
FIGTREE PACE

Program Report

Revised: January 14, 2014

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I. INTRODUCTION

This report (“Program Report”) has been prepared in compliance with Section 5898.22 and 5898.23 of Chapter 29 of the California Streets and Highways Code in connection with the development and implementation of Figtree PACE (the “Program”), a Property Assessed Clean Energy (“PACE”) financing program, within the jurisdictions of California cities and counties that are already members of or those which are pending or will become members of the California Enterprise Development Authority (“CEDA”), referred to as “Participating Agencies.”

The Figtree PACE program, also known as the California PACE Program, (both the “Program”), is a local government initiative designed to unlock the multibillion dollar economic stimulus of energy efficiency. The Program gives California Property Owners (defined as owners of record of commercial and/or residential property(ies)) access to upfront financing for energy efficiency, renewable energy, and water conservation property improvement projects which create local jobs, encourage sustainable building practices, and help municipalities reach climate protection goals – all without relying on public funds.

The Program is offered by the California Enterprise Development Authority (“CEDA”), a joint powers authority established by the California Association for Local Economic Development (“CALED”), which has retained Figtree Company, Inc. (“Figtree”) as the Program Administrator. The Program is established pursuant to California Assembly Bill 811, adopted in 2008, which provides for local agencies to leverage the power of voluntary contractual assessments, as a financing mechanism, to finance property improvements to promote the public purpose of energy and water resource efficiency.

This Program Report is the authoritative document for the Program and fulfills the Section 5898.22 and 5898.23 requirements and contains the following:

- **Policies** of CEDA concerning contractual assessments, which include the following:
 - **Authorized improvements** for Program financing (*See Exhibit C*)
 - **Identification** of the CEDA official authorized to enter into contractual assessments on behalf of CEDA (*See section I.A*)
 - **Maximum aggregate dollar amount** of voluntary contractual assessments authorized for the Program (*See section VIII.C*)
 - **Guidelines** for prioritizing financing requests in the event that such requests may exceed authorization amount (*See section VIII.E*)
 - **Underwriting criteria** for Program eligibility (*See section II.A and IV.A*)
 - **Safeguards** used to ensure total annual property tax and assessments on property will not exceed 5% of property value per California Code (*See section VIII.A.2 and VIII.B.2*)
 - **Fundraising plan** for capital to pay for work performed (*See section III and V*)
- **Summary** of discussions with the County Auditor/Controllers with jurisdiction over the Participating Agencies as to the fees chargeable to Participating Agencies and/or Program participants for incorporating voluntary contractual assessments into the property tax bills (*See section II.D and IV.C*)
- **Maps** showing the territory, with delineated boundaries, in which contractual assessments are offered (*See Exhibits A-1 through A-17*)
- **Draft Assessment Contract** between a Property Owner and CEDA specifying the terms and conditions of the financing (*See Exhibit B*)

A. Parties Identified in this Report

Energy financing programs, such as Figtree PACE, are continually evolving with emerging financial products and solutions. Because of the nature of the energy efficiency financing structure, the financing team participants may vary throughout the life of the Program and additional financing participants may be used at the discretion of Figtree and/or CEDA, as required.

1. Issuing Agency: CEDA

CEDA
550 Bercut Drive, Suite G
Sacramento, CA 95811
Phone: 916-448-8252
Web: ceda.caled.org

CEDA has authorized its Chairman to enter into contractual assessments on behalf of CEDA.

2. Program Administrator: Figtree Company, Inc. (“Figtree”)

Figtree is a San Diego based company specializing in municipal and energy financial services.

3. Bond Administrator: Willdan Financial Services (“Willdan”)

Willdan is a subsidiary of Willdan Group, Inc., a publicly traded company (NASDAQ: WLDN), specializing in financial and economic consulting for growth planning, revenue generation, debt administration and municipal services.

B. Participating Agencies Included in this Program Report

The cities and counties that have adopted the required resolutions authorizing CEDA to establish and administer a PACE assessment district on their behalf (each a “Participating Agency,” collectively “Participating Agencies”) are as follows:

- **City of South San Francisco** – adopted February 22, 2012 (Resolution Nos. 15-2012, 16-2012)
- **City of Pittsburg** – adopted March 5, 2012 (Resolution No. 12-11786);
- **County of Kern** – adopted March 13, 2012 (Resolution No. 2012-033);
- **City of Dublin** - adopted March 20, 2012 (Resolution No. 36-12);
- **City of Redlands** – adopted March 20, 2012 (Resolution No. 7140);
- **City of Rancho Cordova** – adopted April 16, 2012 (Resolution No. 24-2012).
- **County of Alameda** – adopted April 24, 2012 (R-2012-135);
- **City of Elk Grove** – adopted May 31, 2012 (Resolution No. 12-24);
- **City of Yuba City** – adopted August 16, 2012 (Resolution No. 12-035);
- **City of Kingsburg** – adopted August 16, 2012 (Resolution No. 2012-31);
- **City of Clovis** – adopted May 21, 2012 (Resolution No. 12-28);
- **City of Fresno** – adopted October 18, 2012 (Resolution No. 2012-181);
- **City of San Diego** – adopted October 23, 2012 (Resolution No. R-307794);
- **City of Commerce** – adopted November 20, 2012 (Resolution No. 12-130);
- **City of Palm Springs** – adopted December 19, 2012 (Resolution No. 23282);
- **County of Butte** – adopted March 26, 2013 (Resolution No. 13-048);
- **City of Bakersfield** – adopted April 17, 2013 (Resolution No. 040-13);
- **City of San Marcos** – adopted April 23, 2013 (Resolution No. 2013-7772);
- **City of Vista** – adopted April 23, 2013 (Resolution No. 2013-48);
- **City of Santee** – adopted April 24, 2013 (Resolution No. 029-2013);

- **City of Chico** – adopted June 4, 2013 (Resolution No. 40-13);
- **City of Oroville** – adopted June 4, 2013 (Resolution No. 8075);
- **City of Oceanside** – adopted June 5, 2013 (Resolution No. 13-R0397-1);
- **County of San Diego** – adopted August 6, 2013 (Resolution No. 13-106);
- **City of Turlock** – adopted August 13, 2013 (Resolution No. 2013-141);
- **City of Hawthorne** – adopted August 13, 2013 (Resolution No. 7568);
- **City of Stockton** – adopted August 27, 2013 (Resolution No. 1201-02);
- **Town of Paradise** – adopted July 9, 2013 (Resolution No. 13-39);
- **City of Rancho Palos Verdes** – adopted September 9, 2013 (Resolution No. 2013-59);
- **City of Lomita** – adopted August 19, 2013 (Resolution No. 2013-44);
- **City of El Segundo** – adopted August 20, 2013 (Resolution No. 4837);
- **City of Anaheim** – adopted October 8, 2013 (Resolution No. 159);
- **City of San Jose** – adopted December 3, 2013 (Resolution No. 76871);
- **City of Hermosa Beach** – adopted September 10, 2013 (Resolution No. 13-6875);
- **City of Rolling Hills** – adopted October 14, 2013 (Resolution No. 1152);
- **City of Gardena** – adopted October 8, 2013 (Resolution No. 6103);
- **City of Lemon Grove** – adopted November 19, 2013 (Resolution No. 3233);
- **City of Carlsbad** – adopted December 3, 2013 (Resolution No. 2013-283)

C. Background

Assembly Bills 811 and 474 (the “Legislation”) were approved by the California Legislature and signed into law by the Governor in 2008. Under these bills, the California Legislature declared that a public purpose is served by financing property improvement projects related to renewable energy, energy efficiency, water conservation (collectively known as the “Authorized Improvements”) through voluntary contractual assessment programs. The Legislation applies to residential, commercial, industrial, and other real property.

Figtree PACE was developed to provide California cities and counties a turnkey, no-cost approach in compliance with Assembly Bills 811 and 474. On December 15, 2011 CEDA approved the Program, becoming the requisite public agency for assessment district formation. Subsequently, cities and counties have opted to participate in the Program by joining CEDA and passing the requisite resolutions. Figtree has supported, and continues to support, public agencies along the path to participation in the Program. The Figtree PACE model has proved successful, with the initial round of project funding occurring in December 2011.

D. Program Goals

The primary goals for the Program are to create local jobs, stimulate local economies, and help cities and counties meet energy and climate protection goals.

In terms of goals for the PACE category, the Program aims to create a financial lending product by which PACE financing becomes a mainstream asset class with a high degree of standardization, predictability, and scale, leading to decreased transaction costs for the benefit of California Property Owners.

E. Program Benefits

Figtree PACE offers multiple benefits to each category of Program stakeholders: Cities and counties, Property Owners, and contractors and vendors.

Participating Agencies may benefit from:

- Business attraction and retention
- Increased sales tax revenues
- Increased permit fee revenues
- Cleaner communities and improved property values
- Emissions reductions to comply with state mandates

For Property Owners, the Program offers:

- Opportunities to reduce utility costs through property improvements
- Enabling project capital for much-needed upgrades
- A no-money-down financing alternative
- Fixed-rates and longer terms than many conventional financings

For contractors and vendors, the Program offers:

- Project-enabling financing to reach new and existing clients
- Marketing and outreach opportunities
- Development of sustainable business practices
- Increased revenues and profitability

F. Program Administration

The Program is sponsored by CEDA, which is authorized to form assessment districts on behalf of the Participating Agencies and enter into Assessment Contracts with Property Owners. Figtree has been retained by CEDA as the Program Administrator for all administrative, outreach, and funding activities of the Program, including but not limited to:

- Advising Participating Agencies on Program setup;
- Community education and Marketing outreach;
- Responding to Property Owner inquiries;
- Approving contractors for Program participation;
- Processing assessment financing applications (the “Application”);
- Bond administration and lien recordation;
- Facilitating the distribution of funds

G. Financing Plans

In order to provide financing that suits the economics of energy efficiency, renewable energy, and water conservation projects, the Program has been designed to accommodate various sources and methods of funding the Authorized Improvements.

Authorized Improvements may be funded through one or more of the following or any other legally available method approved by the CEDA board:

- **Issuance of municipal bonds:** Issuing municipal bonds for either a single project or a pool of projects.
- **Free market sourcing:** Facilitating the “open market” model by which a borrower can choose its own PACE lender and CEDA may issue a micro bond or assign the Assessment Contract for the benefit of the PACE lender.
- **Warehouse Lending Facility:** Utilizing warehouse or interim facility to fund PACE projects and hold Assessment Contracts until a takeout through securitization or issuance of bonds.

H. Geographic Parameters

The Program is available to Property Owners within the legal jurisdiction of the Participating Agencies.

Both cities and counties may join the Program. When a county adopts the Program, the Program becomes available to Property Owners in unincorporated areas and incorporated cities gain a simplified approach to Program participation. A city within a participating county may opt-in to the Program by the city’s legislative body adopting a resolution requesting inclusion in the existing 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. Furthermore, the city’s resolution will authorize CEDA to implement the Program, and take actions necessary for financing the Authorized Improvements. If the city is not a member of CEDA, it must also adopt a resolution joining CEDA.

I. Changes to Report

CEDA and/or Figtree may make changes to this Report that are reasonably determined to be necessary to clarify its provisions, accomplish Program goals, and provide additional services that do not conflict with any existing provisions.

CEDA and/or Figtree may modify from time to time the Authorized Improvements (Exhibit C), the Assessment Contract (Exhibit B), and terms of the Figtree PACE Application (Exhibit D) as deemed necessary. Participating Agencies may request modifications to the Program Report and CEDA may make such modifications if deemed appropriate.

II. PROGRAM REQUIREMENTS FOR PARTICIPATION IN COMMERCIAL FINANCING

A. Eligible Property Owners and Property Classifications

Figtree PACE is designed to be a robust program that responsibly delivers assessment financing. Program applicants (also “Property Owners”) must meet a number of financial standards to qualify. Property Owners may be individuals, associations, business entities, cooperatives, and virtually any owner paying real property taxes. The PACE financing structure enables Property Owners to make no personal guarantees, as the financing is secured by the Property (defined as the property which is the subject of an Application). Therefore, Figtree PACE financing does not encumber Property Owner’s personal credit, making the Program a financially viable option for property owners large and small.

While the upper limit on the amount of financing available, as determined by the value of the Property, is sufficient for most projects, Property Owners may use the Program as one layer of an overall financing

strategy to accommodate the largest of projects. Additionally, Property Owners are eligible to make multiple Applications for additional energy and water efficiency measures, provided that the Applications are within the scope of the underwriting criteria.

The underwriting criteria for qualifying Program participants include:

- Applicant(s) is/are the legal owner(s) of the Property described in the Application
- Property Owner is current on property taxes for the Property and has not been delinquent in the past three (3) years or since owning the Property, if less than 3 years
- Property Owner is current on private property debt and has not been delinquent in the past three (3) years or since owning the Property, if less than 3 years
- Mortgage lender(s) has/have been provided the Notice of Request for Lender Consent and Acknowledgement
- Property Owner has not declared bankruptcy in the past five (5) years
- Property is not listed as an asset in bankruptcy
- The lien-to-value ratio (excluding assessed financing amount) does not exceed one hundred percent (i.e. no negative equity)
- Property is developed and located within the jurisdiction of a Participating Agency
- Property is classified as Commercial (including Industrial, multifamily, etc.)

Eligible Property Classifications

Commercial property is generally defined as any property not used as a single family or multifamily residence (up to 4 units). Examples of commercial property include:

- Multi-Family Units (5 or more units)
- Manufacturing/Industrial
- Office
- Shopping Centers
- Warehouse
- Hotel
- Retail/Wholesale
- Restaurants

B. Eligible Improvements

The Program accommodates a wide range of energy and water savings measures, consistent with the following provisions.

- Authorized Improvements must be permanently fixed to the Property.
- Program financing is provided only for portion of project costs associated with the Authorized Improvements, that is, no costs of remodeling or new construction are eligible for Program financing (*discussed further in section II.C*).
- Program financing is intended for replacement of outdated equipment and installation of new equipment that reduces energy and/or water consumption.
- Program financing is made available for the following types of Authorized Improvements:
 - Energy efficiency
 - Renewable energy
 - Water conservation
 - Alternative/ Custom Improvements

Note on Alternative/ Customer Improvements: Upon review and approval by Figtree, Program financing is made available for emerging technologies for energy improvements that provide new ways to save or generate energy. These improvements will be evaluated on a case-by-case basis.

For further examples of Authorized Improvements, *see Exhibit C*.

C. Eligible Costs

Eligible costs of Authorized Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, labor, drafting, engineering, application fees, permit fees, processing fees, energy audit, and inspection charges. Remodeling, repair, and/or new construction costs do not qualify for Program financing except to the extent such construction is required for installation of a qualifying Improvement. Such equipment may include solar leases where such leases meet requirements of the PACE Program.

Property Owners are encouraged to obtain bids from multiple Eligible Contractors, as each transaction is between the Property Owner and the Eligible Contractor. Neither Figtree nor CEDA nor a Participating Agency makes representations of the quality of work provided by an Eligible Contractor. Property Owners must protect their own interests and obtain the best price, service, and warranties. The role of Participating Agencies is limited to authorizing a financing district. The Property Owner is fully responsible for his or her purchase, service and performance expectations, and warranties.

In each case, Figtree will determine whether the estimated equipment and installation costs are reasonable. Figtree reserves the right to evaluate market conditions and, at its discretion, require additional bids to determine whether costs are reasonable. While the Property Owner is encouraged to select the bidder of his or her choice from the list of Eligible Contractors, the amount available for assessment financing may be limited to an amount deemed reasonable by Figtree.

In the event that (a) the acquisition, construction and/or installation of the Improvements (including, but not limited to commencing the permit process) has not commenced within 180 days of the issuance of the financing for the Improvements, or (b) all or a portion of the proceeds of the financing are not utilized to fund the Improvements within two (2) years of the issuance of the financing, the remaining Improvements shall not be funded under the Assessment Contract and the amount of the financing amount owing to the Contractor shall not be tendered to the Contractor; and the Borrower shall be responsible for the unpaid accrued interest, closing costs, related administrative costs and a special 5% termination fee relating to the unfunded amount as of the settlement date.

D. Administrative Costs

Discussions with the appropriate Auditor/Controller's offices have been initiated. It is anticipated that standard fees for placing special assessments on the tax roll will apply.

Figtree has been in consultation with the County Auditor-Controller of each Participating Agency regarding any fees resulting from the incorporation of the contractual assessments into the general taxes of the County on real property. Based on Figtree's current and ongoing discussions, fees will be in accordance with the normal fees of each County Auditor-Controller for placing similar assessment charges on the County tax roll for general property taxes. These fees will be collected directly from

participating Property Owners through disclosed charges added to the Property Owner's annual levy amount.

Administrative fees are recovered by the "spread" between bond rates and the Program financing interest rate, and by an annual administrative charge added to the annual assessment amount billed to each Property Owner each year. Other than the fees below, the Property Owners will not be billed for any additional charges or assessments.

The following costs will be the responsibility of the Property Owner:

- **Application Fee:** The fee is \$695 per Commercial Application and included in the total financing. A fee of \$100 per parcel will apply to properties on multiple contiguous parcels with the same occupancy use. The Application Fee includes title verification and recordation of closing documents with the county in which the Property is situated.
- **Financing Issuance Fee:** At the time of closing, Figtree will charge you a one-time administration fee of four percent (4%) of the principal amount of the assessment on the Property to cover the additional transaction costs of the Program. This fee will be added to the total assessment amount financed.
- **Annual Administrative Fee:** A charge of 3% of the total annual assessment amount will apply for cost recovery. This administrative cost recovery will be added to the annual assessment amount. Such administrative charges include, but not limited to staff time, Participating Agency staff time and expenses incurred in the formation and administration of the Program.
- **Permit Fees:** Property Owners must determine whether a permit(s) is/are required for the chosen improvement measures. If required, Property Owners will be responsible to pay permit fees. Permit fees are eligible for inclusion in the financing.
- **Progress Draws:** For large projects, progress draws or multiple disbursements may be available to alleviate the burden of carrying costs. Progress draws are subject to a fee to the contractor of \$495 each. A maximum of two progress draws may be taken.

E. Application Process

Step 1: Apply and Get Approved for Financing

To begin, the Property Owner must apply to Figtree for Program financing and be approved for participation in the program based on qualification criteria. Figtree will verify Property ownership and existing liens by ordering a title report on the Property.

The Property Owner submits the Application together with its required attachments to Figtree online at www.figtreefinancing.com or by mail:

Figtree Financing
Attention: PACE Program
9915 Mira Mesa Blvd., Suite 130
San Diego, CA 92131

Questions regarding the status of an Application should be directed to Figtree toll free at (877) 577-7373.

Figtree determines whether each Application is complete and acceptable per Program guidelines. Incomplete Applications will not be accepted. Applications will be processed on first-come, first-served basis.

Step 2: Define the Scope of Work and Budget

Upon approval for participation, the Property Owner should define the project's scope of work and obtain a bid from an Eligible Contractor(s) (defined as contractors meeting certain professional standards, as further described in Section VI.A). Figtree maintains an online database of Eligible Contractors that are members of the Program at <http://www.figtreefinancing.com/resources-contractors/>. A description of the scope of work and a copy of the bid(s) should be submitted to Figtree in order to determine the amount of financing required and to verify that all proposed Authorized Improvements qualify under the Program underwriting standards.

Step 3: Lender Consent

For mortgaged commercial properties, Figtree requires notification to the mortgage lender(s) to obtain consent to the PACE assessment as described below. The PACE assessment is on par with property taxes and therefore senior to any existing the mortgage lien. Because most mortgage contracts include a “due on encumbrance” clause preventing a Property Owner from voluntarily placing a lien in a senior position, Figtree has instituted the lender consent requirement to protect Property Owners from potential violations of their mortgage contracts.

Once Figtree has determined an applicant's eligibility for financing and the amount of financing required for the proposed project, Figtree will submit the proposed scope of work and budget to the mortgage lender for approval. Property Owners and Eligible Contractors should allow approximately three to four weeks for Figtree to obtain the mortgage lender's consent.

Lender consent to Prior Assessment Lien:

The Program provides for the holders of any private lien on the participating Property (the “Mortgage Lenders”) to receive notice of the pending contractual assessment and requests written lender consent that the assessment lien will have the same priority as real property taxes. The Program's lender consent process has been designed to protect the security interest of the Mortgage Lenders. The Program Administrator will send notices requesting lender consent (the “Notice and Request for Lender Consent”) via certified mail to all Mortgage Lenders' names and addresses listed in the participating Property Owner's Mortgage Loan Agreement, Promissory Note, Deed of Trust, and other Security Agreements as applicable (collectively the “Mortgage Documents”), as described by a title report obtained by Figtree. The Notice and Request for Lender Consent (“Lender Consent”) requests (i) confirmation from the Mortgage Lender that the levy of the assessment pursuant to the Assessment Contract will not trigger an event of default or the exercise of remedies under the participating Property Owner's Mortgage Documents; (ii) provides notice that the assessment will be secured by a statutory lien on the participating Property pari passu with real property taxes; (iii) provides written notice of the proposed participation of the Property in the Program; and confirms that the Mortgage Lenders' signature constitute consent as required under the Mortgage Documents.

Lender failure to respond to the Lender Consent:

If the lender returns the Notice and Request for Lender Consent and specifically states it does not consent, the Property Owner may not participate. If there is no written lender response received from the Mortgage Lender within 35 days after the postmarked date of the Lender Consent, (the “Lender Consent Period”),

based upon the language in the Lender Consent and subject to the disclosure provisions of the Application and as otherwise required by Figtree, the participating Property Owner may request the Program Administrator to proceed with the Property Owner's participation in the Program. The Program Administrator will review such a request and may determine to proceed subject to additional disclosures or documents required by Figtree.

Step 4: Execute Assessment Documents

Once the Scope of Work and Budget have been approved and Lender Consent has been obtained or otherwise resolved (if Property is mortgaged), Figtree will provide the Property Owner with an Assessment Contract to be signed, notarized and returned to Figtree. The Assessment Contract is an agreement on the financing amount and terms and is executed between the Property Owner and CEDA. Once the Assessment Contract is executed, a signed and notarized Notice of Assessment and Payment of Assessment will be recorded with the county in which the Property is situated.

Step 5: Notice to Proceed

No work may begin until Figtree has issued a written Notice to Proceed to both the Property Owner and Eligible Contractor. The Notice to Proceed is an indication that the PACE assessment has been recorded on the Property and funds are available for disbursement to the Eligible Contractor upon satisfactory project completion. When the Notice to Proceed has been issued, the Eligible Contractor(s) may begin to install the energy and water upgrade equipment.

NOTE: If any work or expenses related to the proposed Scope of Work are incurred by the Property Owner or Eligible Contractor(s) before receiving a Notice to Proceed from Figtree, neither Figtree nor CEDA nor the City/County is, or will be responsible to pay or reimburse the Eligible Contractor or Property Owner for any direct or related expenses.

Step 6: Project Completion and Inspection

Figtree reserves the right to inspect projects for satisfactory completion. The Property Owner must acknowledge that work has been done to his or her satisfaction before payment is issued to the Eligible Contractor(s).

Step 7: Contractor Payment

Upon satisfactory completion of the project and certification of completion by the Eligible Contractor(s), the bond trustee will issue a check to the Eligible Contractor(s) directly.

III. PROGRAM PLAN FOR COMMERCIAL PACE FINANCING

Figtree has embraced a free market and flexible approach to solving the financial challenges associated with capital-intensive energy projects. Figtree intends to raise capital for the Program through one or more of the following financing arrangements or other legally available arrangement approved by CEDA:

- **Issuance of municipal bonds:** Issuing municipal bonds for either a single project or a pool of projects.

- **Free market sourcing:** Facilitating the “open market” model by which a borrower can choose its own PACE lender and CEDA may issue a micro bond or assign the Assessment Contract for the benefit of the PACE lender.
- **Warehouse Lending Facility:** Utilizing warehouse or interim facility to fund PACE projects and hold Assessment Contracts until a takeout through securitization or issuance of bonds.

Alternative financing options not listed above may also be pursued should such options benefit the ongoing viability of the Program.

As the Program Administrator, Figtree will direct the Bond Administrator to place charges on each participating Property Owner’s tax bill for repayment each year the Program financing is outstanding.

In the event municipal bonds are sold, such bonds shall be a special, limited obligation of CEDA and, as such, are not a debt of the Participating Agencies, the State of California or any of its political subdivisions (other than CEDA). None of Participating Agencies, the State or any of its political subdivisions (other than CEDA) is liable for the payment thereof. The bonds are special, limited obligations of CEDA payable exclusively from the revenues (secured by assessment district liens on Property of participating Property Owners), and amounts held in certain funds and accounts created pursuant to the bond indenture. The bonds will not be payable from any other revenues or other assets of CEDA. CEDA does not have any taxing power. The bonds do not constitute indebtedness within the meaning of any constitutional or statutory limitation or restriction.

IV. PROGRAM REQUIREMENTS FOR PARTICIPATION IN RESIDENTIAL FINANCING

A. Eligible Property Owners and Property Classifications

Figtree PACE is designed to be a robust program that responsibly delivers assessment financing. Program applicants (also “Property Owners”) must meet a number of financial standards to qualify. Property Owners may be individuals, associations, business entities, cooperatives, and virtually any owner paying real property taxes. The PACE financing structure enables Property Owners to make no personal guarantees, as the financing is secured by the Property (defined as the property which is the subject of an Application). Therefore, Figtree PACE financing does not encumber Property Owner’s personal credit, making the Program a financially viable option for property owners large and small.

While the upper limit on the amount of financing available, as determined by the value of the Property, is sufficient for most projects, Property Owners may use the Program as one layer of an overall financing strategy to accommodate the largest of projects. Additionally, Property Owners are eligible to make multiple Applications for additional energy and water efficiency measures, provided that the Applications are within the scope of the underwriting criteria.

The underwriting criteria for qualifying Program participants include:

- Applicant(s) is/are the legal owner(s) of the Property described in the Application
- The Property is not a leasehold (i.e., owned the Property fee simple).
- The amount of financing requested under the Program shall not exceed 10% of the value of the Property.
- All existing private debt recorded against the Property does not exceed 85% of the value of the Property.

- There are no involuntary liens, defaults or judgments on the Property in excess of \$1,000.
- Property Owner has not declared bankruptcy in the past seven (7) years
- Property Owner is current on property taxes for the Property and has not been delinquent in the past three (3) years or since owning the Property, if less than 3 years
- Property Owner is current on private property debt and has not been delinquent in the past three (3) years or since owning the Property, if less than 3 years
- The Property title is not subject to power of attorney, easements, or subordination agreements restricting my authority to subject the Property to a PACE lien.
- Property is classified as single family Residential or multifamily Residential (up to 4 units)

B. Eligible Improvements

The Program accommodates a wide range of energy and water savings measures, consistent with the following provisions.

- Authorized Improvements must be permanently fixed to the Property.
- Program financing is provided only for portion of project costs associated with the Authorized Improvements, that is, no costs of remodeling or new construction are eligible for Program financing (*discussed further in section: IV.C*).
- Program financing is intended for replacement of outdated equipment and installation of new equipment that reduces energy and/or water consumption.
- Program financing is made available for the following types of improvements:
 - Energy efficiency
 - Renewable energy
 - Water conservation
 - Alternative/ Custom Improvements.

Upon review and approval by CEDA on a case-by-case basis, Program financing will be made available for emerging technologies that provide new ways to save or generate energy.

For further examples of eligible measures, *see Exhibit C*.

C. Eligible Costs

Eligible costs of Authorized Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, labor, drafting, engineering, application fees, permit fees, processing fees, energy audit, and inspection charges. Remodeling, repair, and/or new construction costs do not qualify for Program financing except to the extent such construction is required for installation of a qualifying Improvement. Such equipment may include solar leases where such leases meet requirements of the PACE Program.

Property Owners are encouraged to obtain bids from multiple Eligible Contractors, as each transaction is between the Property Owner and the Eligible Contractor. Neither Figtree nor CEDA nor a Participating Agency makes representations of the quality of work provided by an Eligible Contractor. Property Owners must protect their own interests and obtain the best price, service, and warranties. The role of Participating Agencies is limited to authorizing a financing district. The Property Owner is fully responsible for his or her purchase, service and performance expectations, and warranties.

In each case, Figtree will determine whether the estimated equipment and installation costs are reasonable. Figtree reserves the right to evaluate market conditions and, at its discretion, require additional bids to determine whether costs are reasonable. While the Property Owner is encouraged to select the bidder of his or her choice from the list of Eligible Contractors, the amount available for assessment financing may be limited to an amount deemed reasonable by Figtree.

In the event that (a) the acquisition, construction and/or installation of the Improvements (including, but not limited to commencing the permit process) has not commenced within 60 days of the issuance of the financing for the Improvements, or (b) all or a portion of the proceeds of the financing are not utilized to fund the Improvements within 120 days of the issuance of the financing, the remaining Improvements shall not be funded under the Assessment Contract and the amount of the financing amount owing to the Contractor shall not be tendered to the Contractor; and the Borrower shall be responsible for the unpaid accrued interest, closing costs, related administrative costs and a special 5% termination fee relating to the unfunded amount as of the settlement date.

