or to perform the neglected work specified within ten (10) business days, shall constitute authorization for County to have the service(s) performed by others. The entire cost of such work performed by others as a consequence of Contractor's failure to perform said service(s), as determined by County, shall be credited to County on Contractor's future invoice(s).

Attachment A: Financing Process

<p>1. Apply</p>	<p>Residential applications can be completed and approved within 1 minute through HERO's automated application approval system. Property owners can submit applications over the phone, online, or by hard copy. As part of the application, the applicant agrees to the Program rules and authorizes Renewate America to verify applicant's declarations, including authorizing the pulling of a credit report.</p>
<p>2. Approve Products</p>	<p>Once the application has been approved, the product needs to be approved. Registered contractors will provide the manufacturer name, model number or other identifying details in order to obtain approval of each product. The Program utilizes Renewate America's Eligible Product database of over 900,000 eligible product models to "drill down" to the correct model or other specific identifier provided by the contractor. The contractor will receive verbal confirmation over the phone that the product is eligible and the product will be included in the property owner's Financing Documents.</p>
<p>3. Financing Documents</p>	<p>Financing Documents (Assessment Contract, Right to Cancel Notice, Application, and Financing Summary) are generated and are available for property owner signature.</p> <p>Each assessment contract must be signed by all persons or entities that have a recorded ownership interest in the participating property.</p> <p>Renewate America's eSign technology: As a technology-driven company and the industry leader in energy-efficiency financing, we are constantly looking for ways to improve our processes and reduce our carbon footprint. We now provide homeowners the option to sign financing documents electronically, using "eSign." This significantly reduces paper use, eliminates emissions associated with traveling to deliver financing documents and protects against forgery and identity theft. Our contractors have overwhelmingly adapted to using eSign. Now, 96% of all HERO financing documents are submitted electronically.</p>
<p>4-5. Install Products and Submit Completion Certificate</p>	<p>Once the signed Financing Documents have been received, installation of the approved eligible product(s) by a registered contractor can begin. Once installation is complete, including all required permits and inspections, the property owner and contractor sign and return the Completion Certificate to the Program.</p>
<p>6-7. Funding</p>	<p>After funding is approved, HERO processes payment to the contractor and/or property owner payee within 2 business days. As a parallel process, the assessment is included in a bond issuance. Please see section E.2.j for more information on the bond issuance process.</p>

Attachment B: Expected Program Fees, Terms and Rates

5	3.89%	6.12%
10	5.99%	7.47%
15	7.95%	9.15%
20	8.25%	9.23%

Note: Rates are based on current market conditions and are subject to change at any time.

The APR assumes the following costs which are financed by the borrower:

- 4.50% Program Fees
- 0.15% Reserve for delinquent payments
- 0.25% CAEATFA Reserve
- \$35 per year for the County of Los Angeles and to administer the annual payments due (Trustee and DTA).
- \$75 one-time fee to record the documents with the County of Los Angeles (estimate)

Attachment C: Lien Recordation

HERO Generates Assessment Contract

Property Owner signs Assessment Contract

Municipality Executes Assessment Contract

Contractor Completes Work; Requests Funding

Program verifies Completion; Funds Contractor

Program issues funding and generates Recording Documents

Payment of Contractual
Assessment (PCAR) and Notice
of Assessment (NOA) Executed
by Municipality

Assessment drafted into
scheduled Bond Documents

DTA/County Record PCAR and
NOA

Partners review and sign-off on
Bond Documents

Assessment Recorded on
Respective Property

Partners confirm recordation of
included Assessments

Bond closing

Attachment D: Program Documents

Document Name	Document Type	County Approval Required
Program Implementation Plan	Program Design	
Program Operations Manual	Program Design	
Program Report	District Formation	
Program Handbook	Reference Document	
Eligible Product List	Reference Document	
Contractor Reference Materials	Reference Document	
Terms of Use	Reference Document	
Privacy Policy	Reference Document	
Notice of Assessment	Recorded Document	
Payment of Contractual Assessment Required	Recorded Document	
Instruction to Trustee	Bond Document	
Investor's Letter	Bond Document	
Officer's Certificate	Bond Document	
Receipt for Bonds Proceed	Bond Document	
Receipt for Bonds	Bond Document	
Supplemental Indenture	Bond Document	
Improvement Bond	Bond Document	
Certificate of Trustee	Bond Document	
Bond Counsel Opinion	Bond Document	
Reliance Letter	Bond Document	
Supplemental Opinion	Bond Document	
Officer's Requisition for Disbursement	Bond Document	
Requisition for Payments of COI	Bond Document	
Requisition for Payment of Program Fund Proceeds	Bond Document	
Program Application	Financing Document	
Product Application	Financing Document	
Assessment Contract	Financing Document	
Financing Summary	Financing Document	
Right to Cancel	Financing Document	
Multi-Contractor Agreement	Financing Document	
Self-Install Agreement	Financing Document	
3 rd Party Payment Designee Form	Financing Document	
Completion Certificate	Financing Document	
Self-Install Completion Certificate	Financing Document	
Contractor Participation Agreement	Contractor Registration	
Contractor W9	Contractor Registration	
Final Payment Summary	Reference Document	
Financing Docs Attached	Communication	
Notice to Proceed	Communication	
Application Approved	Communication	
Application Conditionally Approved	Communication	
Application in Review	Communication	
Application Denied	Communication	
Agency Information Sheet	Communication	
Agreement for Billing Direct Assessments	Communication	
Written Authority to Levy Assessments	Communication	

Attachment E: Participating Contractor Approval

Contractor Submits Company Registration

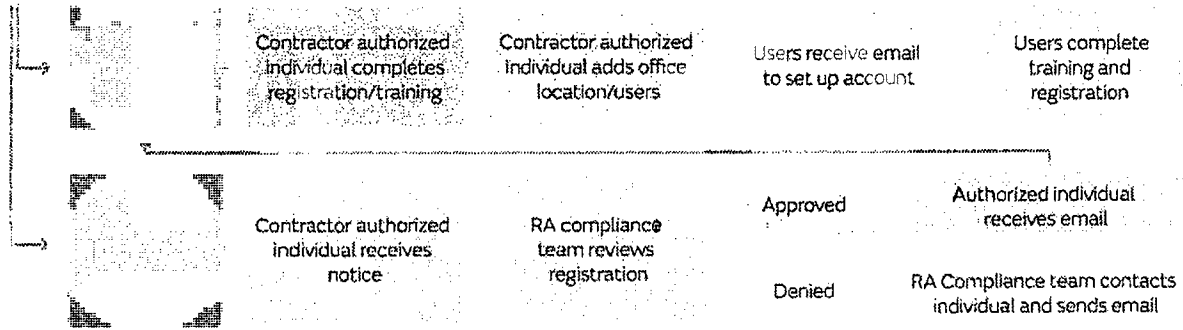


EXHIBIT C: CONTRACTOR'S EEO CERTIFICATION

1 OF 1

Renovate America

Contractor Name

15073 Avenue of Science, San Diego, CA 92128

Address

26-4104352

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- | | YES | NO |
|--|-------------------------------------|--------------------------|
| 1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. The Contractor periodically conducts a self analysis or utilization analysis of its work force. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

JOHN PAUL MCNEILL

CEO

Authorized Official's Printed Name and Title



Authorized Official's Signature

1/12/15

Date

Contract Exhibits
RESIDENTIAL PACE PROGRAM ADMINISTRATION

EXHIBIT D: COUNTY'S ADMINISTRATION

1 OF 1

Updated: January 2015

COUNTY'S PROJECT DIRECTOR

Name: Yolanda Young
Title: Contracting Division Manager
Address: 1100 N Eastern Ave
Los Angeles, CA 90063
Telephone: (323) 267-3101
E-mail: yyoung@isd.lacounty.gov

COUNTY'S PROJECT MANAGER

Name: Howard Choy
Title: General Manager - Office of Sustainability
Address: 1100 N Eastern Ave
Los Angeles, CA 90063
Telephone: (323) 267-2006
E-mail: hchoy@isd.lacounty.gov

EXHIBIT E: CONTRACTOR'S ADMINISTRATION

1 OF 1

Renovate America
CONTRACTOR'S NAME

Contract No. _____
Updated: January 2014

CONTRACTOR'S PROGRAM DIRECTOR

Name: John Paul (JP) McNeil
Title: Chief Executive Officer
Address: 15073 Avenue of Science
San Diego, CA 92128
Telephone: (858) 605-0501
E-mail: jpmcneill@renovateamerica.com

CONTRACTOR'S PROGRAM MANAGER

Name: Blair McNeill
Title: Vice President of Community Development
Address: 15073 Avenue of Science
San Diego, CA 92128
Telephone: (858) 605-9430
E-mail: bmcneill@renovateamerica.com

CONTRACTOR'S AUTHORIZED OFFICIAL

Name: John Paul (JP) McNeil
Title: Chief Executive Officer
Address: 15073 Avenue of Science
San Diego, CA 92128
Telephone: (858) 605-0501
E-mail: jpmcneill@renovateamerica.com

NOTICES TO CONTRACTOR SHALL BE SENT TO THE FOLLOWING ADDRESS

Name: John Paul (JP) McNeil
Title: Chief Executive Officer
Address: 15073 Avenue of Science
San Diego, CA 92128
E-mail: jpmcneill@renovateamerica.com

**EXHIBIT F: CONTRACTOR ACKNOWLEDGEMENT
AND CONFIDENTIALITY AGREEMENT**

1 OF 1

(Note: This certification is to be executed and returned to County with Contractor's executed Purchase Order. Work cannot begin on the Purchase Order until County receives this executed document.)

Contractor Name RENOVATE AMERICA

Contract No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

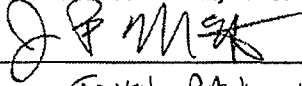
Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE:  DATE: 1/12/15

PRINTED NAME: JOHN PAUL MCNEILL

POSITION: CEO

Contract Exhibits
RESIDENTIAL PACE PROGRAM ADMINISTRATION

EXHIBIT G: JURY SERVICE ORDINANCE

1 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
 - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or
 - 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
 - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

EXHIBIT G: JURY SERVICE ORDINANCE

2 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
 2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002; Ord. 2002-0015 § 1 (part), 2002)

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002; Ord. 2002-0015 § 1 (part), 2002)

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

EXHIBIT G: JURY SERVICE ORDINANCE

3 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 - 1. Has ten or fewer employees during the contract period; and,
 - 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 - 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

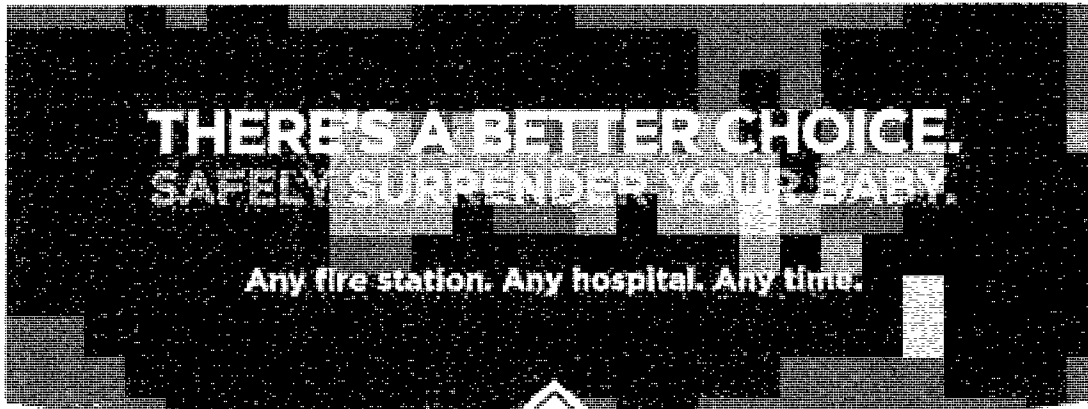
"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

EXHIBIT H: SAFELY SURRENDERED BABY LAW

1 OF 2



1.877.222.9723



BabySafeLA.org

No shame | No blame | No names



Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 **Subcontractors of Contractor**

These terms shall also apply to Subcontractors of County Contractors.

8.13 **Contractor's Acknowledgement of County's Commitment to the Safely Surrendered Baby Law**

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to

voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.14 Contractor's Warranty of Adherence to County's Child Support Compliance Program

8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 County's Contract Compliance Assurance Plan

The County or its agent will evaluate the Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors.

The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

8.16 Damage to County Facilities, Buildings or Grounds

8.16.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become

aware of such damage, but in no event later than thirty (30) days after the occurrence.

- 8.16.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

8.17 Employment Eligibility Verification

8.17.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.17.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.18 Facsimile Representations

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to Sub-paragraph 8.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.19 Fair Labor Standards

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 Force Majeure

- 8.20.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").
- 8.20.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.
- 8.20.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

8.21 Governing Law, Jurisdiction, and Venue

This Contract is made and executed, and will be performed, all within the State of California. As such, this Contract shall be governed by, and construed in accordance with, the substantive and procedural laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.22 Independent Contractor Status

- 8.22.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.
- 8.22.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other

compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.22.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.

8.22.4 The Contractor shall adhere to the provisions stated in Sub-paragraph 7.6 - Confidentiality.

8.23 Indemnification

Notwithstanding any provision of this Contract to the contrary, whether expressly or by implication, the Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees") from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees. Without limiting the generality of this Section 8.23, Contractor's indemnity obligations under this Paragraph 8.23 cover, but are not limited to, the following particular categories found elsewhere in this Contract:

8.23.1 Confidentiality (7.6.2);

8.23.2 Compliance with Applicable Law (8.6.2);

8.23.3 Employment Eligibility Verification (8.17.2);

8.23.4 Fair Labor Standards (8.19);

8.23.5 Public Records Act Requests (8.36.2);

8.23.6 Subcontracting/Subcontractors (8.40.3); and

8.23.7 HIPAA (9.1.3)

8.24 General Provisions for All Insurance Coverage

Without limiting Contractor's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

8.24.1 **Evidence of Coverage and Notice to County**

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Contract.
- Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Contract. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

Angela Wu
1100 N Eastern Ave
Los Angeles, CA 90063
awu@isd.lacounty.gov

Contractor also shall promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also shall promptly notify County of any third party claim or suit filed against Contractor or any of its Sub-Contractors which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against Contractor and/or County.

8.24.2 **Additional Insured Status and Scope of Coverage**

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.24.3 Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

8.24.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

8.24.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.24.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or

self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

8.24.7 **Waivers of Subrogation**

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.24.8 **Sub-Contractor Insurance Coverage Requirements**

Contractor shall include all Sub-Contractors as insureds under Contractor's own policies, or shall provide County with each Sub-Contractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Contractor as additional insureds on the Sub-Contractor's General Liability policy. Contractor shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

8.24.9 **Deductibles and Self-Insured Retentions (SIRs)**

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.24.10 **Claims Made Coverage**

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Contract. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

8.24.11 **Application of Excess Liability Coverage**

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

8.24.12 **Separation of Insureds**

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.24.13 **Alternative Risk Financing Programs**

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

8.24.14 **County Review and Approval of Insurance Requirements**

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.25 Insurance Coverage

8.25.1 **Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

8.25.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.25.3 **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

8.25.4 **Professional Liability/Errors and Omissions**

Insurance covering Contractor's liability arising from or related to this Contract, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, Contractor understands and agrees it shall

maintain such coverage for a period of not less than three (3) years following this Contract's expiration, termination or cancellation.

- 8.25.5 **Privacy/Network Security (Cyber)** liability coverage providing protection against liability for (1) privacy breaches [liability arising from the loss or disclosure of confidential information no matter how it occurs] (2) system breach (3) denial or loss of service (4) introduction, implantation, or spread of malicious software code (5) unauthorized access to or use of computer systems with limits of \$2 million. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

8.26 Liquidated Damages

- 8.26.1 If, in the judgment of the Department Head or designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Department Head or designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the Department Head or designee, in a written notice describing the reasons for said action.
- 8.26.2 If the Department Head or designee, determines that there are deficiencies in the performance of this Contract that the Department Head or designee, deems are correctable by the Contractor over a certain time span, the Department Head or designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the Department Head or designee, may: (a) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or (b) Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars (\$100) per day per infraction, hereunder, and that the Contractor shall be liable to the County for liquidated damages in said amount. Said amount shall be deducted from the County's payment to the Contractor; and/or (c) Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.

- 8.26.3 The action noted in Sub-paragraph 8.26.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.
- 8.26.4 This sub-paragraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

8.27 Most Favored Public Entity

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

8.28 Nondiscrimination and Affirmative Action

- 8.28.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti discrimination laws and regulations.
- 8.28.2 The Contractor shall certify to, and comply with, the provisions of Exhibit C - Contractor's EEO Certification.
- 8.28.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.28.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.

- 8.28.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this sub-paragraph when so requested by the County.
- 8.28.7 If the County finds that any provisions of this sub-paragraph have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.
- 8.28.8 The parties agree that in the event the Contractor violates any of the anti discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.29 Non Exclusivity

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Contract shall not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources.

8.30 Notice of Delays

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.31 Notice of Disputes

The Contractor shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County's Project Manager or County's Project Director is not able to resolve the dispute, the Department Head or designee shall resolve it.

8.32 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.33 Notice to Employees Regarding the Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit H of this Contract and is also available on the Internet at www.babysafela.org for printing purposes.

8.34 Notices

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibits C - County's Administration and D - Contractor's Administration. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Department Head or designee shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.35 Prohibition against Inducement or Persuasion

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.36 Public Records Act

8.36.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Sub-paragraph 8.38 - Record Retention and Inspection/Audit Settlement of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.36.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses,

including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.37 Publicity

8.37.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County's Project Director. The County shall not unreasonably withhold written consent.

8.37.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this sub-paragraph shall apply.

8.38 Record Retention and Inspection/Audit Settlement

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Contract, including but not limited to, documents relating to eligibility of projects, property owners, home improvement contractors and assessments. The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.38.1 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any

auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.38.2 Failure on the part of the Contractor to comply with any of the provisions of this sub-paragraph shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.38.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

8.38.4 Contractor shall also retain records in compliance with all applicable Federal and State law and regulations, if applicable.

8.39 Recycled Bond Paper

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.40 Subcontracting

8.40.1 The requirements of this Contract may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

8.40.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:

- A description of the work to be performed by the Subcontractor;
- A draft copy of the proposed subcontract; and
- Other pertinent information and/or certifications requested by the County.

- 8.40.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the Contractor employees.
- 8.40.4 The Contractor shall remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.
- 8.40.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its Subcontractors of this County right.
- 8.40.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.
- 8.40.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.40.8 The Contractor shall obtain certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County from each approved Subcontractor. The Contractor shall ensure delivery of all such documents to:

Angela Wu
1100 N Eastern Ave
Los Angeles, CA 90063
awu@isd.lacounty.gov

before any Subcontractor employee may perform any work hereunder.

8.41 Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program

Failure of the Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.14 - Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Sub-paragraph 8.43 - Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.42 Termination for Convenience

- 8.42.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.
- 8.42.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:
- Stop work under this Contract on the date and to the extent specified in such notice, and
 - Complete performance of such part of the work as shall not have been terminated by such notice.
- 8.42.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract shall be maintained by the Contractor in accordance with Sub-paragraph 8.38 - Record Retention and Inspection/Audit Settlement.

8.43 Termination for Default

- 8.43.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Project Director:
- Contractor has materially breached this Contract; or
 - Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
 - Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.
- 8.43.2 In the event that the County terminates this Contract in whole or in part as provided in Sub-paragraph 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this

Contract to the extent not terminated under the provisions of this sub-paragraph.

- 8.43.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Sub-paragraph 8.43.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "Subcontractor(s)" means Subcontractor(s) at any tier.
- 8.43.4 If, after the County has given notice of termination under the provisions of this sub-paragraph, it is determined by the County that the Contractor was not in default under the provisions of this sub-paragraph, or that the default was excusable under the provisions of Sub-paragraph 8.43.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Sub-paragraph 8.42 - Termination for Convenience.
- 8.43.5 The rights and remedies of the County provided in this sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.44 Termination for Improper Consideration

- 8.44.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

- 8.44.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.
- 8.44.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

8.45 Termination for Insolvency

- 8.45.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:
- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
 - The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
 - The appointment of a Receiver or Trustee for the Contractor; or
 - The execution by the Contractor of a general assignment for the benefit of creditors.
- 8.45.2 The rights and remedies of the County provided in this sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.46 Termination for Non-Adherence of County Lobbyist Ordinance

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

8.47 Termination for Non Appropriation of Funds

Notwithstanding any other provision of this Contract, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the

Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.48 Validity

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

8.49 Waiver

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this sub-paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.50 Warranty Against Contingent Fees

8.50.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.50.2 For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.51 Warranty of Compliance with County's Defaulted Property Tax Reduction Program

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206.

8.52 Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.51 - Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of Contractor to cure such default within 10 days of notice

shall be grounds upon which County may terminate this contract and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

8.53 Time Off For Voting

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

9.0 UNIQUE TERMS AND CONDITIONS

9.1 Health Insurance Portability and Accountability Act Of 1996 ("HIPAA")

9.1.1 Contractor expressly acknowledges and agrees that the provision of services under this Contract does not require or permit access by Contractor or any of its officers, employees, or agents, to any patient medical records/patient information. Accordingly, Contractor shall instruct its officers, employees, and agents, that they are not to pursue, or gain access to, patient medical records/patient information for any reason whatsoever.

9.1.2 Notwithstanding the forgoing, the parties acknowledge that in the course of the provision of services hereunder, Contractor or its officers, employees, and agents, may have inadvertent access to patient medical records/patient information. Contractor understands and agrees that neither it nor its officers, employees, or agents, are to take advantage of such access for any purpose whatsoever.

9.1.3 Additionally, in the event of such inadvertent access, Contractor and its officers, employees, and agents, shall maintain the confidentiality of any information obtained and shall notify Director that such access has been gained immediately, or upon the first reasonable opportunity to do so. In the event of any access, whether inadvertent or intentional, Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all liability, including but not limited to, actions, claims, costs, demands, expenses, and fees (including attorney and expert witness fees) arising from or connected with Contractor's or its officers', employees', or agents', access to patient medical records/patient information. Contractor agrees to provide appropriate training to its employees regarding their obligations as described hereinabove.

9.2 Local Small Business Enterprise (SBE) Preference Program

9.2.1 This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

- 9.2.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.
- 9.2.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.
- 9.2.4 If the Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:
1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
 2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
 3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and Internal Services Department of this information prior to responding to a solicitation or accepting a contract award.

9.3 Contractor's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers for Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Contractors to complete Exhibit I - Charitable Contributions Certification, the County seeks to ensure that all County contractors which receive or raise charitable contributions comply with California law in order to protect the County and its taxpayers. A Contractor which receives or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

9.4 Transitional Job Opportunities Preference Program

9.4.1 This Contract is subject to the provisions of the County's ordinance entitled Transitional Job Opportunities Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

9.4.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.

9.4.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Transitional Job Opportunity vendor.

9.4.4 If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the certifying department of this information prior to responding to a solicitation or accepting a contract award.

9.5 Disabled Veteran Business Enterprise Preference Program

9.5.1 This Contract is subject to the provisions of the County's ordinance entitled Disabled Veteran Business Enterprise Preference Program, as codified in Chapter 2.211 of the Los Angeles County Code.

9.5.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Disabled Veteran Business Enterprise.

9.5.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other

representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Disabled Veteran Business Enterprise.

9.5.4 If Contractor has obtained certification as a Disabled Veteran Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and ISD of this information prior to responding to a solicitation or accepting a contract award.

9.6 Ownership of Materials, Software and Copyright

9.6.1 Contractor warrants and represents, and as between the County and Contractor the County expressly acknowledges and agrees, that any and all computer software and all source code thereof, used or developed by Contractor ("Proprietary Software") in performing the services under this Contract is proprietary and Contractor, or its licensors, shall at all times exclusively own all rights, title, and interest in such software and Proprietary Software, including all intellectual property rights contained therein.

9.6.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's PACE Program documents, including assessment contracts, prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.

9.7 County Data

9.7.1 As between County and Contractor, County shall be the sole and exclusive owner of any and all information, data, plans, diagrams, reports and other documents and records entered or accessed or

provided by County, its authorized users or Contractor ("County Data"), excluding any and all software, source codes, and/or directive works of the software, during provision of work and/or services under the Contract. Upon any expiration or termination of this Contract and for a period of five (5) years, and continuously throughout its term, Contractor, at its sole cost and expense, will make available to and otherwise provide County with a complete copy of the most recent back up of any County Data maintained by Contractor or on its behalf, in a mutually agreed upon, commercially standard format that is compatible with County's then existing systems and will assist County in the transition of such County Data as reasonably requested by County. This Contract shall not be construed as granting any ownership rights in Contractor to any County Data or any other County Confidential Information. The County Data shall not be used by Contractor for any purpose other than as required under this Contract, nor shall the County Data or any part of the County Data be disclosed, sold, assigned, leased or otherwise disposed of to third parties by Contractor or commercially exploited or otherwise used by or on behalf of Contractor, its officers, directors, employees, subcontractors or agents.

9.7.2 Notwithstanding anything to the contrary in this paragraph, the County acknowledges and agrees that the Contractor, and its financing partners, will have and may use collected and compiled data and information under this Contract (the "Data Compilations") in connection with the services provided under this Contract and that such Data Compilations may be used by the Contractor and/or its financing partners for their own purposes, including, without limitation, sale or distribution of financial instruments to third parties; provided, however, that the Contractor will not, and shall ensure that its financing partners will not, sell or distribute any of the County's confidential information that may be contained in such Data Compilations, unless such confidential information is used only (1) as needed for services under this Contract, or (2) on an aggregated and anonymous basis and does not disclose County confidential information.

9.8 Data Destruction

9.8.1 On County's written request or upon expiration or termination of this Contract for any reason, Contractor will promptly: (a) return or destroy, at County's option, all originals and copies of all documents and materials it has received containing County's confidential information; (b) if return or destruction is not permissible under applicable law, continue to protect such information in accordance with the terms of this Contract; and (c) deliver or destroy, at County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by

Contractor, prepared under its direction, or at its request, from the documents and materials, and provide a notarized written statement to County certifying that all County Data has been delivered to County or destroyed, as requested by County.

9.8.2 Notwithstanding anything to the contrary in this paragraph 9.8, the County acknowledges and agrees that the Contractor, or its financing partners, may keep Data Compilations as well as all data which support any obligations Contractor enters into in connection with financing the Bonds.

9.9 Patent, Copyright and Trade Secret Indemnification

9.9.1 The Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of the Contractor's work under this Contract. County shall inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the Contractor's defense and settlement thereof.

9.9.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, or software product; or
- Replace the questioned equipment, part, or software product with a non-questioned item; or
- Modify the questioned equipment, part, or software so that it is free of claims.

9.9.3 The Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

RENEWABLE FUNDING LLC

COUNTY OF LOS ANGELES

By [Signature]
Name
COO / Chief Operating Officer
Title

By Mike Antonovich
Mayor, Board of Supervisors

I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.



ATTEST:

PATRICK OGAWA
Acting Executive Officer-Clerk
of the Board of Supervisors

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By [Signature]
Deputy
MAR 03 2015

By [Signature]
Deputy

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

13 MAR 03 2015

By Behnaz Jashkovan
Principal Deputy County Counsel

[Signature]
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

78349

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EXHIBIT A: STATEMENT OF WORK

EXHIBIT A

STATEMENT OF WORK

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1.0 SCOPE OF WORK

Contractor shall provide turnkey design, implementation, and administration services for County's Residential Property Assessed Clean Energy (PACE) Program Administration.

2.0 COUNTY RESPONSIBILITIES

The County's responsibilities are as follows:

2.1 Personnel

The County will administer the Contract according to Contract Paragraph 6.0 - Administration of Contract – County of the base document. Specific duties will include:

- 2.1.1** Monitoring the Contractor's performance in the daily operation of this Contract.
- 2.1.2** Providing direction to the Contractor in areas relating to policy, information and procedural requirements.
- 2.1.3** Preparing Amendments in accordance with Contract Sub-paragraph 8.1 – Amendments of the base document.
- 2.1.4** Placing the approved PACE assessment on the property tax roll for the tax roll year immediately following the disbursement date.
- 2.1.5** Collecting property taxes and distributing PACE assessment payments.
- 2.1.6** Other responsibilities as mutually agreed upon by County and Contractor, which may include, but are not limited to, bond issuance, marketing and outreach, contractor training. As to issuance of bonds, such shall be in a timely manner for all projects which have met PACE Program requirements, and shall include mutually agreed-upon bond documents accompanying each bond including but not limited to bond counsel opinion, supplemental opinion, and reliance letter.

3.0 CONTRACTOR RESPONSIBILITIES

The Contractor's responsibilities are as follows:

3.1 Program Manager

- 3.1.1** Contractor shall provide a full-time Program Manager or designated alternate. County must have access to the Program Manager during all regular business hours on all business days excluding holidays. Contractor shall provide a telephone number where the Program Manager may be reached during the times requiring access.

- 3.1.2 Program Manager shall act as a central point of contact with the County.
- 3.1.3 Program Manager shall have a minimum of have one (1) year experience within the last five (5) years managing programs of the size and complexity described within as determined by the County.
- 3.1.4 Program Manager shall have full authority to act for Contractor on all matters relating to the daily operation of the Contract.
- 3.1.5 Program Manager shall be able to effectively communicate, in English, both orally and in writing.

3.2 Personnel

- 3.2.1 Contractor shall assign a sufficient number of employees to perform the required work.
- 3.2.2 Contractor shall be required to background check their employees as set forth in Base Document *Sub-paragraph 7.4 – Background & Security Investigations* of the base document.

3.3 Contractor’s Office

3.3.1 Program Office

Contractor shall maintain an office with a telephone in the company’s name where Contractor conducts Contract and PACE Program administrative services at a minimum of five (5) days per week between the hours of 8:00 AM and 6:00 PM. The office shall be staffed by at least one employee who can respond to inquiries and complaints from County staff, which may be received about the Contractor’s performance of the Contract. When the office is closed, an answering service shall be provided to receive calls. The Contractor shall answer calls received by the answering service within one (1) business day of receipt of the call.

Address:

Renewable Funding
 500 12th Street, Suite 300
 Oakland, CA 94607
 Program Call Center Number: 888-839-1857
 Program Fax Number: 510-379-5300
 Program Email: info@losangelesfirst.org
 Contractor Email: losangelesfirst@egia.org

3.3.2 Field Office

Contractor shall maintain a field office within Los Angeles County in which PACE Program stakeholders, such as property owners and participating contractors, may visit to speak to PACE Program staff in person. County

shall approve the location of the field office prior to being deployed. The field office is an additional requirement to Sub-paragraph 3.3.1.

3.3.3 Change of Address

The Contractor shall notify the County in writing of any change in the name, address or contact information for any of the Contractor's offices.

3.4 Monthly Meetings

Contractor is required to attend a scheduled monthly meeting to discuss program status, progress, achievement of objectives, and other topics as identified by the County and the Contractor.

3.5 Monthly Reporting

Contractor shall provide County with monthly written reporting indicating status of key PACE Program metrics to be jointly determined by the Contractor and the County. Report for preceding month is due to the County no later than the 10th day of the current month.

4.0 FHFA MITIGATION

4.1 Description

Contractor shall establish and utilize a clear response plan indicating the actions Contractor will take if the FHFA decides to take action against the County or property owners as described in Contract Exhibit B – RFP, Sub-paragraph 1.2 – Background. The response plan shall be subject to approval by County.

4.2 Activities

Activities shall, at a minimum, include:

4.2.1 Include a disclosure on the application to which all property owners must agree by signature prior to application submission. There are three (3) material disclosures that must be made by the Contractor to the property owner as follows:

4.2.1.1 The disclosure shall address the August 31, 2010, Freddie Mac and Fannie Mae issued statements (the "Fannie/Freddie Rule") to sellers of mortgages or to servicers of mortgages held by Fannie/Freddie ("Seller/Servicers") to provide guidance on the purchase of mortgages by Fannie/Freddie secured by properties with a PACE obligation. The Fannie/Freddie Rule also individually provided:

- a. Freddie Mac will not purchase mortgages secured by properties subject to PACE obligations that provide for a first lien priority. Seller/Servicers are responsible for monitoring

state and local laws to determine whether a jurisdiction has a PACE program that provides for first lien priority.

- b. Fannie Mae will not purchase mortgage loans secured by properties with an outstanding PACE obligation unless the terms of the PACE program do not permit priority over first mortgage liens. Lenders are responsible for monitoring state and local law to determine whether a jurisdiction has a PACE program that provides for lien priority.

4.2.1.2 The second is to make the property owner aware that they should review their existing mortgage documents, which may or may not be a conforming loan that has been acquired or would be eligible to be acquired by Fannie/ Freddie.

4.2.1.3 The third is to disclose that existing mortgages may have prohibitions against entering into senior liens on the property.

4.2.2 Subject to the County's approval, enroll in or maintain enrollment in the CAEATFA (California Alternative Energy and Advanced Transportation Financing Authority) Loss Reserve Program or such similar mortgage loss reserve as described in Section 7.3.2.7.

4.2.3 To the extent that there are any additional rules by Fannie/ Freddie, the FHFA, the banks or any other significant authority, the Contractor will evaluate such measures and make any and all necessary recommendations to avoid adverse consequences to either property owner or communities participating in the PACE Program.

4.2.4 Provide the County with indemnification provisions with respect to all future FHFA action.

4.2.5 Allow all participating property owners the right to pay off their assessment lien in part or in full.

4.2.6 The County reserves the right to actively participate and approve decisions related to the actions and tasks described herein and to any future actions by Fannie/ Freddie, the FHFA, the banks or any other significant authority.

5.0 CONSUMER PROTECTION MEASURES

5.1 Description

Contractor shall ensure best in class protections for property owners from actions such as, including but not limited to, predatory lending, unscrupulous contractors and poor quality assessment servicing.

5.2 Activities

Activities shall, at a minimum, include:

- 5.2.1** Implement a multi-faceted approach to consumer protection and integrate it into brand usage guidelines, marketing activity policies, advertising policies, sales and training protocol, collateral, financial disclosures and assessment servicing procedures.
- 5.2.2** Provide product eligibility verification by maintaining a database verifying that all products installed meet the US Department of Energy guidelines or as approved by the County.
- 5.2.3** Perform a fair pricing assessment on projects if they fall outside a range of acceptability.
- 5.2.4** Provide special protection for seniors over 65 years of age to confirm they clearly understand the terms of the financing.
- 5.2.5** Provide assistance in multiple languages, other than and in addition to English, to ensure consumers understand the terms of their financing in their native language.
- 5.2.6** Enforce all policies and procedures for compliance.
- 5.2.7** Provide a dispute resolution team to assist consumers with issues.
- 5.2.8** Prior to Program Launch, create a *Consumer Protection Measures Plan*, included as part of the Operations Manual, and provide to the County for comment and approval.

6.0 PROPERTY OWNER AND PROJECT ELIGIBILITY REQUIREMENTS

6.1 Establishing Requirements

6.1.1 Description

Contractor shall establish property owner and project eligibility requirements and QA/QC parameters by referencing the LACEP Program Report, Section II - Program Requirements, which outlines the minimum eligibility requirements for property owners, their properties and projects as originally contemplated when the PACE Program was approved by the Board. Contractor shall implement and enforce established requirements and verify eligibility with QA/QC parameters, which must be approved by County.

6.1.2 Activities

Activities shall, at a minimum, include:

- 6.1.2.1 Prior to implementation, identify property, project and owner eligibility requirements within the LACEP Program Report to which the Contractor would like to propose changes. Submit changes to the County for approval.
- 6.1.2.2 Create a Program Handbook to be made available to stakeholders and update it on a regular basis. See section 7.1.2.2 for additional information.
- 6.1.2.3 Establish and deliver a *QA/QC Protocol*, included as part of the Operations Manual, for verifying property, project and owner eligibility criteria.
- 6.1.2.4 Actively encourage and market the usefulness and benefits for residential energy and water audits. Allow the cost of the audit to be eligible for financing.

6.2 Water Conservation Requirements

6.2.1 Description

PACE Program shall include features to increase the adoption rate of water conservation measures.

6.2.2 Activities

Activities shall, at a minimum, include:

- 6.2.2.1 Actively analyze additional and/or new water technologies for inclusion in the eligible measures list.
- 6.2.2.2 Educate participating contractors regarding water conservation measures and help them build a referral system of reputable installers.
- 6.2.2.3 Use marketing channels, press events and collateral to increase consumer awareness of water efficiency upgrades.
- 6.2.2.4 Coordinate with local outreach and awareness efforts, including LA County Water Authority, LADWP and Metropolitan Water District.

6.3 Revising and/or Retiring Requirements

6.3.1 Description

Contractor shall establish and implement a method by which eligibility requirements may be revised, retired or added to the PACE Program.

6.3.2 Activities

Activities shall, at a minimum, include:

- 6.3.2.1** Maintain a database of eligible energy efficient, water efficient and renewable energy product types and models. Update financing terms (i.e., product useful life), product specifications and new product classes according to California Building Energy Efficient Standards and where applicable, with respect to California Building Climate Zones or as approved by the County.
- 6.3.2.2** Establish and deliver a *Qualified Improvement Procedure*, included as part of the Operations Manual that describes a method by which product eligibility requirements may be revised, retired or added to the Program.
- 6.3.2.3** All suggested revisions to property owner or underwriting criteria shall be pre-approved by the County prior to implementation.

7.0 PACE PROGRAM ADMINISTRATIVE SERVICES

Contractor shall establish, implement and enforce the procedures and process for the application, verification, bond issuance, funding, and repayment of a PACE assessment which must be approved by the County.

7.1 Application Processing and Project Completion

7.1.1 Description

Contractor shall manage the process for property owner applications for PACE funding, confirmation of underwriting criteria, disbursement of funding, document execution and processing, confirming completion of work, assessing construction quality and placement of the assessment on the tax roll.

7.1.2 Activities

Activities shall, at a minimum, include:

- 7.1.2.1** Application processing, project completion and funding shall be described in detail and with estimated timelines in the Operations Manual but will follow the general process described herein:
 - a. Apply - Property Owner completes application, agrees to program rules and authorizes the Contractor to verify eligibility for participation. Contractor approves or denies application.

- b. Product Approval - Participating contractor or property owner submits product specifications to the Program. Contractor approves products to be installed.
- c. Sign Financing Documents - Financing Documents are generated and sent to the Property Owner for execution. Property Owner submits completed Financing Documents to the Program.
- d. Install Products - Participating contractor installs eligible products and completes the work.
- e. Submit Final Paperwork - A Completion Certificate signed by the property owner and participating contractor and all building permits and inspections, if applicable, are submitted to the Program.
- f. Lien Recorded - The lien documents are countersigned and the lien is recorded.
- g. Bond Issuance – Bond documents are generated, reviewed and signed by all required parties.
- h. Funding - Contractor approves funding and processes payment to the participating contractor or property owner.

7.1.2.2 Contractor shall create the following:

- a. PACE Program Handbook, similar to the LA County Commercial PACE Program Handbook, to be made available to stakeholders and update it on a regular basis. The Program Handbook must, at a minimum, describe:
 - o Any variations from requirements outlined in the Program Report
 - o Property, project and owner eligibility criteria
 - o Program requirements
 - o Finance standards, program fees, assessment terms and interest rate
 - o Program processes
 - o Dispute resolution process
- b. Operations Manual as described in more detail in Section 13.2.3.

- 7.1.2.3** Contractor shall have a data system for generating, processing, and archiving all documentation related to the entire workflow from application submittal through funding. It shall ensure policy compliance, workflow efficiency and procedures and data archiving and reporting. It shall include the following features:
- a. Provide user-based access to information and functionality;
 - b. Access to all Program Services and Production Team members to complete tasks and/or document file notes;
 - c. User activity logging for every change, note and action;
 - d. Ability to look-up, add and edit eligible products;

- e. Document generation that ensures a property owner's financing documents include accurate and policy-compliant terms and disclosures;
- f. Critical milestone and expiration date tracking on all files;
- g. Electronic document workflows for eSignature.

7.1.2.4 Contractor shall service all County cities already opted into the CaliforniaFIRST Program under the County PACE Program upon Program Launch under this Contract. During Contract term and subsequent to Program Launch, all of Contractor's PACE activities in Los Angeles County shall be exclusively through the County's PACE Program under this Contract.

7.1.2.5 Contractor shall report monthly energy savings and program metrics.

7.2 Financing, Assessment, Bond Issuance and Funding

7.2.1 Description

Contractor shall establish procedures for financing, assessments, bond issuance and funding. Contractor shall implement and enforce established procedures, which must be approved by County.

7.2.2 Activities

Activities shall, at a minimum, include:

7.2.2.1 Contractor shall set interest rates, fees, and terms as approved by County and re-negotiated periodically. Contractor shall ensure that such shall be made available to property owners through the PACE Program website. Attachment A to this Statement of Work is provided as a reference to the type of rate and fee schedule expected to be negotiated and maintained throughout the contract term.

7.2.2.2 The costs identified by the borrower can be paid by the borrower or financed.

7.2.2.3 Property owners may choose to pay off their assessment amount at any time in full or in part as permissible by law.

7.2.2.4 Contractor shall record the assessment and place and/or record the lien against the property. This process shall be described in detail and with estimated timelines in the Operations Manual but will follow the general process described herein:

- a. Contractor generates Assessment Contract.
- b. Property owner signs Assessment Contract.
- c. County executes Assessment Contract.

- d. Participating contractor completes work and requests funding.
 - e. Contractor verifies completion of project.
 - f. County executes Payment of Contractual Assessment Required and Notice of Assessment for Contractor to record on the property.
 - g. Contractor drafts assessment into bond documents, which are reviewed and signed by all required parties.
 - h. Contractor confirms recordation of included assessments and bond close occurs.
 - i. Contractor issues funding to participating contractor or property owner.
- 7.2.2.5** Contractor shall certify the completion of a project by requiring a signed Completion Certificate, final invoice and, if applicable, the final building permit prior to payment for products or services.
- 7.2.2.6** Contractor shall create, utilize and maintain Program documents and forms with function and the same or similar title as set forth in Attachment B: Program Documents. Any proposed adds, deletes, or changes to Program Documents will be proposed in advance by Contractor and subject to review and approval by County. Program Documents include, but are not limited to those listed in Attachment B: Program Documents.
- 7.2.2.7** Contractor shall reimburse County for all fees, costs, and expenses borne by the County to administer the Contract and to support the PACE Program up to one percent (1%) of the par amount of the PACE Program assessment bonds issued. Without limiting the generality of the foregoing, the County will not submit an invoice to the Contractor until six (6) months after PACE Program Launch to the public, County costs may include, but are not limited to, collecting and distributing the assessment, annual administrative costs incurred by the County, training of contractors, outreach to stakeholders and coordination with other energy programs administered by the County. County staff time is subject to full reimbursement by Contractor.
- 7.2.2.8** Contractor shall supply access to capital utilizing a primary path and a secondary path:
- a. Primary Financing Path: Contractor will purchase bonds, through means at its discretion, including its cash on hand, its credit facility, or otherwise. As part of the securitization process the Contractor may complete an audit of systems and the files associated with the property owner. All costs related to a securitization will be paid by Contractor.

- b. Secondary Financing Path: Access “whole loan” buyers who are accredited investors and willing to purchase the unrated bonds and hold them to maturity, and are obligated to sign an investment letter.

7.2.2.9 Prior to any public sale of a securitization product, the County shall be allowed access to pricing materials, including transaction costs and secondary market trading activity, as well as bond documents for informational purposes only.

7.3 Financing Repayment

7.3.1 Description

Contractor shall manage the repayment process, keep track of the remaining PACE assessment amount and term, refund excessive or erroneous assessments, and manage delinquent payments and foreclosures subsequent to placing the PACE assessment on the tax roll.

7.3.2 Activities

Activities shall, at a minimum, include:

- 7.3.2.1** Contractor shall utilize software to generate the assessment contract and bond documents, verify electronic payment, generate recording documents and track completed steps.
- 7.3.2.2** Contractor shall track the remaining PACE assessment amounts and terms using a third-party assessment administrator approved by the County and retained by the Contractor. Contractor shall report payment amounts or outstanding payments amounts to the County.
- 7.3.2.3** Contractor, or its approved agent, shall work with the County to facilitate the placement of PACE assessments on the property tax roll.
- 7.3.2.4** Contractor, or its approved agent, shall manage all early payoffs of PACE assessments.
- 7.3.2.5** Contractor, or its approved agent, shall manage the debt service payment process to bond holders. County has the right to advance approval of any paying agent or trustee to be assigned to the Program.
- 7.3.2.6** Contractor, or its approved agent, shall be proactive in the management of delinquent property tax payments and track delinquency promptly but no later than monthly. Monthly status

reports shall be sent to the County that includes detailed status on an assessment level, including APN, amount levied, amount paid, total delinquency. Upon payment of delinquent amounts, the assessment administrator provides reports that detail the amount collected with late fees and default interest reported separately.

- 7.3.2.7** The PACE Program shall have (2) loss reserves:
- a. Bond Reserve: This loss reserve is utilized to make advances to bondholders if a property owner is delinquent. It is a shared reserve across each Master Indenture. The loss reserve will be funded by PACE Program participants and held by a trustee approved by the County.
 - b. Mortgage Loss Reserve: This reserve is set up to advance funds to a mortgage entity that may have to pay delinquent taxes and will cost property owners additional costs. Contractor will work with the County to ensure that the PACE Program rules and requirements meet the restrictions imposed by participating in the CAEATFA PACE Loss Reserve or such similar mortgage loss reserve or insurance program as approved by the County.

8.0 MARKETING AND OUTREACH

8.1 Description

Contractor shall establish, implement, and enforce a marketing, outreach and PR program, and represent the PACE Program by participating in meetings and presentations. The marketing and outreach program shall be approved by County prior to being implemented.

8.2 Activities

Activities shall, at a minimum, include:

- 8.2.1** Contractor shall identify potential local stakeholder organization and companies and work to develop partnerships to help with marketing and education efforts in the region. Partnership efforts will be made with the following groups: local home improvement contractors, manufacturers and distributors, real estate organizers and civic organizations.
- 8.2.2** Create and implement a *Marketing and Outreach Plan* that is custom to the County, included as part of the Operations Manual. It will include best practices from other markets but be custom to the demographics and local press and events for the LA County region.

- 8.2.3 Contractor shall create and update marketing collateral, informational materials, website, systems software, etc. necessary to market the PACE Program to targeted stakeholders while working with the County to receive appropriate approvals and integrate County comments and requests.
- 8.2.4 Contractor shall create and maintain a website that includes the following:
- 8.2.4.1 An experience that is intuitive, simple and easy to use, and inspires trust and confidence in the PACE Program.
 - 8.2.4.2 Comprehensive eligible energy, water and renewable energy product information, rebates, and look-up capacity either directly or through reference or web page link.
 - 8.2.4.3 Interest rates, fees and a summary of terms.
 - 8.2.4.4 Video and written testimonials.
 - 8.2.4.5 Help property owners evaluate which energy investments make sense for them and which participating contractors are properly licensed to do the work, either directly or through reference or web page link.
 - 8.2.4.6 Facilitate communication between property owners and Contractor staff, participating contractors, and other relevant providers through specialty webpages or portals with email capability, and administrator functions, or as mutually agreed by County and Contractor.
 - 8.2.4.7 Provide an online application so that property owners may go to the website, enter their information and be pre-approved (or denied) in the same day.
 - 8.2.4.8 Upon request by the County, and as mutually agreed between County and Contractor, allow participating contractors who also complete the PACE Program training to create a business listing on the website, including a short self-generated description of their business and specialties, that property owners may review when searching for a participating contractor.
 - 8.2.4.9 **County Portal.** Create and maintain a County-only portal specifically for the County that allows secure access to data, metrics and project status as needed. This portal is not for general public use.

- a. The portal shall provide real-time program reporting, or as otherwise agreed between County and Contractor, on a number of key project metrics including, but not limited to:
 - Number of applications
 - Number of applications approved
 - Dollar amount of applications
 - Number of funded projects
 - Dollar amount of funded projects
 - Number of projects by industry: solar, energy efficiency, water efficiency
 - Number of contractors by industry
 - Identification of local contractors
 - Jobs Created
 - Energy Reductions
 - GHG Reductions

8.2.4.10 Participating-Contractor Portal. Create and maintain a participating contractor portal that allows secure access to PACE Program resources and real-time data specific to their needs and projects. This portal shall contain resources for contractors and a protected area that will provide them with real-time data specific to their needs and projects.

8.2.4.11 Website shall connect with or have a landing page on www.lapace.org

9.0 PARTICIPATING CONTRACTOR MANAGEMENT

9.1 Description

Contractor shall recruit, enroll, train, manage, and maintain a pool of qualified home improvement contractors sufficient to meet PACE Program demand and enforce QA/QC parameters governing their eligibility and continued PACE Program participation.

9.2 Activities

Activities shall, at a minimum, include:

- 9.2.1** Create and implement a *Participating Contractor Management Plan*, included as part of the Operations Manual. The Plan shall include qualifications and QA/QC parameters, including penalties for failures up to and including disqualification from the PACE Program to manage participating contractors

- 9.2.2 Contractor shall manage the Program's participating contractors, including their registration and training. This process shall be described in detail and with estimated timelines in the Operations Manual.
- 9.2.3 Contractor shall verify active license status of all participating contractors via the California State Licensing Board.
- 9.2.4 Contractor shall require all participating contractors to register with the PACE Program, agree to the terms and conditions and complete training prior to proceeding with their first customer.
- 9.2.5 Contractor shall verify the good standing of its participating contractors on a regular and timely basis and suspend those in violation of the requirements.
- 9.2.6 Contractor shall create a training program for participating contractors to meet both initial and ongoing training requirements.
- 9.2.7 Contractor shall create and maintain a custom-designed web portal specifically for participating contractors as described in section 8.2.4.10.
- 9.2.8 Contractor shall ensure that the participating base supply meets the PACE Program demand.

10.0 CUSTOMER SERVICE & SATISFACTION

10.1 Description

Contractor must assure quality customer service to PACE Program stakeholders, such as property owners and participating contractors. Contractor shall implement and enforce established procedures, which must be approved by County.

10.2 Activities

Activities shall, at a minimum, include:

- 10.2.1 Contractor shall establish a *Customer Service Plan*, included as part of the Operations Manual. The Plan shall outline procedures and timelines for resolving complaints and concerns throughout using standard escalation procedures including the following suggested stages, and as approved by the County: (1) Intake – Report of Incident, (2) Triage of Incident, (3) Investigate Incident, (4) Agree on Action, (5) Chief Compliance Officer Review Recommendations, (6) Implement Resolution Measure, (7) Closure and Tracking. It will address the point in the complaint process at which the County is notified.
- 10.2.2 Contractor shall respond to issues and complaints within one business day.

10.2.3 Contractor shall maintain a call center with a toll free number operated by an experienced and qualified live agent during business hours.

10.2.4 Contractor shall track customer service metrics on multiple service levels and provide the County with monthly written updates.

10.2.5 Contractor shall provide an experienced and qualified customer service staff to adequately address issues in a timely manner.

10.2.6 All calls, emails and online chats shall be recorded.

11.0 COORDINATION WITH COUNTY ENERGY PROGRAMS

To perform the work herein, Contractor shall leverage marketing efforts and coordinate with other energy programs administered by the County including Green LA County, The Energy Network, Los Angeles County Commercial PACE Program and Energy Upgrade California – LA County.

12.0 OUTGOING TRANSITION PLAN

12.1 Description

Contractor shall develop and provide an Outgoing Transition Plan to ensure a smooth transition with County or County's selected contractor upon expiration or termination of this Contract.

12.2 Activities

Activities shall, at a minimum, include:

12.2.1 Develop an Outgoing Transition Plan

12.2.2 Upon County's advance written approval of the Outgoing Transition Plan in paragraphs 12.2.1 and 12.2.3, Contractor shall implement the outgoing Transition Plan within sixty (60) days, or such time as is necessary, at County's discretion, prior to the expiration or termination of this Contract.

12.2.3 Without limiting the generality of the foregoing, the Outgoing Transition Plan shall include an identification of: (1) applications submitted and approved, (2) signed assessment agreements, (3) projects completed but not yet funded through bond issuance, (4) payment history for all assessment contracts, and (5) access to all account statements produced by the paying agent and/or trustee since PACE Program inception.

13.0 PACE PROGRAM QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)

13.1 Description

Contractor must assure best in class quality and control processes are in place and enforced to evaluate the effectiveness of the PACE Program and maintain quality control of eligibility requirements, contractors and projects. This section does not preclude County's right to terminate the Contract, in accordance with Contract, Paragraph 8.0 - Standard Terms and Conditions, Sub-paragraph 8.42 - Termination for Convenience and Sub-paragraph 8.43 - Termination for Default.

13.2 Activities

Activities shall, at a minimum, include:

13.2.1 Contractor's County Portal on the PACE Program website shall provide real-time reporting and key project metrics as described in section 8.2.4.9.

13.2.2 Contractor shall perform on-site validations on a spot-check basis to ensure eligible product installation.

13.2.3 Contractor shall create an Operations Manual that includes internal procedures, processes, policies, best practices, form agreements and other documents that support the implementation, and administration of the PACE Program. It shall be approved by the County prior to implementation. The Operations Manual shall include at a minimum, but is not limited to, the following items:

13.2.3.1 *Consumer Protection Measures Plan* addressing the requirements of Section 5.2.

13.2.3.2 *Qualified Improvement Procedure* document addressing the requirements of Section 6.3.

13.2.3.3 *Marketing and Outreach Plan* addressing the requirements of Section 8.2.

- 13.2.3.4** *Participating Contractor Management Plan* addressing the requirements of Section 9.2.
- 13.2.3.5** *Customer Service Plan* addressing the requirements of Section 10.2.
- 13.2.3.6** It shall include a list of all metrics that will be tracked during the Program term. Metrics shall be reportable on a County level or by individual cities within the County.
- 13.2.3.7** Contractor shall establish and utilize a comprehensive PACE Program *QA/QC Plan* to assure the County a consistent high level of service throughout the term of the contract. It shall include QA/QC processes, policies and best practices for all PACE program components including, but not limited to:
- a. Program Services (Call Center) – Fully trained, in house staff that can assist contractors and consumers with the PACE process. All calls, emails, and online chats shall be recorded. Contractor shall use procedures to monitor call center performance and provide mechanisms for feedback on agents from calls.
 - b. Production – Fully trained in house team that supports every step of the underwriting, document, and funding processes. All actions shall be tracked and managed through secure residential PACE software platform and use QC audit procedures to ensure all originations meet detailed requirements and Service Level Agreements.
 - c. Closing and Funding – When closing documentation is received, it must be approved and reviewed to ensure all closing conditions have been met, including the submittal of Final Building Permits, if applicable.
 - d. Marketing –The Program marketing team shall approve all marketing plans and ads that fall outside of participating home improvement contractor -stated guidelines. Review and approval services shall be available to all participating contractors.
 - e. Internal Training – Provide detailed, specific service level agreement and process requirements for all Program roles and departments ensuring that all guidelines are adhered and all training is consistent and continuous.
 - f. Compliance Team –The compliance team shall provide assistance to resolve any disputes between participating contractors and consumers.
 - g. Municipal Development / Account Management – Provide participating cities with dedicated account support and

educate social service agencies and law enforcement agencies involved in consumer protection so that they know and understand how the program works.

- h. Bond Issuance Process –Use a methodical, streamlined approach to ensure all bond issuance requirements are met including review by bond counsel, approval, and signature on all applicable bond documents. As part of the bond issuance process, the Contractor shall generate a Data File that includes all calculations included in the bond documents and processes it through a multi-person workflow for review and approval.
- i. Program Impact Reporting – Provide an unbiased validation of actual and projected energy savings and economic impact achieved through Program implementation.
- j. Data Verification – All data used to create customer amortization and payment schedules must be reviewed by Program staff, third-party assessment administrator, and Bond Counsel prior to issuance of bonds. Any change to software that accesses this data must be subjected to rigorous QA/QC testing before software changes are implemented.
- k. Delinquent Payments –Prepare reports at each tax payment date that detail delinquent payments. At the same time, send reminder notices to Property Owners followed by letters and inquiries if payment is not made by June 30th of a given tax year.

13.2.4 Contractor will provide a monthly Officer's Certificate stating compliance with all PACE Program documents.

13.2.5 Contractor will notify the County within 3 business days of discovery of any breach of or default on any term or condition in a PACE Program document.

13.2.6 Contractor shall develop, implement and manage all resources, systems software, applications, models, templates and/or reporting mechanisms to track progress of the PACE Program, archive data and provide information in support of the PACE Program tasks, QA/QC and County requests.

13.3 Compliance

The County will evaluate the Contractor's performance under this Contract using the Contract Compliance assurance procedures as defined in Contract, Sub-paragraph 8.15 - County's Contract Compliance Assurance Plan. When Contractor's performance does not conform to the requirements of this Contract, County will have the option to apply the following non-performance remedies:

- 13.3.1** Require Contractor to implement a formal corrective action plan, subject to approval by County. In the plan, Contractor must include reasons for the unacceptable performance, specific steps to return performance to an acceptable level, and monitoring methods to prevent recurrence.
- 13.3.2** Reduce, suspend or cancel this Contract for systematic problems, deliberate misrepresentations or unacceptable levels of performance.
- 13.3.3** Failure of Contractor to comply with, or satisfy the request(s) for improvement of performance, or to perform the neglected work specified within ten (10) business days, shall constitute authorization for County to have the service(s) performed by others. The entire cost of such work performed by others as a consequence of Contractor's failure to perform said service(s), as determined by County, shall be credited to County on Contractor's future invoice(s).

Attachment A: Expected Program Fees, Terms and Rates

Term	Interest Rate	APR
5	6.75%	9.14%
10	7.90%	9.52%
15	8.25%	9.77%
20	8.75%	9.82%

- Program Fees
- Reserve Fee for delinquent Payments
- CAEATFA Reserve Fee
- Annual Administrative Fee
- Recording Fee

Fee	Amount	Description	Triggering Events for Adjustments ¹
Upfront Fees			
Application Fee	0	No application fee is charged	
Administrative Fee	4%	Of Project Amount, Paid to Program Administrator at Closing	
Lien Recordation Fee	\$90-\$110	Fixed Fee, Paid by Program Administrator at Closing, Varies by number of pages recorded	
Bond Reserve Fee	.25%	Of Assessment Amount, For Benefit of Bond Holders, Held by Trustee at Closing	
PACE Loss Reserve Fee	.25%	Of Assessment Amount, For Benefit of Mortgage Holders, Held by Trustee at Closing, Paid to CAEATFA at enrollment	
County Sponsor Fee	.5% - .85%	Of Project Amount, Paid to County at closing to cover expenses associated with marketing, issuance, etc.	
Bond Counsel	1%	Of Project Amount, Paid to Bond Counsel at closing, Expense of County	
Special Tax Admin Upfront Fee	.525%	Of Project Amount, Paid to Special Tax Administrator at closing, Expense of County	
Appraisal Fee	\$0 - \$400	Fixed Fee, Paid to Property Owner, Only charged if automated valuation model does not produce value and property owner required to get appraisal	
Annual Fees			
County Annual Fee	.25	Per Parcel	
Special Tax Admin Annual Fee	\$8	Per Parcel	
Trustee Annual Fee	\$7	Per Parcel	

¹ Examples include but are not limited to macroeconomic conditions, interest rate fluctuations, successful securitization of underlying assessments, FHFA actions, etc.

Attachment B: Program Documents

Document Name	Document Type	County Approval Required
Program Implementation Plan	Program Design	
Program Operations Manual	Program Design	
Program Report	District Formation	
Program Handbook	Reference Document	
Eligible Product List	Reference Document	
Contractor Reference Materials	Reference Document	
Website Terms of Use	Reference Document	
Privacy Policy	Reference Document	
Electronic Record and Signature Disclosure		
Notice of Assessment	Recorded Document	
Payment of Contractual Assessment Required	Recorded Document	
Bond Purchaser Letter	Bond Document	
Issuer Closing Certificate	Bond Document	
Receipt for Bonds Proceed (Email confirmation – not formal document)	Bond Document	
Receipt for Bonds	Bond Document	
Supplemental Indenture	Bond Document	
Improvement Bond	Bond Document	
Trustee Closing Certificate	Bond Document	
Final Approving Legal Opinion	Bond Document	
Reliance letter to Bond Purchaser and the Trustee.	Bond Document	
Supplemental Opinion	Bond Document	
Request of the Authority to Trustee	Bond Document	
Requisition No. 1 from Costs of Issuance Fund.	Bond Document	
Requisition No. 1 from Program Fund.	Bond Document	
Program Application & Disclosure	Financing Document	
Custom Product Application (Standard Products part of Program Application)	Financing Document	
Assessment Contract	Financing Document	
Financing Summary/ Statement	Financing Document	
Notice of Right to Cancel	Financing Document	
Multi-Contractor Agreement	Financing Document	
Self-Install Agreement	Financing Document	
3rd Party Payment Designee Form/ Payment Assignment	Financing Document	
Completion Certificate	Financing Document	
Self-Install Completion Certificate	Financing Document	
Contractor Participation Agreement	Contractor Registration	
Contractor W9	Contractor Registration	
Financing Docs Attached	Communication	
Notice to Proceed	Communication	
Application Approved	Communication	
Application Conditionally Approved	Communication	
Application in Review	Communication	
Application Denied/ Adverse Action Letter	Communication	
Agency Information Sheet	Tax Admin Document	
Agreement for Billing Assessments (May not be necessary for LAC Program)	Tax Admin Document	
Evidence of Authority to Levy Assessments (Resolutions)	Tax Admin Document	
Written Authority to Levy Assessments		
Electronic Record and Signature Disclosure		

**EXHIBIT B: REQUEST FOR PROPOSALS FOR RESIDENTIAL PROPERTY
ASSESSED CLEAN ENERGY (PACE) PROGRAM ADMINISTRATION
#104464**

EXHIBIT C: CONTRACTOR'S EEO CERTIFICATION

1 OF 1

Renewable Funding LLC

Contractor Name

500 12th St., Suite 300, Oakland, CA 94607

Address

26-3007423

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

- | | YES | NO |
|--|-------------------------------------|--------------------------|
| 1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. The Contractor periodically conducts a self analysis or utilization analysis of its work force. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Mimi Frusha, Chief Operating Officer

Authorized Official's Printed Name and Title



Authorized Official's Signature

1/13/15

Date

EXHIBIT D: COUNTY'S ADMINISTRATION

1 OF 1

Updated: January 2015

COUNTY'S PROJECT DIRECTOR

Name: Yolanda Young
Title: Contracting Division Manager
Address: 1100 N Eastern Ave
Los Angeles, CA 90063
Telephone: (323) 267-3101
E-mail: yyoung@isd.lacounty.gov

COUNTY'S PROJECT MANAGER

Name: Howard Choy
Title: General Manager - Office of Sustainability
Address: 1100 N Eastern Ave
Los Angeles, CA 90063
Telephone: (323) 267-2006
E-mail: hchoy@isd.lacounty.gov

EXHIBIT E: CONTRACTOR'S ADMINISTRATION

1 OF 1

Renewable Funding LLC
CONTRACTOR'S NAME

Contract No. _____
Updated: January 2014

CONTRACTOR'S PROGRAM DIRECTOR

Name: Mimi Frusha
Title: Chief Operating Officer
Address: 500 12th St., Suite 300
Oakland, CA 94607
Telephone: (510) 451-7903
E-mail: mimi@renewfund.com

CONTRACTOR'S PROGRAM MANAGER

Name: Annie Henderson
Title: Vice President of Programs
Address: 500 12th St., Suite 300
Oakland, CA 94607
Telephone: (510) 451-9111
E-mail: annie@renewfund.com

CONTRACTOR'S AUTHORIZED OFFICIAL

Name: Joanna Karger
Title: Chief Financial Officer
Address: 500 12th St., Suite 300
Oakland, CA 94607
Telephone: (510) 451-7912
E-mail: joanna@renewfund.com

NOTICES TO CONTRACTOR SHALL BE SENT TO THE FOLLOWING ADDRESS

Name: Mimi Frusha
Title: Chief Operating Officer
Address: 500 12th St., Suite 300
Oakland, CA 94607
E-mail: mimi@renewfund.com

**EXHIBIT F: CONTRACTOR ACKNOWLEDGEMENT
AND CONFIDENTIALITY AGREEMENT**

1 OF 1

(Note: This certification is to be executed and returned to County with Contractor's executed Purchase Order. Work cannot begin on the Purchase Order until County receives this executed document.)

Contractor Name RENEWABLE FUNDING LLC

Contract No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

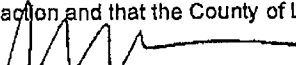
SIGNATURE:  DATE: 1/13/15
PRINTED NAME: MIMI FRUSHA
POSITION: CHIEF OPERATING OFFICER

EXHIBIT G: JURY SERVICE ORDINANCE

1 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
 - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or
 - 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
 - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

EXHIBIT G: JURY SERVICE ORDINANCE

2 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
 2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002; Ord. 2002-0015 § 1 (part), 2002)

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002; Ord. 2002-0015 § 1 (part), 2002)

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

EXHIBIT G: JURY SERVICE ORDINANCE

3 OF 3

Title 2 ADMINISTRATION
Chapter 2.203.010 through 2.203.090
CONTRACTOR EMPLOYEE JURY SERVICE

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 - 1. Has ten or fewer employees during the contract period; and,
 - 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 - 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

EXHIBIT H: SAFELY SURRENDERED BABY LAW

1 OF 2



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EXHIBIT H: SAFELY SURRENDERED BABY LAW

2 OF 2

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Contract Exhibits
RESIDENTIAL PACE PROGRAM ADMINISTRATION

EXHIBIT I: CHARITABLE CONTRIBUTIONS CERTIFICATION

1 OF 1

Renewable Funding LLC

Company Name

500 12th St., Suite 300, Oakland, CA 94607

Address

26-3007423

Internal Revenue Service Employer Identification Number

California Registry of Charitable Trusts "CT" number (if applicable)


The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act which regulates those receiving and raising charitable contributions.

Check the Certification below that is applicable to your company.

- Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a County contract, it will timely comply with them and provide County a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed.

OR

- Proposer or Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586.


Signature

1/13/15
Date

Mimi Frusha, Chief Operating Officer
Name and Title of Signer (please print)

Contract Exhibits
RESIDENTIAL PACE PROGRAM ADMINISTRATION

EXHIBIT G

Get Started Here: Homeowners & Homebuyers Media Industry Government

FHFA Blog



FEDERAL HOUSING FINANCE AGENCY

About Us Supervision & Regulation Conservatorship Data & Tools Policy, Programs & Research Key Topics

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Testimony

Statement of Alfred M. Pollard, General Counsel, FHFA, before the California Legislature, Keeping Up with PACE

6/9/2016

Statement before the California Legislature

Assembly Banking and Finance Committee and Assembly Local Government Committee

Keeping Up with PACE: A Joint Oversight Hearing on Residential Property Assessed Clean Energy (PACE) Programs

Chair Dababneh, Chair Eggman, Vice Chair Allen, Vice Chair Waldron, Committee Members, in response to your request for input on Property Assessed Clean Energy (PACE) programs, I am pleased to have the opportunity to address this Joint Oversight Hearing. My name is Alfred Pollard and I serve as General Counsel of the Federal Housing Finance Agency (FHFA). Our agency oversees the eleven Federal Home Loan Banks (FHLBanks), which accept mortgage collateral in exchange for advances to financial institutions in the primary mortgage market, and Fannie Mae and Freddie Mac (the Enterprises), which purchase and also securitize mortgages thereby providing resources to the primary mortgage market. To facilitate these remarks and because of their role in purchasing first-lien mortgages, I will focus on Freddie Mac and Fannie Mae.

As you know, the Enterprises are in federal conservatorships and have received more than \$187 billion in federal government support to remain in operation and support the primary mortgage market. During the conservatorships, the Enterprises have refinanced over 22 million mortgages into lower interest rates, providing more affordable home loans and they have undertaken over 3.6 million foreclosure prevention actions through various programs to keep homeowners in their homes.

Oversight Hearing

Today's hearing is about residential energy retrofit lending. In short, this means the financing for a product, not the retrofit product itself. While the product is timely and important, the financing method is at the core of today's discussion. Whether funded by a PACE loan or a second-lien loan, the energy efficiency product would be the same. The financing method has significance for homeowners, communities, small lenders that hold loans in portfolio, the FHLBanks, the Enterprises and those who own mortgage-backed securities, such as pension funds. In 2009-2010, as you may know, FHFA and the bank regulators along with major financial institution trade groups expressed concerns with the PACE model as the financing mechanism for lending programs. As conservator for the Enterprises, FHFA has stated it cannot support first-lien PACE programs for Enterprise participation and I hope these remarks assist in understanding why that remains FHFA's position.

Energy Efficiency Financing

FHFA supports energy efficiency efforts by homeowners and home purchasers. Later in an attachment to this presentation, I address, in detail, FHFA's efforts and those of the entities the Agency regulates that support energy efficiency improvements and energy efficiency financing.

As noted, the topic is what methods should be employed to finance retrofitting a home with energy efficient products, with a primary, though not exclusive, focus on solar products. PACE initiatives contemplate state legislation to authorize counties and municipalities to administer programs to finance homeowner retrofits. By working through the counties, PACE programs seek to secure a first-lien position for their loans as this would prove attractive to investors. With a few exceptions, counties and cities that have undertaken PACE programs engage outside firms to administer them.

The programs in California and elsewhere look principally to the value of property to support a loan, rather than the ability of a homeowner to repay, as was mandated in the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010. The focus on ability to repay, by no means a new concept, aimed to correct the asset-based lending that contributed to the financial crisis that began in 2007. In addition to undertaking asset-based lending, the counties or municipalities may charge up to 10 percent for administrative fees and other charges are imposed by administrators; these numbers are generally well beyond what a second-lien mortgage loan would contemplate. Total authorized amounts for loans vary by state from 10 percent or more of assessed home values.

Stated consumer protections are narrow—generally limited to basic underwriting for a loan such as that a borrower must not have filed for bankruptcy, not be behind on a mortgage or been delinquent on property taxes. Beyond that, it is up to localities to determine what protections to afford consumers. Even where protections exist, they are not uniform and have no enforcement agency behind them.

FHFA and PACE

Because of the transfer of risk to the Enterprises and the FHLBanks by PACE programs through the first-lien status they obtain, FHFA has made clear that the FHLBanks should undertake such actions as they deem appropriate to protect collateral they acquire and that Fannie Mae and Freddie Mac should neither purchase nor refinance mortgages with PACE loans

EXHIBIT G

attached. While the Enterprises have additional authorities to protect their first-lien status, FHFA has directed only these actions to date.

The PACE lien is referred to as a "super-lien" as it moves ahead of "primes" a first mortgage lien. Further, a PACE lien often represents a retroactive creation of liability on a property ahead of the existing first-lien mortgage, which the mortgage holder neither knows about nor consents to. The creation of a super-lien thus transfers the risk of loss to the first-lien mortgage holder after the lender has already underwritten and entered into a financing arrangement that facilitates the purchase or refinancing of a home. The lender has no knowledge and no say in the subsequent additional risk and the potential decline in the value of their collateral by the layering of debt.

