



California**FIRST**TM
EFFICIENCY FINANCING

PACE Overview for Monterey County Alternative Energy and Environment Committee

September 22, 2016

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RENEW
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An innovative finance solution from

Agenda

- ✓ **What is PACE**
- ✓ **CaliforniaFIRST Program Activity in Monterey County**
- ✓ **Qualifying for PACE**
- ✓ **Benefits of PACE**
- ✓ **What's New – AB 2693**

P.A.C.E. is Property Assessed Clean Energy Financing



California**FIRST**TM
EFFICIENCY FINANCING



The 'original' PACE program



CaliforniaFIRST in Monterey County - Summary*

- ✓ 447 projects approved county-wide (\$12.1 million potential)
 - ✓ 257 projects funded/under construction county-wide
 - ✓ \$6.3 million in construction activity
 - ✓ 5,223 Metric Tons of avoided GHG emissions over projects' lifetimes

* Activity since program inception in Summer 2014 through August 31, 2016

CaliforniaFIRST in Monterey County - Detail*

	Applications		Funded/Under Construction		One-Time Impacts	KW Installed	Cost Breakdowns - Funded/Under Construction			Impacts over Useful Life of Measures		
County	# of Apps Approved	Potential \$ Value of Approved Applications	# of Projects Funded/Under Construction	\$ Value of Projects Funded/Under Construction	# of Jobs Created (Direct, Indirect, Induced)	# of KWs of Solar Installed	Renewable Energy Cost %	Energy Efficiency Cost %	Water Efficiency Cost %	Lifetime GHG Reductions (Metric Tons)	Lifetime Cars off the Road Equivalent	Lifetime Water Conserved (Gallons)
California	38,590	\$1,115,685,147	22,508	\$616,965,893	4,312	29,075	51%	44%	5%	439,216	92,675	559,602,075
Monterey	447	\$12,181,694	257	\$6,362,586	41	447	69%	30%	1%	5,223	1,102	971,699
Incorporated	408	\$11,081,929	239	\$5,952,727	38	416	69%	30%	1%	4,887	1,031	971,699
Carmel	13	\$472,240	9	\$346,707	3	31	74%	26%	0%	327	69	0
Del Rey Oaks	1	\$16,028	1	\$16,028	0	2	100%	0%	0%	21	5	0
Gonzales	10	\$229,352	8	\$188,210	2	6	36%	64%	0%	144	30	0
Greenfield	24	\$536,605	12	\$232,531	1	5	33%	67%	0%	101	21	0
King City	22	\$420,135	13	\$250,290	2	18	63%	37%	0%	222	47	0
Marina	20	\$582,231	12	\$259,359	2	17	67%	33%	0%	209	44	0
Monterey	20	\$618,877	9	\$236,737	2	24	73%	26%	1%	267	56	58,305
Pacific Grove	9	\$289,960	5	\$134,894	0	5	100%	0%	0%	41	9	0
Salinas	228	\$6,511,748	133	\$3,495,563	20	260	77%	22%	1%	2,833	598	645,241
Seaside	38	\$799,209	25	\$486,689	5	23	39%	58%	4%	403	85	268,154
Soledad	23	\$605,544	12	\$305,718	3	25	67%	33%	0%	319	67	0
Unincorporated	39	\$1,099,765	18	\$409,860	3	30	73%	27%	0%	336	71	0