D. Administrative Costs

Discussions with the appropriate Auditor/Controller's offices have been initiated. It is anticipated that standard fees for placing special assessments on the tax roll will apply.

Figtree has been in consultation with the County Auditor-Controller of each Participating Agency regarding any fees resulting from the incorporation of the contractual assessments into the general taxes of the County on real property. Based on Figtree's current and ongoing discussions, fees will be in accordance with the normal fees of each County Auditor-Controller for placing similar assessment charges on the County tax roll for general property taxes. These fees will be collected directly from participating Property Owners through disclosed charges added to the Property Owner's annual levy amount.

Administrative fees are recovered by the "spread" between bond rates and the Program financing interest rate, and by an annual administrative charge added to the annual assessment amount billed to each Property Owner each year. Other than the fees below, the Property Owners will not be billed for any additional charges or assessments.

The following costs will be the responsibility of the Property Owner:

- **Application Fee:** The Residential Application fee is included in the total financing in the amount stated in the Application. A fee of \$100 per parcel will apply to properties on multiple contiguous parcels with the same occupancy use. The Application Fee includes title verification and recordation of closing documents with the county in which the Property is situated.
- **Financing Issuance Fee:** At the time of closing, Figtree will charge you a one-time administration fee of four percent (4%) of the principal amount of the assessment on the Property to cover the additional transaction costs of the Program. This fee will be added to the total assessment amount financed.
- **Annual Administrative Fee:** A charge of 3% of the total annual assessment amount will apply for cost recovery. This administrative cost recovery will be added to the annual assessment amount. Such administrative charges include, but not limited to staff time, Participating Agency staff time and expenses incurred in the formation and administration of the Program.

- **Permit Fees:** Property Owners must determine whether a permit(s) is/are required for the chosen improvement measures. If required, Property Owners will be responsible to pay permit fees. Permit fees are eligible for inclusion in the financing.
- **Inspection Fee:** An Inspection Fee of \$150 will apply to any required site visit, including a final inspection to verify satisfactory completion of work.
- **Progress Draws:** For large projects, progress draws or multiple disbursements may be available to alleviate the burden of carrying costs. Progress draws are subject to a fee of \$450 each.

E. Application Process

Step 1: Apply and Get Approved for Financing

To begin, the Property Owner must apply to Figtree for Program financing and be approved for participation in the program based on qualification criteria. Figtree will verify Property ownership and existing liens by ordering a title report on the Property.

The Property Owner submits the Application together with its required attachments to Figtree online at www.figtreefinancing.com or by mail:

Figtree Financing
 Attention: PACE Program
 9915 Mira Mesa Blvd., Suite 130
 San Diego, CA 92131

Questions regarding the status of an Application should be directed to Figtree toll free at (877) 577-7373.

Figtree determines whether each Application is complete and acceptable per Program guidelines. Incomplete Applications will not be accepted. Applications will be processed on first-come, first-served basis.

Step 2: Define the Scope of Work and Budget

Upon approval for participation, the Property Owner should define the project's scope of work and obtain a bid from an Eligible Contractor(s). Figtree maintains an online database of Eligible Contractors that are members of its existing program at <http://www.figtreefinancing.com/resources-contractors/>. A description of the scope of work and a copy of the bid(s) should be submitted to Figtree in order to determine the amount of financing required and to verify that all proposed Authorized Improvements qualify under the Program underwriting standards.

Step 3: Lender Notification

For mortgaged residential properties, Figtree requires notification of the PACE assessment to the mortgage lender. The responsibility for the Mortgage Lender's written consent lies with the residential Borrower. Borrowers are required to acknowledge certain disclosures in the Application and the Assessment Contract and are required to declare the following:

Borrower declares that (i) Borrower has received, read and understands the risks and characteristics of the Program described in the Property Owner Acknowledgments and Disclosures and FHFA Disclosure set forth in the Application and (ii) Borrower has been informed that executing this Contract, receiving

financing for Authorized Improvements and consenting to the assessment levied against the Property without lender consent may constitute an event of default under Borrower's residential mortgage, and (iii) Borrower takes the sole responsibility for consequences of such default which may include acceleration of repayment obligations due under Borrower's residential mortgage.

Step 4: Execute Assessment Documents

Once the Scope of Work and Budget have been approved and Lender Consent has been obtained (if Property is mortgaged), Figtree will provide the Property Owner with an Assessment Contract to be signed, notarized and returned to Figtree. The Assessment Contract is an agreement on the financing amount and terms and is executed between the Property Owner and CEDA. Once the Assessment Contract is executed, a signed and notarized Notice of Assessment and Payment of Assessment will be recorded with the county in which the Property is situated.

Step 5: Notice to Proceed

No work may begin until Figtree has issued a written Notice to Proceed to both the Property Owner and Eligible Contractor. The Notice to Proceed is an indication that the PACE assessment has been recorded on the Property and funds are available for disbursement to the Eligible Contractor upon satisfactory project completion. When the Notice to Proceed has been issued, the Eligible Contractor(s) may begin to install the energy and water upgrade equipment.

NOTE: If any work or expenses related to the proposed Scope of Work are incurred by the Property Owner or Eligible Contractor(s) before receiving a Notice to Proceed from Figtree, neither Figtree nor CEDA nor the City/County is, or will be responsible to pay or reimburse the Eligible Contractor or Property Owner for any direct or related expenses.

Step 6: Project Completion and Inspection

Figtree reserves the right to inspect projects for satisfactory completion. The Property Owner must acknowledge that work has been done to his or her satisfaction before payment is issued to the Eligible Contractor(s).

Step 7: Contractor Payment

Upon satisfactory completion of the project and certification of completion by the Eligible Contractor(s), the bond trustee will issue a check to the Eligible Contractor(s) directly.

V. PROGRAM PLAN FOR RESIDENTIAL PACE FINANCING

Figtree recognizes the importance of timely financing in the residential sector. Pursuant to speedy disbursement of funds, Figtree intends to raise capital for the Program through one or more of the following financing arrangements or other legally available arrangements approved by CEDA:

- **Issuance of municipal bonds:** Issuing municipal bonds for either a single project or a pool of projects.
- **Warehouse Lending Facility:** Utilizing warehouse or interim facility to fund PACE projects and hold Assessment Contracts until a takeout through securitization or issuance of bonds.

Alternative financing options not listed above may also be pursued should such options benefit the ongoing viability of the Program.

For any of the financing options, Figtree will direct the Bond Administrator to place charges on each participating Property Owner's tax bill for repayment each year the Program financing is outstanding.

In the event municipal bonds are sold, such bonds shall be a special, limited obligation of CEDA and, as such, are not a debt of the Participating Agencies, the State of California or any of its political subdivisions (other than CEDA). None of Participating Agencies, the State or any of its political subdivisions (other than CEDA) is liable for the payment thereof. The bonds are special, limited obligations of CEDA payable exclusively from the revenues (secured by assessment district liens on Property of participating Property Owners), and amounts held in certain funds and accounts created pursuant to the bond indenture. The bonds will not be payable from any other revenues or other assets of CEDA. CEDA does not have any taxing power. The bonds do not constitute indebtedness within the meaning of any constitutional or statutory limitation or restriction.

VI. PROGRAM REQUIREMENTS FOR PARTICIPATING CONTRACTORS

A. Eligible Contractors

Contractors ("Eligible Contractors" as defined in this section) must meet certain qualifications to be eligible to perform work on projects funded by the Program and all equipment must be approved, installed, and verified in accordance with the Program guidelines. Eligible Contractors must be licensed by and in good standing with the California State Contractors License Board, and must meet the following requirements.

Eligibility requirements include:

- Hold status of registered and licensed Contractor by the State of California;
- Hold a business license in the jurisdiction where work is being performed;
- Have a minimum of five (5) years work experience as a licensed Contractor in the State of California, or demonstrate sufficient experience in a relevant field of work;
- Hold a minimum of \$1,000,000 in general liability insurance;
- Meet bonding and Worker's Compensation insurance requirements per California State Contractors License Board;
- Agree to the Code of Ethics set forth in the contractor application.

To apply to be an Eligible Contractor, a contractor must fill out a contractor application online at www.figtreefinancing.com or download a contractor application form from the website to complete and mail to Figtree. Once approved (usually within 48 hours), the contractor will be added to the online directory of Eligible Contractors and may contract for projects financed through the Program.

Per the Contractor Agreement (included in the contractor application), participating Eligible Contractors are responsible for installation of the equipment on the Property (after receiving a Notice to Proceed from Figtree). Upon satisfactory completion, the Eligible Contractor will be reimbursed by the Program within 14 business days.

VII. APPEALS

The Program provides an Appeal Process by which participating Property Owners may appeal disputes in the case of a denied Application and/or determination of ineligibility to participate in the Program.

Property Owners who have not signed an Assessment Contract may appeal to Figtree as follows:

1. Written notice may be sent by certified mail to Figtree. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), and a timeline of events.
2. Figtree shall discuss the matter with the Property Owner and shall attempt to resolve the dispute within thirty (30) calendar days after delivery of the notice.

Figtree shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of Figtree is final.

Property Owners who have signed an Assessment Contract may appeal to Figtree as follows:

1. A Property Owner who has signed a CEDA Assessment Contract shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations with Figtree and/or the Chair of CEDA or his or her designated representative.
2. To appeal, Property Owners must notify in writing the other party or parties by certified mail of any dispute. Within thirty (30) calendar days after delivery of the notice, a Figtree representative or the Chair of CEDA and the Property Owner shall discuss the matter and shall attempt to resolve the dispute.
3. If the dispute has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference.
4. Notwithstanding the foregoing provisions, a party may seek a preliminary injunction or other provisional judicial remedy if in its judgment such action is necessary to avoid irreparable damage or to resolve the status quo. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Note on Appealing Property Valuation: If a Property Owner determines that the value of the Property as determined by Figtree is lower than the fair market value of the Property, the Property Owner may appeal to Figtree in an effort to establish a greater financeable amount. The Property Owner may, at its own expense, have an appraisal performed to establish a greater property value than that determined by Figtree. Figtree, at its discretion, may accept an appraisal and increase the financeable amount provided the appraisal is greater than the value determined by Figtree. The mortgage lender, if applicable, must also consent to this valuation. Figtree does not alter the Property Owner's ad valorem property taxes with the appraisal value; the appraisal is used only to determine the maximum Program financing amount.

If a third party valuation tool is used to determine the value of the Property, the Property Owner shall have the right and obligation to a copy of the report used in connection with his or her Application. If the

Property Owner wants to obtain a copy, he or she may write to Figtree within 90 days after Figtree provides notice of the action taken on the Property Owner's Application.

VIII. PROGRAM AND FINANCING DISCLOSURES

A. Financing Amount and Terms – Commercial Properties

1. Minimum Assessment Financing Amount

The minimum size for Commercial assessment financing is \$5,000.

2. Maximum Assessment Financing Amount

The maximum assessment financing amount is typically ten percent (10%) of the total property value; properties will be reviewed on a case-by-case basis for financing up to twenty percent (20%) of total property value. The Program will determine a maximum assessment financing amount based on the most recent county-assigned assessed value of the Property or other valuation deemed acceptable by Figtree. Valuation may be based on a third party valuation tool provided by a qualified vendor or a qualified appraisal. There are two tiers of financing available:

- **Tier 1:** Target Interest Rate is 7.25% and maximum financing is 10% of total property value (before the Authorized Improvements).
- **Tier 2:** Target Interest Rate is 7.99% and maximum financing is 20% of total property value (before the energy efficiency improvements).

Figtree will calculate and determine the financing available for the Property Owner before final approval as a safeguard so that in any case the total annual property tax and assessments on the Property will not exceed 5% of the Property's value per California code.

If a Property Owner determines that the assessed values do not accurately reflect the market value, an appraisal may be authorized. Authorizations are provided on a case by case basis. The maximum amount available for Program financing may be limited to an amount deemed reasonable by Figtree.

3. Financing Term

The term of the Program financing is based on the life expectancy of the Authorized Improvements installed up to a maximum of 20 years.

B. Financing Amount and Terms – Residential Properties

1. Minimum Assessment Financing Amount

The minimum size for Residential assessment financing is \$2,500.

2. Maximum Assessment Financing Amount

The maximum assessment financing amount is typically ten percent (10%) of the total property value; properties will be reviewed on a case-by-case basis for financing up to twenty percent (20%) of total property value. The Program will determine a maximum assessment financing amount based on the most recent county-assigned assessed value of the Property or other valuation deemed acceptable by Figtree. Valuation may be based on a third party valuation tool provided by a qualified vendor or a qualified appraisal. Interest rates will be determined by the financing term and posted on the Program website, with applicable adjustments, from time to time.

Figtree will calculate and determine the financing available for the Property Owner before final approval as a safeguard so that in any case the total annual property tax and assessments on the Property will not exceed 5% of the Property's value per California code.

If a Property Owner determines that the assessed values do not accurately reflect the market value, an appraisal may be authorized. Authorizations are provided on a case by case basis. The maximum amount available for Program financing may be limited to an amount deemed reasonable by Figtree.

3. Financing Term

The term of the Program financing is based on the life expectancy of the Authorized Improvements installed up to a maximum of 20 years. The terms may be 5, 10, 15, or 20 years, depending on the Authorized Improvements.

C. Maximum Portfolio

The maximum principal amount of the Program financing available to Property Owners under the Program is under the authority of and determined by CEDA, which has authorized \$500 million at this time. The total amount of financing available to all participating cities and counties that are Participating Agencies is expected to exceed \$500 million.

The maximum principal amount of the Program financing can be increased through CEDA resolution and CEDA Board Approval. A distinction should be made between *bonding* and *funding* capacity. Given that the Figtree PACE model accommodates various funding sources, actual funding capacity may exceed bonding capacity.

D. Reserve/ Last Payment Collection

A reserve fund or upfront collection of a portion of the last year's payment may be required depending on market conditions and the type of financing used to fund projects. If a reserve fund or upfront collection of a portion of the last year's assessment payment is required, the Property Owner must allocate a percentage of their total assessed financing amount to establish such funds.

For example, if a Property Owner is approved for a total \$500,000 in financing and a 10% reserve is required to market the bonds, \$50,000 of that amount will be set aside and allocated for the reserve fund. The remaining \$450,000 will be eligible for project costs.

E. 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 the Program to exceed the authorized maximum portfolio set by CEDA, then the Application will be ineligible for financing unless the CEDA board authorizes additional funding. CEDA will retain the authority to grant exceptions to the priority status of individual Applications.

F. Accelerated Foreclosure

The Program assessments are collected as a line item to the Property Owner's property tax bill. Each year the annual assessment amounts will be submitted to the County Tax Collector's office. If an annual assessment installment remains unpaid, the unpaid amounts will be subject to accelerated assessment lien foreclosure proceedings. These unpaid amounts will be removed from the real property tax rolls and given to a foreclosure attorney for collection via the foreclosure process. The special assessment foreclosure

proceedings generally will occur well in advance of the County Tax Collector's Foreclosure Sale Date to remedy the delinquent general taxes on the Property.

G. Prepayment

At any time, the Property Owner can request a payoff quote at no-charge to pre-pay the PACE assessment lien on the Property. Such payoff calculation includes the principal balance, any bond redemption premiums, interest amounts due, and a special administrative fee. A reasonable prepayment premium may be charged depending on the year of payoff. Prepayment premiums are published on the Application form.

H. Assessment Interest Rate

Program financing will be issued to Property Owners at an annual interest rate that is determined by market conditions at the time of issuing bonds. The rate of interest is fixed over the financing term. In any event, California state law does not allow the interest rate on assessment district bonds to exceed 12%. Program financing that is entered into at different times may have different interest rates depending on bond market conditions and successful marketing of the bonds. Upon successfully arranging the financing in compliance with Financing Plans set forth in this Report, the interest rate for the project or group of projects will be established.

After the Property Owner affirms that the Authorized Improvements have been installed as set forth in the Assessment Contract and after inspection of the Authorized Improvements, the funding cycle will conclude with distribution of funds.

IX. EXHIBITS

- Maps
- Draft Assessment Contract
- Authorized Improvements
- Applications for Financing

EXHIBIT A-1

County of Alameda Boundary Map

The boundary of the Assessment District shall be the same as the County of Alameda Boundaries as modified from time to time, and the complete County of Alameda Boundary Map is on file with the Office of the County Engineering Department, County of Alameda and is incorporated herein by reference.

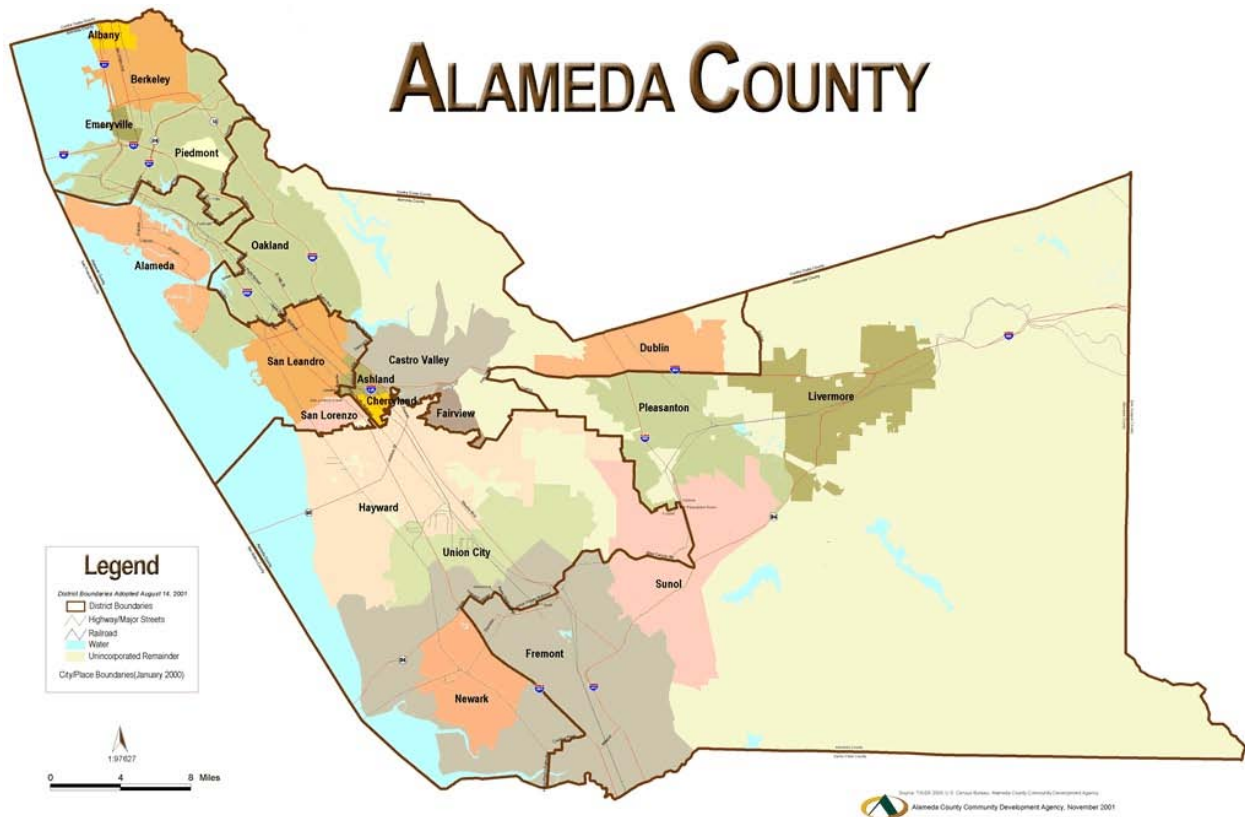


EXHIBIT A-2
County of Kern Boundary Map

The boundary of the Assessment District shall be the same as the County of Kern Boundaries as modified from time to time, and the complete County of Kern Boundary Map is on file with the Office of the County Engineering Department, County of Kern and is incorporated herein by reference.



EXHIBIT A-3

City of South San Francisco Boundary Map

The boundary of the Assessment District shall be the same as the City of South San Francisco Boundaries as modified from time to time, and the complete City of South San Francisco Boundary Map is on file with the City Engineering Department, City of South San Francisco and is incorporated herein by reference.



EXHIBIT A-4
City of Dublin Boundary Map

The boundary of the Assessment District shall be the same as the City of Dublin Boundaries as modified from time to time, and the complete City of Dublin Boundary Map is on file with the City Engineering Department, City of Dublin and is incorporated herein by reference.

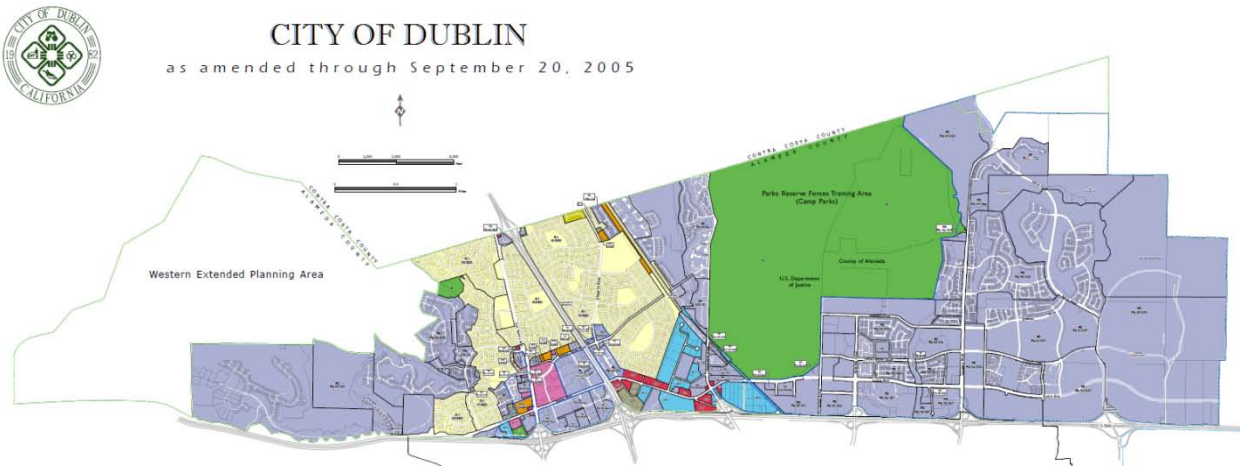


EXHIBIT A-5

City of Pittsburg Boundary Map

The boundary of the Assessment District shall be the same as the City of Pittsburg Boundaries as modified from time to time, and the complete City of Pittsburg Boundary Map is on file with the City Engineering Department, City of Pittsburg and is incorporated herein by reference.

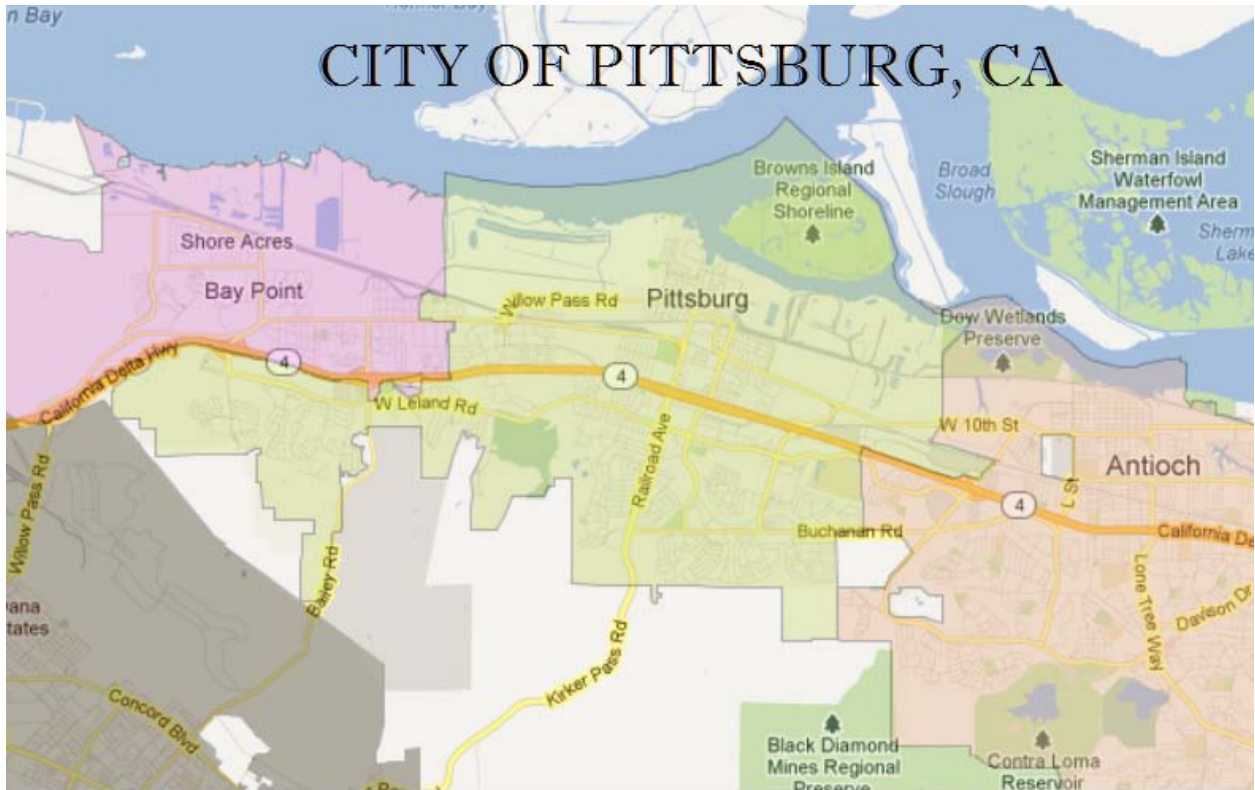


EXHIBIT A-6

City of Rancho Cordova Boundary Map

The boundary of the Assessment District shall be the same as the City of Rancho Cordova Boundaries as modified from time to time, and the complete City of Rancho Cordova Boundary Map is on file with the City Engineering Department, City of Rancho Cordova and is incorporated herein by reference.

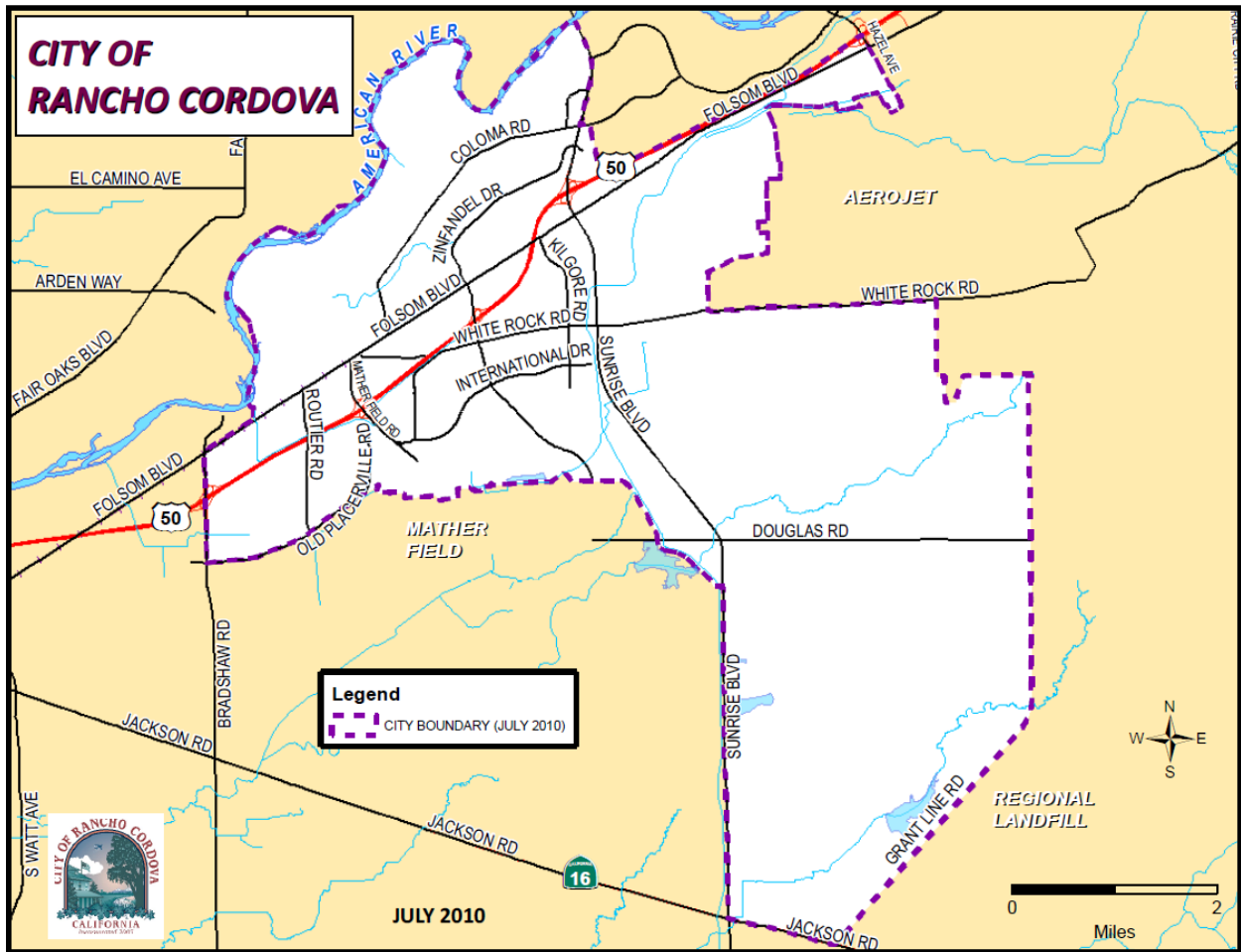


EXHIBIT A-7

City of Redlands Boundary Map

The boundary of the Assessment District shall be the same as the City of Redlands Boundaries as modified from time to time, and the complete City of Redlands Boundary Map is on file with the City Engineering Department, City of Redlands and is incorporated herein by reference.