In a public statement dated December 22, 2014, FHFA summarized that—

The existence of these super-priority liens increases the risk of losses to taxpayers. Fannie Mae and Freddie Mac, while operating in conservatorship, currently support the housing finance market by purchasing, guaranteeing, and securitizing single-family mortgages. One of the bedrock principles in this process is that the mortgages supported by Fannie Mae and Freddie Mac must remain in first-lien position, meaning that they have first priority in receiving the proceeds from selling a house in foreclosure. As a result, any lien from a loan added after origination should not be able to jump in line ahead of a Fannie Mae or Freddie Mac mortgage to collect the proceeds of the sale of a foreclosed property.

In brief, Enterprise programs support the ability of a borrower to purchase a home and the Enterprise mortgage is recorded first in time. A PACE loan is only available to someone who owns a home. In the vast majority of cases that ownership is obtained by a mortgage loan in which a lender has placed hundreds of thousands of dollars at risk. Accordingly, Fannie Mae and Freddie Mac, when they purchase loans, require at all times that they remain in a first-lien position. Also, the congressional charters for the Enterprises require that the borrower have at least 20 percent equity in a home or an approved form of credit enhancement, such as mortgage insurance, to address the risk of nonpayment. A PACE loan can erode—partially or completely—that 20 percent equity cushion.

PACE is a lending program created to attract investors to provide funds for loans for energy retrofits. Unlike normal home improvement financing, the PACE program seeks to secure a first lien on property for a loan through a governmental property tax lien. The financing concept is simple—if a residential property has to lose 90 percent of its value before a PACE lender incurs a loss, the investor has a very attractive investment opportunity. However, that opportunity comes at the expense of existing lien holders, who unexpectedly bear a new risk of loss, and, in some instances, to the disadvantage of consumers.

PACE programs transfer risk. PACE programs fundamentally do not have comprehensive regulatory supervision. PACE programs have no required uniformity. PACE programs in many, but not all, instances are administered by third parties that do not follow the same consumer protection requirements applicable to residential mortgage lenders.

FHFA Director Melvin L. Watt has been clear—super-priority liens ahead of Enterprise loans transfer undue risk and only true second-lien status avoids this problem. In other words, FHFA cannot sanction first-lien status PACE programs for Enterprise participation. Court cases across the country have upheld the Agency's directions on this point. Liens running with properties that are not extinguished through foreclosure are not true second liens, even if termed "subordinated."

Let me add that this position would be true even if the Enterprises were not in conservatorships, where taxpayers bear the risk of loss being transferred to them. But they are in conservatorships and the conservator is bound by statute to "preserve and conserve" Enterprise assets. Permitting a hidden or future lien to defeat or impair recourse to collateral—the basis for secured lending—has market implications.

Energy Efficiency Efforts

FHFA is mindful of the interest of California and other jurisdictions in promoting energy efficiency. For that reason, FHFA supports Enterprise activities that promote energy efficiency improvements and favorable consumer financing. To that end, I have provided an Attachment to highlight for the Committees information on FHFA and Enterprise activities and programs that support energy efficiency. These programs benefit from uniformity, sound underwriting and a regulatory regime that oversees and examines the loan financings.

To the Chairs, Vice Chairs and Members of the Committees, I hope that this information has been helpful to you and I am happy to answer any questions that you have.

ATTACHMENT Energy Efficiency Efforts

FHFA, Fannie Mae and Freddie Mac

The following information summarizes efforts by FHFA and Fannie Mae and Freddie Mac to facilitate financing of energy efficient energy products:

1. 2016 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions

FHFA annually provides a Scorecard of its expectations for Enterprise performance on a range of products and other priorities during the conservatorships. At the end of each year, FHFA reviews achievements in line with the Scorecard.

In its Scorecard for 2016, FHFA has called upon the Enterprises to "Evaluate options that would enable greater liquidity for

Enterprise financing of energy or water efficiency investments in single-family and multifamily properties." This supports expansion of efforts for energy retrofit lending.

2. Proposed Duty to Serve Rule

On December 18, 2015, in the Federal Register, FHFA proposed a new Duty to Serve rule. The comment period closed on this proposed rule in March and FHFA is reviewing comments. Duty to serve refers to a statutory requirement that Fannie Mae and Freddie Mac provide services for moderate, low- and very low-income communities. As part of the rulemaking, FHFA proposed for public comment an approach to preserving affordable housing that would include "... (3) Energy efficiency improvements on existing single-family, first-lien properties, provided that there are verifiable, reliable projections or expectations that the improvements financed by the loan will reduce energy and water consumption by the homeowner or tenant..." See FHFA, Proposed Rule, Enterprises Duty to Serve Underserved Markets, 80 FR 79181 [based on 12 USC 4564; proposed rule at 12 CFR 1282 (energy efficiency proposal at section 12 CFR 1282.34 (d)(3); 80 FR 79200-202)].

FHFA is reviewing the comments on the proposed rule and I cannot predict a final outcome. However, I can report that we did receive a good range of input on the questions raised regarding the energy efficiency proposal.

3. Enterprise Programs

In addition to working on new approaches under the Scorecard and proposed Duty to Serve regulation, both Freddie Mac and Fannie Mae have active programs relating to energy efficiency and conservation improvements for single-family homes. A few of the existing and potential programs are listed below. Clear benefits of these programs include: that they are uniform in nature (including flexibility to meet certain local conditions); that they are underwritten to protect consumers and reduce risks to the Enterprises; and, that they are overseen by a federal regulator with examination and enforcement authorities.

Freddie Mac

Freddie Mac's Single-Family program supports financing to borrowers for energy efficient and renewable energy home improvements. Freddie Mac finances properties with such improvements through any mortgage product and property type eligible for lenders under its Single-Family Seller/Service Guide.

Freddie Mac's Single-Family Guide flexibilities relating to energy conservation improvements include:

- (A) providing financing for energy improvements with no cap on the "as completed" value;
- (B) permitting energy reports/audits or appraisals to indicate the efficiency of the property;
- (C) allowing energy-related improvements on all properties including manufactured homes and new construction;
- (D) for Manually Underwritten Mortgages, energy efficiency improvements can be used as a compensating factor to qualify for a higher expense-to-income ratio and debt-to-income ratio above the 36 percent cap;
- (E) Home Possible and Home Possible AdvantageSM, which are specialized 95 and 97 percent loan-to-value ratio products, may be used to finance a property with energy efficient enhancements;
- (F) no objection to secondary financing, such as HELOCs, for energy efficient products;
- (G) permit use of Freddie Mac's Affordable Seconds for nonprofits when financing mortgages secured by property with energy efficient improvements; and,
- (H) proceeds of a cash-out refinance transaction may finance energy efficient improvements or payoff any other debt, including a PACE obligation.

Freddie Mac is committed to continuing its consideration of innovative methods of providing responsible, sustainable energy retrofit loan products.

Fannie Mae

Fannie Mae likewise has a number of single-family loan products and projects underway related to energy improvements. Among these are the following:

- (A) announcement earlier this year of new HomeStyle[®] Energy mortgage funding up to 15 percent of the as-completed appraised value toward new energy-efficient upgrades for purchases or refinances subject to an energy use report. Expenses up to \$3,500 for weatherization or water efficiency may be made without a report. Program may be used to pay off an existing PACE loan or unsecured debt related to energy-efficient upgrades;
- (B) HomeStyle[®] Renovation mortgage for general (including energy-related) rehabilitation of existing homes in purchases or refinancings permits up to 50 percent of as-completed appraised value;
- (C) flexible rules for energy efficiency enhancements which include (1) permitting non-profit funding of energy improvements under both Community Seconds mortgages and down payment assistance programs and (2) increase in the maximum debt-to-income ratio above 36 percent for manually underwritten loans for energy efficient homes; and,






(D) work with a consortium of nationally-active solar panel leasing companies to revise Fannie Mae standards to better accommodate mortgage lending to consumers who wish to lease, rather than purchase, solar power equipment for use at their home.

Fannie Mae will continue to consider additions to HomeStyle Energy® and to undertake projects with lenders to improve home energy efficiency data that may be useful to homeowners and home purchasers, mortgage lenders, real estate professionals and appraisers, and homebuyers in order to enhance underwriting and data reliability.

Attachments:  [PDF of Pollard Statement with Attachment](#)
139.67 KB

Contacts:
Corinne Russell (202) 649-3032 / Stefanie Johnson (202) 649-3030



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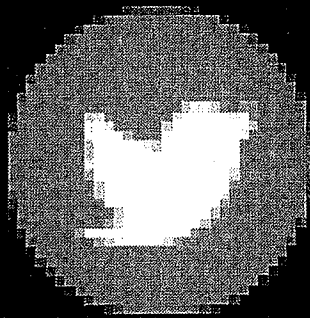
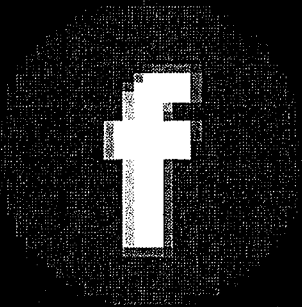


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FOR RELEASE
Thursday
December 7, 2017

EXHIBIT H

FHA TO HALT INSURING MORTGAGES ON HOMES WITH PACE ASSESSMENTS

WASHINGTON - The Federal Housing Administration (FHA) today announced it is reversing a short-lived policy announced in July of 2016 and will no longer insure new mortgages on properties that include Property Assessed Clean Energy (PACE) assessments. Read FHA's mortgagee letter.

FHA's decision is part of a larger effort to protect the health of its Single Family Mutual Mortgage Insurance Fund (MMIF) and the borrowers who rely upon it. Last month, FHA released its latest annual report on the fiscal health of the MMIF finding the Fund had a total economic net worth of \$25.6 billion and the Capital Ratio that remains above the statutory minimum for a third straight year. Read more about FHA's FY2017 Annual Report.

"FHA can no longer tolerate putting taxpayers at risk by allowing obligations like these to be placed ahead of the mortgage itself in the event of a default," said U.S. Housing and Urban Development (HUD) Secretary Ben Carson. "Assessments such as these are potentially dangerous for our Mutual Mortgage Insurance Fund and may have serious consequences on a consumer's ability to repay, or when they attempt to refinance their mortgage or sell their home."

FHA is also very concerned about PACE obligations being placed on FHA-insured mortgages that are already outstanding. The post-endorsement placement of these assessments on an FHA-insured mortgage creates a lack of transparency making it difficult for the agency to understand the true nature of the risks involved. In addition, such activity is risky for FHA borrowers and potentially violates the terms of their FHA-insured mortgage. FHA intends to monitor this carefully to determine whether further action is warranted.

###

*HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.
More information about HUD and its programs is available on the Internet
at www.hud.gov and <https://espanol.hud.gov>.*

You can also connect with HUD on social media and follow Secretary Carson on Twitter and Facebook or sign up for news alerts on HUD's Email List.



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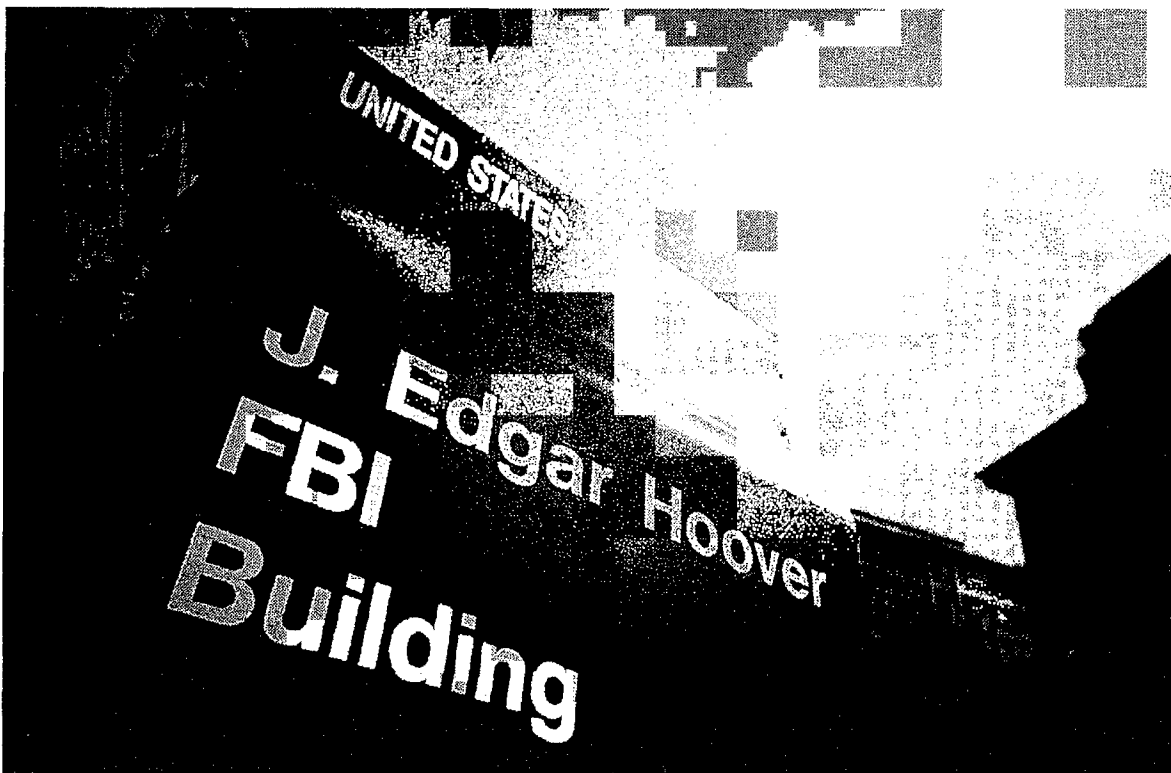
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EXHIBIT I

FBI, SEC Look Into Business Practices of Country's Largest 'Green' Lender

wsj.com/articles/fbi-sec-look-into-business-practices-of-countrys-largest-green-lender-1506430977

September 26, 2017



FBI agents are seeking information about how Renovate America marketed its financing to homeowners, trained its sales force and outside contractors, and communicated with investors, according to a document. Photo: Andrew Harrer/Bloomberg News

By

Updated Sept. 26, 2017 9:14 a.m. ET

Investigators from the Federal Bureau of Investigation and the Securities and Exchange Commission are looking into business practices at Renovate America Inc., the largest provider of energy-saving home-improvement loans, according to people familiar with the matter and documents reviewed by The Wall Street Journal.

Scott McKinlay, Renovate America's chief legal officer, said in a statement that "we have been assured that Renovate America is not a target of an FBI investigation. We believe from our discussions with the FBI about its investigation of a contractor with whom we have done business that it is likely our company has come up in the context of those FBI interviews."

Renovate America is the largest lender in one of the U.S.'s fastest-growing loan programs known as Property Assessed Clean Energy, or PACE. Private lenders in the PACE program team up with local governments to make loans to purchase solar panels and energy-efficient appliances.

FBI agents are seeking documents that show how Renovate America marketed its financing to homeowners, trained its sales force and outside contractors, and communicated with investors, according to a document reviewed by the Journal. The FBI also is conducting interviews of people familiar with the company,

according to the people who have been interviewed.

The information gathered by the FBI may be presented to a grand jury, according to the document.

The purpose of the FBI inquiry couldn't be determined.

An FBI spokeswoman said the agency "would not confirm or deny the existence of an investigation to an individual or company."

The SEC's investigation includes questions about loan payments Renovate America made for some borrowers who were struggling with their debt, according to information the company has provided to rating firms and people familiar with the matter.

A Renovate America spokeswoman said in a statement that "we have received a request for information from the Securities and Exchange Commission. We are fully cooperating with their information request and believe it is unlikely to have a material effect on the business."

An SEC spokesman declined to comment.

San Diego-based Renovate America was founded in 2008 and originated \$1 billion in loans in 2016, the company has said.

Renovate America is backed by venture-capital firm DFJ Growth and private-equity firm Silver Lake Kraftwerk and was valued at about \$500 million in a 2015 financing round. A spokeswoman for Silver Lake Kraftwerk declined to comment. A representative for DFJ Growth didn't respond to a request for comment.

Lenders in the PACE program have made about \$3.7 billion in loans through June 2017, with the average loan size being \$25,000. The loans, which are placed on a homeowner's tax bill alongside property taxes, have been packaged into a series of bond deals and sold to asset managers and pension funds.

The program relies on contractors such as plumbers and air-conditioning repairmen to broker loans. Homeowners typically find out about the program when their contractor mentions it to them, or they are paired with a contractor through a lender. Renovate America, for example, uses thousands of contractors to sell its financing.

The loan program has sparked controversy as homeowners have complained about lack of underwriting guidelines and misrepresentation of their loan terms, the Journal has reported. Some cities and counties have recently pulled out of the program.

Some lenders have taken steps to strengthen underwriting practices, make loan documents more transparent and boost contractor oversight, the Journal reported. Renovate America, for example, has worked with others in the industry on a national standard for lending and has ramped up training of contractors who broker the loans.

Mr. McKinlay said in a statement that, "Renovate America has instituted a number of specific business processes over the past year to give homeowners even more transparency about our financing and to tighten standards for contractors with whom we do business," noting that the company "severed ties with over 10% of our active contractor base after implementing a rigorous, data-driven contractor quality rating system earlier this year."

In Kroll Bond Rating Agency documents related to one of Renovate America's bond deals, the company disclosed in April that it had received an informal SEC request for information "relating to certain practices involving customer service payment assistance for homeowners."

The Journal has reported that Renovate America has made payments for some borrowers who have struggled to pay their loans without telling Wall Street investors who buy bonds packaged with the company's loans. Securities laws require companies to disclose all information that investors would consider to be material.

Renovate America has said it made payments for only a small number of borrowers between 2014 and 2016, and that the number wasn't big enough to be material for purposes of disclosure.

Former employees said the company engaged in lending to senior citizens who didn't understand their loan terms, the Journal has reported. The company encouraged sales staff to tell borrowers that the loans would generate tax rebates that would essentially cancel out the loans' costs, according to former employees and homeowners. Some homeowners said the savings didn't materialize.

JP McNeill, Renovate America's chief executive, has said in a statement that it doesn't "advocate targeting any protected class." A company spokeswoman has said Renovate America's percentage of elderly borrowers is less than the percentage of homeowners who are 65 and older in California, the company's largest market. Mr. McNeill also has said tax benefits are a relevant data point for homeowners.

Appeared in the September 27, 2017, print edition as 'U.S. Questions Lender's Practices.'



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 718, Los Angeles, California 90012
(213) 974-1101
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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 25, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

The Honorable Board of Directors
Los Angeles County Public Works Financing Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Board Members:

**PUBLIC HEARING TO ESTABLISH THE
LOS ANGELES COUNTY ENERGY PROGRAM
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

On April 6, 2010, your Board adopted a resolution of intention (the Resolution of Intention) to implement the Los Angeles County Energy Program (LACEP or Program) to provide financing to qualified property owners within the County for the installation of distributed generation renewable energy projects and energy and water efficiency improvements to their respective properties. Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the Act), your Board also set a public hearing date of May 25, 2010, to formally approve the Program and to provide an opportunity for public comment. The adoption of the enclosed resolutions will establish LACEP within the boundaries of the County and authorize a program of bond financing for loans made in connection with LACEP. Following the conclusion of the public hearing, incorporated cities within the County will have the opportunity to join LACEP through the adoption of a resolution by their respective city councils. The financing plan being presented to your Board is predicated on the issuance of bonds secured by contractual assessment revenues (Assessment Bonds) and will be validated in the Superior Court of Los Angeles County.

IT IS RECOMMENDED THAT YOUR BOARD:

As contemplated in the attached County Resolution Authorizing the Establishment of the Los Angeles County Energy Program, and Indenture (attachment 1):

107701

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Honorable Board of Supervisors
May 25, 2010
Page 2

1. Confirm the program report (attachment 2) prepared by the Internal Services Department (ISD) in accordance with Section 5898.22 of the Act and approve the formation of the contractual assessment program in connection with LACEP;
2. Direct the establishment and implementation of LACEP as provided for in the program report and in accordance with the applicable law; and
3. Appoint and designate the Director of ISD (the Program Administrator) to enter into contractual assessments with property owners on behalf of the County.

As contemplated in the attached County Resolution Authorizing Certain Actions in Connection with the Issuance and Sale of Assessment Bonds, and Indenture (attachment 3):

1. Establish a special fund to be held in trust by the County (the "Energy Fund") to be used for the purpose of administering LACEP;
2. Approve the issuance of the Assessment Bonds for the purpose of funding LACEP and authorize the execution and delivery of various financing documents in substantially the form presented to your Board at this public hearing; and
3. Authorize the Chief Executive Officer (CEO) and the Treasurer and Tax Collector (Treasurer), or their designees, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for judicial validation of the contractual assessments and LACEP financing instruments.

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:

As contemplated in the attached Los Angeles County Public Works Financing Authority (Authority) Resolution Authorizing Certain Actions in Connection with the Issuance and Sale of Assessment Bonds, and Indenture (attachment 4):

1. Approve the issuance of the Assessment Bonds for the purpose of funding LACEP and authorize the execution and delivery of various financing documents in substantially the form presented to your Board at this public hearing; and
2. Authorize the CEO and Treasurer, or their designees, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for judicial validation of the contractual assessments and LACEP financing instruments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The public hearing with respect to LACEP is being held to allow interested persons the opportunity to comment upon, object to, or present evidence with regard to the proposed contractual assessment program. The public hearing is required pursuant to the Act and will serve to formally establish the Program within the boundaries of the County. Following

1 0 7 0 2 7 2 0 1 4

Honorable Board of Supervisors
May 25, 2010
Page 3

completion of the public hearing, the County will pursue judicial action to validate the priority status of the contractual assessment lien and to establish a program of bond financing to provide funding for loans made in connection with LACEP.

As referenced in prior correspondence to your Board, LACEP is being formed in accordance with California Assembly Bill 811 (AB 811), which was approved by the State Legislature and signed by the Governor on July 21, 2008. LACEP is intended to help property owners make capital investments in distributed generation renewable energy sources and energy efficiency and water efficiency improvements (collectively, the Improvements) that will provide long-term efficiencies and reduced energy bills. The Program will provide a financing mechanism for these improvements through an assessment contract between the County and the property owner, pursuant to which the County will disburse a specified amount of funding in the form of a loan to the property owner. The property owner will repay this loan through contractual assessments to be included on the annual property tax bill. If the owner sells the subject property prior to full repayment of the loan, the obligation remains a lien on the subject property and transfers to the new property owner. The County intends to finance the Program by issuing (or causing to be issued) bonds payable from contractual assessment revenues. Participation in the Program is completely voluntary and property taxes for non-participating property owners will not be affected by the County's implementation of LACEP. In addition, the Improvements will not generally be subject to reappraisal by the County Assessor unless they are included as part of a major remodeling or renovation that results in a structure substantially equivalent to new construction.

In connection with your Board's adoption of the Resolution of Intention, on April 6, 2010, ISD was directed to prepare a report (Report) detailing certain items in relation to LACEP, as required by Section 5898.22 of the Act. This Report has been filed with the Executive Office of your Board and is included as part of the public hearing. In the Report, the Program Administrator provides the following information regarding LACEP:

- A description of the territory wherein contractual assessments will be made available and a process for cities to join LACEP;
- Identification of the types of facilities, distributed generation renewable energy sources, or energy or water efficiency improvements that may be financed through the use of contractual assessments;
- A financing plan for raising capital and funding installation of the Improvements; and
- A draft assessment contract specifying the terms and conditions that will be applicable to the property owner and the County.

In addition to the above information, the Report also provides a summary of the benefits to be recognized following the implementation of LACEP. By the end of 2012, LACEP seeks to achieve energy retrofits for 15,000 single-family homes in unincorporated areas of the County, with the potential to add \$150 million to the local economy. LACEP also intends to create an estimated 1,600 home energy retrofit jobs and as many as 1,000 ancillary jobs in fields such as

¹ An exception is the construction or addition of a qualified solar energy system, which is specifically excluded from reassessment under Section 79 of the California Revenue and Taxation Code.

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workforce development, local manufacturing, product distribution, and research and development. These improvements to the local economy are in addition to the environmental objectives associated with LACEP and the goal of reducing the County's annual greenhouse gas emissions (attributable to its existing housing stock) by 20,000 tons of carbon dioxide annually. The benefits to both the economy and the environment are expected to increase dramatically once individual cities join LACEP, as the above forecasts were quantified solely for unincorporated areas of the County.

The program design elements of LACEP are being managed by ISD and a consultant team (Project Team) that has been engaged to assist with the development of the Program. This process is near completion and will establish the criteria for eligible projects and properties, the available rebates and incentives, and the processes for approving and funding the improvements. The details of the program design phase are currently being presented to various stakeholders (County staff, cities, utilities, contractors, regulatory bodies) for comment and review. The Project Team is also preparing a Program Administration Plan that will include tools for administering, tracking and reporting all necessary data concerning projects, loans, and program benefits. This effort will include a number of activities, such as coordination with stakeholders involved with building efficiency and renewable resource retrofit programs, development and implementation of a marketing and outreach strategy, and implementation of Environmental Service Centers (ESCs). The ESCs will make use of electronic media, community events and strategically located venues to promote environmental programs and LACEP. To assist the public and other stakeholders in becoming acquainted with LACEP, a manned, toll-free number has been established and a website has been activated to provide Program information and updates.

Following your Board's adoption of LACEP on May 25, 2010, major elements of the program implementation phase will begin. By July 2010, a "toolkit" of information will be made available for cities to assist them in joining the Program and promoting it within their jurisdictions. Also by July, the ESCs will be provided with program materials and a deployment plan will be implemented. The goal is to formally launch LACEP in September 2010 (following the conclusion of the judicial validation) and secure participation from a majority of the 88 cities in the County. While the initial implementation phase will be limited to residential properties, a commercial program is also being developed in accordance with AB 811. Additional details regarding the implementation of the residential program, and the future design of a commercial platform, will be provided to your Board in bi-monthly reports submitted by ISD.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

By providing financing that may not otherwise be readily available to property owners, the County is promoting energy and water conservation, and the reduction of greenhouse gas emissions, which supports the County Strategic Plan Goal 1, Operational Effectiveness. This action also supports the County Strategic Plan Goal 3, Community and Municipal Services, by providing property owners a means to finance improvements that will result in utility cost savings and improve their quality of life.

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FISCAL IMPACT/FINANCING

Grant Funding

In October 2009, your Board accepted the County's allocation of \$15.4 million in Energy Efficiency and Conservation Block Grant (EECBG) funding received under the American Recovery and Reinvestment Act. The County has identified approximately \$12.2 million of this EECBG funding to support the implementation of its AB 811 program and related activities, including ESCs, public information and outreach.

In November 2009, ISD, in collaboration with the Association of Bay Area Governments, the Sacramento Municipal Utility District, and the San Diego-based California Center for Sustainable Energy, submitted a single, statewide application to the United States Department of Energy (DOE) Federal Competitive EECBG grant program for up to \$75 million in funding. In April 2010, ISD was notified that its proposal was awarded a total of \$30 million. Given that this grant award represents 40% of the amount requested, and that the grant is to be shared with the other regional partners, the County's share will be approximately \$14 million. This grant funding, per DOE requirements, will support development and implementation of model, regional programs that demonstrate greater participation in existing building retrofits and greater energy efficiency savings. ISD has submitted correspondence requesting your Board's acceptance of this grant.

ISD has also negotiated with the California Energy Commission (CEC) to obtain additional funding support for LACEP. In prior communications to your Board, it was reported that representatives from ISD and the CEC met with CEC Commissioners and staff in early March, 2010 to discuss the County's unsuccessful grant application. Following this meeting, the CEC expressed a desire to assist the County and provide funding for its AB 811 program. The CEC has agreed to provide the County with approximately \$8 million to help implement LACEP within those cities that choose to participate in the Program. When the final terms and conditions of this agreement have been negotiated, ISD will prepare separate correspondence to seek your Board's acceptance of funding from the CEC.

Bond Financing

The County intends to finance the loans to participating property owners through a public sale of the Assessment Bonds. Pursuant to the Improvement Bond Act of 1915 and Division 10 of the California Streets and Highways Code, local governments are authorized to issue bonds secured by the voluntary contractual assessments of property owners within their jurisdictions. Proceeds from the sale of the Assessment Bonds will be used for the purpose of funding loans to property owners who have been approved for participation in LACEP. Because the improvements are being installed on private property, however, LACEP does not currently have the ability to issue the Assessment Bonds on a tax-exempt basis. The legal requirement to issue taxable bonds will significantly increase the interest cost of borrowing to LACEP and could result in interest rates that are about 35% higher than those associated with comparable bonds sold on a tax-exempt basis. It is important to note that neither the County's credit nor its credit ratings will in any way support or guarantee the Assessment Bonds issued in connection with LACEP.

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It is anticipated that LACEP will need to accumulate a certain number of approved loans before it is able to enter the public capital markets and sell bonds. This is due both to the liquidity requirements of municipal bond investors and the positive efficiencies derived from a larger bond financing. Given its experience with prior assessment districts, the Treasurer forecasts that a successful bond sale will require a minimum of \$10 million of loans (e.g., 1,000 loans at an average value of \$10,000 each). Prior to achieving the necessary loan volume, LACEP will pursue a number of interim financing options, including loans from large commercial banks and the private placement of securities with qualified institutional investors. In every instance, the interim financing will be secured by the contractual assessments and will be structured to allow for a "take-out" financing that involves the public sale of Assessment Bonds.

The adoption of the attached resolutions will authorize an initial issuance of the Assessment Bonds in an aggregate principal amount of not to exceed \$100 million. It is anticipated that the first public issuance of bonds will be considerably less than \$100 million given that LACEP may achieve economies of scale at levels as low as \$10 million. The final maturity of the Assessment Bonds will be limited to the estimated useful life of the improvements, and on average, is expected to be 15-20 years. The interest rate on the Assessment Bonds will be determined by conditions in the taxable bond market at the time of the sale. As referenced earlier, the taxable status of the Assessment Bonds will have a significant impact on borrowing costs and will cause these bonds to be issued at interest rates above traditional tax-exempt municipal bond rates. In the current market, it is estimated that the interest rate on taxable assessment bonds will be within a range of 7.0% to 7.5%.

The interest rate obtained on the Assessment Bonds will be the single greatest factor in determining the borrowing cost for individual property owners who choose to participate in LACEP. In addition to funding debt service payments on the Assessment Bonds, contractual assessment revenue will also be used to finance a bond reserve fund, pay costs of issuance on the bonds, and fund certain administrative costs of the Program. It is anticipated that participants in LACEP will assume an all-in borrowing cost on their assessments that is approximately 200 basis points (2.0%) higher than the yield on the Assessment Bonds. To the extent that your Board takes action to appropriate additional grant funding for the purposes of LACEP, this "spread" of 200 basis points may be narrowed and the borrowing cost to participants reduced below the current estimate of 9.0% to 9.5%. The ability to lower participant borrowing costs is significant given that average interest rates for home equity loans in Los Angeles County were approximately 8.75% as of May 1, 2010.

The goal of providing competitive loan rates to participating property owners is one of the most important near-term objectives of LACEP. Certain factors that will help to reduce this borrowing cost include potential changes to Federal and State legislation, nationwide expansion of green energy financing programs, and the development of underwriting criteria that will minimize the risk of loan default. With respect to this latter category, the Treasurer will pursue underwriting criteria, largely dictated by the bond market, to help ensure that only creditworthy individuals are approved for loans under LACEP. Certain minimum requirements that LACEP is considering are as follows:

- Property taxes and assessments are current on the property and have not been delinquent for a period of 5 years (or since the date of the most recent transfer if less than 5 years);

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- Property owner is current on mortgage; has not defaulted on the deed(s) of trust, and can legally enter into the Program;
- Improvement costs are reasonable to property value and must meet a value-to-lien ratio of 10:1 or greater; and
- Property must meet a positive equity test and not exceed a maximum loan-to-value ratio.²

Of the four underwriting criteria listed above, the one that is likely to have the greatest influence on bond yields is the positive equity test. Investors are highly sensitive to loan-to-value ratios and may be reluctant to purchase assessment bonds that allow for loan-to-value ratios that exceed 80%. The ability to structure a contractual assessment program with strict underwriting criteria will significantly help to reduce borrowing costs to participating property owners. It will also serve to limit the number of property tax delinquencies and help mitigate the need to initiate foreclosure proceedings.

Foreclosure Policies:

In connection with the issuance of the Assessment Bonds, the County will be required to provide a judicial foreclosure covenant that applies to all delinquent LACEP assessments. The ability to initiate foreclosure proceedings in the interest of bondholders has been an integral credit feature for assessment district and community facilities district (Mello-Roos) financings in California for more than two decades. The County has completed twenty-three (23) such financings over this period and has always included a foreclosure covenant in its commitment to bondholders. The ability to sell assessment bonds without a specific foreclosure covenant is highly uncertain in today's market, and even if feasible, would result in much higher borrowing costs for a program such as LACEP.

It is therefore expected that the County will retain the right, but not necessarily the obligation, to initiate judicial foreclosure as soon as a property owner becomes delinquent on the annual assessment associated with LACEP (a property tax bill is deemed to be delinquent if any portion of the amount due remains unpaid as of June 30th). While the County will have the ability to commence foreclosure proceedings immediately following any delinquency, the requirement to do so will only take effect if there is a corresponding impact to the security provisions of the Assessment Bonds. Specifically, the County will be obligated to pursue judicial foreclosure whenever the reserve fund established for the Assessment Bonds (the Reserve Fund) is reduced to a level below its initial funding requirement. The Reserve Fund is designed to function as a source of repayment to bondholders in the event that delinquencies prevent assessment revenue from satisfying the principal and interest obligations on the Assessment Bonds.

The incorporation of a reserve fund test in the foreclosure covenant is significant in that it can serve to reduce the need to pursue judicial foreclosure proceedings. The Reserve Fund is typically maintained at levels in excess of its initial requirement due to interest earnings that

²The loan-to-value ratio is defined as the aggregate total of all liens secured by real estate mortgages divided by either the assessed value of the property or the market value as determined by a third-party appraisal.

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have accumulated during the tax year. These interest earnings can be used to offset any reduction in assessment revenue that might result in a draw on the Reserve Fund. Furthermore, LACEP will have the ability to supplement the Reserve Fund from other funding sources should this be necessary in order to avoid a foreclosure judgment. For example, LACEP could choose to defer certain administrative costs and use these monies as an additional means of meeting the minimum reserve requirement.

Given the unique structure of AB 811 financings, the Treasurer expects that foreclosures will be significantly less common for LACEP than has been the case in prior assessment districts. Unlike other assessment district financings, LACEP is completely voluntary and individual property owners will have to meet a set of minimum credit requirements before being approved for participation in the Program. Furthermore, the County will have some discretion to pursue the larger delinquencies first and not to foreclose on every delinquency that contributes to or precipitates a draw on the Reserve Fund. During any judicial foreclosure proceeding, the County will seek to recover only those amounts associated with delinquent LACEP assessments and will not pursue the collection of other delinquent property taxes. Furthermore, the entire amount of the assessment will not become due upon a delinquency and there will be no acceleration of future assessment amounts.

The specific details of a LACEP foreclosure policy will be determined in connection with the sale of the Assessment Bonds to public and/or private investors. Under no circumstances will LACEP adopt a formal set of foreclosure policies without returning to your Board for approval. It is anticipated that the final recommendation to your Board will reflect policies similar to those presented in this letter and will be determined in large part by market conditions at the time of the bond sale. The Treasurer will return to the Board for specific authorization to sell each series of bonds and will provide detailed information regarding all foreclosure covenants included in the financing documents.

FACTS AND PROVISIONS/ LEGAL REQUIREMENTS

These proceedings are governed by Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California. Pursuant to this statute, counties and cities are authorized to assist free and willing property owners in financing improvements that are permanently fixed to residential, commercial, industrial, or other real property through a voluntary contractual assessment program.

In accordance with Section 5989.30 of the Act, as amended by AB 811, the levy and collection of assessments pursuant to Chapter 29 are valid under existing law and provide for the priority status of an AB 811 assessment lien. The County has sought and relied upon the legal opinion of its bond counsel to confirm the validity of the LACEP assessment and the priority status of contractual assessments liens. At the direction of County Counsel, LACEP will further confirm such conclusion by initiating a formal judicial validation proceeding. A judgment by the Los Angeles County Superior Court regarding the validity of LACEP, and the priority status of the ensuing liens, is of great importance to potential investors and will assist the Treasurer in pricing the Assessment Bonds.

Following your Board's adoption of the attached resolutions, and pursuant to Section 860 of the Code of Civil Procedure (Validation Statute), court proceedings will be initiated by the filing of a

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Formal validation complaint with the Los Angeles County Superior Court to obtain an order declaring the validity of LACEP, the priority status of the lien, and the validity of the LACEP financing instruments submitted to your Board. Under the Validation Statute, a summons, which provides a summary of the matter the County seeks to validate, will contain a notice directed to all interested parties that they may contest the legality or the validity of the matter by appearing in person and filing a written response to the complaint not later than the date specified in the summons. Matters, including constitutional challenges, must be raised within the statutory limitations period or they are waived. It is anticipated that the validation proceedings will take approximately 90-120 days to complete.

ENVIRONMENTAL DOCUMENTATION

On April 6, 2010, your Board found that the proposed project is exempt from the California Environmental Quality Act and determined that it will not have a significant impact on the environment.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

The implementation of the Program will have no impact on current services. The Program will reduce greenhouse gases, improve energy efficiency, and create jobs within the County.

CONCLUSION

Upon approval of the attached resolutions, it is requested that the Executive Officer of the Board return three originally executed copies to the Chief Executive Office, Internal Services Department, and Treasurer and Tax Collector.

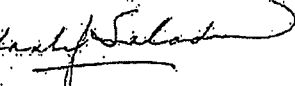
Respectfully submitted,


WILLIAM T. FUJIOKA
Chief Executive Officer

Respectfully submitted,


TOM TINDALL
Director, Internal Services Department

Respectfully submitted,


MARK J. SALADINO
Treasurer and Tax Collector

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Attachments

c: Assessor
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller

10770707

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Registered Contractor Participation Agreement

P: (855) HERO-411

F: (858) 815-6860

E: contractor@heroprogram.com

Company Name		License Number (if applicable)	
U.S. Federal Tax Classification		Taxpayer Identification Number (TIN)	
Address	City	State	Zip
First Name	Last Name	Title	
Phone Number		Email Address	

This Registered Contractor Participation Agreement (the "Agreement") is executed by Renovate America, Inc. ("Renovate America") and the above named Contractor company ("Contractor").

Renovate America and its Affiliates (together the "Renovate America Entities" and each a "Renovate America Entity") offer financing products (the "Financing Products" and each a "Financing Product") to property owners ("Property Owners"), including (without limitation) through the HERO Program and Benji programs. Contractor wishes to become a registered contractor with Renovate America in order to introduce one or more Financing Products and agrees to register with Renovate America, complete any training required by any applicable Renovate America Entities, and maintain its relationship with applicable Renovate America Entities in good standing.

By executing this Agreement, Contractor agrees to comply with the Terms and Conditions (as such Terms and Conditions exist from time to time), which are incorporated herein.

The Terms and Conditions may change from time to time. By continuing to participate in any Financing Product, the Contractor agrees to the then-current version of such Terms and Conditions (including any addendums thereto). Contractor may cease its participation in any Financing Product at any time. Further, as provided in the Terms and Conditions, Renovate America may terminate Contractor's participation, with or without cause, at any time. In addition, and without limitation, Contractor will sign and agree to the terms of that certain Registered Contractor Purchase and Sale Agreement (Retail Installment Sales).

This Agreement, inclusive of the Terms and Conditions and any addendums thereto (if applicable) (and any documents referenced therein), represents the entire and integrated agreement between the Contractor and Renovate America Entities regarding the subject matter of this Agreement, and shall supersede any and all prior negotiations, representations or agreements, written or oral, express or implied, that relate in any way to the subject matter of this Agreement.

Understood and Agreed:

Authorized Signatory:

Print Name	Sign Name	Title	Date
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Renovate America, Inc. (on behalf of itself and all its Affiliates) Authorized Signer or designee:

Print Name	Sign Name	Date
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Registered Contractor Terms and Conditions

P: (855) HERO-411

F: (858) 815-6860

E: contractor@heroprogram.com

These Renovate America Terms and Conditions ("Terms and Conditions") apply to all Contractors ("Contractors" or "Registered Contractors") who register with Renovate America, Inc. ("Renovate America") to introduce financing products offered by Renovate America or its Affiliates (the "Financing Products" and each a "Financing Product"), including (without limitation) through the HERO Program and/or Benji programs, and who execute the Registered Contractor Participation Agreement (the "Agreement") with Renovate America. For purposes hereof, an "Affiliate" of Renovate America shall be any subsidiary of Renovate America and Renovate America together with its Affiliates shall be referred to herein as the "Renovate America Entities" and each a "Renovate America Entity." These Terms and Conditions may be modified from time to time by Renovate America; a copy such Terms and Conditions will be provided to Registered Contractor upon their modification.

1. Contractor Duties and Obligations

1.1. Contractor Registration Requirement

- 1.1.1. All Contractors who install, or subcontract the installation of, products financed by a Financing Product ("Products") must register with Renovate America.
- 1.1.2. Contractor must register with Renovate America to become a "Registered Contractor" by providing all business and other relevant information requested by Renovate America for such registration. If required by the state, city, county or other municipality or by law where the Registered Contractor is doing business or is located, such Registered Contractor must also possess an active, valid contractor's license (a "License") issued by the applicable licensing organization ("Licensing Board"), including, without limitation, in California, by the California Contractors State License Board ("CSLB"), including but not limited to meeting all bonding and workers compensation insurance requirements associated with such License (if applicable). For the avoidance of doubt, a License that is expired, suspended, revoked subject to probation, or has additional status codes does not qualify as an active, valid License under these Terms and Conditions.
- 1.1.3. In order to access the HERO Program, each Qualifying Individual shall register with Renovate America on behalf of the Registered Contractor, including, without limitation, completing the Renovate America identity verification process. A "Qualifying Individual" is a person who is designated as an RMO, RME, RMG, RMM, Sole Owner, Qualifying Partner or similarly identified individual with or by an applicable Licensing Board, if registration with such applicable Licensing Board is required.
- 1.1.4. Only an individual who is authorized to act on behalf of, and who is responsible for the actions of, a Registered Contractor (the "Authorized Signatory") may execute this Agreement, and only upon completion of the Renovate America identity verification process. The Authorized Signatory will be the initial account administrator ("Original Company Admin") for the Registered Contractor. Without limitation of the obligations of Affiliated Individuals, Registered Contractors shall remain fully responsible for all of the acts and omissions of its Affiliated Individuals with respect to the terms and conditions applicable to such Affiliated Individuals hereunder.

1.2. Requirement to Register Individuals

- 1.2.1. Registered Contractors shall register, or require registration of, all Affiliated Individuals performing Services in connection with a Financing Product, as described below.
 - 1.2.1.1. "Affiliated Individuals" means all employees, entities, owners, partners, principals, independent contractors, third party agents or other person who perform any Services for the Registered Contractor in connection with a Financing Product.
 - 1.2.1.2. "Services" means any sales, installation, advising, construction, creative services, digital marketing, lead generation, inspection or any other services delivered in connection with a Financing Product.
- 1.2.2. All Affiliated Individuals will be required to submit personal identifying information to register with Renovate America, including but not limited to names and addresses, last 4 characters of social security numbers and dates of birth, and all information necessary to perform identity verification and/or background checks on such Individuals ("Registered Individuals"). Renovate America reserves

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the express and unilateral right to deny registration to any Affiliated Individual whose identity it cannot verify, or who has committed fraud, has been convicted of a felony, has not registered with the applicable Licensing Board(s) when required to do so, is in an active bankruptcy proceeding, has an open warrant for arrest or has engaged in any other conduct reflecting character traits that Renovate America finds, in its sole discretion, to be unsuitable.

- 1.2.3. Only Registered Individuals may participate in a Financing Product, and each Registered Contractor must attest to their compliance with this requirement. Any Registered Contractor who permits or encourages any individual who is not registered with Renovate America to provide Services that are related to, or connected with, a Financing Product to anyone, including but not limited to property owners ("Property Owners"), shall be subject to the provisions set forth under the paragraph entitled "Violation of Registered Contractor Participation Agreement."
- 1.2.4. If a Registered Contractor uses any Registered Individuals who are required to register with a Licensing Board (e.g. employees, subcontractors, independent contractors, third party agents, or salespersons) to perform Services related to a Financing Product, it shall require those Registered Individuals and entities to:
 - 1.2.4.1. comply with all of these Terms and Conditions (including but not limited to those related to insurance);
 - 1.2.4.2. hold a current License or registration in the specialty for the work being performed, if required; and
 - 1.2.4.3. limit the work performed to that for which such individuals and entities hold required licenses or registrations.
- 1.2.5. If a Registered Contractor uses any Registered Individuals who are exempt from License registration (e.g. employees, creative service providers, digital marketers, lead generators, subcontractors, independent contractors, third party agents, or salespersons) to perform Services related to a Financing Product, it shall require those Individuals and entities to:
 - 1.2.5.1. comply with all of these Terms and Conditions (including but not limited to those related to insurance); and
 - 1.2.5.2. limit the work performed to that for which such individuals are qualified.
- 1.2.6. Each Registered Contractor shall further qualify (in addition to any such qualification that may have been completed as part of the Terms and Conditions hereunder) its/his/her Registered Individuals by performing background checks and credit verifications to confirm that such Registered Individuals have been ethical in their past engagements, are of sound and honest character, and have no prior felony convictions. Registered Contractors may contact Renovate America at any time to discuss any questions regarding this requirement.
- 1.2.7. Registered Contractors shall remain responsible for all work performed by its/his/her Registered Individuals.
- 1.2.8. Registered Contractors shall maintain and provide to Renovate America upon request complete personal and project identifying information for all Registered Individuals engaged to perform services in connection with any project related to a Financing Product.

1.3. Assignment of Authority to Certain Portal Users

- 1.3.1. Only the Original Company Admin may assign authority to other Affiliated Individuals which register with Renovate America to (i) authorize work associated with a Financing Product, (ii) execute any Completion Certificate provided by a Renovate America Entity, (iii) add and edit Product payment instructions, and (iv) add and manage Portal User Accounts. The Original Company Admin assigns this authority by making other Affiliated Individuals one of the following Registered Contractor Portal ("Portal") User Roles: (i) Company Admin, (ii) Office Admin, (iii) Company Manager, or (iv) Office Manager. The Original Company Admin is responsible for all actions of Affiliated Individuals in those Portal User Roles.

1.4. Registration Data; Account Security

1.4.1. In consideration of its use of the Portal, a Registered Contractor must: (i) provide accurate, current and complete information about itself, as may be sought during the Site registration process ("Registration Data"); (ii) maintain the security of its password and identification; (iii) maintain and promptly update the Registration Data, and any other information it may provide to a Renovate America Entity, to keep it accurate, current and complete; (iv) enter accurate electronic payment instructions and promptly revise payment instructions as needed to ensure accurate processing of Financing Product payments to Registered Contractor; (v) revise the information on file with Renovate America within 5 business days in the event of any changes filed with an applicable Licensing Board, (vi) be fully responsible for all use of its Portal Account and for any actions that take place using its Portal Account; and (vii) accurately maintain all Portal User Accounts including but not limited to maintaining accurate phone numbers, email addresses, and promptly deleting Portal Users who are no longer associated with the Registered Contractor. Registered Contractors will be required to comply with all Terms and Conditions governing the use of the Portal, its functionality and its content.

1.5. Property Owner (Consumer) Personally Identifiable Information

1.5.1. Registered Contractors and their Registered Individuals recognize that Property Owners may be required to provide their personally identifiable information ("PII") to Renovate America Entities to become approved. If required, Property Owners shall provide their PII to the Renovate America Entities directly and not through Registered Contractors or through Registered Individuals. Registered Contractors shall not, and shall insure that their Registered Individuals shall not, request, obtain, save, use or otherwise access the PII of any Property Owner who has applied or will apply for any Financing Product.

1.6. Renovate America May Inspect Products and Installations.

1.6.1. Renovate America reserves the right to perform independent on-site validation(s) of any Products related to a Financing Product even if permit inspections have already been completed. If a validation visit is required, Renovate America staff will schedule any such on-site validation visit with the Property Owner, at any reasonable time and with reasonable notice.

1.6.2. Registered Contractors understand that Renovate America reserves the right to review and validate each Financing Product for a project associated with Property Owners who are elders (65 years and older).

1.7. Sales and Marketing Representations

1.7.1. Renovate America prohibits any Registered Contractor from purchasing, owning, acquiring, buying leads, or receiving any benefit, from websites (URLs), social media accounts, or other media containing the names HERO, Renovate America, Benji, Benji Financing or any other site, webpage, or social media account that a Renovate America Entity finds to be unacceptable, and if a Registered Contractor has any such interest, it shall immediately terminate and relinquish it. For the avoidance of doubt, the prohibition described in the immediate preceding sentence does not apply to websites (URLs), trademarks, or other intellectual property assets of a Renovate America Entity, the use of which Renovate America has authorized.

1.7.2. Renovate America prohibits the use of information of or regarding any Renovate America Entity or Financing Product when generating leads. This prohibition applies (but is not limited to) to use by all lead generation and marketing companies, and by Registered Contractors. In addition to other remedies that Renovate America may seek (including but not limited to termination of a Registered Contractor from participation with any or all Financing Products and of the Agreement), any Registered Contractor who violates this provision shall be liable for all representations made by any such person, company, agency or firm.

1.7.3. Renovate America reserves the right to review and approve, or require changes, to any and all advertising, marketing, or promotional copy or material which references any Renovate America Entity or Financing Product which is developed or used by Registered Contractors. Renovate America may also notify the Contractor of any additional items and require changes at any time at its sole discretion. Renovate America may also require the Contractor to submit copy and materials for pre-approval.

Registered Contractor Terms and Conditions

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- 1.7.4. Registered Contractors may only use the logo of a Renovate America Entity or Financing Product (e.g. the HERO Registered Contractor logo or Benji Registered Contractor logo) on printed materials, websites, or social media accounts. No other Renovate America Entity or Financing Product-related logo may be used.
- 1.7.5. Registered Contractors may refer to themselves as registered with a Renovate America Entity (e.g. as a HERO Registered Contractor (only if applicable) or a Benji Registered Contractor (only if applicable)) on places where the Registered Contractor displays their logo. To be eligible to use the logo of a Renovate America Entity, the Registered Contractor's logo must be the prominent logo displayed, and there can be no confusion between the Registered Contractor and the Renovate America Entity or Financing Product offering, logo or products.

1.8. Registered Contractor Code of Conduct

1.8.1. Registered Contractors, on behalf of themselves and their Registered Individuals, shall:

- 1.8.1.1. Only perform installation of Products in accordance with applicable Licensing Board licensing rules and regulations and applicable law and regulations.
- 1.8.1.2. Conduct business with Property Owners on a legal, respectful, ethical, fair and equitable basis.
- 1.8.1.3. Ensure that Registered Individuals present identification (as determined by Renovate America) establishing their affiliation with a Registered Contractor upon initial contact with a Property Owner, whether such contact occurs in connection with canvassing, sales, service or any other occasion upon which such representatives enter onto a Property Owner's premises.
- 1.8.1.4. Comply with all procedures set forth by Renovate America with respect to providing Property Owners with information or documentation related to the Financing Product.
- 1.8.1.5. NOT increase the price of any Products or Services provided to Property Owners in the amount of or as a result of any fee charged to the Contractor by a Renovate America Entity.
- 1.8.1.6. NOT, after a Property Owner has been approved for a Financing Product, take any action to personally, by telephone, mail or otherwise, solicit or entice such Property Owner to apply for or use a form of financing, in whole or in part, that is offered by anyone other than a Renovate America Entity.
- 1.8.1.7. Present the Completion Certificate for signature to the Property Owner only after completion of the project and when the Property Owner is satisfied and is ready for the Renovate America Entity providing the Financing Product to release funds to the Registered Contractor.
- 1.8.1.8. Seek always to provide high value products and services best suited to a Property Owner's request or needs.
- 1.8.1.9. Install Products for reasonable, market-based prices that are within industry price guidelines.
- 1.8.1.10. Protect Property Owners, especially those in protected classes such as elders, from and against any exercise of undue influence that could lead to adverse purchasing, pricing and financing decisions.
- 1.8.1.11. If applicable, maintain active, participating and good standing status as a member of all applicable Licensing Boards, and participate in continuing education in its/his/her chosen area of expertise, as well as in the Renovate America requirements, policies and procedures.
- 1.8.1.12. Have a written contract which complies with any and all applicable Licensing Boards guidance with the Property Owner stating all proposed work and services.

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- 1.8.1.13. Obtain all legally required building permits, on behalf of the Property Owner, and follow through in obtaining sign off or approval from any authority with jurisdiction over any project on which Contractor works.
- 1.8.1.14. Comply with all federal, state and local laws, ordinances, rules and regulations.
- 1.8.1.15. Use sound and legally compliant hiring practices, including but not limited to conducting credit and background and screening checks on all employees, temporary staff, contract employees, subcontractors and third party associates to assure that such persons comply with Registered Contractor's legal and ethical obligations described in these Terms and Conditions.
- 1.8.1.16. Provide Renovate America training (described herein) for all employees, subcontractors and third party associates of Registered Contractors.
- 1.8.1.17. Maintain and provide Renovate America with copies of requested documents that relate to projects financed by or through a Renovate America Entity, as well as documents that relate to Registered Contractor certifications, licenses, or insurance/bonding.
- 1.8.1.18. Act in good faith to promptly notify Renovate America of any complaint or grievance that a Property Owner has raised with the Registered Contractor, and promptly resolve any complaint or grievance that a Property Owner has raised with any Renovate America Entity and/or the Registered Contractor.
- 1.8.1.19. Document and retain records regarding the resolution of all Property Owner disputes with a Registered Contractor for Renovate America's review and assessment.
- 1.8.1.20. Comply with the letter and the intent of all provisions of relevant law, including (without limitation), if doing business in California, the California Business and Professions Code, relevant to the Registered Contractor's business.
- 1.8.1.21. Comply with all local, state and federal marketing and telemarketing laws, regulations and rules, including but not limited to the Telephone Consumer Protection Act and the Truth in Lending Act.
- 1.8.1.22. With respect to elderly homeowners 65 years of age or older, (a) fully disclose and not misrepresent applicable information about the products and installation services, (b) not engage in unfair, deceptive or abusive acts or practices, and (c) not discriminate based on age regarding any aspect of the services performed.
- 1.8.1.23. Inform Property Owners of all Financing Products that are available to them and present Property Owners with all approvals of which the Registered Contractor is aware for Financing Products for which the Property Owner applied.

1.9. Violation of Registered Contractor Participation Agreement

- 1.9.1. If in its sole, reasonable discretion Renovate America concludes that a Registered Contractor has violated this Agreement, it may terminate, suspend or take other remedial action regarding this Agreement and the Registered Contractor's participation in any program or provision of Financing Products and shall have the right to offset any amounts otherwise due to Registered Contractor. Renovate America reserves the right to seek legal and equitable remedies against any Registered Contractor who violates the Agreement or any local, state or federal law. The Registered Contractor agrees to waive any and all claims for damages against any Renovate America Entity, its individual representatives, Property Owners and any government entity associated with a Renovate America Entity, including but not limited to the loss of anticipated profits, resulting from termination or suspension of the Agreement. In addition, Registered Contractors acknowledge that violations of the Agreement could cause irreparable harm to Renovate America Entit(ies) for which monetary damages may be difficult to ascertain or which may be an inadequate remedy. The Registered Contractor therefore agrees that Renovate America will have the right, in addition to its other rights and remedies, to seek injunctive relief for any violation of the Agreement.

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- 1.9.2. While the following list of violations or unacceptable conduct is not exhaustive, it identifies conduct that could lead to suspension or termination of Registered Contractor's participation under the Agreement and/or expose a Registered Contractor to monetary damages:
- 1.9.2.1. Misrepresentation on the part of a Registered Contractor (including any subcontractor, independent contractor, creative service providers, digital marketers, lead generators or third party agent) regarding a Renovate America Entity or Financing Product, including but not limited to financing terms, the performance of Products or savings that Products may generate.
 - 1.9.2.2. Misuse or unauthorized use of any copyright, trade secret, trademark, patent or other intellectual property associated with or owned by a Renovate America Entity or Financing Product.
 - 1.9.2.3. Failure to comply with any of the terms and conditions of the Agreement, (including these Terms and Conditions and any addendums hereto) or the Renovate America processes which are defined in by materials provided by a Renovate America Entity.
 - 1.9.2.4. Criminal activity, unethical conduct and/or any act of fraud in conjunction with any activities related to a Renovate America Entity or a Financing Product.
 - 1.9.2.5. Providing Property Owners with offers of cash rebates or arranging Financing Products such that money flows to a Property Owner in excess of any costs directly associated with the installation of Products.
 - 1.9.2.6. Unethical misconduct reported by a Property Owner or discovered by a Renovate America Entity.
 - 1.9.2.7. Association with, or engaging any person(s), as an employee, subcontractor or independent contractor, who has been suspended or terminated from offering any Financing Products as provided hereunder or is not in good standing with an applicable Licensing Board.
 - 1.9.2.8. Failure to pay a supplier, subcontractor, independent contractor or third party agent for any reason in a timely manner for any equipment, material or labor associated with a Financing Product resulting in the recordation of, or the threatened recordation of, any mechanics' liens against a Property Owner's property.
 - 1.9.2.9. Poor work performance including work abandonment, incomplete work, poor workmanship, design flaws or damage to property resulting from an installation or other action or inaction or related to the work performed in connection with a Financing Product.
- 1.9.3. To the extent a Registered Contractor fails to meet the requirements of this Agreement, or any other requirements of a Renovate America Entity, and believes in good faith that he or she otherwise meets the consumer protection and other policies of a Renovate America Entity or a Financing Product, such person may submit a request for a variance, and Renovate America shall determine whether to grant such variance in its sole discretion. Renovate America shall respond promptly to any such request.

1.10. Third Party Providers

- 1.10.1. In addition to complying with the requirements of the Agreement, Registered Contractors agree to comply with all installation, equipment, maintenance and other requirements third parties have established for any Products to be installed on a Property Owner's premises and that are associated in any way with a Renovate America Entity or a Financing Product.

1.11. Mechanics' Liens

- 1.11.1. Registered Contractors agree to ensure that they, their suppliers, materialsmen, subcontractors and laborers do not file, record, serve or cause to be filed, recorded or served a preliminary 20-day notice or mechanics' lien (or equivalent) against the property of

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any Property Owner for which improvement work, arising from or related to the Agreement has been undertaken. Such efforts shall include, but shall not be limited to, the timely payment to suppliers, materialsmen, subcontractors and laborers for all goods, services or labor furnished in connection with any work of improvement, arising from or related to the agreement.

1.12. Business Licenses

1.12.1. Registered Contractors must obtain all business licenses that any jurisdiction in which it will be performing work may require.

1.13. Direct Payments

1.13.1. Any payment made by a Property Owner to a Registered Contractor that is related to Products or Services, but is not related to a Financing Product and is made without the participation of a Renovate America Entity shall be distinct and separate from any Financing Product provided to such Property Owner, shall be the sole responsibility and liability of the Registered Contractor and no Renovate America Entity will have any responsibility or liability in relation to such payment.

1.14. Insurance

1.14.1. Throughout the term of the Agreement, the Registered Contractor will procure and maintain adequate levels, as determined by Renovate America in its sole discretion, of Commercial form General Liability, Business Automobile Liability, Workers' Compensation and Employers' Liability Insurance. If the Registered Contractor is providing professional design, engineering or other professional services (including Design-Build), it shall maintain Professional Liability/Errors and Omissions insurance covering liability arising out of error, omission, or negligent act in the performance, or lack thereof, of professional services contemplated under the Agreement.

1.14.2. Minimum levels are: (i) Commercial form General Liability: \$2,000,000 General Aggregate; \$1,000,000 Each Occurrence – combined single limit for bodily injury and property damage; (ii) Business Automobile Liability: \$1,000,000; (iii) Workers' Compensation and Employers' Liability: \$1,000,000; (iv) Professional Liability/Errors and Omissions: \$1,000,000.

1.15. Intellectual Property

1.15.1. All Intellectual Property provided by a Renovate America Entity or any of their respective representatives to Registered Contractor shall remain the sole and exclusive property of such Renovate America Entity. In no event shall Registered Contractor reproduce or use any items developed by a Renovate America Entity or any of its respective representatives without their prior permission.

1.16. Legal Authority

1.16.1. Registered Contractor's signatory to the Agreement hereby certifies possession of the legal authority to execute the Agreement.

1.17. Disclaimer of Liability

1.17.1. Each Registered Contractor is responsible for performing the evaluation and technical feasibility of any design, system, appliance, or any measure installed as to its operational capability and reliability. Renovate America Entities disclaim any, and assume no, liability with respect to, the quality, safety, performance, or other aspect of any design, system, appliance, or any measure installed pursuant to the Agreement. Registered Contractors are not and shall not be construed as agents or representatives of Renovate America Entities in any context, matter, or proceeding, and shall not act on behalf of (or purport to act on behalf of) Renovate America Entities in any way whatsoever.

1.17.2. Renovate America cannot guarantee that any Property Owner will select a specific Registered Contractor to install Products. Additionally, no Renovate America Entity can guarantee that the Registered Contractor will be paid if it fails to satisfy the Property Owner's needs or to meet the requirements hereunder or related to a Financing Product. For the avoidance of doubt, a Registered Contractor must satisfy the Property Owner(s) requirements before a Renovate America Entity will release funds.

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1.17.3. Each Registered Contractor's compensation shall be determined and paid solely based upon agreement between the Registered Contractor and the Property Owner. The Renovate America Entities and each of their principals, affiliates, agents, and any governmental entities associated with a Financing Product and any party, other than the Property Owner and the Registered Contractors, shall have no responsibility of any kind for the payment of compensation for work, service and goods provided in connection with a Financing Product.

1.18. Indemnification

1.18.1. At its sole cost and expense, each Registered Contractor shall indemnify, defend and hold harmless the Renovate America Entities and each of their officers, directors, shareholders, agents, contractors, employees, affiliates and their respective successors and assigns, against any and all liability, claims, losses, costs, expenses, penalties, fines, forfeitures, judgments and damages, including attorneys' fees and costs, both direct and indirect, by whomsoever asserted, arising out of or in connection with (i) any matter which is a subject of or related to a Financing Product, including but not limited to the installation of any Product, or (ii) any act or omission of the Registered Contractor, its agents, employees, contractors, subcontractors and/or suppliers, in the performance of the work under the Agreement or a Financing Product, whether intentional or negligent, active or passive, or (iii) the Registered Contractor's breach of any provision of the Agreement, excepting only such losses, damages or liability to the extent caused by the sole negligence or willful misconduct of a Renovate America Entity or its employees.

1.19. Waiver

1.19.1. No provision of the Agreement may be waived unless agreed to by Renovate America in writing. Failure to insist upon strict performance of any provision of the Agreement or to exercise any right based upon a breach thereof, or the acceptance of any performance during such a breach, shall not constitute a waiver of any right under the Agreement.

1.20. Governing Law and Venue

1.20.1. The Agreement and these Terms and Conditions shall be governed by the laws of the State of California, except to the extent the property assessed clean energy law of a specific state is directly applicable. In the event the Arbitration Agreement below is found to be unenforceable or to not apply to a given action, such action must be instituted and proceed in the Superior Court of the County of San Diego, California (or, if the federal courts have exclusive jurisdiction over the subject matter of the dispute, in the U.S. District Court for the Southern District of California).

1.21. Equal Opportunity

1.21.1. Registered Contractor agrees to operate its business in compliance with all state and federal laws regarding employment and the fair provision of its services. Registered Contractor expressly agrees not to discriminate in the course or conduct of its business based on race, creed, ethnicity, religion, national origin, gender, sexual orientation, or age.

1.22. Severability

1.22.1. If any provision under the Agreement or its application to any person or circumstance is held invalid by any court of lawful jurisdiction, this invalidity does not affect other provisions of the Agreement which can be given effect without the invalid provision.

1.23. Compliance with Law and Agreement

1.23.1. Registered Contractor, at the commencement of their relationship with a Renovate America Entity and on each anniversary thereof, must sign an attestation affirming compliance with all federal and state laws, rules and regulations, including without limitation those related to the installation of Products, and, if applicable, those related to the delivery to Property Owners of a three (3) day right of rescission, as well as with the terms of the Agreement.

1.24. Termination

1.24.1. Renovate America may terminate, or for any duration suspend, the Agreement and any Registered Contractor's ability to provide a Financing Product, without cause at any time and for any reason. Each Registered Contractor agrees to waive any and all claims for damages against all Renovate America Entities and each of their representatives, including but not limited to loss of anticipated profits, resulting from such Registered Contractor's suspension or termination.

1.25. Arbitration Agreement Please read this Section ("Arbitration Agreement") carefully. It is part of the Agreement and affects the Registered Contractor's rights. It contains A JURY TRIAL WAIVER and procedures for MANDATORY BINDING ARBITRATION AND A CLASS ACTION WAIVER.

1.25.1. **Claim Resolution.** Before asserting a claim in any proceeding Registered Contractor (Registered Contractor includes any successor in interest to the Registered Contractor) agrees that it shall engage in good faith attempt to resolve the claim.

1.25.2. **Arbitration Agreement.** All claims and disputes arising out of or relating to a Renovate America Entity, a Financing Product, the Agreement and/or an improvement financed using a Financing Product that cannot be resolved informally or in small claims court shall be resolved by binding arbitration on an individual basis under the terms of this Arbitration Agreement.

1.25.3. **Waiver of Jury Trial.** REGISTERED CONTRACTOR HEREBY WAIVES ITS CONSTITUTIONAL AND STATUTORY RIGHTS TO GO TO COURT AND HAVE A TRIAL IN FRONT OF A JUDGE OR A JURY, instead electing that all claims and disputes shall be resolved by arbitration under this Arbitration Agreement. Arbitration procedures are typically more limited, more efficient and less costly than rules applicable in court and are subject to very limited review by a court.

1.25.4. **Arbitration Rules.** The Federal Arbitration Act governs the interpretation and enforcement of this dispute resolution provision. Arbitration shall be initiated through JAMS, Inc., an established alternative dispute resolution provider ("ADR Provider"). If the selected provider is not available to arbitrate, the Parties shall select an alternative ADR Provider. The rules of the ADR Provider shall govern all aspects of this arbitration, except to the extent such rules are in conflict with the Agreement or to the extent that application of the Agreement provisions would result in the unenforceability of this Arbitration Agreement. The JAMS rules governing the arbitration are available online at www.jamsadr.com or by calling JAMS at 1-800-352-5267. Any arbitration hearing will be held in Renovate America's federal judicial district. Any judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction.

1.25.5. **Decision of Arbitrator.** The arbitrator shall issue a written award and statement of decision describing the essential findings and conclusions on which the award is based. The arbitrator has the same authority to award relief on an individual basis that a judge in a court of law would have. The award of the arbitrator is final and binding upon the Registered Contractor.

1.25.6. **Waiver of Class or Consolidated Actions.** ALL CLAIMS AND DISPUTES WITHIN THE SCOPE OF THIS ARBITRATION AGREEMENT MUST BE ARBITRATED ON AN INDIVIDUAL BASIS AND NOT ON A CLASS BASIS, AND ARBITRATION CLAIMS OF MORE THAN ONE REGISTERED CONTRACTOR CANNOT BE ARBITRATED OR LITIGATED JOINTLY OR CONSOLIDATED WITH THOSE OF ANY OTHER CONTRACTOR.

1.25.7. **Severability.** If any part or parts of this Arbitration Agreement other than the Waiver of Class or Consolidated Actions are found under the law to be invalid or unenforceable, then such specific part or parts shall be of no force and effect and shall be severed and the remainder of the Arbitration Agreement shall continue in full force and effect. If the Waiver of Class or Consolidated Actions is found to be unenforceable, then as to the specific dispute in which that ruling of unenforceability was made, this entire Arbitration Agreement shall be unenforceable.

1.25.8. **Survival of Agreement.** This Arbitration Agreement shall survive the termination of this Agreement.

1.25.9. **Small Claims Court.** Notwithstanding the foregoing, the Registered Contractor may bring an individual action in small claims court.

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By initialing at the bottom of this page, the Registered Contractor acknowledges and agrees to the terms set forth in this Arbitration Agreement above.

1.26. Assignment. Registered Contractor may not assign the Agreement or its registration with Renovate America without Renovate America's prior written consent.

1.27. Confidentiality.

1.27.1. Confidential Information. By virtue of this Agreement, Registered Contractor may have access to one or more Renovate America Entity's Confidential Information related thereto. "Confidential Information," as used in this Agreement, means any and all information of or regarding a Renovate America Entity that is disclosed orally, visually, electronically, or in writing, and any and all information of or regarding Renovate America Entity of any nature described in this Agreement as confidential or that reasonably should be understood to be confidential, including (without limitation) the terms and conditions of this Agreement. Contractor shall only disclose Confidential Information to its employees, consultants and agents who need to know such information solely for the purpose of performing as a Registered Contractor hereunder or to its advisors, accountants, or attorneys, provided that any such third parties shall, before they may access such information, either (a) execute a binding agreement to keep such information confidential or (b) be subject to a professional obligation to maintain the confidentiality of such information and Contractor shall be responsible for any breach of the Agreement by those entities or persons with whom it has disclosed Confidential Information pursuant to this Agreement or otherwise.

1.27.2. Exclusions. Confidential Information shall not include information that: (a) is or becomes publicly known through no act or omission of Contractor; (b) was in Contractor's lawful possession prior to the disclosure; (c) is rightfully disclosed to Contractor by a third party without restriction on disclosure; or (d) is independently (and without reference to Confidential Information) developed by Contractor, which independent development can be shown by written evidence.

1.27.3. Use and Nondisclosure. Contractor shall not make Confidential Information (including the terms and conditions of the Agreement) available to any third party for any purposes other than exercising its rights and performing its obligations under the Agreement. Contractor shall take all reasonable steps to ensure that Confidential Information is not disclosed or distributed by its employees or agents in violation of the terms of the Agreement, but in no event will it use less effort to protect the Confidential Information than it uses to protect its own confidential information of like importance. Notwithstanding the foregoing, Confidential Information may be disclosed as required by law, provided that before disclosing such information, Contractor must provide Renovate America with sufficient advance notice of the request or requirement for the information to enable Renovate America to exercise any rights it may have to challenge or limit disclosure of the Confidential Information (to the extent allowed by law). Without limiting any other provision of this Section 1.27, and for avoidance of doubt, Contractor shall not share, disclose, or otherwise make available, Confidential Information to any competitor of a Renovate America Entity.

1.27.4. Survival. This Section 1.27 shall survive termination of the Agreement.

2. HERO Program Additional Duties & Obligations for Residential Properties

By participating in the HERO Program, Contractor affirms receipt of, familiarity with, and agrees to abide by all applicable terms and provisions reflected in Section 1 above and this Section 2 of the Terms and Conditions and the HERO Program Registered Contractor Participation Agreement Reference Materials (the "Reference Materials"), as such Reference Materials exist from time to time. A current copy of the Reference Materials may be found at <https://www.heroprogram.com/reference-material>. The Reference Materials may change from time to time. By continuing to participate in the HERO Program, Contractor agrees to the then-current version of such documents.