* Activity since program inception in Summer 2014 through August 31, 2016

Renewable Energy



Energy Efficiency Upgrades



Water Efficiency Upgrades

ARTIFICIAL GRASS TYPES



Rye 45

High traffic playground applications



Bermuda 65

Great for yard landscape



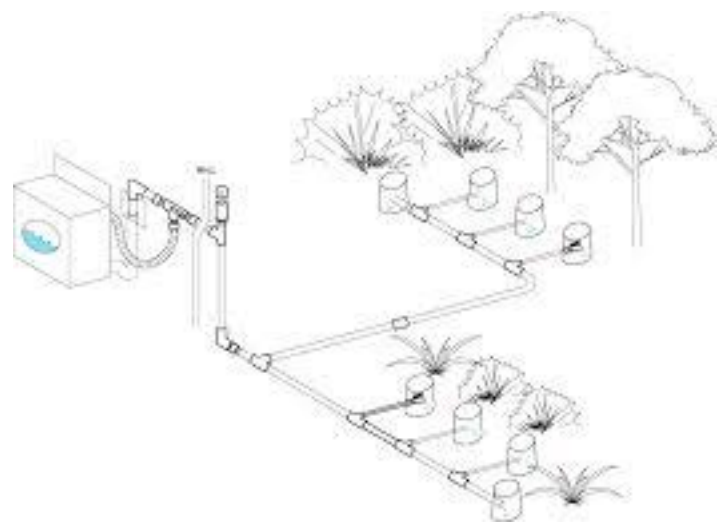
Fescue 42

Used in Sports applications



Putting Green

Great for landscape



How does it work?

1. Property owner **places a special assessment (voluntary lien)** on his / her property to fund project.
2. Renew Financial **pays contractor.**
3. County adds assessment to **property tax bill.**
4. Property owner **repays via property taxes.**

Fixed Charges and/or Special Assessments		Amount
MOSQUITO ABATEMENT	800-273-5167	3.50
CSA PARAMEDIC	800-441-8280	58.10
PARAMEDIC SUPPLMNT	800-441-8280	48.00
CSA LEAD ABATEMENT	510-567-8280	20.00
PERALTA CCD MEAS B	800-792-8021	48.00
EMERY SCHOOL TAX	800-676-7516	401.70
FLOOD BENEFIT 12	510-670-5762	16.00
CAFIRSTAC	800-969-4382	5,162.88
HAZ WASTE PROGRAM	877-786-7927	19.10
ALAMEDA VECTOR EM	800-273-5167	9.20
MOSQUITO ASSESS 2	800-273-5167	2.30
AC TRANSIT MEAS VV	877-299-1190	96.00
EBMUD WEATHER	510-287-1852	178.68
EAST BAY TRAIL LLD	800-676-7516	5.44
EBRP PARK SAFETY/M	800-676-7516	16.56
Total Fixed Charges and/or Special Assessments		6,085.46

Check accepted online through June 30, 2015
@ <http://www.alameda-county.org/propertytax/>

View, MasterCard, Discover, or American Express credit cards accepted by phone (510) 273-5167 or online @ <http://www.alameda-county.org/propertytax/> website @ www.alameda-county.org/propertytax/ through June 30, 2015. A convenience fee equals 2.5% of the tax amount due will be added to your total payment.

Subscribe to receive email alerts about important property tax dates online @ <http://www.alameda-county.org/propertytax/>

This bill is due on August 20, 2015 2:56 PM and may not include pending payments and not arrears.

Please See Reverse For More Information

Tax Collector's Office
Payment Questions/Credit Card Payments
(510) 273-8810

Assessor's Office
Valuation/Exemption
(510) 273-3737 (510) 273-3770

FIRST INSTALLMENT PAYMENT, 2014-2015
PARCEL NO. 49-11X5-5-2
TRACER NO. 1211XX00
1 **INTERNET COPY**
THIS AMOUNT DUE NOV 1, 2014 => **PAID** \$ 6,333.65

Pay this amount online @ www.alameda-county.org/propertytax/ (This includes delinquent penalty of 10%)

PAID DEC 9, 2014

Qualifying for CaliforniaFIRST – *The Property*

- ✓ Pre-PACE CLTV must be <90% of property value
- ✓ Finance up to 15% of property value (\$5K min/\$250K max)
- ✓ Post-PACE CLTV must be <100% of property value

Qualifying for CaliforniaFIRST – *The Property Owner*

MORTGAGE PAYMENT HISTORY:

Current, one late allowed in last 12 months

PROPERTY TAXES:

Current for last 12 months and no more than one late in last 3 years

INVOLUNTARY LIENS:

Must be less than \$1,000

BANKRUPTCY, DEFAULT OR FORECLOSURE:

None in the previous 2 years*



* If one in last 2-7 years, then no payments later than 60 days on any other revolving credit account in last 24 months

Benefits of CaliforniaFIRST

- ✓ Repayment terms extend up to the lifespan of installed measures (5, 10, 15, 20, 25 years)
 - Eases homeowner cash flow
- ✓ Balance typically transfers to new owner upon sale
- ✓ No pre-payment penalty ever & free re-amortization on partial pre-payments (minimum of \$2,500)
- ✓ Quick & easy paperless application process
- ✓ Fixed payments (no gotcha's or balloons)