CITY OF REDLANDS

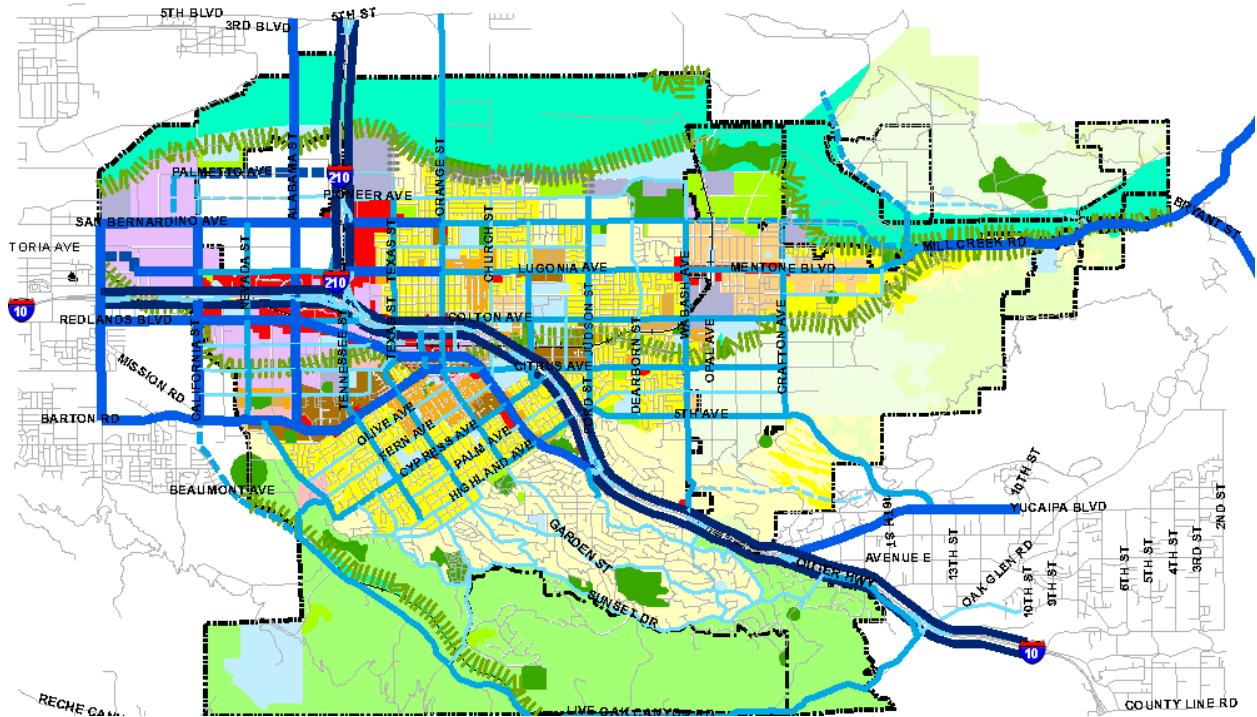


EXHIBIT A-8

City of Elk Grove Boundary Map

The boundary of the Assessment District shall be the same as the City of Elk Grove Boundaries as modified from time to time, and the complete City of Elk Grove Boundary Map is on file with the City Engineering Department, City of Elk Grove and is incorporated herein by reference.

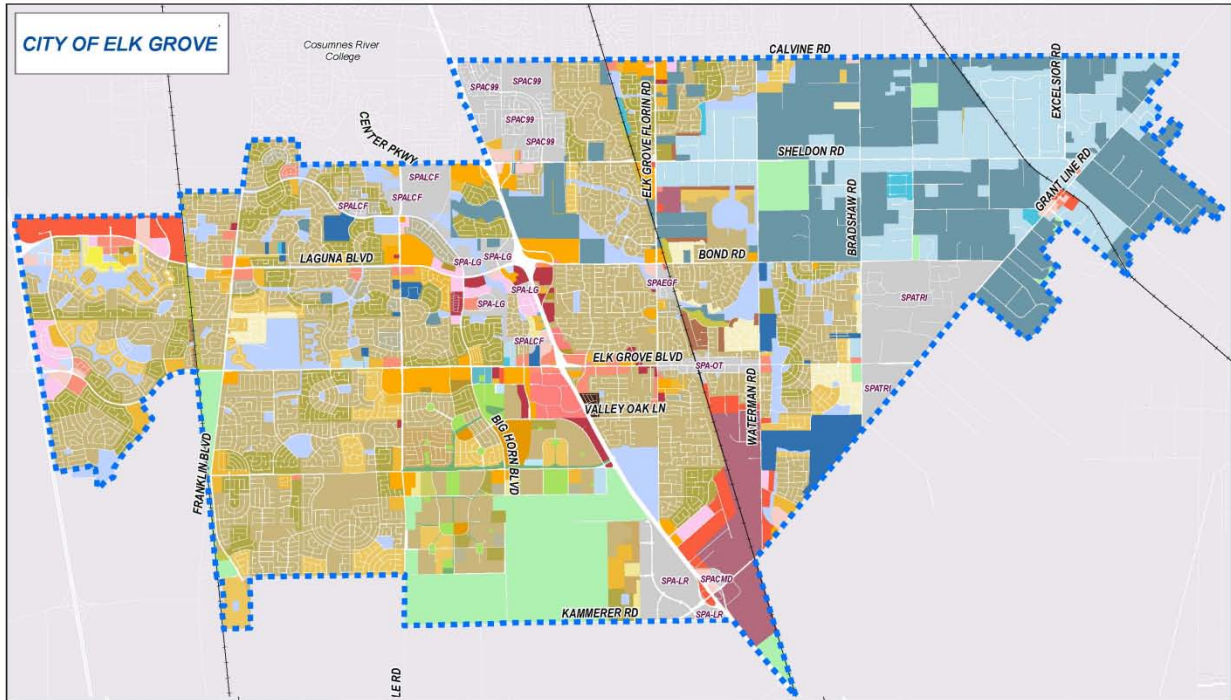


EXHIBIT A-9

City of Yuba City Boundary Map

The boundary of the Assessment District shall be the same as the City of Yuba City Boundaries as modified from time to time, and the complete City of Yuba City Boundary Map is on file with the City Engineering Department, City of Yuba City and is incorporated herein by reference.

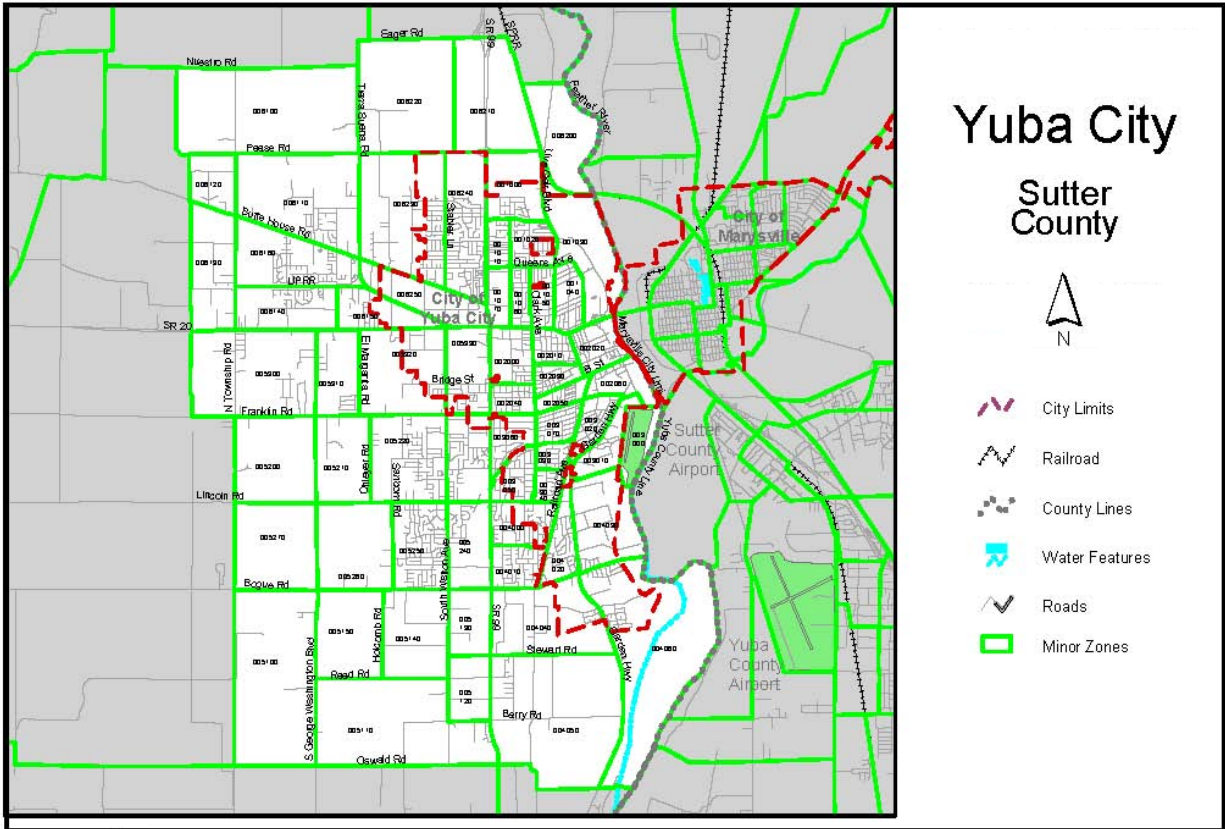


EXHIBIT A-10
City of Kingsburg Boundary Map

The boundary of the Assessment District shall be the same as the City of Kingsburg Boundaries as modified from time to time, and the complete City of Kingsburg Boundary Map is on file with the City Engineering Department, City of Kingsburg and is incorporated herein by reference.

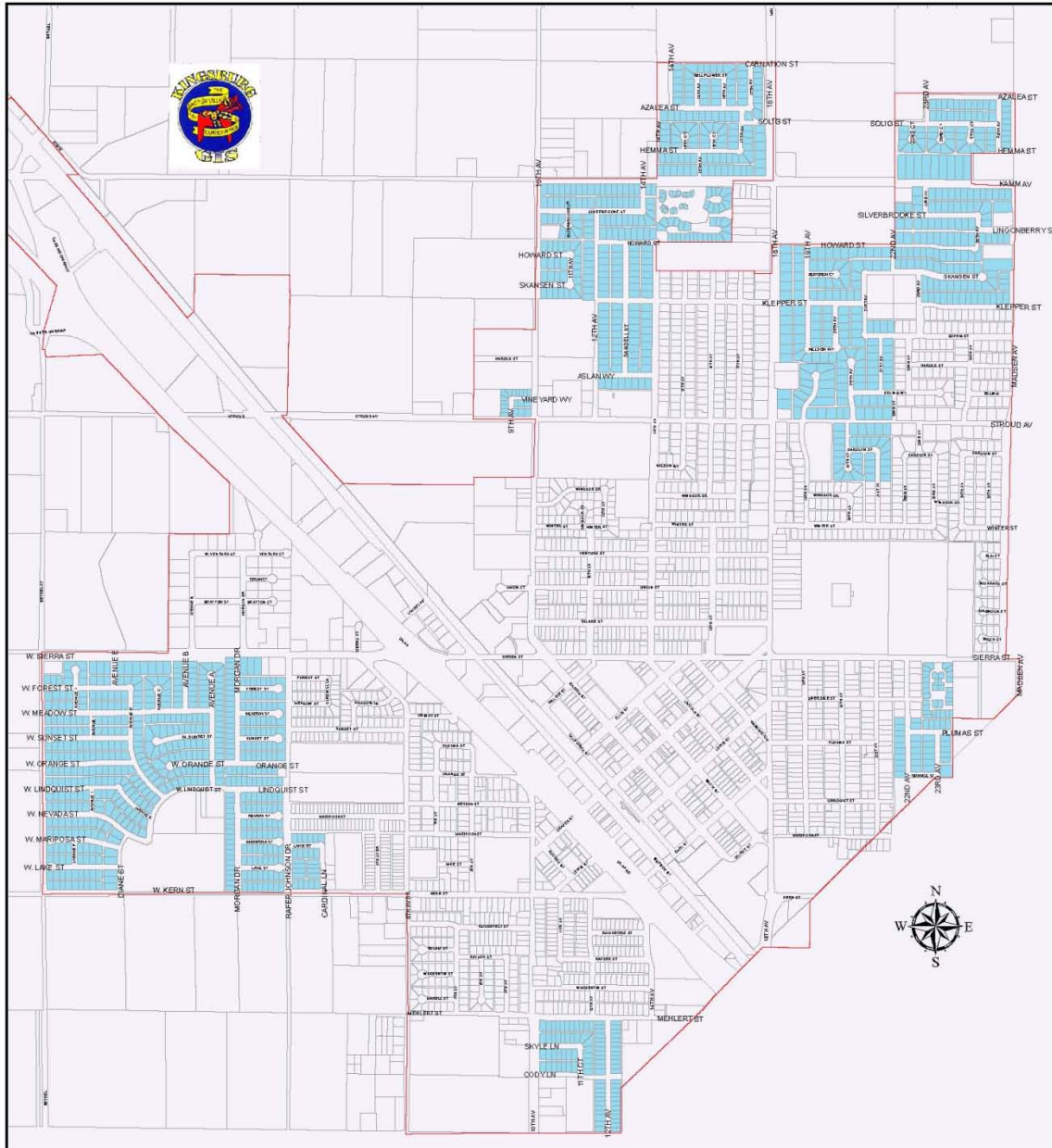


EXHIBIT A-11
City of Clovis Boundary Map

The boundary of the Assessment District shall be the same as the City of Clovis Boundaries as modified from time to time, and the complete City of Clovis Boundary Map is on file with the City Engineering Department, City of Clovis and is incorporated herein by reference.

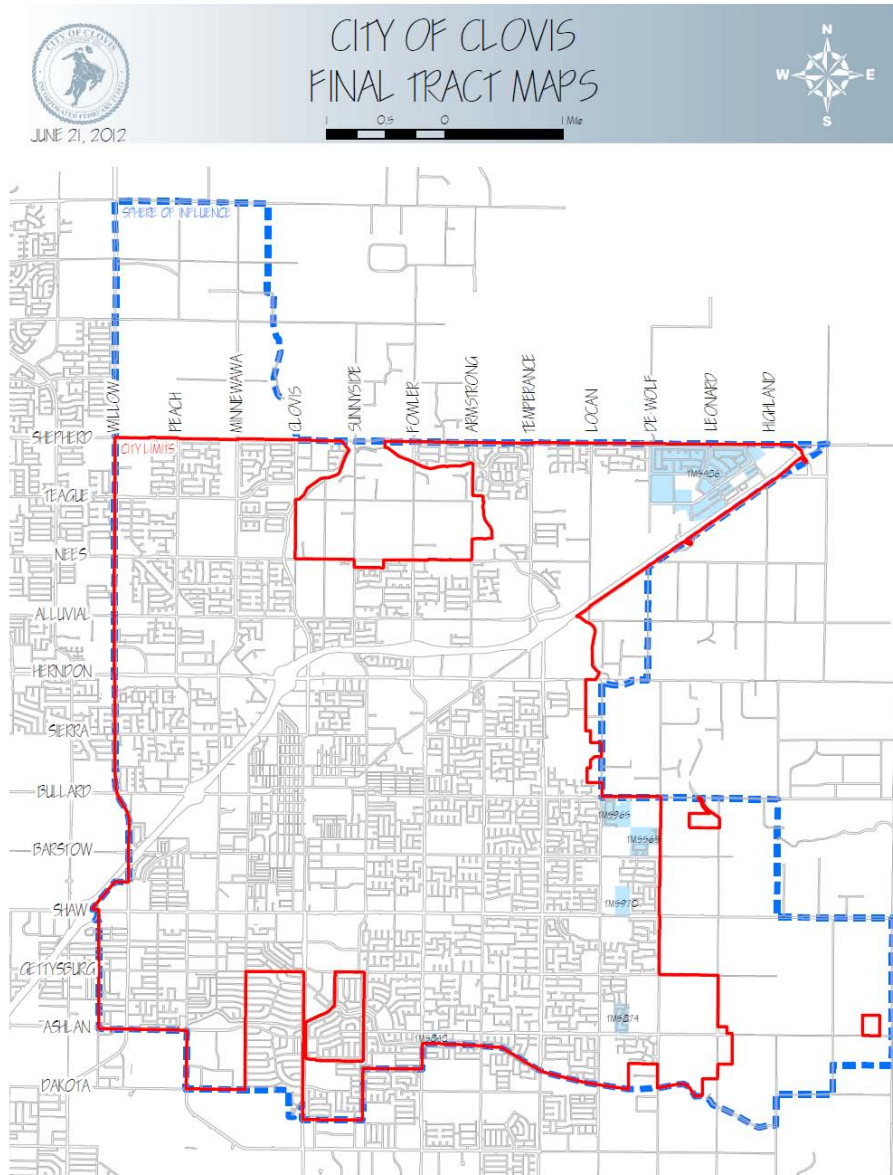


EXHIBIT A-12
City of Fresno Boundary Map

The boundary of the Assessment District shall be the same as the City of Fresno Boundaries as modified from time to time, and the complete City of Fresno Boundary Map is on file with the City Engineering Department, City of Fresno and is incorporated herein by reference.

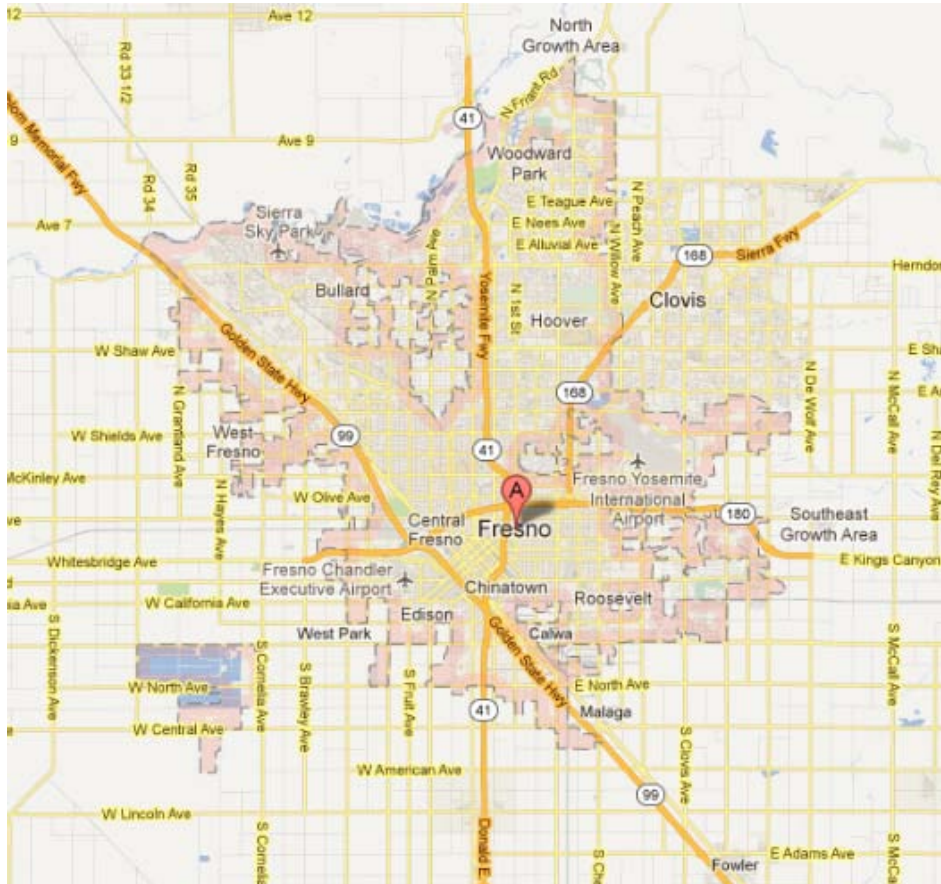


EXHIBIT A-13

City of San Diego Boundary Map

The boundary of the Assessment District shall be the same as the City of San Diego Boundaries as modified from time to time, and the complete City of San Diego Boundary Map is on file with the City Engineering Department, City of San Diego and is incorporated herein by reference.

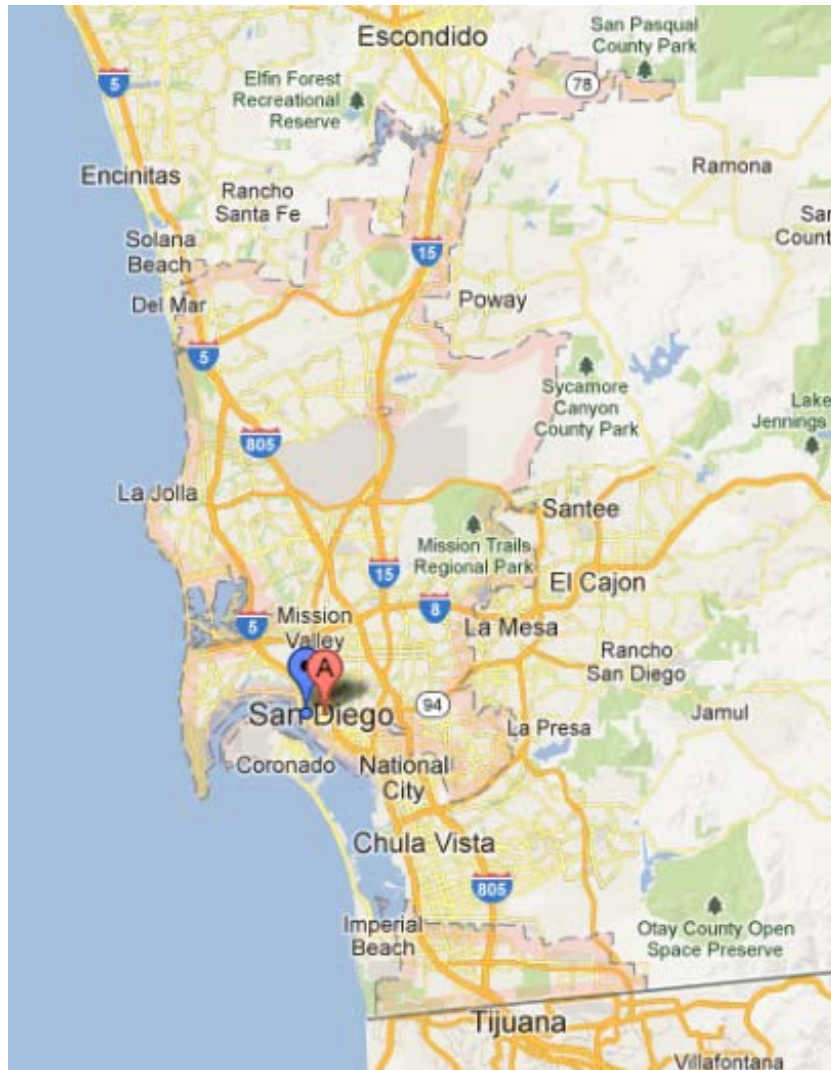


EXHIBIT A-14

City of Palm Springs Boundary Map

The boundary of the Assessment District shall be the same as the City of Palm Springs Boundaries as modified from time to time, and the complete City of Palm Springs Boundary Map is on file with the City Engineering Department, City of Palm Springs and is incorporated herein by reference.

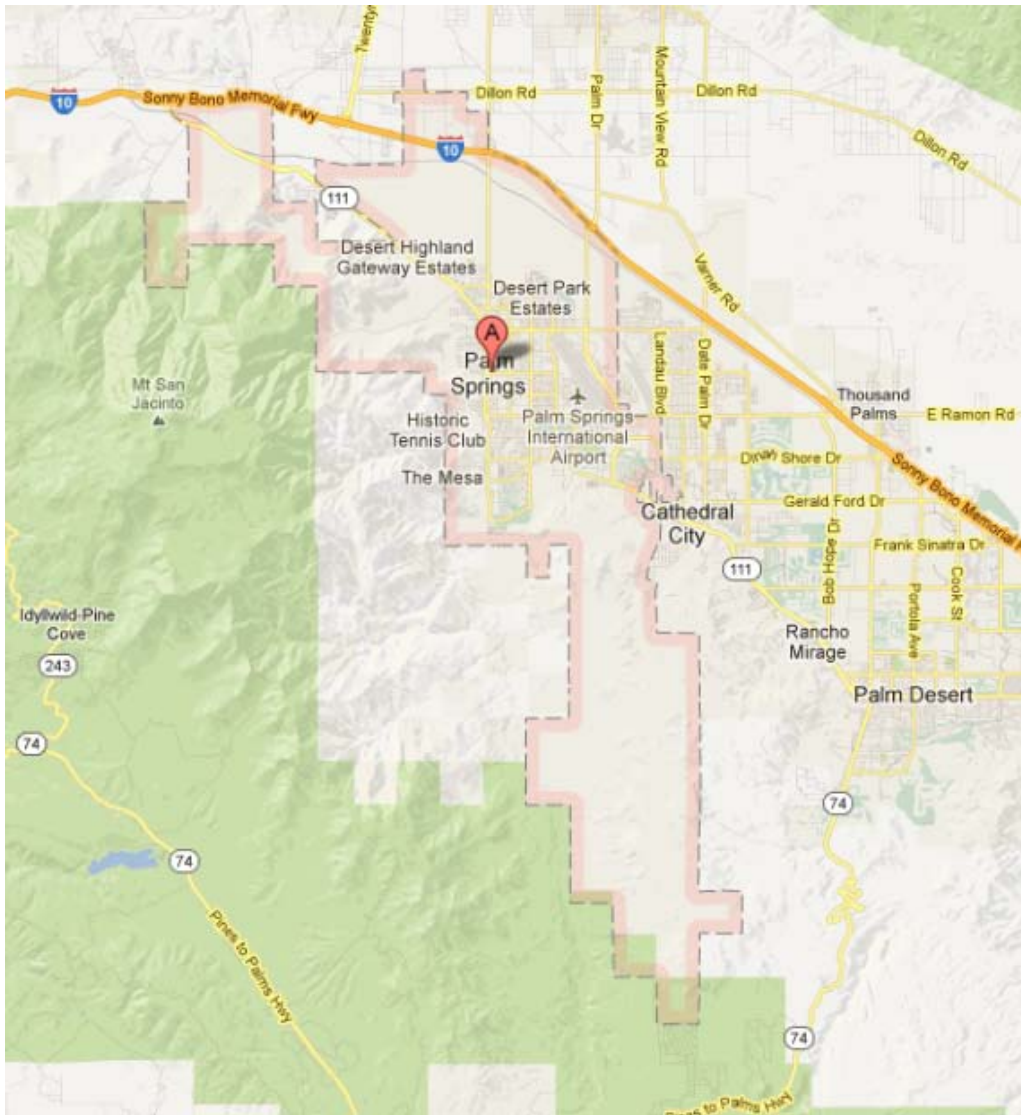


EXHIBIT A-15

City of Commerce Boundary Map

The boundary of the Assessment District shall be the same as the City of Commerce Boundaries as modified from time to time, and the complete City of Commerce Boundary Map is on file with the City Engineering Department, City of Commerce and is incorporated herein by reference.