2.1. HERO Program Overview

2.1.1. The HERO Program provides financing to Property Owners for the installation of eligible energy, renewable energy and, where allowed under state law, water efficiency systems and other improvements allowed under applicable state law that are permanently

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affixed to properties that the HERO Program lists on its Eligible Product List, or that the HERO Program approves with respect to their form, fit and function in advance as a Custom Product (collectively "Eligible Products"). Through the HERO Program, an assessment is levied against a participating property and will be repayable through regular payments over the term of the Assessment. The period of repayment is tied to the useful life of the Eligible Product(s), which ranges from 5 to 25 years, depending on the state and Eligible Product(s).

- 2.1.2. Contractors who register with the HERO Program shall be entitled to participate in HERO Programs wherever they are authorized to operate, provided that such Contractors comply with the terms of the Agreement. Eligible Products may differ based on the HERO Program requirements for each political subdivision (e.g., municipality, county, state or joint powers authority) in which it is authorized to operate. Registered Contractors must refer to and comply with the political subdivision-specific HERO Program requirements, which can be found on the HERO Program Website.
- 2.1.3. The HERO Program offers onsite financing approval for those who meet the eligibility criteria. If the Property Owner is interested in the HERO Program, it will submit an application for financing directly to Renovate America. The Contractor must have a separate construction contract with the Property Owner stating all proposed work and services. Performance of the construction contract shall be the responsibility solely of Contractor and Property Owner, as applicable. The HERO Program funds projects at the conclusion of the work upon receipt of the HERO Program Completion Certificate and required attachments.
- 2.1.4. The HERO Program is provided to the community by local municipalities, cities, counties, state and other government authorities at their discretion. It is the responsibility of every Registered Contractor to represent the HERO Program in an accurate and responsible way. Failure to do so is grounds for termination of a Registered Contractor's right to introduce the HERO Program to Property Owners.
- 2.1.5. PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE ISSUER OF MUNICIPAL BONDS ("ISSUER"), RENOVATE AMERICA AND EACH OF THE ENTITIES WHICH SUPPORT THE ISSUER, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS SHALL NOT AND DO NOT: (I) ASSUME ANY RESPONSIBILITY FOR THE SELECTION BY PROPERTY OWNERS OF CONTRACTORS WHO REGISTER WITH THE HERO PROGRAM OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, (II) GUARANTEE, WARRANT OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS, OR THE OPERATION OF THE ELIGIBLE PRODUCTS, OR (III) WARRANT THE DESIGN OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

2.2. Products which are Eligible for HERO

- 2.2.1. All installed products which are financed by the HERO Program must either be listed on the specific HERO Program's Residential Eligible Product List (and meet the minimum specifications described therein), OR be approved with respect to their form, fit and function in advance as a Custom Product. Registered Contractors may only install Eligible Products that are listed in the HERO Completion Certificate related to the property for which HERO Program financing is sought.
- 2.2.2. HERO Program financing does not cover products that are installed on the property before the Property Owner has submitted a HERO Program financing application, even if such Eligible Products appear on the Eligible Products List.

2.3. Renovate America May Monitor Products and Installations

Renovate America reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well as the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

2.4. Sales and Marketing Representations

Registered Contractors, including their Registered Individuals (e.g., employees, independent contractors, subcontractors and third party affiliates) shall not present themselves as agents, representatives or affiliates of the HERO Program or of any government agency or entity associated with the HERO Program, other than as an independent Contractor registered with the HERO Program. Registered Contractors shall always clearly include their company name on all marketing materials, sales or call scripts, and uniforms, and do so in a way that will not create confusion with the HERO Program or any government agency or entity associated with the HERO Program.

2.5. HERO Registered Contractor Code of Conduct Additions

Registered Contractors, on behalf of themselves and their Registered Individuals, shall:

- 2.5.1. Not provide, or even appear to provide, tax advice to Property Owners regarding any aspect of HERO Program financing. The HERO Program provides a simple tool on our website that is merely intended to provide Property Owners the ability to easily quantify the effects if they determine that some or all of the HERO payments are deductible. If asked about the tax aspects of HERO Program financing, Registered Contractors should advise Property Owners to consult their tax advisor.
- 2.5.2. Provide clear and complete disclosure that the HERO Program financing is to be an assessment levied against the Property Owner's property, that administration fees and interest will apply and that the maximum term of the financing depends upon the useful life of the Eligible Products selected and the state where the Eligible Product(s) are installed, and may be 5, 10, 15, 20, or 25 years and that the Property Owner can select a term which is less than or equal to the maximum for the Eligible Product. Registered Contractors must call the HERO Program call center if questions arise and they have any uncertainty over the proper answers.
- 2.5.3. Present Property Owners with the full and complete set of HERO Program financing documents, which include all pages of the Assessment Contract, Application, Financing Summary, and all other HERO Program documents.
- 2.5.4. Analyze accurately each Property Owner's energy usage, and anticipated energy savings likely to result from any Eligible Product installation following standards that can withstand independent, third party review and analysis.
- 2.5.5. Comply with the Eligible Product requirements of the HERO Program. Install only Eligible Products for reasonable, market-based prices that are within industry price guidelines and that do not exceed the HERO Program maximum guidelines.

2.6. Violation of Registered Contractor Participation Agreement

- 2.6.1. While the following list of additional violations or unacceptable conduct is not exhaustive, it identifies conduct that could lead to suspension or termination of Registered Contractor's participation under the Agreement and/or expose a Registered Contractor to monetary damages:
 - 2.6.1.1. The misuse or unauthorized use of any copyright, trade secret, trademark, patent or other intellectual property associated with or owned by any governmental entity associated with or in negotiations to be associated with the HERO Program is a violation of the Terms and Conditions and would lead to suspension or termination of Registered Contractor's participation under the Agreement and/or expose the Registered Contractor to monetary damages.
 - 2.6.1.2. Violation by a Registered Contractor of the terms of the Reference Materials is a violation hereunder and would lead to suspension or termination of Registered Contractor's participation under the Agreement and/or expose the Registered Contractor to monetary damages.

2.7. Indemnification

At its sole cost and expense, each Registered Contractor shall indemnify, defend and hold harmless the participating cities and municipalities sponsoring the HERO Program and each of their officers, directors, shareholders, agents, contractors, employees, affiliates and their respective successors and assigns, against any and all liability, claims, losses, costs, expenses, penalties, fines, forfeitures, judgments and damages, including

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attorneys' fees and costs, both direct and indirect, by whomsoever asserted, arising out of or in connection with (i) any matter which is a subject of the HERO Program, including but not limited to the installation of any Eligible Product, or (ii) any act or omission of the Registered Contractor, its agents, employees, contractors, subcontractors and/or suppliers, in the performance of the work under the Agreement or the HERO Program, whether intentional or negligent, active or passive, or (iii) the Registered Contractor's breach of any provision of the Agreement, excepting only such losses, damages or liability to the extent caused by the sole negligence or willful misconduct of Renovate America or its employees.

2.8 Terms Confirmation

To the extent Renovate America confirms any financing terms with the Property Owner during a recorded "confirm terms" telephone call prior to the execution of HERO Program financing documents, Registered Contractor will not be held accountable for the Property Owner's understanding or misunderstanding of such financing terms, provided that Registered Contractor has acted in good faith and in accordance with these Terms and Conditions, and has communicated information to the Property Owner that is consistent with the terms of such Property Owner's HERO Program financing documents.

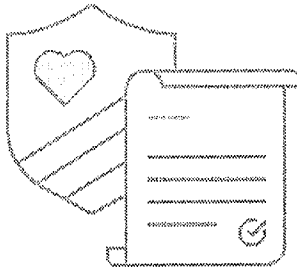
3. Benji Program Additional Duties & Obligations

Prior to participating in the Benji program, Registered Contractor will agree to and sign the terms of that certain Registered Contractor Purchase and Sale Agreement (Retail Installment Sales) as provided together herewith. The Registered Contractor Purchase and Sale Agreement (Retail Installment Sales) will not be effective until countersigned by the applicable Renovate America Entity.

EXHIBIT L

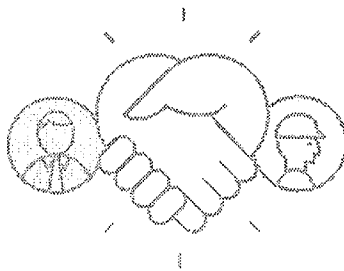


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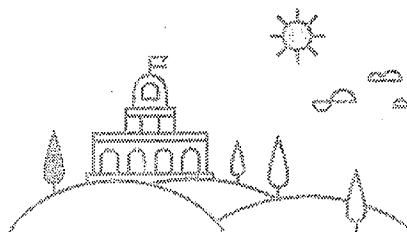
You have the final say.

Your contractor is only paid after you sign off that the project is completed to your satisfaction.



Everyone agrees to the rules.

Every contractor registered with Renovate America has agreed to follow our guidelines, which includes our industry-leading consumer safeguards.



Qualified energy-efficient products.

Chat

Products installed with all HERO financed projects are required to meet local, state or federal efficiency performance standards.

Tips to help you choose wisely.



Ask for Local References

The contractors in our network have years of experience and should be able to provide references from other homeowners.



Get Your Quote in Writing

Always get a detailed quote in writing, and be sure to compare quotes from multiple contractors.

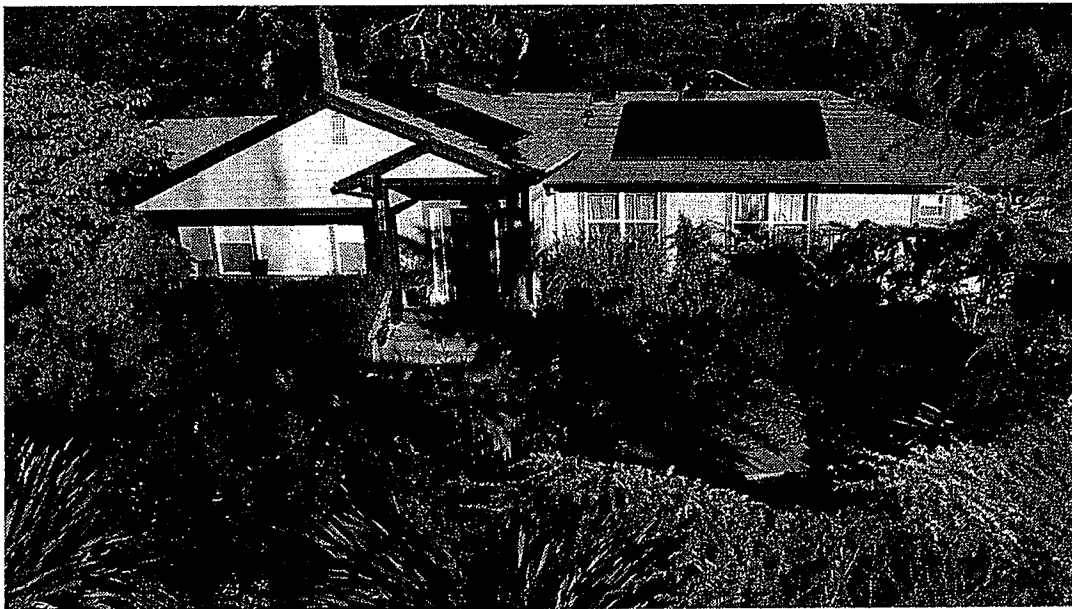


Interview Several Contractors

A good rule of thumb is to get estimates from at least three contractors.



Real homeowner stories.



U.S.-based customer support available seven days a week.

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EXHIBIT M

HERO Funding 2017-2 Class A Notes

\$181,837,000 Property Assessed Clean Energy (PACE) Bond Backed Notes

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July 25, 2017

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Executive Summary

This pre-sale report is based on information regarding the underlying Property Assessed Clean Energy ("PACE") assessments and the terms of the securitization as of July 25, 2017. This report does not constitute a recommendation to buy, hold, or sell securities. Kroll Bond Rating Agency's (KBRA) preliminary rating represents timely payment of interest and full payment of principal by the transaction's legal final maturity date.

Rated Notes							
Class	Amount	Interest Rate	Payment Frequency	Expected Maturity Date	Legal Maturity Date	Advance Rate	Preliminary KBRA Rating
Class A1 Notes	\$91,000,000	[TBD]%	Semi-Annual	September 20, 2043	September 20, 2048	97.00%	AA (sf)
Class A2 Notes	\$90,837,000	[TBD]%	Semi-Annual	September 20, 2043	September 20, 2048	97.00%	AA (sf)
Class B Notes	\$23,000,000	[TBD]%	Semi-Annual	September 20, 2043	September 20, 2048	NA	NR
Total	\$204,837,000						

KBRA has analyzed this transaction using the General Rating Methodology for Asset-Backed Securities published on July 30, 2012. PACE assessments fall within Category 1: Financial Assets. The key determinants considered in the rating outcome are: a structural and legal analysis of the transaction; the treatment of PACE assessments as special assessments having lien priority on par with senior tax liens; and the creditworthiness of the Counties acting as servicers.

Transaction Overview

The Class A1 Notes and Class A2 Notes (together, the "Class A Notes") are secured by an Initial PACE Bond Portfolio and a Subsequent PACE Bond Portfolio (together, the "PACE Bond Portfolio"), each consisting of limited obligation improvement bonds (each, a "PACE Bond") issued by the Western Riverside Council of Governments ("WRCOG"), San Bernardino Associated Governments ("SANBAG") and the County of Los Angeles, California ("LA County", and together with WRCOG and SANBAG, the "PACE Bond Issuers"). The Initial PACE Bond Portfolio comprises 222 PACE Bonds with an aggregate principal balance of approximately \$140.6 million and is secured by 6,255 PACE assessments levied against 6,255 residential properties ("PACE Assessments") in 39 California counties. The average PACE Assessment is approximately \$22,477 with an average annual payment of approximately \$2,622. The Subsequent PACE Bond Portfolio is expected to consist of PACE Bonds with an aggregate principal balance of \$46.9 million. The transaction benefits from credit enhancement in the form of excess spread, overcollateralization, and a liquidity reserve. Under all circumstances the Class A1 Notes and Class A2 Notes are pari passu with respect to the Priority of Payments.

The Class A Notes have been designated as Green Bonds.

Transaction Parties: Class A Notes	
Issuer	HERO Funding 2017-2 ("HERO 2017-2")
Transferor	HERO Funding, LLC
Administrator / Portfolio Administrator	DMS Bank & Trust Ltd.
ABS Note Trustee / Custodian	The Bank of New York Mellon Trust Company, N.A.
Co-Managers	Academy Securities and Jefferies LLC
Sole Structuring Agent / Joint Book Runner	Morgan Stanley & Co., LLC
Joint Book Runner	Barclays Capital Inc. and Bank of America Merrill Lynch

Transaction Parties: PACE Bond Portfolio

PACE Bond Issuers	Western Riverside Council of Governments ("WRCOG") San Bernardino Associated Governments ("SANBAG") County of Los Angeles, California ("LA County")
Assessment Administrator	David Taussig & Associates, Inc. ("DTA")
Program Administrator	Renovate America, Inc.
Counties	County of Alameda, California County of Amador, California County of Butte, California County of Contra Costa, California County of El Dorado, California County of Fresno, California County of Humboldt, California County of Imperial, California County of Kern, California County of Kings, California County of Los Angeles, California County of Madera, California County of Marin, California County of Mendocino, California County of Merced, California County of Monterey, California County of Napa, California County of Nevada, California County of Orange, California County of Riverside, California County of Sacramento, California County of San Bernardino, California County of San Diego, California County of San Francisco, California County of San Joaquin, California County of San Luis Obispo, California County of San Mateo, California County of Santa Clara, California County of Santa Cruz, California County of Shasta, California County of Solano, California County of Sonoma, California County of Stanislaus, California County of Sutter, California County of Tehama, California County of Tulare, California County of Ventura, California County of Yolo, California County of Yuba, California
PACE Bond Trustee	Deutsche Bank National Trust Company

Key Credit Considerations

Characteristics of PACE Assessments

PACE assessments are payable in equal semi-annual installments together with the property owner's *ad valorem* real estate taxes. Under California law, PACE assessments have equal lien priority with real estate taxes and other special assessments and are senior to all non-tax liens, including mortgages.

Generally, the amount of a PACE assessment is small compared to the value of the related property. The maximum initial lien-to-value ("LTV") for PACE assessments included in HERO 2017-2 is approximately 14.98%. PACE assessments constitute liens against the entire property, not just the specific improvement installed and funded under the PACE program. The assessment remains with the property, irrespective of any intervening sales, until it is fully paid.

There is no acceleration of the assessment in the event of foreclosure and default. Unlike in the case of residential mortgages where the entire loan balance would be due at foreclosure, only current amounts and the amounts in arrears on a PACE assessment, including fees and penalties, are due. The purchaser of the property out of foreclosure is required to continue making the payments on the assessment once the property is taken over. As a result, the amount at risk when a property owner fails to pay is not the full amount of the assessment but only the assessment installment amount that is in arrears.

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Regulatory Inquiry Concerning Undisclosed Payment Assistance

Renovate America, the program administrator, has recently been subject to an informal SEC request for production relating to certain practices involving customer service payment assistance for homeowners. Renovate America is complying with the voluntary request. Such payments are instances of first payment support for homeowners who may not have fully understood the terms of their obligations, incorrect payment amounts for prepayments or final payments, payment assistance for settling disputes regarding contractor's work, and payment assistance with the settlement of disputes with respect to certain fees. Renovate America has now disclosed this information and KBRA has performed additional diligence on the Company. As part of its ongoing surveillance, KBRA will continue to monitor Renovate America's policies and procedures regarding customer service payment assistance, consumer disclosures and contractor management. KBRA will factor these variables into its ratings assignment. (See Key Credit Consideration entitled "Heightened Regulatory Scrutiny" below).

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Transaction Structure

KBRA believes the transaction benefits from sufficient credit enhancement and a structure that accelerates principal payments to the rated notes upon weakening asset performance.

HERO 2017-2 utilizes an amortization schedule that sets a minimum threshold for the amount of amortization required on the notes on each payment date. In addition to requiring a payment of principal equal to 97% of all principal, prepayments and recoveries received on the PACE Assessments for such payment date, the waterfall

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provides that if the current note balance exceeds a targeted note balance for such payment date, remaining available funds will be used to pay down principal until such excess is eliminated.

Credit enhancement consists of excess spread, overcollateralization and a liquidity reserve account.

- **Excess spread:** HERO 2017-2 contains significant excess spread, which results from the difference between the weighted average interest rate of the PACE Bond Portfolio and the interest rate on the notes. The PACE Bond Portfolio's expected weighted average coupon based on the worst case pool mix permitted by the Eligibility Criteria is 6.90%. KBRA's analysis assumes an ABS note rate equal to 4.50%, resulting in 2.40% of initial excess spread available to cover losses. Any excess interest cash flows from the PACE Bond Portfolio will be available to pay principal should PACE Assessment defaults rise and the current note balance exceeds the targeted note balance.
- **Overcollateralization:** Overcollateralization will be 3.00% of the initial aggregate PACE Bond principal amount.
- **Liquidity reserve:** The liquidity reserve amount will initially be funded with \$1.1 million. On the initial semi-annual payment date during the Prefunding Period, an amount will be deposited into the liquidity reserve account such that its balance equals 1.00% of the aggregate PACE Bond principal balance. On the second semi-annual payment date an amount will be deposited into the liquidity reserve such that its balance equals 2.00% of the aggregate PACE Bond principal balance. On subsequent payment dates the liquidity reserve account will be maintained at the greater of \$1,000,000 and 2.00% of the outstanding collateral principal amount as at such payment date, which equals approximately 6 months of interest.

FHFA Objections to Residential PACE Programs

The Federal Housing Finance Agency ("FHFA"), the conservator of Fannie Mae and Freddie Mac, believes that PACE liens with priority over existing mortgages are unlike routine tax assessments and contravene the terms of Fannie's and Freddie's form mortgages prohibiting senior liens. Although the PACE Bond Issuers have obtained final, non-appealable judicial orders from Superior Courts in Riverside, San Bernardino and Los Angeles Counties affirming the validity, enforceability and seniority of the PACE liens, FHFA's public opposition indicates there is a risk the FHFA may challenge the validity of a PACE lien against a mortgagee's security interest in federal court. A successful challenge may result in impairment of the PACE Assessments.

While KBRA views this risk as remote, KBRA applied a stress scenario to test the risk of the pool's exposure to properties that are encumbered by a Fannie or Freddie lien. The stress scenario assumed that in the event of a default on a PACE assessment relating to a property encumbered by a Fannie or Freddie lien (and therefore a default on the subordinate mortgage loan), the FHFA was effectively able to nullify the amount due in arrears through litigation. Pursuant to the PACE Bonds Eligibility Criteria, KBRA assumes that approximately 39% of the pool will consist of properties encumbered by a Fannie or Freddie mortgage. As a result, KBRA assumed a blended average of 61% recoveries with respect to each default (i.e. 100%

recoveries, albeit delayed 48 months, with respect to the non-Fannie and non-Freddie obligors and 0% recoveries for the delinquent PACE Assessment amounts in arrears with respect to properties that were encumbered with a Fannie or Freddie mortgage). The results of such stress are shown in "Cash Flow Stress Scenarios & Results", Scenario 3.

Heightened Regulatory Scrutiny

Lawmakers in the U.S. Senate have recently introduced legislation that would require Truth in Lending Act disclosure for PACE assessments. Similar legislation is expected to be proposed in the House of Representatives, which may include further requirements such as placing PACE assessments under the regulatory purview of the Consumer Financial Protection Bureau ("CFPB"). This heightened legislative scrutiny follows growing concerns with the PACE industry generally. Several articles have appeared recently calling into question the disclosure practices of PACE providers.

Much of the concern with PACE assessments is in response to the fact that currently PACE assessments are not directly regulated by any federal or state agencies, and unlike other consumer loans where the underwriting guidelines take into account the credit history of the borrower and his or her ability to pay, PACE assessments are underwritten on the value of the property securing it. These concerns, however, are partially mitigated by some of the self-regulatory steps PACE providers have taken, in conjunction with their respective Joint Powers of Authority, to implement industry-wide guidelines, best practices and the eligibility criteria set forth in the Key Credit Consideration below entitled "Underwriting Guidelines", all of which KBRA views as a credit positive. Governmental regulation that requires originators to strengthen underwriting procedures and increase their focus on a consumer's ability to repay would likely be a positive development for the PACE asset class.

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Suspension of New PACE Originations in Kern County, CA

Recently, Kern County, CA voted to suspend new PACE originations in unincorporated cities within the county primarily due to realtors' complaints that the lien status of a PACE assessment relative to the mortgage lien creates illiquidity for homes, making home sales and refinances more difficult. In addition, the incorporated City of Bakersfield located in Kern County has opted out. The PACE assessments in Kern County included in existing term securitizations are not impacted by this decision.

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Underwriting Guidelines

At the time of origination, each PACE program includes eligibility requirements covering the property owner and property, including:

- Applicant(s) must be the property owner(s) of record;
- Property must be located within the boundaries of the Program;
- Only improved properties will qualify. New construction is not eligible, unless ownership has been transferred from the developer to the property owner. "New construction" includes new homes under construction and additions to existing structures;
- Mobile homes and manufactured homes shall qualify if they are permanently

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attached to the real property, and if the mobile/manufactured home owner(s) also own the underlying land and pay real property taxes (not DMV fees);

- Property owner(s) must be current on their property taxes and property taxes have not been paid late more than once during the prior three years (or since the purchase if owned by them for less than three years);
- 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 prior 12 months (or with respect to the City of San Diego, twenty-four (24) months and with respect to the City of Chula Vista, thirty-six (36) months);
- Property must not have any federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property unless (a) the property owner is on a written payment plan with regard to the lien, (b) the property owner has made 12 months of on-time payments under the payment plan and (c) the sum of all liens and mortgages on the property are less than 90% of the property value. Prohibited liens do not include community facility district assessments or other financing district liens placed on all properties in that particular financing district;
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven years and the property may not currently be an asset in a bankruptcy proceeding. However, for all jurisdictions, with the exception of the City of San Diego, if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved;
- Mortgage-related debt on the property must not exceed 90% of the value of the property. The amount financed under the Program is limited to 15% of the value of the property on the initial \$700,000 of the value and 10% of the value of the property in excess of \$700,000;
- The combined amount to be financed under the PACE program plus the mortgage debt must not exceed 100% of the value of the property. For the jurisdiction of the Cities of San Diego and Chula Vista and the County of Contra Costa, the combined amount to be financed under the PACE program plus the mortgage debt must not exceed 95% of the value of the property;
- The total annual property tax and assessments, including the PACE Assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment; and
- 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.

KBRA views the eligibility requirements, especially the low maximum LTV of the PACE assessment, as a positive credit consideration for this transaction.

Advance Payment Obligations of Renovate America

To the extent that an underlying PACE Assessment does not conform to certain agreed transaction guidelines and such non-conformity has a material and adverse effect on the noteholders, Renovate America, Inc., which acts as the Program Administrator for WRCOG, SANBAG and LA County in the origination of PACE Assessments, has agreed to make an advance to the Issuer equal to the outstanding principal balance of the non-conforming PACE Assessment plus interest to the next payment date. On the payment date the sum advanced will be applied in accordance with the Priority of Payments described below.

This obligation, which is present in all HERO transactions issued since 2015, was not a requirement of any party in HERO 2014-1 and HERO 2014-2. The inclusion of this recourse to Renovate America, Inc. in the case of certain non-conforming PACE Assessments is consistent with the "buyback" obligation that is present in most asset-backed securitizations and provides investors with additional comfort that the PACE Assessments comply with the material guidelines established for the PACE program. After receipt of an advance payment, if the Issuer receives subsequent amounts representing payments from the property owner in respect of the non-conforming PACE Assessment, these proceeds would be paid by the Issuer to Renovate America, Inc.

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Creditworthiness of the Counties

PACE Assessment collections may be commingled with other tax revenues of the counties for several months before being remitted to the PACE Bond Trustee. As such, there is a risk that a portion of collections may be subject to an automatic stay in the event of a bankruptcy of a county. KBRA has assessed the creditworthiness for the Counties of Riverside, San Diego and Los Angeles and has concluded each county's current financial standing does not act as a constraint on the rating of the notes. The transaction also includes thirty-six other counties, the largest of which represents approximately 8.9% of the portfolio. KBRA does not generally perform a separate credit estimate for counties in which less than 10% of the portfolio is located.

Other transaction components that mitigate county bankruptcy risk include the divergence of certain amounts of excess cash into a reserve account in case a county is downgraded below investment grade and the requirement that the PACE Bond Issuers (other than LA County) seek a court order directing that future PACE Assessment payments be separately collected and paid to the PACE Bond Trustee if a county is in bankruptcy.

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Counties Do Not Accept Partial Payments

When PACE Assessments are entered on the tax roll, the county bills them along with other real estate taxes. Except for Los Angeles County (25.4% of the Initial PACE Bond Portfolio), none of the counties related to this pool accept partial payments from the taxpayer. Partial payments are generally returned to the taxpayer and the entire tax payment, including the PACE Assessment, is considered delinquent. KBRA views this as a credit positive as it mitigates the risk of selective defaults of the PACE Assessments. In the case of Los Angeles County, full payment must be received from the taxpayer in order for the tax bill to be considered paid-in-full, i.e., a taxpayer is still considered delinquent despite Los Angeles County's acceptance of a partial

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payment by the taxpayer. Payments by property owners of their taxes and assessments received by the counties generally are applied pro rata across all taxes and assessments due.

Lack of Historical Loss Data

As a new asset class, there is minimal historical PACE assessment default or foreclosure data available. In its analysis, KBRA used historical residential real estate tax default data for the counties where the properties subject to the PACE Assessments are located as a proxy for PACE Assessment defaults. KBRA views this as an acceptable proxy, since PACE assessments are equal in priority to other real estate taxes. As noted above, none of the counties related to the HERO 2017-2 pool accepts partial payment of taxes except for Los Angeles County.

Geographical Concentration

All PACE Assessments are levied on properties located in California, with Los Angeles, Riverside, San Diego and San Bernardino Counties accounting for approximately 61.7% of the principal balance. Adverse economic circumstances or catastrophic events, such as earthquakes and floods, in the counties represented in this transaction may have a significant impact on the ability of obligors to make payments on the PACE Assessments. As the HERO securitization program has evolved, it has become increasingly geographically diverse. Initially, in the HERO 2014-1 transaction, all of the assessments were located in one county (Riverside). The number of counties then grew to 11 counties in HERO 2014-2, 21 counties in HERO 2015-1, 26 counties in HERO 2015-2, 26 counties in HERO 2015-3, 27 counties in HERO 2016-1, 31 counties in HERO 2016-2, 34 counties in HERO 2016-3, 36 counties in 2016-4, 38 counties in HERO 2017-1, and 39 counties in this transaction, although the portfolio is still heavily concentrated in southern California.

Option to Advance Funds for Delinquent Assessments

Each PACE Bond Issuer, WRCOG, SANBAG or LA County, as well as other third parties such as Renovate America, has the option to advance funds to pay delinquent PACE Assessments. Proceeds related to any advance will be applied in accordance with the Priority of Payments on the subsequent payment date. As a result of an advance, the PACE Bond Issuer would forbear from foreclosing on the related property.

KBRA views the potential advance of funds by a PACE Bond Issuer, or a third party, to pay delinquent PACE Assessments as a credit positive as the projected maximum amount of cash for a collection period may be available for debt service.

To the extent a delinquent assessment receives an advance of funds, the party that advances such funds will be entitled to receive those proceeds along with any penalty interest or penalty fees that were received. These amounts are separated from the total proceeds received by the PACE Bond Issuer and are not used to make debt service payments on the PACE Bonds to the Collection Account. Reimbursement of such amounts to the party advancing the funds is only with respect to the individual(s) delinquent PACE Assessment installments, where an advance of funds was provided by a PACE Bond Issuer and subsequently paid.

Collateral Overview

Thirty-three states in the U.S. and Washington, D.C. have passed legislation allowing municipalities to create PACE programs. PACE programs enable local governments to finance renewable energy and energy efficiency projects on privately owned residential, commercial, agricultural, and industrial properties. The purpose of PACE programs is to promote energy efficiency, water conservation and renewable energy improvements, support green job creation, and stimulate economic activity. The programs also eliminate the barriers of high upfront costs and lack of available funding for eligible improvements.

In California, property owners may enter into voluntary contractual assessments levied on residential properties in order to finance the acquisition and installation of eligible energy efficiency, water conservation and renewable energy improvements, which are known as PACE assessments. A PACE assessment constitutes a lien against the entire property, not just the specific improvement installed and funded by the PACE assessment. The assessment remains with the property, irrespective of any intervening sales, until it is fully paid. The lien of each PACE assessment is equal to liens for ad valorem taxes on real property, is generally not subject to extinguishment upon sale of the property, and is considered senior to all non-tax liens.

PACE Bonds

The PACE Bond Issuers have established PACE programs to provide funding for renewable energy, energy-efficient, or water conservation improvements on residential properties located in WRCOG Participating Member Jurisdictions located in western Riverside County, SANBAG, Participating Member Jurisdictions located in San Bernardino County and LA County Participating Member Jurisdictions located in Los Angeles County. Due to the success of the WRCOG PACE program and inquiries by cities and counties located outside of western Riverside County, WRCOG has also established the California HERO Program for cities and counties outside of WRCOG's jurisdictional boundaries.

PACE Bonds are limited obligation improvement bonds issued by the PACE Bond Issuers. Each PACE Bond is secured by certain PACE Assessments levied on residential properties in the Counties. Scheduled payments are made on the PACE Bond on March 2 and September 2 of each year using payments received from the PACE Assessments. The PACE Bond payments made on March 2 are comprised of interest, prepayments of principal and recoveries, and payments made on September 2 are comprised of interest, principal, prepayments and recoveries.

HERO 2017-2 Collateral Overview

The notes are secured by the PACE Bond Portfolio, composed of the Initial PACE Bond Portfolio and the Subsequent PACE Bond Portfolio. The Initial PACE Bond Portfolio consists of 222 PACE Bonds issued by the PACE Bond Issuers. These PACE Bonds are secured by 6,255 assessments levied against 6,255 residential properties in 39 California counties. The average PACE Assessment is approximately \$22,477 with an average annual payment of approximately \$2,622. Approximately \$46.9 million of PACE Bonds in the Subsequent PACE Bond Portfolio are expected to be delivered after closing and, together with the Initial PACE Bond Portfolio, will be subject to the PACE Bonds Eligibility Criteria ("Eligibility Criteria") found in the Appendix of this report. In order to model cash flows from the Subsequent PACE Bond Portfolio, KBRA used a representative pool of assets exhibiting the most conservative characteristics permitted by the Eligibility Criteria. A summary of both the PACE Assessments and the Initial PACE Bond Portfolio are shown in the tables below.

Initial PACE Bond Portfolio Summary	
Summary of Assessments	
Number of Assessments	6,255
Avg Assessment Value	\$22,477
Range	\$5,175 - \$229,268
Avg Annual Payment	\$2,622
Range	\$475 - \$27,031
WA Assessment LTV	6.55%
Range	0.26% - 14.98%
WA Mortgage LTV	57.45%
Range	0.00% - 90.00%
WA Combined LTV	64.00%
Range	0.27% - 99.96%
Summary of PACE Bonds	
Number of Bonds	222
Total Principal Amount	\$140,596,172
WA Coupon	7.32%
Range	2.99% - 8.35%
WA Original Term	17.40 years
Range	5 - 25 years

Initial PACE Bond Portfolio by County			
County	# of Assessments	Principal Balance	% of Principal Balance
Los Angeles	1,371	\$35,646,781	25.35%
Riverside	1,020	\$22,608,234	16.08%
San Diego	667	\$15,907,630	11.31%
San Bernardino	635	\$12,568,294	8.94%
Sacramento	404	\$8,105,451	5.77%
Orange	286	\$7,021,909	4.99%
Fresno	298	\$5,420,116	3.86%
Contra Costa	208	\$4,955,673	3.52%
San Joaquin	233	\$4,740,224	3.37%
Kern	167	\$2,886,306	2.05%
Stanislaus	159	\$2,593,330	1.84%
Ventura	103	\$2,402,658	1.71%
Solano	101	\$2,329,301	1.66%
Alameda	72	\$1,884,080	1.34%
Merced	76	\$1,602,911	1.14%
Tulare	72	\$1,143,928	0.81%
Santa Clara	45	\$1,121,762	0.80%
Imperial	60	\$817,795	0.58%
El Dorado	31	\$791,703	0.56%
Sonoma	38	\$766,854	0.55%
San Mateo	17	\$646,109	0.46%
Kings	35	\$642,964	0.46%
San Francisco	15	\$619,799	0.44%
Yolo	23	\$517,400	0.37%
Madera	28	\$493,186	0.35%
Sutter	17	\$388,951	0.28%
Napa	13	\$326,096	0.23%
Yuba	13	\$325,881	0.23%
Marin	13	\$324,452	0.23%
Monterey	11	\$241,277	0.17%
Santa Cruz	6	\$217,397	0.15%
Butte	7	\$216,078	0.15%
Mendocino	1	\$87,680	0.06%
Tehama	2	\$57,725	0.04%
Amador	3	\$49,133	0.03%
Shasta	2	\$43,882	0.03%
Nevada	1	\$35,700	0.03%
Humboldt	1	\$27,612	0.02%
San Luis Obispo	1	\$19,908	0.01%
Total	6,255	140,596,172	100.00%

Transaction Comparison

The table below compares the characteristics of HERO 2017-2 to the previous HERO transactions. There are 222 microbonds that were issued to originate the PACE Assessments in the Initial PACE Bond Portfolio. HERO 2017-2 features four counties (Riverside, San Bernardino, San Diego and Los Angeles) that represent a majority (approximately 61.7%) of the collateral.

The liquidity reserve amount will initially be funded with \$1.1 million. On the initial semi-annual payment date during the Prefunding Period, an amount will be deposited into the liquidity reserve account such that its balance equals 1.00% of the aggregate PACE Bond principal balance. On the second semi-annual payment date an amount will be deposited into the liquidity reserve such that its balance equals 2.00% of the aggregate PACE Bond principal balance. On subsequent payment dates the liquidity reserve account will be maintained at the greater of \$1,000,000 and 2.00% of the outstanding collateral principal amount as at such payment date, which equals approximately 6 months of interest. The mechanism used to

deposit funds into the liquidity reserve account will resemble the manner in which the liquidity reserve accounts were funded in the prior HERO transactions.

Collateral Comparison								
Summary of Assessments	HERO 2015-2	HERO 2015-3	HERO 2016-1	HERO 2016-2	HERO 2016-3	HERO 2016-4	HERO 2017-1	HERO 2017-2
Number of Assessments	7,558	8,939	9,252	13,432	12,394	9,008	8,275	6,255
Avg Assessment Value	\$21,795	\$23,243	\$24,236	\$23,433	\$21,310	\$22,723	\$23,169	\$22,477
Avg Annual Payment	\$3,024	\$3,197	\$3,296	\$3,159	\$2,916	\$2,979	\$2,802	\$2,622
WA Assessment LTV	7.27%	7.43%	7.46%	7.09%	6.60%	6.68%	6.76%	6.55%
WA Mortgage LTV	61.60%	61.30%	59.74%	58.40%	58.47%	56.07%	54.60%	57.45%
WA Combined LTV	68.86%	68.73%	67.20%	65.49%	65.08%	62.74%	61.37%	64.00%
Summary of PACE Bonds	HERO 2015-2	HERO 2015-3	HERO 2016-1	HERO 2016-2	HERO 2016-3	HERO 2016-4	HERO 2017-1	HERO 2017-2
Number of PACE Bonds	18	32	28	24	180	139	175	222
Total Principal Amount	\$164,725,261	\$207,765,921	\$224,230,116	\$314,756,149	\$264,122,074	\$204,684,402	\$239,664,185	\$140,596,172
WA Coupon	8.13%	7.93%	7.94%	7.96%	7.93%	7.99%	8.10%	7.32%
WA Original Term (years)	14.81	14.46	13.83	14.95	14.56	15.48	17.70	17.40
Number of Counties	26	26	27	31	34	36	38	39
Number of Counties >10% of Collateral	4	4	4	4	4	3	3	3

* Initial PACE Bond portfolio only

Prefunding Account

On or before closing, an amount of \$51,209,250 is expected to be deposited into a Prefunding Account to fund the purchase of PACE Assessments underlying PACE Bonds in the Subsequent PACE Bond Portfolio between closing and the earlier of October 2, 2017 and the occurrence of an Event of Default (the "Prefunding Period"). All PACE Assessments will be subject to the Eligibility Criteria that govern the aggregate PACE Bond Portfolio (Initial and Subsequent PACE Bond Portfolios combined) regarding characteristics such as the minimum representation of PACE Bonds with a certain term and coupon, FICO band limits and county distribution. The complete Eligibility Criteria can be found in the [Appendix](#) of this report. In order to model cash flows from the Subsequent PACE Bond Portfolio, KBRA used a representative pool of assets exhibiting the most conservative characteristics permitted by the Eligibility Criteria.

Process Overview

Key Parties

Renovate America

Renovate America was founded in 2009 exclusively to work with local governments to enact the HERO financing program. Renovate America has developed a front end residential related PACE program that can be tailored to individual local jurisdictions. Once a program is created and implemented, Renovate America is contracted to market and originate new assessments on an ongoing basis.

Renovate America is headquartered in San Diego, CA and currently employs more than 532 full time employees. With a focus on technology and automation, Renovate America's program is scalable and designed for growth. Currently all clients are focused in California and Missouri, although the company expects to grow via new jurisdictions throughout California, Florida and other states. Management is experienced in technology, governmental programs and energy related businesses.

WRCOG, SANBAG and LA County have each contracted with Renovate America to establish and administer a PACE program. Renovate America is directly responsible for developing and marketing the program and originating each assessment. Renovate America is also involved in funding and transferring data to the county.

David Taussig & Associates, Inc.

David Taussig & Associates, Inc. ("DTA") is a national public finance consulting firm founded in 1985 and headquartered in Newport Beach, CA. The company provides oversight to governmental agencies in managing their funding programs. Specific functions include calculation of monthly charges, preparation of delinquency reports and responding to property owner inquiries. DTA currently administers over 300 regional and benefit-area-based fee programs, including PACE programs.

WRCOG and SANBAG have contracted with DTA to perform a number of administrative activities related to the ongoing maintenance of each PACE program. LA County has contracted with Renovate America, who in turn has contracted with DTA to perform administrative duties to the LA County PACE program. DTA initially provided consulting services in developing the PACE program and the company works closely with Renovate America to originate each PACE assessment. As part of its ongoing obligation, DTA maintains a database with all PACE assessment documentation and information. The company provides each county with billing information, delinquency data and parcel details.

Assessment Origination

Renovate America originates 80-90% of all PACE assessments through contractor referrals. Each contractor must be licensed and bonded by the California Contractors State License Board and must be registered with Renovate America to participate in the HERO program. Renovate America provides contractors with training on the HERO program, acceptable marketing practices and eligible equipment criteria. Contractors are also given access to a proprietary 'contractor only' website that provides financing data, tracking capabilities and marketing information. According to Renovate America, there are currently more than 8,000 approved contractors in the network. A 37 person team manages the contractor oversight process, including compliance and training.

Underwriting is done through a proprietary Automated Underwriting System ("AUS"). Although a credit score is not used to underwrite, credit reports are pulled and reviewed on all applicants to determine potentially fraudulent activity associated with the property owner and to verify mortgage-related payment history. Renovate America uses a proprietary Automated Valuation Model ("AVM") that utilizes data pulled from various real estate data providers to determine property value. Declines are typically due to high real estate mortgage loan-to-value. All PACE Assessments included in this transaction conform to the underwriting criteria.

Property owners and properties must meet the following criteria to be eligible:

- Applicant(s) must be the property owner(s) of record;
- Property must be located within the boundaries of the Program;
- Only improved properties will qualify. New construction is not eligible, unless ownership has been transferred from the developer to the property owner. "New construction" includes new homes under construction and additions to existing structures;
- Mobile homes and manufactured homes shall qualify if they are permanently attached to the real property, and if the mobile/manufactured home owner(s) also own the underlying land and pay real property taxes (not DMV fees);
- Property owner(s) must be current on their property taxes and property taxes have not been paid late more than once during the prior three years (or since the purchase if owned by them for less than three years);

- 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 prior 12 months (or with respect to the City of San Diego, twenty-four (24) months and with respect to the City of Chula Vista, thirty-six (36) months);
- Property must not have any federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property unless (a) the property owner is on a written payment plan with regard to the lien, (b) the property owner has made 12 months of on-time payments under the payment plan and (c) the sum of all liens and mortgages on the property are less than 90% of the property value. Prohibited liens do not include community facility district assessments or other financing district liens placed on all properties in that particular financing district;
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven years and the property may not currently be an asset in a bankruptcy proceeding. However, for all jurisdictions, with the exception of the City of San Diego, if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved;
- Mortgage-related debt on the property must not exceed 90% of the value of the property. The amount financed under the Program is limited to 15% of the value of the property on the initial \$700,000 of the value and 10% of the value of the property in excess of \$700,000;
- The combined amount to be financed under the PACE program plus the mortgage debt must not exceed 100% of the value of the property. For the jurisdiction of the Cities of San Diego and Chula Vista and the County of Contra Costa, the combined amount to be financed under the PACE program plus the mortgage debt must not exceed 95% of the value of the property;
- The total annual property tax and assessments, including the PACE Assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment; and
- 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.

To the extent that an underlying PACE Assessment does not conform to certain agreed transaction guidelines and such non-conformity has a material and adverse effect on the noteholders, Renovate America, Inc., which acts as the Program Administrator for WRCOG, SANBAG and LA County in the origination of PACE Assessments, has agreed to make an advance to the Issuer equal to the outstanding principal balance of the non-conforming PACE Assessment plus interest to the next payment date. On the payment date the sum advanced will be applied in accordance with the Priority of Payments described below.

The advance payment obligation was not a requirement of any party in HERO 2014-1 and HERO 2014-2. The inclusion of this recourse to Renovate America, Inc. in the case of certain non-conforming PACE Assessments is consistent with the "buyback" obligation that is present in most asset-backed securitizations and provides investors with additional comfort that the PACE Assessments comply with the material guidelines established for the PACE program. After receipt of an advance payment, if the Issuer receives subsequent amounts representing payments from the property owner in respect of the non-conforming PACE Assessment, these proceeds would be paid by the Issuer to Renovate America, Inc.

Interest rate and term options are provided to the applicant in the financing documents. The term of the PACE assessment cannot exceed the useful life of the asset. Since the assessment is not a loan, there are no specific disclosures required or consumer protection laws applicable, although the application for the HERO program contains several disclosures regarding fees and foreclosure.

Prior to funding, all related parties (including Renovate America, DTA and WRCOG, SANBAG or LA County) must review closing documentation and approve the financing. The lien is then recorded by the county recorder. Funds are wired directly to the contractor (or directly to the homeowner if there is no contractor involved) only after installation is complete and certified by the homeowner.

Servicing

The Counties are responsible for billing and collecting the PACE Assessments. Each assessment is included on a property owner's tax bill as a separate line item. As discussed, DTA prepares and submits the annual assessment roll to the county auditor's office.

Each county mails annual property tax bills to property owners each October. The property tax bills identify the amounts to be paid for the year as two equal installments: payments are due by November 1 and February 1 of each year. The Counties accept property tax bill payments via mail, over the phone with a credit card, online with a credit card or e-check, electronic funds transfer, Western Union, or in person. Most payments are received from mortgage servicers as part of a borrower's escrowed tax payment.

Each county represented in this pool other than Los Angeles County will not accept partial payments and none of the Counties will accept directed payments. All tax and assessment payments are generally applied pari passu and must be paid in full, except in Los Angeles County, or the payment will not be accepted and will be returned to the taxpayer. Additionally, first installment taxes must be paid before a county will accept funds for the second installment. Prepayments of PACE assessments are permitted. Once received, the Counties send the assessment funds to the PACE Bond Trustee periodically throughout the year.

If the property tax is not paid by 5:00 pm on December 10 and April 10 of each year, a 10% penalty is applied by the Counties. In addition, on July 1 of each year, the county will apply an interest charge of 1.5% per month until the property tax is paid. Generally, late penalties not retained by the counties received on defaulted PACE Assessments will be available to pay principal and interest on the notes. In the cash flow analysis KBRA does not give any credit to any potential late penalties not retained by the counties.

DTA reviews payment information provided by the Counties and confirms delinquent payments. DTA will send delinquency reminder letters to property owners within 10 days of receiving a county's delinquency report for the first and second installments, and at fiscal year-end, June 30. DTA provides WRCOG, SANBAG and LA County with a list of the parcels that are still delinquent as of the October 1 foreclosure deadline. WRCOG, SANBAG and LA County will in turn notify its counsel of delinquent parcels and require foreclosure proceedings to commence.

Legal Considerations

FHFA Objections to Residential PACE Programs

The FHFA, the conservator of Fannie Mae and Freddie Mac, has declared that PACE programs which permit municipalities to impose tax liens that prime existing mortgages present "significant safety and soundness concerns" and represent a "key alteration of traditional mortgage lending practice". The FHFA has stated

that Fannie's and Freddie's uniform mortgage documents prohibit PACE financing with lien priority over the mortgage.

The PACE Bond Issuers have obtained judicial validation of their PACE programs in the Superior Courts of Riverside, San Bernardino and LA Counties. In a judicial validation, an entity requests that a court of competent jurisdiction confirm the legality of validity of certain actions, in this instance the levying of contractual assessments by WRCOG, SANBAG and LA County. In the most recent default judgments dated July 1, 2011, August 26, 2013, August 22, 2016 and April 7, 2015 with respect to the WRCOG, SANBAG, California HERO and LA County PACE programs, respectively, the Riverside, San Bernardino and Los Angeles Counties' Superior Courts decreed that the PACE assessments were valid under California law, collectible in the same manner as general property taxes and with the same lien priority, and were not in violation of the California or U.S. Constitutions. These orders are final and the appeals periods have passed. KBRA has been advised that the FHFA, Fannie and Freddie received notice of the judicial validation proceedings and did not appear or provide any notice of objection. Furthermore, WRCOG, SANBAG and LA County obtained legal opinions stating that the PACE assessments do not violate the U.S. or California Constitutions' prohibitions against impairing contracts or taking a pre-existing lender's property, the assessments have been validly authorized under California law, that liens to secure payment of such assessments have been imposed on the related properties, and that these liens are equal to and independent of liens for real property taxes, other assessments and other taxes.

Although WRCOG, SANBAG and LA County have taken steps to protect PACE assessments from federal challenge, KBRA believes there remains a small but material risk that the FHFA may successfully challenge California's PACE program under the U.S. Constitution's Supremacy Clause, which requires that states and municipalities recognize the supremacy of federal law whenever it conflicts with state or local law. If successfully challenged by the FHFA, PACE Assessments may be impaired.

While KBRA views this risk as remote, KBRA applied a stress scenario to test the risk of the pool's exposure to properties that are encumbered by a Fannie or Freddie lien. The stress scenario assumed that in the event of a default on a PACE assessment relating to a property encumbered by a Fannie or Freddie lien (and therefore a default on the subordinate mortgage loan), the FHFA was effectively able to nullify the amount due in arrears through litigation. Pursuant to the PACE Bonds Eligibility Criteria, KBRA assumes that approximately 39% of the pool will consist of properties encumbered by a Fannie or Freddie mortgage. As a result, KBRA assumed a blended average of 61% recoveries with respect to each default (i.e. 100% recoveries, albeit delayed 48 months, with respect to the non-Fannie and non-Freddie obligors and 0% recoveries for the delinquent PACE Assessment amounts in arrears with respect to properties that were encumbered with a Fannie or Freddie mortgage). The results of such stress are shown in "*Cash Flow Stress Scenarios & Results*", Scenario 3.

Risk of County Bankruptcy

Under each PACE program, property owners subject to a PACE assessment make property tax payments to the county in which their property is located. The county then remits all collections associated with the PACE Assessments to the PACE Bond Trustee periodically throughout the year. Collections on PACE Assessments are not separated from general tax collections until remitted, with the effect that until the funds are remitted to the PACE Bond Trustee, PACE assessment collections are commingled with other revenues of the county and may be subject to an automatic stay in the event of a municipal bankruptcy of the county. KBRA considered the following mitigating factors in the analysis:

- The transaction features a liquidity reserve that can cover interest payments in case of a disruption in cash flows.

- When a county falls below investment grade, a percentage (equal to the portion of the pool represented by that county) of the funds available after payment of principal must be deposited into a County Reserve Account.
- In the event of a county bankruptcy, the PACE Bond Issuers (other than LA County) are obligated to seek a court order directing that such future payments be separately collected and paid over to the PACE Bond Trustee.

KBRA believes that in the event of the bankruptcy of a county related to the HERO 2017-2 pool, collections on PACE Assessments would likely constitute "special revenues" under Chapter 9 of the U.S. Bankruptcy Code that would not be subject to the automatic stay and should not be diverted to pay debts unrelated to the PACE program. Nevertheless, KBRA decided to analyze the creditworthiness of the counties that account for 10% or more of the portfolio just in case a bankruptcy judge were to conclude that cash being held by an insolvent county before being swept to the PACE Bond Trustee was subject to the automatic stay, and KBRA concluded that the current financial standing of Riverside, San Bernardino, Los Angeles and San Diego Counties would not act as a constraint on the rating of the notes. KBRA does not generally perform a separate credit assessment for counties that account for less than 10% of the portfolio.

Delinquency and Foreclosure

A PACE assessment is considered in default if it is in arrears by June 30 of any year. DTA will provide a list of parcels that are still delinquent as of October 1 of each year. By December 1 (assuming no advance of funds is provided to pay a delinquent assessment), WRCOG, SANBAG or LA County must commence foreclosure proceedings against each delinquent participating parcel, with foreclosure costs to be borne by the PACE Bond Issuer. The property owner generally has 140 days after notice to redeem the property. If a property owner fails to redeem and the property is sold, the only remedy available is an action to set aside the sale, which must be brought within 90 days of the date of sale. If a foreclosure sale is set aside, the judgment is revived and the PACE Bond Issuer is entitled to interest on the revived judgment as if the sale had not been made. Amounts collected are held in trust for the benefit of the PACE Bond owner until all delinquent amounts have been deposited into a Redemption Fund.

KBRA views California's tax foreclosure laws, which grant WRCOG, SANBAG and LA County the flexibility to quickly foreclose on a delinquent obligor's property, as a credit positive. In most judicial foreclosure actions, there may be a lengthy interval between default and realization of proceeds from a foreclosure. California's tax foreclosure laws, in contrast, allow for much quicker recoveries.

California PACE Loss Reserve Program

In March 2014, California launched the PACE Loss Reserve Program (the "Program") to address concerns surrounding residential PACE following commentary issued by the FHFA regarding the potential risks in PACE financing to first mortgage holders. The Program was initially funded with \$10 million from California to mitigate the risk to mortgage lenders by offsetting losses that may be incurred due to the existence of a first-priority PACE lien on a property. The FHFA has indicated to the Program's administrators that the Program does not address all of its concerns and that it retains its position regarding the first-priority lien structure inherent to PACE.

To be eligible for coverage under the Program, a PACE administrator must submit an application detailing its activities as it relates to PACE financings and administrative documents as prescribed by the Program. Enrolled programs must report to the state semiannually the total value of financings originated during

each semiannual period. The PACE Assessments included in the PACE Bond Portfolio are covered by the Program.

Although the Program’s existence was not a material quantitative factor in the rating on the notes, KBRA believes the development of the Program is a qualitative credit positive for the transaction.

LA County Residential PACE Reserve Fund

On June 1, 2015, the Los Angeles County Residential Property Assessed Clean Energy Program was launched for homeowners who want to install energy efficiency, renewable energy and water-saving improvement to their properties. Eighty-six of the 88 cities in Los Angeles County have opted into the program. To protect homeowners and investors, the county created the LA County PACE Reserve Fund. The fund is intended to be drawn upon prior to the California PACE Loss Reserve Program. When a homeowner misses a PACE payment, the fund pays the delinquent payment on behalf of the homeowner, which postpones foreclosure and allows the property owner additional time to resolve the default. It also ensures that PACE bondholders receive timely payments. For every dollar of microbonds issued by LA County, 0.10% of dollars will be deposited into the fund.

Cash Flow Base Case Assumptions

KBRA performed a cash flow analysis to test the transaction structure. The analysis considers a number of key inputs:

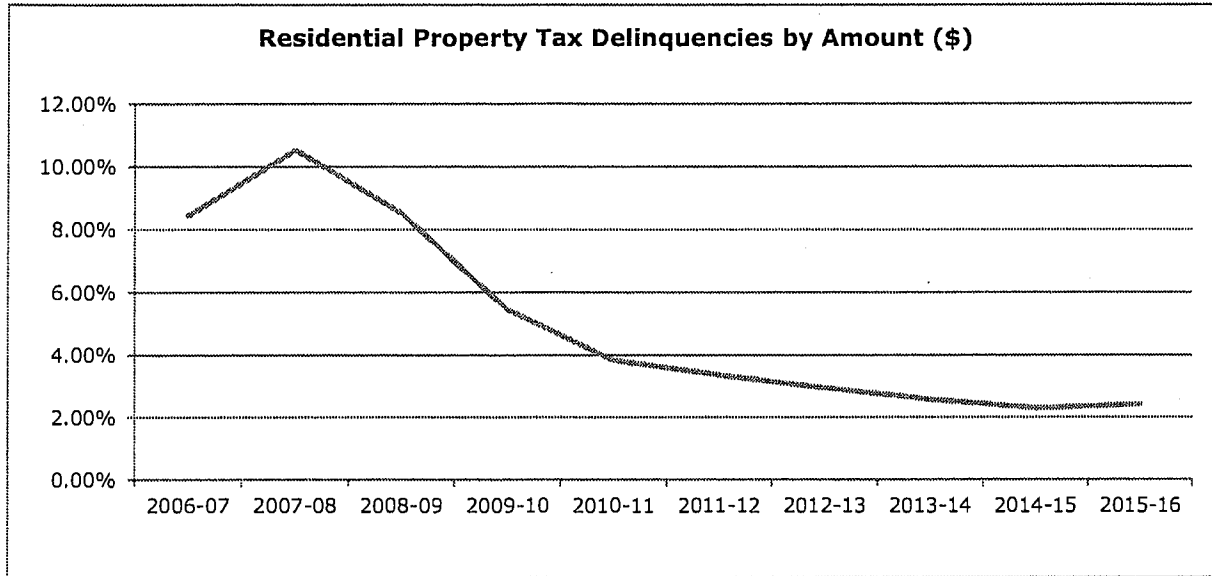
- Default rates
- Time to recovery
- Recovery rate

KBRA established a base case for each input and then applied stresses to test the transaction’s ability to pay timely interest and full principal by the legal final maturity date. KBRA’s analysis did not take into account cash flow received from the 10% penalty for payments made after the tax assessment due dates or the interest charge of 1.5% per month for property taxes in default. KBRA’s base case assumptions are summarized in the following table and the rationale for each input is summarized below.

Base Case Cash Flow Assumptions		
Default Rate	Time to Recovery	Recovery Rate
5.00%	24 months	100%

Default Rate

As a new asset class, there is no direct default or foreclosure experience to rely upon in developing an expected loss proxy for PACE assessments. As a result, KBRA relied on property level residential real estate tax delinquency data in the participating jurisdictions of Riverside, San Bernardino, Los Angeles and San Diego Counties and aggregate property tax delinquency data for the 35 other counties. The graph below shows the blended annual tax delinquency rate for the Counties of Riverside, San Bernardino, Los Angeles and San Diego.



Property Tax Delinquencies - Participating Jurisdictions, Residential Only										
Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Amount (\$)	8.44%	10.54%	8.53%	5.46%	3.84%	3.37%	2.95%	2.58%	2.30%	5.04%

The delinquency rates shown above do not represent new residential property tax delinquencies. Instead, each year's delinquency rate incorporates delinquencies from previous years. Property owners must be current on all property taxes at the time of PACE assessment origination. Since new real estate tax delinquencies in any one year must be equal to or below total tax delinquencies in that same year, KBRA views using this data to establish its base case default rate as conservative.

Time to Recovery

KBRA analyzed the number of years after a default for a residential property to become current on its property taxes. The data shows that on average over an eight year time period, 61.8% of residential tax defaults were cured by the following year and 81.2% within two years. In most cases these cures were not the result of foreclosure proceedings.

KBRA believes that the majority of properties that default on their real estate taxes would not result in a foreclosure. To be conservative, KBRA assumed all defaulted taxes go through the foreclosure process and are sold in a tax sale in the base case, meaning all defaulted PACE payments take 24 months to recover.

Recovery Rate

The PACE assessments are equal to liens for ad valorem taxes on real property, and senior to all non-tax liens, including mortgages. The underwriting criteria limit the maximum assessment LTV to 15% and PACE assessments do not accelerate due to a default, only the amounts in arrears, including fees and penalties, are due at foreclosure. The underwriting criteria also prohibits total annual property taxes and assessments, including the PACE assessment, to exceed 5% of the property's market value at the time of approval.

The table below shows the amount of annual PACE assessment and real estate tax payments due as a percentage of the property value at the time of origination, absent late penalties and fees, and the



property value decline required to experience a loss, given varying amounts of time from default to recovery.

Amount at Risk as % of Property Value		
Foreclosure Time	Annual PACE & Real Estate Tax Payments Due	Property Value Decline Required for Loss
12 Months	5.00%	95.00%
24 Months	10.00%	90.00%
36 Months	15.00%	85.00%
48 Months	20.00%	80.00%
60 Months	25.00%	75.00%

Property values would have to decline significantly to experience any losses at the time of foreclosure. As such, KBRA assumes a 100% recovery of all defaulted PACE assessment payments at the time of foreclosure in the base case.

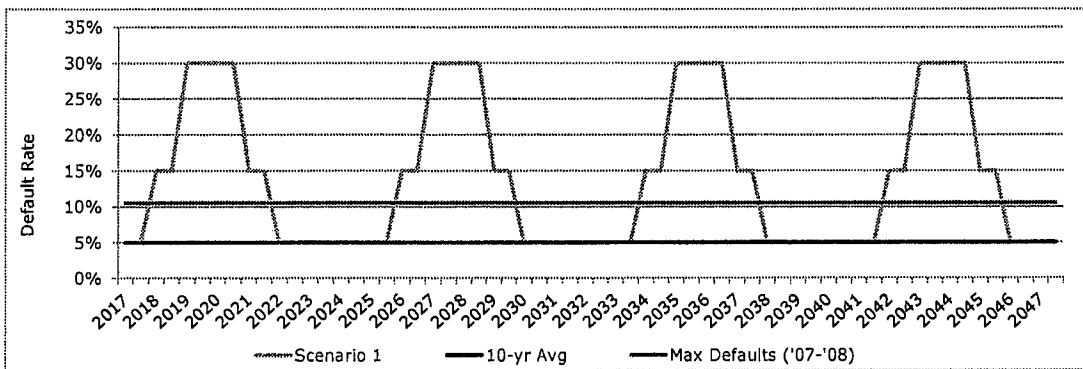
Cash Flow Stress Scenarios & Results

Stress Scenarios

KBRA ran multiple stress scenarios which varied default rates and timing, recovery rates, and time to recovery. The scenarios presented below represent the three most stressful scenarios. To remain conservative regarding the Subsequent PACE Bonds Portfolio, KBRA assumed the maximum percentage share of shorter term, lower coupon PACE Bonds in the aggregate PACE Bond Portfolio permitted by the Eligibility Criteria.

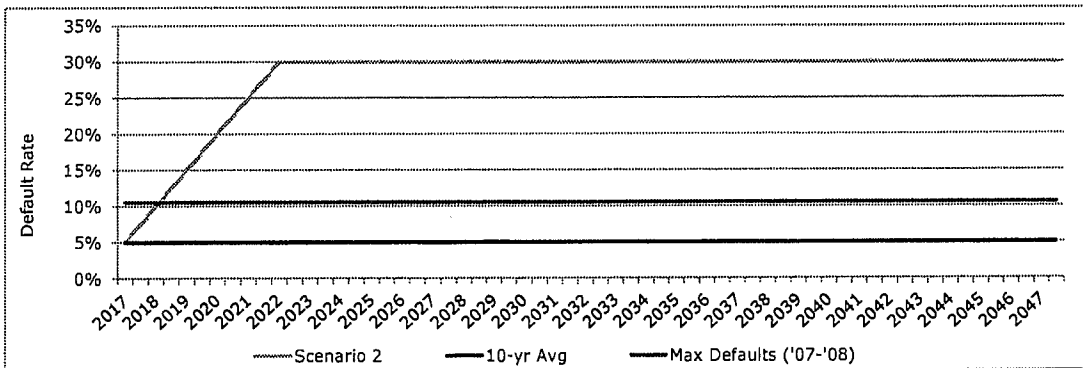
Scenario 1

Scenario 1 assumed four 4-year periods of high defaults. In each period, defaults peaked at 30.00%, which is a 6.00x multiple of base case defaults. The scenario also stressed the number of months from the time of default to the sale of the property from 24 months to 48 months. The recovery rate applied during this scenario was 80.00% compared to 100% in the base case. The default rate applied in this scenario is significantly above the default rates experienced during the 2007-2008 fiscal year, as shown in the chart below.



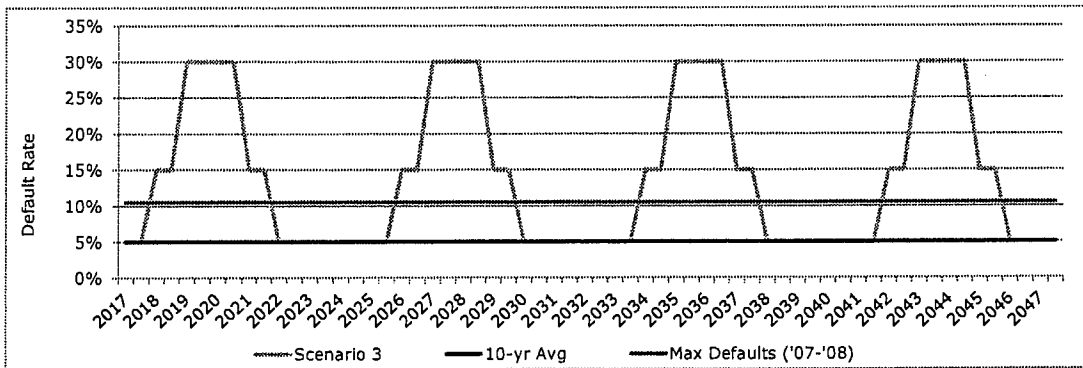
Scenario 2

Scenario 2 assumed default rates rapidly increased at a constant rate, peaking at 30.00% in year six, where it remained throughout the life of the transaction. Similar to Scenario 1, KBRA assumed a 48 month time to recovery and an 80% recovery rate.



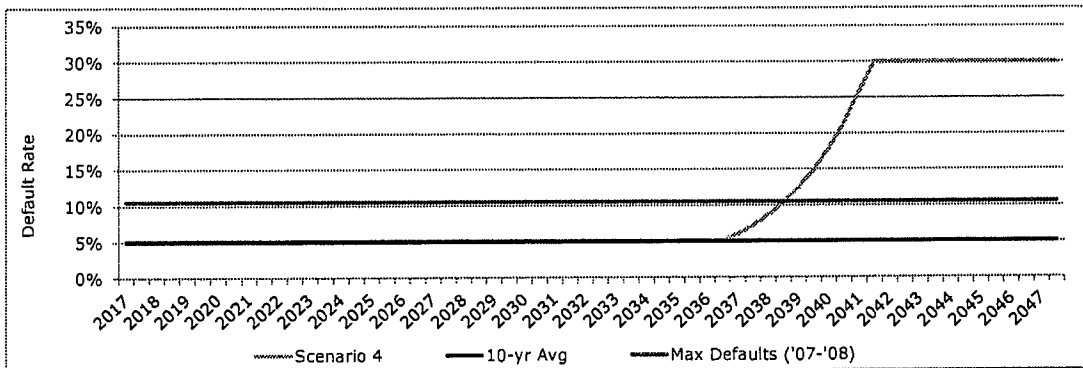
Scenario 3

Scenario 3 assumed that in the event of a default on a PACE Assessment relating to a property encumbered by a Fannie or Freddie lien (and therefore a default on the subordinate mortgage loan), the FHFA was effectively able to nullify the amount due in arrears through litigation. Pursuant to the PACE Bonds Eligibility Criteria, KBRA assumes that approximately 39% of the pool will consist of properties encumbered by a Fannie or Freddie mortgage. As a result, KBRA assumed a blended average of 61% recoveries with respect to each default (i.e. 100% recoveries, albeit delayed 48 months, with respect to the non-Fannie and non-Freddie obligors and 0% recoveries for the delinquent PACE Assessment amounts in arrears with respect to properties that were encumbered with a Fannie or Freddie mortgage).



Scenario 4

Scenario 4 assumed default rates rapidly increased from year 20 to year 25 of the transaction, peaking at 30% in year 20 and remaining at that level for the remainder of the transaction. Similar to Scenario 1, KBRA assumed a 48 month time to recovery and an 80% recovery rate.



Stress Scenario Results

The table below shows the results of KBRA's stress scenarios and the breakeven analysis related to each scenario. In each scenario, timely interest and all principal was paid on the notes by the maturity date.

Stress Scenario Results					
Scenario	Results	Peak Default Rate	Recovery Rate	Peak Severity	Total Severity
Scenario 1	PASS	30.00%	80.00%	6.00%	2.77%
Scenario 2	PASS	30.00%	80.00%	6.00%	5.16%
Scenario 3	PASS	30.00%	61.00%	12.00%	5.40%
Scenario 4	PASS	30.00%	80.00%	6.00%	1.16%

Breakeven Scenario Results					
Scenario	Breakeven	Peak Default Rate	Recovery Rate	Peak Severity	Total Severity
Scenario 1	Recovery Rate	30.00%	22.77%	23.17%	10.69%
Scenario 2	Recovery Rate	30.00%	44.60%	16.62%	14.28%
Scenario 3	Default Rate	53.04%	61.00%	20.69%	9.54%
Scenario 4	Recovery Rate	30.00%	25.34%	22.40%	4.32%

Rating Sensitivity and Surveillance

Events that may result in a rating change to the HERO 2017-2 include but are not limited to the following:

- Deterioration in the transaction's asset performance that exceeds historical experience
- Significant regulatory or legislative changes relating to PACE assessments
- Modifications of the transaction's structure

After the initial rating is assigned, KBRA will continue to monitor the transaction until the notes are fully repaid. Ongoing surveillance of the notes is critical to maintaining the value of the rating. KBRA's surveillance process involves a periodic review of the following:

- Servicing reports to determine if all payment obligations are met and the transaction is in compliance with all triggers
- Trends in collateral performance relative to historical experience

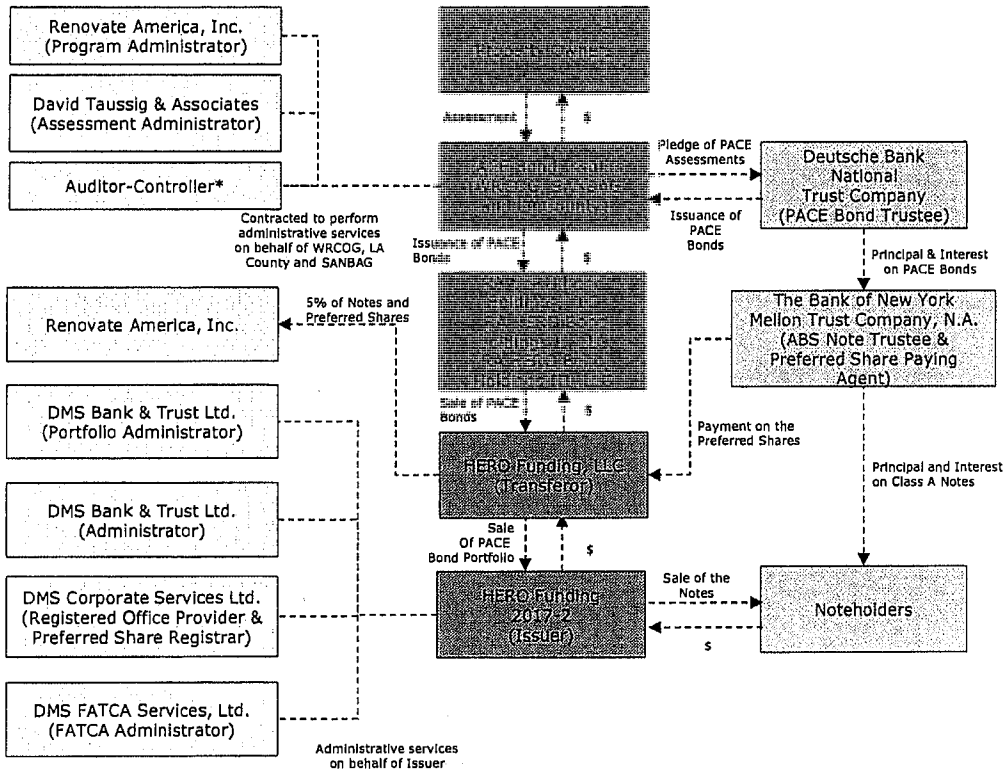
The information gathered during regular surveillance will indicate whether or not a more thorough review is warranted. Additional information may be requested if KBRA believes the credit quality of the transaction has changed from the time of the initial rating assignment or the most recent review. If warranted, KBRA will conduct an in-depth surveillance review that may result in a change to the transaction's rating and publish commentary explaining the analysis.