PACE vs. Other Financing

Source of Funds →	CaliforniaFIRST (PACE)	Home Equity Line of Credit	Home Equity Loan	Personal Unsecured Loan	Credit Card
Interest Rate	6.75% - 8.39% (fixed)	3% - 7% (variable)	6% - 9% (fixed)	6% - 10% + (fixed)	5% - 25% (variable)
Tax Deductibility of Interest	Yes	Yes	Yes	No	No
Minimum Finance Amounts	\$5,000	\$1	\$1,000	\$1	\$1
Maximum Finance Amounts, and Primary Limiting Factors	Lesser of \$250K or 15% of home valuation	Limited by Combined LTV, DTI	Limited by Combined LTV, DTI	Limited by DTI	Limited by DTI
Minimum Term	1 day	1 day	1 day	1 day	1 day
Maximum Term	25 years	20 years	20 years	Unlimited	Unlimited
Speed to Approve Financing Application	1 day	1 month+	1 month+	1 day – 2 weeks	1 day
Key Qualifying Criteria	Equity in the home	FICO, Combined LTV, DTI	FICO, CLTV, DTI	FICO, DTI	FICO, DTI
Transferability of Repayment	Typically, yes	No	No	No	No

PACE vs. Unsecured – Comparing Monthly Payments

\$18,000 Project (~\$20,000 PACE Assessment Contract¹)	CaliforniaFIRST (PACE)	Home Equity Line of Credit^{2, 3}	Home Equity Loan	Personal Unsecured Loans		Credit Card*
Repayment Term	15	15	15	10	7	15
Interest Rate	7.99%	5.00%	7.50%	12.00%	9.00%	15.00%
Monthly Payment	\$191	\$133	\$162	\$258	\$290	\$252
Monthly Payment of Alternatives as % of PACE	100%	70%	85%	135%	152%	132%

1. PACE AC is \$2K greater to account for capitalized fees and capitalized interest.
2. Assumes payments are made as if financing is fully amortized with equal payments over repayment term.
2. >15% of property owners throughout the US and CA have a HELOC in place (9.0% and 11.6%, respectively).

Consumer Protections & Marketing Policies

- All Contractors are vetted before being approved and must satisfy:
 - At least 3-years in business
 - Active CSLB licenses with no outstanding complaints
 - No outstanding Better Business Bureau reports
 - Must pass credit check
 - A low percentage of negative online reviews
- Renew Financial complies with state and federal laws covering homeowners in protected classes and calls applicants 65 and older to confirm details
- Renew Financial enforces a Code of Conduct as set forth by Contractor Participation Agreement
- Renew Financial prohibits all deceptive marketing
- **[See PACENation web site for full Consumer Protection Policies document](#)**

Consumer Protections Comparison

Type of financing →	CaliforniaFIRST R-PACE	Home equity line of credit	Home equity loan	Personal unsecured loan	Credit card
Contractor paid only when work completed	Yes	Depends on contractor			
Required permits must be pulled	Yes	No			
Contractor quality verified	Yes	Verified by homeowner			
Only high- performing products	Yes	Verified by homeowner			
Third-party verification of workmanship	Yes	No			
Contractor consequences for bad work	Yes	No			
Dispute resolution process	Yes	No			Depends on credit card

Impacts of PACE on Home Sale Prices: Commissioned Study

- **Key Finding:**
 - Results consistently showed that PACE homes sold at a price of \$199 to \$8,882 over comparable non-PACE homes after taking into account the financing costs of the project.
- [Study Available online here.](#)



AB 2693

- ✓ A disclosure bill
 - ✓ Puts into statute what we already do, plus a little bit more
 - ✓ “Financing Estimate” Modeled After CFPB “[Know Before You Owe](#)”
- ✓ Next Step: On the Governor’s Desk for signature
- ✓ A collaborative, multi-stakeholder process, including
 - C.A.R., Bankers, PACE providers, Environmental groups

AB 2693 – Sample Disclosure – Modeled after KBYO (will update once AB 2693 becomes law; available on CSCDA web site)

Financing Estimate

Save this Financing Estimate to compare with your Final Payment Summary.