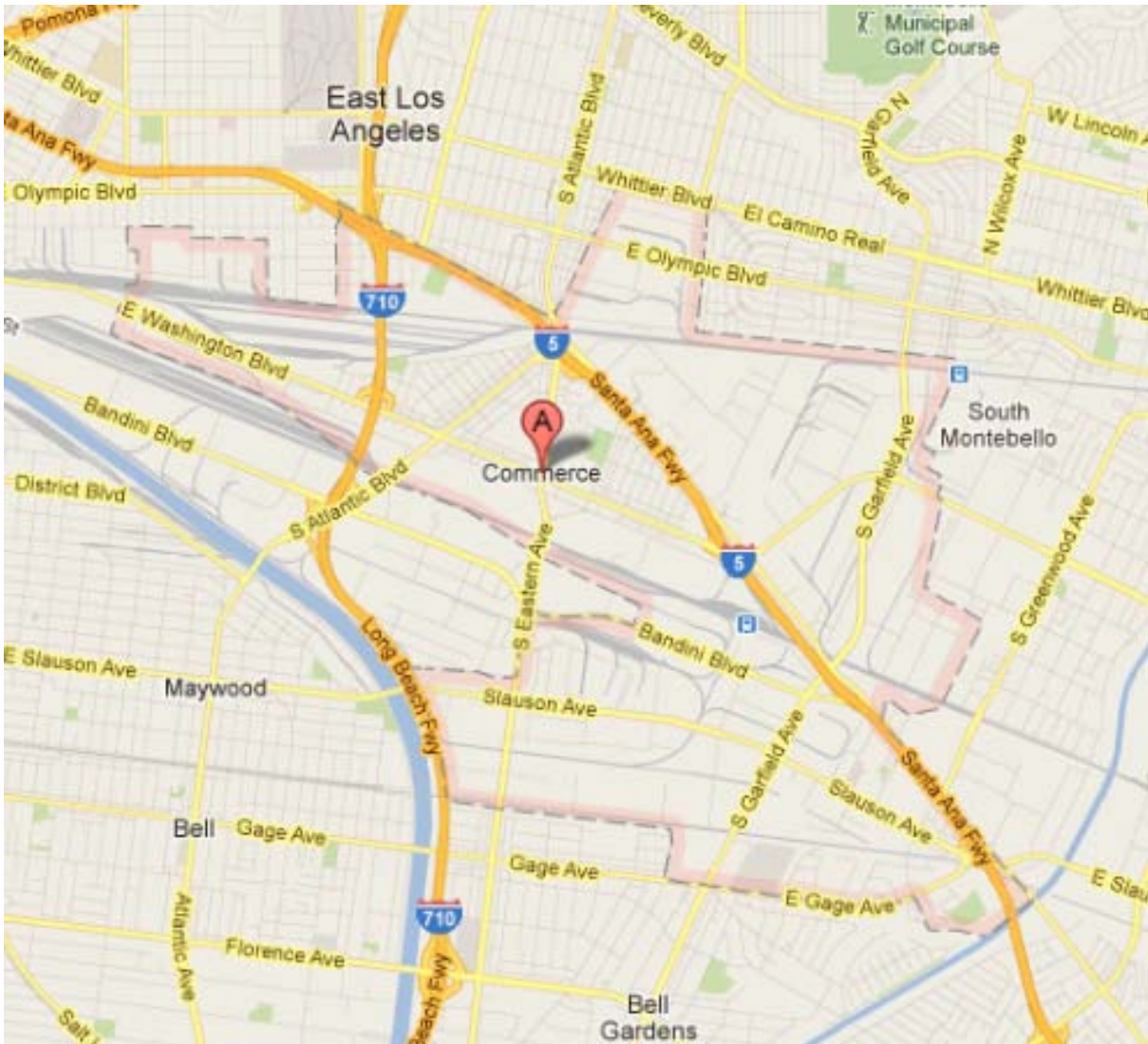


EXHIBIT A-16
County of Butte Boundary Map

The boundary of the Assessment District shall be the same as the County of Butte Boundaries as modified from time to time, and the complete County of Butte Boundary Map is on file with the County Engineering Department, County of Butte and is incorporated herein by reference.

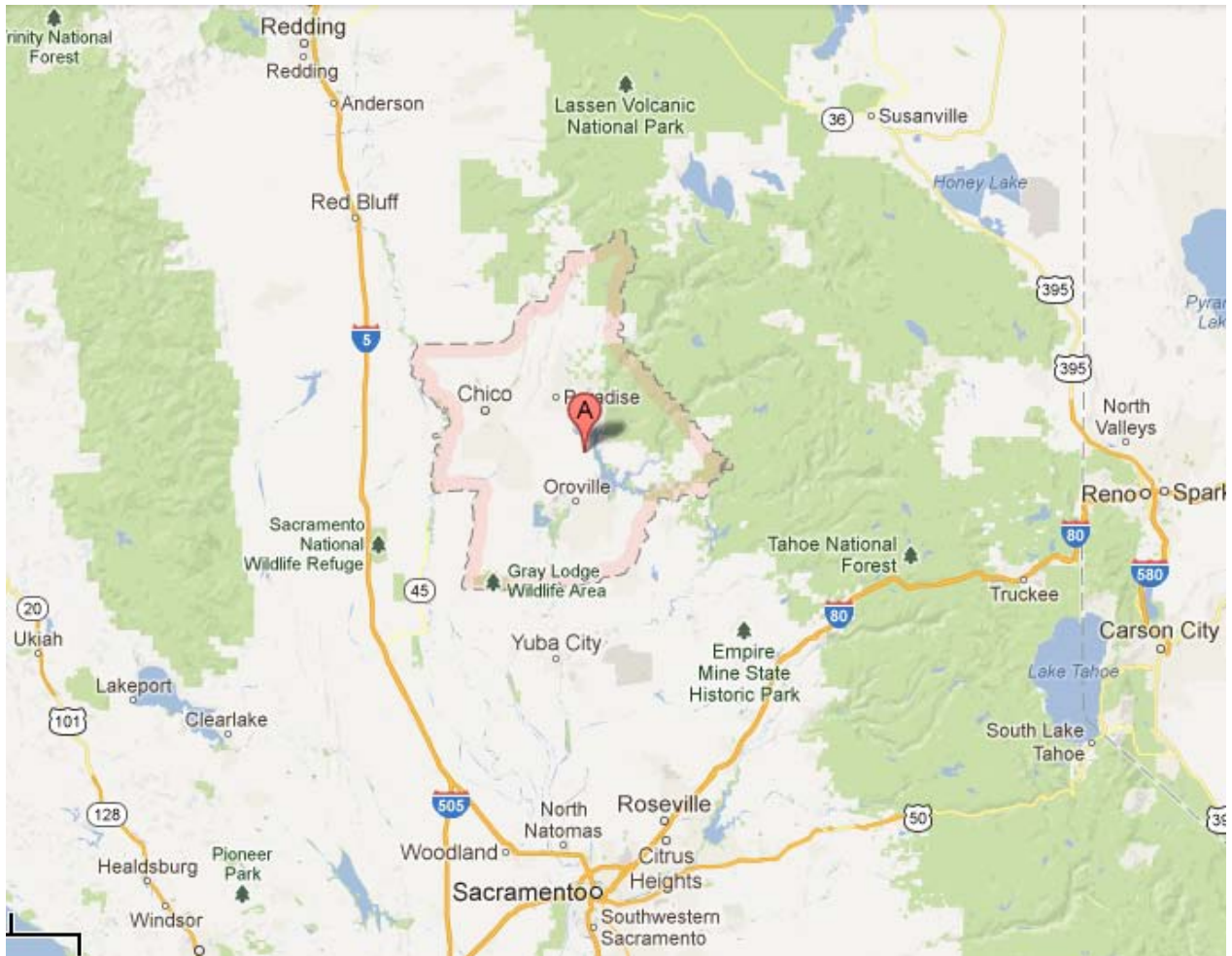


EXHIBIT A-17

City of Bakersfield Boundary Map

The boundary of the Assessment District shall be the same as the City of Bakersfield Boundaries as modified from time to time, and the complete City of Bakersfield Boundary Map is on file with the City Engineering Department, City of Bakersfield and is incorporated herein by reference.

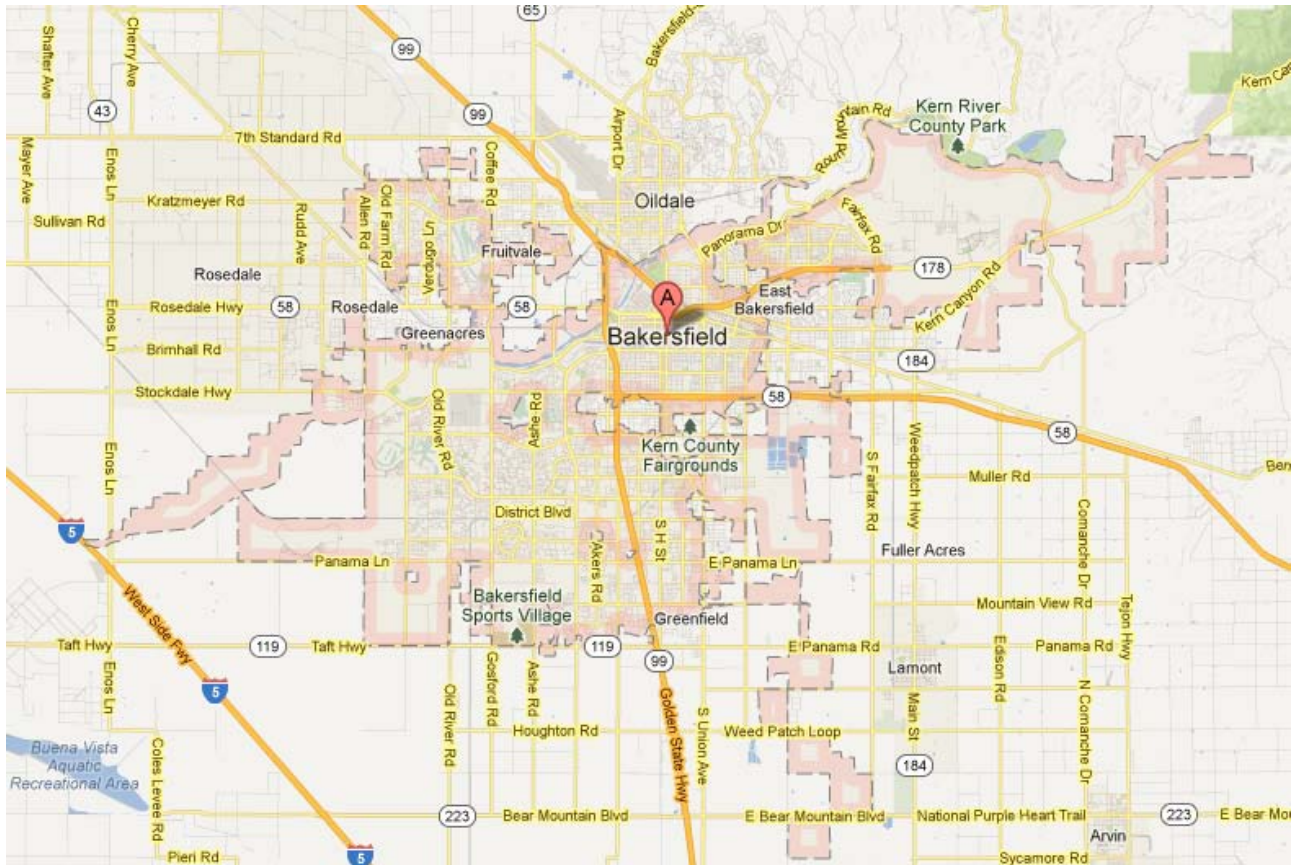


EXHIBIT A-18

City of San Marcos Boundary Map

The boundary of the Assessment District shall be the same as the City of San Marcos Boundaries as modified from time to time, and the complete City of San Marcos Boundary Map is on file with the City Engineering Department, City of San Marcos and is incorporated herein by reference.



EXHIBIT A-19

City of Vista Boundary Map

The boundary of the Assessment District shall be the same as the City of Vista Boundaries as modified from time to time, and the complete City of Vista Boundary Map is on file with the City Engineering Department, City of Vista and is incorporated herein by reference.

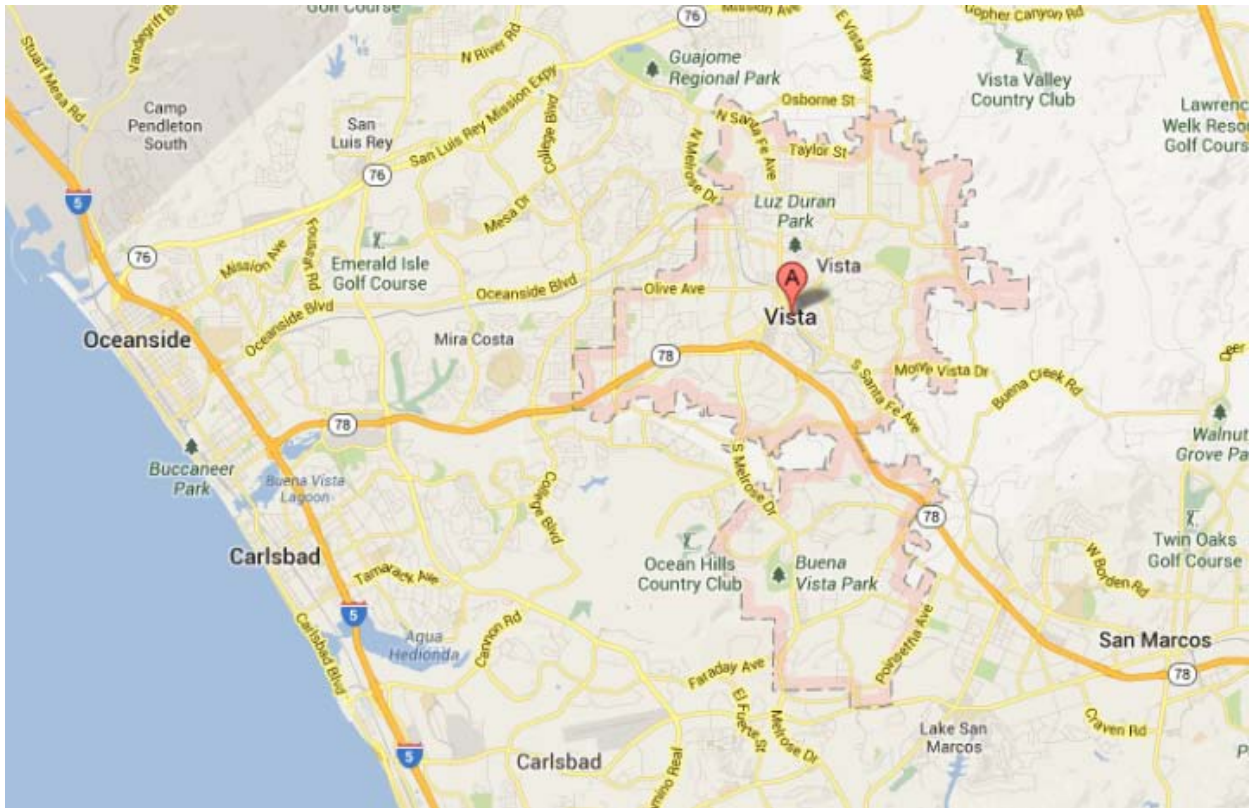


EXHIBIT A-20
City of Santee Boundary Map

The boundary of the Assessment District shall be the same as the City of Santee Boundaries as modified from time to time, and the complete City of Santee Boundary Map is on file with the City Engineering Department, City of Santee and is incorporated herein by reference.

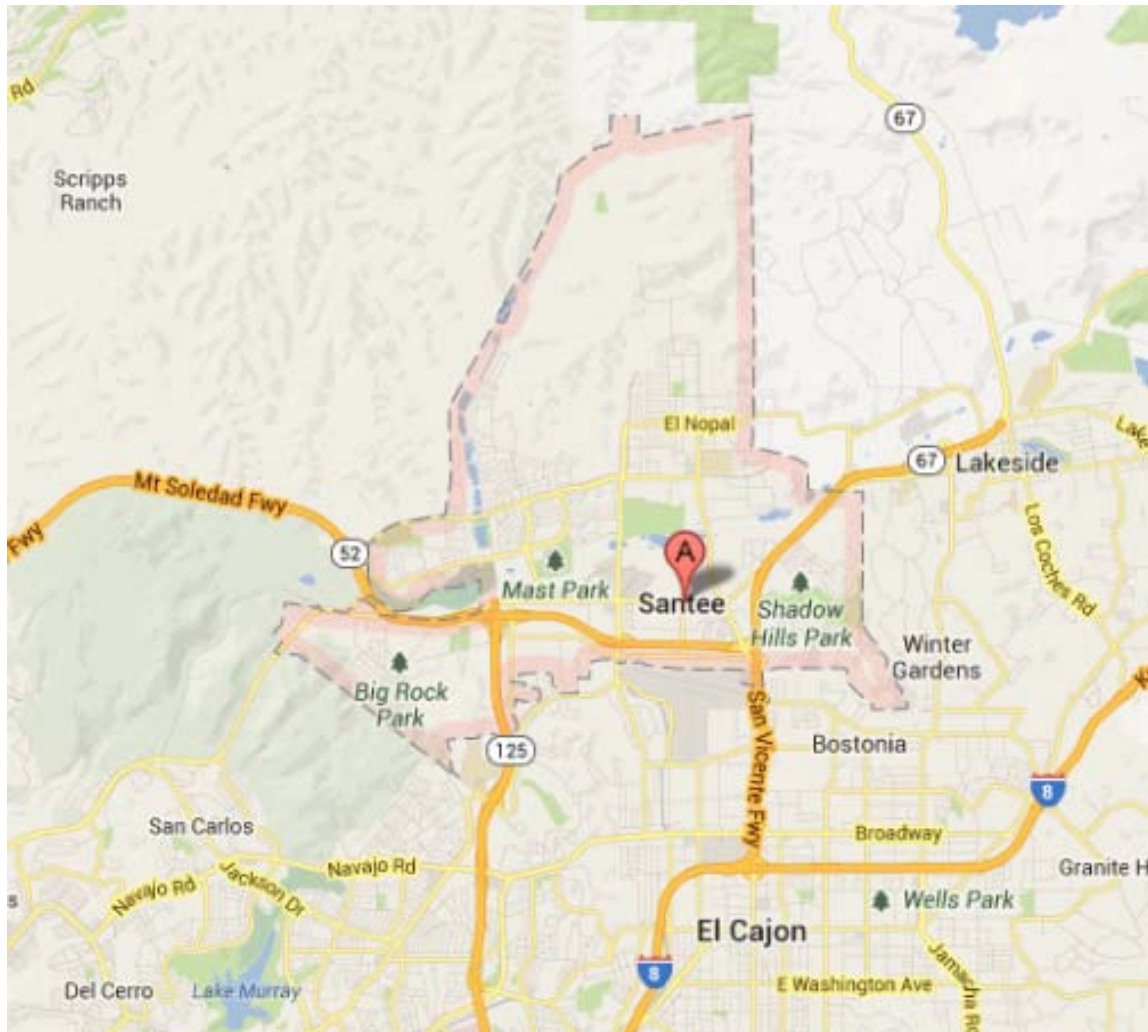


EXHIBIT A-21

City of Oceanside Boundary Map

The boundary of the Assessment District shall be the same as the City of Oceanside Boundaries as modified from time to time, and the complete City of Oceanside Boundary Map is on file with the City Engineering Department, City of Oceanside and is incorporated herein by reference.

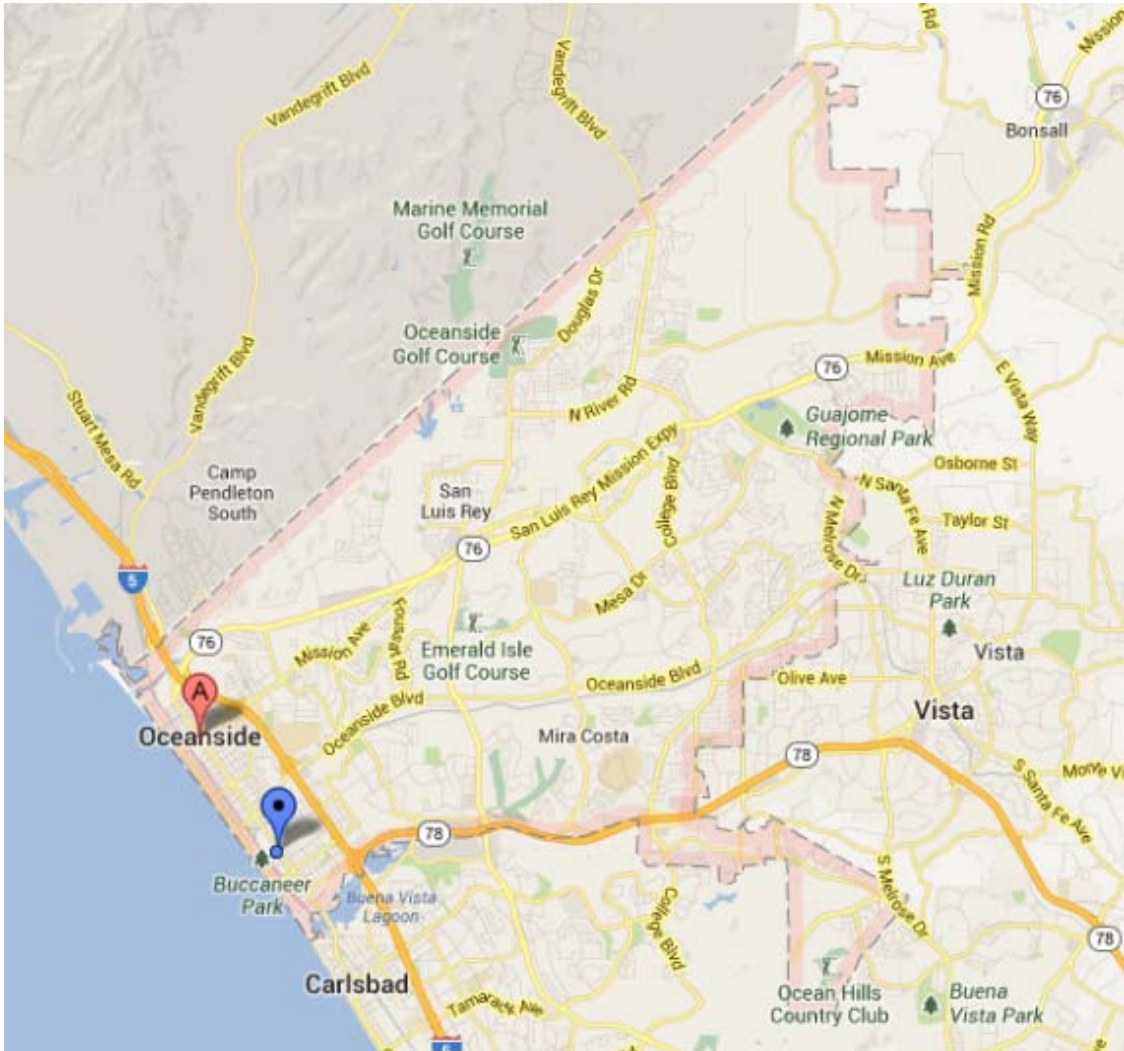


EXHIBIT A-22

City of Chico Boundary Map

The boundary of the Assessment District shall be the same as the City of Chico Boundaries as modified from time to time, and the complete City of Chico Boundary Map is on file with the City Engineering Department, City of Chico and is incorporated herein by reference.

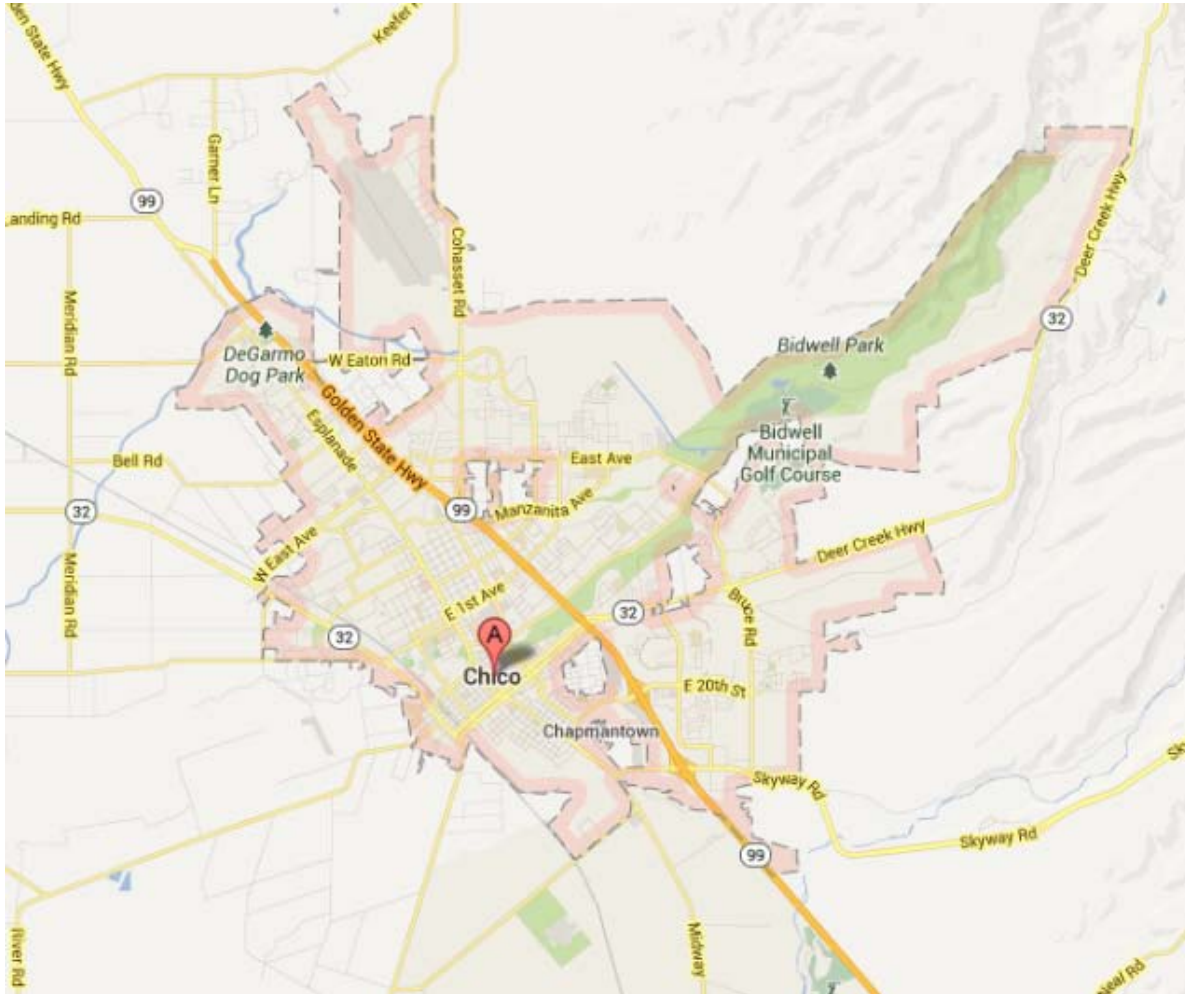


EXHIBIT A-23

City of Oroville Boundary Map

The boundary of the Assessment District shall be the same as the City of Oroville Boundaries as modified from time to time, and the complete City of Oroville Boundary Map is on file with the City Engineering Department, City of Oroville and is incorporated herein by reference.