Transaction Structure

Legal Structure

Transaction Structure

The HERO Funding Class A Notes Series 2017-2 are newly issued asset-backed notes collateralized by a pool of Property Assessed Clean Energy ("PACE") bonds. The following diagram illustrates the basic securitization structure:

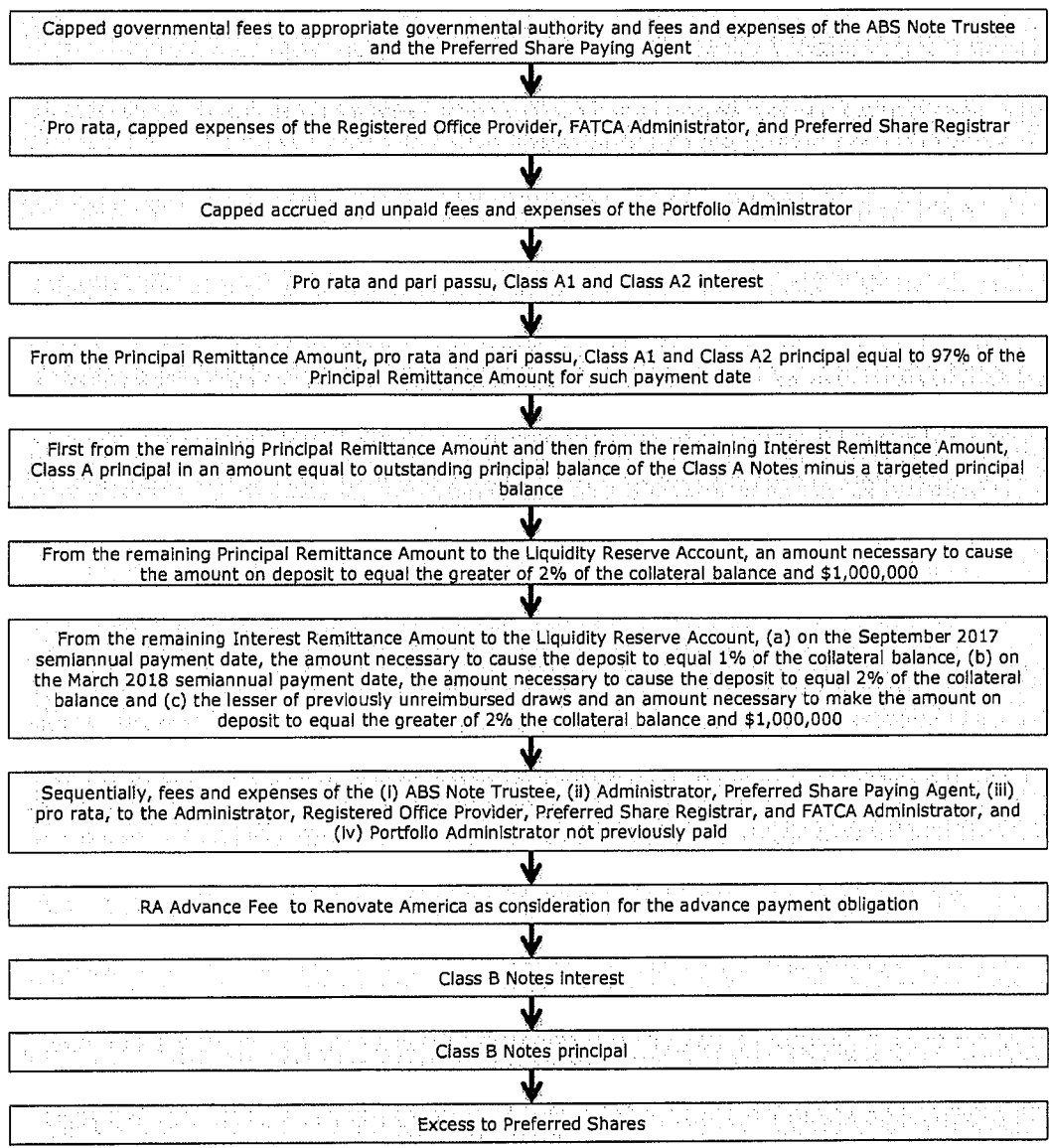


*County Auditor-Controller refers to the auditor-controller of the Counties of Alameda, Amador, Butte, Contra Costa, El Dorado, Fresno, Humboldt, Imperial, Kern, Kings, Los Angeles, Madera, Marin, Mendocino, Merced, Monterey, Napa, Nevada, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, Shasta, Solano, Sonoma, Stanislaus, Sutter, Tehama, Tulare, Ventura, Yolo, and Yuba in the State of California.

Certain PACE assessments payable under assessment contracts entered into by certain property owners and the Western Riverside Council of Governments ("WRCOG"), the San Bernardino Associated Governments ("SANBAG") or the County of Los Angeles, California ("LA County") have been pledged by WRCOG, SANBAG or LA County, as the case may be, to a PACE Bond Trustee in consideration of the issuance of PACE Bonds. Certain of these PACE Bonds have been purchased by affiliates of the Transferor, and on the closing date these affiliates will sell all of their PACE Bonds to the Transferor, which will then sell them to the Depositor, which will then contribute them to the Issuer. The Issuer will then pledge the PACE Bonds to the Class A ABS Note Trustee.

Priority of Payments Prior to an Event of Default

On each payment date prior to an indenture event of default, an optional or mandatory redemption, or the scheduled maturity, and while no County Reserve Period is in effect, available collections will be applied on behalf of the Issuer as follows:



"Principal Remittance Amount" means all collections constituting payments of principal on the PACE Bonds (including prepayments and recoveries).

"Interest Remittance Amount" means all collections on the PACE Bonds not constituting Principal Remittance Amounts.

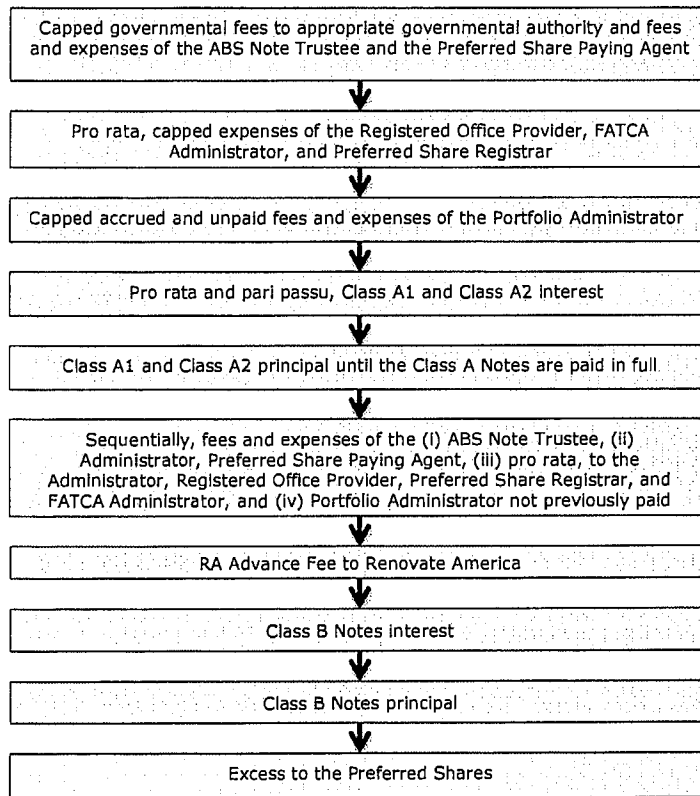
Amounts paid under steps 1, 2, 3 and 4 above will be paid from the following sources

in the following order:

- first, from the Interest Remittance Amount
- second, from the Liquidity Account
- third, from the Principal Remittance Amount

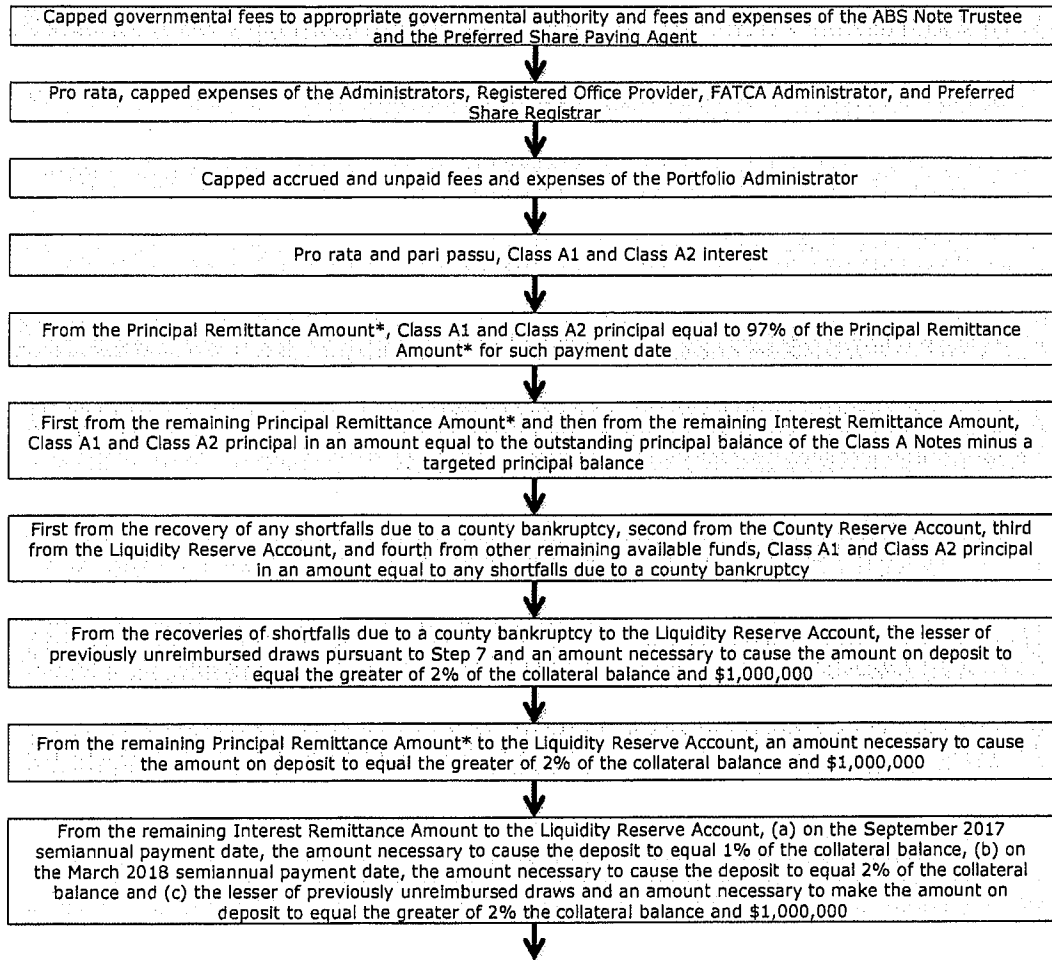
Priority of Payments following an Event of Default

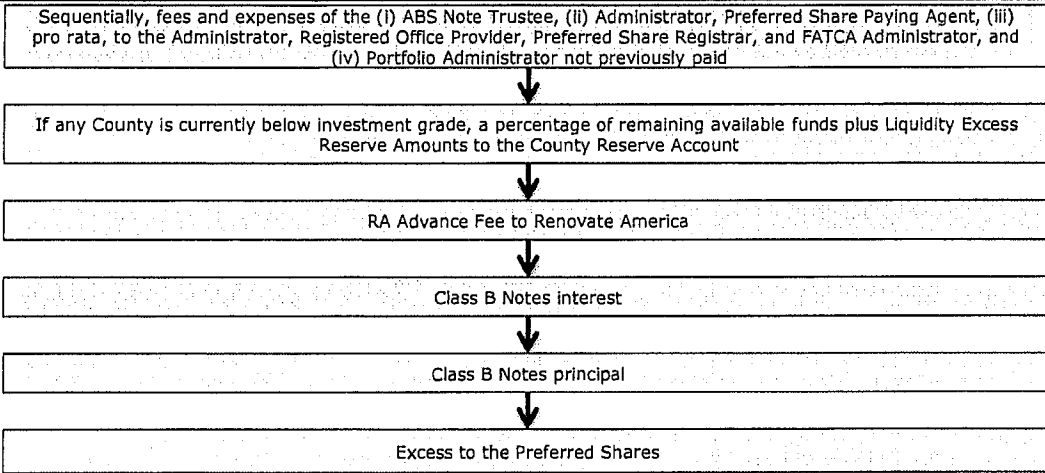
On each payment date following an indenture event of default, an optional or mandatory redemption, and on the maturity date, available funds and all amounts in the Liquidity Reserve Account and the County Reserve Account will be distributed as follows:



Priority of Payments During a County Event

During any period when a county is either rated below investment grade or becomes a debtor in a proceeding under Chapter 9 of the U.S. Bankruptcy Code, the priority of payment changes. This following waterfall will remain in effect until shortfalls due to a bankruptcy of the county have been repaid in full and either the county is restored to investment grade or certain other events occur.





Amounts paid under steps 1, 2, 3 and 4 above will be paid from the following sources in the following order:

- first, from the Interest Remittance Amount
- second, from the Liquidity Account
- third, from the County Reserve Account
- fourth, from the Principal Remittance Amount

* In this waterfall, Principal Remittance Amount will exclude recoveries of shortfalls due to the bankruptcy of the related County

Events of Default

The occurrence of any of the following events will be an "event of default" under the Indenture:

1. failure to pay timely interest;
2. failure to pay the principal balance of the notes at maturity;
3. a statute, rule or regulation becomes effective following the closing date, or there is a final, non-appealable judgment of a court of competent jurisdiction following the closing date, which has a material adverse effect on the validity or enforceability of the PACE Bonds, a PACE Bond Issuer's ability to perform its payment obligations under the respective PACE Bond Indenture, a PACE Bond Issuer's rights to receive payments in respect of the PACE Assessments or its liens on the participating parcels, or the Issuer's ability to make payments (excluding the effect of a bankruptcy of a county) on the notes;
4. certain defaults of covenants by the Issuer under the indenture continue unremedied for 60 days after notice;
5. certain bankruptcy events occur with respect to the Issuer;
6. failure of the transaction documents to create, attach and perfect a valid first-priority security interest in any material Collateral that, if curable, is not cured

within 30 days after notice;

7. certain breaches of Issuer representations or warranties under the indenture;
8. the Issuer becomes subject to U.S. federal or state income tax on a net income basis;
9. a final non-appealable, uninsured judgment of \$500,000 or more against the Issuer that is not cured within 30 days;
10. failure to pay any shortfalls due to a county's bankruptcy by the second payment date following the shortfall;
11. certain breaches of Transferor, Depositor, Renovate America, or Issuer representations, warranties or covenants under the transaction documents that have a material adverse effect on the Issuer's ability to make payments on the notes which continue unremedied for 60 days after notice;
12. an ERISA or tax lien securing the payment of money in excess of \$5,000,000 is rendered against the Issuer;
13. the Portfolio Administrator is terminated or resigns, and a replacement is not appointed within 90 days; or
14. the Issuer is required to register as an "Investment Company" under the Investment Company Act.

**Representations
& Warranties**

For more detailed information regarding the representations, warranties and enforcement mechanisms available under the transaction documents, please see KBRA's Representations & Warranties Disclosure, which was published contemporaneously with the pre-sale report on July 25, 2017.

Appendix: PACE Bonds Eligibility Criteria

TERM & COUPON:

Max % of Pool Balance with 5 year TERM and 2.99% Coupon = 0.22%
Max % of Pool Balance with 10 year TERM and 2.99% Coupon = 4.25%
Max % of Pool Balance with 15 year TERM and 3.99% Coupon = 5.25%
Max % of Pool Balance with 5 year TERM and 4.49% Coupon = 0.13%
Max % of Pool Balance with 10 year TERM and 4.99% Coupon = 0.55%
Max % of Pool Balance with 20 year TERM and 4.99% Coupon = 7.00%
Max % of Pool Balance with 5 year TERM and 5.49% Coupon = 3.50%
Max % of Pool Balance with 15 year TERM and 5.49% Coupon = 0.90%
Max % of Pool Balance with 25 year TERM and 5.49% Coupon = 6.00%
Max % of Pool Balance with 10 year TERM and 5.99% Coupon = 6.00%
Max % of Pool Balance with 20 year TERM and 5.99% Coupon = 0.47%
Max % of Pool Balance with 15 year TERM and 6.49% Coupon = 10.00%
Max % of Pool Balance with 25 year TERM and 6.49% Coupon = 0.47%
Min % of Pool Balance with 5 year TERM and 6.75% Coupon = 2.75%
Min % of Pool Balance with 20 year TERM and 6.99% Coupon = 1.00%
Min % of Pool Balance with 25 year TERM and 7.25% Coupon = 0.50%
Min % of Pool Balance with 10 year TERM and 7.69% Coupon = 8.25%
Min % of Pool Balance with 15 year TERM and 8.15% Coupon = 13.00%
Min % of Pool Balance with 20 year TERM and 8.35% Coupon = 13.75%
Min % of Pool Balance with 25 year TERM and 8.35% Coupon = 18.75%

FICO:

MAX % of Pool Balance with FICO < 490 = 2.00%
MAX % of Pool Balance with FICO < 500 = 3.75%
MAX % of Pool Balance with FICO < 510 = 4.25%
MAX % of Pool Balance with FICO < 520 = 5.00%
MAX % of Pool Balance with FICO < 530 = 6.00%
MAX % of Pool Balance with FICO < 540 = 7.00%
MAX % of Pool Balance with FICO < 550 = 8.50%
MAX % of Pool Balance with FICO < 560 = 10.00%
MAX % of Pool Balance with FICO < 570 = 11.50%
MAX % of Pool Balance with FICO < 580 = 14.00%
MAX % of Pool Balance with FICO < 590 = 17.00%
MAX % of Pool Balance with FICO < 600 = 20.25%
MAX % of Pool Balance with FICO < 610 = 24.00%
MAX % of Pool Balance with FICO < 620 = 28.50%
MAX % of Pool Balance with FICO < 630 = 33.75%
MAX % of Pool Balance with FICO < 640 = 38.75%
MAX % of Pool Balance with FICO < 650 = 44.50%
MAX % of Pool Balance with FICO < 660 = 50.00%
MAX % of Pool Balance with FICO < 670 = 55.00%
MAX % of Pool Balance with FICO < 680 = 59.50%
MAX % of Pool Balance with FICO < 690 = 65.00%
MAX % of Pool Balance with FICO < 700 = 69.00%

ASSESSMENT LTV:

MAX % of Pool Balance with Assessment LTV > 5% and <= 15% = 61.50%
MAX % of Pool Balance with Assessment LTV > 7% and <= 15% = 41.00%
MAX % of Pool Balance with Assessment LTV > 9% and <= 15% = 26.50%

MAX % of Pool Balance with Assessment LTV > 11% and <= 15% = 17.50%
MAX % of Pool Balance with Assessment LTV > 13% and <= 15% = 11.00%

MORTGAGE LTV:

MAX % of Pool Balance with Mortgage LTV > 80% = 19.50%
MAX % of Pool Balance with Mortgage LTV > 82% = 16.50%
MAX % of Pool Balance with Mortgage LTV > 84% = 13.00%
MAX % of Pool Balance with Mortgage LTV > 86% = 9.00%
MAX % of Pool Balance with Mortgage LTV > 88% = 5.50%

COMBINED LTV:

MAX % > 90% = 14.50%
MAX % > 92% = 11.00%
MAX % > 94% = 7.75%
MAX % > 96% = 5.50%
MAX % > 98% = 4.00%

MORTGAGE SEASONING:

MIN % of Pool Balance with Mortgage Origination Dates prior to 2012 = 25.00%
MIN % of Pool Balance with Mortgage Origination Dates prior to 2013 = 30.50%
MIN % of Pool Balance with Mortgage Origination Dates prior to 2014 = 36.50%

PROPERTY TYPE:

MIN % of Pool Balance that are Single Family Homes = 92.00%

COUNTIES:

MIN % of Pool Balance in Counties rated AA- and above = 81.00%
MIN % of Pool Balance in Counties rated A- and above = 97.00%
MAX % of Pool Balance in Largest County = 28.50%
MAX % of Pool Balance in 2 Largest Counties = 44.50%
MAX % of Pool Balance in 3 Largest Counties = 55.50%
MAX % of Pool Balance in 4 Largest Counties = 65.00%
MIN % of Pool Balance in Los Angeles, Riverside, San Diego, San Bernardino, Orange, Fresno = 69.00%
MAX % of Pool Balance any other county = 6.00%

GSE:

Max % of Pool Balance with Freddie & Fannie Mortgages = 39.00%

Note: Pool Balance refers to the PACE Bond Portfolio cut-off date balance.

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Department of Energy
Washington, DC 20585

Guidelines for Pilot PACE Financing Programs

May 7, 2010

This document provides best practice guidelines to help implement the Policy Framework for PACE Financing Programs announced on October 18, 2009.¹ Property Assessed Clean Energy (PACE) financing programs allow state and local governments, where permitted by state law, to extend the use of land-secured financing districts to fund energy efficiency and renewable energy improvements on private property.² PACE programs attach the obligation to repay the cost of improvements to the property, not to the individual borrower. After consultation within the federal government and with other stakeholders, the Department of Energy has prepared the following Best Practices to help ensure prudent financing practices during the current pilot PACE programs.

These best practice guidelines are significantly more rigorous than the underwriting standards currently applied to land-secured financing districts. Especially in light of the exceptionally challenging economic environment and recovering housing market, the following best practice guidelines for pilot PACE financing programs are important to provide an extra layer of protection to both participants who voluntarily opt into PACE programs, and to lenders who hold mortgages on properties with PACE tax liens. These best practice guidelines may evolve over time as we learn more about the performance of PACE programs and are able to identify new best practices.³ All pilot PACE financing programs are strongly encouraged to follow these best practice guidelines. This document is divided into two sections: Program Design Best Practice Guidelines and Assessment Underwriting Best Practice Guidelines.

¹ The Policy Framework for PACE Financing Programs is available here:
http://www.whitehouse.gov/assets/documents/PACE_Principles.pdf.

² For more information on PACE programs, please visit:
<http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/PACE.html>. PACE programs are paid through a tax lien on the property. Lien priority is a matter of state law, and these best practices do not (and cannot) preempt state law.

³ These best practice guidelines are primarily for the residential market. Different standards may be appropriate in non-residential markets.

Program Design Best Practice Guidelines:

Local governments should consider the following program design features to increase the reliability of energy and economic performance for the benefit of program participants, mortgage holders, and investors.

1. Expected Savings-to-Investment Ratio (SIR) Greater Than One⁴

The primary rationale for PACE programs is to pursue a legally-defined “public purpose”, which generally includes environmental, health, and energy independence benefits.⁵ Although traditional land-secured assessment districts do not require projects to “pay for themselves”, PACE financing should generally be limited to cost effective measures to protect both participants and mortgage holders until PACE program impacts become more widely understood.

The financed package of energy improvements should be designed to pay for itself over the life of the assessment. This program attribute improves the participant’s debt-to-income ratio, increasing the participant’s ability to repay PACE assessments and other debt, such as mortgage payments. Local governments should consider three program design features to ensure that the expected SIR is greater than one:⁶

- An energy audit and modeling of expected savings to identify energy efficiency and renewable energy property improvement measures that are likely to deliver energy and dollar savings in excess of financed costs over the assessment term. Local governments should limit investment to those identified measures.

⁴ SIR = [Estimated savings over the life of the assessment, discounted back to present value using an appropriate discount rate] divided by [Amount financed through PACE assessment]

Savings are defined as the positive impacts of the energy improvements on participant cash flow. Savings can include reduced utility bills as well as any payments for renewable energy credits or other quantifiable environmental and health benefits that can be monetized. Savings should be calculated on an annual basis with an escalator for energy prices based either on the Energy Information Agency (EIA) U.S. forecast or a substantiated local energy price escalator.

⁵ Specific public purposes are defined by the state’s enabling legislation, which may vary somewhat between states. Existing legislation is available here:

<http://www.dsireusa.org/incentives/index.cfm?EE=1&RE=1&SPV=0&ST=0&searchtype=PTFAuth&sh=1>

⁶ These program options are not mutually exclusive and programs should consider deploying them in concert. In addition, these measures could be coordinated with the proposed HOMESTAR’s Silver and Gold guidelines. More information on HOMESTAR is available here:

<http://www.whitehouse.gov/the-press-office/fact-sheet-homestar-energy-efficiency-retrofit-program>

- In lieu of audits, programs may choose to limit eligibility to those measures with well-documented energy and dollar savings for a given climate zone. There are a number of energy efficiency and renewable energy investments that are most likely to yield a SIR of greater than one for most properties in a region.
- Encourage energy efficiency before renewable energy improvements. The economics of renewable energy investments can be enhanced when packaged with energy efficiency measures. The SIR should be calculated for the entire package of investments, not individual measures.

2. The Term of the Assessment Should Not Exceed the Useful Life of the Improvements

This best practice guidelines document is intended to ensure that a property owner's ability to repay is enhanced throughout the life of the PACE assessment by the energy savings derived from the improvements. It is important to note that the useful life of the measure often exceeds the assessment term.

3. Mortgage Holder of Record Should Receive Notice When PACE Liens Are Placed

Mortgage holders should receive notice when residential property owners fund improvements using a PACE assessment.⁷

4. PACE Lien Non-Acceleration Upon Property Owner Default

In states where non-acceleration of the lien is standard for other special assessments, it should also be standard for PACE assessments. After a foreclosure, the successor owners are responsible for future assessment payments. Non-acceleration is an important mortgage holder protection because liability for the assessment in foreclosure is limited to any amount in arrears at the time; the total outstanding assessed amount is not due in full.

5. The Assessment Should Be Appropriately Sized

PACE assessments should generally not exceed 10% of a property's estimated value (i.e. a property value-to-lien ratio of 10:1). In addition, because of the administrative requirements of administering PACE programs, assessments should generally not be issued for projects below a minimum cost threshold of approximately \$2500. These measures ensure that improvements are "right-sized" for properties and for the administrative costs of piloting PACE programs. PACE programs may also choose to set the maximum assessment relative to median home values.

⁷ A different standard may apply to non-residential properties.

6. Quality Assurance and Anti-Fraud Measures

Quality assurance and anti-fraud measures are essential protections for property owners, mortgage holders, investors, and local governments. These measures should include:

- Only validly licensed auditors and contractors that adhere to PACE program terms and conditions should be permitted to conduct PACE energy audits and retrofits. Where feasible or necessary, auditors and contractors should have additional certifications appropriate to the installed measures.
- Inspections should be completed on at least a portion of participating properties upon project completion to ensure that contractors participating in the PACE program are adequately performing work.
- If work is not satisfactorily completed, contractor payment should be withheld until remedied. If not satisfactorily remedied, programs should disqualify contractors from further PACE-related work.
- Property owners should sign-off before payment is issued for the work.

7. Rebates and Tax Credits

The total amount of PACE financing should be net of any expected direct cash rebates for the energy efficiency or renewable energy improvements chosen. However, other non-direct cash incentives can be more difficult to manage. For example, calculating an expected income tax credit can be complicated, as not all participants will have access to the tax credit and there will be time lags between project completion and tax credit monetization. Programs should therefore consider alternative structures for financing this gap, including assignment of rebates and tax credits to repay PACE assessments, short-term assessment additions, and partnering with third party lenders that offer short-term bridge financing. At the minimum, programs should provide full disclosure to participants on the implications and options available for monetizing an income tax credit.

8. Participant Education

PACE may be an unfamiliar financing mechanism to program participants. As such, it is essential that programs educate potential participants on how the PACE model works, whether it is a property owner's most appropriate financing mechanism, and the opportunities and risks PACE program participation creates for property owners. Programs should clearly explain and provide disclosures of the following:

- How PACE financing works

- Basic information on other financing options available to property owners for financing energy efficiency and renewable energy investments, and how PACE compares
- All program fees and how participants will pay for them
- Effective interest rate including all program fees, consistent with the Good Faith Estimate (GFE) of the Real Estate Settlement Procedure Act (RESPA) and the early and final disclosure of the Truth in Lending Act (TILA).
- PACE assessment impact on escrow payments (if applicable)
- Risk that assessment default may trigger foreclosure and property loss
- Information on transferring the assessment at time of sale
- Options for and implications of including tax credits in the financed amount

9. Debt Service Reserve Fund

For those PACE programs that seek third party investors, including investors in a municipal bond to fund the program, an assessment reserve fund should be created to protect investors from late payment or non-payment of PACE assessments.

10. Data Collection

Pilot programs should collect the data necessary to evaluate the efficacy of PACE programs. Examples of typically collected data would include: installed measures, investment amount, default and foreclosure data, expected savings, and actual energy use before and after measures installation. To the extent possible, it's important that programs have access to participant utility bills, ideally for 18 months before and after the improvements are made. The Department of Energy will provide more detailed information on collecting this data, obtaining permission to access utility bills, and how to report program information to enable a national PACE performance evaluation.

Assessment Underwriting Best Practices Guidelines:

Local governments should design underwriting criteria to reduce the risk of default and impairment to the property's mortgage holders. Many best practices for reducing these risks are included in the previous section. In addition, underwriting criteria for individual assessments should include the following:

1. Property Ownership

- Check that applicant has clear title to property and that the property is located in the financing district.

- Check the property title for restrictions such as details about power of attorney, easements, or subordination agreements.

2. Property-Based Debt and Property Valuation

- Estimated property value should be in excess of property owner's public and private debt on the property, including mortgages, home equity lines of credit (HELOCs), and the addition of the PACE assessment, to ensure that property owners have sufficient equity to support the PACE assessment. Local governments should be cautious about piloting the PACE model in areas with large numbers of "underwater" mortgages.
- To avoid placing an additional tax lien on properties that are in distress, have recently been in distress, or are at risk for distress, the following should be verified:
 - There are no outstanding taxes or involuntary liens on the property in excess of \$1000 (i.e. liens placed on property for failure of the owner to comply with a payment obligation).
Property is not in foreclosure and there have been no recent mortgage or other property-related debt defaults.
- Programs should attain estimated property value by reviewing assessed value. This is typically used in assessment districts. If assessed value appears low or high, programs should review comparable market data to determine the most appropriate valuation. If programs believe the estimated value remains inaccurate or there is a lack sufficient comparable market data to conduct an analysis, they should conduct a desktop appraisal.⁸

3. Property Owner Ability to Pay

PACE programs attach the obligation to repay the cost of improvements to the property (not to the individual borrower). The standard underwriting for other special assessments only consists of examining assessed value to public debt, the total tax rate, and the property tax delinquency rate. However, we deem certain precautions important due to the current vulnerability of mortgage lenders and of the housing market in many regions. These precautions include:

- A Savings-to-Investment Ratio (SIR) greater than one, as described above, to maintain or improve the property owner's debt-to-income ratio.
- Property owner is current on property taxes and has not been late more than once in the past 3 years, or since the purchase of the house if less than three years.⁹

⁸ A desktop appraisal involves a licensed appraiser estimating the value of a property without a visual inspection. These appraisals cost approximately \$100.

⁹ Applicants that have purchased the property within 3 years have recently undergone rigorous credit analyses that compensate for the short property tax payment history.

- Property owner has not filed for or declared bankruptcy for 7 years.

These best practice guidelines will evolve over time with continued monitoring of the performance of pilot PACE financing programs.



Department of Energy
Washington, DC 20585

**Best Practice Guidelines for
Residential PACE Financing Programs**

November 18, 2016

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Overview

This document provides updated best practice guidelines to help implement the Policy Framework for PACE Financing Programs, initially announced on October 18, 2009.¹ Property Assessed Clean Energy (PACE) financing programs allow state and local governments, where permitted by state law, to extend the use of land-secured financing to fund energy efficiency, renewable energy, and water conservation improvements on private property.² DOE has developed these revisions to the original “Guidelines for Pilot PACE Financing Programs,” initially issued on May 7, 2010, to reflect the evolving structure of the PACE market and incorporate lessons learned from various PACE programs that have been successfully implemented. The revised and updated guidelines focus specifically on best practices and guidelines for residential PACE financing programs.

Since the issuance of the “Guidelines for Pilot PACE Financing Programs” in 2010, 31 states have passed PACE-enabling legislation, and the number of states with active PACE programs (including commercial and/or residential PACE) has grown from two to 16.³ In that time, multiple jurisdictions in those states have set up both commercial and residential PACE programs that demonstrate a wide range of programmatic choices made to reflect the unique characteristics of their individual jurisdictions. These revised guidelines incorporate lessons learned from the experiences of those state and local governments. Future editions will reflect additional lessons learned as the PACE market continues to evolve.

These guidelines focus on best practices for program design, compatibility of PACE with energy efficiency programs and services, and evaluation of program outcomes. As an assessment, PACE is subject to many of the same risks associated with other forms of debt that use a residential dwelling as collateral. As such, the updated guidelines outline a more rigorous approach to determining property owner eligibility and the importance of consumer protections.

¹ The Policy Framework for PACE Financing Programs is available at:
http://www.whitehouse.gov/assets/documents/PACE_Principles.pdf.

² For more information on PACE programs, visit:
<http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/PACE.html>. A PACE obligation is collected and secured by the creditor in the same manner as a special assessment against the property, which may require a lien on the property. Lien priority is a matter of state law, and these guidelines do not (and cannot) pre-empt state law.

³ Source: <http://www.pacenation.us/pace-data/>.

The updated guidelines also incorporate advancements in DOE residential energy efficiency analytical tools and resources, such as the DOE Home Energy Score, Home Performance with ENERGY STAR, the Standard Work Specifications, and systematic program guidance available through the Better Buildings Residential Program Solution Center. DOE encourages PACE programs to leverage these and other available DOE resources.

The DOE guidelines provide potential PACE program sponsors with a framework of issues and options that are important to consider when implementing a residential PACE program.

As the PACE market has evolved, state and local governments have found residential PACE to be an effective tool to meet their public policy goals. These guidelines reflect the variety of program design choices made by those jurisdictions, and incorporate emerging guidelines, policies, and procedures developed by the PACE industry.

DOE created these guidelines for state and local jurisdictions developing and implementing residential PACE programs. The broad and growing number of PACE market participants—including private sector providers of PACE administrative, financing, and other services; home improvement contractors; property owners who voluntarily opt into PACE programs; and lenders who hold mortgages on properties with PACE assessments—should also take these guidelines into consideration.

DOE encourages existing and prospective PACE financing programs to use these guidelines to design PACE programs that meet the specific needs of their states and communities.

Program Design Guidelines

States establish PACE programs by enacting legislation that authorizes the adoption of PACE assessment districts at the local government level. Local governments authorize PACE in their jurisdictions by enacting an ordinance, resolution, or other policy that authorizes the local government to establish voluntary special assessments for energy, water, and related improvements financed through local government (or special

What is Residential PACE?

Residential Property Assessed Clean Energy (R-PACE) allows homeowners to finance energy efficiency, renewable energy, water conservation, and other home improvements that have a public purpose (as defined in state law) through an assessment collected with their property taxes. Depending on state law and the PACE program structure, the PACE obligation may be secured by a lien placed on the home, with principal and interest repaid through the local government property tax assessment. If the property is sold, the assessment may be able to stay with the property if the buyer agrees and the new mortgage lender allows.

assessment district) property assessment and collection procedures. PACE assessments are collected and secured in the same manner as any other special assessment against the property.

To enhance consistency and soundness of PACE programs, states, local governments, and third-party PACE program administrators should incorporate the following program design guidelines, recommendations, and best practices when developing and implementing PACE financing programs. These guidelines and best practices should be applied in conjunction with the most current version of industry consensus guidelines developed for PACE financing, in order to help PACE programs achieve their energy and environmental goals, as well as better economic outcomes for participating homeowners and communities.⁴

State and local governments should also consider incorporating a requirement into PACE statutes and local policies that all PACE providers who offer financing within their jurisdictions adhere to the consumer protection and contractor management provisions in these guidelines. DOE will continue supporting state and local governments in incorporating the guidelines into PACE statutes and regulations as they are developed and modified.

1. Define the PACE Program Scope and Eligible Improvements

The primary rationale for PACE programs is to pursue a legally defined “public purpose,” which generally includes environmental, health, energy independence, and economic development benefits. PACE financing for energy improvements addresses some of the market barriers that have prevented the widespread adoption of home energy upgrades: access to capital and efficient, transferable financing mechanisms for upgrades to existing homes.

PACE programs should establish criteria for eligible improvements that are consistent with the public purpose of the programs, as defined by each state or locality. In addition to financing energy efficiency and renewable energy improvements, PACE programs can also establish eligibility criteria for financing health and safety measures necessary to install and ensure performance of energy efficiency measures and protect occupants, such as removal of asbestos prior to installing efficiency measures, electrical system upgrades, roof repairs, radon mitigation, and similar measures. PACE programs can also establish eligibility criteria for measures that achieve a related public purpose (e.g., water conservation or resiliency measures, such as wind hardening or seismic retrofits). State legislatures and/or local

⁴ For information on PACE industry consensus guidelines, visit <http://www.pacenation.us>.

governments define the scope of PACE program activities and categories of improvements eligible for PACE financing. The specific measures eligible for financing may vary depending on state and local needs and objectives.

PACE programs should consider the types of markets served, including coordination of PACE financing with existing programs, services, and incentives that may be offered, such as utility rebates, low-income direct assistance for energy efficiency improvements, tax credits, tax exemptions, and other incentives (e.g., net metering, renewable energy credits) for renewable energy systems. PACE programs should also engage local governments, community stakeholders, contractor trades, and other stakeholders when establishing program goals, defining target markets and improvements, and developing communications and outreach strategies.

1.1 Eligible Improvements

PACE programs should have a clear process in place for defining the types of equipment and installations that are eligible to meet the goals of the PACE program, such as an eligible products list (EPL). Programs should also have a process for reviewing contractors' scopes of work to assure that all measures installed are not only PACE-eligible, but also meet or exceed the specifications detailed in the PACE program's EPL. The EPL should incorporate national efficiency standards (e.g., ENERGY STAR, WaterSense) or state-specific approved product lists and strictly limit qualified products to those on the referenced eligibility lists.

Establishing product eligibility criteria ensures that property owners are financing improvements that are industry recognized and independently verified for achieving higher levels of home energy or water efficiency. Depending on the process taken, programs should also consider establishing a schedule and approach for updating eligible products as new measures meet eligibility criteria, and for approving custom efficiency measures.

In all cases, measures eligible for PACE financing should be limited to those permanently affixed to the property. For additional information on energy efficiency, water efficiency, and renewable energy measures, see the Appendix: Resources.

1.2 Cost-Effectiveness of Measures and Improvements

PACE programs are enacted by state law and authorized by participating local governments with the expressed goal of helping homeowners lower their energy consumption and costs, conserve water, and make other public purpose improvements. PACE programs, whether administered by the local government or a third party, should offer programs and services that meet the objectives of the PACE statute or local ordinance. PACE programs should help

homeowners finance energy upgrades and other improvements in a manner that reduces their energy costs while adding value to their home.

PACE programs should provide information to help homeowners choose among eligible projects, including tools and resources to help homeowners evaluate the cost and savings of energy efficiency, renewable energy, water conservation, and other improvements.

PACE programs should consider the following program design features to facilitate greater uptake of energy-efficient, water-efficient, and other home improvements that meet the statutorily defined public purpose:

- The term of the assessment should not exceed the useful life of the improvements;
- Identify and prioritize energy and water improvements, or portfolios of improvements, that are cost-effective over the term of the assessment (as defined by the state or local government authorizing the PACE program), excluding health and safety costs;
- Include and recommend weatherization measures, such as air sealing and insulation, as eligible measures for PACE assessments. Weatherization measures are typically cost-effective improvements that result in significant energy savings and can provide important non-energy benefits when installed properly, including improved comfort, durability, and indoor air quality;
- Incorporate energy efficiency measures to enhance the economics of renewable energy investments by reducing the energy consumption of the home, thereby enabling appropriate sizing of renewable energy systems. Programs should inform homeowners about the benefits of installing energy efficiency measures along with renewable energy investments to enhance energy savings.

1.3 Energy Assessments and Advising

Energy assessments are an optional service that PACE programs should make available to provide homeowners with recommended energy efficiency and related improvements. While PACE programs are not required to offer energy assessments in order to utilize PACE financing, DOE encourages energy assessments to identify comprehensive, cost-effective energy efficiency improvements relevant to an individual home.

Only a qualified energy assessor or rater should perform assessments. The cost of the assessment should be allowed as an eligible cost that can be incorporated into the PACE financing. Many utilities offer free assessments (i.e., energy audits) or incentives that reduce the cost of the assessment to the homeowner.

Multiple tools are available to identify energy efficiency measures for a specific home, including

the DOE Home Energy Score,⁵ the RESNET Home Energy Rating System (HERS),⁶ and other tools offered by utilities or third-party energy efficiency program administrators (e.g. utility demand-side management planning tools).

Comprehensive energy assessments may not always be practical, for example, in cases where an equipment failure occurs and immediate replacement is necessary. For planned improvements, however, an energy assessment or energy advising services (see box) can help homeowners design a project that fits their budget and achieves their expected outcomes. Qualified energy raters can also identify important health and safety risks, along with corrective steps that should be taken immediately (e.g., fix gas leaks) or prior to completing improvements. Furthermore, a third-party energy professional can verify that the contractor completed and installed work in accordance with the approved scope of work and industry standards.

For additional information, see Appendix: Resources and additional information provided on energy efficiency measures, evaluation, and program design.

Navigating Home Upgrades: The Role of Energy Advising Services

Energy advising entails offering a homeowner access to a knowledgeable expert who is independent from the contractor. The energy advisor's role is to help homeowners plan and implement home upgrades, including selecting and working with a contractor; identifying programs and services that are available, including benefits for low-income households; choosing upgrades and reviewing work scopes; and following-up after the work is complete. An energy advisor can also assist the homeowner with documentation of the completed improvements for future use.⁷

2. Establish Eligibility Criteria

State and local laws treat PACE assessments differently; however, PACE program administrators should design consistent eligibility criteria and standardized procedures to determine the financial eligibility of a property and its owner. These should include the following considerations.

2.1 Verifying Property Ownership

- Check that applicant has clear title to property and that the property is located in the financing district, county, or other applicable municipality that has approved the program in its jurisdiction;

⁵ For more information, visit: www.homeenergyscore.gov.

⁶ For more information, visit: www.resnet.us.

⁷ For more information, visit: <https://rpsec.energy.gov/search/energy%20advisors>.

- Check the property title for restrictions and encumbrances, such as details about power of attorney, easements, subordination agreements, liens and Deeds of Trust (mortgages), home equity lines of credit, and any trust or corporation entity ownership of the property.

2.2 Confirming Property-Based Debt, Tax Assessments, and Property Valuation

- Confirm outstanding amounts of property owners' public and private debt secured by the property, including mortgages or Deeds of Trust, home equity lines of credit (HELOCs), pre-existing tax assessments, and other property tax charges. Estimated property value should be in excess of property owner's public and private debt on the property, including the addition of the new PACE assessment. Moreover, to ensure sufficient equity to support the PACE assessment, property owners should have a minimum of 10% equity in the property, at the time of the PACE transaction;
- PACE programs should determine market value of the property using valuation methods and tools appropriate for their market and individual properties, including automated valuation methods or desktop appraisals performed by a licensed appraiser with training and certification in the valuation of green and sustainable buildings;⁸
- Confirm the total property tax charges with the new PACE assessment are below the maximum property tax level authorized for the jurisdiction, including existing property tax charges, assessments, other property tax charges, and the PACE assessment;
- Property owner is current on property taxes and has not been late in the past three years or since the purchase of the house, if less than three years;
- Property owner is current on all mortgage debt and has not been late on such payments more than once during the preceding 12-months;
- To avoid placing a PACE obligation on properties that are in distress, have recently been in distress, or are at risk for distress, the following should be verified:
 - There are no involuntary liens greater than one thousand dollars (\$1,000) on the property (i.e. liens placed on property for failure of the owner to comply with a payment obligation);
 - The property has no delinquent federal or state tax obligations greater than \$1,000;

⁸ The Appraisal Institute maintains a registry of appraisers with certifications or specializations in valuation of green buildings. For more information visit: http://www.myappraisalinstitute.org/findappraiser/green_sustainability_residential.aspx. Similarly, Lawrence Berkeley National Laboratory has collaborated with members of the appraisal and real estate industry to define parameters for valuing homes with solar PV. See the following reports as examples: https://emp.lbl.gov/sites/all/files/lbnl-1002778_0.pdf and <https://emp.lbl.gov/sites/all/files/selling-into-the-sun-jan12.pdf>.

- The property is not in foreclosure, and there has been no mortgage or other property-related debt default in the past three years (except for any defaults that were cured by the homeowner in a timely manner);
 - The applicant has not had any active bankruptcies within the last seven years; however, this criterion can be met if a homeowner's bankruptcy was discharged between two and seven years before the application date, and the homeowner has had no past due payments (mortgage and non-mortgage) for more than 60 days in the most recent 24 months;
 - There is no pending Notice of Default (or equivalent notice, depending on state law) on the property and no more than one recorded Notice of Default for the shorter of (i) the previous two years, or (ii) the time elapsed since the present homeowner acquired the property.
- Before any assessment contract is executed, the PACE program should confirm if any existing PACE assessments have been placed on the property and, if so, the program should include that prior PACE obligation in its underwriting and approval process.

2.3 Reviewing Property Owner Income and Debt Obligations

- PACE assessments can help property owners reduce their energy costs and finance repairs and improvements, while adding value to their home. The PACE assessment, however, is an additional financial obligation for the property owner. In addition to property valuation, programs should confirm property owners can support the cost of the PACE assessment by collecting and reviewing information from property owners on their household income and debt obligations. State and localities should work with program administrators to establish underwriting guidelines and criteria for PACE programs that will meet program goals, including how administrators will evaluate income, existing debt obligations, and credit score. These guidelines could include "alternative underwriting" criteria or other approaches to ensure appropriate access to PACE for homeowners that would benefit from making improvements through a PACE assessment.

3. Establish Consumer and Lender Protections

The following attributes for PACE assessments are important consumer and mortgage-holder protections for PACE programs to consider:

3.1 Property Owner Education and Disclosures

PACE uses an established financing mechanism – assessments placed on the property and collected by the local tax assessor – which state and local governments have successfully used for decades to finance improvements that further policy objectives. PACE financing, however, may be unfamiliar to homeowners. As with any debt obligation, it is essential that programs educate homeowners about how PACE financing works and explain the opportunities as well as the potential risks homeowners should consider when utilizing PACE to finance energy and water improvements to their home. In addition, PACE programs can provide homeowners with information on home improvement projects and working with a contractor, including: reviewing contractor credentials and certifications; the importance of obtaining multiple bids for improvements; and obtaining written estimates that include a detailed scope of work with itemized cost estimates for all work performed (e.g., material, labor, permits, taxes, and fees).

PACE disclosures should be in a written document that clearly identifies the terms of the PACE assessment contract to the property owner, using forms that are familiar to property owners.

PACE programs and participating contractors should provide homeowners with PACE assessment consumer disclosures in a form that clearly explains and provides information in writing to homeowners. If disclosures are provided electronically, homeowners should be provided with instructions on how to access and retain the electronic records or documents, or with printed copies of disclosures upon request. Disclosures should include the following:

- How PACE financing works, including the nature of the obligation created upon recordation and homeowner obligations;
- All program fees and how they will be paid;
- The interest rate and all fees, costs, or other charges included in the financing;
- Total cost of the PACE assessment over the entire term, including principal, interest, and fees;
- The total estimated annual PACE assessment payment amount;
- The date the first PACE assessment payment will be due;
- The amount of the PACE assessment and how it will be billed and repaid (e.g., that the payments will be made in the same manner as the property owner's property taxes);
- Tax deductibility matters, including recommendations to consult a qualified tax advisor on

- tax matters related to PACE assessments (e.g., interest payments on the assessment);
- Information on the interaction between the PACE assessment and the homeowner's mortgage payments, including notification to the homeowner about the potential impact of their assessment on their escrow payment amounts.
- Information on transferring the assessment at time of sale, along with potential market challenges and options, including disclosure that the PACE obligation constitutes an obligation on their home, including (if applicable under the state's PACE statute) a property tax lien on their home, which may be required to be paid-off by a future lender (upon refinancing or by the purchaser's lender) or by a future buyer as a term of purchase;
- Information on any statutory penalties that will be incurred due to late payments and a statement that the property may be subject to foreclosure if the homeowner fails to pay;
- Information on estimated energy savings / energy production from energy efficiency and renewable energy measures;
- Disclosures that any savings the homeowner might experience as a result of the installed product(s) will depend on their usage patterns, seasonal variation and weather, utility rates and trends, and product specifications;
- Options for, and implications of, including tax credits in the PACE assessment.

In addition to written disclosures, programs should confirm key financing terms with the homeowner who is applying for financing. PACE programs should confirm terms directly with the homeowner prior to finalizing the assessment via a live phone call that is recorded, in accordance with state law. The live phone call should occur prior to giving authorization for the contractor to proceed and should include notification of the right to cancel period. These recordings should be available to homeowners upon request. The state or local authorizing entity's PACE program administration contract should specify the items discussed during these phone calls and related compliance documentation.

For examples of PACE disclosure forms see the Appendix: Resources.

3.2 Right to Cancel the Purchase

Property owners entering into PACE financing should be afforded a multi-day right to cancel the purchase following the contract's execution.

3.3 Appropriate Minimum Equity Requirements and Appropriate Maximum Assessments

PACE programs should establish a minimum equity threshold of 10% to qualify for a PACE assessment. In addition, PACE programs should establish a maximum amount for a PACE assessment on a property, either as a percentage of the estimated property value, a maximum dollar amount, or a combination thereof. States have set maximum assessments ranging from 10% to 20% of the estimated property value. The Fannie Mae HomeStyle® program establishes

a maximum amount of 15% of completed appraised value for incorporating existing PACE assessments into a first mortgage purchase or refinance.⁹

PACE programs should also establish a requirement that the sum of the PACE assessment and current debt secured by the property cannot exceed the market value of the property at the time that PACE financing is approved. This will help protect homeowners' properties from becoming "underwater" due to "over-improvement" of properties relative to market price.

Because of the administrative requirements of PACE programs, assessments will generally not be issued for projects below a minimum cost threshold, as determined by the PACE program.

3.4 Home Improvement Information

As a best practice, PACE programs should provide current homeowners, prospective purchasers, and future buyers with information on energy efficiency, water efficiency, renewable energy, and other improvements conducted through PACE financing.

Approaches may include:

- Providing detailed information on completed improvements, equipment specifications (e.g., ENERGY STAR rating), capacity (e.g., solar photovoltaic systems), and energy savings data, if available, in a standard format. Examples include the Home Performance with ENERGY STAR completion certificate or a program certificate that complies with BPI Standard 2101.¹⁰ These documents are increasingly used to populate multiple listing services or can be provided to the homeowner, a real estate agent, or a homebuyer;
- Completing an optional energy assessment that provides a numerical rating for the home post-improvement, such as the DOE Home Energy Score, the RESNET HERS Index, or other energy assessment offered by utility programs.

3.5 Information about the Relationship between PACE Assessments and Mortgage Financing

Programs should clearly explain and provide disclosures on the following:

⁹ The Fannie Mae HomeStyle program allows payoff of an existing PACE loans originated on or after July 6, 2010 of up to 15% of the appraised value of the property. For more information, visit: <https://www.fanniemae.com/content/guide/selling/b5/3.3/01.html>.

¹⁰ For more information on BPI Standard 2101, visit: <http://www.bpi.org/Web%20Download/BPI%20Standards/BPI-2101-S-2013%20Standard%20Requirements%20for%20a%20Certificate%20of%20Completion%20for%20Residential%20Energy%20Upgrades%202013-09-03.pdf>.

- Subject to the structure of a state’s PACE statute, that the PACE obligation may result in a property tax lien on the property. If applicable, clearly state if the failure to pay property taxes, including PACE assessments, could trigger foreclosure and property loss even if the property owner is current on other mortgage lien(s);
- Procedures for transferring the PACE assessment at purchase or refinance, including contractual subordination options, if applicable;
- How PACE assessments and the PACE lien position may affect options to sell or refinance the property;
- If some mortgage lenders may be unwilling or unable to modify or refinance a property subject to a PACE assessment due to the type and priority of the assessment.

3.6 PACE Assessment Non-Acceleration upon Property Owner Default

In the event of a sale of a property with an outstanding PACE assessment, including a foreclosure sale, the obligation will remain with the property and the new homeowner will be responsible for paying the remaining PACE balance over time. Non-acceleration should be standard for all PACE assessments. A PACE assessment should survive the foreclosure process (i.e., the full PACE obligation amount does not become due and payable in the event of foreclosure on the property). After a foreclosure, the subsequent owners are responsible for future assessment payments, and could be responsible for any delinquent amounts that remain if foreclosure proceeds were insufficient to pay-off the delinquent amount. Non-acceleration limits liability for the assessment in foreclosure to any amount in arrears at the time; the total outstanding assessed amount is not due in full. In cases of foreclosure, priority collection of delinquent payments for the PACE assessment may be waived or relinquished.

Moreover, the July 19, 2016 guidance from the Federal Housing Administration (FHA) and Department of Veterans Affairs (VA) requires that a PACE obligation be collected and secured by the creditor in the same manner as a special assessment against the property, and that the property shall not be subject to an enforceable claim (i.e., lien) superior to the FHA- or VA-insured mortgage for the full outstanding PACE obligation at any time.¹¹ Because of this, both the FHA and VA guidance require that the unpaid PACE assessment balance must not be accelerated, and that the non-accelerated balance shall transfer and shall not extinguish at sale or refinance.¹²

¹¹ VA Circular 26-16-18, published July 19, 2016:
http://www.benefits.va.gov/HOMELOANS/documents/circulars/26_16_18.pdf.

¹² See FHA Mortgage Letter 2016-11, published July 19, 2016:
<http://portal.hud.gov/hudportal/documents/huddoc?id=16-11ml.pdf>.

3.7 Notification of Mortgage Holders of Record

Existing mortgage servicers should be notified when residential property owners have placed a PACE obligation on the property to fund improvements. In addition, PACE assessments should be recorded in standardized public records, including local government property assessor databases (see Section 4: Public Recording and Disclosure of PACE Assessments).

If PACE assessments are withheld through an impound or escrow account, the monthly payment schedule of the PACE obligation should be provided to the mortgage servicer immediately after the PACE assessment contract has been executed between the PACE program and the property owner.

3.8 Forbearance, Permanent Hardship, and Military Service Relief

PACE programs should consider developing forbearance, modification, and forgiveness mechanisms for homeowners facing economic hardship. Further, to protect servicemembers and military families, PACE programs should be compliant with the requirements of the Servicemembers Civil Relief Act (SCRA).¹³

3.9 Additional Consumer Protection Considerations for Low-Income Households

Low-income households¹⁴ pay a disproportionately higher share of monthly income toward household energy costs. Making cost-effective energy upgrades can potentially reduce the energy cost burden for low-income households while improving the health, safety, durability, and comfort of their homes. For eligible low-income households, PACE financing can provide an option to make home upgrades that address critical needs (e.g., replacing failed or inefficient equipment) and make improvements that reduce energy consumption and costs; however, a PACE assessment creates an additional financial obligation that is secured by the property.

State and local governments should consider their state and local economic and demographic conditions, existing energy efficiency programs and services, income-qualified and housing assistance programs, and related efforts when developing PACE program policies and procedures, particularly related to serving low-income homeowners. State and local governments should work with PACE administrators, low-income housing stakeholders, and

¹³ For more information on SCRA, visit: <https://scra.dmdc.osd.mil/>.

¹⁴ Income qualification levels for low-income weatherization assistance and other energy efficiency programs vary by state and program. The DOE Weatherization Assistance Program provides guidelines for program eligibility, and then each state sets its income requirements within DOE guidelines. For more information visit: <http://energy.gov/eere/wipo/downloads/won-16-3-2016-poverty-income-guidelines-and-definition-income>. Other federal assistance programs and utility energy efficiency programs may use different criteria for eligibility.

other relevant organizations to develop a coordinated approach to offering PACE that ensures consumer protections are established and enforced for participating homeowners, including low-income and the elderly.

In addition to consumer protections and procedures designed for all PACE program participants, PACE programs should develop policies and procedures that ensure PACE is used appropriately and at the least-cost for low-income households that otherwise meet program eligibility criteria. The policies and procedures should address, at a minimum, the following:

- A screening process should be implemented to ensure that low-income and elderly homeowners, prior to receiving a PACE assessment, receive verbal and written disclosures, including printed disclosures if provided electronically, that clearly explain that a PACE assessment requires repayment annually, along with their property taxes, and that a lien will be placed on their property (where applicable under state law). The disclosures should clearly explain that default on the PACE assessment could result in foreclosure and loss of their home. PACE programs should provide a point of contact and information referrals (e.g., services for low-income or elderly residents provided by local governments) with the initial PACE disclosures;
- PACE programs should work in coordination with state and local governments, community partners, and utilities that offer low-income assistance to provide low-income households with information on, and assistance in accessing, available resources, including free or reduced cost programs and assistance. This could include providing information (e.g., brochures, links to websites), recommendations, or referrals for energy efficiency programs and services available to low-income households. Examples include direct assistance such as the Weatherization Assistance Program (WAP), the Low Income Home Energy Assistance Program (LIHEAP), income-qualified utility rebates, and other available low cost financing options;
- Where available and feasible to obtain, PACE programs should obtain household energy consumption and expenditures pre- and post-retrofit to understand potential savings and impacts on household income from PACE-related improvements;
- PACE programs and participating contractors should identify and recommend energy efficiency, water, and other improvements, or portfolios of improvements, that are cost-effective for low-income homeowners;
- Low-income service providers (such as Community Action Agencies) can work with PACE programs to register their contractors and service providers as authorized PACE program contractors;
- PACE programs should develop mechanisms to adjust PACE assessments (prepayment or re-amortization) for incentives and other assistance payments, including rebates, tax credits and direct grants (e.g., providing information to households and allowing PACE assessments

to be adjusted after grants or rebates are applied to PACE assessments without prepayment penalty);

- PACE programs should actively monitor contractor performance and program activity in low-income communities, and establish and enforce policies and procedures for non-compliance to deter and address fraud, misrepresentations, or noncompliance with PACE program policies and procedures (see Section 8: Quality Assurance and Anti-Fraud Measures).

State and local governments can consider additional consumer protections and program design elements for PACE programs that are designed to more effectively serve low-income households and leverage other energy efficiency programs and services. The types of approaches and program design elements could include the following:

- Develop and incorporate underwriting methods that consider energy savings, as determined by an energy assessment, when determining eligibility for PACE assessments. Reductions in household energy costs resulting from PACE improvements may help offset the cost of the PACE assessment. For example, PACE programs can consider reductions in energy expenditures when evaluating the ability of the homeowner to afford the PACE assessment;
- PACE programs can provide additional information and assistance, independent from the contractor, to low-income homeowners on choosing eligible home upgrades and reviewing contractor proposals and costs to ensure that estimated savings are proportional to the costs;
- Limit PACE financing for low-income households to products and improvements that pay for themselves over the life of the measures, either individually or in combination if multiple measures are installed, with exceptions for emergency replacement of heating, cooling, and water heating systems, and health and safety measures;
- Limit the PACE assessment to a percentage of the estimated property value (e.g., 10%), or implement independent review and additional qualification requirements for large projects (e.g., over 10% of property value);
- Offer an income-qualified application and participation pathway for low-income households, with additional incentives (e.g., income-qualified utility rebates, reduced interest rates on PACE assessments) and technical assistance (e.g., energy assessment or analysis of energy usage with recommendations for energy upgrades).

4. Public Recording and Disclosure of PACE Assessments

Standardizing record keeping and public disclosure within the state or locality is critical for market transparency and improved integration of PACE into mortgage markets and real estate transactions. A reliable public information source is important for potential buyers, lenders,

appraisers, title agents, and real estate professionals to confirm whether a property is encumbered by a PACE assessment. Standardized records may also help facilitate aggregation and securitization of PACE assessments in municipal or private bond markets. PACE programs should record the Notice of Assessment and Payment of Contractual Assessment Required documentation in a manner consistent with state and local laws.

5. Incentives and Direct Assistance

PACE sponsors should consider how PACE financing is offered in coordination with incentives (e.g. utility rebates, tax credits, or other tax incentives for energy efficiency and renewable energy measures) and direct assistance (e.g., low-income weatherization assistance, direct install programs, or other financial assistance) when developing and implementing their programs. Coordination enables homeowners to access and receive the full benefit of financial incentives and other assistance for upgrades that may be available to them. In addition to utility programs, non-ratepayer-funded federal, state, and local programs may offer financial and technical assistance that PACE programs may leverage. Table 1 shows the types of incentives and assistance available and potential sources.

Table 1. Potential sources of tax incentives, rebates, incentive payments, and direct assistance for energy efficiency, renewable energy, and water efficiency measures

Source	Tax Incentives	Rebates	Renewable Energy Production Incentives (e.g., net metering, renewable energy credits, other)	Grants and Other Direct assistance ¹⁵
Federal ¹⁶	✓			
State	✓	✓	✓	✓
Local	✓	✓		✓
Utility		✓	✓	✓
Non-Profit Organizations				✓
Manufacturer		✓		

Homeowners may be eligible for rebates or incentives for measures installed through a PACE

¹⁵ Federal weatherization assistance is provided through a network of state, local, and non-profit agencies. For more information visit: <http://energy.gov/eere/wipo/weatherization-assistance-program>.

¹⁶ Includes tax credits for renewable energy systems and energy efficiency improvements.

assessment. Homeowners may also be eligible for other incentives or tax credits, which can be more challenging to manage. For example, calculating an expected income tax credit can be complicated, since not all participants will have access to the tax credit and there will be time lags between project completion and tax credit monetization.

PACE programs should provide mechanisms to allow for pre-payment without penalty, and re-amortization of PACE assessments to account for direct cash rebates, tax incentives, and other financial assistance for the energy efficiency, renewable energy, or water conservation improvements chosen. PACE programs should encourage participants to seek qualified tax advice on the implications and options available for monetizing tax credits.

Where feasible and available, PACE programs should consider offering PACE financing in coordination with existing utility programs to leverage other available incentives and support (e.g., energy assessments) to households. PACE programs should actively engage utility and other energy efficiency programs (including low-income assistance) available to households to maximize the benefits of PACE financing. PACE programs should also seek ways to engage low-income households by coordinating with available programs and services that may offer additional support to eligible homeowners (e.g., homebuyer assistance or offering reduced interest rates on PACE assessments to income-qualified households).

6. Property Appraisals and Real Estate Transactions

PACE assessments are designed to achieve improvements in the comfort, health, and energy performance of homes through energy efficiency, renewable energy, and water conservation improvements. Energy efficiency and renewable energy improvements may also contribute to higher property values at resale.^{17,18,19} Therefore, it is important to document upgrades and provide relevant information to those involved at point of sale (e.g., realtor or broker and appraiser), so that parties to the transaction are informed and knowledgeable about upgrades financed through PACE.

¹⁷ An Early Look at Energy Efficiency and Contributory Value. 2015. Colorado Energy Office. <https://www.colorado.gov/pacific/energyoffice/atom/32661>.

¹⁸ Goodman, L. and Zhu, J. 2016. PACE Loans: Does Sales Value Reflect Improvements? *Journal of Structured Finance*, Winter 2016, Vol. 21, No. 4: pp. 6-14. <http://www.ijournals.com/doi/abs/10.3905/jsf.2016.21.4.006?journalCode=jsf>.

¹⁹ Lawrence Berkeley National Lab. 2015. Selling into the Sun: Price Premium Analysis of a Multi-State Dataset of PV Homes. <https://emp.lbl.gov/publications/selling-sun-price-premium-analysis>.

Because PACE programs involve an additional obligation on the property that may be transferable to a future buyer at time of sale, PACE programs should consider the following steps to provide support in real estate transactions:

- Ensure that information on improvements is documented and made available to realtors, appraisers, and lenders through resources including, but not limited to, the property title report, permit records, multiple listing service (MLS) 'green fields,' and other resources such as *The Appraisal Institute's Residential Green and Energy Efficient Addendum*.²⁰ Programs may also employ other approaches, including proactive outreach to sellers and listing agents to support real estate transactions. Additional information on data to collect is provided in Section 10: Data Collection and Evaluation and in the Appendix: Resources;
- Establish a real estate advisor that can assist appraisers, realtors, and home sellers and purchasers with questions regarding PACE assessments and improvements financed through a PACE assessment;
- Offer the DOE Home Energy Score or other energy assessment before and after PACE efficiency upgrades are completed. If a PACE program is not equipped to offer the Score, then homeowners who undertake a PACE assessment should be encouraged to get one through a qualified assessor in the area. Some utilities score homes for free or at a reduced cost. Home inspectors and energy auditors also offer this relatively low cost, quick, and standardized service;
- Engage MLSs, realtors, appraisers, and lenders to provide information on the benefits of energy efficiency, renewable energy, and water efficiency improvements as well as guidance on completing real estate transactions that involve PACE assessments. PACE programs can provide information to real estate agents, lenders, and appraisers on the PACE financing process, and can provide assistance with purchase or refinance transactions involving PACE assessments.

7. Program Execution and Compliance with Applicable Laws

The structure of PACE programs makes the authorizing state and/or local government accountable for ensuring PACE programs comply with applicable federal and state laws, as well as the programs' public purposes. State and local governments should designate agencies or departments with regulatory authority over PACE programs, including financial compliance, contractor licensing, and business procedures. Participating homeowners should receive information about whom to contact if they have problems or concerns with their PACE project, contractor, or assessment.

²⁰ For more information, see the DOE white paper "*Capturing Residential Energy Efficiency in Real Estate Transactions*" at: http://eetd.lbl.gov/sites/all/files/c-1176_better_buildings_real_estate_white_paper6.pdf.

A well-designed program will help homeowners select the optimal combination of eligible energy upgrades and other improvements, and confirm that the homeowner can support the cost of the additional PACE assessment. Section 8: Quality Assurance and Anti-Fraud Measures outlines steps PACE programs can take to provide oversight and ensure that qualified contractors are performing quality work. PACE programs should also incorporate the most recent versions of industry consensus policies and guidelines.²¹

8. Quality Assurance and Anti-Fraud Measures

Quality assurance and anti-fraud measures are essential protections for property owners, mortgage holders, investors, and local governments. These measures should include:

8.1 Contractor Qualifications

PACE programs should establish minimum contractor requirements, including training and a registry of approved contractors. In addition:

- Contractors should have certifications appropriate to the installed measures (e.g., Building Performance Institute (BPI) certifications for weatherization and North American Board of Certified Energy Practitioners (NABCEP) for solar PV);
- Only licensed auditors and contractors (where licensing boards exist) that adhere to PACE program terms and conditions should be permitted to conduct energy assessments and upgrades financed through PACE programs.

8.2 Work Standards

Program administrators should have clearly defined work standards outlined for all projects eligible for program financing.

- The DOE Standard Work Specifications for Home Energy Upgrades (SWS) define minimum requirements to ensure that work performed during home energy upgrades is effective, durable, and safe. Workers, training instructors, homeowners, and program administrators involved in conducting energy efficiency improvements under PACE programs can use the SWS as an industry guide;²²
- Permits should be obtained where required by state or local law, with permits made available for review upon request of the PACE Program.

8.3 Contractor Management

²¹ Examples include PACE Nation's Consumer Protection Policies, the California State Communities Development Authority Consumer Protection Policies. See Appendix: Resources for links and additional information.

²² See Standard Work Specifications for Home Energy Upgrades. For more information visit: <https://sws.nrel.gov/>.

Program administrators should adopt contractor management systems and procedures that are designed to monitor contractor performance and manage, track, and resolve consumer complaints, including:

- Program administrators should require contractors who install, or subcontract the installation of, products financed by a PACE assessment to register in the program;
- Program administrators should establish and strictly enforce 'anti-kickback' policies and procedures that provide direct financial or other monetary incentives for contractors to offer PACE financing over other forms of financing or credit;
- Program administrators should adopt a set of business practices and standards for contractors that registered contractors must adhere to;
- Program administrators should not disclose to contractors the maximum PACE assessment amount that homeowners applying for PACE assessments are eligible to receive;
- Program administrators should conduct pricing reviews for each project to confirm estimated costs are consistent with standard industry pricing ranges for the type of project and equipment installed;
- Programs should have policies and procedures to warn, suspend, or terminate contractors that violate PACE program policies. Programs should not accept applications processed by suspended or terminated contractors;
- PACE programs should establish marketing policies and guidelines, and monitor the marketing and communications of PACE to homeowners by participating contractors;
- PACE programs and participating contractors should strictly prohibit marketing, communications or representations that PACE is a free program, or otherwise imply that PACE does not involve a financial obligation paid by the homeowner. Further, third-party PACE programs should develop and enforce contractor guidelines that prohibit representation of the PACE Program as a government program, or otherwise imply PACE is a form of public assistance to the homeowner.

8.4 Quality Assurance

Standard, industry-accepted quality assurance procedures should be in place, including:

- On-site inspections of projects should be completed on a set proportion of participating properties (e.g., 5% of all projects) upon project completion to ensure that contractors participating in the PACE program are correctly installing the measures and improvements that were approved for financing;²³

²³ Additional guidance on quality assurance and on-site inspection methods and sampling protocols is available in the Home Performance with ENERGY STAR Sponsor Guide and Reference Manual (v1.5). For more information, visit: https://www.energystar.gov/index.cfm?c=home_improvement.hpwes_sponsor_guide.

- If work is not satisfactorily completed, the program administrator should take necessary actions, including withholding or recouping contractor payment until remedied;
- After verifying all work financed through the PACE assessment is complete, homeowners should sign-off on project completion before program administrators issue final payment to the contractor. PACE programs can provide guidance to homeowners and contractors on the sign-off process and verification procedures;
- A process for timely dispute resolution among homeowners, contractors, and program administrators should be developed, published, and implemented to resolve issues with workmanship, product defects, and customer service. Alternately, other mechanisms, such as home improvement warranties or a guarantee fund, could be established that provide an equivalent remedy for aggrieved homeowners from contractor misrepresentation and fraud. Dispute resolution processes should not preclude homeowner access to the court system.

9. Debt Service Reserve and Loan Loss Reserve Funds

PACE programs should establish a debt service reserve fund to protect bondholders from late payment or non-payment of PACE assessments. A debt service reserve fund also enhances the financial stability of PACE programs and reduces foreclosure risks for the issuer. To protect mortgage lenders, states should consider establishing a loan loss reserve fund to protect mortgage lenders financing first mortgages. A loan loss reserve fund minimizes the risk resulting from the need to make payments for PACE assessments due from sales proceeds in the event of a default or foreclosure. PACE programs and states should regularly evaluate PACE assessment activity and portfolio performance over time to determine the size and scope of debt service reserve and loan loss reserve funds for PACE programs.²⁴

10. Data Collection and Evaluation

PACE programs should collect, analyze and report to state and local governments and program stakeholders on the financial performance, energy savings, and cost savings realized from PACE projects. Helpful data to collect include:

- installed measures;
- PACE assessment amount;
- PACE assessment default and delinquency;

²⁴ In September 2013, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) established a \$10 million loan loss reserve fund for PACE bonds designed to protect first-lien mortgage lenders where a senior lien PACE assessment could place a first-lien mortgage holder at risk of loss in the event of foreclosure or a forced sale. There have been no claims made against the CAEATFA loss reserve to date. Source: CAEATFA: <http://www.treasurer.ca.gov/caeatfa/pace/index.asp>.