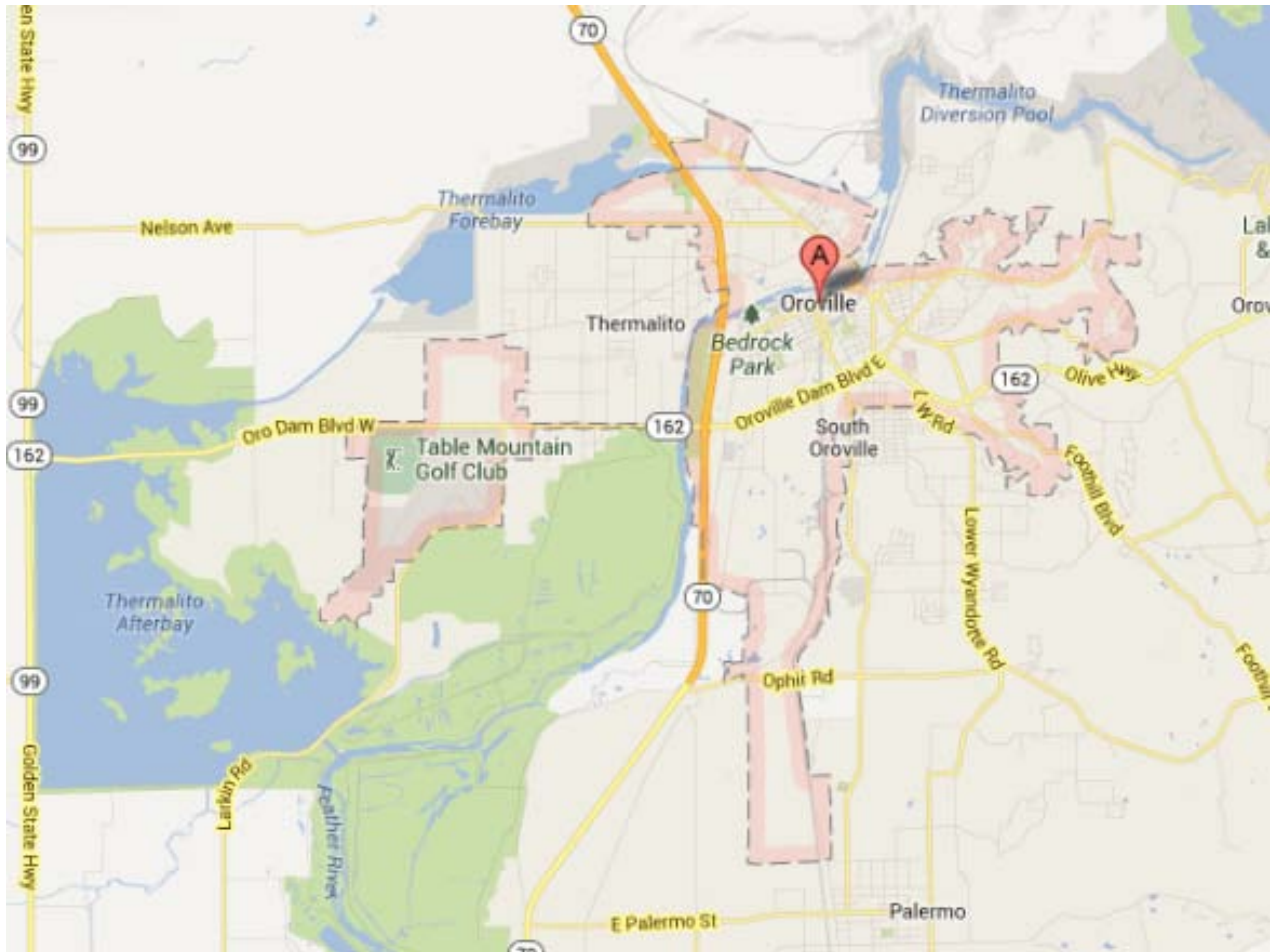


EXHIBIT A-24

County of San Diego Boundary Map

The boundary of the Assessment District shall be the same as the County of San Diego Boundaries as modified from time to time, and the complete County of San Diego Boundary Map is on file with the County Engineering Department, County of San Diego and is incorporated herein by reference.

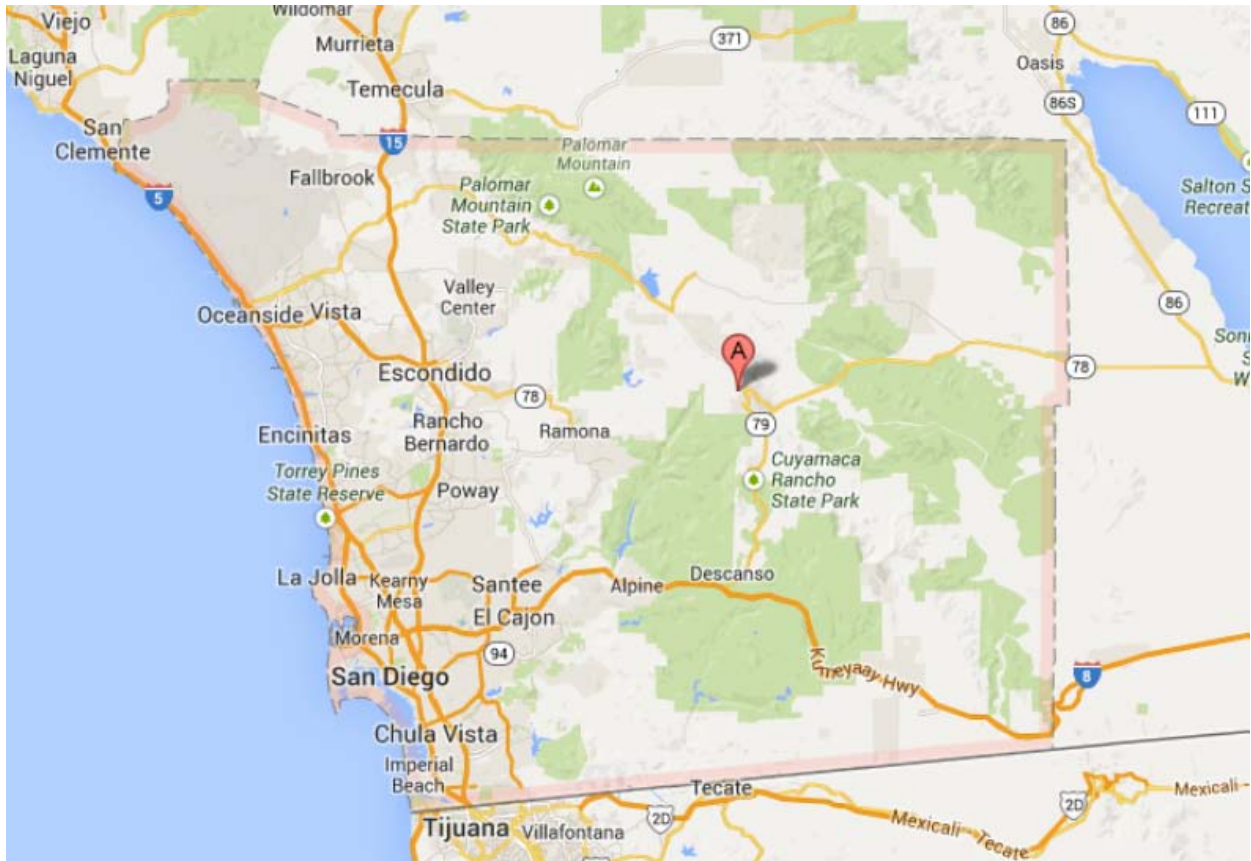


EXHIBIT A-25

City of Turlock Boundary Map

The boundary of the Assessment District shall be the same as the City of Turlock Boundaries as modified from time to time, and the complete City of Turlock Boundary Map is on file with the City Engineering Department, City of Turlock and is incorporated herein by reference.

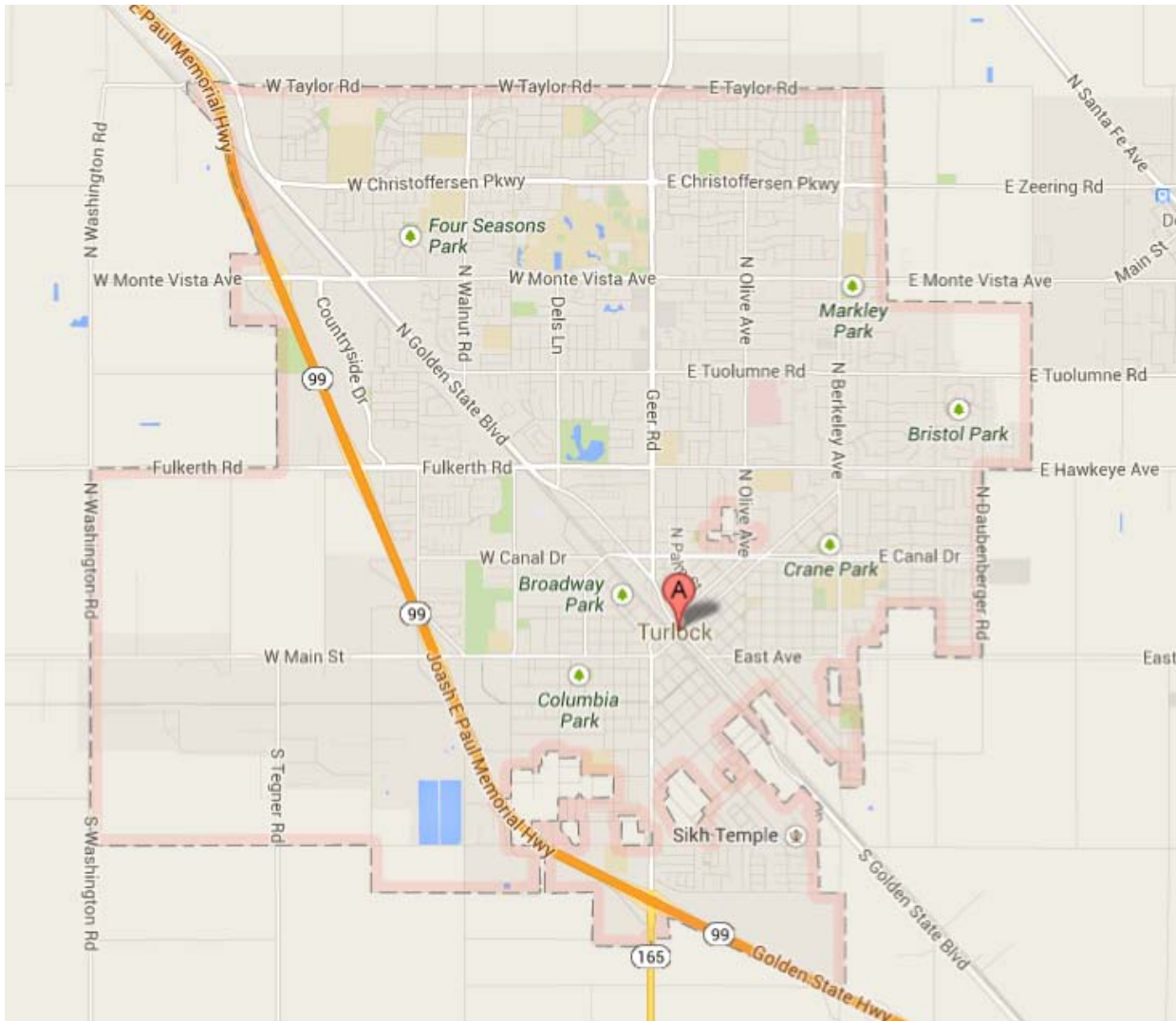


EXHIBIT A-26

City of Hawthorne Boundary Map

The boundary of the Assessment District shall be the same as the City of Hawthorne Boundaries as modified from time to time, and the complete City of Hawthorne Boundary Map is on file with the City Engineering Department, City of Hawthorne and is incorporated herein by reference.

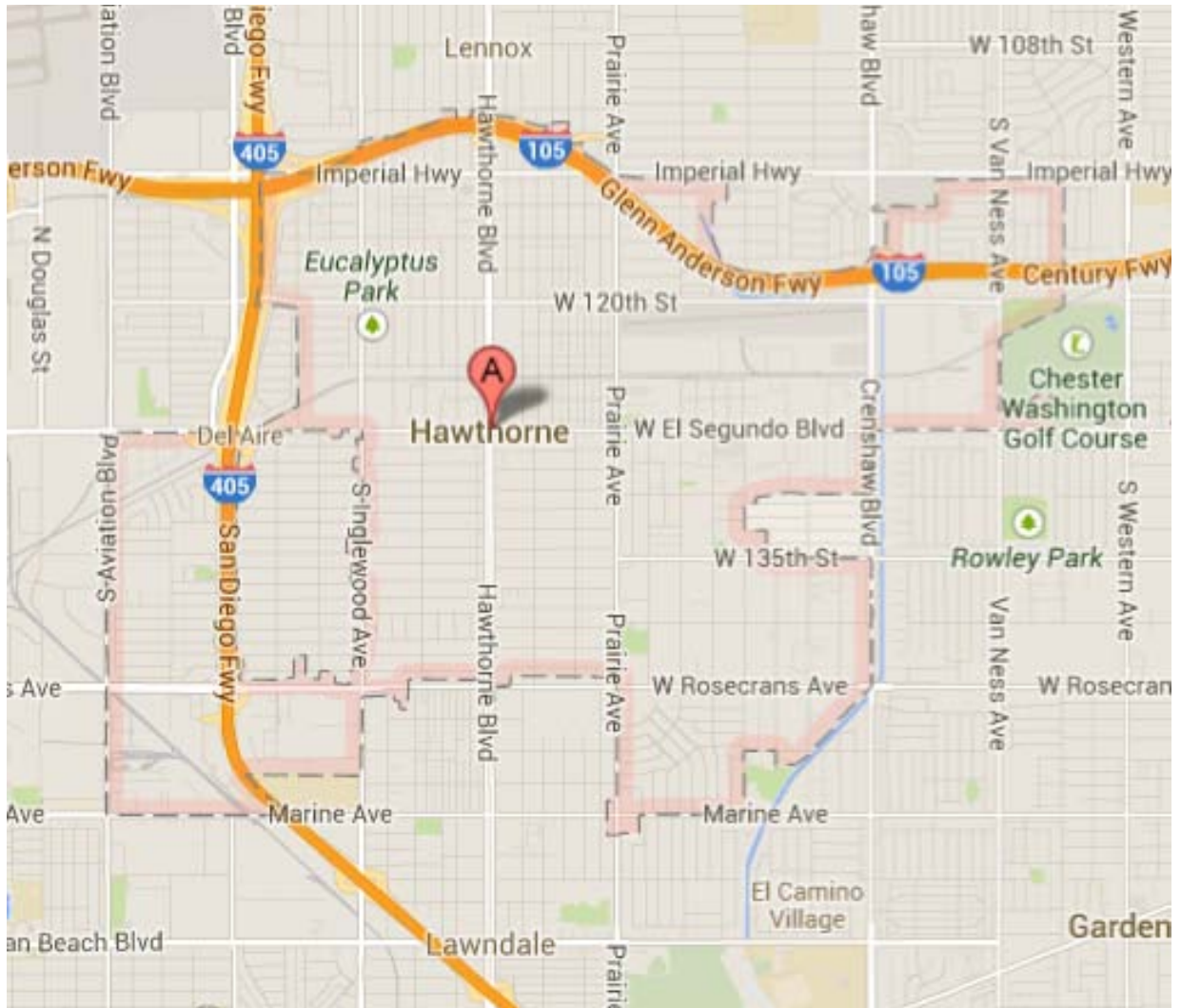


EXHIBIT A-27

City of Stockton Boundary Map

The boundary of the Assessment District shall be the same as the City of Stockton Boundaries as modified from time to time, and the complete City of Stockton Boundary Map is on file with the City Engineering Department, City of Stockton and is incorporated herein by reference.

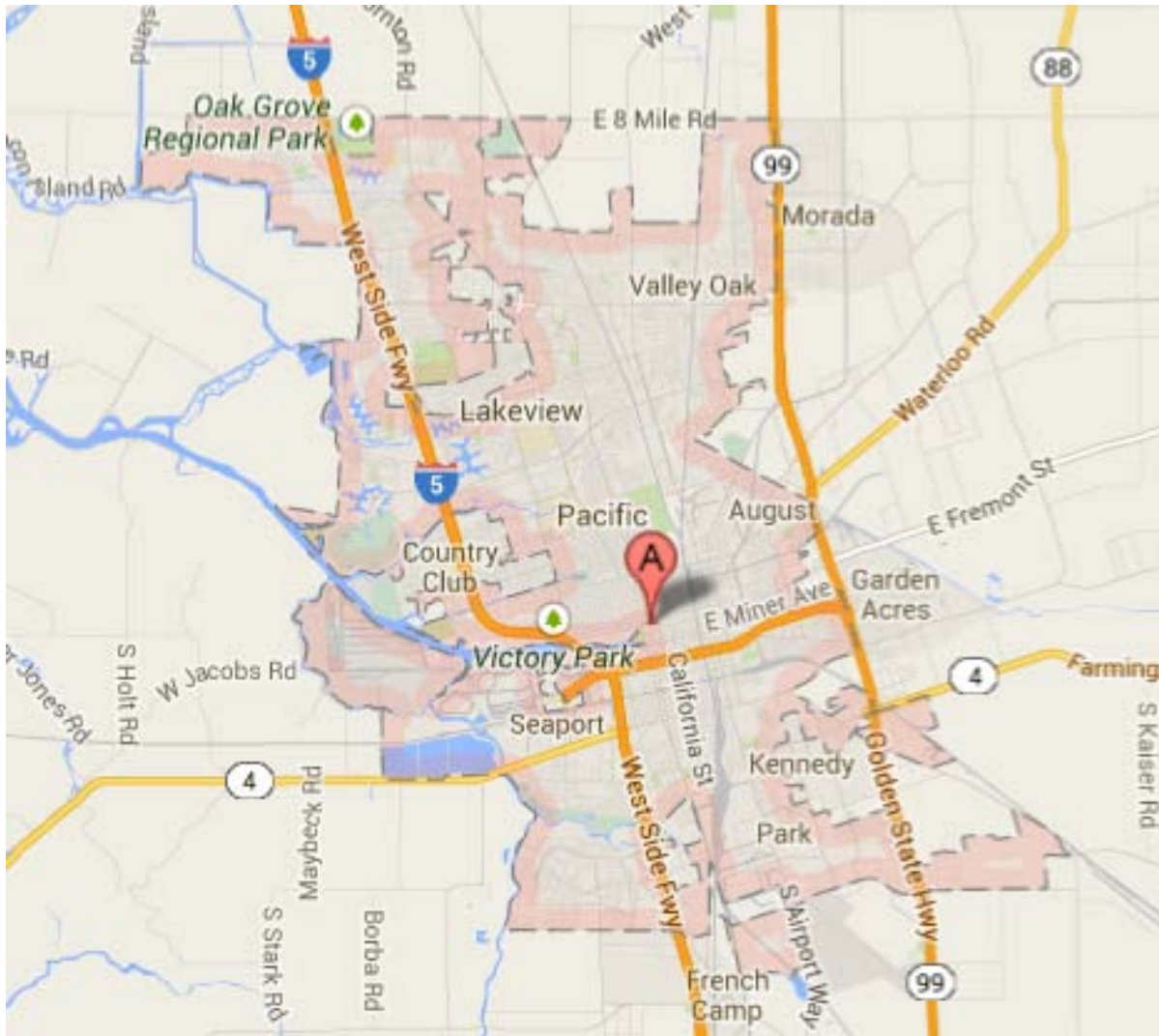


EXHIBIT A-28

Town of Paradise Boundary Map

The boundary of the Assessment District shall be the same as the Town of Paradise Boundaries as modified from time to time, and the complete Town of Paradise Boundary Map is on file with the Town Engineering Department, Town of Paradise and is incorporated herein by reference.

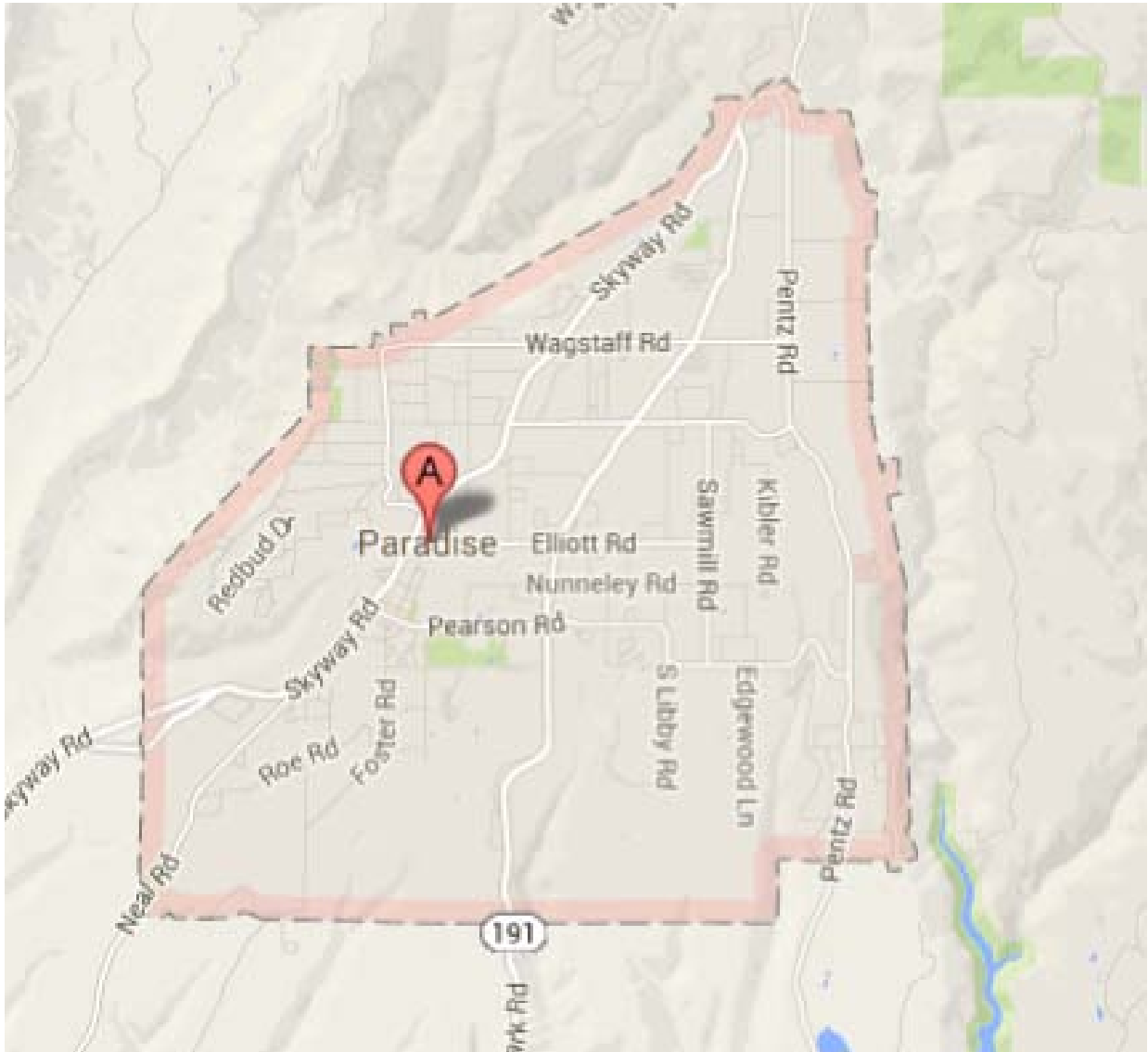


EXHIBIT A-29

City of Rancho Palos Verdes Boundary Map

The boundary of the Assessment District shall be the same as the City of Rancho Palos Verdes Boundaries as modified from time to time, and the complete City of Rancho Palos Verdes Boundary Map is on file with the City Engineering Department, City of Rancho Palos Verdes and is incorporated herein by reference.

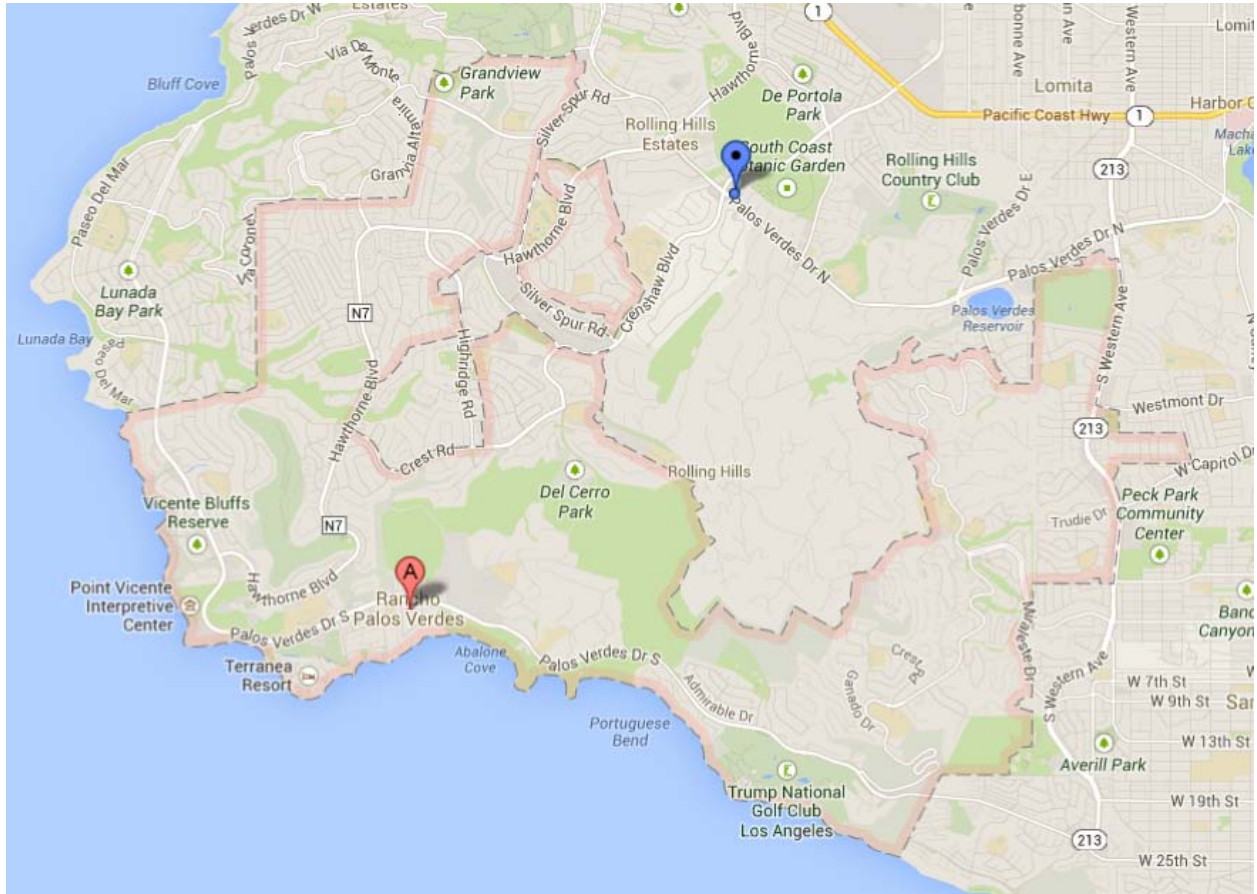


EXHIBIT A-30

City of Lomita Boundary Map

The boundary of the Assessment District shall be the same as the City of Lomita Boundaries as modified from time to time, and the complete City of Lomita Boundary Map is on file with the City Engineering Department, City of Lomita and is incorporated herein by reference.

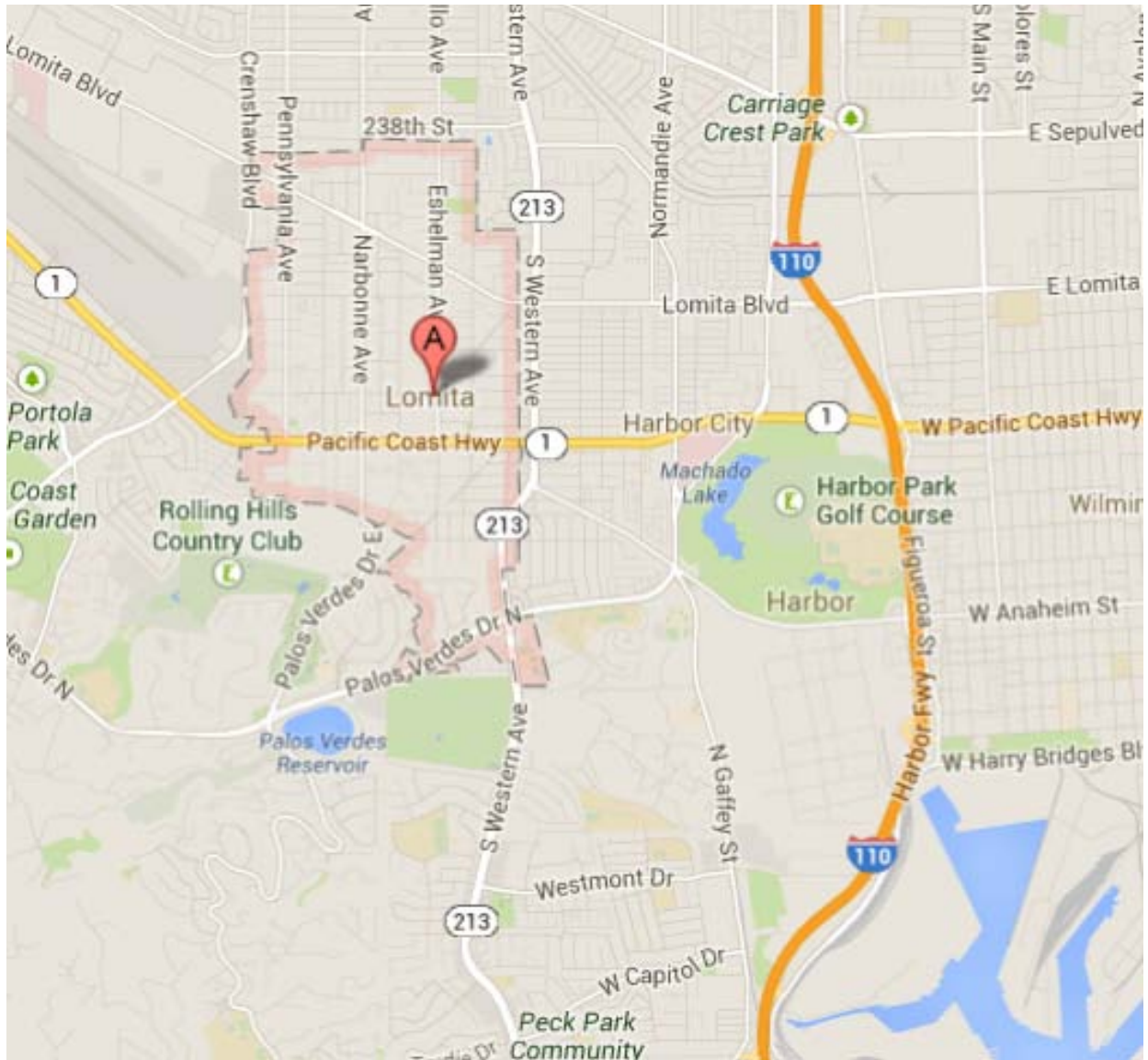


EXHIBIT A-31

City of El Segundo Boundary Map

The boundary of the Assessment District shall be the same as the City of El Segundo Boundaries as modified from time to time, and the complete City of El Segundo Boundary Map is on file with the City Engineering Department, City of El Segundo and is incorporated herein by reference.