- mortgage default and foreclosure for homes with PACE assessments;
- expected energy and cost savings;
- borrower data (e.g., credit score, income and debt obligations);
- where utility information is available, actual energy consumption, water consumption (if applicable), and costs for at least twelve months before and after installation of measures;
- number of projects funded;
- annual and cumulative energy and water savings;
- number of jobs created.

For example, customers of utilities participating in the Green Button Initiative can readily share data with third-party providers.²⁵ With this information, administrators or third-party evaluators can analyze the effectiveness of PACE programs. For additional information on collecting and evaluating program data, see Appendix: Resources.

PACE programs should establish policies and procedures to ensure the privacy and security of customer data, and confirm that participating contractors adhere to those policies and procedures. All data should be collected and shared in accordance with applicable laws, including data security and privacy.²⁶

Conclusion

Current and prospective residential PACE financing programs are strongly encouraged to use these guidelines and best practices to develop PACE programs that meet the needs and goals of their communities. DOE will continue to support the implementation of PACE financing programs by capturing and disseminating best practices, promoting effective program design, and sharing lessons learned with stakeholders.

²⁵ For more information on Green Button, visit: <http://www.greenbuttondata.org/>.

²⁶ For additional guidelines and best practices for data security and privacy, see the PACE Nation Consumer Protection Policies, Section 6: Data Security, and Section 7: Data Privacy.

Appendix: Resources

The following resources are available to assist PACE program administrators and their stakeholders in planning, implementing, and evaluating their residential energy efficiency financing programs.

A) Energy and Water Efficiency Measures: Eligible Product Resources

The following resources provide information for establishing eligible measure lists for residential energy efficiency and water efficiency measures, including examples of eligible product lists from PACE programs.

- The DOE **Energy Saver** website is a consumer resource on saving energy and using renewable energy technologies at home. The Energy Saver website provides information on energy efficiency and renewable energy measures, products, and design strategies for saving energy in residential properties.
www.energy.gov/energysaver/
- The **ENERGY STAR** program certifies products that meet ENERGY STAR criteria, and provides information and resources for contractors, consumers, and programs on energy efficiency measures and improvements for existing homes.
<http://www.energystar.gov>
- The **EPA WaterSense** program makes it easy to find and select water efficient products and ensures consumer confidence in those products with a label backed by independent certification. WaterSense-labeled products are 20 percent more water efficient than average products in their category.
<http://www3.epa.gov/watersense>
- The **Consortium for Energy Efficiency (CEE)** establishes advanced performance tiers for highly efficient products that go beyond ENERGY STAR ratings. CEE develops specifications and publishes qualifying product lists that are available to utilities and residential energy efficiency programs, including PACE.
<http://www.cee1.org>
- **PACE Nation's Consumer Protection Handbook** provides policies and procedures for PACE programs to determine eligible and ineligible measures for PACE financing, including procedures for establishing an eligible products list.
<http://pacenation.us/wp-content/uploads/2016/08/PACENation-CPP-V1-2016.05.10.pdf>
- **California First Eligible Products List (EPL)** provides an example of eligible products for the California First PACE financing program.
<https://renewfinancial.com/product/californiafirst>

B) Energy Efficiency Measures: Cost and Savings Resources

The following resources provide technical information on the cost effectiveness and savings potential of energy efficiency measures.

- The **National Residential Efficiency Measures Database**, maintained by the National Renewable Energy Laboratory (NREL) is a publicly available, centralized resource of residential building retrofit measures and costs for the U.S. building industry.
<http://www.nrel.gov/ap/retrofits/>
- The **Demand-Side Management (DSM) Program Database and Reports**, maintained by Lawrence Berkeley National Laboratory (LBNL), (a) characterizes and inventories efficiency programs and (b) calculates and reports on the cost of saving energy through utility and other energy efficiency programs.
<https://emp.lbl.gov/what-it-costs-save-energy>
- The **California Public Utilities Commission Database for Energy Efficient Resources (DEER)** contains information on selected energy-efficient technologies and measures. The DEER provides estimates of the energy-savings potential for these technologies in residential and nonresidential applications.
<http://www.deeresources.com/>
- **Technical Reference Manuals (TRMs)** provide standards and protocols for verifying, measuring and evaluating energy savings. TRMs are developed and utilized by states and utilities for planning and implementing energy efficiency regulations and programs.
<http://database.aceee.org/state/evaluation-measurement-verification>

C) Renewable Energy Measures: Eligible Products, Costs, and Savings

- The **National Renewable Energy Laboratory (NREL)** provides PV WATTS and other tools and resources to develop estimates of renewable energy potential, including the performance of potential photovoltaic (PV) installations for residential buildings.
http://www.nrel.gov/analysis/models_tools.html; <http://pvwatts.nrel.gov>
- The **Solar Energy Industries Association** provides consumer protection standards, including a Solar Business Code, a Complaint Resolution Process, Disclosure Forms, and Model Contracts for Lease and Power Purchase Agreements (PPAs).
<http://www.seia.org/policy/consumer-protection>
- The **Database of State Incentives for Renewables and Efficiency (DSIRE)** is a comprehensive source of information on incentives and policies that support renewables and energy efficiency in the United States.
<http://www.dsireusa.org>

D) Program Design

The following resources are available to assist PACE program administrators in developing, implementing, and evaluating their residential energy efficiency programs.

- The DOE **Better Buildings Residential Program Solution Center** provides step-by-step guidance to help program administrators and their partners plan, operate, and evaluate residential energy efficiency programs.
<http://www.energy.gov/rpsc/>
- The State and Local Energy Efficiency Action Network **Energy Efficiency Financing Program Implementation Primer** provides key considerations for policymakers, energy efficiency program administrators, and program partners on implementing successful energy efficiency financing programs for existing buildings.
<https://www4.eere.energy.gov/seeaction/publication/energy-efficiency-financing-program-implementation-primer>
- The **Home Energy Score** is an easy-to-produce rating designed to help homeowners and homebuyers gain useful information about a home's energy performance. The Home Energy Score lets a homeowner understand how efficient the home is, how it compares to others, and provides recommendations on how to cost-effectively improve the home's energy efficiency.
<http://www.homeenergyscore.gov>
- The **Home Performance with ENERGY STAR** program provides homeowners with resources to identify trusted contractors that can help explain a home's energy use and identify home improvements that increase energy performance and improve comfort.
https://www.energystar.gov/index.cfm?fuseaction=hpwes_profiles.showSplash
- **PACE Nation** provides resources on residential PACE program design, including consumer protection policies, model legislation and ordinances, and information and on existing PACE programs.
www.pacenation.us
- The **California Statewide Communities Development Authority (CSCDA)** provides an open-market platform model for PACE programs. The CSCDA provides consumer protection policies, including model disclosure forms, for residential PACE programs in California.
www.cscda.org

E) Low-Income Households

The following resources provide additional information for delivering home upgrades to low-income households:

- The **Weatherization Assistance Program Technical Assistance Center (WAPTAC)** provides online resources for weatherization service providers, including technical tools, resources and training resources, an online library of resources, and access to technical experts.
<http://www.waptac.org>
- The **Lawrence Berkeley National Laboratory (LBNL)** provides online resources, including reports, case studies, and presentations on delivering energy efficiency to middle- and low-income households.
<http://middleincome.lbl.gov/>
- The **American Council for an Energy Efficient Economy (ACEEE)** provides reports, case studies, and information on state and local programs, policies, and funding for low-income energy efficiency, including research on best practices and strategies for effectively providing energy efficiency programs and services to low-income households.
<http://aceee.org/topics/low-income-programs>
- The **Low Income Solar Policy Guide** provides a road map to successful policies and programs that are creating access to solar technologies and jobs nationwide.
http://www.lowincomesolar.org/wp-content/uploads/2016/03/Low-Income-Solar-Policy-Guide_3.11.16.pdf

F) Contractor Training and Certification

The following resources provide additional information on contractor training and certification programs for energy efficiency and renewable energy measures:

- The **Building Performance Institute (BPI)** develops standards for energy efficiency retrofit work and issues professional certifications for contractors, home energy rating systems, and quality assurance services.
http://www.bpi.org/home_pros.aspx
- The **Residential Energy Services Network (RESNET)** is a national standards-making body for building energy efficiency rating systems, including the Mortgage Industry National Home Energy Rating Standards.
<http://www.resnet.org>
- The **North American Board of Certified Energy Practitioners (NABCEP)** offers entry-level knowledge assessment, professional certification, and company accreditation programs to renewable energy professionals throughout North America.
<http://www.nabcep.org/>

G) Real Estate Transactions and Appraisals

The following resources provide additional information on the valuation of energy-related improvements in real estate transactions and appraisals:

- The DOE report, ***Capturing Energy Efficiency in Residential Real Estate Transactions: Steps That Energy Efficiency Programs Can Take***, describes specific strategies for capturing the value of energy efficiency in real estate transactions, along with case studies and resources for energy efficiency programs, realtors, and appraisers.
https://rpsec.energy.gov/sites/default/files/publication/c-1176_Better_Buildings_Real_Estate_White_Paper.pdf
- The DOE **Better Buildings Residential Program Solution Center** provides a portfolio of resources on valuation and appraisal of energy efficiency improvements and integration of energy efficiency in real estate transactions, including reports, webinars, program case studies, and links to publications and webcasts.
<http://rpsec.energy.gov>
- The **Appraisal Institute** provides training, guidance, and publications for realtors and appraisers on methods and procedures for the valuation of energy efficiency, renewable energy, and other green features and improvements, including the following resources:
 - Residential Green and Energy-Efficient Addendum;
 - Residential Green Valuation Tools;
 - An Introduction to Green Homes.<http://www.appraisalinstitute.org/appraisal-institute-aids-us-department-of-energy-on-home-energy-efficiency/>
- The **PV Value**® online tool helps determine the value of a new or existing PV system installed on residential and commercial properties. It is designed for use by real estate appraisers, mortgage underwriters, credit analysts, PV industry sales staff, and other professionals involved in valuation of PV systems. For appraisers, the inputs specific to PV in the Residential Green and Energy Efficient Addendum can be used as inputs to PV Value®.
<https://www.pvvalue.com/>

H) Program Evaluation and Data

The following resources provide information on energy efficiency program evaluation and data collection:

- The DOE **Uniform Methods Project** provides a voluntary set of standard protocols for determining savings resulting from particular energy efficiency measures implemented through state and utility efficiency programs, including residential energy efficiency.
<http://energy.gov/eere/about-us/ump-protocols>
- The **SEE Action Network Energy Efficiency Program Impact Evaluation Guide** provides an overview of, and guidance on, energy efficiency program evaluation, including definitions, concepts, and steps for calculating savings, avoided emissions, and other impacts.
https://www4.eere.energy.gov/seeaction/system/files/documents/emv_ee_program_impact_guide_0.pdf
- The DOE Better Buildings Residential Program Solution Center **Evaluation and Data Collection Handbook** provides step-by-step guidance on evaluating residential energy efficiency programs, including planning and conducting evaluations, collecting data, and communicating impacts.
<https://bbnp.pnnl.gov/handbooks/evaluation-data-collection-%E2%80%93-overview>
- The DOE **Program Benchmarking Guide** (a) provides an inventory of recommended Residential Program Progress Metrics, (b) describes approaches for using them effectively, and (c) gives examples of peer benchmarks from residential energy efficiency programs.
<http://energy.gov/eere/better-buildings-residential-network/resources#guide>

I) U.S. Department of Housing and Urban Development (HUD) Resources

Fair Housing and Equal Opportunity

The following resources provide more information on program structure, operation, and evaluation to ensure equal access to housing, mortgage loans, and credit under the Fair Housing laws:

- **HUD Fair Housing** recommends collection of data to ensure that a population is not being disproportionately served.
<http://hudatwork.hud.gov/HUD/fheo/po/e/guidance/fheo-guidance>

Mortgage Market Information

The following sources provide information on the FHA single family PACE policy:

- **FHA Single Family** provides information and resources for lenders and consumers on FHA's single family housing programs and services.
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh
- **FHA Mortgagee Letters** provides information on HUD guidance to lenders, including PACE.
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/mortgagee
- The **FHA Resource Center** provides mechanisms for consumers and lenders to contact HUD to learn more about FHA's programs and services.
http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/fharesourcectr

EXHIBIT P



Kern Board of Supervisors votes to shut down PACE program

By: Daniel Freeman  (mailto:danielfreeman@kget.com)

Updated: Jun 14, 2017 04:22 AM PDT

~~(Interactive Media Not Supported by Print)~~

BAKERSFIELD, Calif. - The five supervisors heard nearly three straight hours of passionate debate by community members.

But in the end, opponents of the PACE program claimed victory in Kern County.

Melissa Dominguez says she was introduced to the pace program in 2013, when she got new windows and doors installed in her home. She says she did all her homework as a consumer.

"I had asked several times, 'Will I have trouble refinancing my home?' and the answer continuously was 'No no, you won't have a single problem refinancing your home,'" recalled Dominguez in front of the packed hearing.

But now she says she is struggling to refinance her home due to her outstanding PACE loan.

Just one example of what led the Board of Supervisors to vote 4 to 1 against the PACE program.

PACE or the Property Assessed Clean Energy program is an opportunity to provide typically lower income homeowners with a way to make affordable environmental upgrades to their homes.

Think central air, solar panels, roofs or window improvements.

The homeowner is given a loan, paid back in increased property taxes.

But that loan takes the form of a "super-priority lien," meaning if you want to sell or refinance your home, the PACE lien must be paid off first.

Opponents say this aspect of the program ultimately harms unsuspecting consumers.

The majority of supervisors agreed.

"I need to find a way to, I think put the breaks on...this program until that particular component is reformed," explained chairman of the board Zack Scrivner.

Supporters of the PACE program say this vote means homeowners will no longer have an affordable option to improve their homes and it could cost Kern County many jobs.

CEO of Bland Solar and Air, Glenn Bland spoke for the PACE program during the hearing, and while he thinks the vote was hasty and ill informed, he is hopeful about the future.

"It's not going to affect my business in the long run, maybe in the short run. We'll have a few...options to finance systems but, we adapt," Bland explained.

The official resolution to kill the PACE program is expected to come before the board in July. The Bakersfield City Council is expected to take up this same issue in the coming months, and both sides tell us they anticipate the same vigor of debate.

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EXHIBIT Q

http://www.bakersfield.com/news/bakersfield-city-council-ends-pace-loan-program/article_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html

Bakersfield City Council ends PACE loan program

BY STEVEN MAYER smayer@bakersfield.com Jul 19, 2017



Sheri Anthes speaks in favor of eliminating the PACE program in Bakersfield as others line up to also speak in favor of eliminating the program during Wednesday's Bakersfield City Council meeting.

Henry A. Barrios / The Californian

The supporters came out strong. So did the opponents.

But in the end, a clearly conflicted Bakersfield City Council voted to end the controversial Property Assessed Clean Energy program, commonly known as PACE.

The vote was 6-0, with Councilman Bob Smith absent. But the lopsided vote doesn't reflect the numerous questions, the failed attempts to find some middle way, and the reluctance some council members shared.

"I'm looking forward to tonight's vote like a root canal," said Ward 7 Councilman Chris Parlier.

And it was no wonder. The council chamber was packed, with an overflow crowd in the lobby watching the proceedings on a TV monitor.

The federal program allows companies to market energy-efficiency loans to property owners and, by partnering with local governments, repay the loan through an increase in property taxes.

Realtors, who have led the charge against PACE, say it's harder to refinance a home or in some cases sell a home when the property has the tax assessment attached. And some in public comment attested to that.

"This is a really good idea gone really bad," said Sheri Anthes, of the Bakersfield Association of Realtors.

"I'm on Social Security and I could not have done this otherwise," said homeowner Diane Swan, who was able to replace the roof on her home with help from a PACE loan.

But there were stories of people who couldn't refinance their home because it was encumbered with a PACE loan. And stories of consumers who bought air conditioners and other home improvements at highly inflated prices.

During public comment, both sides spoke with passion and conviction. Jobs were at stake, PACE supporters said. The ability for homeowners to refinance and even sell their homes was threatened, PACE opponents said.

But in the minds of city staff and some on the dais, it seemed that larger, overarching questions reigned supreme, such as whether it is in the public interest to allow private home improvement loans to be placed on tax bills for collection by a government agency. And whether the "super-lien" aspect of these loans giving them primacy, even over the payment of one's mortgage, was the program's poison pill.

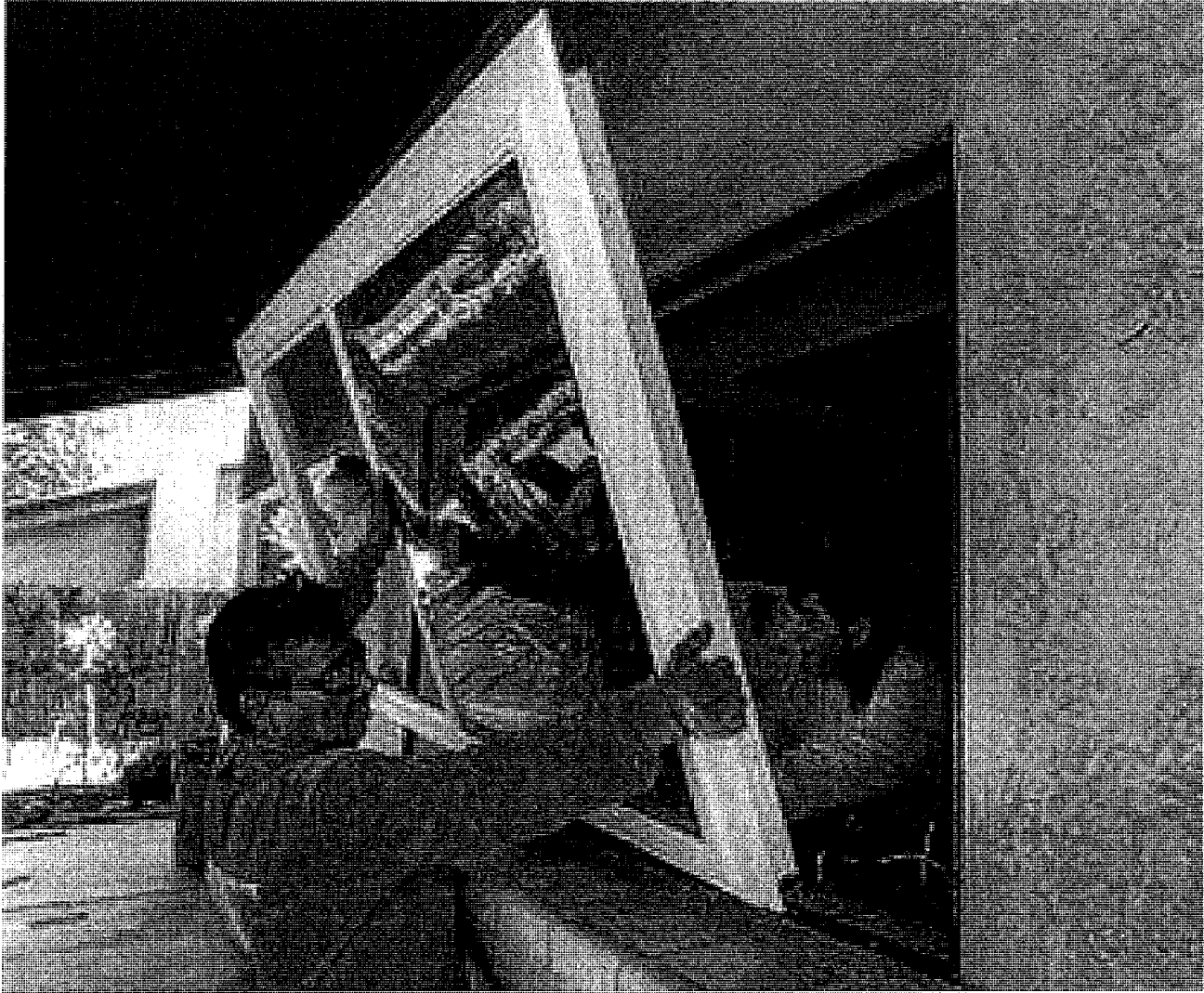
"City staff joins the Chamber of Commerce, Association of Realtors, KernTax, and the county Board of Supervisors in recommending against allowing the PACE programs," City Manager Alan Tandy said in his administrative report to the council. And he reiterated those positions Wednesday.

Late attempts to make the ending of PACE temporary, until a better way could be found, fizzled. Until, finally, the vote was unanimous, The program was dead.

But Blair McNeill, vice president of market development for Renovate Americas' HERO Program — one of the five companies allowed to administer the loans in Bakersfield — vowed Wednesday night that PACE will be back.

"This is the middle of the story and not the end, and either federal regulators or a consumer-protection bill working its way through Sacramento will answer councilmembers' questions," McNeill said. "PACE will be back in Bakersfield soon. In fact, the neighboring county, Tulare County, just approved three new PACE programs last week, including Renovate America's HERO financing."

MORE INFORMATION



Our View: Know about alternatives to PACE financing

Group files demand to invalidate Kern County vote to kill PACE program

Will city follow county's lead in nixing PACE?

Community Voices: PACE program deserved a decisive boot supervisors gave it

Group demands City of Bakersfield reverse PACE decision

EXHIBIT R

This page is part of your document - DO NOT DISCARD



20161603354



Pages:
0008

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

12/19/16 AT 08:00AM

FEES :	54.00
TAXES :	0.00
OTHER :	0.00
PAID :	54.00



LEADSHEET



201612190170001

00013123579



008022491

SEQ:
09

SECURE - 8:00AM



THIS FORM IS NOT TO BE DUPLICATED

20161228-03

E460076

EXHIBIT R

416

Nemore, Reginald
CA037126080

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO
Internal Services Department
LA County HERO Program Manager
1100 N. Eastern Avenue #200
Los Angeles, CA 90063

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5898.30 and recorded pursuant to Sts. & Hy. Code §5898.32. This Notice of Assessment does not create an involuntary lien within the meaning of Government Code §27297.5)

**NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED
COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
(LA HERO PROGRAM)**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (Chapter 29), including without limitation Sections 5898.24(d) and 5898.32 of Chapter 29, and in furtherance of Section 1102.6b of the California Civil Code, the County of Los Angeles (the "County"), State of California, hereby provides notice of the levy and collection by the County of a contractual assessment under the LA HERO Program (the "Program"), established and authorized pursuant to Chapter 29.

The Board of Supervisors of the County (the "Board of Supervisors") approved a report (the "Program Report"), on May 25, 2010, and as amended from time to time, prepared by the Internal Services Department, in accordance with Sections 5898.22 and 5898.23 of the Act, established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the cities within the County participating in the Program and the unincorporated area of the County (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of Chapter 29, the undersigned Authorized Officer of the County, at the direction of such Board of Supervisors, HEREBY GIVES NOTICE that pursuant to Chapter 29 and the Program Report, as initially approved and as amended to date, that:

1. **Record Owners and Legal Description of Property.** The real property subject to this notice (the "Property") and the record owners of such property (the "Record Owners") are identified in Exhibit "A" to this Notice, attached and incorporates herein by this reference.
2. **The Contractual Assessment.** The Record Owners and the County have entered into an Assessment Contract and may have also entered into a Memorandum Agreement of LA HERO Program Assessment Contract (Residential) (the "Memorandum Agreement") A copy of the Assessment Contract or Memorandum Agreement, if any, is contained in Exhibit "C" to this Notice, attached hereto and incorporated herein by this reference. Pursuant to the Assessment Contract, the Memorandum Agreement, if any, and Chapter 29, the Record Owners have requested and voluntarily agreed to the imposition of a voluntary contractual

Nemore, Reginald
CA037126080

agreement against the Property (the "Contractual Assessment"), which is generally collected by the County of Los Angeles, on behalf of the County, through the property tax bill for the property.

3. **Purpose for Which Funds Will Be Used.** The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract.

4. **Total Annual Amount and Expiration of Contractual Assessment.** Pursuant to the Assessment Contract, the County is making or will make a disbursement in the principal amount not to exceed \$26,427.00 (the "Disbursement") on behalf of the Record Owners to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the property is subject to the Contractual Assessment levied against the Property in the principal amount of the Disbursement, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of \$29,494.96, to be paid as set forth in the payment schedule on Exhibit "B" attached hereto. If the Contractual Assessment is so paid, such Contractual Assessment shall expire on 11/01/2041 unless prepaid in full prior to such date.

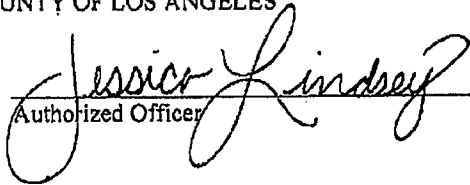
5. **Annual Administrative Assessment.** So long as the Contractual Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of the County which result from the administration and collection of the Contractual Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Contractual Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as the property taxes upon the Property become a lien each year.

The specific contact information for the County and more information regarding the Contractual Assessment may be obtained from the County of Los Angeles Internal Services Department, LA County HERO Program Manager at 1100 N. Eastern Avenue, #200, Los Angeles, CA 90063 (address), tel: (323) 267-2816.

Date of Assessment: 12/13/2016

COUNTY OF LOS ANGELES

By: 
Authorized Officer

Nemore, Reginald
CA037126080

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names: Reginald Nemore

Address: 657 E Ladera ST, Pasadena, CA 91104

APN(s): 5848020014

Legal Description:

THE FOLLOWING DESCRIBED REAL PROPERTY IN THE CITY OF PASADENA, COUNTY OF LOS ANGELES STATE OF CALIFORNIA: LOT 26 OF THE WILSON TRACT, IN THE CITY OF PASADENA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 6, PAGE 67 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Nemore, Reginald
CA037126080

EXHIBIT "B"

SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS

Tax Year	Total Annual Payment*	Interest Portion of Annual Payment**
2017 - 2018	\$2,871.12	\$2,846.12
2018 - 2019	\$2,871.12	\$2,846.12
2019 - 2020	\$2,871.12	\$2,846.12
2020 - 2021	\$2,871.12	\$2,779.26
2021 - 2022	\$2,871.12	\$2,317.86
2022 - 2023	\$2,871.12	\$2,273.75
2023 - 2024	\$2,871.12	\$2,225.96
2024 - 2025	\$2,871.12	\$2,174.18
2025 - 2026	\$2,871.12	\$2,118.07
2026 - 2027	\$2,871.12	\$2,057.28
2027 - 2028	\$2,871.12	\$1,991.41
2028 - 2029	\$2,871.12	\$1,920.04
2029 - 2030	\$2,871.12	\$1,842.71
2030 - 2031	\$2,871.12	\$1,758.93
2031 - 2032	\$2,871.12	\$1,668.15
2032 - 2033	\$2,871.12	\$1,569.79
2033 - 2034	\$2,871.12	\$1,463.21
2034 - 2035	\$2,871.12	\$1,347.74
2035 - 2036	\$2,871.12	\$1,222.62
2036 - 2037	\$2,871.12	\$1,087.06
2037 - 2038	\$2,871.12	\$940.18
2038 - 2039	\$2,871.12	\$781.04
2039 - 2040	\$2,871.12	\$608.60
2040 - 2041	\$2,871.12	\$421.77
2041 - 2042	\$2,871.12	\$219.33

* Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

** This column includes annual interest and any prepaid interest if financed.

EXHIBIT C

Nemore, Reginald
CA037126080

MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL)

THIS MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL) is entered into as of September, 2016, between the County of Los Angeles, a political subdivision of the State of California (the "Authority") and Reginald Nemore, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto

- 1 Authority has established the LA HERO Program (the "HERO Program") to allow financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure 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.
- 2 The Authority and the Property Owner are executing in connection herewith, that certain LA HERO Program Assessment Contract (Residential) dated as of the date hereof (the "Assessment Contract")
- 3 The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below)
- 4 Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The LA HERO Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.
- 5 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.
- 6 Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.
- 7 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.
- 8 The Property Owner hereby waives (i) 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, (ii) any 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

Nemore, Reginald
CA037126080

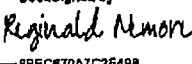
aspect of the proceedings of the Authority undertaken in connection with the HERO Program, and (iii) any rights waived in the Assessment Contract

9. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail

Description of Improvements:

PRODUCT #1	
Product Category Type:	Solar Photovoltaic Systems - Solar Panel
PRODUCT #2	
Product Category Type:	Solar Photovoltaic Systems - Solar Inverter
PRODUCT #3	
Product Category Type:	Building Envelope - Attic Insulation

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:	
DocuSigned by  8BEC670A7C2E498	
Reginald Nemore, Signature	
Date	9/29/2016
Identity Verification Code:	
Month/Day/Year	<input type="text" value="ID Verification Complete"/>

Nemore, Reginald
CA037126080

COUNTY OF LOS ANGELES Authorized Representative:

Timothy Cunningham

Name (Please Print)

DocuSigned by

Timothy Cunningham

SA1A9C1DBAA44AE

9/29/2016

County of Los Angeles Signature

Date of Execution by County of Los Angeles

This is a true and certified copy of the record
if it bears the seal, in printed in purple ink,
of the Registrar-Recorder/County Clerk

MAR 29 2018

Diana C. Lynn
REGISTRAR-RECORDER/COUNTY CLERK
LOS ANGELES COUNTY, CALIFORNIA



EXHIBIT S



Los Angeles County Registrar-Recorder/County Clerk

DEAN C. LOGAN

Registrar-Recorder/County Clerk

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

RR18-1/18

LAvote.net

12400 Imperial Highway, Norwalk, California 90650

EXHIBIT S

This page is part of your document - DO NOT DISCARD



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Pages:
0018

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

06/20/16 AT 08:00AM

FEES:	84.00
TAXES:	0.00
OTHER:	0.00
PAID:	84.00



LEADSHEET



201606200140021

00012240526



007621489

SEQ:
13

SECURE - 8:00AM



THIS FORM IS NOT TO BE DUPLICATED

20160629-04

Senac, Violeta
CA037113331

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO**
Best, Best & Krieger, LLP
3390 University Avenue, 5th Floor
P O Box 1028
Riverside, CA 92502
Attn PACE Closing Coordinator

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5898.30 and recorded pursuant to Streets & Highways Code §5898.32. This Notice of Assessment does not create an involuntary lien within the meaning of Government Code §27297.5.)

**NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED
COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
(LA HERO PROGRAM)**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (the "Act"), including without limitation Sections 5898.24(d) and 5898.32 of the Act, and in furtherance of Section 1102.6b of the California Civil Code, the County of Los Angeles (the "County"), State of California, hereby provides notice of the levy and collection by the County of a contractual assessment under the LA HERO Program (the "Program"), established and authorized pursuant to the Act.

The Board of Supervisors of the County (the "Board of Supervisors") approved a report (the "Program Report") on May 25, 2010, and as amended from time to time, prepared by the Internal Services Department in accordance with Sections 5898.22 and 5898.23 of the Act established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the cities within the County participating in the Program and the unincorporated area of the County (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of the Act, the undersigned Authorized Officer of the County, at the direction of such Board of Supervisors HEREBY GIVES NOTICE that pursuant to Chapter 29 and the Program Report, as initially approved and as amended to date, that

1. Record Owners and Legal Description of Property The County and Violeta Senac, the record owner(s) (the "Record Owners") of the real property described on Exhibit "A" to this Notice, attached hereto and incorporated herein by reference (the "Property") have entered into an assessment contract with the County (the "Assessment Contract"), a copy of which is contained in Exhibit "C" to this Notice, attached and incorporated herein by this reference. Pursuant to the Assessment Contract and

Senac Violeta
CA037113331

the Act, the Record Owners have requested and voluntarily agreed to the County's imposition of a contractual assessment against the Property (the "Contractual Assessment"), which is generally collected by the County of Los Angeles, on behalf of the County, through the consolidated property tax bill

2 Purpose for Which Funds Will Be Used The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract

3 Total and Annual Amount of Contractual Assessment Pursuant to the Assessment Contract the County is making or will make a disbursement in the principal amount not to exceed \$39,995 00 (the "Disbursement") to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract Pursuant to the Assessment Contract, the Record Owners agree that the property is subject to an assessment levied against the Property pursuant to Chapter 29 in the principal amount of the Disbursement, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of \$42,892 07 as set forth in the payment schedule on Exhibit "B" attached hereto


4 Expiration of the Contractual Assessment So long as the Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of the County 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 Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment") The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Assessment shall become a lien upon the Property In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as the property taxes upon the Property become a lien each year

The specific contact information for the County and more information regarding the Contractual Assessment may be obtained from the County of Los Angeles Internal Services Department, LA County HERO Program Manager at 1100 N Eastern Avenue #200 Los Angeles CA 90063 (address) tel (323) 267-2816

Date of Assessment 06/14/2016

COUNTY OF LOS ANGELES

By 
Authorized Officer

Senac, Violeta
CA037113331

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names. Violeta Senac

Address: 5755 Ensign Ave, North Hollywood, CA 91601

APN(s) 2337026010

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOSANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS LOT 38, OF TRACT NO 7778, IN THE CITY OF LOS ANGELES COUNTY OF LOSANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 81 PAGES 38 AND 39 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY EXCEPTING THE SOUTH 50 FEET THEREOF ALSO EXCEPTING THE NORTH 50 FEET THEREOF

Senae, Violeta
CA037113331

EXHIBIT "B"

**SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING
PRINCIPAL, INTEREST, AND THE ANNUAL ASSESSMENT ADMINISTRATIVE FEE**

Tax Year	Principal	Interest	Total Principal and Interest	Current Annual Assessment Administrative Fee**	Total Annual Assessment Installment
2016-2017	\$901 56	\$3,581 49	\$4,483 05	\$35 00	\$4,518 05
2017-2018	976 84	3,506 21	4,483 05	35 00	4,518 05
2018-2019	1,058 41	3,424 64	4,483 05	35 00	4,518 05
2019-2020	1,146 78	3,336 27	4,483 05	35 00	4,518 05
2020-2021	1,242 54	3,240 51	4,483 05	35 00	4,518 05
2021-2022	1,346 29	3,136 76	4,483 05	35 00	4,518 05
2022-2023	1,458 71	3,024 34	4,483 05	35 00	4,518 05
2023-2024	1,580 51	2,902 54	4,483 05	35 00	4,518 05
2024-2025	1,712 48	2,770 57	4,483 05	35 00	4,518 05
2025-2026	1,855 48	2,627 57	4,483 05	35 00	4,518 05
2026-2027	2,010 41	2,472 64	4,483 05	35 00	4,518 05
2027-2028	2,178 28	2,304 77	4,483 05	35 00	4,518 05
2028-2029	2,360 16	2,122 89	4,483 05	35 00	4,518 05
2029-2030	2,557 24	1,925 81	4,483 05	35 00	4,518 05
2030-2031	2,770 77	1,712 28	4,483 05	35 00	4,518 05
2031-2032	3,002 13	1,480 92	4,483 05	35 00	4,518 05
2032-2033	3,252 80	1,230 25	4,483 05	35 00	4,518 05
2033-2034	3,524 41	958 64	4,483 05	35 00	4,518 05
2034-2035	3,818 70	664 35	4,483 05	35 00	4,518 05
2035-2036	4,137 57	345 49	4,483 06	35 00	4,518 06

**Subject to increase pursuant to the Assessment Contract

Senac, Violeta
CA037113331

EXHIBIT C

LA HERO Program ASSESSMENT CONTRACT (RESIDENTIAL)

This Assessment Contract (this "Contract") is made and entered into as of this 19th day of May, 2016, by and between the County of Los Angeles, a political subdivision of the State of California (the "County"), and the record owner(s), Violeta Senac, (the "Property Owner"), of the fee title to the real property identified on Exhibit A (the "Property")

RECITALS

WHEREAS, the County is a political subdivision of the State of California, and

WHEREAS, the County has established the LA HERO Program (the "HERO Program") to allow for the financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure 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, the Property is located in within the unincorporated boundaries of the County or the boundaries of the City identified in Exhibit A hereto (the County or such City, as applicable, the "Participating Entity") that has resolved to participate in the HERO Program, and the Participating Entity has consented to (i) owners of property within its jurisdiction participating in the HERO Program and (ii) the County conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance Authorized Improvements, and

WHEREAS, pursuant to Chapter 29, the County and the Property Owner wish to enter into a contract pursuant to which the Property Owner would freely and willingly agree and consent to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit A (the "Improvements") and the County 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 contained in the Contract, including the other Contract Documents specified in Exhibit B hereto, the Property Owner and the County formally covenant, agree and bind themselves and their successors and assigns as follows

Senac, Violeta
CA037113331

AGREEMENT

Section 1 Purpose The Property Owner and the County are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. The County 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 the County 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. The County 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 the County issues bonds to finance the installation of the Improvements.

(b) The Assessment The Assessment shall equal the total amount disbursed by the County 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 the County 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 LA HERO Program Handbook, Version 1.1, dated August 2015, Section 7.6 referred to herein as the "Handbook") the County 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 the County 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 the County may add amounts to an annual installment of the Assessment in order to pay for the costs of collecting the Assessment (the "Annual Administrative Assessment").

Senco, Violeta
CA037113331

(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 second business day of the second month 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, the County, or the HERO Program on behalf of the County, 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 The County, or the HERO Program on behalf of the County, shall prepare and provide such Addendum to the Property Owner for review and signature Once signed by the Property Owner, the County 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 Annual 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, the County 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, the County 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 The County hereby agrees to use the Assessment, together with the Annual Administrative Assessment, to finance the Improvements, including the payment of the County's reasonable costs of administering the HERO Program, subject to the Property Owner's compliance with the conditions for such financing established by the County

(b) Assessment Installments The Property Owner agrees to the issuance of bonds by the County to finance the installation of the Improvements The interest rate used to calculate the Assessment installments is set forth on Exhibit B If the applicable interest rate on the Bonds issued to finance installation of the Improvements, or the actual cost of the Improvements disbursed by the County, is less than the corresponding terms shown on Exhibit B, then, concurrently with the disbursement of

funds to the Property Owner, the County shall provide the Property Owner with a schedule of annual Assessment Installments, in the form of a Final Payment Summary, which shall determine the Assessment Installment obligations applicable to the Property

Section 7 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 the County agree as follows

- (a) Upon receipt of the initial Completion Certificate from a Contractor and the Property Owner (the "First Installation Completion Certificate") acknowledging installation of the first type or category of Improvements, then
 - i The County shall cause all instruments, documents and agreements described in Section 9 of this Contract to be recorded,
 - ii The County shall cause bonds to be issued and sold in the amount equal to the Actual Disbursement Amount deposited with such municipal trustee,
 - iii The County shall cause the amount reflected in the First Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements, and
 - iv The County shall cause all administrative, recording and other fees described on line 5 of the "Schedule of Estimated Maximum Annual Assessment Installments" set forth in Exhibit B to be paid
- (b) Upon receipt of a subsequent Completion Certificate from the Property Owner and the Contractor (each, a "Subsequent Installation(s) Completion Certificate") acknowledging installation of the subsequent types or categories of Improvements, the County shall cause the municipal trustee for the Program to disburse amount(s) reflected in each such Subsequent Installation Completion Certificate to the Contractor who installed such Improvements
- (c) Upon receipt of the final Completion Certificate from the Contractor and the Property Owner (the "Final Installation Completion Certificate") acknowledging installation of the final types or categories of Improvements, then
 - i The County shall cause the amount reflected in such Final Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements (the "Final Disbursement"), provided, however, that
 - 1 If the remaining balance of the Actual Disbursement Amount deposited with the municipal trustee following such Final Disbursement is \$100 or more, the County shall cause such excess to be applied 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 deposited with the municipal trustee following such Final Disbursement is less than \$100, the County shall cause such excess to be applied to the payment of administrative expenses, or
 - 3 If such remaining balance of the Actual Disbursement Amount deposited with the municipal trustee is less than the amount reflected in the Final Installation Completion Certificate, the Property Owner shall be individually responsible for paying such difference to the applicable Contractor, and

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- 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 7 is not installed by the expiration date reflected in the Notice to Proceed, then the County 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 the Property Owner's outstanding Assessment

Section 8 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 the County, in its sole discretion, determines that the Assessment should be allocated in an alternate manner

Section 9 Recordation of Documents The Property Owner hereby authorizes and directs the County 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 10 Property Transfers, Notice, and Acknowledgment To the extent required by applicable law, the Property Owner hereby agrees to provide written notice of the obligation to pay the Assessment pursuant to this Contract to any subsequent purchaser or transferee of the Property or any interest therein, including any subdivision of the Property, at or before the time of sale or transfer of the Property

Property Owner acknowledges that the Assessment and obligation to pay the Assessment pursuant to this Contract runs with the land and, upon sale or transfer of the Property or any interest therein, any subsequent owner or transferee shall be required to pay the Assessment pursuant to this Contract. If a subsequent owner or transferee fails to pay the Assessment pursuant to this Contract, then the provisions of this Contract, including Section 5, shall apply to the subsequent owner or transferee's interest in the Property to the extent permitted by law. Property Owner further acknowledges that a subsequent purchaser or transferee, or any interested party to the sale or transfer (such as the lender) may require as a condition of sale or transfer that the Assessment be paid in full prior to such sale or transfer

Section 11 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 XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot

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The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the County 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 Owner 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 the County 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 the County 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 the County, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the County 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 the County, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the County 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.

Violeta Senac Initials	^{DS} VS	Initials	_____
Initials	_____	Initials	_____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Contract.

Section 12 Indemnification The Property Owner agrees to indemnify, defend, protect, and hold harmless the County, the Participating Entity and any and all agents, employees, attorneys,

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representatives and successors and assigns of the County 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 12 shall survive the termination of this Contract

Section 13 Right to Inspect Property The Property Owner hereby grants the County, 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 the County, its agents and representatives the right to examine and copy any documentation relating to the Improvements

Section 14 Carbon Credits The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the County

Section 15 HERO Program Application The Property Owner hereby represents and warrants to the County that the information set forth in the HERO Program Application submitted to the County 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 16 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 the County and the Property Owner

Section 17 Binding Effect, Assignment This Contract inures to the benefit of and is binding upon the County, the Property Owner and their respective successors and assigns. The County 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 the County's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property

Section 18 Exhibits 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 19 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 20 Corrective Instruments The County 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

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Section 21 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, including without limitation, actions to foreclose delinquent installments of the Assessment, must be instituted in the Superior Court of the County of Los Angeles, State of California.

Section 22 Existing Instruments Property Owner acknowledges that entry by the Property Owner into this Contract without the consent of an existing lender could constitute an event of default under existing mortgage(s) agreements or other security instruments ("Existing Instruments") and that defaulting under an Existing Instrument could have serious consequences to the Property Owner, which could include the acceleration of the repayment obligations due under such instrument. Property Owner further acknowledges Fannie Mae and Freddie Mac, the owner of a significant portion of all home mortgages, have stated that they will not purchase home loans with assessments such as those Assessment created pursuant to this Contract and that property owners who sell or refinance their properties may be required to prepay such assessments at the time they close their sale or refinancing.

Section 23 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 24 Monitoring and Recording of Telephone Calls The HERO Program may monitor and/or record telephone calls for security and customer service purposes. By executing this Contract the Property Owner agrees to have their telephone calls with the HERO Program monitored and/or recorded.

Section 25 Contract Documents Property Owner understands and acknowledges that the entire agreement between Property Owner and the County 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 the County that the 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 LA HERO Program Handbook (the "Handbook").
- c Property Owner has reviewed, understands, agrees to and affirms each and every representation and warranty contained in the Property Owner's application and the Handbook.

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

Property Owner(s) must execute and return this Contract to the County at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by the County not later than 05/29/2016. If the Property Owner fails to return the signed Contract to the County by the indicated date the HERO Program reserves the right to require the Property Owner to enter into a new Contract. All signatures of the Property Owner must be notarized by a duly licensed notary unless the Property Owner has previously successfully completed the identity verification process approved by the County.

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IN WITNESS WHEREOF, the County 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	
DocuSigned by <i>Violeta Senac</i> FOA19316AS32448	
Violeta Senac, Signature	
Date <u>5/19/2016</u> Month/Day/Year	Identity Verification Code <u>1428906784</u>

COUNTY OF LOS ANGELES Authorized Representative	
Ronald J Mohr III	
Name (Please Print)	
DocuSigned by <i>Ronald J Mohr III</i> 4CC0A8475F08474	5/22/2016
County of Los Angeles Signature	Date of Execution by County of Los Angeles

Senac Violeta
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EXHIBIT A

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

Description of Property

Property Owner Name(s) Violeta Senac
Property Address 5755 Ensign Ave, North Hollywood, CA 91601
APN 2337026010
Participating Entity City of Los Angeles

Description of Products

The Products include the following

PRODUCT #1	
Product Category Type	Building Envelope - Cool Roof - Prescriptive
PRODUCT #2	
Product Category Type	Indoor Water Efficiency - High-Efficiency Toilet Fixtures
PRODUCT #3	
Product Category Type	Windows, Doors, and Skylights - Exterior Windows
PRODUCT #4	
Product Category Type	Windows, Doors, and Skylights - Exterior Doors

Or similar energy efficiency or water efficiency product, as applicable, which is authorized under the Handbook

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

Internal Services Department
LA County HERO Program Manager

Senac Violeta
CA037113331

1100 N Eastern Ave # 200
Los Angeles, CA 90063

Violeta Senac
5755 Ensign Ave
North Hollywood, CA 91601

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CA037113331

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 Property Owner Application,
- The Right to Cancel,
- The Completion Certificate or, pursuant to Section 7, each applicable Completion Certificate,
- The Assessment Cost and Payment Summary,
- The Notice of Assessment,
- The Payment of Contractual Assessment Required,
- The LA HERO Program Handbook, Version 1.1, dated August 2015, and
- The HERO Program website located at <https://www.heroprogram.com>

Disbursement Amounts

The "Maximum Disbursement Amount" under this Contract is \$67,765.00, which means that the County shall not disburse any amount that exceeds this figure

The "Estimated Disbursement Amount" under this Contract is \$47,070.13, which was based upon the Improvements and pricing set forth on the table below in this Exhibit B. The Estimated Disbursement Date is October 29, 2016, which date is used in the table below

Schedule of Estimated Maximum Annual Assessment Installments

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

- 1 The County disburses the Estimated Disbursement Amount on the Estimated Disbursement Date
- 2 Interest totaling a maximum of \$4,596.33 will accumulate until the Property Owner's first payment. That amount will be added to Property Owner's Estimated Disbursement Amount
- 3 The Assessment Interest Rate is 8.36%
- 4 The Annual Percentage Rate (APR) of Property Owner's Assessment is 9.31%. APR is the annual interest rate Property Owner will actually pay on Property Owner's Assessment, including fees required in order to participate in the HERO Program
- 5 The total administrative fees, recording fees and annual assessment added to Property Owner's Assessment is \$2,478.80

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Tax Year (commencing July 1)	Interest	Principal	Total Assessment	Current Annual Administrative Assessment Fee ¹	Total Estimated Contractual Assessment Payment
2017 - 2018*	\$3 830 36	\$989 38	\$4 919 74	\$35 00	\$4 954 74
2018 - 2019	\$3 847 75	\$1 071 99	\$4 919 74	\$35 00	\$4 954 74
2019 - 2020	\$3 788 23	\$1 181 61	\$4 919 74	\$35 00	\$4 954 74
2020 - 2021	\$3 681 25	\$1 258 49	\$4 919 74	\$35 00	\$4 954 74
2021 - 2022	\$3,556 16	\$1 363 58	\$4 919 74	\$35 00	\$4 954 74
2022 - 2023	\$3 442 31	\$1 477 43	\$4 919 74	\$35 00	\$4 954 74
2023 - 2024	\$3 318 94	\$1 600 80	\$4 919 74	\$35 00	\$4 954 74
2024 - 2025	\$3 185 27	\$1 734 47	\$4 919 74	\$35 00	\$4 954 74
2025 - 2026	\$3 040 46	\$1 879 29	\$4 919 74	\$35 00	\$4 954 74
2026 - 2027	\$2 883 52	\$2 038 22	\$4 919 74	\$35 00	\$4 954 74
2027 - 2028	\$2 713 50	\$2 208 24	\$4 919 74	\$35 00	\$4 954 74
2028 - 2029	\$2 629 28	\$2,380 46	\$4 919 74	\$35 00	\$4 954 74
2029 - 2030	\$2 329 68	\$2 590 06	\$4 919 74	\$35 00	\$4 954 74
2030 - 2031	\$2 113 41	\$2 808 33	\$4 919 74	\$35 00	\$4 954 74
2031 - 2032	\$1 879 08	\$3,040 66	\$4 919 74	\$35 00	\$4 954 74
2032 - 2033	\$1 625 18	\$3 294 56	\$4 919 74	\$35 00	\$4 954 74
2033 - 2034	\$1 350 09	\$3 569 65	\$4 919 74	\$35 00	\$4 954 74
2034 - 2035	\$1 052 02	\$3 867 72	\$4 919 74	\$35 00	\$4 954 74
2035 - 2036	\$729 06	\$4 190 68	\$4 919 74	\$35 00	\$4 954 74
2036 - 2037	\$379 14	\$4 540 61	\$4 919 75	\$35 00	\$4 954 75

*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

FOLLOWING THE DISBURSEMENT OF THE ACTUAL DISBURSEMENT AMOUNT, THE HERO PROGRAM ADMINISTRATOR WILL ADJUST THE ASSESSMENT AND THE ESTIMATED MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS, IF NECESSARY, TO REFLECT THE ACTUAL ASSESSMENT BASED UPON THE ACTUAL DISBURSEMENT AMOUNT, THE ACTUAL DATE OF DISBURSEMENT AND THE ACTUAL AMOUNT OF INTEREST DUE AND PAYABLE BEFORE THE FIRST PAYMENT ADDED TO THE ACTUAL DISBURSEMENT AMOUNT. THE ACTUAL AMOUNT OF THE ASSESSMENT AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS SHALL BE SPECIFIED IN THE "PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED" TO BE RECORDED BY THE COUNTY IN THE OFFICE OF THE COUNTY RECORDER.

Prepayment

You have a right to pay off your assessment lien amount at any time in full, or in any amount of at least \$2,500 pursuant to Section 3(d) of the Assessment Contract. However, if you do so, you will have to pay the principal amount of the assessment to be prepaid ("Assessment Prepayment Amount") and interest on the Assessment Prepayment Amount to the second business day of the second month following the date the prepayment is made.

This is a true and certified copy of the record
if it bears the seal, imprinted in purple ink,
of the Registrar-Recorder/County Clerk.

FEB 13 2018

Dean C. Lynn REGISTRAR-RECORDER/COUNTY CLERK
LOS ANGELES COUNTY, CALIFORNIA





Los Angeles County Registrar-Recorder/County Clerk

DEAN C. LOGAN

Registrar-Recorder/County Clerk

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

RR18-1/18

LAvote.net

12400 Imperial Highway, Norwalk, California 90650

This page is part of your document - DO NOT DISCARD



20161251908



Pages:
0007

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

10/13/16 AT 08:00AM

FEES:	51.00
TAXES:	0.00
OTHER:	0.00
PAID:	<u>51.00</u>



LEADSHEET



201610130150019

00012771961



007868006

SEQ:
10

SECURE - 8:00AM



THIS FORM IS NOT TO BE DUPLICATED

20161019-09

E460070

Millender, Aurelia
CA037123628

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO
Internal Services Department
LA County HERO Program Manager
1100 N. Eastern Avenue #200
Los Angeles, CA 90063

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5898.30 and recorded pursuant to Sts. & Hy. Code §5898.32. This Notice of Assessment does not create an involuntary lien within the meaning of Government Code §27297.5)

**NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED
COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
(LA HERO PROGRAM)**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (Chapter 29), including without limitation Sections 5898.24(d) and 5898.32 of Chapter 29, and in furtherance of Section 1102.6b of the California Civil Code, the County of Los Angeles (the "County"), State of California, hereby provides notice of the levy and collection by the County of a contractual assessment under the LA HERO Program (the "Program"), established and authorized pursuant to Chapter 29.

The Board of Supervisors of the County (the "Board of Supervisors") approved a report (the "Program Report"), on May 25, 2010, and as amended from time to time, prepared by the Internal Services Department, in accordance with Sections 5898.22 and 5898.23 of the Act, established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the cities within the County participating in the Program and the unincorporated area of the County (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of Chapter 29, the undersigned Authorized Officer of the County, at the direction of such Board of Supervisors, HEREBY GIVES NOTICE that pursuant to Chapter 29 and the Program Report, as initially approved and as amended to date, that:

1. **Record Owners and Legal Description of Property.** The real property subject to this notice (the "Property") and the record owners of such property (the "Record Owners") are identified in Exhibit "A" to this Notice, attached and incorporates herein by this reference.
2. **The Contractual Assessment.** The Record Owners and the County have entered into an Assessment Contract and may have also entered into a Memorandum Agreement of LA HERO Program Assessment Contract (Residential) (the "Memorandum Agreement"). A copy of the Assessment Contract or Memorandum Agreement, if any, is contained in Exhibit "C" to this Notice, attached hereto and incorporated herein by this reference. Pursuant to the Assessment Contract, the Memorandum Agreement, if any, and Chapter 29, the Record Owners have requested and voluntarily agreed to the imposition of a voluntary contractual

Millender, Aurelia
CA037123628

agreement against the Property (the "Contractual Assessment"), which is generally collected by the County of Los Angeles, on behalf of the County, through the property tax bill for the property.

3. **Purpose for Which Funds Will Be Used.** The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract.

4. **Total Annual Amount and Expiration of Contractual Assessment.** Pursuant to the Assessment Contract, the County is making or will make a disbursement in the principal amount not to exceed \$18,951.00 (the "Disbursement") on behalf of the Record Owners to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the property is subject to the Contractual Assessment levied against the Property in the principal amount of the Disbursement, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of \$21,687.72, to be paid as set forth in the payment schedule on Exhibit "B" attached hereto. If the Contractual Assessment is so paid, such Contractual Assessment shall expire on 11/01/2036 unless prepaid in full prior to such date.

5. **Annual Administrative Assessment.** So long as the Contractual Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of the County which result from the administration and collection of the Contractual Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Contractual Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as the property taxes upon the Property become a lien each year.

The specific contact information for the County and more information regarding the Contractual Assessment may be obtained from the County of Los Angeles Internal Services Department, LA County HERO Program Manager at 1100 N. Eastern Avenue, #200, Los Angeles, CA 90063 (address), tel: (323) 267-2816.

Date of Assessment: 10/06/2016

COUNTY OF LOS ANGELES

By: 
Authorized Officer

Millender, Aurelia
CA037123628

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names: Aurelia Millender

Address: 2057 W 71st St, Los Angeles, CA 90047

APN(s): 6016028011

Legal Description:

THE FOLLOWING REAL PROPERTY IN THE CITY OF LOS ANGELES, COUNTY OF LOSANGELES, STATE OF CALIFORNIA:THE WEST 22.8 FEET OF LOT 128 AND THE EAST 18.2 FEET OF LOT 129 OFTRACT NO. 6279, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES,STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 106 PAGES 65 TO 67,INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAIDCOUNTY.

Millender, Aurelia
CA037123628

EXHIBIT "B"

SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS

Tax Year	Total Annual Payment*	Interest Portion of Annual Payment**
2017 - 2018	\$2,291.79	\$2,266.79
2018 - 2019	\$2,291.79	\$2,266.79
2019 - 2020	\$2,291.79	\$2,266.79
2020 - 2021	\$2,291.79	\$1,776.48
2021 - 2022	\$2,291.79	\$1,638.52
2022 - 2023	\$2,291.79	\$1,586.06
2023 - 2024	\$2,291.79	\$1,529.22
2024 - 2025	\$2,291.79	\$1,467.63
2025 - 2026	\$2,291.79	\$1,400.90
2026 - 2027	\$2,291.79	\$1,328.60
2027 - 2028	\$2,291.79	\$1,250.26
2028 - 2029	\$2,291.79	\$1,165.38
2029 - 2030	\$2,291.79	\$1,073.41
2030 - 2031	\$2,291.79	\$973.76
2031 - 2032	\$2,291.79	\$865.79
2032 - 2033	\$2,291.79	\$748.81
2033 - 2034	\$2,291.79	\$622.06
2034 - 2035	\$2,291.79	\$484.72
2035 - 2036	\$2,291.79	\$335.92
2036 - 2037	\$2,291.80	\$174.69

* Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

** This column includes annual interest and any prepaid interest if financed.

EXHIBIT C

Millender, Aurella
CA037123628

MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL)

THIS MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL) is entered into as of August, 2016, between the County of Los Angeles, a political subdivision of the State of California (the "Authority") and Aurella Millender, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto.

1. Authority has established the LA HERO Program (the "HERO Program") to allow financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure 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.
2. The Authority and the Property Owner are executing in connection herewith, that certain LA HERO Program Assessment Contract (Residential) dated as of the date hereof (the "Assessment Contract").
3. The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below).
4. Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The LA HERO Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.
5. 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.
6. Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.
7. 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.
8. The Property Owner hereby waives (i) 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; (ii) any 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

Millender, Aurelia
CA037123628

aspect of the proceedings of the Authority undertaken in connection with the HERO Program; and (iii) any rights waived in the Assessment Contract.

9. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail.

Description of Improvements:

PRODUCT #1	
Product Category Type:	Building Envelope - Heat Reflective/Cool Wall Coverings
PRODUCT #2	
Product Category Type:	Windows, Doors, and Skylights - Exterior Windows

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:	
DocuSigned by: <i>Aurelia Millender</i> AD1C0EAE031E4BF	
Aurelia Millender, Signature	
Date: 8/30/2016	Identity Verification Code:
Month/Day/Year	1480371704

COUNTY OF LOS ANGELES: Authorized Representative:	
Timothy Cunningham	
Name (Please Print)	
DocuSigned by: <i>Timothy Cunningham</i> 3A1A8C4DBAA44AE	
8/31/2016	Date of Execution by County of Los Angeles
County of Los Angeles Signature	

This is a true and certified copy of the record
if it bears the seal, imprinted in purple ink,
of the Registrar-Recorder/County Clerk

FEB 13 2018

Dean C. Lynn REGISTRAR-RECORDER/COUNTY CLERK
LOS ANGELES COUNTY, CALIFORNIA



EXHIBIT U



Los Angeles County Registrar-Recorder/County Clerk

DEAN C. LOGAN
Registrar-Recorder/County Clerk

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

RR18-1/18

LAvote.net

12400 Imperial Highway, Norwalk, California 90650

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20161508182



Pages:
0007

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

12/01/16 AT 08:00AM

FEES:	51.00
TAXES:	0.00
OTHER:	0.00
PAID:	51.00



LEADSHEET



201612010210002

00013037601



007980768

SEQ:
15

SECURE - 8:00AM



THIS FORM IS NOT TO BE DUPLICATED

20161207-05

E441908

Millender, Aurelia
CA037127073

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO**
Internal Services Department
LA County HERO Program Manager
1100 N. Eastern Avenue #200
Los Angeles, CA 90063

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5898.30 and recorded pursuant to Sts. & Hy. Code §5898.32. This Notice of Assessment does not create an involuntary lien within the meaning of Government Code §27297.5)

**NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED
COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
(LA HERO PROGRAM)**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (Chapter 29), including without limitation Sections 5898.24(d) and 5898.32 of Chapter 29, and in furtherance of Section 1102.6b of the California Civil Code, the County of Los Angeles (the "County"), State of California, hereby provides notice of the levy and collection by the County of a contractual assessment under the LA HERO Program (the "Program"), established and authorized pursuant to Chapter 29.

The Board of Supervisors of the County (the "Board of Supervisors") approved a report (the "Program Report"), on May 25, 2010, and as amended from time to time, prepared by the Internal Services Department, in accordance with Sections 5898.22 and 5898.23 of the Act, established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the cities within the County participating in the Program and the unincorporated area of the County (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of Chapter 29, the undersigned Authorized Officer of the County, at the direction of such Board of Supervisors, HEREBY GIVES NOTICE that pursuant to Chapter 29 and the Program Report, as initially approved and as amended to date, that:

1. **Record Owners and Legal Description of Property.** The real property subject to this notice (the "Property") and the record owners of such property (the "Record Owners") are identified in Exhibit "A" to this Notice, attached and incorporates herein by this reference.

2. **The Contractual Assessment.** The Record Owners and the County have entered into an Assessment Contract and may have also entered into a Memorandum Agreement of LA HERO Program Assessment Contract (Residential) (the "Memorandum Agreement"). A copy of the Assessment Contract or Memorandum Agreement, if any, is contained in Exhibit "C" to this Notice, attached hereto and incorporated herein by this reference. Pursuant to the Assessment Contract, the Memorandum Agreement, if any, and Chapter 29, the Record Owners have requested and voluntarily agreed to the imposition of a voluntary contractual

Millender, Aurelia
CA037127073

agreement against the Property (the "Contractual Assessment"), which is generally collected by the County of Los Angeles, on behalf of the County, through the property tax bill for the property.

3. **Purpose for Which Funds Will Be Used.** The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract.

4. **Total Annual Amount and Expiration of Contractual Assessment.** Pursuant to the Assessment Contract, the County is making or will make a disbursement in the principal amount not to exceed \$20,500.00 (the "Disbursement") on behalf of the Record Owners to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the property is subject to the Contractual Assessment levied against the Property in the principal amount of the Disbursement, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of \$23,159.12, to be paid as set forth in the payment schedule on Exhibit "B" attached hereto. If the Contractual Assessment is so paid, such Contractual Assessment shall expire on 11/01/2036 unless prepaid in full prior to such date.

5. **Annual Administrative Assessment.** So long as the Contractual Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of the County which result from the administration and collection of the Contractual Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Contractual Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as the property taxes upon the Property become a lien each year.

The specific contact information for the County and more information regarding the Contractual Assessment may be obtained from the County of Los Angeles Internal Services Department, LA County HERO Program Manager at 1100 N. Eastern Avenue, #200, Los Angeles, CA 90063 (address), tel: (323) 267-2816.

Date of Assessment: 11/22/2016

COUNTY OF LOS ANGELES

By: *Daniel Moral*
Authorized Officer

Millender, Aurelia
CA037127073

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names: Aurelia Millender

Address: 2057 W 71st St, Los Angeles, CA 90047

APN(s): 6016028011

Legal Description:

THE FOLLOWING REAL PROPERTY IN THE CITY OF LOS ANGELES, COUNTY OF LOSANGELES, STATE OF CALIFORNIA:THE WEST 22.8 FEET OF LOT 128 AND THE EAST 18.2 FEET OF LOT 129 OFTRACT NO. 6279, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES,STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 106 PAGES 65 TO 67,INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAIDCOUNTY.

Millender, Aurelia
CA037127073

EXHIBIT "B"

SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS

Tax Year	Total Annual Payment*	Interest Portion of Annual Payment**
2017 - 2018	\$2,445.57	\$2,420.57
2018 - 2019	\$2,445.57	\$2,420.57
2019 - 2020	\$2,445.57	\$2,258.35
2020 - 2021	\$2,445.57	\$1,801.38
2021 - 2022	\$2,445.57	\$1,749.67
2022 - 2023	\$2,445.57	\$1,693.65
2023 - 2024	\$2,445.57	\$1,632.96
2024 - 2025	\$2,445.57	\$1,567.19
2025 - 2026	\$2,445.57	\$1,495.93
2026 - 2027	\$2,445.57	\$1,418.73
2027 - 2028	\$2,445.57	\$1,335.07
2028 - 2029	\$2,445.57	\$1,244.43
2029 - 2030	\$2,445.57	\$1,146.22
2030 - 2031	\$2,445.57	\$1,039.82
2031 - 2032	\$2,445.57	\$924.52
2032 - 2033	\$2,445.57	\$799.60
2033 - 2034	\$2,445.57	\$664.25
2034 - 2035	\$2,445.57	\$517.60
2035 - 2036	\$2,445.57	\$358.70
2036 - 2037	\$2,445.55	\$186.54

* Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

** This column includes annual interest and any prepaid interest if financed.

EXHIBIT C

Millender, Aurelia
CA037127073

MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL)

THIS MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL) is entered into as of November, 2016, between the County of Los Angeles, a political subdivision of the State of California (the "Authority") and Aurelia Millender, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto.

1. Authority has established the LA HERO Program (the "HERO Program") to allow financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure 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.
2. The Authority and the Property Owner are executing in connection herewith, that certain LA HERO Program Assessment Contract (Residential) dated as of the date hereof (the "Assessment Contract").
3. The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below).
4. Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The LA HERO Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.
5. 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.
6. Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.
7. 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.
8. The Property Owner hereby waives (i) any otherwise applicable requirements of Article XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot; (ii) any 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

Millender, Aurelia
CA037127073

aspect of the proceedings of the Authority undertaken in connection with the HERO Program; and (iii) any rights waived in the Assessment Contract.

9. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail.

Description of Improvements:

PRODUCT #1	
Product Category Type:	Building Envelope - Cool Roof - Performance

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:	
DocuSigned by: <i>Aurelia Millender</i> 853E82C1CB9B491...	
Aurelia Millender, Signature	
Date: 11/19/2016	Identity Verification Code:
Month/Day/Year	1500220326

COUNTY OF LOS ANGELES: Authorized Representative:	
Ronald J. Mohr III	
Name (Please Print)	
DocuSigned by: <i>Ronald J. Mohr III</i> 4CC0A6475F08474...	
County of Los Angeles Signature	11/20/2016
County of Los Angeles Signature	Date of Execution by County of Los Angeles

This is a true and certified copy of the record
if it bears the seal, imprinted in purple ink,
of the Registrar-Recorder/County Clerk

FEB 13 2018

Dean C. Lynn REGISTRAR-RECORDER/COUNTY CLERK
LOS ANGELES COUNTY, CALIFORNIA



EXHIBIT V

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20170617911



Pages:
0008

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

06/05/17 AT 01:34PM

FEES:	54.00
TAXES:	0.00
OTHER:	0.00
PAID:	54.00



LEADSHEET



201706050260003

00013794540



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SEQ:

12

SECURE - Daily - Time Sensitive



THIS FORM IS NOT TO BE DUPLICATED

20170601-02

E534015

EXHIBIT V

463

Bowen, Allen
CA037137139

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO

Internal Services Department
LA County HERO Program Manager
1100 N. Eastern Avenue #200
Los Angeles, CA 90063

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5898.30 and recorded pursuant to Sts. & Hy. Code §5898.32. This Notice of Assessment does not create an involuntary lien within the meaning of Government Code §27297.5)

**NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED
COUNTY OF LOS ANGELES
LOS ANGELES COUNTY ENERGY PROGRAM
(LA HERO PROGRAM)**

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (Chapter 29), including without limitation Sections 5898.24(d) and 5898.32 of Chapter 29, and in furtherance of Section 1102.6b of the California Civil Code, the County of Los Angeles (the "County"), State of California, hereby provides notice of the levy and collection by the County of a contractual assessment under the LA HERO Program (the "Program"), established and authorized pursuant to Chapter 29.

The Board of Supervisors of the County (the "Board of Supervisors") approved a report (the "Program Report"), on May 25, 2010, and as amended from time to time, prepared by the Internal Services Department, in accordance with Sections 5898.22 and 5898.23 of the Act, established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the cities within the County participating in the Program and the unincorporated area of the County (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of Chapter 29, the undersigned Authorized Officer of the County, at the direction of such Board of Supervisors, HEREBY GIVES NOTICE that pursuant to Chapter 29 and the Program Report, as initially approved and as amended to date, that:

1. **Record Owners and Legal Description of Property.** The real property subject to this notice (the "Property") and the record owners of such property (the "Record Owners") are identified in Exhibit "A" to this Notice, attached and incorporates herein by this reference.
2. **The Contractual Assessment.** The Record Owners and the County have entered into an Assessment Contract and may have also entered into a Memorandum Agreement of LA HERO Program Assessment Contract (Residential) (the "Memorandum Agreement"). A copy of the Assessment Contract or Memorandum Agreement, if any, is contained in Exhibit "C" to this Notice, attached hereto and incorporated herein by this reference. Pursuant to the Assessment Contract, the Memorandum Agreement, if any, and Chapter 29, the Record Owners have requested and voluntarily agreed to the imposition of a voluntary contractual

Bowen, Allen
CA037137139

agreement against the Property (the "Contractual Assessment"), which is generally collected by the County of Los Angeles, on behalf of the County, through the property tax bill for the property.

3. **Purpose for Which Funds Will Be Used.** The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract.

4. **Total Annual Amount and Expiration of Contractual Assessment.** Pursuant to the Assessment Contract, the County is making or will make a disbursement in the principal amount not to exceed \$39,800.00 (the "Disbursement") on behalf of the Record Owners to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the property is subject to the Contractual Assessment levied against the Property in the principal amount of the Disbursement, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of \$42,544.07, to be paid as set forth in the payment schedule on Exhibit "B" attached hereto. If the Contractual Assessment is so paid, such Contractual Assessment shall expire on 11/01/2021 unless prepaid in full prior to such date.

5. **Annual Administrative Assessment.** So long as the Contractual Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of the County which result from the administration and collection of the Contractual Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Contractual Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as the property taxes upon the Property become a lien each year.

The specific contact information for the County and more information regarding the Contractual Assessment may be obtained from the County of Los Angeles Internal Services Department, LA County HERO Program Manager at 1100 N. Eastern Avenue, #200, Los Angeles, CA 90063 (address), tel: (323) 267-2816.

Date of Assessment: 05/25/2017

COUNTY OF LOS ANGELES

By: 
Authorized Officer

Bowen, Allen
CA037137139

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names: Allen Bowen

Address: 2001 W 78th St, Los Angeles, CA 90047

APN(s): 6017022024

Legal Description:

All that certain real property situated in the City of Los Angeles, County of Los Angeles, State of California, described as follows: Lot 24, of Block 22 of Tract 5107 in the City of Los Angeles, as per map recorded in Book 54, pages 67 to 70 of Maps, in the office of the County Recorder of said County.

Bowen, Allen
CA037137139

EXHIBIT "B"

SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS

Tax Year	Total Annual Payment*	Interest Portion of Annual Payment**
2017 - 2018	\$10,331.74	\$3,549.77
2018 - 2019	\$10,331.74	\$2,369.86
2019 - 2020	\$10,331.74	\$1,834.12
2020 - 2021	\$10,331.74	\$1,262.22
2021 - 2022	\$10,331.74	\$651.71

* Includes the annual Assessment Installments due in the Tax Year and current annual assessment administrative fee of \$25.00 (subject to change).

** This column includes annual interest and any prepaid interest if financed.

EXHIBIT C

Bowen, Allen
CA037137139

MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL)

THIS MEMORANDUM AGREEMENT OF LA HERO PROGRAM ASSESSMENT CONTRACT (RESIDENTIAL) is entered into as of this 24th day of May, 2017, between the County of Los Angeles, a political subdivision of the State of California (the "Authority") and Allen Bowen, (individually and collectively the "Property Owner"), the record owner(s) of the fee title to the real property identified on Exhibit A (the "Property") and constitutes a binding contract of the parties hereto.

1. Authority has established the LA HERO Program (the "HERO Program") to allow financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure 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.
2. The Authority and the Property Owner are executing in connection herewith, that certain LA HERO Program Assessment Contract (Residential) dated as of the date hereof (the "Assessment Contract").
3. The Property Owner hereby freely and willingly agrees to pay the assessment (the "Assessment") as provided in Exhibit B to the Assessment Contract plus interest and the Additional Administrative Assessment as provided in the Assessment Contract. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A to the Assessment Contract, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B to the Assessment Contract, which total amount is also known as the Actual Disbursement Amount (defined below).
4. Upon receipt of the fully executed and final Completion Certificate, as described in the current version of The LA HERO Program Handbook (referred to herein as the "Handbook"), the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder subject to such revisions as are agreed to pursuant to the Assessment Contract and subject to any Addendum to the Assessment Contract provided for under the Assessment Contract agreed to and executed by the parties hereto. The Property Owner shall comply with all requirements for contracting for the installation of the Improvements as required in the Assessment Contract and shall deliver such Completion Certificates as are provided for in the Assessment Contract. The Authority shall comply with all disbursement and recording requirements provided for in the Assessment Contract.
5. 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 (the "Assessment Lien") until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29 and may be enforced through judicial foreclosure action that could result in the sale of the Property for payment of the delinquent installments, and all penalties, interest and costs of suit, including attorneys' fees subject to such forbearance and subordination as may be provided in any Subordination Agreement that may be executed between the Authority and any other lienholder now or hereafter.
6. Except as otherwise set forth herein or in the Assessment Contract, this Contract shall expire upon (i) the final Assessment payment as provided in the Assessment Contract or (ii) any prepayment of the Assessment, provided that such prepayment is meant to be permanent and the party who is then the Property Owner does not execute a document confirming the assumption and continuation of the Assessment Contract and the Assessment Lien.
7. 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. If the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel as provided in the Assessment Contract.
8. The Property Owner hereby waives (i) any otherwise applicable requirements of Article XIII of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot; (ii) any 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

Bowen, Allen
CA037137139

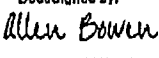
aspect of the proceedings of the Authority undertaken in connection with the HERO Program; and (iii) any rights waived in the Assessment Contract.

9. This Memorandum is subject to all of the terms, conditions and understandings of the Assessment Contract, which are incorporated herein by reference as though copied verbatim herein. In the event of a conflict between the terms of this Memorandum and the terms of the Assessment Contract, the terms of the Assessment Contract shall prevail.

Description of Improvements:

PRODUCT #1	
Product Category Type:	Solar Photovoltaic Systems - Solar Panel
PRODUCT #2	
Product Category Type:	Solar Photovoltaic Systems - Solar Inverter
PRODUCT #3	
Product Category Type:	Windows, Doors, and Skylights - Exterior Windows

IN WITNESS WHEREOF, the Authority and the Property Owner have duly executed this Memorandum as of the date first above written.

Owner 1:	
DocuSigned by:  95127C36C10547E	
Allen Bowen, Signature	
Date: 5/24/2017	Identity Verification Code:
Month/Day/Year	1604770245

Bowen, Allen
CA037137139

COUNTY OF LOS ANGELES: Authorized Representative:

Timothy Cunningham

Name (Please Print)

DocuSigned by:

Timothy Cunningham

5/25/2017

8EA2002DE774E1...

County of Los Angeles Signature

Date of Execution by County of Los Angeles



EXHIBIT W

ASSESSMENT APPEAL APPLICATION

This form contains all of the requests for information that are required for filing an application for changed assessment. Failure to complete this application may result in rejection of the application and/or denial of the appeal. Applicants should be prepared to submit additional information if requested by the assessor or at the time of the hearing. Failure to provide information at the hearing the appeals board considers necessary may result in the continuance of the hearing or denial of the appeal. Do not attach hearing evidence to this application.



ASSESSMENT APPEALS BOARD
COUNTY OF LOS ANGELES
 500 WEST TEMPLE ST, ROOM B4
 LOS ANGELES, CA 90012
 Ph (213) 974-1471 / (888) 807-2111
 (800) 735-2929 (TDD)
 Online filing: <https://lacaab.lacounty.gov>

OFFICE USE ONLY	APPLICATION NUMBER REGION 2019 JUL -5 AM 8:27 COUNTY OF LOS ANGELES APPEALS BOARD DATE RECEIVED	OFFICE USE ONLY
	PM <input type="checkbox"/> Walk in <input type="checkbox"/> By <input type="checkbox"/>	

1. APPLICANT INFORMATION - PLEASE PRINT

NAME OF APPLICANT (LAST, FIRST, MIDDLE INITIAL), BUSINESS, OR TRUST NAME: Nemore, Reginald EMAIL ADDRESS: _____

MAILING ADDRESS OF APPLICANT (STREET ADDRESS OR P. O. BOX): 657 E. Ladera Street

CITY: Pasadena STATE: CA ZIP CODE: 91104 DAYTIME TELEPHONE: (626) 3455295 ALTERNATE TELEPHONE: (626) 5353004 FAX TELEPHONE: _____

2. CONTACT INFORMATION - AGENT, ATTORNEY, OR RELATIVE OF APPLICANT if applicable - (REPRESENTATION IS OPTIONAL)

NAME OF AGENT, ATTORNEY, OR RELATIVE (LAST, FIRST, MIDDLE INITIAL): Sperling, Jennifer H. EMAIL ADDRESS: jsperling@bettzedek.org

COMPANY NAME: Bet Tzedek TAX AGENT REGISTRATION NUMBER: _____

CONTACT PERSON IF OTHER THAN ABOVE (LAST, FIRST, MIDDLE INITIAL): _____

MAILING ADDRESS (STREET ADDRESS OR P. O. BOX): 3250 Wilshire Blvd. 13th Floor

CITY: Los Angeles STATE: CA ZIP CODE: 90010 DAYTIME TELEPHONE: (323) 5495867 ALTERNATE TELEPHONE: _____ FAX TELEPHONE: (213) 4714569

AUTHORIZATION OF AGENT AUTHORIZATION ATTACHED

The following information must be completed (or attached to this application - see instructions) unless the agent is a licensed California attorney as indicated in the Certification section, or a spouse, child, parent, registered domestic partner, or the person affected. If the applicant is a business entity, the agent's authorization must be signed by an officer or authorized employee of the business.

The person named in Section 2 above is hereby authorized to act as my agent in this application, and may inspect assessor's records, enter in stipulation agreements, and otherwise settle issues relating to this application.

SIGNATURE OF APPLICANT, OFFICER, OR AUTHORIZED EMPLOYEE: _____ TITLE: _____ DATE: _____

3. PROPERTY IDENTIFICATION INFORMATION

Yes No Is this property a single-family dwelling that is occupied as the principal place of residence by the owner?

ENTER APPLICABLE NUMBER FROM YOUR NOTICE/TAX BILL

ASSESSOR'S PARCEL NUMBER <u>5848 020 014</u>	ASSESSMENT NUMBER	FEE NUMBER
ACCOUNT NUMBER	TAX BILL NUMBER	

PROPERTY ADDRESS OR LOCATION: 657 E Ladera Street, Pasadena, California 91104 DOING BUSINESS AS (DBA), if appropriate: _____

PROPERTY TYPE SINGLE-FAMILY / CONDOMINIUM / TOWNHOUSE / DUPLEX ECONOMIC UNIT (attach Form AAB101)

MULTI-FAMILY/APARTMENTS: NO. OF UNITS _____ AGRICULTURAL

COMMERCIAL/INDUSTRIAL MANUFACTURED HOME POSSESSORY INTEREST

BUSINESS PERSONAL PROPERTY/FIXTURES WATER CRAFT VACANT LAND

OTHER: _____ AIRCRAFT

4. VALUE	A. VALUE ON ROLL	B. APPLICANT'S OPINION OF VALUE	C. APPEALS BOARD USE ONLY
LAND			
IMPROVEMENTS/STRUCTURES			
FIXTURES			
PERSONAL PROPERTY (see instructions)			
MINERAL RIGHTS			
TREES & VINES			
OTHER			
TOTAL		285,769	
PENALTIES (amount or percent)	0	0	

THIS DOCUMENT IS SUBJECT TO PUBLIC INSPECTION Dup

APPLICATION NUMBER

5. TYPE OF ASSESSMENT BEING APPEALED Check only one. See instructions for filing periods

- REGULAR ASSESSMENT – VALUE AS OF JANUARY 1 OF THE CURRENT YEAR
- SUPPLEMENTAL ASSESSMENT
 *DATE OF NOTICE: _____ ROLL YEAR: _____
- ROLL CHANGE ESCAPE ASSESSMENT CALAMITY REASSESSMENT PENALTY ASSESSMENT
 *DATE OF NOTICE: _____ **ROLL YEAR: _____
**Must attach copy of notice or bill, where applicable **Each roll year requires a separate application*

6. REASON FOR FILING APPEAL (FACTS) See instructions before completing this section.

If you are uncertain of which item to check, please check "I. OTHER" and provide a brief explanation of your reasons for filing this application. The reasons that I rely upon to support requested changes in value are as follows:

- A. DECLINE IN VALUE
 - The assessor's roll value exceeds the market value as of January 1 of the current year.
- B. CHANGE IN OWNERSHIP
 - 1. No change in ownership occurred on the date of _____.
 - 2. Base year value for the change in ownership established on the date of _____ is incorrect.
- C. NEW CONSTRUCTION
 - 1. No new construction occurred on the date of _____.
 - 2. Base year value for the completed new construction established on the date of _____ is incorrect.
 - 3. Value of construction in progress on January 1 is incorrect.
- D. CALAMITY REASSESSMENT
 - Assessor's reduced value is incorrect for property damaged by misfortune or calamity.
- E. BUSINESS PERSONAL PROPERTY/FIXTURES. Assessor's value of personal property and/or fixtures exceeds market value.
 - 1. All personal property/fixtures.
 - 2. Only a portion of the personal property/fixtures. Attach description of those items.
- F. PENALTY ASSESSMENT
 - Penalty assessment is not justified.
- G. CLASSIFICATION/ALLOCATION
 - 1. Classification of property is incorrect.
 - 2. Allocation of value of property is incorrect (e.g., between land and improvements).
- H. APPEAL AFTER AN AUDIT. Must include description of each property, issues being appealed, and your opinion of value.
 - 1. Amount of escape assessment is incorrect.
 - 2. Assessment of other property of the assessee at the location is incorrect.
- I. OTHER Cancellation of PACE assessment per R&T Code section 4896 and request for Stipulation per R&T Code 5142(b)
 - Explanation (attach sheet if necessary)

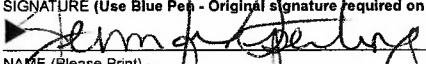
7. WRITTEN FINDINGS OF FACT: Per fee schedule at time of hearing, I am requesting Findings of Fact. Contact the Clerk of the Board or visit <https://lacaab.lacounty.gov> for current fee schedule. **NOTE:** Not available for hearings before a Hearing Officer.
 Are requested. Are not requested.

8. THIS APPLICATION IS DESIGNATED AS A CLAIM FOR REFUND See instructions.
 Yes No

9. HEARING OFFICER PROGRAM
 If your property is a single-family dwelling, condominium, cooperative or multi-family dwelling of four units or less, regardless of value, or a property that does not exceed \$3,000,000 assessed value, you may request that your hearing be conducted by an Assessment Hearing Officer, instead of a formal Assessment Appeals Board.
 Do you wish to have your appeal heard before an Assessment Appeals Hearing Officer? Yes No

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief and that I am (1) the owner of the property or the person affected (i.e., a person having a direct economic interest in the payment of taxes on that property – "The Applicant"), (2) an agent authorized by the applicant under item 2 of this application, or (3) an attorney licensed to practice law in the State of California, State Bar Number 310551, who has been retained by the applicant and has been authorized by that person to file this application.

SIGNATURE (Use Blue Pen - Original signature required on paper-filed application) 	SIGNED AT (CITY, STATE) Los Angeles, CA	DATE 7/3/19
NAME (Please Print) Jennifer Spurling		
FILING STATUS (IDENTIFY RELATIONSHIP TO APPLICANT NAMED IN SECTION 1)		

- OWNER AGENT ATTORNEY SPOUSE REGISTERED DOMESTIC PARTNER CHILD PARENT PERSON AFFECTED
- CORPORATE OFFICER OR DESIGNATED EMPLOYEE

APPLICANT'S NAME

APPLICATION NUMBER

**Reason for Filing Appeal (Continued from Application)
And Request to Assessor for Stipulation Pursuant to Revenue and Tax Code § 5142(b)**

Summary of Application

Reginald Nemore, on behalf of himself and all others similarly situated, seeks cancellation of a voluntary contractual assessment placed on his property through the Los Angeles County (“County”) Property Assessed Clean Energy (“PACE”) program (e.g., a “PACE Assessment”) pursuant to Revenue and Taxation Code § 4986, and a refund of any taxes paid in connection with that assessment under Revenue and Taxation Code § 5096 et seq.

Mr. Nemore’s claim for cancellation and refund of the PACE assessment is based on the allegations in the civil class action complaint, filed January 24, 2019 (Case No. BC701810) captioned *Reginald Nemore et al., v. Renovate America and the County of Los Angeles, et al.* (and related Case No. BC701809) (the “Complaint”).¹

In part, the Complaint alleges that Mr. Nemore’s PACE assessments were illegally levied or charged because:

- The County’s PACE program’s failure to consider elder homeowners’ ability to pay PACE assessments constituted financial elder abuse and violated Welfare & Institutions Code § 15610.30;
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1670.5; and
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1668.

Mr. Nemore reserves the right to seek cancellation on any grounds raised in the Complaint, and any other grounds as may become available on the basis of evidence presented at hearing, should a hearing be required. Based on the nature of his claims, however, Mr. Nemore intends to seek a stipulation as to nonvaluation pursuant to Revenue and Taxation Code § 5142(b).²

Request for § 5142(b) Nonvaluation Stipulation

Mr. Nemore, on behalf of himself and all others similarly situated, seeks agreement from the Assessor that his Assessment Appeal Application involves only non-valuation issues, for which the Board of Equalization cannot provide an adequate remedy and have no special competence to decide.

¹ A copy of the Complaint is available upon request.

² Mr. Nemore is seeking said stipulation in response to a Court order requiring administrative exhaustion of his tax cancellation claims before being able to proceed with civil litigation. The Court’s ruling is available upon request.

Pursuant to Revenue and Taxation Code § 5142(b), the Assessor in the first instance can stipulate with the homeowner that an application involves only non-valuation issues, which are beyond the scope and expertise of the Assessor and Board of Equalization to decide.

When the person affected or his or her agent and the assessor stipulate that an application involves only nonvaluation issues, they may file a stipulation with the county board of equalization stating that issues in dispute do not involve valuation questions. To the extent possible, the stipulation shall also indicate the parties' agreement as to the assessment amounts that would result under their respective positions on the issue or issues in dispute. The board shall accept or reject the stipulation, with or without conducting a hearing on the stipulation. The filing of, and the acceptance by the board of, a stipulation shall be deemed compliance with the requirement that the person affected file and prosecute an application for reduction under Chapter 1 (commencing with Section 1601) of Part 3 in order to exhaust administrative remedies. However, the filing of, and the acceptance by the board of, a stipulation under this subdivision shall not excuse or waive the requirement of a timely filing of a claim for refund. Rev. & Tax. 5142(b).

A PACE Assessment is a voluntary contractual assessment entered into between the County and the homeowner. The annual amount of assessment represents principal and interest payments on a loan made from the County to the homeowner to enable the homeowner to access certain home improvements. There is no valuation of the property or the home improvements that is performed by the Assessor in conjunction with the PACE program or PACE assessments. There is no change in ownership at issue here.

As set forth in the Complaint, Mr. Nemore's tax cancellation claims concern legal issues related to the County's implementation of the PACE program: (1) whether the PACE program's failure to consider elder homeowners' ability to pay the PACE assessment constituted financial elder abuse and (2) whether the assessment agreements are unlawful as a matter of law and public policy. His claims are not related in any way to valuation, equalization, new construction, a change in ownership or other ownership issues. Nor do his claims relate to a Supplemental Assessment, Roll Change, Escape Assessment, Calamity Assessment, or Penalty Assessment, as those terms are defined by the Revenue and Tax Code.

For these reasons, Mr. Nemore believes a stipulation of non-valuation is appropriate, and should govern his and all other similarly situated Assessment Appeal Applications.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 19, 2019

VIA E-MAIL

Reginald Nemore
c/o Jennifer Sperling, Esq.
Bet Tzedek
3250 Wilshire Blvd., 13th FL
Los Angeles, CA 90010
jsperling@bettzedek.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000037
Parcel/Bill No.:	5848-020-014
Claimant Name:	Reginald Nemore
HERO PACE ID:	CA037126080

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

You also listed among the grounds for cancellation that your PACE assessment was illegally levied because of "[t]he County's PACE program's failure to consider elder homeowners' ability to pay PACE assessments" From the Complaint in

the lawsuit referenced in your claim, however, it appears that you were not 65-years-old at the time of entering into your assessment contract. Please clarify in Sections 2 and 4.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment. Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
ISD, Energy & Environmental Services, PACE Program
1100 N. Eastern Avenue
Los Angeles, CA 90063

E-mail: PACEclaims@isd.lacounty.gov

Section 1: Please check all that apply that support the basis(es) of your claim and describe more fully in the comments in Section 4 below:

- I am unable to afford my PACE assessment.
- Improvement work was not completed or was not satisfactory.
- My home did not qualify for the PACE program.
- I did not understand my PACE financing.
- I did not sign the PACE financing documents.

- There is an issue with title to my property and/or with other mortgage/lien holders.
- Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

- Was all of your PACE home improvement work completed? YES or NO (If all of your PACE home improvement was not completed, or not completed to your satisfaction, please use Section 4 below to provide more information as to which products were not completed to your satisfaction and why.)
- Are you 65 years old or older? YES or NO
- Is your primary language something other than English? YES or NO
 - If so, what is your primary language? _____
 - If so, were you provided documents related to your PACE assessment in you primary language? YES or NO

Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

Section 4: Please describe in detail why you believe your PACE assessment should be cancelled. If the primary reason is an alleged failure of the County or PACE administrators to consider your ability to repay the assessment, please describe your inability to repay the assessment. You may attach additional pages as necessary.

In an effort to further evaluate your claim, please also review and provide the following authorization:

I authorize the County to request and review additional information related to PACE assessment, including, but not limited to, my home improvement contract, PACE financing application, and PACE assessment contract documents, from its PACE administrator or other sources in consideration of my claim. I further authorize other County departments, including its Department of Consumer and Business Affairs, to review and consider this information in any investigation the County deems warranted.

Signed:  Date: 12-3-18

Print Full Name of Claimant: Reginald Nemore

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000037
Parcel/Bill No. 5848-020-014
Claimant Name: Reginald Nemore¹
HERO PACE ID: CA037126080

Attachment to Section 3 of PACE Tax Cancellation Claim – Addendum Form

Mr. Nemore intends to supplement this attachment with additional information and evidence (responsive to Section 3) in support of his claims.²

Attachment to Section 4 of PACE Tax Cancellation Claim – Addendum Form

Reginald Nemore is a 60-year-old resident of Los Angeles County. At all times relevant here, Mr. Nemore owned the real property located at 657 E. Ladera Street in Pasadena. According to the County Assessor's office, Mr. Nemore's home is less than 1,200 square feet.

Mr. Nemore was forced into early retirement by disability, and spends most of his time caring for his wife, who has Multiple Sclerosis. His income consists of Social Security Disability Income (SSDI) of approximately \$1,217 a month.

The primary basis of Reginald Nemore's claims for cancellation and refund of the PACE assessment includes all allegations in the civil class action complaint, filed January 24, 2019, captioned *Nemore et al., v. Renovate America and the County of Los Angeles et al.* (related to *Ocana et al., v. Renew Financial and the County of Los Angeles et al.*) (Case Nos. BC701809 and BC701810), incorporated by reference as if fully stated herein, including exhibits. In addition, Mr. Nemore seeks relief on all grounds indicated in his Assessment Appeal Application and PACE Tax Cancellation Claim – Addendum Form. The below summary is not a full statement of the factual or legal basis for Mr. Nemore's claims.

On or about September 29, 2016, Mr. Nemore purportedly entered into a Renovate America PACE assessment contract with the County. The contract covered the installation of some solar panels. The cost of a typical solar installation for a medium-sized house (6kW) in California ranges from \$12,000 to \$15,000. Renovate America's contractor charged Mr. Nemore \$26,247 for the solar panels, roughly twice the typical price, even though his home is not large.

¹ Mr. Nemore is represented by counsel with respect to this administrative claim, and in the class action complaints referenced herein, and is not to be contacted directly regarding this matter. All communication regarding this matter should be sent to Bet Tzedek c/o Jennifer Sperling, jsperling@bettzedek.org; (323) 549-5867.

² Although ISD's letter to Mr. Nemore is dated November 19, 2019 and indicates it was sent to Mr. Nemore's counsel "via e-mail," it was first received via the postal service on the afternoon of November 22, 2019, the Friday before the Thanksgiving holiday.

To secure repayment of that assessment contract, the County recorded a PACE Lien on Mr. Nemore's property.

The PACE lien secures the \$26,247 that Renovate America's contractor charged Mr. Nemore, plus \$4,000 in Renovate America fees and capitalized interest, plus another \$41,410 in interest to be paid over the 25-year life of the PACE loan, for a total of \$71,778 in payments to the County. Even before Renovate America approved that PACE loan, Mr. Nemore's pre-existing debt-to-income ratio was over 95%. His annual PACE assessment of \$2,846 represents 20% of his annual SSI income. Mr. Nemore will have to pay that, every year, for the next 25 years.

Mr. Nemore's mortgage servicer has thus far permitted Mr. Nemore to defer payment of the PACE assessment portion of his property taxes pending the outcome of litigation. The servicer has no ongoing obligation to defer collection of these payments, which Mr. Nemore's servicer has advanced to the County on Mr. Nemore's behalf. Should the servicer change its position, Mr. Nemore will default on his mortgage within a matter of months.

Mr. Nemore intends to supplement this attachment with additional information and evidence in support of his claims.

Mr. Nemore's administrative claim is filed on behalf of himself and all persons similarly situated, and seeks class-wide relief on the claims that are set forth in the *Nemore* complaint and fully incorporated herein. In the alternative, he is entitled to a final administrative decision that his administrative claim will not be resolved on a class-wide basis and providing the basis for that decision.



ASSESSMENT APPEAL APPLICATION

This form contains all of the requests for information that are required for filing an application for changed assessment. Failure to complete this application may result in rejection of the application and/or denial of the appeal. Applicants should be prepared to submit additional information if requested by the assessor or at the time of the hearing. Failure to provide information at the hearing the appeals board considers necessary may result in the continuance of the hearing or denial of the appeal. **Do not attach hearing evidence to this application.**

ASSESSMENT APPEALS BOARD
COUNTY OF LOS ANGELES
 500 WEST TEMPLE ST, ROOM B4
 LOS ANGELES, CA 90012
 Ph (213) 974-1471 / (888) 807-2111
 (800) 735-2929 (TDD)
 Online filing: <https://lacaab.lacounty.gov>

OFFICE USE ONLY	APPLICATION NUMBER	REGION
	2019 JUL 12 AM 8:56	
	COUNTY OF LOS ANGELES	
	DATE RECEIVED	
	PM	Walk in <input type="checkbox"/> By

1. APPLICANT INFORMATION - PLEASE PRINT

NAME OF APPLICANT (LAST, FIRST, MIDDLE INITIAL), BUSINESS, OR TRUST NAME: Senac, Violeta EMAIL ADDRESS: N/A

MAILING ADDRESS OF APPLICANT (STREET ADDRESS OR P. O. BOX): 5755 Ensign Avenue

CITY: <u>North Hollywood</u>	STATE: <u>CA</u>	ZIP CODE: <u>91601</u>	DAYTIME TELEPHONE: <u>(818) 8243625</u>	ALTERNATE TELEPHONE: <u>()</u>	FAX TELEPHONE: <u>()</u>
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2. CONTACT INFORMATION - AGENT, ATTORNEY, OR RELATIVE OF APPLICANT if applicable - (REPRESENTATION IS OPTIONAL)

NAME OF AGENT, ATTORNEY, OR RELATIVE (LAST, FIRST, MIDDLE INITIAL): Kashyap, Nisha EMAIL ADDRESS: nkashyap@publiccounsel.org

COMPANY NAME: Public Counsel TAX AGENT REGISTRATION NUMBER: _____

CONTACT PERSON IF OTHER THAN ABOVE (LAST, FIRST, MIDDLE INITIAL): _____

MAILING ADDRESS (STREET ADDRESS OR P. O. BOX): 610 S Ardmore Ave

CITY: <u>Los Angeles</u>	STATE: <u>CA</u>	ZIP CODE: <u>90005</u>	DAYTIME TELEPHONE: <u>(213) 3852977</u>	ALTERNATE TELEPHONE: <u>()</u>	FAX TELEPHONE: <u>(213) 2014722</u>
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AUTHORIZATION OF AGENT AUTHORIZATION ATTACHED
The following information must be completed (or attached to this application - see instructions) unless the agent is a licensed California attorney as indicated in the Certification section, or a spouse, child, parent, registered domestic partner, or the person affected. If the applicant is a business entity, the agent's authorization must be signed by an officer or authorized employee of the business.

The person named in Section 2 above is hereby authorized to act as my agent in this application, and may inspect assessor's records, enter in stipulation agreements, and otherwise settle issues relating to this application.

SIGNATURE OF APPLICANT, OFFICER, OR AUTHORIZED EMPLOYEE	TITLE	DATE
---	-------	------

3. PROPERTY IDENTIFICATION INFORMATION

Yes No Is this property a single-family dwelling that is occupied as the principal place of residence by the owner?

ENTER APPLICABLE NUMBER FROM YOUR NOTICE/TAX BILL

ASSESSOR'S PARCEL NUMBER: <u>2337026010</u>	ASSESSMENT NUMBER	FEE NUMBER
ACCOUNT NUMBER	TAX BILL NUMBER	

PROPERTY ADDRESS OR LOCATION: 5755 Ensign Avenue North Hollywood, CA 91601 DOING BUSINESS AS (DBA), if appropriate: _____

PROPERTY TYPE SINGLE-FAMILY / CONDOMINIUM / TOWNHOUSE / DUPLEX ECONOMIC UNIT (attach Form AAB101)

MULTI-FAMILY/APARTMENTS: NO. OF UNITS _____ AGRICULTURAL POSSESSORY INTEREST

COMMERCIAL/INDUSTRIAL MANUFACTURED HOME VACANT LAND

BUSINESS PERSONAL PROPERTY/FIXTURES WATER CRAFT AIRCRAFT

OTHER: _____

4. VALUE	A. VALUE ON ROLL	B. APPLICANT'S OPINION OF VALUE	C. APPEALS BOARD USE ONLY
LAND		196241	
IMPROVEMENTS/STRUCTURES			
FIXTURES			
PERSONAL PROPERTY (see instructions)			
MINERAL RIGHTS			
TREES & VINES			
OTHER			
TOTAL			
PENALTIES (amount or percent)		196241	

APPLICATION NUMBER

5. TYPE OF ASSESSMENT BEING APPEALED Check only one. See instructions for filing periods

- REGULAR ASSESSMENT – VALUE AS OF JANUARY 1 OF THE CURRENT YEAR
 - SUPPLEMENTAL ASSESSMENT
*DATE OF NOTICE: _____ ROLL YEAR: _____
 - ROLL CHANGE ESCAPE ASSESSMENT CALAMITY REASSESSMENT PENALTY ASSESSMENT
*DATE OF NOTICE: _____ **ROLL YEAR: _____
- *Must attach copy of notice or bill, where applicable **Each roll year requires a separate application*

6. REASON FOR FILING APPEAL (FACTS) *See instructions before completing this section.*

If you are uncertain of which item to check, please check "I. OTHER" and provide a brief explanation of your reasons for filing this application. The reasons that I rely upon to support requested changes in value are as follows:

- A. DECLINE IN VALUE
 The assessor's roll value exceeds the market value as of January 1 of the current year.
- B. CHANGE IN OWNERSHIP
 1. No change in ownership occurred on the date of _____.
 2. Base year value for the change in ownership established on the date of _____ is incorrect.
- C. NEW CONSTRUCTION
 1. No new construction occurred on the date of _____.
 2. Base year value for the completed new construction established on the date of _____ is incorrect.
 3. Value of construction in progress on January 1 is incorrect.
- D. CALAMITY REASSESSMENT
 Assessor's reduced value is incorrect for property damaged by misfortune or calamity.
- E. BUSINESS PERSONAL PROPERTY/FIXTURES. Assessor's value of personal property and/or fixtures exceeds market value.
 1. All personal property/fixtures.
 2. Only a portion of the personal property/fixtures. Attach description of those items.
- F. PENALTY ASSESSMENT
 Penalty assessment is not justified.
- G. CLASSIFICATION/ALLOCATION
 1. Classification of property is incorrect.
 2. Allocation of value of property is incorrect (e.g., between land and improvements).
- H. APPEAL AFTER AN AUDIT. Must include description of each property, issues being appealed, and your opinion of value.
 1. Amount of escape assessment is incorrect.
 2. Assessment of other property of the assessee at the location is incorrect.
- I. OTHER Cancellation of PACE assessment per R&T Code section 4896 and request for Stipulation per R&T Code 5142(b)
 Explanation (attach sheet if necessary)

7. WRITTEN FINDINGS OF FACT: Per fee schedule at time of hearing, I am requesting Findings of Fact. Contact the Clerk of the Board or visit <https://lacaab.lacounty.gov> for current fee schedule. NOTE: Not available for hearings before a Hearing Officer.

- Are requested. Are not requested.

8. THIS APPLICATION IS DESIGNATED AS A CLAIM FOR REFUND *See instructions.*

- Yes No

9. HEARING OFFICER PROGRAM

If your property is a single-family dwelling, condominium, cooperative or multi-family dwelling of four units or less, regardless of value, or a property that does not exceed \$3,000,000 assessed value, you may request that your hearing be conducted by an Assessment Hearing Officer, instead of a formal Assessment Appeals Board.

- Do you wish to have your appeal heard before an Assessment Appeals Hearing Officer? Yes No

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief and that I am (1) the owner of the property or the person affected (i.e., a person having a direct economic interest in the payment of taxes on that property – "The Applicant"), (2) an agent authorized by the applicant under item 2 of this application, or (3) an attorney licensed to practice law in the State of California, State Bar Number 301934, who has been retained by the applicant and has been authorized by that person to file this application.

SIGNATURE (Use Blue Pen - Original signature required on paper-filed application)



SIGNED AT (CITY, STATE)

Los Angeles, CA

DATE

07/11/2019

NAME (Please Print)

Nisha Kashyap

FILING STATUS (IDENTIFY RELATIONSHIP TO APPLICANT NAMED IN SECTION 1)

- OWNER AGENT ATTORNEY SPOUSE REGISTERED DOMESTIC PARTNER CHILD PARENT PERSON AFFECTED
- CORPORATE OFFICER OR DESIGNATED EMPLOYEE

APPLICANT'S NAME

APPLICATION NUMBER

**Reason for Filing Appeal (Continued from Application)
And Request to Assessor for Stipulation Pursuant to Revenue and Tax Code § 5142(b)**

Summary of Application

Violeta Senac, on behalf of herself and all others similarly situated, seeks cancellation of a voluntary contractual assessments placed on her property through the Los Angeles County (“County”) Property Assessed Clean Energy (“PACE”) program (e.g., a “PACE Assessment”) pursuant to Revenue and Taxation Code § 4986, and a refund of any taxes paid in connection with those assessments under Revenue and Taxation Code § 5096 et seq.¹

Ms. Senac’s claim for cancellation and refund of the PACE assessment is based on the allegations in the civil class action complaint, filed January 24, 2019 (Case No. BC701810) captioned *Reginald Nemore et al., v. Renovate America and the County of Los Angeles, et al.* (and related Case No. BC701809) (the “Complaint”).²

In part, the Complaint alleges that Ms. Senac’s PACE assessments were illegally levied or charged because:

- The County’s PACE program’s failure to consider elder homeowners’ ability to pay PACE assessments constituted financial elder abuse and violated Welfare & Institutions Code § 15610.30;
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1670.5; and
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1668.

Ms. Senac reserves the right to seek relief on any grounds raised in the Complaint, and any other grounds as may become available on the basis of evidence presented at hearing, should a hearing be required. Based on the nature of her claims, however, Ms. Senac intends to seek a stipulation as to nonvaluation pursuant to Revenue and Taxation Code § 5142(b).³

Request for § 5142(b) Nonvaluation Stipulation

Ms. Senac, on behalf of herself and all others similarly situated, seeks agreement from the Assessor that her Assessment Appeal Application involves only non-valuation issues, for which the Board of Equalization cannot provide an adequate remedy and has no special competence to decide.

¹ Ms. Senac’s PACE assessments were prepaid in full and the corresponding liens were released on April 12, 2018 and May 16, 2018.

² A copy of the Complaint is available upon request.

³ Ms. Senac is seeking said stipulation in response to a Court order requiring administrative exhaustion of her claims against the County before being able to proceed with civil litigation. The Court’s ruling is available upon request.

Pursuant to Revenue and Taxation Code § 5142(b), the Assessor in the first instance can stipulate with the homeowner that an application involves only non-valuation issues, which are beyond the scope and expertise of the Assessor and Board of Equalization to decide.

When the person affected or his or her agent and the assessor stipulate that an application involves only nonvaluation issues, they may file a stipulation with the county board of equalization stating that issues in dispute do not involve valuation questions. To the extent possible, the stipulation shall also indicate the parties' agreement as to the assessment amounts that would result under their respective positions on the issue or issues in dispute. The board shall accept or reject the stipulation, with or without conducting a hearing on the stipulation. The filing of, and the acceptance by the board of, a stipulation shall be deemed compliance with the requirement that the person affected file and prosecute an application for reduction under Chapter 1 (commencing with Section 1601) of Part 3 in order to exhaust administrative remedies. However, the filing of, and the acceptance by the board of, a stipulation under this subdivision shall not excuse or waive the requirement of a timely filing of a claim for refund. Rev. & Tax. 5142(b).

A PACE Assessment is a voluntary contractual assessment entered into between the County and the homeowner. The annual amount of assessment represents principal and interest payments on a loan made from the County to the homeowner to enable the homeowner to access certain home improvements. There is no valuation of the property or the home improvements that is performed by the Assessor in conjunction with the PACE program or PACE assessments. There is no change in ownership at issue here.

As set forth in the Complaint, Ms. Senac's claims against the County concern legal issues related to the County's implementation of the PACE program: (1) whether the PACE program's failure to consider elder homeowners' ability to pay the PACE assessment constituted financial elder abuse and (2) whether the assessment agreements are unlawful as a matter of law and public policy. Her claims are not related in any way to valuation, equalization, new construction, a change in ownership or other ownership issues. Nor do her claims relate to a Supplemental Assessment, Roll Change, Escape Assessment, Calamity Assessment, or Penalty Assessment, as those terms are defined by the Revenue and Taxation Code.

For these reasons, Ms. Senac believes a stipulation of non-valuation is appropriate, and should govern her and all other similarly situated Assessment Appeal Applications.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 19, 2019

VIA E-MAIL

Violeta Senac
c/o Nisha Kashyap, Esq.
Public Counsel
610 S. Ardmore Ave.
Los Angeles, CA 90005
nkashyap@publiccounsel.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000129
Parcel/Bill No.:	2337-026-010
Claimant Name:	Violeta Senac
HERO PACE ID:	CA037113331

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

You also seek cancellation of your PACE assessments, even though you acknowledge that your "PACE assessments were prepaid in full and the corresponding liens were released on April 12, 2018 and May 16, 2018." Given

that your assessments have been paid, it is unclear what relief you are asking for. Please clarify in Section 4.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment. Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
ISD, Energy & Environmental Services, PACE Program
1100 N. Eastern Avenue
Los Angeles, CA 90063

E-mail: PACEclaims@isd.lacounty.gov

Section 1: Please check all that apply that support the basis(es) of your claim and describe more fully in the comments in Section 4 below:

- I am unable to afford my PACE assessment.
- Improvement work was not completed or was not satisfactory.
- My home did not qualify for the PACE program.
- I did not understand my PACE financing.
- I did not sign the PACE financing documents.
- There is an issue with title to my property and/or with other mortgage/lien holders.

Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

- Was all of your PACE home improvement work completed? YES or **NO** (If all of your PACE home improvement was not completed, or not completed to your satisfaction, please use Section 4 below to provide more information as to which products were not completed to your satisfaction and why.)
- Are you 65 years old or older? **YES** or NO
- Is your primary language something other than English? **YES** or NO
 - If so, what is your primary language? Spanish
 - If so, were you provided documents related to your PACE assessment in you primary language? YES or **NO**

Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

Section 4: Please describe in detail why you believe your PACE assessment should be cancelled. If the primary reason is an alleged failure of the County or PACE administrators to consider your ability to repay the assessment, please describe your inability to repay the assessment. You may attach additional pages as necessary.

Please see attached.

In an effort to further evaluate your claim, please also review and provide the following authorization:

I authorize the County to request and review additional information related to PACE assessment, including, but not limited to, my home improvement contract, PACE financing application, and PACE assessment contract documents, from its PACE administrator or other sources in consideration of my claim. I further authorize other County departments, including its Department of Consumer and Business Affairs, to review and consider this information in any investigation the County deems warranted.

Signed: Violeta Sencac Date: 12/2/2019

Print Full Name of Claimant: Violeta Sencac

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000129
Parcel/Bill No. 2337-026-010
Claimant Name: Violeta Senac¹
HERO PACE ID: CA037113331; CA FIRST PACE ID: CF-00067645

Attachment to Section 3 of PACE Tax Cancellation Claim – Addendum Form

Ms. Senac intends to supplement this attachment with additional information and evidence (responsive to Section 3) in support of her claims.²

Attachment to Section 4 of PACE Tax Cancellation Claim – Addendum Form

Violeta Senac is an 89-year old resident of Los Angeles County. At all times relevant here, Ms. Senac has owned the real property located at 5755 Ensign Avenue in North Hollywood. According to the County Assessor’s office, Ms. Senac’s home was built in 1938 and contains 947 square feet.

The primary basis of Ms. Senac’s claims for cancellation and refund of the PACE assessment include all allegations in the civil class action complaints and exhibits, filed January 24, 2019 (*Ocana et al., v. Renew Financial and the County of Los Angeles et al.* and *Nemore et al., v. Renovate America and the County of Los Angeles et al.*, Case Nos. BC701809, BC701810), incorporated by reference as if fully stated herein. In addition, Ms. Senac seeks relief on all grounds indicated in the PACE Tax Cancellation Claim – Addendum Form. The below summary is not a full statement of the factual or legal basis for Ms. Senac’s claims. Ms. Senac intends to supplement this attachment with additional information and evidence in support of her claims.

Renovate America PACE Assessment Contract:

On or about May 19, 2016, Ms. Senac purportedly entered into a Renovate America PACE assessment contract with the County. Ms. Senac was then 85 years old. She was providing a home for her disabled adult daughters. Ms. Senac speaks limited English and has poor eyesight. Her only income is her monthly Social Security check. When she purportedly entered into the Renovate PACE financing agreement, she had less than \$700 in her bank account.

¹ Ms. Senac is represented by counsel with respect to this administrative claim, and in the class action complaint referenced herein, and is not to be contacted directly regarding this matter. All communication regarding this matter should be sent to Public Counsel c/o Nisha Kashyap, nkashyap@publiccounsel.org; 213-385-2977 ext. 245.

² Although ISD’s letter to Ms. Senac is dated November 19, 2019 and indicates it was sent to Ms. Senac’s counsel “via e-mail,” it was first received via the postal service on the afternoon of November 22, 2019, the Friday before the Thanksgiving holiday.

The PACE assessment contract covered the installation of one or more toilets, windows, doors, and roofing material. Renovate America's contractor charged Ms. Senac \$39,995. To secure repayment of that assessment contract, the County recorded a PACE lien on Ms. Senac's property.

In addition to the \$39,995 in Renovate America contractor charges, the PACE lien secures \$3,000 in Renovate America fees and capitalized interest, plus another \$46,768 in interest, all of which are to be paid over the 20-year life of the PACE loan, at the rate of \$4,518 per year, for a total of \$90,361 in payments to the County.

When Ms. Senac purportedly entered into the Renovate PACE financing agreement with the County, her pre-existing debt-to-income ratio was approximately 135%. In other words, her monthly debt obligations already exceeded her monthly income *before* she purportedly promised to pay the County a Renovate America PACE assessment of \$4,518 per year. If Ms. Senac wants to continue to live in that house, and provide a home for her disabled daughters, she will have to find a way to come up with that additional \$4,518, every year, for the next 20 years.

Renew Financial PACE Assessment Contract:

On or about February 9, 2017, Ms. Senac purportedly entered into a Renew Financial PACE assessment contract with the County. At that time, Ms. Senac was 86 years old, and was providing a home for her disabled adult daughters. Ms. Senac speaks, reads and understand only limited English. She has poor eyesight. She is not able to read or understand complex documents written in English. Her only income is her monthly Social Security check.

Ms. Senac's Renew Financial PACE assessment contract covered the installation of some drip irrigation lines and supposedly water-permeable paving stones. Renew Financial's contractor charged Ms. Senac \$27,850 for these items. To secure repayment of the assessment contract, the County recorded a PACE lien on Ms. Senac's property. Renew Financial provided no Spanish language documents to Ms. Senac.

The County's PACE lien on Ms. Senac's home secured the \$27,850 in charges from the Renew Financial contractor, plus an additional \$2,800 in Renew Financial fees and capitalized interest, plus another \$33,625 in interest to be paid over the 20-year life of the PACE Loan, for a total of \$64,208 in payments to the County. The annual PACE assessment added \$3,210 to her property taxes in each of those 20 years. When Ms. Senac allegedly entered into the Renew Financial PACE financing agreement with the County, her pre-existing debt-to-income ratio was 158%, meaning that her debt obligations already exceeded her income.

Despite these steep prices, huge interest charges, and supplemental property taxes that Ms. Senac cannot afford, the contractor never installed the drip irrigation lines, and installed the pavers so closely together that the water does not permeate into the ground.

Ms. Senac seeks the relief requested in the civil class action complaints filed January 24, 2019 (Case Nos. BC701809 and BC701810) captioned *Ocana et al., v. Renew Financial and the County of Los Angeles et al.* and *Nemore et al., v. Renovate America and the County of Los Angeles et al.*, including but not limited to equitable remedies and declaratory relief.

Ms. Senac's administrative claim is filed on behalf of herself and all persons similarly situated and seeks class-wide relief on the claims that are set forth in the *Ocana* and *Nemore* complaints and fully incorporated herein. In the alternative, she is entitled to a final administrative decision that her administrative claim will not be resolved on a class-wide basis and providing the basis for that decision.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 19, 2019

VIA E-MAIL

Violeta Senac
c/o Nisha Kashyap, Esq.
Public Counsel
610 S. Ardmore Ave.
Los Angeles, CA 90005
nkashyap@publiccounsel.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000129
Parcel/Bill No.:	2337-026-010
Claimant Name:	Violeta Senac
HERO PACE ID:	CA037113331
CAL FIRST PACE ID:	CF62645

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

You also seek cancellation of your PACE assessments, even though you acknowledge that your "PACE assessments were prepaid in full and the corresponding liens were released on April 12, 2018 and May 16, 2018." Given

that your assessments have been paid, it is unclear what relief you are asking for. Please clarify in Section 4.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment. Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
ISD, Energy & Environmental Services, PACE Program
1100 N. Eastern Avenue
Los Angeles, CA 90063

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Section 1: Please check all that apply that support the basis(es) of your claim and describe more fully in the comments in Section 4 below:

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- I did not understand my PACE financing.
- I did not sign the PACE financing documents.
- There is an issue with title to my property and/or with other mortgage/lien holders.

Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

- Was all of your PACE home improvement work completed? YES or **(NO)** (If all of your PACE home improvement was not completed, or not completed to your satisfaction, please use Section 4 below to provide more information as to which products were not completed to your satisfaction and why.)
- Are you 65 years old or older? **(YES)** or NO
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 - If so, what is your primary language? spanish
 - If so, were you provided documents related to your PACE assessment in you primary language? YES or **(NO)**

Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

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Signed: Violeta S. Senac Date: 12/2/2019

Print Full Name of Claimant: Violeta Senac

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

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INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000129
Parcel/Bill No. 2337-026-010
Claimant Name: Violeta Senac¹
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¹ Ms. Senac is represented by counsel with respect to this administrative claim, and in the class action complaint referenced herein, and is not to be contacted directly regarding this matter. All communication regarding this matter should be sent to Public Counsel c/o Nisha Kashyap, nkashyap@publiccounsel.org; 213-385-2977 ext. 245.

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ASSESSMENT APPEAL APPLICATION

This form contains all of the requests for information that are required for filing an application for changed assessment. Failure to complete this application may result in rejection of the application and/or denial of the appeal. Applicants should be prepared to submit additional information if requested by the assessor or at the time of the hearing. Failure to provide information at the hearing the appeals board considers necessary may result in the continuance of the hearing or denial of the appeal. **Do not attach hearing evidence to this application.**



ASSESSMENT APPEALS BOARD
COUNTY OF LOS ANGELES
 500 WEST TEMPLE ST, ROOM B4
 LOS ANGELES, CA 90012
 Ph (213) 974-1471 / (888) 807-2111
 (800) 735-2929 (TDD)
 Online filing: <https://acaab.lacounty.gov>

OFFICE USE ONLY	APPLICATION NUMBER	REGION
	2019 JUL -5 AM 8:25 LOS ANGELES DATE RECEIVED	
	PM	Walk in <input type="checkbox"/> By <input type="checkbox"/>

1. APPLICANT INFORMATION - PLEASE PRINT

NAME OF APPLICANT (LAST, FIRST, MIDDLE INITIAL), BUSINESS, OR TRUST NAME
Millender, Aurelia

MAILING ADDRESS OF APPLICANT (STREET ADDRESS OR P. O. BOX)
2057 W 71st Street

CITY **Los Angeles** STATE **CA** ZIP CODE **90047** DAYTIME TELEPHONE **(323) 750-3607** ALTERNATE TELEPHONE () FAX TELEPHONE ()

2. CONTACT INFORMATION - AGENT, ATTORNEY, OR RELATIVE OF APPLICANT if applicable - (REPRESENTATION IS OPTIONAL)

NAME OF AGENT, ATTORNEY, OR RELATIVE (LAST, FIRST, MIDDLE INITIAL)
Kashyap, Nisha

COMPANY NAME
Public Counsel

CONTACT PERSON IF OTHER THAN ABOVE (LAST, FIRST, MIDDLE INITIAL)

EMAIL ADDRESS
nkashyap@publiccounsel.org

TAX AGENT REGISTRATION NUMBER

MAILING ADDRESS (STREET ADDRESS OR P. O. BOX)
610 S Ardmore Ave

CITY **Los Angeles** STATE **CA** ZIP CODE **90005** DAYTIME TELEPHONE **(213) 385-2977** ALTERNATE TELEPHONE () FAX TELEPHONE **(213) 201-4722**

AUTHORIZATION OF AGENT AUTHORIZATION ATTACHED

The following information must be completed (or attached to this application - see instructions) unless the agent is a licensed California attorney as indicated in the Certification section, or a spouse, child, parent, registered domestic partner, or the person affected. If the applicant is a business entity, the agent's authorization must be signed by an officer or authorized employee of the business.

The person named in Section 2 above is hereby authorized to act as my agent in this application, and may inspect assessor's records, enter in stipulation agreements, and otherwise settle issues relating to this application.

SIGNATURE OF APPLICANT, OFFICER, OR AUTHORIZED EMPLOYEE _____ TITLE _____ DATE _____

3. PROPERTY IDENTIFICATION INFORMATION

Yes No Is this property a single-family dwelling that is occupied as the principal place of residence by the owner?

ENTER APPLICABLE NUMBER FROM YOUR NOTICE/TAX BILL

ASSESSOR'S PARCEL NUMBER 6016028011	ASSESSMENT NUMBER	FEE NUMBER
ACCOUNT NUMBER	TAX BILL NUMBER	

PROPERTY ADDRESS OR LOCATION
2057 W 71st Street Los Angeles, CA 90047

DOING BUSINESS AS (DBA), if appropriate

PROPERTY TYPE SINGLE-FAMILY / CONDOMINIUM / TOWNHOUSE / DUPLEX ECONOMIC UNIT (attach Form AAB101)

MULTI-FAMILY/APARTMENTS: NO. OF UNITS _____ AGRICULTURAL

COMMERCIAL/INDUSTRIAL MANUFACTURED HOME POSSESSORY INTEREST

BUSINESS PERSONAL PROPERTY/FIXTURES WATER CRAFT VACANT LAND

OTHER: _____ AIRCRAFT

4. VALUE	A. VALUE ON ROLL	B. APPLICANT'S OPINION OF VALUE	C. APPEALS BOARD USE ONLY
LAND		392000	
IMPROVEMENTS/STRUCTURES			
FIXTURES			
PERSONAL PROPERTY (see instructions)			
MINERAL RIGHTS			
TREES & VINES			
OTHER			
TOTAL		392000	
PENALTIES (amount or percent)			

APPLICATION NUMBER

5. TYPE OF ASSESSMENT BEING APPEALED *Check only one. See instructions for filing periods*

- REGULAR ASSESSMENT – VALUE AS OF JANUARY 1 OF THE CURRENT YEAR
 - SUPPLEMENTAL ASSESSMENT
*DATE OF NOTICE: _____ ROLL YEAR: _____
 - ROLL CHANGE ESCAPE ASSESSMENT CALAMITY REASSESSMENT PENALTY ASSESSMENT
*DATE OF NOTICE: _____ **ROLL YEAR: _____
- *Must attach copy of notice or bill, where applicable **Each roll year requires a separate application*

6. REASON FOR FILING APPEAL (FACTS) *See instructions before completing this section.*

If you are uncertain of which item to check, please check "I. OTHER" and provide a brief explanation of your reasons for filing this application. The reasons that I rely upon to support requested changes in value are as follows:

- A. DECLINE IN VALUE
 The assessor's roll value exceeds the market value as of January 1 of the current year.
- B. CHANGE IN OWNERSHIP
 1. No change in ownership occurred on the date of _____
 2. Base year value for the change in ownership established on the date of _____ is incorrect.
- C. NEW CONSTRUCTION
 1. No new construction occurred on the date of _____
 2. Base year value for the completed new construction established on the date of _____ is incorrect.
 3. Value of construction in progress on January 1 is incorrect.
- D. CALAMITY REASSESSMENT
 Assessor's reduced value is incorrect for property damaged by misfortune or calamity.
- E. BUSINESS PERSONAL PROPERTY/FIXTURES. Assessor's value of personal property and/or fixtures exceeds market value.
 1. All personal property/fixtures.
 2. Only a portion of the personal property/fixtures. Attach description of those items.
- F. PENALTY ASSESSMENT
 Penalty assessment is not justified.
- G. CLASSIFICATION/ALLOCATION
 1. Classification of property is incorrect.
 2. Allocation of value of property is incorrect (e.g., between land and improvements).
- H. APPEAL AFTER AN AUDIT. Must include description of each property, issues being appealed, and your opinion of value.
 1. Amount of escape assessment is incorrect.
 2. Assessment of other property of the assessee at the location is incorrect.
- I. OTHER
 Explanation (attach sheet if necessary) Cancellation of PACE assessment per R&T Code section 4896 and request for Stipulation per R&T Code 5142(b)

7. WRITTEN FINDINGS OF FACT: Per fee schedule at time of hearing, I am requesting Findings of Fact. Contact the Clerk of the Board or visit <https://lacaab.lacounty.gov> for current fee schedule. **NOTE:** Not available for hearings before a Hearing Officer.
 Are requested. Are not requested.

8. THIS APPLICATION IS DESIGNATED AS A CLAIM FOR REFUND *See instructions.*
 Yes No

9. HEARING OFFICER PROGRAM
If your property is a single-family dwelling, condominium, cooperative or multi-family dwelling of four units or less, regardless of value, or a property that does not exceed \$3,000,000 assessed value, you may request that your hearing be conducted by an Assessment Hearing Officer, instead of a formal Assessment Appeals Board.
Do you wish to have your appeal heard before an Assessment Appeals Hearing Officer? Yes No

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief and that I am (1) the owner of the property or the person affected (i.e., a person having a direct economic interest in the payment of taxes on that property – "The Applicant"), (2) an agent authorized by the applicant under item 2 of this application, or (3) an attorney licensed to practice law in the State of California, State Bar Number 301934, who has been retained by the applicant and has been authorized by that person to file this application.

SIGNATURE (Use Blue Pen - Original signature required on paper-filed application) 	SIGNED AT (CITY, STATE) Los Angeles, CA	DATE 07/03/2019
NAME (Please Print) Nisha Kashyap		

FILING STATUS (IDENTIFY RELATIONSHIP TO APPLICANT NAMED IN SECTION 1)

- OWNER AGENT ATTORNEY SPOUSE REGISTERED DOMESTIC PARTNER CHILD PARENT PERSON AFFECTED
- CORPORATE OFFICER OR DESIGNATED EMPLOYEE

APPLICANT'S NAME

APPLICATION NUMBER

**Reason for Filing Appeal (Continued from Application)
And Request to Assessor for Stipulation Pursuant to Revenue and Tax Code § 5142(b)**

Summary of Application

Aurelia Millender, on behalf of herself and all others similarly situated, seeks cancellation of a voluntary contractual assessment placed on her property through the Los Angeles County (“County”) Property Assessed Clean Energy (“PACE”) program (e.g., a “PACE Assessment”) pursuant to Revenue and Taxation Code § 4986, and a refund of any taxes paid in connection with that assessment under Revenue and Taxation Code § 5096 et seq.

Ms. Millender’s claim for cancellation and refund of the PACE assessment is based on the allegations in the civil class action complaint, filed January 24, 2019 (Case No. BC701810) captioned *Reginald Nemore et al., v. Renovate America and the County of Los Angeles, et al.* (and related Case No. BC701809) (the “Complaint”).¹

In part, the Complaint alleges that Ms. Millender’s PACE assessments were illegally levied or charged because:

- The County’s PACE program’s failure to consider elder homeowners’ ability to pay PACE assessments constituted financial elder abuse and violated Welfare & Institutions Code § 15610.30;
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1670.5; and
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1668.

Ms. Millender reserves the right to seek cancellation on any grounds raised in the Complaint, and any other grounds as may become available on the basis of evidence presented at hearing, should a hearing be required. Based on the nature of her claims, however, Ms. Millender intends to seek a stipulation as to nonvaluation pursuant to Revenue and Taxation Code § 5142(b).²

Request for § 5142(b) Nonvaluation Stipulation

Ms. Millender, on behalf of herself and all others similarly situated, seeks agreement from the Assessor that her Assessment Appeal Application involves only non-valuation issues, for which the Board of Equalization cannot provide an adequate remedy and have no special competence to decide.

¹ A copy of the Complaint is available upon request.

² Ms. Millender is seeking said stipulation in response to a Court order requiring administrative exhaustion of her tax cancellation claims before being able to proceed with civil litigation. The Court’s ruling is available upon request.

Pursuant to Revenue and Taxation Code § 5142(b), the Assessor in the first instance can stipulate with the homeowner that an application involves only non-valuation issues, which are beyond the scope and expertise of the Assessor and Board of Equalization to decide.

When the person affected or his or her agent and the assessor stipulate that an application involves only nonvaluation issues, they may file a stipulation with the county board of equalization stating that issues in dispute do not involve valuation questions. To the extent possible, the stipulation shall also indicate the parties' agreement as to the assessment amounts that would result under their respective positions on the issue or issues in dispute. The board shall accept or reject the stipulation, with or without conducting a hearing on the stipulation. The filing of, and the acceptance by the board of, a stipulation shall be deemed compliance with the requirement that the person affected file and prosecute an application for reduction under Chapter 1 (commencing with Section 1601) of Part 3 in order to exhaust administrative remedies. However, the filing of, and the acceptance by the board of, a stipulation under this subdivision shall not excuse or waive the requirement of a timely filing of a claim for refund. Rev. & Tax. 5142(b).

A PACE Assessment is a voluntary contractual assessment entered into between the County and the homeowner. The annual amount of assessment represents principal and interest payments on a loan made from the County to the homeowner to enable the homeowner to access certain home improvements. There is no valuation of the property or the home improvements that is performed by the Assessor in conjunction with the PACE program or PACE assessments. There is no change in ownership at issue here.

As set forth in the Complaint, Ms. Millender's tax cancellation claims concern legal issues related to the County's implementation of the PACE program: (1) whether the PACE program's failure to consider elder homeowners' ability to pay the PACE assessment constituted financial elder abuse and (2) whether the assessment agreements are unlawful as a matter of law and public policy. Her claims are not related in any way to valuation, equalization, new construction, a change in ownership or other ownership issues. Nor do her claims relate to a Supplemental Assessment, Roll Change, Escape Assessment, Calamity Assessment, or Penalty Assessment, as those terms are defined by the Revenue and Tax Code.

For these reasons, Ms. Millender believes a stipulation of non-valuation is appropriate, and should govern her and all other similarly situated Assessment Appeal Applications.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 19, 2019

VIA E-MAIL

Aurelia Millender
c/o Nisha Kashyap, Esq.
Public Counsel
610 S. Ardmore Ave.
Los Angeles, CA 90005
nkashyap@publiccounsel.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000040
Parcel/Bill No.:	6016-028-011
Claimant Name:	Aurelia Millender
HERO PACE ID:	CA037127073 & CA037123628

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment. Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
ISD, Energy & Environmental Services, PACE Program
1100 N. Eastern Avenue
Los Angeles, CA 90063

E-mail: PACEclaims@isd.lacounty.gov

Section 1: Please check all that apply that support the basis(es) of your claim and describe more fully in the comments in Section 4 below:

- I am unable to afford my PACE assessment.
- Improvement work was not completed or was not satisfactory.
- My home did not qualify for the PACE program.
- I did not understand my PACE financing.
- I did not sign the PACE financing documents.
- There is an issue with title to my property and/or with other mortgage/lien holders.
- Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

- Was all of your PACE home improvement work completed? YES or **NO** (If all of your PACE home improvement was not completed, or not completed

to your satisfaction, please use Section 4 below to provide more information as to which products were not completed to your satisfaction and why.)

- Are you 65 years old or older? YES or NO

- Is your primary language something other than English? YES or NO
 - If so, what is your primary language? _____

 - If so, were you provided documents related to your PACE assessment in you primary language? YES or NO

Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

Section 4: Please describe in detail why you believe your PACE assessment should be cancelled. If the primary reason is an alleged failure of the County or PACE administrators to consider your ability to repay the assessment, please describe your inability to repay the assessment. You may attach additional pages as necessary.

please see attached.

I authorize the County to request and review additional information related to PACE assessment, including, but not limited to, my home improvement contract, PACE financing application, and PACE assessment contract documents, from its PACE administrator or other sources in consideration of my claim. I further authorize other County departments, including its Department of Consumer and Business Affairs, to review and consider this information in any investigation the County deems warranted.

Signed: Amelia Millender Date: 12/2/2019

Print Full Name of Claimant: Amelia Millender

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000040
Parcel/Bill No. 6016-028-011
Claimant Name: Aurelia Millender¹
HERO PACE ID: CA037113331; CA037123628

Attachment to Section 3 of PACE Tax Cancellation Claim – Addendum Form

Ms. Millender intends to supplement this attachment with additional information and evidence (responsive to Section 3) in support of her claims.²

Attachment to Section 4 of PACE Tax Cancellation Claim – Addendum Form

Aurelia Millender is an 83-year old resident of Los Angeles County. At all times relevant here, Ms. Millender has owned the real property located at 2057 W. 71st Street in Los Angeles. According to the County Assessor’s office, Ms. Millender’s home was built in 1929. It contains 1,446 square feet.

The primary basis of Ms. Millender’s claims for cancellation and refund of the PACE assessment include all allegations in the civil class action complaint and exhibits, filed January 24, 2019 (*Nemore et al., v. Renovate America and the County of Los Angeles, et al.*, Case No. BC701810), incorporated by reference as if fully stated herein. In addition, Ms. Millender seeks relief on all grounds indicated in the PACE Tax Cancellation Claim – Addendum Form. The below summary is not a full statement of the factual or legal basis for Ms. Millender’s claims. Ms. Millender intends to supplement this attachment with additional information and evidence in support of her claims.

Ms. Millender’s income consists of Social Security and Supplemental Security Income, totaling less than \$1,000 a month. She also usually receives a few hundred dollars a month from a family member. Her monthly income never exceeds \$1,350.

On or about August 31, 2016 and November 20, 2016, when she was 80 years old, Ms. Millender purportedly entered into two Renovate America PACE assessment contracts with the County. The first covered some exterior paint, which supposedly would lower the temperature inside her house on hot days, and one replacement window. Renovate America’s contractor charged Ms. Millender \$18,951 for those items. The second contract covered roof shingles that

¹ Ms. Millender is represented by counsel with respect to this administrative claim, and in the class action complaint referenced herein, and is not to be contacted directly regarding this matter. All communication regarding this matter should be sent to Public Counsel c/o Nisha Kashyap, nkashyap@publiccounsel.org; 213-385-2977 ext. 245.

² Although ISD’s letter to Ms. Millender is dated November 19, 2019 and indicates it was sent to Ms. Millender’s counsel “via e-mail,” it was first received via the postal service on the afternoon of November 22, 2019, the Friday before the Thanksgiving holiday.

supposedly would also lower the summertime temperature inside her home. For that, the Renovate America contractor charged her \$20,500. To secure repayment of these assessment contracts, the County recorded two PACE Liens on Ms. Millender's property.

In addition to the \$39,451 in Renovate America contractor charges, the PACE Lien secures \$5,500 in Renovate America fees and capitalized interest, plus another \$49,900 in interest, all of which are to be paid over the 20-year life of the PACE Loans, at the rate of \$4,736 per year, for a total of \$90,361 in payments to the County.

The first of her two PACE Liens caused Ms. Millender's debt-to-income ratio to increase to approximately 48%, and left her with a residual income of less than \$700 a month to pay for food, utilities, transportation, etc. Ms. Millender's second PACE Lien caused her debt-to-income ratio to increase to approximately 64%, and left her with residual income of less than \$500 per month. Ms. Millender has noticed no meaningful difference in the temperature inside her home from the \$39,451 in wall and roof paint that Renovate America's contractor charged her, or for the \$4,736 per year she will have to pay the County until 2036 to stay in her house.

Ms. Millender did not in 2016 and does not now have the ability to repay the PACE lien. She has defaulted on her property tax bill because she is unable to afford the additional PACE assessments.

Ms. Millender's administrative claim is filed on behalf of herself and all persons similarly situated and seeks class-wide relief on the claims that are set forth in the *Nemore* complaint and fully incorporated herein. In the alternative, she is entitled to a final administrative decision that her administrative claim will not be resolved on a class-wide basis and providing the basis for that decision.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 19, 2019

VIA E-MAIL

Aurelia Millender
c/o Nisha Kashyap, Esq.
Public Counsel
610 S. Ardmore Ave.
Los Angeles, CA 90005
nkashyap@publiccounsel.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000040
Parcel/Bill No.:	6016-028-011
Claimant Name:	Aurelia Millender
HERO PACE ID:	CA037127073

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment. Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
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- I did not understand my PACE financing.
- I did not sign the PACE financing documents.
- There is an issue with title to my property and/or with other mortgage/lien holders.
- Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

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Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

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Please see attached.

I authorize the County to request and review additional information related to PACE assessment, including, but not limited to, my home improvement contract, PACE financing application, and PACE assessment contract documents, from its PACE administrator or other sources in consideration of my claim. I further authorize other County departments, including its Department of Consumer and Business Affairs, to review and consider this information in any investigation the County deems warranted.

Signed: Aurelia Millender Date: 12/2/2019

Print Full Name of Claimant: Aurelia Millender

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000040
Parcel/Bill No. 6016-028-011
Claimant Name: Aurelia Millender¹
HERO PACE ID: CA037113331; CA037123628

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² Although ISD’s letter to Ms. Millender is dated November 19, 2019 and indicates it was sent to Ms. Millender’s counsel “via e-mail,” it was first received via the postal service on the afternoon of November 22, 2019, the Friday before the Thanksgiving holiday.

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Ms. Millender's administrative claim is filed on behalf of herself and all persons similarly situated and seeks class-wide relief on the claims that are set forth in the *Nemore* complaint and fully incorporated herein. In the alternative, she is entitled to a final administrative decision that her administrative claim will not be resolved on a class-wide basis and providing the basis for that decision.

ASSESSMENT APPEAL APPLICATION

This form contains all of the requests for information that are required for filing an application for changed assessment. Failure to complete this application may result in rejection of the application and/or denial of the appeal. Applicants should be prepared to submit additional information if requested by the assessor or at the time of the hearing. Failure to provide information at the hearing the appeals board considers necessary may result in the continuance of the hearing or denial of the appeal. Do not attach hearing evidence to this application.



ASSESSMENT APPEALS BOARD
COUNTY OF LOS ANGELES
 500 WEST TEMPLE ST, ROOM B4
 LOS ANGELES, CA 90012
 Ph (213) 974-1471 / (888) 807-2111
 (800) 735-2929 (TDD)
 Online filing: <https://lacaab.lacounty.gov>

OFFICE USE ONLY	APPLICATION NUMBER	REGION
	2019 JUL -5 AM 8:27	
COUNTY OF LOS ANGELES		DATE RECEIVED
APPEALS BOARD		DATE RECEIVED
PM	Walk in <input type="checkbox"/> By <input type="checkbox"/>	

1. APPLICANT INFORMATION - PLEASE PRINT

NAME OF APPLICANT (LAST, FIRST, MIDDLE INITIAL), BUSINESS, OR TRUST NAME: **Bowen, Allen** EMAIL ADDRESS:

MAILING ADDRESS OF APPLICANT (STREET ADDRESS OR P. O. BOX):
2001 W 78th Street

CITY Los Angeles	STATE CA	ZIP CODE 90047	DAYTIME TELEPHONE (323) 501-2747	ALTERNATE TELEPHONE ()	FAX TELEPHONE ()
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2. CONTACT INFORMATION - AGENT, ATTORNEY, OR RELATIVE OF APPLICANT if applicable - (REPRESENTATION IS OPTIONAL)

NAME OF AGENT, ATTORNEY, OR RELATIVE (LAST, FIRST, MIDDLE INITIAL): **Sperling, Jennifer H.** EMAIL ADDRESS: **jsperling@bettzedek.org**

COMPANY NAME: **Bet Tzedek** TAX AGENT REGISTRATION NUMBER:

CONTACT PERSON IF OTHER THAN ABOVE (LAST, FIRST, MIDDLE INITIAL):

MAILING ADDRESS (STREET ADDRESS OR P. O. BOX):
3250 Wilshire Blvd. 13th Floor

CITY Los Angeles	STATE CA	ZIP CODE 90010	DAYTIME TELEPHONE (323) 549-5867	ALTERNATE TELEPHONE ()	FAX TELEPHONE (213) 4714569
----------------------------	--------------------	--------------------------	--	----------------------------	---------------------------------------

AUTHORIZATION OF AGENT AUTHORIZATION ATTACHED

The following information must be completed (or attached to this application - see instructions) unless the agent is a licensed California attorney as indicated in the Certification section, or a spouse, child, parent, registered domestic partner, or the person affected. If the applicant is a business entity, the agent's authorization must be signed by an officer or authorized employee of the business.

The person named in Section 2 above is hereby authorized to act as my agent in this application, and may inspect assessor's records, enter in stipulation agreements, and otherwise settle issues relating to this application.

SIGNATURE OF APPLICANT, OFFICER, OR AUTHORIZED EMPLOYEE	TITLE	DATE
---	-------	------

3. PROPERTY IDENTIFICATION INFORMATION

Yes No Is this property a single-family dwelling that is occupied as the principal place of residence by the owner?

ENTER APPLICABLE NUMBER FROM YOUR NOTICE/TAX BILL

ASSESSOR'S PARCEL NUMBER 6017 022 024	ASSESSMENT NUMBER	FEE NUMBER
ACCOUNT NUMBER	TAX BILL NUMBER	

PROPERTY ADDRESS OR LOCATION: **2001 W 78th Street Los Angeles, California 90047** DOING BUSINESS AS (DBA), if appropriate:

PROPERTY TYPE SINGLE-FAMILY / CONDOMINIUM / TOWNHOUSE / DUPLEX ECONOMIC UNIT (attach Form AAB101)

MULTI-FAMILY/APARTMENTS: NO. OF UNITS _____ AGRICULTURAL POSSESSORY INTEREST

COMMERCIAL/INDUSTRIAL MANUFACTURED HOME VACANT LAND

BUSINESS PERSONAL PROPERTY/FIXTURES WATER CRAFT AIRCRAFT

OTHER: _____

4. VALUE	A. VALUE ON ROLL	B. APPLICANT'S OPINION OF VALUE	C. APPEALS BOARD USE ONLY
LAND			
IMPROVEMENTS/STRUCTURES			
FIXTURES			
PERSONAL PROPERTY (see instructions)			
MINERAL RIGHTS			
TREES & VINES			
OTHER		276,327	
TOTAL			
PENALTIES (amount or percent)			

THIS DOCUMENT IS SUBJECT TO PUBLIC INSPECTION Dup

APPLICATION NUMBER

5. TYPE OF ASSESSMENT BEING APPEALED Check only one. See instructions for filing periods

- REGULAR ASSESSMENT – VALUE AS OF JANUARY 1 OF THE CURRENT YEAR
 - SUPPLEMENTAL ASSESSMENT
*DATE OF NOTICE: _____ ROLL YEAR: _____
 - ROLL CHANGE ESCAPE ASSESSMENT CALAMITY REASSESSMENT PENALTY ASSESSMENT
*DATE OF NOTICE: _____ **ROLL YEAR: _____
- *Must attach copy of notice or bill, where applicable **Each roll year requires a separate application*

6. REASON FOR FILING APPEAL (FACTS) See instructions before completing this section.

If you are uncertain of which item to check, please check "I. OTHER" and provide a brief explanation of your reasons for filing this application. The reasons that I rely upon to support requested changes in value are as follows:

- A. DECLINE IN VALUE
 - The assessor's roll value exceeds the market value as of January 1 of the current year.
- B. CHANGE IN OWNERSHIP
 - 1. No change in ownership occurred on the date of _____.
 - 2. Base year value for the change in ownership established on the date of _____ is incorrect.
- C. NEW CONSTRUCTION
 - 1. No new construction occurred on the date of _____.
 - 2. Base year value for the completed new construction established on the date of _____ is incorrect.
 - 3. Value of construction in progress on January 1 is incorrect.
- D. CALAMITY REASSESSMENT
 - Assessor's reduced value is incorrect for property damaged by misfortune or calamity.
- E. BUSINESS PERSONAL PROPERTY/FIXTURES. Assessor's value of personal property and/or fixtures exceeds market value.
 - 1. All personal property/fixtures.
 - 2. Only a portion of the personal property/fixtures. Attach description of those items.
- F. PENALTY ASSESSMENT
 - Penalty assessment is not justified.
- G. CLASSIFICATION/ALLOCATION
 - 1. Classification of property is incorrect.
 - 2. Allocation of value of property is incorrect (e.g., between land and improvements).
- H. APPEAL AFTER AN AUDIT. Must include description of each property, issues being appealed, and your opinion of value.
 - 1. Amount of escape assessment is incorrect.
 - 2. Assessment of other property of the assessee at the location is incorrect.
- I. OTHER Cancellation of PACE assessment per R&T Code section 4896 and request for Stipulation per R&T Code 5142(b)
 - Explanation (attach sheet if necessary)

7. WRITTEN FINDINGS OF FACT: Per fee schedule at time of hearing, I am requesting Findings of Fact. Contact the Clerk of the Board or visit <https://lacaab.lacounty.gov> for current fee schedule. NOTE: Not available for hearings before a Hearing Officer.