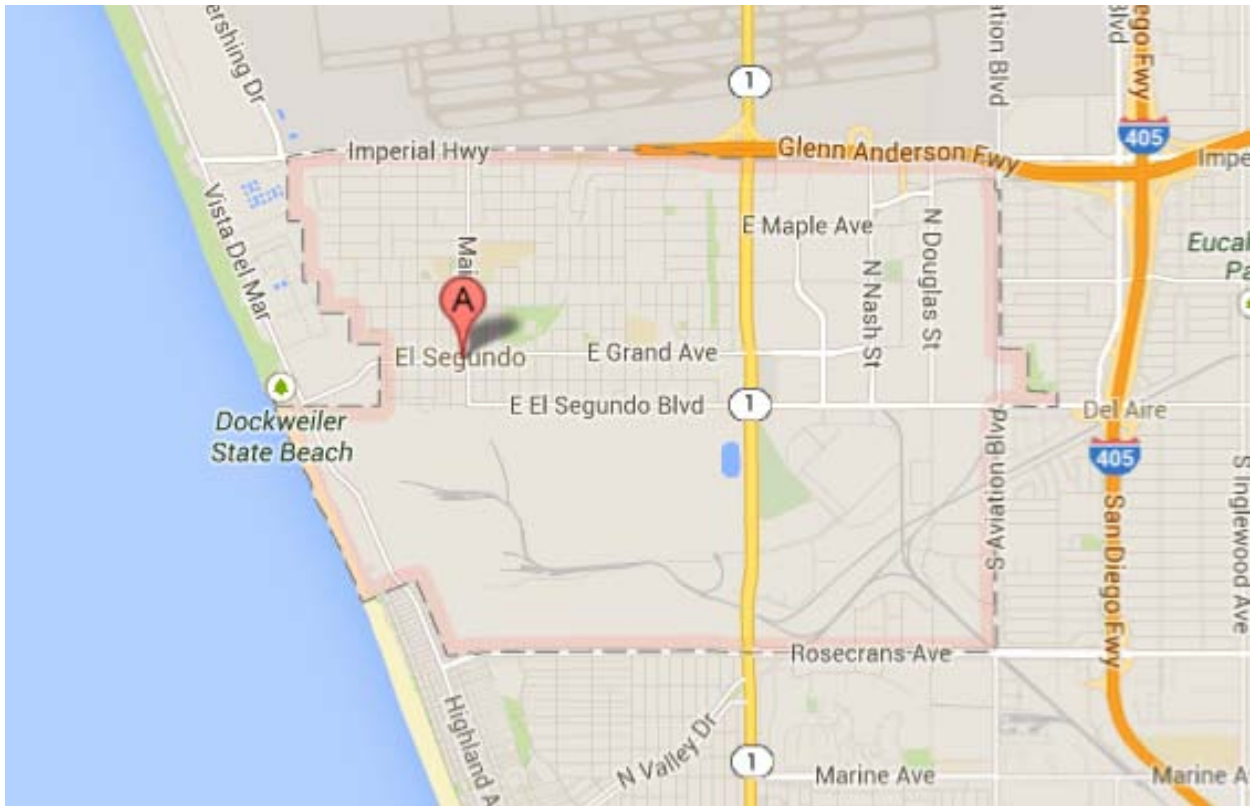


EXHIBIT A-32

City of Anaheim Boundary Map

The boundary of the Assessment District shall be the same as the City of Anaheim Boundaries as modified from time to time, and the complete City of Anaheim Boundary Map is on file with the City Engineering Department, City of Anaheim and is incorporated herein by reference.

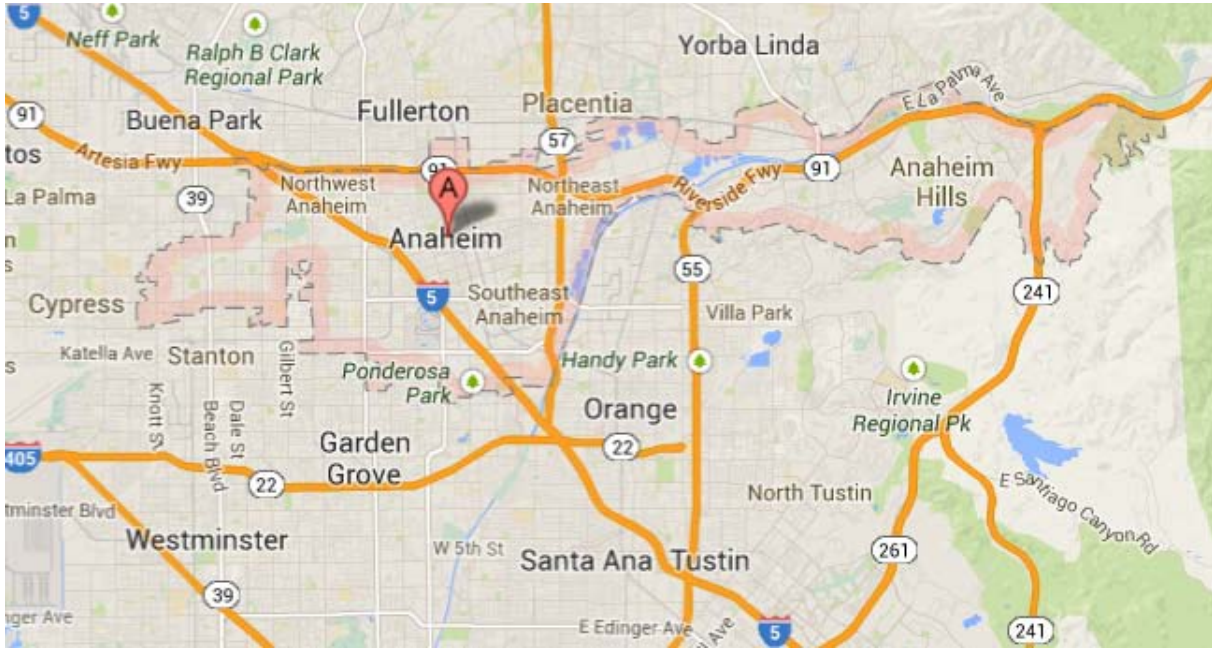


EXHIBIT A-33

City of San Jose Boundary Map

The boundary of the Assessment District shall be the same as the City of San Jose Boundaries as modified from time to time, and the complete City of San Jose Boundary Map is on file with the City Engineering Department, City of San Jose and is incorporated herein by reference.

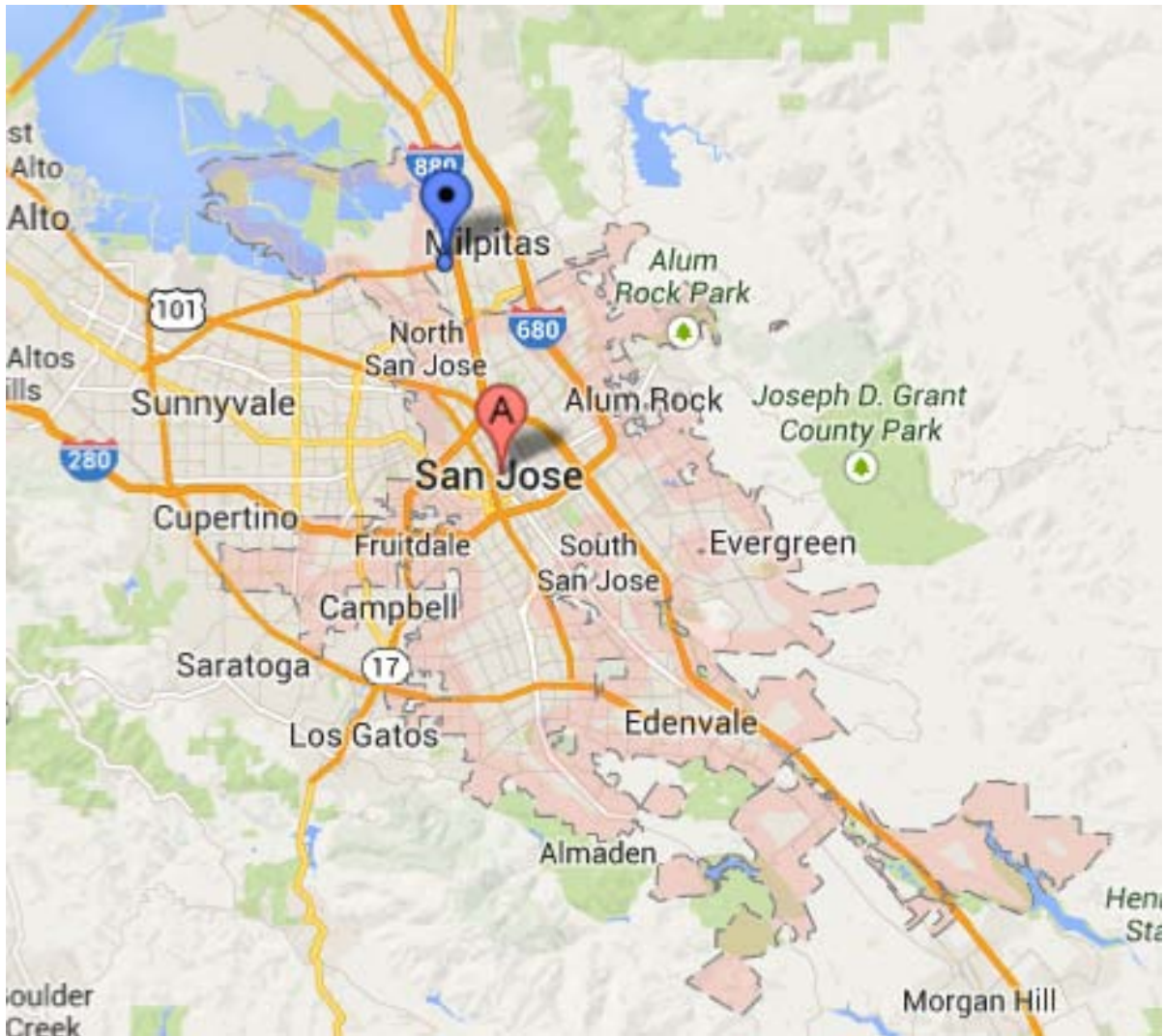


EXHIBIT A-34

City of Hermosa Beach Boundary Map

The boundary of the Assessment District shall be the same as the City of Hermosa Beach Boundaries as modified from time to time, and the complete City of Hermosa Beach Boundary Map is on file with the City Engineering Department, City of Hermosa Beach and is incorporated herein by reference.

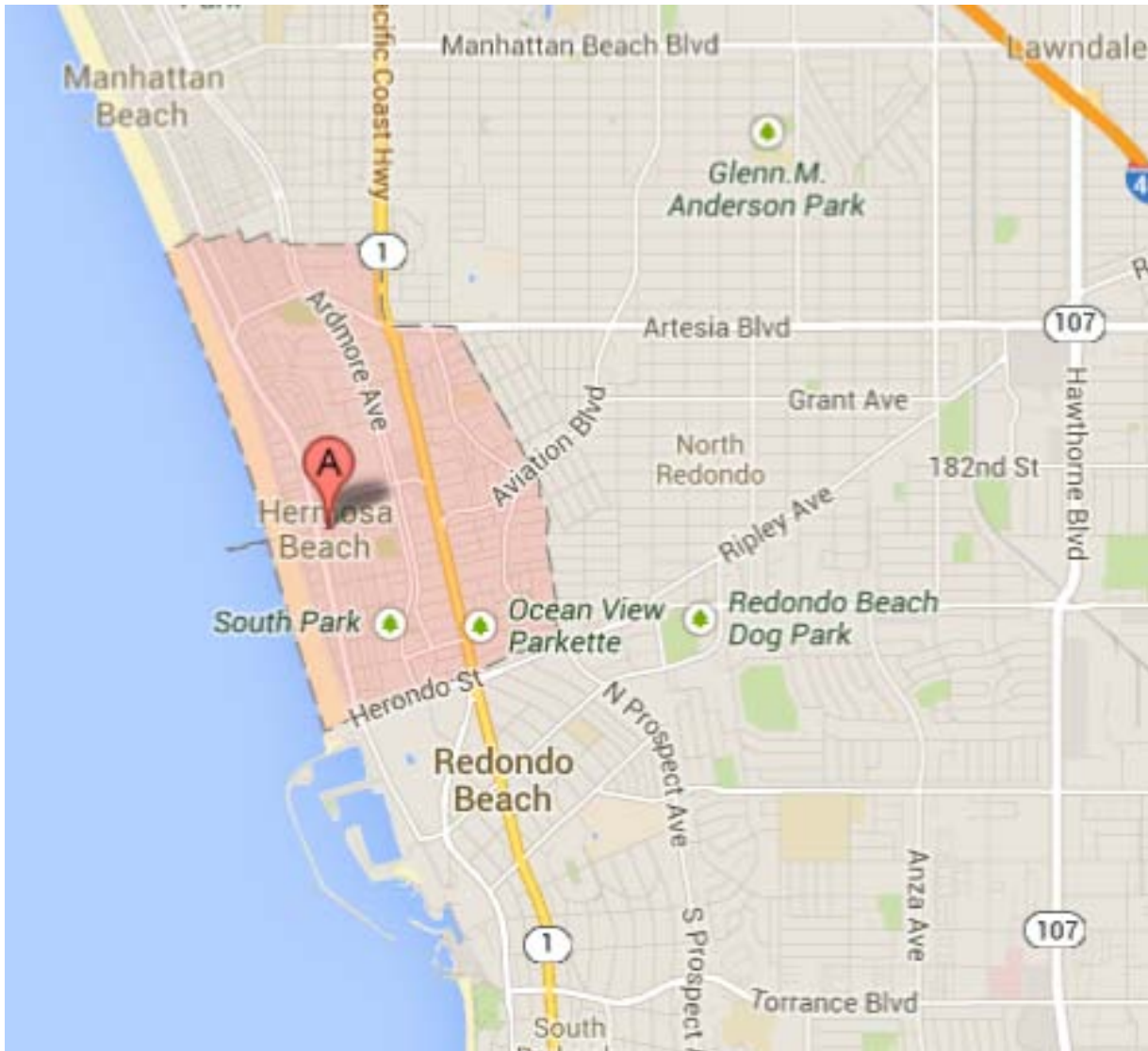


EXHIBIT A-35

City of Rolling Hills Boundary Map

The boundary of the Assessment District shall be the same as the City of Rolling Hills Boundaries as modified from time to time, and the complete City of Rolling Hills Boundary Map is on file with the City Engineering Department, City of Rolling Hills and is incorporated herein by reference.

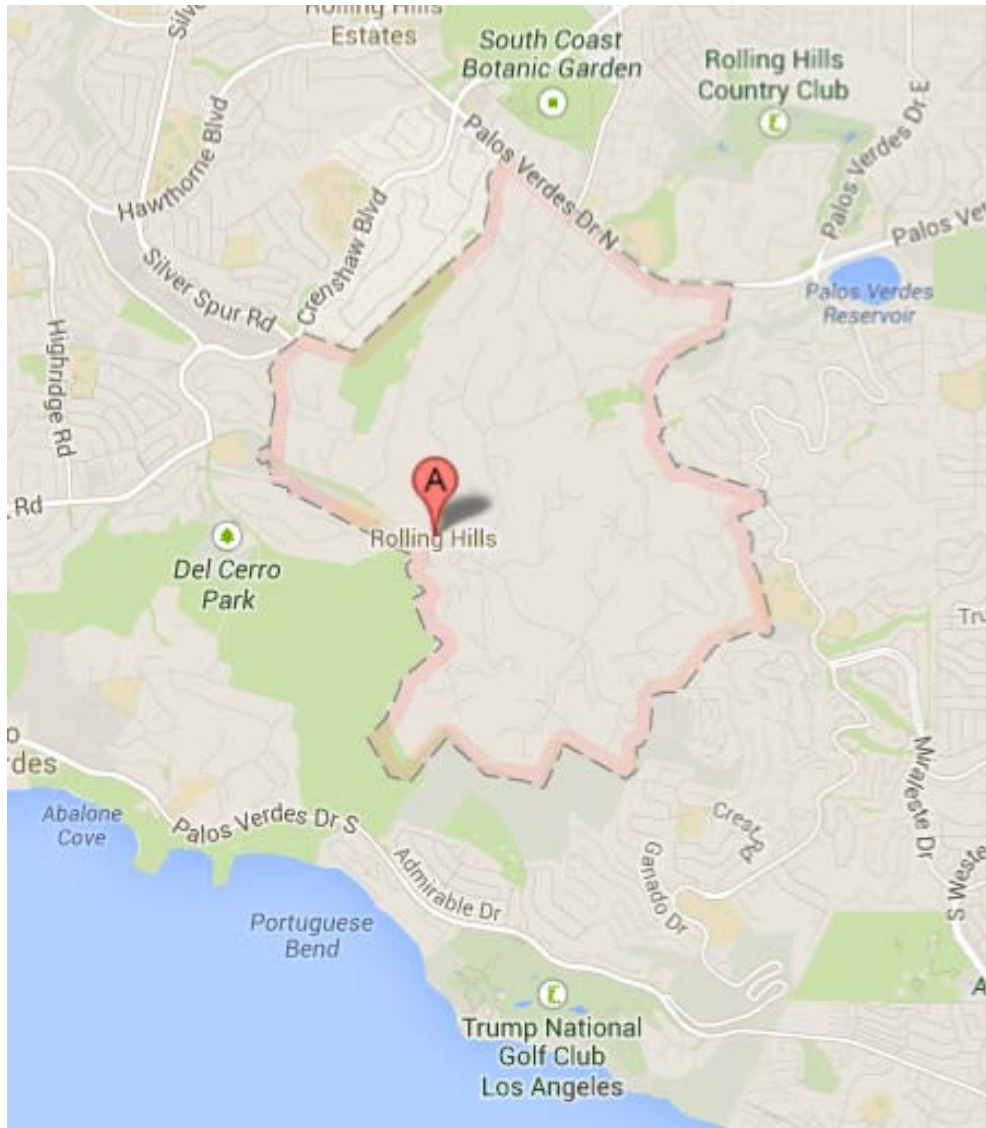


EXHIBIT A-36

City of Gardena Boundary Map

The boundary of the Assessment District shall be the same as the City of Gardena Boundaries as modified from time to time, and the complete City of Gardena Boundary Map is on file with the City Engineering Department, City of Gardena and is incorporated herein by reference.

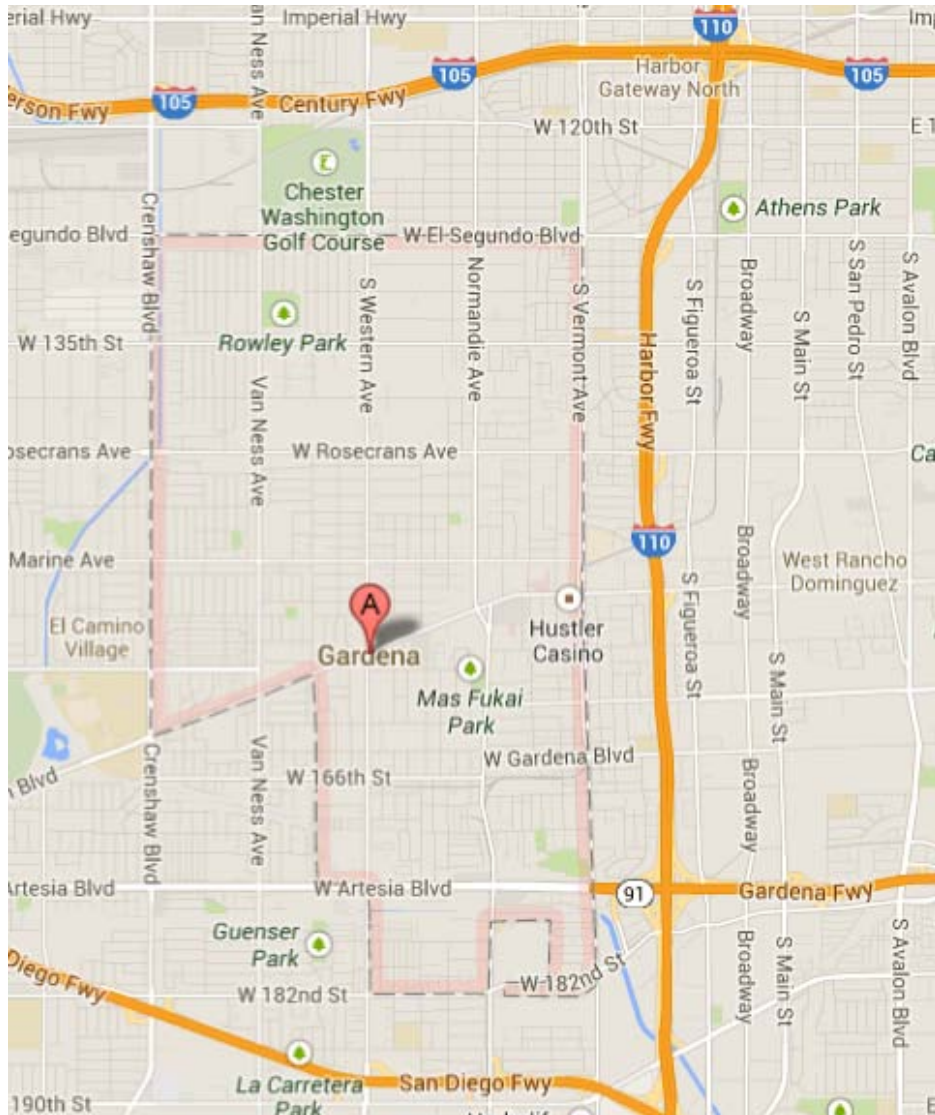


EXHIBIT A-37

City of Lemon Grove Boundary Map

The boundary of the Assessment District shall be the same as the City of Lemon Grove Boundaries as modified from time to time, and the complete City of Lemon Grove Boundary Map is on file with the City Engineering Department, City of Lemon Grove and is incorporated herein by reference.

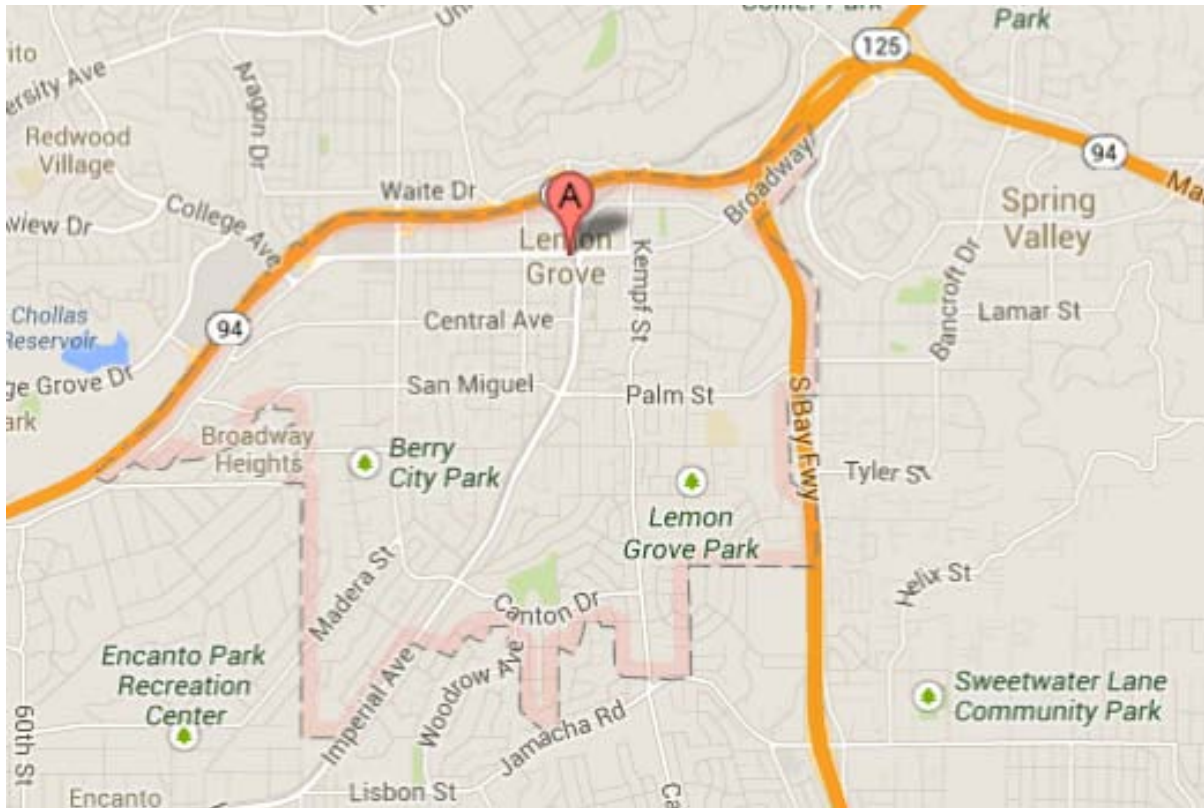


EXHIBIT A-38

City of Carlsbad Boundary Map

The boundary of the Assessment District shall be the same as the City of Carlsbad Boundaries as modified from time to time, and the complete City of Carlsbad Boundary Map is on file with the City Engineering Department, City of Carlsbad and is incorporated herein by reference.

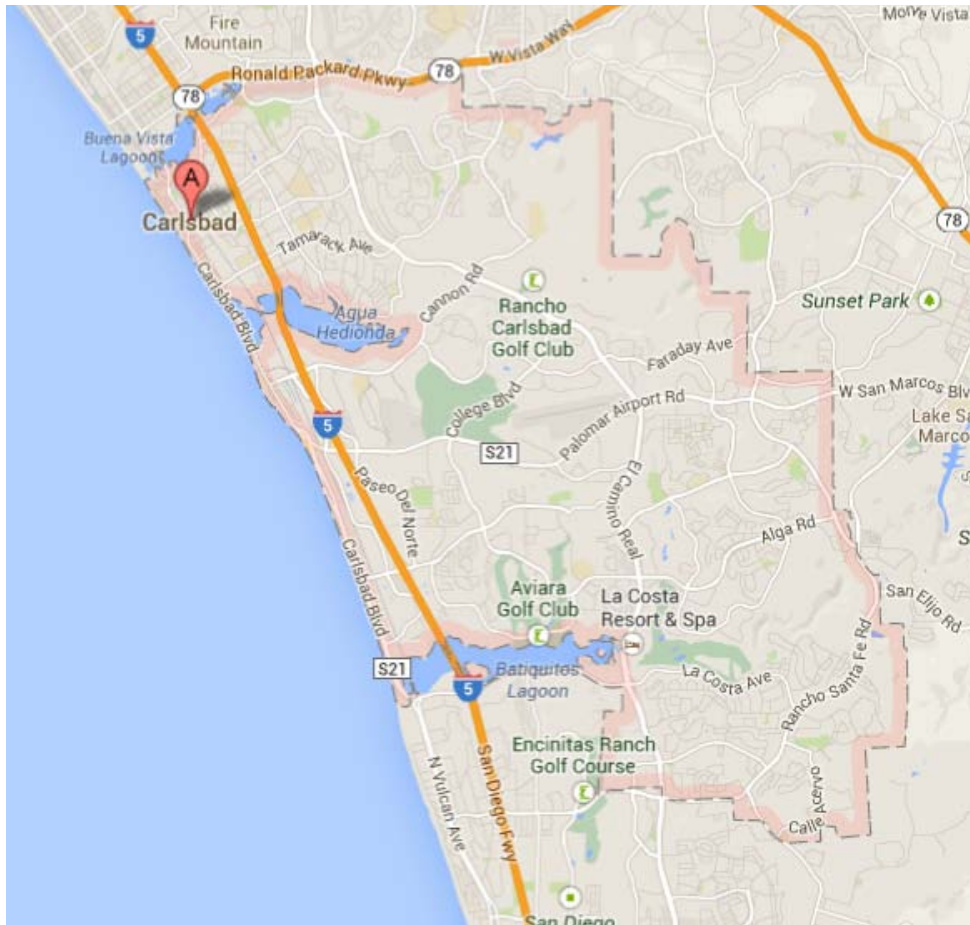


EXHIBIT A-39

All Counties Boundary Map

The boundaries of the Assessment District shall be amended from time to time to include all California Cities and Counties as they adopt certain resolutions authorizing CEDA to form the Assessment District on their behalf. The boundaries of the Participating Agency shall be on file with the Participating Agencies Engineering Department and is incorporated herein by reference.



EXHIBIT B
Draft Assessment Contract

FIGTREE PACE PROGRAM

ASSESSMENT FINANCING CONTRACT

[A PROGRAM SPONSORED BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND ADMINISTERED BY FIGTREE COMPANY, INC., (the "Program Administrator")]

This Assessment Financing Contract ("Contract") is made and entered into as of this _____ day of _____, 20____, by and between the **California Enterprise Development Authority**, a California joint powers authority ("Authority"), _____ ("Borrower").

RECITALS

WHEREAS, the Authority has established the Property Assessed Clean Energy (PACE) Program (the "Figtree PACE" or the "Program") by which the Authority may extend to property owners the financing amount needed for the acquisition and installation on their property of certain qualifying renewable energy systems and energy or water efficiency equipment (the "Assessment Financing"). The purpose and method of administration of the assessments under the Program are described in the Figtree PACE Program Report adopted by the Authority on January 16, 2013 as it may be amended from time to time (the "Report"); and

WHEREAS, the Program is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Act") which states the legislatively determined benefit for such assessments; and

WHEREAS, the Borrower has submitted to the Authority that certain Figtree PACE Application dated _____, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference (the "Application") and the Authority has approved the Application as provided in the Report; and

WHEREAS, the renewable energy system and/or energy or water efficiency equipment which shall be financed with the proceeds of the Assessment Financing described herein (the "Improvements"), and which shall be constructed on or installed on the property of Borrower (the "Property") are described in Exhibit "B" attached hereto and incorporated herein by this reference; and

WHEREAS, the Borrower wishes to participate in the Program by executing this Contract with the Authority and thereby requests that the Authority finance the acquisition, construction, and installation of the Improvements on the Property and as provided herein the Authority shall provide the proceeds directly to a licensed contractor selected by Borrower and qualified to participate in the Program by the Authority (the "Contractor") to pay for the Improvements in accordance with the guidelines outlined in the Report.

WHEREAS, the Borrower acknowledges that funding for the Improvements will be provided by the Authority through the issuance of bonds, notes or other obligations secured in whole or in part by the payment by the Borrower of amounts required to be paid hereunder (collectively "Financing Instruments"); and

WHEREAS, in order to repay such Assessment Financing, the Borrower has determined that the Property benefits from the Improvements in an amount at least equal to the Assessment and the Borrower voluntarily consents to the recordation of a voluntary and consensual Assessment Financing Lien (as defined in section 1.B. of this Contract) on the Property for an assessment of the Property each year until the Assessment Financing is paid in full; and

WHEREAS, Borrower agrees that assessment installments (including principal, interest, and administrative costs) will be collected on the property tax bill for the Property in the same manner and at the same time as property taxes and shall be subject to the same penalties, remedies (including foreclosure and sale of the property), and lien priorities as are property taxes in the event of delinquency; and

WHEREAS, Borrower has read and understands, and has executed the Disclosures, Declarations and Acknowledgments contained in the Application;

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:

Assessment Financing Contract

1. Contract

- A. Subject to the conditions set forth herein, the Authority agrees to extend Assessment Financing to Borrower for the purpose of acquiring, installing, and constructing the Improvements in a dollar amount calculated pursuant to Exhibit "C" attached hereto and incorporated herein by this reference (the "Financing Amount"). The Borrower shall be solely responsible for the payment of all costs of the Improvements which exceed the Financing Amount and Borrower agrees, in any event, to complete the Improvements and to fund all costs associated with such completion which may be in excess of the Financing Amount. This Contract and the Application are collectively referred to herein as the "Documents."

- B. Interest shall accrue on the unpaid principal balance of the Financing Amount from the date the Financing Instruments are issued. The Borrower acknowledges that Financing Amount will be recorded against the Property pursuant to Section 5898.30 of the California Streets and Highway Code and officially becomes a lien (the "Assessment Financing Lien") against the Property. The Financing Amount shall accrue interest at a rate of bond interest rate plus a margin for the Program, the combined rate shall not exceed _____ percent (____%) per annum. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a law which applies to the Contract sets maximum interest rates or charges in a manner as would cause the interest or other charges collected or to be collected in connection with the Contract to exceed the limits permitted by such laws, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to the permitted limit; and (ii) any sums already collected which exceed permitted limits will be refunded by the Authority if required by, and in the manner set by, law.

- C. The Borrower promises to pay to the Authority, without deduction or offset, the Financing Amount and the interest accrued thereon as provided herein. In addition, the Borrower promises to pay to the Authority, without deduction or offset, the reasonable costs which result from the administration and collection of assessments or from the administration or registration of any associated Financing Instruments issued for the Assessment Financing, including any reserve fund or other related funds associated with the Assessment Financing (the “Annual Administrative Assessment”). The Annual Administrative Assessment shall be the amount set forth in Exhibit “C” hereof. The Annual Administrative Assessment will include an additional fee for the County of _____’s (the “County”) cost for placing the assessment on the County property tax roll.
- D. The Financing Amount and the Annual Administrative Assessment, and the interest and any penalties thereon shall constitute the Assessment Financing Lien on the Property until they are paid. The installments of the Financing Amount shall be included on the property tax bill for the Property, and shall be subject to the same penalties, remedies, and lien priorities as are property taxes in the event of non-payment.
- E. The Borrower hereby voluntarily and expressly consents to the levy of the annual assessment and the Annual Administrative Assessment and the imposition of the Assessment Financing Lien on the Property as described herein and in the Act.
- F. The maximum amount of annual assessment as a result of the Assessment Financing on the Property is set forth in Exhibit “C” attached hereto and incorporated herein by this reference. Following the issuance of the Financing Instruments, the Program Administrator will determine the actual annual assessment amount based on the date of issuance and the actual interest rate of the Financing Instruments.
- G. The term of the Assessment Financing and this Contract is described in Exhibit “C” and shall be equal to the term of years of the Financing Instrument to be issued to fund the acquisition, installation and construction of the Improvements and shall not exceed a period of twenty (20) years.
- H. The outstanding principal balance of the Financing Amount may be prepaid, in whole or in part, at any time upon the payment of a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to Exhibit “C” attached hereto and incorporated herein by this reference. In addition, prepayment costs may also include trustee fees, Financing Instrument interest, and other related charges.
- I. The Borrower acknowledges and agrees that the Authority’s obligations hereunder are conditioned upon the Authority obtaining financing for the Improvements through the issuance of the Financing Instruments. The inability of the Authority to obtain such financing for any reason shall relieve the Authority of any and all of its obligations to the Borrower hereunder.

2. Use of Proceeds

All proceeds of the Assessment Financing shall be used for the purpose of paying for the reasonable costs and expenses of the Improvements on the Property, to pay costs of issuance of

the Financing Instrument, to fund capitalized interest on the Financing Instrument. In connection with that portion of the Assessment Financing used to pay for the costs and expenses of the Improvements, the Borrower shall comply with all requirements set forth herein and in the Application. The Borrower understands that the Authority will transfer the proceeds directly to the Contractor to pay for the Improvements in accordance with the guidelines outlined in the Report of the Authority as on file with the Authority.

Disbursement Procedures

- A. Notwithstanding anything to the contrary contained herein, the Authority shall have no obligation to disburse the funds for the Improvements to the Contractor(s) unless and until each of the following conditions are satisfied, or any such condition is expressly waived in writing by the Authority:
- (i) The receipt by the Authority of a written certification from Borrower and the Contractor that performed the Improvements, stating the actual cost of such Improvements for which disbursement is requested and stating that the installation of the Improvements is complete.
 - (ii) A site inspection of the Property by the Authority, and a determination by the Authority that the Improvements have been installed on the Property.
 - (iii) The receipt by the Authority of statements of Contractor(s), under penalty of perjury, and releases or waivers of lien, and any such other documents and instruments as the Authority may require, all in compliance with the requirements of applicable law.
 - (iv) Borrower has, as appropriate, executed and delivered to the Authority the Documents and such other documents or instruments pertaining to the financing or the Improvements as the Authority may require.
 - (v) As of the date of disbursement of the Financing Amount, nothing has come to the attention of the Authority which would lead the Authority to believe that the representations of the Borrower contained in the Documents are untrue, and no Default (as defined in Section 10 below) shall have occurred and be continuing.
 - (vi) No stop payment or mechanic's lien notice pertaining to the Improvements has been served upon the Borrower or Authority or recorded against the Property and which remains in effect.
 - (vii) The Authority shall have performed title verification (the "Title Report") in a form and substance acceptable to the Authority. The Authority may require the Borrower to take action to remove exceptions to the Title Report.
 - (viii) In the event that (a) the construction of the Improvements (including, but not limited to commencing the permit process) has not commenced within one hundred and eighty (180) days of the issuance of the Financing Instruments issued for the Financing Amount, or (b) all or a portion of the proceeds of the Financing Instruments issued for the Financing Amount are not utilized to fund the Improvements within two (2) years of the issuance thereof, any remaining balance or portion of Improvements shall not be funded

under this Contract and the Financing Amount shall not be tendered to the Contractor. Property owner shall be responsible for unpaid accrued interest on the Financing Instruments, any related pro-rata portion of the financing costs, as well as a five (5%) termination fee based on the outstanding principal amount.

- B. Borrower will, within ten calendar days (10) of presentation by the Authority, execute any and all documents or instruments required by the Documents in connection with the disbursement of the Financing Amount.
- C. Progress Payments. The foregoing Disbursement Procedures shall apply to progress payments to Contractor(s) for partially completed installation of the Improvements. If a progress payment is requested a fee as reasonably determined by the Program Administrator shall apply.

3. Reports

Borrower shall, upon the request of the Authority, deliver within thirty (30) days to the Authority, or, if appropriate, cause its Contractor(s) to deliver within thirty (30) days to the Authority, a written report regarding the status of installation of the Improvements.

4. Representations and Warranties of Borrower

Borrower represents and warrants that each representation and warranty set forth below is true, accurate and complete as of the date of this Contract. The disbursement of the Financing Amount shall be deemed to be a reaffirmation by the Borrower of each and every representation and warranty made by Borrower in this Contract.

- A. Formation and Authority. If Borrower is anything other than a natural person, it has complied with all applicable laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business. Borrower is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Documents, and all other documents and instruments delivered by Borrower to the Authority in connection therewith. This Contract and the Application have been duly executed and delivered by Borrower and are valid and binding upon and enforceable against the Borrower in accordance with their terms. No consent or approval of any third party, which has not been previously obtained by the Borrower, is required for the Borrower's execution of the Contract and the Application, or the performance of its obligations contained therein.
- B. Compliance with Law. Neither Borrower nor the Property is in violation of, and the terms and provisions of the Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting Borrower or the Property.
- C. No Violation. The terms and provisions of the Documents, the execution and delivery of the Documents by Borrower, and the performance by Borrower of its obligations contained therein, will not and do not conflict with or result in a breach of or a default

under any of the terms or provisions of any other contract, covenant or security instrument by which the Borrower or the Property is bound.

- D. Other Information. If Borrower is comprised of the trustees of a trust, the representations of this Section 4 shall also pertain to the trustor(s) of the trust. All reports, documents, instruments, information and forms of evidence which have been delivered to Authority concerning the Assessment Financing are accurate, correct and sufficiently complete to give Authority true and accurate knowledge of their subject matter.
- E. Lawsuits. There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Borrower which may materially impair Borrower's ability to perform its obligations hereunder.
- F. Borrower Not a "Foreign Person." Borrower is not a "foreign person" within the meaning of Section 1445(f) (3) of the Internal Revenue Code of 1986, as amended from time to time.
- G. No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Contract.
- H. Attribution of Benefit. Borrower confirms that based upon his knowledge and ownership of the Property, he voluntarily has attributed the percentages and amounts of benefit set out under the Act to each parcel and Borrower voluntarily and expressly consents to the Assessments so attributed.

5. Borrower's Covenants

Borrower covenants, as follows:

- A. Completion and Maintenance of the Improvements. Borrower shall cause Contractor to commence within thirty (30) days, construction of the Improvements, and diligently continue to completion, in a good and workmanlike manner and in accordance with sound construction and installation practices. Borrower shall maintain the Improvements in good condition and repair.
- B. Compliance with Law and Agreements. In commencing and completing the Improvements, Borrower shall comply with all existing laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Improvements and which are applicable to the Improvements, and with all recorded instruments, agreements, and covenants and restrictions affecting the Property.
- C. Permits, Licenses and Approvals. Borrower shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Improvements. Borrower, upon the request of the Authority, shall deliver within fifteen (15) days, copies of all such permits, licenses and approvals to the Authority.

- D. Site Visits. Borrower grants Authority, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Borrower, for the purposes of observing the Improvements. Authority will make reasonable efforts during any site visit to avoid interfering with Borrower's use of the Property. Borrower shall also allow Authority to examine and copy records and other documents of Borrower which relate to the Improvements. Authority is under no duty to visit the Property, or observe any aspects of the Improvements, or examine any records, and Authority shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by Authority shall be solely for the purposes of protecting Authority's rights under the Documents.
- E. Protection against Lien Claims. Borrower shall pay within thirty (30) days or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. Borrower shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.
- F. Insurance. Borrower shall provide, maintain and keep in force at all times during the term of this Contract, all risk property damage insurance on the Property, with a policy limit equal to the full replacement cost of the Improvements.
- G. Notices. Borrower shall notify Authority within fifteen (15) days 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.

6. 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 Authority may summarily refuse to make any disbursement for the Improvements, and in the event Borrower fails to furnish the Authority a bond or other credit instrument causing such notice or lien to be released within ten (10) days of notice from the Authority to do so, such failure shall at the option of Authority constitute a Default under the terms of this Contract. Borrower shall deliver within fifteen (15) days to the Authority copies of all such notices or liens.

7. Indemnification

- A. Borrower shall indemnify, defend, protect, and hold harmless the Authority, Program Administrator, any city or county which may have formed the assessment district, and any and all agents, employees, representatives and attorneys thereof (collectively, the "Authority Parties"), from and against all losses, liabilities, claims, damages (including but not limited to 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) any breach or Default by Borrower under the Documents, (ii) the Financing Amount and the Annual Administrative Assessment, (iii) the Improvements or the Property, or (iv) any other fact, circumstance or event related to Authority's extension of the Assessment Financing to Borrower or Borrower's

performance of its obligations under the Documents (collectively, the “Liabilities”), regardless of whether such Liabilities shall accrue or are discovered before or after the disbursement of the Financing Amount.

- B. The indemnity obligations described in this Section 7 shall survive the disbursement of the Financing Amount, the repayment of the financing, the transfer or sale of the Property by the Borrower, and the termination of this Contract.

8. Waiver of Claims

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

Borrower agrees and acknowledges that the assessment is not a “tax” as used in Section 1(e) of Article XIIC of the California Constitution and that if such assessment is a levy, charge, or exaction of any kind by the Authority, it is a charge imposed for a specific benefit conferred or privilege granted to Borrower that is not provided to those not charged, and which does not exceed the reasonable costs to the Authority of conferring the benefit or granting the privilege to Borrower. Borrower further knowing and voluntarily waives any otherwise applicable requirements for or rights granted under Article XIIC or XIIC pertaining to the assessment.

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

For and in consideration of the Authority’s execution and delivery of this Contract, Borrower, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under the Borrower, hereby waives the right to recover from and fully and irrevocably releases the Authority Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys’ fees and court costs, that Borrower may now have or hereafter acquire against any of the Authority Parties and accruing from or related to (i) the acquisition, construction, installation and use of the Improvements, (ii) any damage to or diminution in value of the Property that may result in connection with the Improvements, (iii) any personal injury, property damage or death that may result from the Improvements, (iv) 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, (v) the merchantability and fitness for any particular purpose, use or application of the Improvements, (vi) the amount of energy savings resulting from the Improvements, (vii) the workmanship of any third parties. This release includes claims, obligations, liabilities, causes of action, and damages of which Borrower is not presently aware or which Borrower does not suspect to exist which, if known by Borrower, would materially affect Borrower’s release of the Authority Parties. The waiver contained in this

paragraph shall exclude any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs incurred by Borrower arising from the gross negligence or willful misconduct of any Authority Party.

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

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

Borrower's Initials

The waivers and releases by Borrower contained in this Section 8 shall survive the disbursement of the Financing Amount, the repayment of the financing, the transfer or sale of the Property by the Borrower, and the termination of this Contract.

9. Further Assurances

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

10. Default

- A. Subject to the further provisions of this Section 10, the failure of any representation, covenant or warranty of the Borrower contained herein to be correct in all material respects, or the failure or delay by Borrower to perform any of its obligations under the terms or provisions of the Documents, shall constitute a default hereunder (“Default”). The Borrower must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in Sections 10(C) and (D) below, as applicable.
- B. The Authority shall give written notice of Default to Borrower, specifying the Default. Delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. All times for notice are calendar days.
- C. If a monetary event of Default occurs, prior to exercising any remedies under the Documents or the Act, Authority shall give Borrower written notice of such Default. Borrower shall have a period of thirty (30) days after such notice is given within which to cure the default prior to exercise of remedies by Authority.

- D. If a non-monetary event of default occurs, prior to exercising any remedies under the Documents or the Act, Authority shall give Borrower notice of such default. If the Default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by Authority under the Documents or the Act. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Borrower (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by Authority. However, in no event shall Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a Default, or if the Default is not cured within one hundred and twenty (120) days after the first notice of Default is given.
- E. If any Default occurs and has not been cured within the applicable time period, then, upon the election of Authority, (i) if there has been no disbursement of the Financing Amount, this Contract shall terminate and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder, or (ii) if the Financing Amount has been disbursed in whole or in part, Authority may terminate its obligations to make any further disbursement of the Financing Amount and exercise any or all of the rights and remedies available to it under applicable law, at equity or as otherwise provided herein.
- F. Any and all reasonable costs and expenses incurred by the Authority in pursuing its remedies hereunder shall be additional indebtedness of the Borrower to the Authority hereunder, and shall be secured and collected as provided in the Act.
- G. Except as otherwise expressly stated in this Contract, the rights and remedies of the Authority are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by the Authority, 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 Authority 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 Authority of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.
- H. Performance of the covenants and conditions imposed upon Borrower hereunder with respect to the commencement and completion of the Improvements and the timely utilization of the Financing Amount shall be excused while and to the extent that, Borrower is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of the Borrower; provided, however, that such event is not caused by the fault, negligence or misconduct of Borrower; and provided, further, as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Borrower shall immediately resume compliance therewith and performance thereof.
- I. In the event that (1) the construction of the Improvements (including, but not limited to commencing the permit process) has not commenced within one hundred and eighty (180) days of the date that the Authority has notified the Borrower pursuant to Section

13 below in writing of the issuance of the Financing Instruments issued for the Financing Amount, or (b) all or a portion of the proceeds of the Financing Instruments are not utilized to fund the Improvements within 2 years of the issuance of the Financing Instruments, the remaining Financing Amount shall not be tendered to the Contractor, and the Improvements shall not be funded under this Contract. The Authority shall have no further obligation hereunder.

11. Compliance with Local, State and Federal Laws

Borrower shall cause the Improvements to be constructed, in conformity with all applicable laws, including all applicable federal, state and local occupation, safety and health laws, rules, regulations and standards. Borrower agrees to indemnify, defend and hold the Authority Parties harmless from and against any cost, expense, claim, charge or liability relating to or arising directly or indirectly from any breach by, or failure of, Borrower or its contractor(s) or agents to comply with such laws, rules or regulations. The indemnification obligations described in Section 7 shall survive the disbursement of the Financing Amount, the repayment of the Financing Amount, and the termination of this Contract.

12. Severability

Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and contract. 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.

13. Notices

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

To Authority:

**CALIFORNIA ENTERPRISE DEVELOPMENT
AUTHORITY**
550 Bercut Drive, Suite G
Sacramento, CA 95811

and

FIGTREE Company, Inc.
9915 Mira Mesa Blvd. Suite 130
San Diego, CA 92131

To Borrower:

14. Attorneys' Fees and Costs

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

15. No Waiver

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

16. Governing Law

This Contract shall be governed by the laws of the State of California. Any legal action brought under this Contract must be instituted in the Superior Court of the County of San Diego, State of California.

17. Amendment of Contract

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

18. Authority May Assign: Role of the Authority

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

19. Borrower Assignment Prohibited

In no event shall Borrower assign or transfer any portion of this Contract or Borrower's rights or obligations under the Contract without the prior express written consent of Authority, which consent may be granted or withheld in the reasonable discretion of the Authority. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.

20. Notice to Subsequent Purchasers

Borrower agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an assessment lien for this Program, and to provide any subsequent purchaser a copy of this Contract.

21. Relationship of Borrower and Authority

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

22. General

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

23. Counterparts

This 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.

[SIGNATURES ON FOLLOWING PAGE]

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

**CALIFORNIA ENTERPRISE DEVELOPMENT
AUTHORITY, A joint powers authority**

By: _____

Name: _____

Its: Executive Director

Attest: _____

Name: _____

Its: Secretary

BORROWER NAME

By: _____
Property Owner

BORROWER NAME

By: _____
Property Owner

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

EXHIBIT "B"
DESCRIPTION OF THE PROPERTY AND IMPROVEMENTS

EXHIBIT "C"
**SCHEDULE OF FINANCING TERMS AND AMOUNT DETERMINATION,
 MAXIMUM ASSESSMENT INSTALLMENTS, AND PREPAYMENT PREMIUM**

1. Financing Terms

Improvement Amount	\$ _____
Term of Financing	____ years
Maximum Interest Rate ¹	_____%
Expected Issuance Date of Financing Instruments	_____

¹ Interest rate shall equal the bond interest rate plus ____ basis points representing the program fee, the combined rate shall not exceed _____percent (____%) per annum

2. Maximum Financing Amount Determination

Cost of Improvements	\$ _____
Cost of Issuance (____% of the Total Financing Amount)	\$ _____
Capitalized Interest (based on Expected Date above) through September 2, 20____	\$ _____
Application Fee Refund	\$ _____
Total:*	\$ _____

*Following the issuance of the Financing Instruments, the Program Administrator will adjust the Financing Amount and the Annual Assessment Installment amounts, if necessary, to reflect the actual interest rate and the actual date of the Financing Instrument sale.

3. Maximum Assessment Installments

Annual Debt Service [Principal & Interest]: Not to Exceed \$ _____
Annual Administrative Assessment: Not to Exceed ____% of Annual Debt Service
Annual County Administrative Cost: Not to Exceed \$40 per year

4. Prepayment Premium

The prepayment premium shall be calculated as a percentage of the outstanding principal balance of the Financing Amount as follows:

Prepayment Occurring Between	Amount
September 2, 20__ to September 1, 20__	_____%
September 2, 20__ to September 1, 20__	_____%
September 2, 20__ to September 1, 20__	_____%
September 2, 20__ to September 1, 20__	_____%
September 2, 20__ and thereafter	_____%

EXHIBIT C
Authorized Improvements

FIGTREE PACE

Eligible Energy & Water Efficiency Measures (the “Improvements”)

The Program offers financing for a number of water and energy efficiency measures, solar systems, and other innovative, energy-saving measures. The energy and water efficiency measures listed in this section are meant to serve as examples of the types of measures that qualify for Program financing. CEDA and/or Figtree reserves the right to make a final determination as to whether any particular energy and/or water efficiency measure will ultimately qualify.

Energy Efficiency Equipment / Measures

- Lighting
- Lighting fixture replacement
- Dimmable lighting
- Air Conditioning & Heating
- Air heating, ventilation, and air conditioning systems
- Furnaces and boilers
- Air conditioners and condensing units
- Packaged terminal air conditioners and heat pumps
- Closed Loop Cooling
- Air conditioner condensate recovery
- Building Infrastructure & Management
- HVAC Duct Zoning
- Skylights
- Insulation
- Pipe insulation
- Exterior doors
- Occupancy sensors
- Heat rejection equipment
- Compressor controls
- Equipment scheduling
- Programmable thermostats
- Electric Vehicle Plug-In
- Building Equipment
- Refrigerated coolers
- Water chillers
- Variable Speed Drive pump motor upgrades
- Air handler fan upgrades
- Economizers
- Ozone laundry system
- Carbon Dioxide or Silicon based dry cleaning system
- Dry Hood Exhaust systems

Pool Equipment

- Pool circulating pumps (must be Variable Flow and/or Multi-speed with controllers)
- Natural gas pool heaters

Solar Equipment / Renewable Energy Generation

Solar Panels or Photovoltaic (PV) Systems are solar cells that capture the heat from the sun and convert it directly into electricity. PV Systems that meet applicable fire and electrical code requirements qualify for Program funding. Such equipment may include solar leases where such leases meet requirements of the PACE Program.

Solar electricity generating equipment includes:

- Solar thermal systems (hot water)
- Solar thermal systems for pool heating
- Photovoltaic systems (electricity)
- Battery back-up systems will be allowed
- Funding for off-grid systems will be allowed
- PV systems can be sized to accommodate plug-in electric vehicles
- Plug in stations
- Emerging technologies
- Nano/thin film photovoltaic
- High intensity (parabolic solar panels)
- Battery back-up systems will be allowed
- Funding for off-grid systems will be allowed

Other electricity generating equipment includes:

- Small wind turbines
- Fuel Cells

Water Conservation Measures

- High efficiency toilets
- Low flow shower heads
- Bathroom sink aerators
- Hot water delivery options
- Hot water recirculation systems and on-demand hot water systems
- Whole house manifold system or core plumbing systems
- Demand initiation or instantaneous hot water heaters
- Demand initiated water softeners
- Hot water pipe insulation
- Evapotranspiration irrigation systems or smart irrigation controllers
- Permanently installed rainwater cisterns

- Matched precipitation rate sprinkler heads
- High efficiency outdoor irrigation
- Pre-rinse spray valves
- Waterless urinals or low flow urinals
- Bathroom sink aerators
- Industrial process water use reduction
- Recycled water source
- Deionization
- Filter upgrades
- Cooling condensate reuse
- Foundation drain water
- Cooling tower conductivity controllers
- High efficiency outdoor irrigation
- Smart irrigation systems / controllers

ENERGY STAR

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

Energy Star requirements are anticipated to "ratchet up" to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus the Program will evolve with Energy Star and the market for energy-efficient technologies.

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

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

EXHIBIT D
Applications for Financing

Application for Figtree PACE Financing for Commercial Properties

This Application requests the information we will need to determine your commercial property's eligibility for Figtree PACE financing. Filling out this Application will take about 15 minutes. Information found on your property tax bill and mortgage documents, if applicable, will help you complete this form. There is no fee to apply.

You may contact a Figtree PACE representative for assistance by calling 877-577-7373.

1. Determine the eligibility of your Commercial Property.

To qualify, each of the following statements must be True.

True False

- I am/we are the property owner of record (legal owner)
- Property taxes are current and have not been delinquent in the past 3 years or since owning the property, if less than 3 years.
- I am/we are not in bankruptcy and have not been in bankruptcy in the past 5 years.
- The property is not listed as an asset in a current bankruptcy.
- There are no federal or state income tax liens, judgment liens or similar involuntary liens on the property in amounts exceeding \$1,000.

Please answer the following questions regarding mortgage(s) on the property.

Yes No

- Is this property mortgaged?

If the property is mortgaged, the following statements must be True:

True False

- The current mortgage balance does not exceed the total value of the property.
(Use value as found on property tax bill or as determined by an Appraisal Institute MAI Designated appraiser within the past 90 days.)
- Mortgage payments on the property are current and have not been delinquent in the past 3 years or since owning the property, if less than 3 years.

2. Tell us about your Commercial Property.

What is the physical property address as listed on the property tax record?

		CA	
Street Address	City	State	ZIP

What is the Assessor's Parcel Number(s) for the property?

--

Which of the following best describes your Commercial Property?

- Factory
- Hotel/ Motel/ Resort
- HOA Clubhouse
- Industrial
- Multi-family (5 or more units)
- Office building
- Packing plant
- Parking lot
- Ranch or farm
- Restaurant
- Retail/ Shopping mall
- Warehouse
- Winery or vineyard
- Other: _____

3. Tell us about your Project.

If known, what kind of improvements would you like to finance?

- | | |
|---|--|
| <input type="checkbox"/> Solar panels (photovoltaic) | <input type="checkbox"/> Low energy light fixtures and lighting controls |
| <input type="checkbox"/> Solar panels (thermal hot water) | <input type="checkbox"/> HVAC (Heating/ Air Conditioning) |
| <input type="checkbox"/> Low flow water fixtures and toilets | <input type="checkbox"/> Attic and/or ceiling fans |
| <input type="checkbox"/> Low flow irrigation systems and controls | <input type="checkbox"/> High-efficiency windows |
| <input type="checkbox"/> Insulation and/or weatherization | <input type="checkbox"/> High-efficiency pool pumps |
| <input type="checkbox"/> Efficient roofs | <input type="checkbox"/> Fuel cells |
| <input type="checkbox"/> Skylights | <input type="checkbox"/> Electric vehicle plug-in (solar sourced) |
| <input type="checkbox"/> Wind power | <input type="checkbox"/> Other: _____ |

If known, what is the estimated installed cost of your energy project?