- Are requested. Are not requested.

8. THIS APPLICATION IS DESIGNATED AS A CLAIM FOR REFUND See instructions.

- Yes No

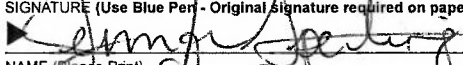
9. HEARING OFFICER PROGRAM

If your property is a single-family dwelling, condominium, cooperative or multi-family dwelling of four units or less, regardless of value, or a property that does not exceed \$3,000,000 assessed value, you may request that your hearing be conducted by an Assessment Hearing Officer, instead of a formal Assessment Appeals Board.

- Do you wish to have your appeal heard before an Assessment Appeals Hearing Officer? Yes No

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief and that I am (1) the owner of the property or the person affected (i.e., a person having a direct economic interest in the payment of taxes on that property – "The Applicant"), (2) an agent authorized by the applicant under item 2 of this application, or (3) an attorney licensed to practice law in the State of California, State Bar Number 310551, who has been retained by the applicant and has been authorized by that person to file this application.

SIGNATURE (Use Blue Pen - Original signature required on paper-filed application) 	SIGNED AT (CITY, STATE) Los Angeles, CA	DATE 7/3/19
NAME (Please Print) Jennifer Sperling		

FILING STATUS (IDENTIFY RELATIONSHIP TO APPLICANT NAMED IN SECTION 1)

- OWNER AGENT ATTORNEY SPOUSE REGISTERED DOMESTIC PARTNER CHILD PARENT PERSON AFFECTED
- CORPORATE OFFICER OR DESIGNATED EMPLOYEE

APPLICANT'S NAME

APPLICATION NUMBER

**Reason for Filing Appeal (Continued from Application)
And Request to Assessor for Stipulation Pursuant to Revenue and Tax Code § 5142(b)**

Summary of Application

Allen Bowen, on behalf of himself and all others similarly situated, seeks cancellation of a voluntary contractual assessment placed on his property through the Los Angeles County (“County”) Property Assessed Clean Energy (“PACE”) program (e.g., a “PACE Assessment”) pursuant to Revenue and Taxation Code § 4986, and a refund of any taxes paid in connection with that assessment under Revenue and Taxation Code § 5096 et seq.

Mr. Bowen’s claim for cancellation and refund of the PACE assessment is based on the allegations in the civil class action complaint, filed January 24, 2019 (Case No. BC701810) captioned *Reginald Nemore et al., v. Renovate America and the County of Los Angeles, et al.* (and related Case No. BC701809) (the “Complaint”).¹

In part, the Complaint alleges that Mr. Bowen’s PACE assessments were illegally levied or charged because:

- The County’s PACE program’s failure to consider elder homeowners’ ability to pay PACE assessments constituted financial elder abuse and violated Welfare & Institutions Code § 15610.30;
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1670.5; and
- The County’s voluntary contractual assessment agreement is an unlawful contract under California Civil Code § 1668.

Mr. Bowen reserves the right to seek cancellation on any grounds raised in the Complaint, and any other grounds as may become available on the basis of evidence presented at hearing, should a hearing be required. Based on the nature of his claims, however, Mr. Bowen intends to seek a stipulation as to nonvaluation pursuant to Revenue and Taxation Code § 5142(b).²

Request for § 5142(b) Nonvaluation Stipulation

Mr. Bowen, on behalf of himself and all others similarly situated, seeks agreement from the Assessor that his Assessment Appeal Application involves only non-valuation issues, for which the Board of Equalization cannot provide an adequate remedy and have no special competence to decide.

¹ A copy of the Complaint is available upon request.

² Mr. Bowen is seeking said stipulation in response to a Court order requiring administrative exhaustion of his tax cancellation claims before being able to proceed with civil litigation. The Court’s ruling is available upon request.

Pursuant to Revenue and Taxation Code § 5142(b), the Assessor in the first instance can stipulate with the homeowner that an application involves only non-valuation issues, which are beyond the scope and expertise of the Assessor and Board of Equalization to decide.

When the person affected or his or her agent and the assessor stipulate that an application involves only nonvaluation issues, they may file a stipulation with the county board of equalization stating that issues in dispute do not involve valuation questions. To the extent possible, the stipulation shall also indicate the parties' agreement as to the assessment amounts that would result under their respective positions on the issue or issues in dispute. The board shall accept or reject the stipulation, with or without conducting a hearing on the stipulation. The filing of, and the acceptance by the board of, a stipulation shall be deemed compliance with the requirement that the person affected file and prosecute an application for reduction under Chapter 1 (commencing with Section 1601) of Part 3 in order to exhaust administrative remedies. However, the filing of, and the acceptance by the board of, a stipulation under this subdivision shall not excuse or waive the requirement of a timely filing of a claim for refund. Rev. & Tax. 5142(b).

A PACE Assessment is a voluntary contractual assessment entered into between the County and the homeowner. The annual amount of assessment represents principal and interest payments on a loan made from the County to the homeowner to enable the homeowner to access certain home improvements. There is no valuation of the property or the home improvements that is performed by the Assessor in conjunction with the PACE program or PACE assessments. There is no change in ownership at issue here.

As set forth in the Complaint, Mr. Bowen's tax cancellation claims concern legal issues related to the County's implementation of the PACE program: (1) whether the PACE program's failure to consider elder homeowners' ability to pay the PACE assessment constituted financial elder abuse and (2) whether the assessment agreements are unlawful as a matter of law and public policy. His claims are not related in any way to valuation, equalization, new construction, a change in ownership or other ownership issues. Nor do his claims relate to a Supplemental Assessment, Roll Change, Escape Assessment, Calamity Assessment, or Penalty Assessment, as those terms are defined by the Revenue and Tax Code.

For these reasons, Mr. Bowen believes a stipulation of non-valuation is appropriate, and should govern his and all other similarly situated Assessment Appeal Applications.



County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

November 18, 2019

VIA E-MAIL

Allen Bowen
c/o Jennifer Sperling, Esq.
Bet Tzedek
3250 Wilshire Blvd., 13th FL
Los Angeles, CA 90010
jsperling@bettzedek.org

RE: Additional Information Requested Regarding Your Property Assessed Clean Energy (PACE) Assessment Tax Cancellation Claim

Tax Cancellation Claim No.:	2019-000039
Parcel/Bill No.:	6017-022-024
Claimant Name:	Allen Bowen
HERO PACE ID:	CA037137139

The County of Los Angeles (County) is in receipt of your claim requesting cancellation of the tax assessment related to your Property Assessed Clean Energy (PACE) assessment.

Your claim seeks, among other relief, cancellation of your PACE assessment on your own behalf, "and all others similarly situated." Claims for cancellation of taxes are subject to individualized procedures set forth in the California Revenue & Taxation Code. The County will consider your claim on an individual, not class-wide basis.

The County also notes that your claim, and the Complaint in the lawsuit referenced in your claim application, focus heavily on the County and PACE administrator's alleged failure to consider your ability to repay the assessment.

Please provide information about your ability or inability to pay the assessment in Section 4.

In order to fully evaluate your claim, the County requests you address the matters noted above, and submit the additional information as described in this letter **within two (2) weeks of the date of this letter** to the following address or email:

Address: County of Los Angeles
ISD, Energy & Environmental Services, PACE Program
1100 N. Eastern Avenue
Los Angeles, CA 90063

E-mail: PACEclaims@isd.lacounty.gov

Section 1: Please check all that apply that support the basis(es) of your claim and describe more fully in the comments in Section 4 below:

- I am unable to afford my PACE assessment.
- Improvement work was not completed or was not satisfactory.
- My home did not qualify for the PACE program.
- I did not understand my PACE financing.
- I did not sign the PACE financing documents.
- There is an issue with title to my property and/or with other mortgage/lien holders.
- Other (Describe in Comments Section 4 below fully).

Section 2: Please circle or fill-in the requested information, as appropriate, for the following:

- Was all of your PACE home improvement work completed? YES or NO (If all of your PACE home improvement was not completed, or not completed to your satisfaction, please use Section 4 below to provide more information as to which products were not completed to your satisfaction and why.)

- Are you 65 years old or older? YES or NO

- Is your primary language something other than English? YES or NO
 - If so, what is your primary language? _____

 - If so, were you provided documents related to your PACE assessment in you primary language? YES or NO

Section 3: Please also submit with your response any evidence you would like the County to consider in support of your claim. For example, you may submit photos or copies of your home improvement contract, PACE financing application documents, and PACE assessment agreement.

Section 4: Please describe in detail why you believe your PACE assessment should be cancelled. If the primary reason is an alleged failure of the County or PACE administrators to consider your ability to repay the assessment, please describe your inability to repay the assessment. You may attach additional pages as necessary.

See attached

I authorize the County to request and review additional information related to PACE assessment, including, but not limited to, my home improvement contract, PACE financing application, and PACE assessment contract documents, from its PACE administrator or other sources in consideration of my claim. I further authorize other County departments, including its Department of Consumer and Business Affairs, to review and consider this information in any investigation the County deems warranted.

Signed: Allen W. Bowen Date: 12-3-2019

Print Full Name of Claimant: Allen Bowen

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Very truly yours,

INTERNAL SERVICES DEPARTMENT
Energy & Environmental Services

Tax Cancellation Claim No. 2019-000039
Parcel/Bill No. 6017-022-024
Claimant Name: Allen Bowen¹
HERO PACE ID: CA037137139

Attachment to Section 3 of PACE Tax Cancellation Claim – Addendum Form

Mr. Bowen intends to supplement this attachment with additional information and evidence (responsive to Section 3) in support of his claims.²

Attachment to Section 4 of PACE Tax Cancellation Claim – Addendum Form

Allen Bowen is a 69-year-old resident of Los Angeles County. At all times relevant here, Mr. Bowen has owned the real property located at 2001 W. 78th Street in Los Angeles. According to the County Assessor’s office, Mr. Bowen’s home was built in 1927. It has three bedrooms, one bathroom, and contains 1,534 square feet.

Mr. Bowen is a United States Army veteran and retired United States Postal Service employee. He receives a pension of \$2,324 and receives an additional \$217 per month in Social Security retirement benefits. On this income alone, Mr. Bowen supports himself and, at the time he was solicited for a PACE complaint, his teen-aged son.

The primary basis of Allen Bowen’s claims for cancellation and refund of the PACE assessment includes all allegations in the civil class action complaint, filed January 24, 2019, captioned *Nemore et al., v. Renovate America and the County of Los Angeles et al.*, (related to *Ocana et al., v. Renew Financial and the County of Los Angeles et al.*) (Case Nos. BC701809 and BC701810), incorporated by reference as if fully stated herein, including exhibits. In addition, Mr. Bowen seeks relief on all grounds indicated in his Assessment Appeal Application and PACE Tax Cancellation Claim – Addendum Form. The below summary is not a full statement of the factual or legal basis for Mr. Bowen’s claims.

On or about May 24, 2017, when Mr. Bowen was 69 years old, he purportedly entered into a Renovate America PACE assessment contract with the County. The contract covered the installation of solar panels and windows for his house. Despite the modest size of Mr. Bowen’s home, the Renovate America contract charged him \$39,800 for the panels and windows. To

¹ Mr. Bowen is represented by counsel with respect to this administrative claim, and in the class action complaint referenced herein, and is not to be contacted directly regarding this matter. All communication regarding this matter should be sent to Bet Tzedek c/o Jennifer Sperling, jsperling@bettzedek.org; (323) 549-5867.

² Although ISD’s letter to Mr. Bowen is dated November 18, 2019 and indicates it was sent to Mr. Bowen’s counsel “via e-mail,” it was first received via the postal service on the afternoon of November 22, 2019, the Friday before the Thanksgiving holiday.

secure repayment of that assessment contract, the County recorded a PACE Lien on Mr. Bowen's property.

The PACE Lien covers the \$39,800 in contractor charges, plus more than \$5,000 in Renovate America fees and capitalized interest, plus another \$10,330 in interest over the next five years, for a total of \$51,658 in payments to the County. All of that requires Mr. Bowen to make a \$10,311 annual PACE Loan payment to the County, on an annual income from his pension and Social Security of about \$30,500. The PACE Loan resulted in an increase in Mr. Bowen's debt-to-income ratio from less than 25% to over 60%.

At the time Mr. Bowen filed his complaint, Mr. Bowen had received no energy savings from the Renovate America solar panels, because they did not work. At this time, Mr. Bowen's solar panels are working, but Mr. Bowen's "investment" in solar panels through Renovate America has not resulted in annual savings sufficient to cover what the County has added to his annual property tax bill.

Mr. Bowen has had to borrow money from his 92 year-old mother to stay current on his property tax bill.

Mr. Bowen intends to supplement this attachment with additional information and evidence in support of his claims.

Mr. Bowen's administrative claim is filed on behalf of himself and all persons similarly situated, and seeks class-wide relief on the claims that are set forth in the *Nemore* complaint and fully incorporated herein. In the alternative, he is entitled to a final administrative decision that his administrative claim will not be resolved on a class-wide basis and providing the basis for that decision.

EXHIBIT X

County of Los Angeles
Department of Auditor-Controller



Direct Assessment Submission
Procedure Manual

FY 2019-2020
Processing

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DIRECT ASSESSMENT (DA) INTRODUCTION

This is the fiscal year 2019-2020 version of the Los Angeles County Auditor-Controller Direct Assessment Submission Procedure Manual. This manual has been created for use by taxing agencies that submit their direct assessments to the Los Angeles County Auditor-Controller for processing.

The following is a summary of important items to keep in mind during this year's Direct Assessment (DA) process:

- **Agency Information Sheet (AIS) New Field**

This fiscal year, the AIS form has two new fields:

- **Website**
- **Consultant Agency Name or Levying Agency (City/Department Name)**

Please fill out completely all the **required** fields on the form.

For instructions on how to generate and submit your AIS, please see the revised **DAWeb Agency Manual** under the **Help Option Menu** on the DAWeb Application website (<http://daweb.auditor.lacounty.gov>).

NOTE: The AIS Web Form must be completed and saved before you proceed to upload documents or data file.

- **Document Submission**

All DA agencies are **required** to submit the new revised AIS.

None of the three following required documents (**AIS, Billing Agreement** and **Data Transmittal**) should be modified unless approved by the Auditor-Controller management.

The Auditor-Controller requires that each agency provide a current copy of their Resolution/Ordinance and Billing Agreement annually, even if no changes have taken place.

- **Requesting for New DA Account**

If your agency would like to request **new DA account(s)**, please send an e-mail to **Evelyn Ramirez** or **Aquilla Ivery-Simmons** at dagroup@auditor.lacounty.gov and see **REQUESTING FOR NEW DA ACCOUNT(S)** (see page vi). Also, please refer to the **DA CYCLE AND SUBMISSION DUE DATES** (see page iv) to ensure you submit your new account request before the deadline.

- **Notification Letter of Authorization**

For those consulting agencies that are authorized to sign any/all required documents and forms on your behalf of the levying agency, we require you to send us a notification letter of authorization (**see page viii**).

- **State Parcel Tax Reporting - Assembly Bill 2109**

The Auditor-Controller has identified direct assessment agencies that are considered a parcel tax and are required to report on their Financial Transactions Reports (FTR) to the State Controller's Office (SCO). The Auditor-Controller will be reporting on behalf of all County direct assessment agencies that are levying parcel taxes and will be in contact with them while the non-County direct assessment agencies will be responsible for reporting their information on their FTR to the SCO. To see if your agencies are required to report, please click the link below:

[Direct Assessment Parcel Tax List by Account Name and Number](#)

- **Notice of New Parcel Tax - Assembly Bill 2476**

Effective January 1, 2017, all local agencies are required to provide notice of new parcel tax to the affected property owners who reside outside of the district boundaries. For more information and the entirety of AB 2476, please click the link below:

[AB 2476 State Legislature Website](#)

Questions regarding any portion of these important items should be directed to the Auditor-Controller Property Tax Services Division, **Evelyn Ramirez**, supervisor of the **Direct Assessment Processing Unit** at **(213) 893-2344**.

DA CYCLE AND SUBMISSION DUE DATES

- May 1st - July 15th** Request for the New DA Accounts (**see page vi**) and Bill Description Modification (**see page 27**) will be processed if received by our office as early as **May 1st** and no later than **July 15th**.
- May 1st - August 10th** Submit the Notification Letter of Authorization to our office as early as **May 1st** and no later than **August 10th** (**see page viii**).
- July - August** Agencies submit original input direct assessments for new tax year beginning **July 1st**.
- The Auditor-Controller prepares new tax roll with direct assessments that have been provided by taxing agencies. We provide exception reports, parcel change reports and comparison letters for agencies with a significant change in data (> 20% of transaction count and/or dollar amount) from previous year to current year.
- September** Secured tax bills are printed.
- October** Special Tax Levied/Paid Report Original Charge will be available for viewing (**see page 22**) or for downloading via our website at <http://auditor.lacounty.gov>.

DA DATA SUBMISSION DUE DATES

To ensure agency direct assessments are included on tax roll, please submit direct assessment input as soon as possible beginning **July 1st**. Cut-off dates are as follows:

- July 15th** Upload test data via DAWeb at <http://daweb.auditor.lacounty.gov>. Agencies submitting data for the first time are recommended to submit test files with sample production data for review.
- August 10th** Upload original input data via DAWeb.
- September 10th** Final day to accept DA corrections for new tax year.

NOTE: Direct assessment data cannot be submitted to Auditor-Controller via DAWeb without first uploading the AIS, Resolution/Ordinance, Billing Agreement and Data Transmittal.

We cannot guarantee any agency placement of all direct assessments on tax roll when input is received after established due date of **August 10th**.

DA SCHEDULE OF SERVICE CHARGES

1. DA Annual Charges

Original Input:	\$0.25 per assessment per parcel/yr sequence
Processing Fee:	\$50.00 per account
Set Up Fee:	\$250.00 per account for New DA accounts only

2. DA Quarterly Charge

Corrections:	\$13.00 per assessment per parcel/yr sequence after tax roll extension on September 21, 2019.
--------------	---

3. DA Confirmation Charges

The Auditor-Controller will provide an email confirmation that the assessments on specific parcels have been removed/adjusted if the agency makes a request. There will be an additional charge per assessment, per parcel/yr sequence plus processing fee.

NOTE: Additional services requested outside of the processes listed above will be charged based on FY 2019-20 Auditor-Controller Duplication Rates available in September 2019.

REQUESTING FOR NEW DA ACCOUNT(S)

For requesting new DA account(s), please provide the following:

- Letter requesting for new DA Account(s) should be on agency's letterhead (**see page vii**).
- Copy of approved resolution or ordinance authorizing the Auditor-Controller to place the DA charges on the tax bills.

Send request via:

- Mail: **County of Los Angeles
Auditor-Controller, Property Tax Services Division
Direct Assessment Processing Unit
500 W. Temple Street, Room 153
Los Angeles, CA 90012
Attn: Evelyn Ramirez**

OR

- E-mail: **Evelyn Ramirez at dagroup@auditor.lacounty.gov.**

Should you have any questions regarding the status of your request, please contact **Evelyn Ramirez** at **(213) 893-2344** or **Aquilla Ivery-Simmons** at **(213) 974-8573** or send an email to dagroup@auditor.lacounty.gov.

SAMPLE NEW DA ACCOUNT LETTER

Insert agency letterhead here

Date

County of Los Angeles
Auditor-Controller, Property Tax Services Division
Direct Assessment Processing Unit
500 West Temple Street, Room 153
Los Angeles, CA 90012
Attn: Evelyn Ramirez

Dear Ms. Ramirez,

Please establish a new Direct Assessment account for Fiscal Year #####-## for *[insert agency description here (e.g. Landscaping/Lighting District #1)]*. Our agency would like our Bill Description to read as follows:

[insert 16 character bill description here (e.g. LA LAND LIGHT #1)]

I have enclosed a copy of the Resolution authorizing the levy of special taxes.

Please contact me if you have any questions.

Thank you,

John Smith
Finance Manager

enclosure

SUBMISSION OF NOTIFICATION LETTER OF AUTHORIZATION

When creating the notification letter of authorization, please include the following (see page ix):

- Agency's letterhead
- Consulting Agency Name
- List of required documents and forms that you have authorization for (e.g. Billing Agreement, Agency Information Sheet, Data Transmittal, etc.)
- Duration of Authorization
- Account Number(s) and Bill Description(s) for which you have authorization for
- Agency Contact Name, Phone No. and E-mail
- Signature of Authorization from Levying Agency
- Printed Name and Title of the Authorized Signee

Send notification letter via:

- Mail: **County of Los Angeles
Auditor-Controller, Property Tax Services Division
Direct Assessment Processing Unit
500 W. Temple Street, Room 153
Los Angeles, CA 90012
Attn: Evelyn Ramirez**

OR

- E-mail: **Evelyn Ramirez at dagroup@auditor.lacounty.gov.**

Should you have any questions regarding this letter, please contact **Evelyn Ramirez** at **(213) 893-2344** or **Aquilla Ivery-Simmons** at **(213) 974-8573** or send an email to dagroup@auditor.lacounty.gov.

SAMPLE NOTIFICATION LETTER OF AUTHORIZATION

Insert agency letterhead here

Date

County of Los Angeles
Auditor-Controller, Property Tax Services Division
Direct Assessment Processing Unit
Attn: Evelyn Ramirez

RE: NOTIFICATION LETTER OF AUTHORIZATION

Dear Ms. Ramirez,

Please let this letter serve as notification that our agency is authorizing *Consultant Agency Name* to sign on our behalf for the following Direct Assessment account(s) for Fiscal Year #####-## and future years until you are notified otherwise:

Account #	Bill Description

Consultant Agency is authorized to sign the following documents/forms on our behalf:

- Billing Agreement
- Agency Information Sheet (AIS)
- Data Transmittal Form
- DAWeb User Identification Form
- Bill Description Modification Form

If you have any questions about this authorization, please contact me at (###) ###-#### or via e-mail at *e-mail address*.

Thank you,

John Smith
Finance Manager

1.0 SUBMISSION OF DATA

1.1 Submission of Data via DAWeb

The Auditor-Controller requires that all original input submission be made via DAWeb.

To have access granted to the DAWeb, please fill out and submit the **User Identification Form (see page 25)** immediately to **Evelyn Ramirez** by e-mail at dagroup@auditor.lacounty.gov.

Please see the revised DAWeb Agency Manual and/or virtual tutorial on the DAWeb (<http://daweb.auditor.lacounty.gov>) for instructions on how to use the DAWeb Application website.

2.0 SUBMISSION OF CORRECTIONS

2.1 Corrections Made Before the Original Input Deadline

Please see the revised DAWeb Agency manual and/or virtual tutorial on the DAWeb (<http://daweb.auditor.lacounty.gov>) for instructions on how to submit corrections using the DAWeb Application website.

2.2 Corrections Made After the Original Input Deadline

Direct assessments that were processed to the Secured Tax Roll system and resulted in an incorrect assessment for a parcel **MAY** be corrected after the original input deadline. ***Roll Corrections for the Current Year that are received after SEPTEMBER 21st WILL BE SUBJECT to a \$13 SERVICE CHARGE for each roll correction processed.***

The Auditor-Controller will accept corrections for current and prior year assessments to decrease or delete an incorrect assessment.

The Auditor-Controller will make corrections only upon receipt of a completed and properly signed Direct Assessment Correction Form (**see page 4 for the Current Year Correction Form Sample and page 5 for the Prior Year Correction Form Sample**). Please submit the Direct Assessment Correction Form immediately by e-mail to **Evelyn Ramirez** at eramirez@auditor.lacounty.gov.

The Auditor-Controller will provide confirmation that the assessments on specific parcels have been removed/adjusted if the agency makes a request. There will be an additional charge per assessment, per parcel/yr sequence plus processing fee.

NOTE: Additional charges will be based on FY 2019-20 Auditor-Controller Duplication Rates available in September 2019.

A. Current Year Corrections

Prepare the Current Year Direct Assessment Correction Form (**see page 3**). Current year corrections that are unpaid or partially paid will result in an adjusted tax bill. Adjusted tax bills are sent to the assessee of record. The Auditor-Controller does not issue refunds resulting from the cancellation and/or reduction of direct assessment charges. Any corrections to an assessment that would generate a refund will be returned to the agency with payment information to assist the agency in processing refunds accordingly.

B. Prior Year Corrections

Prepare the Prior Year Direct Assessment Correction Form (**see page 3**). Prior year corrections that are unpaid will result in an adjusted delinquent tax bill. Adjusted tax bills will be sent to the assessee of record. The Auditor-Controller does not issue refunds resulting from the cancellation and/or reduction of direct assessment charges. Any corrections to an assessment that would generate a refund will be returned to the agency with payment information to assist the agency in processing refunds accordingly.

Correction Form Instructions

Letterhead - No Longer Required.

- 1 **Agency Name**
Enter the Agency Description.
- 2 **Account Number**
Enter the Agency Account Number.
- 3 **Authorization Number and Confirmation Date**
Leave blank. Auditor-Controller use only.
- 4 **Fiscal Year or Rate Year**
Enter the 4 digits of the roll year (e.g. if the DA is for the tax year 2019-2020, enter "2019").
- 5 **Parcel Number**
Enter parcel number that will be corrected or billed on Secured Tax Roll. If Public Utility, please refer to **Section 3.1 Public Utility Parcel Conversion Procedure on page 7.**
- 6 **Year and Sequence No.**
Enter the Rate Year and "000" (e.g. if rate year is 2019, enter "2019000").
- 7 **Check Digit**
Refer to **Section 3.2 Check Digit Algorithm Calculation Procedure on page 9.**
- 8 **Original Amount**
Enter the prior amount posted.
- 9 **Corrected Amount**
Enter the new direct assessment amount to be posted to the Secured Tax Roll.
If deleting an assessment, enter "0".
- 10 **Prepared By**
Type or print the name of the person preparing the correction form.
- 11 **Telephone No.**
Enter the phone number of the person to be contacted if any problems occur.
- 12 **Authorized Name and Signature**
Type or print the name of the person authorizing the change and sign.
- 13 **Date**
The date the request was signed.
- 14 **Telephone No.**
Enter the phone number of person authorizing the change.

2.0 SUBMISSION OF CORRECTIONS

C. Corrections Due to Foreclosure

When submitting corrections due to foreclosure, the agency should follow the procedures on **page 2, Section 2.2 Corrections Made After the Original Input Deadline**. Indicate "**FOR FORECLOSURE**" on the form to the left of the account number.

D. Corrections Due to Property Acquired by a Public Agency

All direct assessments placed on property that is subsequently acquired by a public agency will be pro-rated from the date of acquisition forward.

E. Corrections Processing Cut-Off Dates

To ensure corrections are processed during the current fiscal year, Direct Assessment Correction Forms must be received no later than **May 1st**. Correction processing resumes in **September** of the following tax year.

F. Corrections for 16 or more Parcels

When submitting a Current/Prior Year Direct Assessment Correction Form with 16 or more parcels, your agency is **required** to send the Excel spreadsheet file along with your signed Current/Prior Year Direct Assessment Correction Form by e-mail to **Evelyn Ramirez** at eramirez@auditor.lacounty.gov.

3.0 DA PUBLIC UTILITY AND CHECK DIGIT PROCEDURES

3.1 Public Utility Parcel Conversion Procedure

The conversion of State Board Equalization (SBE) parcel to the LA County parcel is based on the identification of property type as Unitary and Nonunitary properties (Nonunitary Railway Transportation, Operating Nonunitary and Nonoperating Nonunitary). The LA County parcel consists of 10-digit numbers. Please follow the instructions and refer to the link below for reference:

State Board of Equalization Property and Special Taxes Department

1. If the public utility property is other than a railroad company and the property type is identified as **UNITARY** and **OPERATING NONUNITARY**, then convert to LA County parcel number as follows:

Example: Public Utility Name: Southern California Gas Company
Company Number: 0149
SBE TRA: 000001
LA County TRA: 00001

<u>Digits</u>	<u>Total digits (10)</u>	<u>Content</u>
1	1	9 (First prefix of the map book)
2-5	4	Utility Company Number
6-10	5	00001 (Convert SBE TRA to LA County TRA)

<u>Prefix of Map Book</u>	<u>Utility Company Number</u>	<u>LA County Tax Rate Area</u>
9	0149	00001

County Parcel Number: 901-490-0001

2. If the public utility property is a railroad company and the property type is identified as **UNITARY**, then convert to LA County parcel number as follows:

Example: Public Utility Name: Union Pacific Railroad Company
Company Number: 0843
SBE TRA: 000002
LA County TRA: 00003

<u>Digits</u>	<u>Total digits (10)</u>	<u>Content</u>
1	1	9 (First prefix of the map book)
2-5	4	Utility Company Number
6-10	5	(Convert SBE TRA to LA County TRA)

<u>Prefix of Map Book</u>	<u>Utility Company Number</u>	<u>LA County Tax Rate Area</u>
9	0843	00003

County Parcel Number: 908-430-0003

3.0 DA PUBLIC UTILITY AND CHECK DIGIT PROCEDURES

3. If the public utility property is identified as **NONOPERATING NONUNITARY** and **NONUNITARY RAIL TRANSPORTATION CO.**, then convert to LA County parcel number as follows:

Example:

Public Utility Name:	AT & T California
Company Number:	0279
SBE TRA:	Various SBE TRAs
LA County TRA:	Various LA County TRAs

<u>Digits</u>	<u>Total digits (10)</u>	<u>Content</u>
1	1	9 (First prefix of the map book)
2-5	4	Utility Company Number
6-10	5	(Convert SBE TRA to LA County TRA)

<u>Prefix of Map Book</u>	<u>Utility Company Number</u>	<u>LA County Tax Rate Area</u>
9	0279	03801

County Parcel Number: 902-790-3801

4. If the public utility is an electric company and the property type is identified under Qualified Section 100.95 (see link below), then convert to LA County parcel number as follows:

[Qualified Section 100.95 - Electric Property](#)

Example:

Public Utility Name:	Southern California Edison
Company Number:	0148
SBE TRA:	000095
LA County TRA:	90000

<u>Digits</u>	<u>Total digits (10)</u>	<u>Content</u>
1	1	9 (First prefix of the map book)
2-5	4	Utility Company Number
6-10	5	(Convert SBE TRA to LA County TRA)

<u>Prefix of Map Book</u>	<u>Utility Company Number</u>	<u>LA County Tax Rate Area</u>
9	0148	90000

County Parcel Number: 901-489-0000

3.2 Check Digit Algorithm Calculation Procedure

The Check Digit is a form of parcel number validation. The calculated check digit number is arrived at by using the following algorithm:

- a. List your parcel number. **2 0 2 0 4 1 8 0 3 7**
- b. Start with the first digit of the parcel number **step a** and multiply every other digit by 2.

2	2	4	8	3
4	4	8	16	6

- c. Sum the resulting totals from **step b**. If the answer in step b contains two digits, add the number individually to get one number (e.g. 16 would be 1+6)

$$4 + 4 + 8 + 1 + 6 + 6 = 29$$

- d. Go back to parcel number starting with **step a** and add every other number starting with the second digit from parcel number.

$$0 + 0 + 1 + 0 + 7 = 8$$

- e. Add the total result from **step c** to the total result from **step d**.

$$\begin{array}{r} \text{Total} = \quad 29 \\ \quad \quad \quad + 8 \\ \hline \quad \quad \quad 37 \end{array}$$

NOTE: If the last digit calculated in step e is zero, check digit is zero.

- f. Subtract the last digit of the total in **step e** from 10.

$$10 - 7 = 3$$

The end result is the check digit = 3.

4.1 [DA Exception Report: Description and Sample](#)

The Direct Assessment Exception Report is a control report provided to the taxing agency by the Auditor-Controller after each update during DA Roll Build-Up. It lists the direct assessment transactions rejected during Secured Tax Roll processing. This report is to be used by the agency as a source document when making corrections. **See the link on the sign-in page on the DAWeb Application website under Help Menu Options to access the exception reports on the Auditor-Controller website.**

Description:

- 1 **Report Heading**
The report heading consists of: (1) the page number; (2) the report name; (3) the agency account number; and (4) the report preparation date.
- 2 **Agency Number**
Agency's assigned account number.
- 3 **Batch Number**
The batch number assigned to the agency's direct assessment transactions.
- 4 **Parcel Number**
The Assessor's identification number.
- 5 **Check Digit**
A calculated number used internally by the Auditor-Controller.
- 6 **Year**
Secured Tax Roll year to which the direct assessments tried to post.
- 7 **Sequence Number**
The number that identifies what segment of a parcel is to be processed.
- 8 **Recycle Line Number**
The number used to locate an error transaction during the correction process used internally by the Auditor-Controller.
- 9 **Authorization Number**
Assigned by the Auditor-Controller, used internally.
- 10 **Reason & Origin**
Codes assigned/used internally by the Auditor-Controller.
- 11 **Direct Assessment Amount**
The direct assessment levy amount charge.
- 12 **Hash Amount**
Total amount of direct assessments in the transaction.
- 13 **Error Codes**
The code that indicates the reason a transaction has been rejected.

4.0 DA EXCEPTION REPORT

14 Total Parcel Count

The total number of direct assessment transactions listed.

15 Description of Common Error Codes

A key used to explain the most common error codes.

DIRECT ASSESSMENT EXCEPTION REPORT SAMPLE

1

PAGE 1

DIRECT ASSESSMENT EXCEPTION REPORT FOR ACCOUNT NUMBER - 00418
PREPARED DATE: 08/15/99

2	3	4	5	6	7	8	9	10	11	12	13
ACCT NUM	BATCH NUMBER	PARCEL NUM	C D	YR	SEQ	LINE NUMBER	AUTH #	REAS ORIG	DA AMOUNT	HASH TOTAL	ERROR CODES
00418	100418	3010037032	7	2000	000	083007352 10	000153	LC	0000000102090	00000000102090	A30
		3022011002	3	2000	000	055002988 15	000153	LC	000000014717D	0000000007375H	L30 L80
		3027021044	7	2000	000	083007427 60	000153	LC	000000010209D	0000000010209D	240 L30 L80
		3027021060	6	2000	000	055003083 20	000153	C	0000000030781	00000000030781	A50
		3040004029	5	2000	000	055003083 20	000153	LC	0000000102090	00000000102090	220
		3040004030	2	2000	000	055003083 20	000153	LC	0000000073750	00000000073750	240

TOTAL PARCEL COUNT = 6

14

DESCRIPTION OF COMMON ERROR CODES

- 15
- (1) A30 - INCORRECT CHECK DIGIT
 - (2) L20 - ACCOUNT NUMBER IS NOT NUMERIC
 - (3) L30 - DIRECT ASSESSMENT AMOUNT IS NOT NUMERIC
 - (4) L80 - DIRECT ASSESSMENT HASH AMOUNT IS NOT NUMERIC
 - (5) L82 - DIRECT ASSESSMENT AMOUNT DOES NOT EQUAL TO THE HASH AMOUNT
 - (6) 220 AND 240 - PARCEL DOES NOT EXIST ON THE SECURED TAX ROLL
 - (7) 320 - TRANSACTION IS ATTEMPTING TO POST A NEW DIRECT ASSESSMENT WITH ZERO DIRECT ASSESSMENT AMOUNT
- *** FOR ALL OTHER ERROR CODES REFER TO THE APPENDIX OF THE DIRECT ASSESSMENT SUBMISSION PROCEDURES MANUAL ***

4.0 DA EXCEPTION REPORT

STR Error Codes for DA Transactions

A10	Parcel number is not numeric or is equal to zeros
A20	Sequence number is not numeric
A22	Year is not a valid roll year
A30	Check digit is not valid
A40	Authorization number must not equal blanks
A50	Reason key is not equal to "L"
A60	Origin key is not equal to "C"
A70	Transaction code is not equal to "580"
L20	Account number is not numeric
L30	Direct Assessment amount must be numeric
L80	Direct Assessment amount is not equal to the hash amount
220	Parcel is not active on the database
240	Parcel for particular year and sequence is not active on the database
430	Transaction is attempting to post a new direct assessment with an invalid direct assessment account number
460	Transaction is attempting to update a roll year greater than the current roll year

NOTE: The error codes “220” and “240” often occur because agencies submit direct assessments on parcels that have undergone a parcel change or on non-billable parcels. A primary example of a non-billable parcel would be a Common Area parcel. Common Area generally occurs within condominium projects and planned neighborhood projects. The assessed value on Common Area parcels are deliberately set low (\$9) so that a tax bill will not be issued. To minimize these errors, it is suggested that each agency identify and omit assessments for non-billable parcels. It is recommended that the charges be allocated to parcels adjoining the Common Area parcels.

The error code “320” has been removed from the list above since the DAWeb now has an upfront validation which will no longer allow you to submit a zero amount within your correction file that was not part of your original submission.

5.0 DA ON PARCELS UNDERGOING PARCEL CHANGE

5.1 Parcel Change Current Year Processing

If the Parcel Change occurs during the current Roll Year, there are two options available:

- OPTION 1** Allocate existing direct assessment amounts to new billable parcel(s). This option will automatically divide amount of direct assessment levied on old parcel (parcel undergoing change) equally to new billable parcel(s) being created and placed equally divided amount(s) on new parcel(s).
- OPTION 2** Drop the assessments from the roll. When new parcel(s) replace old parcel direct assessment will be deleted. It will be the sole responsibility of the taxing agency to directly bill the party liable for any direct assessments dropped from the roll.

Indicate on the AIS (see page 18) the option you select for each direct assessment account.

The Auditor-Controller may refund paid direct assessments for properties undergoing Parcel Change for the current Roll Year during the current Roll Year.

E.g. Parcel Change in the 2019-2020 fiscal year affects the tax bill for that same year (fiscal year 2019-2020).

The Los Angeles County Assessor has developed an automated methodology for managing direct assessments for properties undergoing a "Parcel Change." "Parcel Change" is the term that describes the process which takes place when a change in the legal description of a parcel results in it changing into one or more new parcels, or many parcels into one parcel.

The Auditor-Controller will process increases after extension of tax roll by request to direct assessments on parcels that have undergone a parcel change. All such requests will be subject to the **\$13.00** service charge per assessment per parcel and year/sequence being adjusted. New parcels must be billed on the Secured Tax Roll before taxing agencies submit requests. Taxing agencies choosing **Option 1** may submit Current Year Correction Forms increasing and decreasing amounts for direct assessments that were divided equally on the new parcels or dropped due to a multiple parcel change.

Under both Option 1 and Option 2, Direct Assessments for parcels undergoing a parcel change will be dropped from the tax roll under the following conditions:

- After pro-ration, any unpaid portion of Direct Assessments levied on parcels undergoing a parcel change due to an acquisition of the property by a public entity.
- Direct Assessments for parcels undergoing a multiple parcel change. Multiple parcel change is defined as a parcel being divided into more than 4 parcels.
- When a parcel undergoes a parcel change, if the new parcel is billed on the Unsecured tax roll due to a change in ownership, the DA amounts are dropped. The Auditor-Controller will provide agencies a report of DA amounts that are dropped in this situation.

AGENCY REPORTS

The following hard copy reports identify direct assessments on parcels that have undergone a Parcel Change:

1. Report of Direct Assessment Activity (see page 16, FIG. 5.1)

This non-accumulated report is available after each parcel change update. The parcel change system updates approximately once per week from September to June.

- a. If **Option 1** has been selected by the agency, the report will indicate by direct assessment account number the old and new parcel numbers, the direct assessment amount on the old parcel at the time of parcel change, and the amount allocated to the new parcels.
- b. If **Option 2** has been selected by the agency, the report will indicate by agency account number the old parcel number, the direct assessment amount on the old parcel at the time of parcel change, and the amount dropped from the roll.

2. Agency Summary Report - Hard Copy (see page 17, FIG. 5.2)

This non-accumulated report is available after each parcel change update. The parcel change system updates approximately once per week from September to June.

- a. If **Option 1** has been selected by the agency, the report will provide the total direct assessment amount on the old parcels at the time of parcel change, and the total amount allocated to the new parcels for each parcel change update.
- b. If **Option 2** has been selected by agency, the report will indicate total direct assessment amount on old parcel at time of parcel change, and amount dropped from the roll for each parcel change update.

NOTE: Any mapping questions regarding parcel changes should be directed to the Office of the Assessor, Mapping and GIS Services at (213) 974-7352.

5.2 Parcel Change Prior Year Processing

If the Parcel Change occurs for a prior Roll Year (e.g. Parcel Change for 2018 Roll Year made during 2019 Fiscal Year), the direct assessments will be handled as follows:

1. If the direct assessment was fully paid on the old parcel when the Parcel Change occurred, regardless of whether the parcel was current or delinquent, the full amount of the direct assessments will remain on the old parcel and will not be dropped from the Tax Roll.
2. If any portion of the direct assessment remained unpaid when the parcel change occurred, the unpaid amount of the direct assessment will be dropped from the Tax Roll. Collection will be the responsibility of the taxing agency.

AGENCY REPORTS

Report of Delinquent Parcel Activity - Hard Copy (see page 17, FIG 5.3)

This report is available by direct assessment account number and includes a list of the old parcels for which taxes were not paid timely and were subject to being dropped from the Tax Roll. In addition, the report provides a list of the old parcels.

NOTE: Hard Copy Agency Report(s) such as:

Report of Direct Assessment Activity (see page 16, FIG. 5.1), Agency Summary Report (see page 17, FIG. 5.2) and Report of Delinquent Parcel Activity (see page 17, FIG 5.3) are only available upon request on an annual basis.

All requests for hard copy reports must be sent by e-mail to **Evelyn Ramirez** at dagroup@auditor.lacounty.gov.

NOTE: Any mapping questions regarding parcel changes should be directed to the Office of the Assessor, Mapping and GIS Services at (213) 974-7352.

5.0 DA ON PARCELS UNDERGOING PARCEL CHANGE

5.3 Parcel Change Agency Reports Samples

FIG. 5.1 – REPORT OF DIRECT ASSESSMENT ACTIVITY – HARD COPY

ASEPO815 DATE 05/16/00

REPORT OF DIRECT ASSESSMENT ACTIVITY FOR AGENCY: LA CO FIRE DEPT ACCT NO: 007.44

THIS SECTION OF THE REPORT LISTS PARCELS UNDERGOING A PARCEL CHANGE FOR WHICH DIRECT ASSESSMENTS HAVE BEEN REAPPLIED TO THE NEW PARCELS) (OPTION 1) OR DROPPED FROM THE TAX ROLL (OPTION 2).

AN "*" TO THE LEFT OF A NEW PARCEL INDICATES THAT A MULTIPLE PARCEL CHANGE OCCURRED. DIRECT ASSESSMENTS CANNOT BE REAPPLIED TO THE NEW PARCELS. THESE DIRECT ASSESSMENTS HAVE BEEN DROPPED FROM THE TAX ROLL.

FOR FISCAL YEAR 1999-00

<u>LEGEND</u>	<u>PARCEL</u>	<u>YR</u>	<u>SEQ</u>	<u>D.A. AMT</u>	<u>LEGEND</u>	<u>PARCEL</u>	<u>YR</u>	<u>SEQ</u>	<u>D.A. AMT</u>
OLD	5868-019-025	1	99 000	10.66	NEW * 5868-019-027		9	99 000	.00
NEW	* 5868-019-028	8	99	.00		-			
PACKAGE TOTAL D.A. AMT: OLD PCL 1				10.66	NEW PCL 2				.00
OLD	8719-004-008	9	99 000	51.64	NEW 8719-004-914		2	99 000	.00
PACKAGE TOTAL D.A. AMT: OLD PCL 1				51.64	NEW PCL 1				.00
OLD	8719-004-009	8	99 000	51.64	NEW 8719-004-915 1		99	000	.00
PACKAGE TOTAL D.A. AMT: OLD PCL 1				51.64	NEW PCL 1				.00
OLD	8719-004-010	5	99 000	51.64	NEW 8719-004-916		0	99 000	.00
PACKAGE TOTAL D.A. AMT: OLD PCL 1				51.64	NEW PCL 1				.00
AGENCY TOTAL D.A. AMT: OLD				165.58	NEW				.00

5.0 DA ON PARCELS UNDERGOING PARCEL CHANGE

FIG. 5.2 – AGENCY SUMMARY REPORT – HARD COPY

ASEP0850 DATE 05/16/00 RUN NO: 89
 AGENCY SUMMARY REPORT OF DIRECT ASSESSMENT ACTIVITY
 FOR FISCAL YEAR 1999-00

AGENCY NAME	ACCT. NO	OLD PARCEL D.A. TOTAL	NEW PARCEL D.A. TOTAL
LA COUNTY HAZARD ABATEMENT	001.96	580.84	.00
COUNTY LIBRARY ASSESSMENT	003.11	22.86	.00
L A CO FIRE DEPT	007.44	165.58	.00
FLOOD CONTROL	030.71	306.67	.00
LA CO PARK DIST	036.92	27.41	.00
L A CO. WEST MOSQUITO AB	061.11	4.82	.00
SAN GABRIEL VY MOSQ ABMT	061.32	21.39	.00
SOUTHEAST MOSQUITO ABATE	061.81	4.11	.00
LA CITY LANDSCAP&LIGHT D	188.50	18.40	.00
LOS ANGELES CITY STREET	188.51	35.02	.00
STORMWATER POLLUTION ABM	188.69	11.48	.00
CITY 911 FUND	188.71	2.87	.00
MWD WATER STANDBY CHARGE	330.11	36.63	.00
MWD WATER STANDBY CHARGE	335.06	10.28	.00
WEST BASIN MWD STANDBY C	375.81	120.00	.00
GRAND TOTAL	1,368.36	.00	

FIG 5.3 – REPORT OF DELINQUENT PARCEL ACTIVITY FOR AGENCY – HARD COPY

ASEP0810 DATE 02/27/02

PAGE 1

REPORT OF DELINQUENT PARCEL ACTIVITY FOR AGENCY: LA CITY LANDSCAP&LIGHT DIST 96-1 ACCT NO: 188.50

THIS REPORT LISTS PARCELS UNDERGOING A PARCEL CHANGE WHICH WERE NOT PAID TIMELY (IN THE TAX YEAR ENROLLED) AND WERE SUBSEQUENTLY PLACED ON THE DELINQUENT TAX ROLL. IF ANY PORTION OF THE TAXES REMAINED UNPAID WHEN THE PARCEL CHANGE OCCURRED, THE FULL AMOUNT OF THE DIRECT ASSESSMENT, BOTH PAID AND UNPAID, HAVE BEEN DROPPED FROM THE TAX ROLL. COLLECTION OF THE DIRECT ASSESSMENT IS THE RESPONSIBILITY OF THE TAXING AGENCY.

FOR FISCAL YEAR 2002-2003

OLD PARCEL (S)	YEAR (S) ON REDEMPTION	NEW PARCEL (S)
----- 2350-012-032	----- 99 000 98 000 00 000	----- 2350-012-919

PACKAGE TOTAL: OLD PARCELS 1 NEW PARCELS 1

6.1

Agency Information Sheet (Revised)

Please see the revised DAWeb Agency Manual on the DAWeb (<http://daweb.auditor.lacounty.gov>) for instructions on how to submit the **AIS** using the DAWeb Application website.

6.2

Billing Agreement

(NOTE: Must be submitted on agency letterhead.)

DA Account #:

AGREEMENT FOR BILLING OF DIRECT ASSESSMENTS

This agreement is made and entered into between the *Los Angeles County Auditor-Controller* and *[Name of your Agency]* to provide the service of placement of direct assessments on the Secured Tax Roll and distribution of collections to *[Name of your Agency]*.

I. PROPERTY TAX SERVICES

Los Angeles County will place direct assessments on the Secured Tax Roll and distribute collections to *[Name of your Agency]* at the same time and in the same manner as Los Angeles County property taxes are collected and distributed. *[Name of your Agency]* will adhere to the policies and procedures established by the Los Angeles County Auditor-Controller as outlined in the Direct Assessment Submission Procedure Manual.

Fee for Billing Services

For billing of direct assessments, the Los Angeles County Auditor-Controller shall collect the following charge:

DA Original Submission - \$0.25 per assessment per parcel

For correction of direct assessments requested by *[Name of your Agency]* after extension of the tax roll, the Los Angeles County Auditor-Controller will collect \$13.00 per correction.

The Los Angeles County Auditor-Controller will charge an additional fee for extended services provided to *[Name of your Agency]* that are outlined in the Auditor-Controller Direct Assessment Submission Procedure Manual.

II. COLLECTION OF AUDITOR-CONTROLLER FEES

Direct Assessment billing charges are collected once a year, on the December 20th advance distribution. Any additional charges are deducted on the next available distribution of monies.

III. ACCOUNTING SERVICES

The Los Angeles County Auditor-Controller has available a report of direct assessments levied for the tax year by parcel and will be provided to *[Name of your Agency]*. Accounting Services beyond this will be considered extended services and will be subject to additional charges and fees.

IV. MODIFICATION OF COLLECTION FEES AND CHARGES

The Los Angeles County Auditor-Controller reserves the right to increase or decrease any charges herein provided, in proportion to any changes in costs incurred by the Auditor-Controller in providing the services described herein, provided that written notice of any increase or decrease in charges is given to *[Name of your Agency]*.

V. AUTHORITY FOR LEVY AND COMPLIANCE WITH LAW

The authority for such levy, (i.e. resolution, ordinance or election), shall accompany requests for the levy of direct assessments. *[Name of your Agency]* warrants that the taxes, fees, or assessments imposed by *[Name of your Agency]* and collected pursuant to this Agreement comply with all requirements of state law, including but not limited to Articles XIIC and XIID of the California Constitution (Proposition 218).

[Name of your Agency] hereby releases and forever discharges Los Angeles County and its officers, agents and employees from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of *[Name of your Agency]* responsibility under this agreement or other action taken by *[Name of your Agency]* in establishing a special tax, fee, or assessment and implementing collection of special taxes, fees, or assessments as contemplated in this agreement.

[Name of your Agency] agrees to and shall defend, indemnify and hold harmless Los Angeles County and its officers, agents and employees ("indemnified parties") from any and all claims, demands, liabilities, costs and expenses, damages, causes of action and judgments, in any manner arising out of any of *[Name of your Agency]* responsibility under this agreement, or other action taken by *[Name of your Agency]* in establishing a special tax, fee, or assessment and implementing collection of special taxes, fees, or assessments as contemplated in this agreement.

If any judgment is entered against any indemnified party as a result of action taken to implement this Agreement, *[Name of your Agency]* agrees that Los Angeles County may offset the amount of any judgment paid by Los Angeles County or by any indemnified party from any monies collected by Los Angeles County on *[Name of your Agency]* behalf, including property taxes, special taxes, fees, or assessments. Los Angeles County may, but is not required to, notify *[Name of your Agency]* of its intent to implement any offset authorized by this paragraph.

VI. TERMS OF AGREEMENT

All existing agreements between Los Angeles County Auditor-Controller and *[Name of your Agency]* pertaining to the collection of direct assessments shall be terminated upon the execution of this agreement. This agreement shall continue from year to year and shall be subject to cancellation by either party by giving a thirty-day written notice to the other party of cancellation.

AUTHORIZED SIGNEE:

- Director of Finance Manager Authorized Consulting Agent
 Other (please specify Title): _____

Authorized Signature: _____ Date: _____

Authorized Name: _____
PRINT NAME

For Auditor-Controller Use Only

Approved Signature: _____ Date: _____
SECTION MANAGER

Approved Name: _____
PRINT NAME

6.0 APPENDICES

6.3 Special Tax Levied/Paid Report - Original Charge Instructions and Sample

To view the **Secured Master – Original levied and/or paid by DA account**, please go to the **Secured Master Tab** at the website below:

<http://auditor.lacounty.gov>

NOTE: Only the current and one prior fiscal years' reports are available on the website. For any other fiscal years, please send request via e-mail to Evelyn Ramirez at daqroup@auditor.lacounty.gov. There will be an additional charge.

1. Click **Property Tax** (near top of page).
2. Go to **Direct Assessment** (click link).
3. Select **DA Payment – Secured Master** tab.
4. Select Fiscal Year **Current** or **Prior Year**.
5. Select the Paid Run **Original Charge, 1st Paid, 2nd Paid, 3rd Paid** or **Final Paid**.
6. Type **DA account number** with any leading zeros but with no decimal point.
7. Click **Submit**.
8. When search is complete, click **Download**.
9. Choose **Open** or **Save**.
10. Open file.

FIG. 6.1 - SPECIAL TAX LEVIED/PAID REPORT ORIGINAL CHARGE – HARD COPY

8291040000		10.00	.00	8291040007	10.00	.00
AUDITOR	DAFYMT			SPECIAL TAX LEVIED/PAID	PREPARED	PA
AGENCY 35071				BY ACCOUNT NUMBER	01/20/2011	
PARCEL	TAX LEVIED	TAX PAID	PARCEL	TAX LEVIED	TAX PAID	
8291040009	10.00	.00	8291040010	28.10	.00	
8291040012	10.00	.00	8291040013	10.00	.00	
8291040014	10.00	.00	8291040015	12.40	.00	
8291040016	17.70	.00	8291040017	17.40	.00	
8291040018	10.00	.00	8291040019	10.00	.00	
8291040020	10.00	.00	8291040021	10.00	.00	
8291041001	14.90	.00	8291041002	10.00	.00	
8291041003	10.00	.00	8291041004	10.00	.00	
8291041005	10.00	.00	8291041006	10.00	.00	
8291041007	10.00	.00	8291041008	10.00	.00	
8291041009	10.00	.00	8291041010	10.00	.00	
8291041011	10.00	.00	8291041012	10.00	.00	
8291041013	10.00	.00	8291041014	10.00	.00	
8291041015	10.00	.00	8291041016	10.00	.00	
8291041017	10.00	.00	8291041018	10.00	.00	
8291041019	10.00	.00	8291041020	10.00	.00	
8291041021	10.00	.00	8291041022	10.00	.00	
8291041023	10.00	.00	8291042001	10.00	.00	
8291042002	10.00	.00	8291042003	10.00	.00	

FIG. 6.2 - SPECIAL TAX LEVIED/PAID REPORT – 1ST PAID

8291040000		10.00	.00	8291040007	10.00	.00
AUDITOR	DAFYMT			SPECIAL TAX LEVIED/PAID	PREPARED	PA
AGENCY 35071				BY ACCOUNT NUMBER	01/11/2011	
PARCEL	TAX LEVIED	TAX PAID	PARCEL	TAX LEVIED	TAX PAID	
8291043001	10.00	.00	8291043002	10.00	.00	
8291043003	10.00	.00	8291043004	10.00	.00	
8291043005	10.00	.00	8291043006	10.00	.00	
8291043007	10.00	.00	8291043008	10.00	.00	
8291043009	10.00	.00	8291043010	10.00	.00	
8291043011	10.00	.00	8291043012	10.00	.00	
8291043013	10.00	.00	8291043014	10.00	.00	
8291043015	10.00	.00	8291043016	10.00	.00	
8291043017	10.00	.00	8291043018	10.00	.00	
8291043019	10.00	.00	8291043020	10.00	.00	
8291043021	10.00	.00	8291043022	10.00	.00	
8291043023	10.00	.00	8291043024	10.00	.00	
8291043025	10.00	.00	8291043026	10.00	.00	
8291043027	10.00	.00	8291043028	10.00	.00	
8291043029	10.00	.00	8291043030	10.00	.00	
8291043031	10.00	.00	8291043032	10.00	.00	
8291043033	10.00	.00	8291043034	10.00	.00	
8291043035	10.00	.00	8291043036	10.00	.00	
8291043037	10.00	.00	8291043038	10.00	.00	
8291043039	10.00	.00	8291043040	10.00	.00	
8291043041	10.00	.00	8291043042	10.00	.00	
8291043043	10.00	.00	8291043044	10.00	.00	
8291043045	10.00	.00	8291043046	10.00	.00	
8291043047	10.00	.00	8291043048	10.00	.00	
8291043049	10.00	.00	8291043050	10.00	.00	
8291043051	10.00	.00	8291043052	10.00	.00	
8291043053	10.00	.00	8291043054	10.00	.00	
8291043055	10.00	.00	8291043056	10.00	.00	
8291043057	10.00	.00	8291043058	10.00	.00	
8291043059	10.00	.00	8291043060	10.00	.00	
8291043061	10.00	.00	8291043062	10.00	.00	
8291043063	10.00	.00	8291043064	10.00	.00	
8291043065	10.00	.00	8291043066	10.00	.00	
8291043067	10.00	.00	8291043068	10.00	.00	
8291043069	10.00	.00	8291043070	10.00	.00	
8291043071	10.00	.00	8291043072	10.00	.00	
8291043073	10.00	.00	8291043074	10.00	.00	
8291043075	10.00	.00	8291043076	10.00	.00	
8291043077	10.00	.00	8291043078	10.00	.00	
8291043079	10.00	.00	8291043080	10.00	.00	
8291043081	10.00	.00	8291043082	10.00	.00	
8291043083	10.00	.00	8291043084	10.00	.00	
8291043085	10.00	.00	8291043086	10.00	.00	
8291043087	10.00	.00	8291043088	10.00	.00	
8291043089	10.00	.00	8291043090	10.00	.00	
8291043091	10.00	.00	8291043092	10.00	.00	
8291043093	10.00	.00	8291043094	10.00	.00	
8291043095	10.00	.00	8291043096	10.00	.00	
8291043097	10.00	.00	8291043098	10.00	.00	
8291043099	10.00	.00	8291043100	10.00	.00	
8291043101	10.00	.00	8291043102	10.00	.00	
8291043103	10.00	.00	8291043104	10.00	.00	
8291043105	10.00	.00	8291043106	10.00	.00	
8291043107	10.00	.00	8291043108	10.00	.00	
8291043109	10.00	.00	8291043110	10.00	.00	
8291043111	10.00	.00	8291043112	10.00	.00	
8291043113	10.00	.00	8291043114	10.00	.00	
8291043115	10.00	.00	8291043116	10.00	.00	
8291043117	10.00	.00	8291043118	10.00	.00	
8291043119	10.00	.00	8291043120	10.00	.00	
8291043121	10.00	.00	8291043122	10.00	.00	
8291043123	10.00	.00	8291043124	10.00	.00	
8291043125	10.00	.00	8291043126	10.00	.00	
8291043127	10.00	.00	8291043128	10.00	.00	
8291043129	10.00	.00	8291043130	10.00	.00	
8291043131	10.00	.00	8291043132	10.00	.00	
8291043133	10.00	.00	8291043134	10.00	.00	
8291043135	10.00	.00	8291043136	10.00	.00	
8291043137	10.00	.00	8291043138	10.00	.00	
8291043139	10.00	.00	8291043140	10.00	.00	
8291043141	10.00	.00	8291043142	10.00	.00	
8291043143	10.00	.00	8291043144	10.00	.00	
8291043145	10.00	.00	8291043146	10.00	.00	
8291043147	10.00	.00	8291043148	10.00	.00	
8291043149	10.00	.00	8291043150	10.00	.00	
8291043151	10.00	.00	8291043152	10.00	.00	
8291043153	10.00	.00	8291043154	10.00	.00	
8291043155	10.00	.00	8291043156	10.00	.00	
8291043157	10.00	.00	8291043158	10.00	.00	
8291043159	10.00	.00	8291043160	10.00	.00	
8291043161	10.00	.00	8291043162	10.00	.00	
8291043163	10.00	.00	8291043164	10.00	.00	
8291043165	10.00	.00	8291043166	10.00	.00	
8291043167	10.00	.00	8291043168	10.00	.00	
8291043169	10.00	.00	8291043170	10.00	.00	
8291043171	10.00	.00	8291043172	10.00	.00	
8291043173	10.00	.00	8291043174	10.00	.00	
8291043175	10.00	.00	8291043176	10.00	.00	
8291043177	10.00	.00	8291043178	10.00	.00	
8291043179	10.00	.00	8291043180	10.00	.00	
8291043181	10.00	.00	8291043182	10.00	.00	
8291043183	10.00	.00	8291043184	10.00	.00	
8291043185	10.00	.00	8291043186	10.00	.00	
8291043187	10.00	.00	8291043188	10.00	.00	
8291043189	10.00	.00	8291043190	10.00	.00	
8291043191	10.00	.00	8291043192	10.00	.00	
8291043193	10.00	.00	8291043194	10.00	.00	
8291043195	10.00	.00	8291043196	10.00	.00	
8291043197	10.00	.00	8291043198	10.00	.00	
8291043199	10.00	.00	8291043200	10.00	.00	
8291043201	10.00	.00	8291043202	10.00	.00	
8291043203	10.00	.00	8291043204	10.00	.00	
8291043205	10.00	.00	8291043206	10.00	.00	
8291043207	10.00	.00	8291043208	10.00	.00	
8291043209	10.00	.00	8291043210	10.00	.00	
8291043211	10.00	.00	8291043212	10.00	.00	
8291043213	10.00	.00	8291043214	10.00	.00	
8291043215	10.00	.00	8291043216	10.00	.00	
8291043217	10.00	.00	8291043218	10.00	.00	
8291043219	10.00	.00	8291043220	10.00	.00	
8291043221	10.00	.00	8291043222	10.00	.00	
8291043223	10.00	.00	8291043224	10.00	.00	
8291043225	10.00	.00	8291043226	10.00	.00	
8291043227	10.00	.00	8291043228	10.00	.00	
8291043229	10.00	.00	8291043230	10.00	.00	
8291043231	10.00	.00	8291043232	10.00	.00	
8291043233	10.00	.00	8291043234	10.00	.00	
8291043235	10.00	.00	8291043236	10.00	.00	
8291043237	10.00	.00	8291043238	10.00	.00	
8291043239	10.00	.00	8291043240	10.00	.00	
8291043241	10.00	.00	8291043242	10.00	.00	
8291043243	10.00	.00	8291043244	10.00	.00	
8291043245	10.00	.00	8291043246	10.00	.00	
8291043247	10.00	.00	8291043248	10.00	.00	
8291043249	10.00	.00	8291043250	10.00	.00	
8291043251	10.00	.00	8291043252	10.00	.00	
8291043253	10.00	.00	8291043254	10.00	.00	
8291043255	10.00	.00	8291043256	10.00	.00	
8291043257	10.00	.00	8291043258	10.00	.00	
8291043259	10.00	.00	8291043260	10.00	.00	
8291043261	10.00	.00	8291043262	10.00	.00	
8291043263	10.00	.00	8291043264	10.00	.00	
8291043265	10.00	.00	8291043266	10.00	.00	
8291043267	10.00	.00	8291043268	10.00	.00	
8291043269	10.00	.00	8291043270	10.00	.00	
8291043271	10.00	.00	8291043272	10.00	.00	
8291043273	10.00	.00	8291043274	10.00	.00	
8291043275	10.00	.00	8291043276	10.00	.00	
8291043277	10.00	.00	8291043278	10.00	.00	
8291043279	10.00	.00	8291043280	10.00	.00	

6.0 APPENDICES

6.4 Special Tax Levied/Paid Report Instructions and Sample

To view the status of **Direct Assessment** payments/defaults by **DA accounts**, please go to the **Secured Defaulted** tab at the website below:

<http://auditor.lacounty.gov>

NOTE: Only the current and one prior fiscal years' reports are available on the website. For any other fiscal years, please send request via e-mail to Evelyn Ramirez at dagroup@auditor.lacounty.gov. There will be an additional charge.

1. Click **Property Tax** (near top of page).
2. Go to **Direct Assessment** (click link).
3. Select **DA Payment –Secured Defaulted** tab.
4. Select Fiscal Year **Current** or **Prior Year**.
5. Select the Paid Run **Original Charge, 1st Paid, 2nd Paid, 3rd Paid** or **Final Paid**. **This is a cumulative report.**
6. Type **DA account number** with any leading zeros but with no decimal point.
7. Click **Submit**.
8. When search is complete, click **Download**.
9. Choose **Open or Save**.
10. Open file.

FIG. 6.3 - SPECIAL DEFAULTED TAX LEVIED/PAID REPORT – 1ST QTR REDEMPTION

PAGE 45063		SPECIAL DEFAULTED TAX LEVIED/PAID BY ACCOUNT NUMBER 2010-2011 1ST QUARTER REDEMPTION					RUN DATE: 11/15/2010 PRGM ID: DA100000			
AGENCY 35071		PARCEL NO	ROLLYR	SEQNO	TAX DUE	TAX PAID	SECPDUE	SECPPD	REDPDUE	REDPENPD
8291016016	2009	000			.01	.01	.00	.00	.00	.00
8291017012	2009	000			5.00	5.00	.50	.50	.08	.08
8291020014	2009	000			10.00	.00	1.00	.00	.00	.00
8291022006	2006	000			4.99	4.99	.50	.50	1.49	1.49
	2007	000			10.00	9.78	1.00	1.00	1.20	1.20
8291022010	2006	000			4.99	.00	.50	.00	.00	.00
8291026019	2009	000			4.99	4.99	.50	.50	.30	.30
8291026028	2009	000			5.49	5.49	.50	.50	.33	.33
8291026036	2008	000			10.00	.00	1.00	.00	.00	.00
	2009	000			10.00	.00	1.00	.00	.00	.00
8291028008	2009	000			4.50	.00	.50	.00	.00	.00
8291028012	2009	000			4.50	4.50	.45	.45	.13	.13
8291031019	2009	000			10.00	10.00	1.00	1.00	.30	.30
8291032008	2009	000			4.99	.00	.50	.00	.00	.00
8291038004	2003	000			10.00	5.88	1.00	1.00	10.51	10.51
	2004	000			10.00	.00	1.00	.00	8.70	8.70
	2005	000			10.00	.00	.99	.00	6.85	6.85
	2006	000			10.00	.00	1.01	1.01	5.14	5.14
	2007	000			10.00	.00	.98	.99	3.27	3.27
8291043002	2009	000			10.00	.00	1.00	.00	.00	.00
8291043004	2009	000			4.99	.00	.50	.00	.00	.00
8291043015	2009	000			4.99	.00	.50	.00	.00	.00
9084300818	2003	000			209,722	.00	20.98	.00	.00	.00
9084301048	2000	000			382,431	307.00	.00	.00	.00	.00
9084301507	1997	000			1.89	.00	.18	.00	.00	.00
9084307294	1994	000			15.78	.00	1.58	.00	.00	.00
9084307349	1997	000			80.28	79.86	.00	.00	.00	.00
9084307947	1997	000			2.27	.00	.23	.00	.00	.00
*TOTAL AGENCY NO 35071					303,831.58	79,666.12	29,750.88	11,216.49	25,441.50	22,110.85

6.5

Property Data Sales Information

For detailed information and/or to purchase Assessor's Data such as Local Roll, Tax Parcel Base Map, etc. please go to the Office of the Assessor's website at <http://assessor.lacounty.gov> (under Business Owners, Data for Sale, General Information) or contact the following:

Los Angeles County Assessor
Information Technology Division
Property Data Sales
500 West Temple Street, Room #291
Los Angeles, CA 90012-2770

Phone #: (213) 974-3363
Days: Monday through Friday (except Holidays)
Hours: 7:30 am to 5:00 pm PST
E-mail: datasales@assessor.lacounty.gov

7.0 FORMS

7.1

User Identification Form

**COUNTY OF LOS ANGELES
AUDITOR-CONTROLLER, PROPERTY TAX SERVICES DIVISION
DIRECT ASSESSMENT (DA) WEB ACCESS
USER IDENTIFICATION FORM**

1. USER REQUEST INDICATOR:

<input type="checkbox"/> NEW USER (1)	<input type="checkbox"/> ACCOUNT MODIFICATION(S) (2) <input type="checkbox"/> ADD <input type="checkbox"/> DEACTIVATE	<input type="checkbox"/> CANCELLATION (3)
Complete parts 2 thru 4	Add Acct(s) - Complete parts 2 thru 4 Deactivate Acct(s) - Complete parts 2, 3A and 4	Complete parts 2 thru 4

2. USER INFORMATION:

_____	_____
FIRST NAME	LAST NAME
_____	_____
USER NAME (4) <small>(25 CHARACTERS OR LESS - MAY BE ALPHA AND/OR NUMERIC)</small>	E-MAIL ADDRESS

3. DA AGENCY INFORMATION (5): _____

CITY NAME

A. Agency #	B. Agency Description	C. Bill Description <small>(16 CHARACTERS OR LESS)</small>

4. AUTHORIZED SIGNEE:

- Director of Finance Manager Authorized Consulting Agent
 Other (please specify Title): _____

Authorized Signature: _____ **Date:** _____

Authorized Name: _____ **Phone No:** _____
PRINT NAME

NOTE:

- (1) **'NEW USER'** - For brand new user who has never had DAWeb access. Also, you will be able to choose a password the first time you log onto the DAWeb.
- (2) **'MODIFICATIONS'** - for users who already have DAWeb access and would like to either add or de-activate their DA Account(s).
- (3) **'CANCELLATION'** - for users who would like to completely cancel their DAWeb access.
- (4) You will only need one User Name for all accounts. If your agency has more than one user, please submit an additional form for each user.
- (5) If you have more than one account, please list them all in numerical order and use the additional form if necessary.

Please fill out and submit the form immediately by e-mail to **Evelyn Ramirez** at dagroup@auditor.lacounty.gov.



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

ADDRESS ALL CORRESPONDENCE TO:
PROPERTY TAX SERVICES DIVISION
500 W. TEMPLE ST., ROOM 153
LOS ANGELES, CA 90012-3552

LOS ANGELES COUNTY PROPERTY TAX CLAIM FOR REFUND

IMPORTANT! PLEASE FILE ONE CLAIM FOR EACH ASSESSOR IDENTIFICATION NUMBER AND EACH YEAR

Step 1: Requestor's name and address (If requestor is an agent, please provide Tax Agent Registration #)	Requestor's name		Tax Agent Registration #		
	Present mailing address (number and street)				
	City, town or post office, state, ZIP code		Phone (area code and number)		
Step 2: Describe the property	Owner's name				
	Assessor's Identification Number (Mapbook - Page - Parcel)		Unsecured Bill Number		
	Year	Sequence	Tax Rate Area		
	Situs address (number and street)				
	City, town or post office, state, ZIP code				
Step 3: Did you file an appeal with the Assessment Appeals Board?	If yes, what is the assessment appeal application number?	Filing date	Did you receive a Notice of Board Action? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, when?	NOTE: If you designated your Assessment Appeal Application as a Claim for Refund there is <u>no</u> need to file this application.
Step 4: Describe reason for property tax refund	Reason:				
Attach additional documents if necessary					
Step 5: Amount of property tax refund	Tax amount	Penalty amount	Redemption penalty amount	Cost amount	Total refund amount
				Fee amount	
Step 6: Sign the application	I hereby certify and declare under penalty of perjury that the foregoing is true and correct that the tax amount sought to be refunded was paid within four years prior to filing this demand; that the amounts herein claimed are correct and no part thereof has heretofore been refunded to this claimant or to any other person for his benefit; and, if acting on behalf of a corporation, that I am duly authorized to act on their behalf, and that the title shown is true and correct.				
	sign here		Signature	Date	
	Title (If applicable)				
	If this claim is for a company, the person signing must state their title.				
Step 7: Mail application to:	Los Angeles County Auditor-Controller Property Tax Services Division Kenneth Hahn of Administration 500 W. Temple Street, Room 153 Los Angeles, CA 90012-2713				
Contact Numbers	Customer Service: (213) 974-8368 FAX: (213) 617-0592 Toll free number if calling within Los Angeles County (888) 807-2111				

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PR-2019-490-000038

INSTRUCTIONS FOR FILING APPLICATION

CLAIM FOR REFUND

This claim is to request a refund for "paid" property taxes and/or penalties. This form must be filed with the Auditor-Controller within four years of the date of payment of the property taxes.