\$

If known, which contractor would you like to install/construct your improvements?

--

4. Tell us about the Property Owner (“Borrower”).

Which best describes the property’s legal ownership? (Select one)

Note: If the property is owned by an entity other than a natural person, please provide supporting documents identifying the entity’s authorized signers.

- Owned by individual(s)
- Owned by a trust
- Owned by a partnership, limited liability company, or corporation
- Other (please describe) _____

What is the Borrower’s legal name as it appears on the property tax record?

Note: The last four digits of the Borrower’s Social Security Number will be used to verify that Borrower is not in bankruptcy and has not been in bankruptcy in the past five years. Provide Borrower’s Tax Identification Number if Property is owned by a business entity.

--	--

Owner 1 Name

Tax Identification Number or Last four digits of SSN

--	--

Owner 2 Name

Tax Identification Number or Last four digits of SSN

--	--

Owner 3 Name

Tax Identification Number or Last four digits of SSN

--	--

Owner 4 Name

Tax Identification Number or Last four digits of SSN

Who is the primary contact for the property regarding Figtree PACE financing?

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Name/ Title

Email

Preferred Phone

5. Tell us about the Mortgage.

Skip to Section 6 if there is no mortgage on the property.

For mortgaged properties, Figtree requires written Lender Acknowledgment to protect Borrower from potential breach of mortgage covenants, which may result in penalties and/or acceleration of the mortgage.

Provide your mortgage lender's contact information below and submit the following with this Application:

- A copy of the most recent mortgage statement
- A copy of the mortgage documents (including note, deed of trust or other mortgage agreement)

Note: In order for Figtree to initiate the Lender Acknowledgment process, you must execute the form of Authorization to Furnish and Release Information attached to this Application.

Lender 1

Name of Lending Institution or Lender

Contact Name

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Email

Phone Number

Account Number

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Account Balance

as of [Date of Balance]

Lender 2

Name of Lending Institution or Lender

Contact Name

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Email

Phone Number

Account Number

<input type="text"/>	<input type="text"/>
----------------------	----------------------

Account Balance

as of [Date of Balance]

6. Disclosures Regarding Assessment Financing

What is Figtree PACE? Figtree Energy Financing ("Figtree") is the administrator of the Figtree PACE program, which has been adopted by the California Enterprise Development Authority ("CEDA") and certain cities and counties that are members of CEDA. Figtree PACE provides assessment financing to participating property owners pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10) for the installation of energy efficiency, water efficiency and renewable energy improvements (the "Improvements") that are permanently affixed to the owner's real property (the "Property").

Execution of Assessment Financing Contract. Each financing will be made pursuant to an Assessment Financing Contract between CEDA and Borrower. Subsequent to approval of this Application by Figtree, Borrower must enter into an Assessment Financing Contract with CEDA in order to obtain financing for qualified Improvements. Figtree will provide the Assessment Financing Contract to Borrower when the scope of Improvements has been finalized by a Figtree Independent Contractor and Lender Acknowledgment has been received, if applicable. Borrower must submit to Figtree a qualifying proposal for work and such proposal must be signed by both the issuing Figtree Independent Contractor and Borrower. Figtree will provide an estimated amortization schedule for the amount of financing required for the proposed improvements.

How it Works. The financing will be secured by and be repayable through an assessment lien levied against the Property (the "Assessment"). Each year until the financing is fully repaid, assessment installments (including principal, interest and administrative costs) will be collected on the property tax bill for the Property in the same manner and at the same time as general property taxes. **Assessment installments will be subject to the same penalties, remedies (including foreclosure and sale of the property), and lien priorities as property taxes in the event of delinquency.**

Priority of Lien. The Assessment and each installment thereof, and any interest and penalties thereon, will constitute a lien against the Property until paid even though prior to full payment the Property is conveyed to another person. The Assessment will be recorded against the Borrower's Property in the office of the County Recorder in the county in which the Property is situated. The Assessment will be paramount to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.

Default of Other Agreements. Before completing this Application, Borrower should carefully review any agreement(s) or security instrument(s) which affect the Property or to which Borrower is a party. **ENTERING INTO A FIGTREE PACE PROGRAM ASSESSMENT FINANCING CONTRACT WITHOUT THE ACKNOWLEDGMENT OF BORROWER'S EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE BORROWER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT.**

Lender Acknowledgment (for Mortgaged Properties). Under the Figtree PACE program, Lender Acknowledgment is required before financing is approved. Figtree may assist with the Lender Acknowledgment process where applicable. If you, the Borrower, have any questions regarding any agreements or security instruments which affect the Property or to which you are a party or your authority to enter into an Assessment Financing Contract with CEDA, please consult with your own legal counsel and/or your lender(s). CEDA AND/OR FIGTREE STAFF WILL NOT PROVIDE PROPERTY OWNERS WITH ADVICE REGARDING EXISTING AGREEMENTS OR SECURITY INSTRUMENTS.

Figtree will send notice requesting Lender Acknowledgment via certified mail to all mortgage lenders listed in Borrower's mortgage loan agreement, promissory note, deed of trust, and/or other security agreements as applicable (collectively the "Mortgage Documents"), as listed in a title report obtained by Figtree.

If there is no written Lender Acknowledgment received from the mortgage lender(s) within 30 days after the postmarked date of the Lender Acknowledgment, (the "Lender Acknowledgment Period"), Borrower may request Figtree to proceed with providing financing pursuant to this Application. Figtree will review such a request and may determine to proceed with providing financing subject to additional disclosures or documents which may be required by Figtree.

Application Does Not Guarantee Financing: The obligations of CEDA to finance any Improvements are conditioned upon obtaining financing for the Improvements through the issuance of Financing Instruments, which may include bonds, notes or other instruments. The inability of CEDA to obtain such financing for any reason shall relieve CEDA of any and all of its obligations to the Borrower.

Acknowledgement

I/We acknowledge that I/we have received the Disclosures Regarding Assessment Financing and agree to the terms.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date

7. Disclosures Regarding Interest Rates, Fees and Qualifications

Interest Rates and Terms Disclosures	
Tier 1 Interest Rate	Not to exceed 7.25%* <i>For financed amounts up to 10% of Total Property Value</i>
Tier 2 Interest Rate	Not to exceed 7.99%* <i>For financed amounts greater than 10% and up to 20% of Total Property Value</i>
Minimum Financing	\$5,000
Maximum Financing	Not to exceed 20% of the Total Property Value.
Payments	Payment is due semi-annually at the same time as property taxes. Assessment installments are payable to the tax collector of the county in which the property is situated.
Terms	Assessments are available in 5, 10, 15 and 20 year terms, not to exceed the useful life of the improvements. Due to the timing of payments through the property tax bill, payments may be amortized over a number of years one or two years fewer than the chosen assessment term depending on the date of project funding.
Rebates and Incentives	Improvements may be eligible for rebates and/or incentives. Figtree does not assist with processing rebates and/or incentives. All processing of rebates and/or incentives is between the property owner and the party offering the rebate and/or incentive.
No Personal Guarantee	Figtree PACE assessments are land-secured and require no personal guarantee.
Capitalized Interest	Any interest accruing from the time of fund allocation to the next applicable debt service payment will be capitalized (added to the assessment). Figtree will notify the property owner of the estimated amount of capitalized interest before the property owner executes an Assessment Financing Contract.

**Rate subject to change based on market conditions and term of financing.*

Fees	
Processing Fee	A fee of \$695 will be added to the total amount of the assessment at the time of closing. An additional \$100 charge will apply to each of any additional parcels in connection with the assessment. This fee pays for costs incurred in processing each application, including a title search to verify property ownership and any liens on the property.
Annual Administrative Fee	An annual charge of \$30 for every \$1,000 of the <u>annual</u> assessment amount will be incurred for recovery of the program's administrative costs.
Cost of Issuance	Figtree charges a closing fee of 4% of the total financing to cover costs of issuing bonds to fund projects. This fee is not an out-of-pocket expense for the property owner, but apportioned from the total financing.
Progress Payment Fee (Incurred by Contractor)	A fee of \$495 will be charged to any Contractor requesting a progress payment for partially completed purchase, installation or construction of Improvements. Contractors may draw a total of two (2) progress payments in addition to a final payment for completed work.

Pre-Payment

Pre-Payment Fee	The assessment can be paid off prior to maturity. Early retirement of the Figtree PACE assessment will incur a Pre-Payment Fee calculated on the amount being paid off, according to the following schedule.
------------------------	--

If pre-paid in years:	Pre-Payment Fee:
-----------------------	------------------

Years 1 – 7	5%
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Years 8 – 10	3%
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Years 11 – 20	None
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Qualifications

Legal Owner	Borrower must be the property owner of record.
--------------------	--

Current on Taxes	Borrower must be current on property taxes owed on the Property and must not have been delinquent in the past three (3) years or since owning the property, if less than 3 years.
-------------------------	---

Current on Mortgage (if applicable)	If the property is mortgaged, the Borrower must be current on mortgage payments and must not have been delinquent in the past three (3) years or since owning the property, if less than 3 years.
--	---

No Bankruptcy	Borrower must not be in bankruptcy and must not have been in bankruptcy in the past five (5) years. The property must not be an asset in bankruptcy.
----------------------	--

Value-to-Lien Not "Underwater"	The outstanding mortgage must not be an amount greater than the property's total assessed value (Owner must not be "underwater"). An appraised value can be used if the assessed total value is deemed inaccurate.
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Lender Acknowledgment	If the property is encumbered by a mortgage, deed of trust or other financing instrument, written lender acknowledgment of the PACE lien is required. See "Section 6: Disclosures Regarding Assessment Financing" of this Application for more information.
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Acknowledgement

I/We acknowledge that I/we have received the Disclosures Regarding Rates, Fees, and Other Information and agree to the terms. I/we also understand that a Figtree PACE financing amount and annual assessment payment will be calculated based on the fees and criteria described herein. Such financing amount and annual assessment payment will be presented on a not-to-exceed basis in the Assessment Financing Contract, which must be executed by the Property Owner prior to issuance of funds.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
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Date	Date	Date	Date
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8. Assignment of Green Attributes to Figtree Energy Resource Company

Certain Green Attributes may arise from the Improvements financed through the Figtree PACE program. Where applicable, Figtree Energy Financing may aggregate Green Attributes from the Improvements.

Owner acknowledges that any Green Attributes, including renewable energy credits attributable to the Improvements, shall be owned by Figtree Energy Financing.

Green Attributes

The undersigned participating Property Owner in the Figtree PACE program hereby provides and conveys all Green Attributes, including Renewable Energy Credits ("REC"), associated with all electricity generation from the Improvements to Figtree Energy Financing. Property Owner represents and warrants that Property Owner holds the rights to all Green Attributes (including REC) from the Improvements, and Property Owner agrees to convey and hereby conveys all such Green Attributes (including REC) to Figtree Energy Financing.

Definitions

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Improvements, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

"Renewable Energy Credit" has the meaning set forth in Public Utilities Code Section 399.12(f), as may be amended from time to time or as further defined or supplemented by Law.

Acknowledgement

I/We acknowledge that I/we have received the Assignment of Green Attributes to Figtree Energy Financing and agree to the terms.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date

9. Declarations and Acknowledgments

By signing this Application below, the undersigned hereby declares under penalty of perjury under the laws of the State of California all of the following:

1. **Ownership:** I/(we) am/(are) current owner(s) of record of the Property described herein.
2. **No Bankruptcy:** I/(we) have not, and the Property described herein has not, been involved in a bankruptcy proceeding in the past five (5) years.
3. **No Delinquency:** I/(we) have been current on all mortgage(s) or other loan(s) secured by the Property and all property taxes for the past (3) three years, or since owning the Property if less than 3 years.
4. **Information:** That (i) the information provided in this Application is true and correct and (ii) that I/(we) understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties and liability for monetary damages to the California Enterprise Development Authority ("CEDA") and/or the City and County Agencies in which the Property resides, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/(we) have made in this Application.
5. **Assessment Financing Contract Authority:** I/(we) am/(are) applying for assessment financing pursuant to the Figtree PACE program. **I/(we) understand that I/(we) must execute an Assessment Financing Contract with CEDA in order to receive financing** and I/(we) have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Assessment Contract, this Application, and the various documents and instruments referenced herein.
6. **Default of other agreements:** I/(we) have read the "Default of Other Agreements" and "Lender Acknowledgment" provisions in the Disclosure Regarding Assessment Financing and understand that participation in the Figtree PACE financing program will require the acknowledgment of my/our mortgage lender if the property is mortgaged and a lender may not grant acknowledgement in some cases. I/(we) am/(are) responsible for obtaining the lender's acknowledgment prior to executing the Assessment Financing Contract.
7. **Improvements Representations:**
 - a. I/(we) agree that the selection of product(s), equipment, and/or measures referenced in this Application (the "Equipment"), the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and the decision regarding the purchase, installation and ownership maintenance of the Equipment is/are my/(our) sole responsibility and that I/(we) do not rely upon any representations or recommendations of Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the property is situated, in making such selection or decision.
 - b. I/(we) understand that Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the Property is situated, makes no warranty, whether express or implied, including without limitation, the implied warranties of merchantability and fitness for any particular purpose, use or application of the Equipment.
 - c. I/(we) agree that Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the property resides, has no liability whatsoever concerning (i) the quality or safety of the Equipment, including its fitness for any purpose, (ii) the estimated energy savings produced by the Equipment, (iii) the workmanship of any third parties, (iv) the installation or use of the Equipment including, but not limited to, any effect on indoor pollutants, or any other matter with respect to the Figtree PACE program.

d. I/(we) understand that I/(we) is/are responsible for meeting the requirements and complying with all the applicable Federal/State/County/City laws and any agreement which affects the use of the Property, including homeowners' association (HOA) regulations, if any.

8. Indemnification and Waiver of Claims: I/(we) agree to indemnify, and waive the right to recover from, CEDA, Figtree, any City or County from and against all losses, liabilities, claims, damages, etc. arising out of this Financing including (i) Documents, (ii) the Improvements, (iii) any breach or default by me/(us), (iv) damage to my Property, (v) personal injury or death, (vi) merchantability and fitness of Improvements, (vii) the amount of energy savings, (viii) the workmanship of third parties, and (ix) any other matter with respect to this the Figtree PACE program.

Acknowledgement

I/We acknowledge that I/we have received the Declarations and Acknowledgments and agree to the terms.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date

Application Attachments Checklist

Please check to see if any of the following apply.

- Copy of incorporation or supporting documents identifying authorized signers (*if applicable*)
- Copy of most recent mortgage statement (*if applicable*)
- Copy of mortgage documents (*if applicable*)
- Signed *Authorization to Furnish and Release Information* (*See following page, if applicable*)
- Check for Application Fee

Authorization to Furnish and Release Information

To:

Name of Mortgage Lender

Date

RE: Loan Number:

Borrower Name(s):

Property Address:

Property City, State, ZIP:

Last 4 Digits of Social Security Number
or Tax Identification Number

I, _____ [Borrower], currently residing at
_____ [Current Address], County of _____,
State of _____, hereby authorize _____ [Mortgage Lender]
to discuss, release, furnish and provide information related to my Loan Number _____ to
Figtree Company, Inc. (DBA Figtree Energy Financing), 9915 Mira Mesa Boulevard, Suite 130, San Diego,
California 92131.

Signed by:

Owner 1 Signature

Owner 2 Signature

Owner 3 Signature

Owner 4 Signature

Date

Date

Date

Date

Application for FIGTREE PACE Financing for Residential Properties

This Application requests the basic information we will need to determine the amount of FIGTREE PACE financing available for your property improvement project. Filling out the Application will take just a moment of your time. There is no fee to apply.

You may contact a FIGTREE PACE representative for assistance by calling 877-577-7373.

1. Determine the eligibility of your Residential Property for financing.

A "No" answer is required for each of these questions.

Yes No

- As the property owner, are you in bankruptcy?
- Is the property listed as an asset in a current bankruptcy?
- Are there any federal or state income tax liens, judgment liens or similar involuntary liens on the property in amounts exceeding \$1,000?
- If there is/are a mortgage(s), does the total amount currently owed exceed the total assessed value of the property (as found on property tax bill)?

A "Yes" answer is required for each of these questions.

Yes No N/A

- Are the property taxes for this property current?
- If there is a mortgage on the property, is it a "jumbo" (non-conforming) loan?
- If there is a mortgage on the property, is it current?

2. Tell us about your property.

A copy of your property tax bill will provide the information requested in this section.

What is the physical property address as listed on the property tax record?

		CA	
Street Address	City	State	ZIP

What is the Assessor's Parcel Number(s) for the property?

Which best describes the property's legal ownership? (Select one)

Note: If the property is owned by a trust, partnership, LLC or corporation, please provide supporting documents identifying authorized signers.

- Owned by individual(s)
- Owned by a trust
- Owned by a partnership
- Owned by a limited liability company (LLC)
- Owned by a corporation
- Other

If known, what kind of improvements would you like to finance?

3. Tell us about the property owner.

What is the property owner's legal name as it appears on the property tax record?

The last four digits of the property owner's SSN will be used to verify bankruptcy eligibility.

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Owner 1

Owner 2

	OR	XXX-XX-
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Tax Identification Number (if owned by business entity)

OR

Last four digits of owner's Social Security Number

--

List additional owners

Who is the primary contact for the property regarding FIGTREE PACE financing?

--	--	--

Name

Email

Preferred Phone

--	--	--	--

Street Address

City

State

ZIP

What is the relationship between the primary contact and the property? (Select one)

- Owner
- Trustee
- Partner
- Representative of the company that owns the property
- Other

4. Mortgage Lender Consent

For mortgaged properties, the Lender Consent requirement has been instituted to protect participating property owners from acceleration of mortgage payments under "due on encumbrance" or similar clauses found in some mortgage contracts.

Is there a mortgage on this property?

- Yes
- No

If you answered "Yes," FIGTREE requires your mortgage lender's consent to place a PACE lien on the property in order to provide FIGTREE PACE financing. FIGTREE may assist with obtaining this consent.

If applicable, please provide your mortgage lender's contact information and a copy of the most recent mortgage statement for the property.

--	--

Name

Email

--	--	--	--

Street Address

City

State

ZIP

--	--

Preferred Phone

Account Number

5. Disclosures Regarding Rates, Fees, and Other Information

Interest Rates and Terms Disclosures	
Tier 1 Interest Rate	Not to exceed 7.25%* <i>For financed amounts up to 10% of Total Property Value</i>
Tier 2 Interest Rate	Not to exceed 7.99%* <i>For financed amounts greater than 10% and up to 20% of Total Property Value</i>
Minimum Financing	\$5,000
Maximum Financing	Not to exceed 20% of the Total Property Value.
Payments	Payment is due semi-annually at the same time as property taxes. Assessment installments are payable to the tax collector of the county in which the property is situated.
Terms	Assessments are available in 5, 10, 15 and 20 year terms, not to exceed the useful life of the improvements. Due to the timing of payments through the property tax bill, payments may be amortized over a number of years one or two years fewer than the chosen assessment term depending on the date of project funding.
Rebates and Incentives	Improvements may be eligible for rebates and/or incentives. Figtree does not assist with processing rebates and/or incentives. All processing of rebates and/or incentives is between the property owner and the party offering the rebate and/or incentive.
No Personal Guarantee	Figtree PACE assessments are land-secured and require no personal guarantee.
Capitalized Interest	Any interest accruing from the time of fund allocation to the next applicable debt service payment will be capitalized (added to the assessment). Figtree will notify the property owner of the estimated amount of capitalized interest before the property owner executes an Assessment Financing Contract.

**Rate subject to change based on market conditions and term of financing.*

Fees	
Processing Fee	A fee of \$695 will be added to the total amount of the assessment at the time of closing. An additional \$100 charge will apply to each of any additional parcels in connection with the assessment. This fee pays for costs incurred in processing each application, including a title search to verify property ownership and any liens on the property.
Annual Administrative Fee	An annual charge of \$30 for every \$1,000 of the <u>annual</u> assessment amount will be incurred for recovery of the program's administrative costs.
Cost of Issuance	Figtree charges a closing fee of 4% of the total financing to cover costs of issuing bonds to fund projects. This fee is not an out-of-pocket expense for the property owner, but apportioned from the total financing.
Progress Payment Fee (Incurred by Contractor)	A fee of \$495 will be charged to any Contractor requesting a progress payment for partially completed purchase, installation or construction of Improvements. Contractors may draw a total of two (2) progress payments in addition to a final payment for completed work.

Pre-Payment	
Pre-Payment Fee	The assessment can be paid off prior to maturity. Early retirement of the Figtree PACE assessment will incur a Pre-Payment Fee calculated on the amount being paid off, according to the following schedule.
If pre-paid in years:	Pre-Payment Fee:
Years 1 - 7	5%
Years 8 – 10	3%
Years 11 - 20	None

Qualifications	
Legal Owner	Borrower must be the property owner of record.
Current on Taxes	Borrower must be current on property taxes owed on the Property and must not have been delinquent in the past three (3) years or since owning the property, if less than 3 years.
Current on Mortgage (if applicable)	If the property is mortgaged, the Borrower must be current on mortgage payments and must not have been delinquent in the past three (3) years or since owning the property, if less than 3 years.
No Bankruptcy	Borrower must not be in bankruptcy and must not have been in bankruptcy in the past five (5) years. The property must not be an asset in bankruptcy.
Value-to-Lien Not "Underwater"	The outstanding mortgage must not be an amount greater than the property's total assessed value (Owner must not be "underwater"). An appraised value can be used if the assessed total value is deemed inaccurate.
Lender Acknowledgment	If the property is encumbered by a mortgage, deed of trust or other financing instrument, written lender acknowledgment of the PACE lien is required. See "Section 6: Disclosures Regarding Assessment Financing" of this Application for more information.

Acknowledgement

I/We acknowledge that I/we have received the Disclosures Regarding Rates, Fees, and Other Information and agree to the terms. I/we also understand that a Figtree PACE financing amount and annual assessment payment will be calculated based on the fees and criteria described herein. Such financing amount and annual assessment payment will be presented on a not-to-exceed basis in the Assessment Financing Contract, which must be executed by the Property Owner prior to issuance of funds.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date

6. Disclosures Regarding Assessment Financing

What is Figtree PACE? Figtree Energy Financing ("Figtree") is the administrator of the Figtree PACE program, which has been adopted by the California Enterprise Development Authority ("CEDA") and certain cities and counties that are members of CEDA. Figtree PACE provides assessment financing to participating property owners pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10) for the installation of energy efficiency, water efficiency and renewable energy improvements (the "Improvements") that are permanently affixed to the owner's real property (the "Property").

Execution of Assessment Financing Contract. Each financing will be made pursuant to an Assessment Financing Contract between CEDA and Borrower. Subsequent to approval of this Application by Figtree, Borrower must enter into an Assessment Financing Contract with CEDA in order to obtain financing for qualified Improvements. Figtree will provide the Assessment Financing Contract to Borrower when the scope of Improvements has been finalized by a Figtree Independent Contractor and Lender Acknowledgment has been received, if applicable. Borrower must submit to Figtree a qualifying proposal for work and such proposal must be signed by both the issuing Figtree Independent Contractor and Borrower. Figtree will provide an estimated amortization schedule for the amount of financing required for the proposed improvements.

How it Works. The financing will be secured by and be repayable through an assessment lien levied against the Property (the "Assessment"). Each year until the financing is fully repaid, assessment installments (including principal, interest and administrative costs) will be collected on the property tax bill for the Property in the same manner and at the same time as general property taxes. **Assessment installments will be subject to the same penalties, remedies (including foreclosure and sale of the property), and lien priorities as property taxes in the event of delinquency.**

Priority of Lien. The Assessment and each installment thereof, and any interest and penalties thereon, will constitute a lien against the Property until paid even though prior to full payment the Property is conveyed to another person. The Assessment will be recorded against the Borrower's Property in the office of the County Recorder in the county in which the Property is situated. The Assessment will be paramount to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.

Default of Other Agreements. Before completing this Application, Borrower should carefully review any agreement(s) or security instrument(s) which affect the Property or to which Borrower is a party.

ENTERING INTO A FIGTREE PACE PROGRAM ASSESSMENT FINANCING CONTRACT WITHOUT THE ACKNOWLEDGMENT OF BORROWER'S EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE BORROWER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT.

Lender Acknowledgment (for Mortgaged Properties). Under the Figtree PACE program, Lender Acknowledgment is required before financing is approved. Figtree may assist with the Lender Acknowledgment process where applicable. If you, the Borrower, have any questions regarding any agreements or security instruments which affect the Property or to which you are a party or your authority to enter into an Assessment Financing Contract with CEDA, please consult with your own legal counsel and/or your lender(s). CEDA AND/OR FIGTREE STAFF WILL NOT PROVIDE PROPERTY OWNERS WITH ADVICE REGARDING EXISTING AGREEMENTS OR SECURITY INSTRUMENTS.

Figtree will send notice requesting Lender Acknowledgment via certified mail to all mortgage lenders listed in Borrower's mortgage loan agreement, promissory note, deed of trust, and/or other security agreements as applicable (collectively the "Mortgage Documents"), as listed in a title report obtained by Figtree.

If there is no written Lender Acknowledgment received from the mortgage lender(s) within 30 days after the postmarked date of the Lender Acknowledgment, (the "Lender Acknowledgment Period"), Borrower may request Figtree to proceed with providing financing pursuant to this Application. Figtree will review such a request and may determine to proceed with providing financing subject to additional disclosures or documents which may be required by Figtree.

Application Does Not Guarantee Financing: The obligations of CEDA to finance any Improvements are conditioned upon obtaining financing for the Improvements through the issuance of Financing Instruments, which may include bonds, notes or other instruments. The inability of CEDA to obtain such financing for any reason shall relieve CEDA of any and all of its obligations to the Borrower.

Acknowledgement

I/We acknowledge that I/we have received the Disclosures Regarding Assessment Financing and agree to the terms.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date

7. Declarations and Acknowledgments

By signing this Application below, the undersigned hereby declares under penalty of perjury under the laws of the State of California all of the following:

1. **Ownership:** I/(we) am/(are) current owner(s) of record of the Property described herein.
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4. **Information:** That (i) the information provided in this Application is true and correct and (ii) that I/(we) understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties and liability for monetary damages to the California Enterprise Development Authority ("CEDA") and/or the City and County Agencies in which the Property resides, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/(we) have made in this Application.
5. **Assessment Financing Contract Authority:** I/(we) am/(are) applying for assessment financing pursuant to the Figtree PACE program. **I/(we) understand that I/(we) must execute an Assessment Financing Contract with CEDA in order to receive financing** and I/(we) have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Assessment Contract, this Application, and the various documents and instruments referenced herein.
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 - a. I/(we) agree that the selection of product(s), equipment, and/or measures referenced in this Application (the "Equipment"), the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and the decision regarding the purchase, installation and ownership maintenance of the Equipment is/are my/(our) sole responsibility and that I/(we) do not rely upon any representations or recommendations of Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the property is situated, in making such selection or decision.
 - b. I/(we) understand that Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the Property is situated, makes no warranty, whether express or implied, including without limitation, the implied warranties of

merchantability and fitness for any particular purpose, use or application of the Equipment.

- c. I/(we) agree that Figtree, the Figtree PACE program, CEDA and/or the City and County Agencies in which the property resides, has no liability whatsoever concerning (i) the quality or safety of the Equipment, including its fitness for any purpose, (ii) the estimated energy savings produced by the Equipment, (iii) the workmanship of any third parties, (iv) the installation or use of the Equipment including, but not limited to, any effect on indoor pollutants, or any other matter with respect to the Figtree PACE program.
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8. Indemnification and Waiver of Claims: I/(we) agree to indemnify, and waive the right to recover from, CEDA, Figtree, any City or County from and against all losses, liabilities, claims, damages, etc. arising out of this Financing including (i) Documents, (ii) the Improvements, (iii) any breach or default by me/(us), (iv) damage to my Property, (v) personal injury or death, (vi) merchantability and fitness of Improvements, (vii) the amount of energy savings, (viii) the workmanship of third parties, and (ix) any other matter with respect to this the Figtree PACE program.

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Date	Date	Date	Date

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Definitions

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Improvements, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

"Renewable Energy Credit" has the meaning set forth in Public Utilities Code Section 399.12(f), as may be amended from time to time or as further defined or supplemented by Law.

Acknowledgement

I/We acknowledge that I/we have received the Assignment of Green Attributes to Figtree Energy Financing and agree to the terms.

Owner 1 Signature	Owner 2 Signature	Owner 3 Signature	Owner 4 Signature
Date	Date	Date	Date