IMPORTANT! - Please complete one application for each Assessor Identification Number and each year for which you are claiming a refund. DO NOT ATTACH A LIST! Fill in each application in its entirety and as accurately as possible; incomplete applications will be returned.

1. **Requestor's name and address** – Provide the name of the person/entity who is requesting the property tax refund, their complete mailing address and their telephone number. If requestor is an agent, please provide the mandatory Tax Agent Registration number.
2. **Describe the property** – Provide the owner's name, the Assessor's Identification Number or Bill number, the year for which you are claiming the property tax refund, the sequence number, the Tax Rate Area and the complete situs address. This information can be found on your Property Tax Bill.
3. **Assessment Appeal** – If your claim for refund is related to an assessment appeal or if your assessment appeal application was designated as a "Claim for Refund" please provide the information related to the assessment appeal and attach copies of the documents you may have received from the Assessment Appeals Board pertaining to the appeal. **Note: If you designated your assessment appeal application as a 'Claim for Refund'; there is no need to file again.**
4. **Describe the reason for the property tax refund request** – Provide a brief narrative of the reason why you are requesting a property tax refund. Attach additional documents to this form if necessary. Providing proof of payment for the relevant property taxes will expedite the property tax refund claim process. **Note - Please provide all relevant documents.**
5. **Amount of property tax refund** – Indicate the refund amount you are claiming.
6. **Sign the application** – The application must be signed and dated by the requestor. If the requestor is filing on behalf of a company, they must state their title.
7. **Mail application to:**

Los Angeles County Auditor-Controller
Property Tax Services Division
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 153
Los Angeles, California 90012-3552

**TO REQUEST A CONFIRMATION OF RECEIPT OF YOUR CLAIM FOR REFUND,
PLEASE ENCLOSE A SELF-ADDRESSED STAMPED ENVELOPE.**

AUDITOR-CONTROLLER CLAIM FOR REFUND REFERRAL FORM

TO: MINH LE
INTERNAL SERVICES DEPARTMENT
1100 N. EASTERN AVE, LOS ANGELES, CA 90063

FROM: AUDITOR-CONTROLLER,
PROPERTY TAX SERVICES DIVISION,
PUBLIC SERVICE AND REFUND SECTION

Referral Date: 9/25/2019 Received Date: 7/5/2019

Parcel or Bill Number: 2104-035-023 Tax Year and Sequence: 2019-000

SECTION A: This section is to be completed and returned to the Refund Unit for processing. Please indicate below whether a refund should be issued or denied based on your findings.

Check one only:

Claim for refund is approved. *(Please provide an explanation for the approval.)*

Approval Date: _____

Claim for refund is denied. *(Please provide an explanation for the denial.)*

Denial Date: _____

SECTION B: Please complete the Section below.

Signature _____

Date _____

For Refund Unit Use Only:

Update to Status Key: _____ Claim No (ARS): _____

EXHIBIT Y

1 Jesse L. Miller (SBN 183229)
Email: jesseMiller@reedsmith.com
2 James M. Neudecker (SBN 221657)
Email: jneudecker@reedsmith.com
3 Adam D. Brownrout (SBN 323846)
Email: abrownrout@reedsmith.com
4 REED SMITH LLP
101 Second Street, Suite 1800
5 San Francisco, CA 94105-3659
Telephone: +1 415 543 8700
6 Facsimile: +1 415 391 8269

7 Attorney for Defendant
COUNTY OF LOS ANGELES
8

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES

12 ASDRUBAL BERMUDEZ,
13 Plaintiff,

14 vs.

15 PURE SOLAR CO., a California Corporation;
16 RENOVATE AMERICA, INC. a Delaware
Limited Liability Company; AMERICAN
17 CONTRACTORS INDEMNITY COMPANY, a
California Corporation; LOS ANGELES
18 COUNTY; and DOES 1 through 25, inclusive,
19 Defendants.

) Case No. 19STCV21933
)
) **RESPONSE TO SPECIAL**
) **INTERROGATORIES SET ONE TO**
) **COUNTY OF LOS ANGELES**

20
21 PROPOUNDING PARTY: Plaintiff Asdrubal Bermudez
22 RESPONDING PARTY: Defendant County of Los Angeles
23 SET NO.: One
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1 Defendant County of Los Angeles (the “County”), through its undersigned counsel, responds
2 to the Special Interrogatories (Set One) propounded by Plaintiff Asdrubal Bermudez (“Plaintiff”) as
3 follows:

4 INTERROGATORIES

5 **SPECIAL INTERROGATORY NO. 1:**

6 IDENTIFY the PERSON who negotiated the HERO LOAN on YOUR behalf.

7 **RESPONSE 1:** The County objects to Plaintiff’s use of the definition “HERO LOAN,” because it is
8 inaccurate. The PACE financing provided through the HERO Program is not a “loan” as a matter of
9 law. *See, e.g., In re HERO Loan Litigation*, 2017 WL 3038250 (C.D. Cal. July 7, 2017). The County
10 further objects on the ground that the term “negotiated” is undefined, vague, and ambiguous in the
11 context of this Interrogatory. Subject to and without waiving those objections, the County responds
12 as follows: The County is party to an Administration Contract with Renovate America, Inc.
13 (“Renovate”). Under that Administration Contract, Renovate is the contractor responsible for
14 establishing, implementing, and enforcing the processes and procedures applicable to HERO Program
15 PACE assessments. Renovate is therefore the entity responsible for administering the HERO Program
16 PACE assessment and financing for Plaintiff.

17
18 **SPECIAL INTERROGATORY NO. 2:**

19 IDENTIFY all of YOUR representatives who communicated with Plaintiff regarding the HERO
20 LOAN.

21 **RESPONSE 2:**

22 The County objects to Plaintiff’s use of the definition “HERO LOAN,” because it is inaccurate.
23 The PACE financing provided through the HERO Program is not a “loan” as a matter of law. *See,*
24 *e.g., In re HERO Loan Litigation*, 2017 WL 3038250 (C.D. Cal. July 7, 2017). The County further
25 objects on the ground that the term “negotiated” is undefined, vague, and ambiguous in the context of
26 this Interrogatory. Subject to and without waiving those objections, the County responds as follows:
27 The County is party to an Administration Contract with Renovate America, Inc. (“Renovate”). Under
28 that Administration Contract, Renovate is the contractor responsible for establishing, implementing,

1 and enforcing the processes and procedures applicable to HERO Program PACE assessments.
2 Renovate is therefore the entity responsible for administering the HERO Program PACE assessment
3 and financing for Plaintiff. Consequently, representatives of Renovate would have been primarily
4 responsible for communicating with Plaintiff regarding his HERO Program financing. Additionally,
5 the County identifies Yuan Chang, Deputy County Counsel for the County of Los Angeles, who sent
6 a letter to Plaintiff (through his counsel) on April 10, 2018 and May 21, 2018 regarding the claim
7 Plaintiff presented to the County. Additionally, the County of Los Angeles' Internal Services
8 Department has searched for and been unable to locate records of communications with Plaintiff. The
9 County will supplement this Interrogatory response should it discovery additional information.
10

11 **SPECIAL INTERROGATORY NO. 3:**

12 IDENTIFY the PERSON who approved the HERO LOAN on YOUR behalf.

13 **RESPONSE 3:**

14 The County objects to Plaintiff's use of the definition "HERO LOAN," because it is inaccurate.
15 The PACE financing provided through the HERO Program is not a "loan" as a matter of law. *See,*
16 *e.g., In re HERO Loan Litigation*, 2017 WL 3038250 (C.D. Cal. July 7, 2017). The County further
17 objects on the ground that the term "approved" is undefined, vague, and ambiguous in the context of
18 this Interrogatory. The County further objects to this Interrogatory on the ground that it calls for
19 information that is neither relevant nor reasonably calculated to lead to the discovery of admissible
20 evidence. Subject to and without waiving those objections, the County responds as follows: The
21 County is party to an Administration Contract with Renovate. Under that Administration Contract,
22 Renovate is the contractor responsible for establishing, implementing, and enforcing the processes and
23 procedures applicable to HERO Program PACE assessments. Those responsibilities includes
24 determining project and participant eligibility. Additionally, the County responds that Cynthia Miller
25 signed the LA HERO Program Assessment Contract (Residential) on the County's behalf.
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1 **SPECIAL INTERROGATORY NO. 4:**

2 IDENTIFY the PERSON who determined whether Plaintiff qualified for the HERO LOAN.

3 **RESPONSE 4:**

4 The County objects to Plaintiff’s use of the definition “HERO LOAN,” because it is inaccurate.
5 The PACE financing provided through the HERO Program is not a “loan” as a matter of law. *See,*
6 *e.g., In re HERO Loan Litigation*, 2017 WL 3038250 (C.D. Cal. July 7, 2017). The County further
7 objects to this Interrogatory on the ground that it calls for information that is neither relevant nor
8 reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving
9 those objections, the County responds as follows: The County is party to an Administration Contract
10 with Renovate America, Inc. (“Renovate”). Under that Administration Contract, Renovate is the
11 contractor responsible for establishing, implementing, and enforcing the processes and procedures
12 applicable to HERO Program PACE assessments. Those responsibilities include determining
13 participant eligibility.

14
15 **SPECIAL INTERROGATORY NO. 5:**

16 IDENTIFY the PERSON who determined how much Plaintiff qualified to obtain through the HERO
17 program for the IMPROVEMENTS.

18 **RESPONSE 5:**

19 The County objects to Plaintiff’s use of the definition “borrowers,” because it is inaccurate.
20 The PACE financing provided through the HERO Program is not a “loan” as a matter of law. *See,*
21 *e.g., In re HERO Loan Litigation*, 2017 WL 3038250 (C.D. Cal. July 7, 2017). The County further
22 objects on the ground that the term “borrowers” is vague, ambiguous, and undefined. The County
23 further objects to this Request on the ground that it calls for information protected from disclosure by
24 the attorney-client privilege and work product doctrines. The County further objects to this Request
25 on the ground that it is overbroad and unduly burdensome. The County further objects to this Request
26 on the ground that it calls for confidential investigatory materials. The County further objects to this
27 Request on the ground that it calls for information that implicates the privacy rights of third parties.

28

1 **SPECIAL INTERROGATORY NO. 6:**

2 IDENTIFY the PERSON who determined whether the IMPROVEMENTS qualified for financing
3 through the LACEP.

4 **RESPONSE 6:**

5 The County objects to this Interrogatory on the ground that it calls for information that is
6 neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Subject to
7 and without waiving that objection, the County responds as follows: The County is party to an
8 Administration Contract with Renovate. Under that Administration Contract, Renovate is the
9 contractor responsible for establishing, implementing, and enforcing the processes and procedures
10 applicable to HERO Program PACE assessments. Those responsibilities include determining project
11 eligibility.

12
13 **SPECIAL INTERROGATORY NO. 7:**

14 IDENTIFY the PERSON who determined whether the IMPROVEMENTS qualified for financing
15 through RENOVATE'S HERO program.

16 **RESPONSE 7:**

17 The County objects to this Interrogatory on the ground that it calls for information that is
18 neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The County
19 further objects to this Interrogatory on the ground that it is duplicative of Interrogatory No. 6. Subject
20 to and without waiving that objection, the County responds as follows: The County is party to an
21 Administration Contract with Renovate. Under that Administration Contract, Renovate is the
22 contractor responsible for establishing, implementing, and enforcing the processes and procedures
23 applicable to HERO Program PACE assessments. Those responsibilities include determining project
24 eligibility.

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1 **SPECIAL INTERROGATORY NO. 8:**

2 State whether the IMPROVEMENTS qualify for financing under the LACEP.

3 **RESPONSE 8:**

4 The County objects to this Interrogatory on the ground that it calls for information that is
5 neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Subject to
6 and without waiving that objection, the County responds as follows: The County is party to an
7 Administration Contract with Renovate. Under that Administration Contract, Renovate is the
8 contractor responsible for establishing, implementing, and enforcing the processes and procedures
9 applicable to HERO Program PACE assessments. Those responsibilities include determining product
10 and project eligibility. This Interrogatory is therefore more appropriately directed to Renovate.

11
12 **SPECIAL INTERROGATORY NO. 9:**

13 Identify the administrative agency to which YOU believe Los Angeles County homeowners must
14 submit their demands for cancellation of PACE assessments, which were created pursuant to the
15 LACEP.

16 **RESPONSE 9:**

17 The County objects to this Interrogatory on the ground that it is vague, ambiguous, and
18 overbroad with respect to the term “cancellation of PACE assessments.” The County interprets the
19 term “cancellation” as that term is used in California Revenue and Taxation Code Section 4986.
20 Subject to that interpretation, the County responds as follows:

21 For County PACE assessments, the County identifies the County of Los Angeles Auditor-
22 Controller, Property Tax Services Division, Direct Assessment Processing Unit, 500 W. Temple
23 Street, Room 153, Los Angeles, CA 90012.

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1 **SPECIAL INTERROGATORY NO. 10:**

2 Identify the administrative process through which YOU believe Los Angeles County homeowners
3 must submit their demands for cancellation of PACE assessments, which were created pursuant to the
4 LACEP.

5 **RESPONSE 10:**

6 The County objects to this Interrogatory pursuant to California Code of Civil Procedure
7 § 2030.230, because responding to the Interrogatory would require the preparation of a summary,
8 abstract, or compilation. The County is not required to create a narrative describing the
9 administrative process. The County further objects to this Interrogatory on the ground that it is
10 vague, ambiguous, and overbroad with respect to the term “cancellation of PACE assessments.” The
11 County interprets the term “cancellation” as that term is used in California Revenue and Taxation
12 Code Section 4986. Subject to that interpretation, the County responds as follows:

13 Plaintiff may ascertain the administrative process for cancellation under Section 4986 by
14 reference to the County Auditor-Controller’s Direct Assessment Submission Procedure Manual,
15 which is publicly available. The County further responds that claims requesting cancellation,
16 pursuant to Revenue and Taxation Code section 4986, of a County-PACE assessment are accepted
17 for filing by the Auditor-Controller ("A-C"). The A-C logs the cancellation claim and forwards it to
18 the County's Internal Services Department ("ISD"). ISD reviews the cancellation claim to determine
19 a recommended action, and then communicates the recommended action to the A-C. The A-C
20 reviews the claim and recommended action to determine whether satisfactory proof supports
21 cancellation of the County-PACE assessment pursuant to Revenue and Taxation Code 4986. If the
22 claim is denied, the A-C issues a denial letter notifying the claimant of the denial. If the claim is
23 approved, the A-C will cancel the assessment pursuant to the A-C's authority under Revenue and
24 Taxation Code section 4986 and provide notice to the claimant.

25 **SPECIAL INTERROGATORY NO. 11:**

26 State the number of PACE assessments, which were created pursuant to the LACEP, that have been
27 cancelled through the administrative process which YOU believe homeowners must submit their
28 demands for cancellation of PACE assessments.

1 **RESPONSE 11:**

2 The County objects to this Interrogatory on the ground that it calls for information that is neither
3 relevant nor reasonably calculated to lead to the discovery of admissible evidence. The County further
4 objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. This action
5 involves a single PACE assessment on the property of Plaintiff Asdrubal Bermudez.

6
7 **SPECIAL INTERROGATORY NO. 12:**

8 IDENTIFY the PERSONS who have successfully cancelled their PACE assessments, which were
9 created pursuant to the LACEP, through the administrative process to which YOU believe
10 homeowners must submit their demands for cancellation of PACE assessments.

11 **RESPONSE 12:**

12 Interrogatory on the ground that it calls for information that is neither relevant nor reasonably
13 calculated to lead to the discovery of admissible evidence. The County further objects to this
14 Interrogatory on the ground that it is overbroad and unduly burdensome. This action involves a single
15 PACE assessment on the property of Plaintiff Asdrubal Bermudez. The County further objects to this
16 Interrogatory on the ground that it calls for the disclosure of information that implicates the privacy
17 rights of third parties.

18
19 **SPECIAL INTERROGATORY NO. 13:**

20 State the number of PACE assessments that have been created pursuant to the LACEP.

21 **RESPONSE 13:**

22 The County objects to this Interrogatory on the ground that it calls for information that is
23 neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The County
24 further objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. This
25 action involves a single PACE assessment on the property of Plaintiff Asdrubal Bermudez. The
26 County further objects on the ground that the term “created” is vague and ambiguous in this context,
27 as it is unclear whether it refers to any PACE assessments for which homeowners have applied, PACE
28 assessment that have been consummated, or PACE assessments that have been completed. Subject to

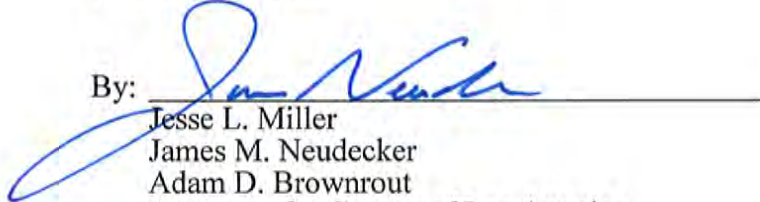
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and without waiving these objections, the County responds that as of June 30, 2019, 35,961 PACE assessments have been completed pursuant to the LACEP.

DATED: November 5, 2019

REED SMITH LLP

By: _____



Jesse L. Miller
James M. Neudecker
Adam D. Brownrout
Attorneys for County of Los Angeles

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VERIFICATION

I, Minh Le, declare under penalty of perjury under the laws of the State of California that: I am Minh Le, and am employed by the County of Los Angeles (the "County"), a defendant in the above-entitled action. I have been authorized to make this verification on its behalf. I have read the foregoing COUNTY OF LOS ANGELES' RESPONSES TO PLAINTIFF'S SPECIAL INTERROGATORIES, SET ONE, and know the contents thereof. The information necessary to prepare these responses was obtained from numerous sources within the County, and elsewhere, and the responses were prepared with the advice and assistance of legal counsel. Accordingly, I rely on these individuals for the accuracy of the information stated in the responses. I am thus informed and believe that the matters stated in the responses are true and correct and on that basis allege that they are true and correct.

Executed at Los Angeles, California on October 30, 2019.



REED SMITH LLP
A limited liability partnership formed in the State of Delaware

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PROOF OF SERVICE

*Re: Ascrubal Bermudez v. Pure Solar Co., et al.;;
Superior Court California, County of Los Angeles, Case No. 19STCV21933*

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is REED SMITH LLP, 101 Second Street, Suite 1800, San Francisco, California 94105-3659. On November 5, 2019, I served the following document(s) by the method indicated below:

**RESPONSE TO FORM INTERROGATORIES SET ONE TO
COUNTY OF LOS ANGELES**

**RESPONSE TO SPECIAL INTERROGATORIES SET ONE TO
COUNTY OF LOS ANGELES**

**RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS SET ONE TO
COUNTY OF LOS ANGELES**


**RESPONSE TO REQUEST FOR ADMISSIONS SET ONE TO
COUNTY OF LOS ANGELES**

- by transmitting via facsimile on this date from fax number +1 415 391 8269 the document(s) listed above to the fax number(s) set forth below. The transmission was completed before 5:00 PM and was reported complete and without error. The transmission report, which is attached to this proof of service, was properly issued by the transmitting fax machine. Service by fax was made by agreement of the parties, confirmed in writing. The transmitting fax machine complies with Cal. R. Ct. 2.306.
- by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California addressed as set forth below. I am readily familiar with the firm's practice of collection and processing of correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if the postal cancellation date or postage meter date is more than one day after the date of deposit for mailing in this Declaration.
- by placing the document(s) listed above in a sealed envelope(s) and by causing personal delivery of the envelope(s) to the person(s) at the address(es) set forth below. A signed proof of service by the process server or delivery service will be filed shortly.
- by personally delivering the document(s) listed above to the person(s) at the address(es) set forth below.
- by placing the document(s) listed above in a sealed envelope(s) and consigning it to an express mail service for guaranteed delivery on the next business day following the date of consignment to the address(es) set forth below.
- by transmitting via email to the parties at the email addresses listed below:

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VIA EMAIL AND OVERNIGHT MAIL David Valdez Jr. Law Office of David Valdez, Jr. 11100 Washington Blvd. Culver City, CA 90232 Telephone: (310) 559-4529 Facsimile: (310) 559-4532 Email: dvaldez@valdezlegal.com	<i>Attorneys for Plaintiff</i> Asdrubal Bermudez
VIA OVERNIGHT MAIL Alex Patel California Corporate Agents, Inc. 16830 Ventura Blvd., Suite 360 Encino, CA 91436	<i>Registered Agent for</i> Pure Solar Co.
VIA OVERNIGHT MAIL Amber N. Kim, Esq. Lanak & Hanna, P.C. 625 The City Drive South, Suite 190 Orange, CA 92868 Telephone: (714) 620-2350 Facsimile: (714) 703-1610 Email: ankim@lanak-hanna.com	<i>Attorneys for Defendant</i> American Contractors Indemnity Company

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on November 5, 2019, at San Francisco, California.



Nancy Medina

EXHIBIT Z

From: Michael Owens <MOwens@counsel.lacounty.gov>
Sent: Wednesday, April 1, 2020 11:13 AM
To: nkashyap@publiccounsel.org; Jennifer Sperling
Subject: Claim Status
Attachments: 2020-03-13 Nemore Ocana Claim Status Update.pdf

Counsel,

Please the attached correspondence.

Best regards,

Please note the new address and telephone number.



Michael D. Owens

Deputy County Counsel

Office of the County Counsel

500 W. Temple Street, Suite 648, Los Angeles, CA 90012

T: 213-972-5726 | C: 213-479-5010 | mowens@counsel.lacounty.gov

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County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

SELWYN HOLLINS
Acting Director

"Trusted Partner and Provider of Choice"

Telephone: (323) 267-2101
FAX: (323) 264-7135

March 13, 2020

VIA E-MAIL

Nisha Kashyap, Esq.
Public Counsel
610 S. Ardmore Ave.
Los Angeles, CA 90005
nkashyap@publiccounsel.org

Jennifer Sperling, Esq.
Bet Tzedek
3250 Wilshire Blvd., 13th FL
Los Angeles, CA 90010
jsperling@bettzedek.org

RE: Property Assessed Clean Energy (PACE) Assessment Related Tax Claims for the *Nemore* and *Ocana* Claimants.

The County of Los Angeles' (County) Auditor-Controller referred the claims you submitted on behalf of your clients identified in Attachment I to this letter to the Internal Services Department (ISD). This letter is in response to your previous requests regarding the status of those Claims.

Based on the unique facts of each individual, his or her claim, your response to our previous follow-up letter, the allegations of the incorporated by reference lawsuits, and related evidence - ISD will make the following recommendations to the County's Auditor-Controller:

- ISD recommends approval of Mr. Sical's cancellation claim to satisfy his remaining PACE related tax balance and refund of previously paid tax payments made to the County related to his PACE assessment.
- ISD recommends the approval of Mr. Bowen's cancellation claim to satisfy the remaining portion of PACE related tax balance.

PACE Tax Cancellation Claims

March 13, 2020

Page 2

- ISD was not able to find any current County PACE related assessments for Ms. Senac's property. Therefore, ISD recommends denial of her tax claim.
- ISD recommends denial of all other claims for the individuals identified in Attachment I. Based on a review of the administrative record for each of these other Claims, all of them appear to have met the then existing statutory requirements. For those claimants that alleged workmanship issues, the claimants failed to submit sufficient proof to substantiate the allegations.

The Revenue & Taxation Code sets forth individualized procedures for review of these Claims. They will not be considered on a class-wide basis.



Minh Le, General Manager
Internal Services Department

Attachment I - Claimants

Tax Cancellation Claim No.:	2019-000044
Parcel/Bill No.:	5837-012-003
Claimant Name:	Maria Alvarez
CAL FIRST PACE ID:	CF-00024084
Tax Cancellation Claim No.:	2019-000039
Parcel/Bill No.:	6017-022-024
Claimant Name:	Allen Bowen
HERO PACE ID:	CA037137139
Tax Cancellation Claim No.:	2019-000040
Parcel/Bill No.:	6016-028-011
Claimant Name:	Aurelia Millender
HERO PACE ID:	CA037127073 & CA037123628
Tax Cancellation Claim No.:	2019-000037
Parcel/Bill No.:	5848-020-014
Claimant Name:	Reginald Nemore
HERO PACE ID:	CA037126080
Tax Cancellation Claim No.:	2019-000047
Parcel/Bill No.:	2325-018-024
Claimant Name:	Zenia Ocana and Juan Lau
CAL FIRST PACE ID:	CF-00035471
Tax Cancellation Claim No.:	2019-000129
Parcel/Bill No.:	2337-026-010
Claimant Name:	Violeta Senac
HERO PACE ID:	CA037113331
CAL FIRST PACE ID:	CF-00062645
Tax Cancellation Claim No.:	2019-00038
Parcel/Bill No.:	2104-035-023
Claimant Name:	Neptali Sical, Trustee
CAL FIRST PACE ID:	CF-00029992

EXHIBIT AA



BOARD OF SUPERVISORS

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Janice Hahn
Kathryn Barger

COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

"To Enrich Lives Through Effective and Caring Service"



Joseph M. Nicchitta
Director

Joel Ayala
Chief Deputy

Rafael Carbajal
Chief Deputy

May 23, 2019

To: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Kathryn Barger

From: Joseph M. Nicchitta
Director

REPORT BACK AND RECOMMENDATIONS ON: STRENGTHENING CONSUMER PROTECTIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY PROGRAM (ITEM NO. 16, AGENDA OF MARCH 5, 2019)

On March 5, 2019, your Board instructed the Director of the Department of Consumer and Business Affairs (DCBA), in consultation with the Treasurer and Tax Collector (TTC), Director of the Internal Services Department (ISD), and County Counsel, to report back in writing in 60 days with the following:

- a) A comprehensive protocol for addressing consumer complaints associated with both the County of Los Angeles (County) and non-County administered Property Assessed Clean Energy (PACE) programs;
- b) A summary and plan of action to operationalize further refinements that can be made to strengthen the consumer protections associated with the County-administered PACE program and can inform Statewide legislative advocacy to improve the PACE program, which should, at a minimum, include a requirement that all PACE program improvements be independently verified before payment is authorized; and
- c) An affirmative litigation strategy to pursue specific non-County PACE program contractors who have a proven history of non-compliance with the terms of the program and promotion of predatory lending type activities.

In addition, your Board instructed the Director of DCBA, in coordination with TTC and the Director of ISD, to develop and analyze a heat map of properties where the County has

received PACE program-related complaints, and where properties with PACE financing are in tax default, and begin conducting targeted outreach to those communities to educate them about PACE financing and alert them to potential scams or fraud as quickly as possible.

Finally, your Board directed the County's legislative advocates to continue to support and advocate for legislation that optimizes consumer protections associated with the PACE program.

I. Protocol for Addressing Consumer PACE Complaints

PACE generally refers to programs created by counties, cities, or joint powers authorities (JPAs) under State statute to fund certain energy improvement projects through tax assessments recorded against the improved real property. Government agencies contract with private companies, known as program administrators, to administer PACE programs and finance eligible improvement projects. The improvements themselves are constructed or installed by PACE home improvement contractors, which work directly with the homeowners to enter into home improvement contracts. PACE contractors are paid by the program administrator once work is complete, and the program administrator records an assessment against the real property for the cost of the work and any financing costs. The homeowner pays the assessment over time as a direct assessment on their Annual Secured Property Tax Bill.

In Los Angeles County, the County administers a PACE program and contracts with three program administrators, Renovate America, Renew Financial, and PACE Funding Group.

In Los Angeles County incorporated cities, the homeowners can utilize the County PACE program or non-County PACE programs created when their city becomes a member of a JPA that operates a PACE program. JPAs operating within the County incorporated cities include the California Municipal Finance Authority, the California Statewide Communities Development Authority, and Golden State Finance Authority. Examples of non-County PACE program administrators, which contract directly with the JPAs, include Ygrene Energy Fund and Energy Efficient Equity, Inc., also known as E3.

Consumer complaints received by the County are treated differently depending on whether the complaint involves an assessment financed through the County-administered PACE program or a non-County program. Below is a summary of the comprehensive protocols established for both County and non-County PACE programs.

a. Complaint Protocol for the County PACE Program

The County PACE program is co-managed by ISD and TTC. Through the County's contracts with its program administrators, Renovate America, Renew Financial and PACE Funding Group, the program administrators are responsible for intaking, evaluating, investigating, and resolving consumer complaints. Program administrators are also required to respond to complaints received by or compiled through various sources by ISD. Program administrators submit monthly program reports to ISD with complaint metrics and resolution rates, which are then compiled by ISD and reported to your Board semiannually.

In addition, on a going-forward basis, to ensure that program administrators are upholding their contractual obligations to resolve consumer complaints, ISD will partner with DCBA to conduct a concurrent investigation for PACE complaints involving certain indicia of fraud, as agreed to between ISD and DCBA. Such indicators include, but are not limited to, allegations or evidence that the home improvement contractor did not start or complete the promised work but collected payment from the program administrator; advised the homeowner that certain ineligible improvements could be financed through PACE, such as the full construction of an accessory dwelling unit or garage conversion; used a contractor's license that belonged to someone else (contractor identity theft); misled the homeowner about the features of the PACE program or how repayment works; or forged the homeowner's wet or digital signature or created fake email accounts to falsify approval of PACE contract documents.

In cases where DCBA investigates a complaint at ISD's request, DCBA investigators will contact the homeowner, program administrator, and home improvement contractor to obtain information about the issue and discuss appropriate resolution of the complaint. DCBA will review all available documentation, including home improvement contracts, PACE assessments, property tax bills, written correspondence, mortgage statements, and other information. DCBA will work with TTC and the Auditor-Controller to obtain necessary information, and may also work with outside agencies, including the Contractors State Licensing Board, which regulates home improvement contractors, and the State Department of Business Oversight, which regulates PACE program administrators Statewide. DCBA investigators may also conduct site inspections or walk-throughs with all parties involved, and offer mediation in furtherance of a resolution.

At the conclusion of its concurrent investigation, DCBA will provide ISD with a report summarizing its findings and recommendations for resolving the complaint. ISD will use this report to work with its program administrators to resolve the consumer complaint if needed.

b. Complaint Protocol for Non-County PACE Programs

DCBA is the primary County agency that investigates and seeks resolution of complaints involving non-County PACE programs. Generally, DCBA's investigations are similar to the complaint resolution process described above related to the County-administered PACE program.

One key difference is that, for non-County programs, the County has no direct enforcement authority to ensure program guidelines and consumer laws are followed. Because of this, where DCBA investigators determine that the indicia of fraud described above exist for any particular case, DCBA investigators will conduct a thorough investigation and submit their findings to the appropriate prosecuting agency, such as the State Attorney General, the Los Angeles County District Attorney, or city attorneys with prosecutorial authority, to bring appropriate civil or criminal suits seeking relief for affected property owners. As an example of this, DCBA's efforts to investigate PACE fraud supported a lawsuit filed on April 8, 2019, by the Los Angeles City Attorney against a home improvement contractor and others accused of defrauding homeowners.

DCBA has also begun engaging non-County PACE program administrators directly, seeking to collaborate with them to resolve cases involving indicia of fraud. For example, on March 29, 2019, the Director of DCBA sent letters to three program administrators of non-County PACE programs summarizing complaints filed with DCBA alleging home improvement contractor fraud and requesting that the program administrators promptly investigate and resolve the cases. Each of the program administrators has cooperated with DCBA and agreed to investigate the cases identified. DCBA will continue to work with the program administrators to resolve existing and future cases.

DCBA will also begin notifying cities of PACE complaints within their jurisdictions. Because non-County PACE programs are operated by JPAs, cities may not be fully aware of complaint data involving their constituents. The purpose of DCBA's notification is to educate city officials about PACE issues affecting their residents and to support officials who seek to strengthen PACE consumer protections. In an effort to foster collaboration and share best practices between public agencies administering PACE programs, the TTC and ISD will also be sending a letter to all city managers in the County updating them on the status of the County-administered PACE program, informing them of the benefits of participation in the County program, and seeking information on the contracts each city has entered into with PACE program administrators.

Lastly, DCBA will work collaboratively with program administrators, both County and non-County, to identify complaint trends and share publicly available information that could lead to better consumer protection. On May 3, 2019, the Director of DCBA and DCBA staff, along with the TTC and staff from Auditor-Controller, County Counsel, and ISD, met with senior executives of Ygrene Energy Fund to discuss cooperative efforts to

identify and stop abusive practices by home improvement contractors and share information about operational changes by program administrators that can curb contractor abuses, such as checking whether a building permit has been issued and finalized, and requiring geotagged photographs of the work prior to paying the contractor. DCBA will continue to increase dialogue and cooperation with program administrators for the benefit of County consumers.

c. Leveraging Other DCBA Programs to Support Homeowners

DCBA houses multiple programs to assist consumers in resolving complaints and recovering any losses. DCBA's Small Claims Advisor program offers technical assistance with the filing of small claims lawsuits, and its Mediation program allows consumers to negotiate voluntary settlements with contractors to resolve PACE issues, primarily involving claims of poor workmanship.

DCBA's Foreclosure Prevention and Real Estate Fraud programs are State-funded and serve hundreds of homeowners each year. If a PACE case involves a fraudulently recorded assessment, or if a lender has recorded a notice of default, DCBA can leverage these programs to provide assistance delaying a foreclosure sale, modifying the terms of the loan, or unwinding fraudulently recorded documents against a property's title.

DCBA also has longstanding relationships with State agencies with regulatory authority over aspects of the PACE program, including the Contractors State Licensing Board and the State Department of Business Oversight. These agencies participated with DCBA, TTC, and ISD in a PACE consumer consultation event on March 5, 2019, in the Second Supervisorial District, and have signaled interest in continuing to learn from and partner with DCBA and other County departments on PACE consumer issues.

Lastly, DCBA provides consumers support in English, Spanish, and other languages. Consumers can obtain information about PACE on DCBA's website, <http://dcba.lacounty.gov>, or by phone at (800) 593-8222. As mentioned again below, DCBA is preparing a dedicated page for consumer information about PACE programs and how to file a complaint.

II. Enhancing Consumer Protections for County and non-County PACE Programs

a. Improving Consumer Protections for the County PACE Program

State law mandates certain consumer protections be included in any PACE program operated throughout the State. Major recent efforts by the State Legislature to respond to consumer concerns include:

- **Assembly Bill (AB) 2693, enacted September 2016:** Established a Statewide consumer protection framework for residential PACE financing. Among other things, the bill permits property owners to cancel their PACE assessment contract within three business days. Prior to signing any contractual paperwork, property owners must be provided with a document with financing estimates, similar to federal mortgage lending practices.
- **AB 1284, enacted October 2017:** Requires PACE program administrators to make good faith determinations of a customer's ability to repay the financing before approving an assessment contract. The Assembly Bill brings PACE program administrators under similar oversight as finance lenders and brokers and establishes new licensing requirements. The bill requires the State Department of Business Oversight to regulate PACE providers, consistent with applicable law.
- **Senate Bill (SB) 242, enacted October 2017:** Requires program administrators to relay the contract terms orally to customers on a recorded call and ensure that property owners understand that they repay the financing through property tax bills. The bill mandates that program administrators offer this information in languages other than English. The bill also extended the three-day right to cancel home improvement contracts with PACE contractors, not just the assessment contract, and prohibits any "kickbacks" or incentives paid to contractors for PACE referrals. Additionally, program administrators must report twice a year on the number and dollar amount of assessments funded, project and customer data, and the number of defaults and missed payments.
- **AB 1070, enacted October 2017:** For solar energy systems utilizing PACE financing, this requires that the financing contract satisfy the Financing Estimate and Disclosure form requirements of Streets and Highways Code section 5898.17(b).
- **AB 2063 and SB 1087, enacted September 2018:** Reforms PACE program underwriting, regulatory, and reporting guidelines to address reports of unscrupulous sale and lending practices by PACE program administrators. AB 2063 requires that borrowers' ability-to-repay be verified prior to execution of an assessment contract, and SB 1087 modifies and cleans-up aspects of the Department of Business Oversight's regulatory processes as instituted by AB 1284.

Consistent with applicable law, the County PACE Program currently includes the following consumer protection protocols established by contract with the County program administrators:

- PACE solicitors (sales agents) are required to have six hours of training and undergo background checks;
- Program administrators must verify a consumer's ability to pay;
- Program administrators must verify that the proposed home improvement work is within the scope of PACE (i.e., eligible energy or water efficiency measures) and that the total project cost is within limits allowed under State law;
- Program administrators must perform a recorded telephone call to the homeowner to verify the terms of the PACE financing, with additional screening questions for elderly homeowners, to verify that the homeowner agrees to the home improvement work and the PACE financing terms;
- ISD reviews that the cost of proposed PACE improvements are within the range established by national home improvement estimator guides. This price range guide was recently updated to reflect declining costs for solar and other measures;
- ISD reviews that the proposed PACE improvements are consistent with the size of the residential property;
- ISD cross-references parcel owner names and addresses with the Assessor's database and checks if other PACE work has been recorded on the property with the California Alternative Energy and Advanced Transportation Financing Authority; (CAEATFA). The CAEATFA maintains a registry of all PACE assessment contracts in the State and administrators will reference the registry to ensure compliance with financing limits;
- Program administrators must verify that permits were issued for improvements that require permits;
- Program administrators must obtain a signature from homeowners and from home improvement contractors verifying that the PACE-financed work was completed to the satisfaction of the homeowner before disbursement of funds to the contractor, and must utilize a unique PIN provided to homeowners to verify the identity of the homeowners with which the program administrator communicates; and

- On a sampling and risk-based approach, program administrators perform a visual verification post-funding to ensure that the work was completed. Up to five percent of projects are verified in this manner.

In response to growing issues with non-County PACE programs, and in collaboration with DCBA and TTC, ISD has identified additional best practices and enhancements for consumer protections within the County's program. The following is a list of additional consumer protection measures identified and a timeline for implementation:

- By August 1, 2019, ISD will revise the standard call script used by program administrators to confirm a homeowner's understanding of the agreement with the terms of a PACE assessment contract to include verbal confirmation that only PACE-eligible measures are being performed on the property; and
- By December 1, 2019, ISD will pilot a new outgoing call center managed by ISD staff and focused on higher-dollar assessments and elderly homeowners to reconfirm that they are entering into a PACE assessment, and that they should not sign off on the completion certificate until the work is complete and permits have been finalized.

In addition, ISD will explore the feasibility of requiring program administrators to mandate that home improvement contractors submit geotagged and time/date stamped photographs of the PACE improvements, and verify that the GPS coordinates and date/time stamp are consistent with the PACE assessment contract before disbursing funds to the home improvement contractor. This is a practice already in use for some government-administered programs, such as the State's Earthquake Brace + Bolt program, which offers grants to homeowners to conduct eligible seismic improvements.

ISD is also developing a risk-based protocol, which would require higher levels of controls and verifications by program administrators for certain assessment contracts which may be more likely to involve fraud or other consumer-based concerns. For example, assessments under \$15,000 are considered lower-risk and unlikely to require controls beyond those already required. Assessments over \$35,000 are considered higher-risk and may require geotagged photos or verification of building permit close-out. Other types of high-risk assessments could include contracts with elderly homeowners, properties with more than one PACE assessment, and contracts involving contractors or solicitor agents that have had consumer-based issues in the past.

ISD will provide a written report in 120 days updating your Board on progress made to implement these additional controls for the County PACE program.

b. Extending County PACE Program Consumer Protections to Non-County Programs

As explained above, the County does not have the authority to dictate the consumer protections afforded by non-County PACE programs. Therefore, DCBA will partner with ISD, TTC, County Counsel, Auditor-Controller, and other departments as necessary to engage non-County program administrators about the value of additional consumer protections, emerging best practices, and additional consumer safeguards, including verifying the completion of work for every project. Program administrators have an incentive to increase commonsense, cost-effective consumer safeguards to ensure the long-term viability of PACE programs in general, which have come under legislative scrutiny over the past several years due to consumer complaints.

DCBA, TTC, and ISD will also work with the CEO to support legislation that furthers consumer protections in the PACE program. This session, the CEO legislative advocates are supporting AB 1551 which would ensure no prepayment penalty for PACE assessments. County departments will continue to work with the CEO to identify bills that advance PACE consumer safeguards and will strategize the potential for County-sponsored legislation that addresses regulatory gaps.

As mentioned above, DCBA will report complaint information to cities within the County to ensure that cities are aware of, and positioned to take action against, PACE issues affecting their constituents.

Lastly, DCBA will continue to collaborate with State agencies on PACE issues. The “real-world” experience of DCBA’s and ISD’s complainants can inform State rulemaking that also address regulatory gaps.

III. Affirmative Litigation Strategy Targeting PACE Program Fraud and Abuse

As explained above, DCBA investigates and refers cases with indicia of fraud to prosecuting agencies, including the State Attorney General, the County District Attorney, and city attorneys with prosecuting authority.

In addition, where DCBA identifies trends in consumer violations or repeat bad actors, DCBA will work with County Counsel to evaluate civil lawsuits against offending PACE contractors or non-County program administrators. Examples of claims that can be brought against contractors and program administrators by County Counsel include false advertising, financial elder abuse, and fraud. Targeted impact litigation can shape future contractor and program administrator conduct by establishing benchmarks for acceptable market behavior and holding those who fall short accountable in the courts.

DCBA will begin this process by tabulating complaint data and monitoring trends for common PACE scams and contractors or personnel responsible, and will consult County Counsel about appropriate next steps.

IV. Analysis of PACE Complaints and Targeted Outreach

a. Data Reveal that Low-Income and Spanish-Speaking Individuals, as Well as Seniors, Are Most Impacted by PACE Issues

DCBA worked with TTC and ISD to analyze PACE assessments and complaint data within the County and non-County PACE programs.

County PACE Program Assessments and Defaults

As previously reported to your Board, 300 (2.5%) of the 11,823 property owners who financed through PACE defaulted on their 2016-17 Annual Secured Property Tax bills. By December 31, 2018, 257 (86%) had paid their defaulted taxes and were no longer in default.

Date as of	Parcels with PACE Assessments	2016-17 Tax Roll	
		Defaulted Parcels	Defaulted %
June 30, 2017	11,823	300	2.5%
December 31, 2017	11,823	94	0.8%
June 30, 2018	11,823	60	0.5%
December 31, 2018	11,823	43	0.4%

Six hundred (2.9%) of the 20,498 property owners who financed through PACE defaulted on their 2017-2018 Annual Secured Property Tax bills.¹ By December 31, 2018, 395 (66%) had paid their defaulted taxes and were no longer in default.

¹ The increase in defaulted properties associated with the County PACE program from 300 in fiscal year 2016-2017 to 600 in fiscal year 2017-2018 is likely attributable to a near doubling of parcels with County PACE assessments during those two fiscal years, from approximately 11,000 parcels to 20,000 parcels.

Date as of	Parcels with PACE Assessments	2017-18 Tax Roll	
		Defaulted Parcels	Defaulted %
July 1, 2018	20,498	600	2.9%
December 31, 2018	20,498	205	1.0%

Recently, TTC sent letters to all property owners in the County PACE Program who remain in default on their Annual Secured Property Tax Bills for one or more years. The purpose of this outreach was to ensure property owners were aware of the defaulted taxes; understood the defaulted taxes accrue interest at the rate of 1.5% per month, or 18% per year; remind property owners that the PACE bondholders have the right to foreclose on the property if the taxes are not paid timely; request payment either in full or in part; and inform property owners they can enter into an Installment Plan of Redemption (5-Pay Plan). The letter also inquired as to the reasons for default and requested that property owners who cite the PACE assessment as a reason to contact their PACE program administrator to review the PACE financing.

Non-County PACE Program Assessments and Defaults

Sixty (2.1%) of the 2,869 property owners who financed through a non-County PACE Program defaulted on their 2016-17 Annual Secured Property Tax bills. By December 31, 2018, 48 (80%) had paid their defaulted taxes and were no longer in default. ²

Date as of	Parcels with Non-County PACE Assessments	2016-17 Tax Roll	
		Defaulted Parcels	Defaulted %
June 30, 2017	2,869	60	2.1%
December 31, 2017	2,869	42	1.5%
June 30, 2018	2,869	20	0.7%
December 31, 2018	2,869	12	0.4%

² It should be noted that the rates of tax default likely do not capture all individuals with PACE assessments who are in financial distress, in part due to the increased costs from the PACE assessment. These homeowners could face adverse actions from their mortgage lender, including foreclosure, because of an inability to remain current on the PACE assessment, property taxes, or mortgage payment.

A heatmap of PACE assessments and defaults for the County PACE program is included in **Attachment 1, Figure 1**.

A heatmap of PACE assessments and defaults for non-County PACE programs is included in **Attachment 1, Figure 2**.

Complaint Data and Analysis

In addition to TTC's data regarding property tax defaults, DCBA has received 308 PACE complaints to date, and of those, 40 percent involve the County-administered PACE program and 60 percent involve non-County PACE programs.

DCBA analyzed complaints received to determine geographic concentrations of complaints and the demographics of those affected (**Attachment 1, Figures 3-5**). Overall, DCBA found that PACE complaints arose from areas that were highly likely to be populated with older, lower-income, and non-English speaking persons. These neighborhoods are also typically comprised of older homes. Complaints were also disproportionately located in the Second Supervisorial District (41 percent of all complaints—**Attachment 1, Figure 4**).

DCBA also found that 37 percent of its complainants involve homeowners who are seniors, which is higher than the average for the County; 56 percent are primarily Spanish-speaking; and 87 percent of the assessment and home improvement contracts were in English, compared to 44 percent who indicated English as their primary language (**Attachment 1, Figure 5**).

A heatmap of DCBA's complaints is included in **Attachment 1, Figure 3**. A breakdown of complaints by supervisorial districts and demographics is included in **Attachment 1, Figures 4-5**.

b. Targeted Outreach and Education to Impacted Populations

Targeted outreach to communities disproportionately affected by PACE issues is key to ensuring that consumers have a comprehensive understanding of the PACE program terms, safeguards in place to protect them, and potential red flags that alert them to scams or fraud.

In partnership with ISD and TTC, DCBA will implement a proactive outreach and information campaign with a focus on the geographic areas with concentrations of PACE assessments and areas where PACE-related tax defaults are occurring more regularly, as well as in areas most impacted by PACE complaints. DCBA will include campaign elements targeting demographics more likely to experience PACE issues, including seniors, low-income individuals, and non-English speakers.

Each Supervisor
May 23, 2019
Page 13

The campaign will include an overview of the PACE program, responsibilities of all parties involved, fraud awareness, myth-busting of common misconceptions, and information on processes to resolve potential issues. DCBA will implement the campaign with a combination of social media, mailers, and street-level engagement, as well as through its Smarter Senior Forums, through which DCBA counsels seniors about common scams and fraud, and will develop a landing page on the DCBA website for PACE-related concerns and information.

DCBA will also seek partnerships with community organizations such as Public Counsel and the Alliance of Californians for Community Empowerment (ACCE) Action, which have both been active in supporting homeowners who allege they have been defrauded by PACE home improvement contractors, to push information out to constituents.

Should you have any questions or need additional information, please contact me or Rafael Carbajal, Chief Deputy Director, at (213) 974-0834 or rcarbajal@dcba.lacounty.gov.

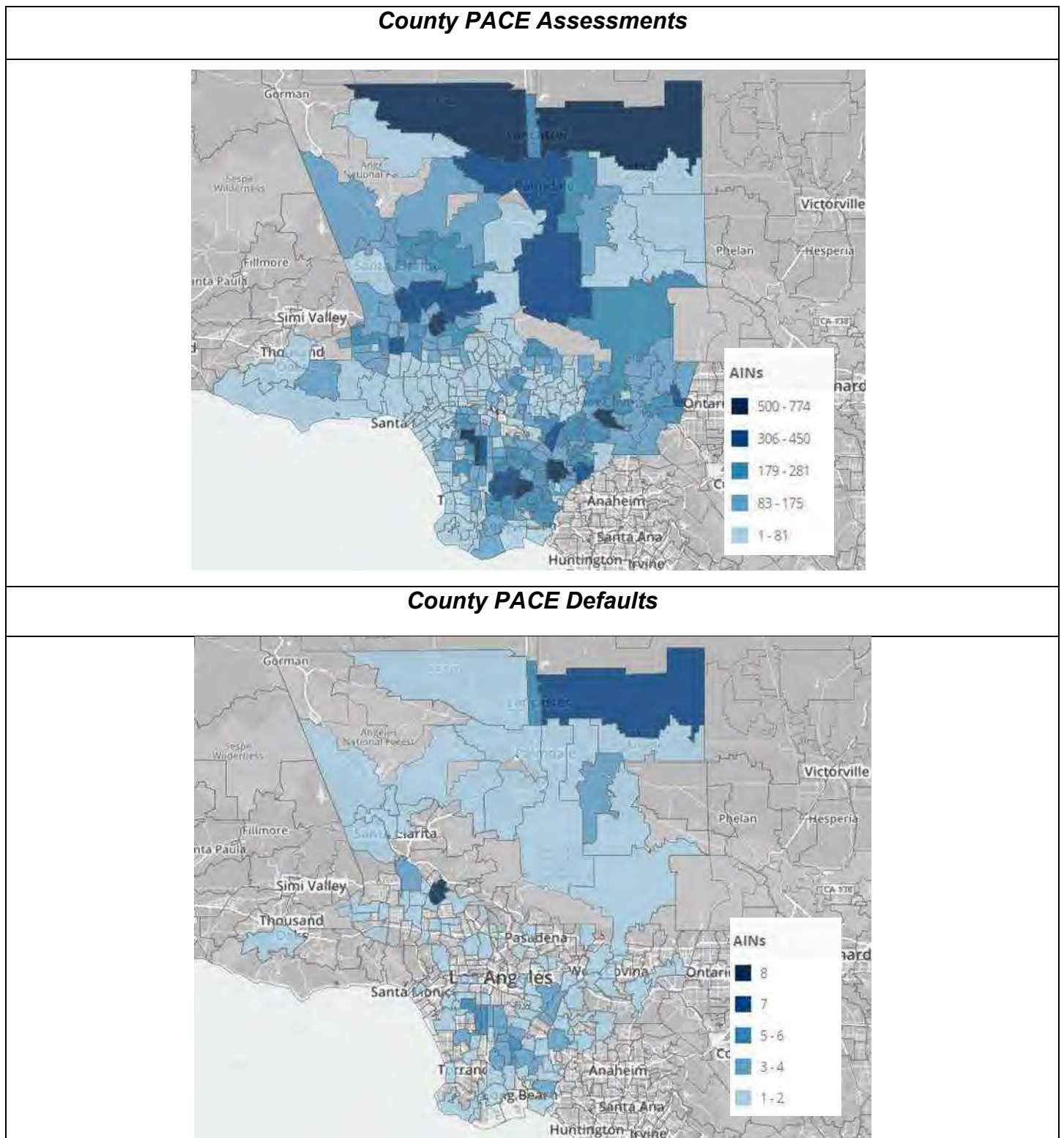
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DS:BS:CM:rld

Attachment

c: Executive Office, Board of Supervisors
Chief Executive Office
Assessor
District Attorney
Auditor-Controller
County Counsel
Internal Services
Treasurer and Tax Collector

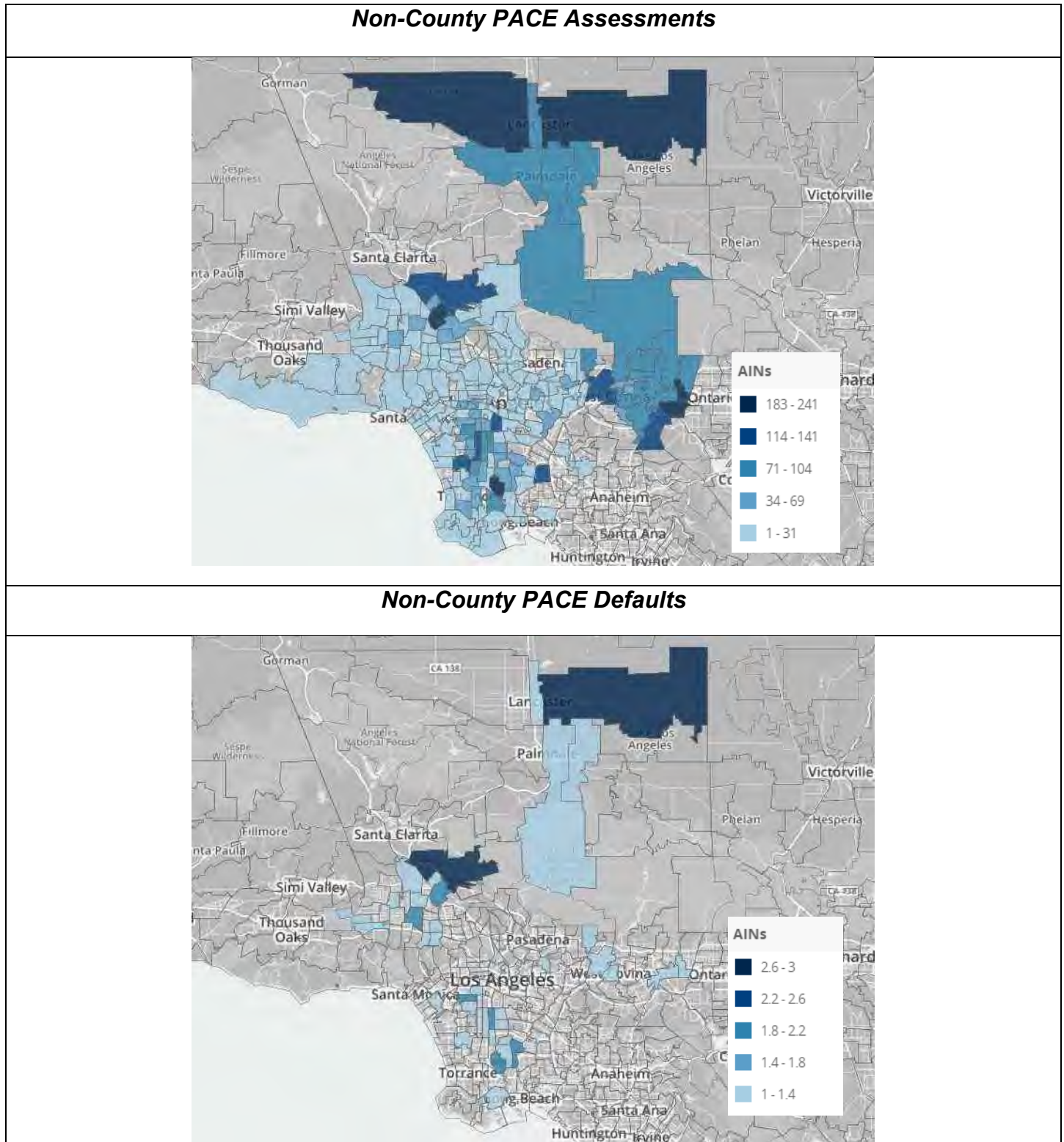
REPORT BACK AND RECOMMENDATIONS ON: STRENGTHENING CONSUMER PROTECTIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY PROGRAM – ATTACHMENT I

Figure 1: PACE Assessments and Defaults - County PACE Program



REPORT BACK AND RECOMMENDATIONS ON: STRENGTHENING CONSUMER PROTECTIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY PROGRAM – ATTACHMENT I

Figure 2: PACE Assessments and Defaults - Non-County PACE Program



REPORT BACK AND RECOMMENDATIONS ON: STRENGTHENING CONSUMER PROTECTIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY PROGRAM – ATTACHMENT I

Figure 3: Map of DCBA PACE Complaints

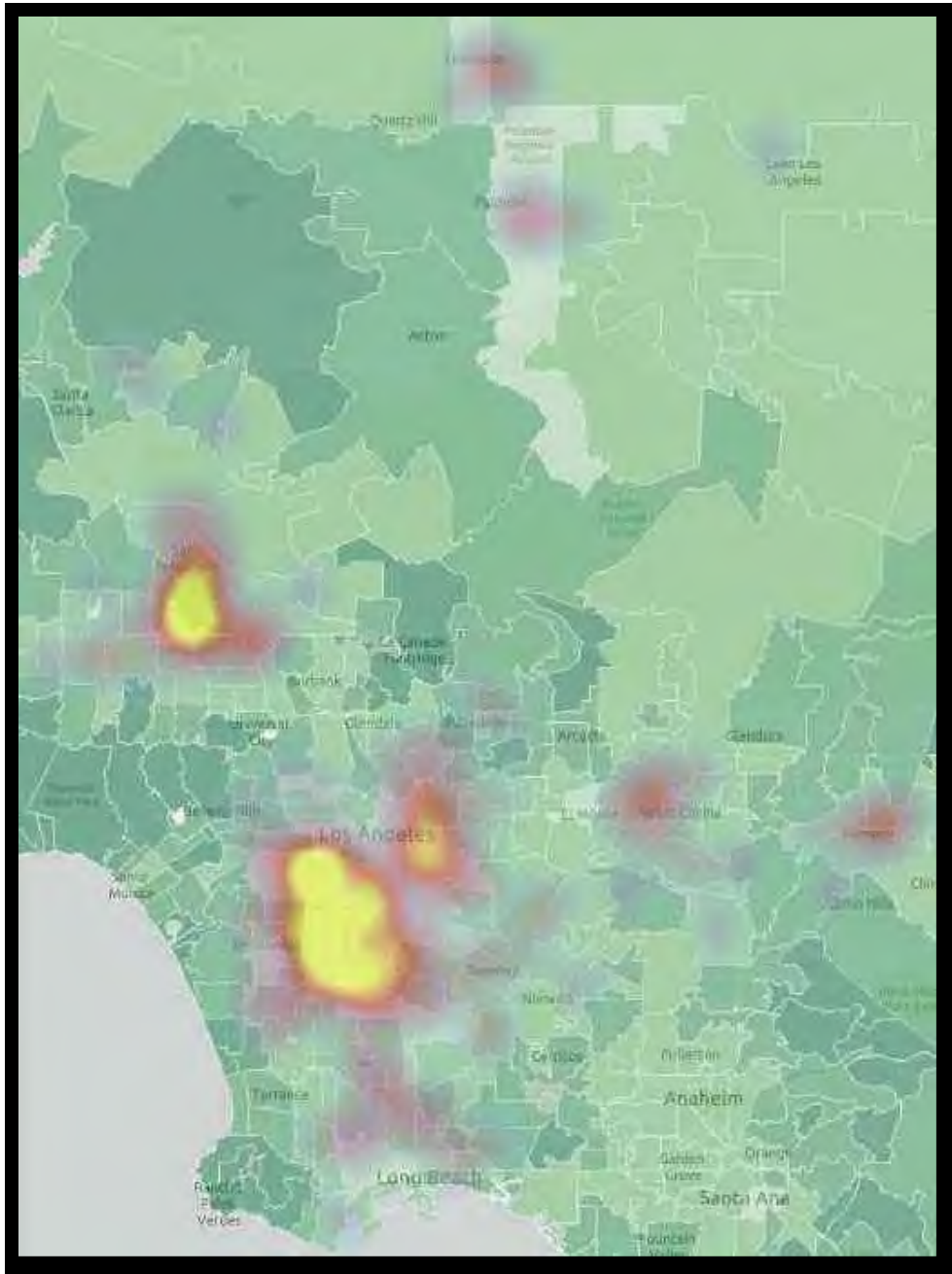
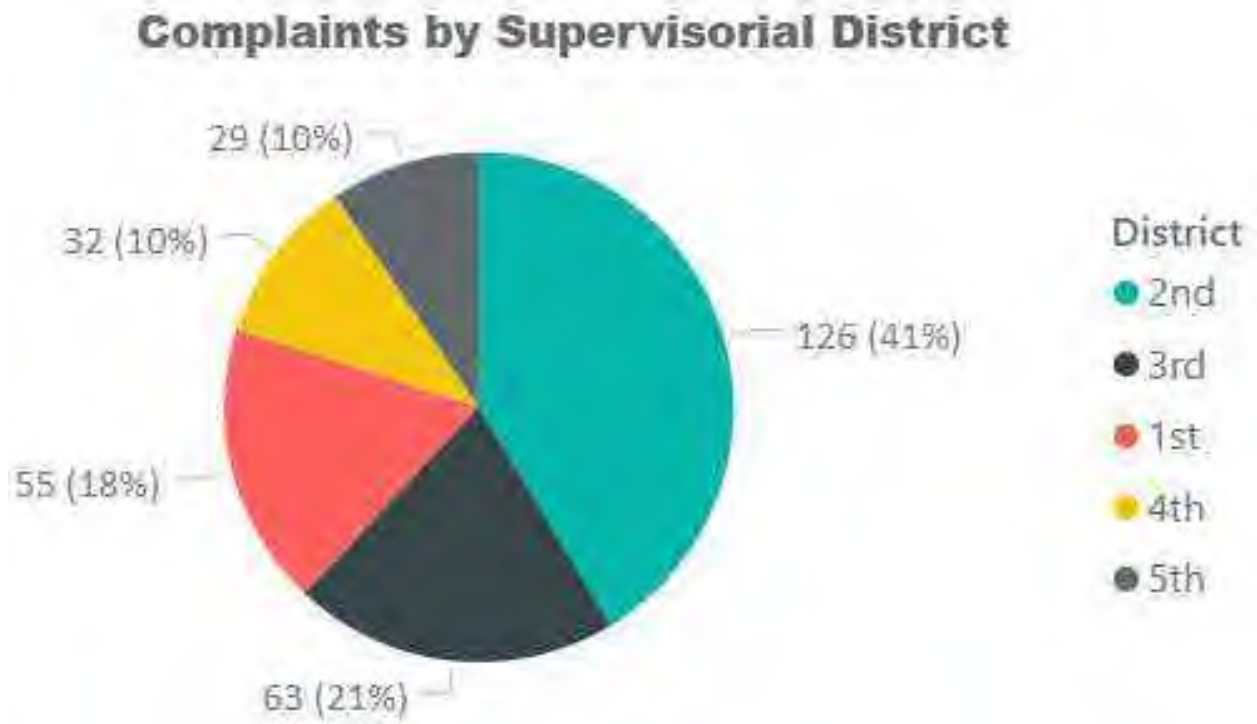


Figure 4: DCBA Complaints by Supervisorial District



REPORT BACK AND RECOMMENDATIONS ON: STRENGTHENING CONSUMER PROTECTIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY PROGRAM – ATTACHMENT I

Figure 5: DCBA PACE Complaints Demographics

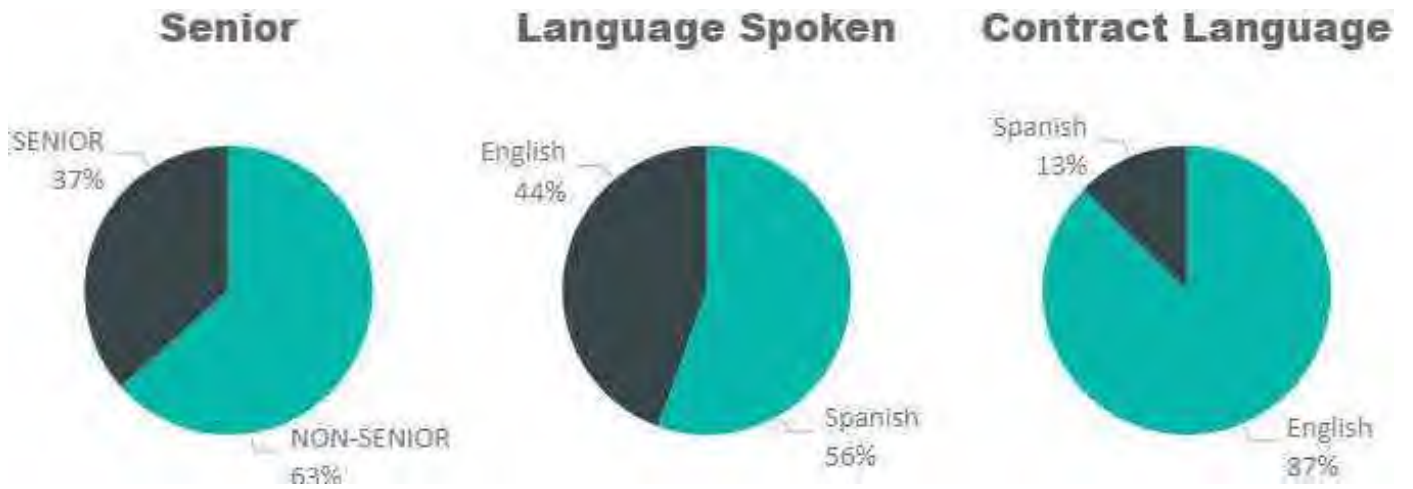


EXHIBIT BB

Los Angeles County PACE

Residential PACE Program

ISD PACE Termination FAQs

1. Why did the County decide to end its PACE program? (General Statement on End of Program)

The County of Los Angeles launched its Property Assessed Clean Energy (PACE) Program in 2015. Over the past five years, the program has allowed thousands of residents to use the equity in their homes to finance energy efficiency and water saving improvements. While successful, the program, and others like it throughout the State, have been subject to increasing criticism and concern. The State passed additional legislation to enhance oversight to address these concerns and the County went even further — enhancing its own PACE consumer protection protocols and establishing a call center to confirm consumer's acceptance of the terms. Despite these efforts and the implementation of stronger consumer protection practices, the County cannot be certain these measures will provide sufficient protection for all consumers. In addition, the volume of financing requests has decreased significantly over the past few years and future volume appears uncertain given the ongoing COVID-19 crisis. Therefore, the County will be discontinuing new originations under its PACE program. The County remains committed to servicing existing PACE program participants and working with other PACE administrators for continued consumer protection.

2. When did the County end its PACE Program?

The County's contracts with Renovate America and Renew Financial expired on April 3, 2020. The County stopped approving new assessment contracts through PACE Funding Group on May 13, 2020. The County continues to work with its PACE administrators to manage existing assessment contracts and provide appropriate consumer protection.

3. What does this mean for homeowners with existing PACE assessments?

The County and PACE administrators will continue to oversee existing (approved and signed) assessment contracts. Approved projects that are not yet completed or were on hold due to the Safer At Home Order can still be completed. Homeowners should not sign their completion certificates until the Contractor has completed the project. Contractors will be paid once the project is completed.

4. What happens with my assessment contract if it has not been approved by the County?

Any assessment contract not countersigned by the County will not receive PACE financing through the County program. Any work performed by the Contractor without a County signed assessment contract was done so without approval by or knowledge of the County and the County will not bond the assessment contract.

5. What is the County doing to protect homeowners?

For PACE Funding Group only, those homeowners who have approved assessments and whose work has not yet begun have the option to cancel their assessment. For further information please call (323) 265-8160 for assistance. The Los Angeles County Department of Consumer and Business Affairs continues to provide consumer protection services to all County residents. The County will also stay involved in state and federal legislative proposals for improved oversight of PACE programs.

6. Who do homeowners contact if they have a complaint?

Homeowners should contact their PACE administrator (Renew Financial, Renovate America, or PACE Funding Group) if they have a complaint or issue with their project or assessment contract. If the PACE administrator's response does not address the complaint or issue, homeowners may contact the Los Angeles County Department of Business and Consumer Affairs at (800) 593-8222 or info@dcba.lacounty.gov.

7. Do homeowners still need to pay off their assessments from previous years?

Yes, homeowners are still required to make payments as agreed in their signed assessment contracts.

8. Where do homeowners go if they want to pay off their assessments?

Homeowners should continue to work with their PACE administrator (Renew Financial, Renovate America, or PACE Funding Group). To reach Renovate America (HERO), visit <https://payments.renovateamerica.com> or call 855-HERO-411; to reach PACE Funding Group, call 844-USE-PACE; to reach Renew Financial (California First), call 844-736-3934.

9. Can homeowners within Los Angeles County still apply for PACE financing?

PACE financing is still available in certain incorporated cities. For a list of State and local PACE administrators, visit, <https://www.treasurer.ca.gov/caeatfa/pace/participants.asp>.



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1 **PROOF OF SERVICE**

2 I am a citizen of the United States and employed in Los Angeles County, California. I am
3 over the age of eighteen years and not a party to the within-entitled action. My business address
4 is Hogan Lovells US LLP, 1999 Avenue of the Stars, Suite 1400, Los Angeles, California 90067.

5 On August 7, 2020, I served a copy of the within document(s):

6 **SECOND AMENDED CLASS ACTION COMPLAINT FOR:**

- 7 **1. FINANCIAL ELDER ABUSE (against Renovate America)**
- 8 **2. FINANCIAL ELDER ABUSE (against the County of Los Angeles)**
- 9 **3. BREACH OF CONTRACT**
- 10 **4. DECLARATORY RELIEF RE: UNLAWFUL CONTRACT (Cal. Civil Code § 1670.5)**
- 11 **5. DECLARATORY RELIEF RE: UNLAWFUL CONTRACT (Cal. Civil Code § 1668)**
- 12 **6. VIOLATION OF BUS. & PROF. CODE § 17200**
- 13 **7. CANCELLATION OF TAXES**
- 14 **8. DECLARATORY RELIEF**
- 15 **9. REFUND (against the County of Los Angeles)**
- 16 **10. AND DEMAND FOR JURY TRIAL**

- 17 by transmitting via electronic transmission through Case Anywhere the
- 18 document(s) listed above to the person(s) at the e-mail address(es) set forth below.
- 19 by placing the document(s) listed above in a sealed envelope with postage thereon
- 20 fully prepaid, the United States mail at Los Angeles, California addressed as set
- 21 forth below.
- 22 by placing the document(s) listed above in a sealed Federal Express envelope and
- 23 affixing a pre-paid air bill, and causing the envelope to be delivered to a Federal
- 24 Express agent for delivery.
- 25 by transmitting via e-mail or electronic transmission the document(s) listed above
- 26 to the person(s) at the e-mail address(es) set forth below.

27 **SEE ATTACHED SERVICE LIST**

28 I am readily familiar with the firm's practice of collection and processing correspondence
for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same
day with postage thereon fully prepaid in the ordinary course of business. I am aware that on
motion of the party served, service is presumed invalid if postal cancellation date or postage
meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the above
is true and correct.

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Executed on August 7, 2020, at Santa Clarita, California.

Jamie Wood
Jamie Wood

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SERVICE LIST

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