DATE ISSUED	2/15/2013	TERM	10 years
PROPERTY OWNERS	Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	PURPOSE	Home Improvement
PROPERTY	456 Somewhere Avenue Anytown, ST 12345	PRODUCT	Partner Program
		IDENTIFICATION #	123456789
		RATE LOCK	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, until 9/14/2015 After the expiration date interest rates and closing costs can change.

Products and Costs

Product Cost	\$16,900.00	<ul style="list-style-type: none"> • Building Envelope- Wall Installation • High Efficiency Pool Equipment- Pool Pump • Windows, Doors, and Skylights- Exterior Windows • High Efficiency HVAC- Whole House Fan
Financing Cost	\$970.30	See closing costs details
Prepaid Interest	\$1,445.45	
Other Costs	\$130.00	
Financed Amount	\$19,445.89	Total amount of the assessment

Terms

		Can this amount increase after closing?	
Financed Amount	\$19,445.89	NO	Total amount of the assessment
Interest Rate	7.69%	NO	
Annual Principal, Interest and Other Costs	\$2,892.62	YES	Annual administrative fee is subject to change
		Does the financing have these features?	
Prepayment Penalty	NO		Interest will be due to the next bond call date
Balloon Payment	NO		

Projected Payments

Payment Calculation	Years 1-10
Principal & Interest	\$2,857.62
Annual Administrative Fee	+ \$35.00
	Annual administrative fee is subject to change
Estimated Total Annual Payment	\$2,892.62

Your payment will be added to your property bill for the next 10 years. If your project is completed and all your documents are submitted and approved by June 15, 2016, your first payment will be included on your November 2016 tax bill. If your documents are submitted and/or approved after June 15, 2016, your first payment will be included on your November 2017 tax bill. Estimated payment information on this document assumes all documentation is approved on September 14, 2016.

Closing Cost Details

Costs at Closing

Estimated Closing Costs	\$2,545.75*	Includes \$970.30 in Financing Costs + \$130 in Other Costs + \$1,445.45 in Prepaid Interest. See Calculating Cash to Close summary for details. *While no cash is required to close this transaction, these items are included in the amount financed. If you do not wish to finance these items, you may pay them at the time of funding.
Estimated Cash to Close	\$0	See Calculating Cash to Close summary for details.

Financing Costs

A. Origination Charges	\$970.30
Application Fee	\$0
Underwriting and Bond Issuance Fee	\$970.30
B. Services	\$0
Appraisal Fee	\$0
Credit Report Fee	\$0
Tax Monitoring Fee	\$0
Tax Status Research Fee	\$0
Title- Title Search Fee	\$0

C. TOTAL FINANCING COSTS (A + B) **\$970.30**

Other Costs

D. Recording and Administrative Fees	\$130.00
County Recording Fee	\$95.00
Program Administrative Fee (Annual)	\$35.00

Prepaid Interest

E. Prepaid Interest (from closing to first payment)	\$1,445.45
F. TOTAL CLOSING COSTS (C + D + E)	\$2,545.75

Calculating Cash to Close

Total Closing Costs (F)	\$2,545.75
Closing Costs Financed (Paid from Financed Amount) -	\$2,545.75
Down Payment/Funds from Borrower	\$0
Estimated Cash to Close	\$0

PACE PROVIDER
EMAIL
PHONE

Partner Program
info@partnerprogram.com
(855) 0000-411

Comparisons

Use these measures to compare this financing with other forms of financing.

In 10 Years	<p>\$19,445.89 <i>Principal you will have paid off.</i></p> <p>+ \$8,065.01 <i>Amount of interest you will have paid.</i></p> <p>+ \$1,415.30 <i>Amount of financing and other costs you will have paid.</i></p> <p>= \$28,926.20 <i>Total you will have paid in principal, interest, financing and other costs.</i></p>
Annual Percentage Rate (APR)	9.47% <i>Your cost over the term expressed as a rate. This is not your interest rate.</i>
Total Interest Percentage (TIP)	46.95% <i>The total amount of interest that you will pay over the term as a percentage of your financing amount.</i>

Other Considerations

Assumption

If you sell or transfer this property to another person, we

- ☒ will allow, this person to assume this financing on the original terms.
☐ will not allow assumption of this financing on the original terms.

I understand, if I refinance my home, my mortgage company may require me to pay off the remaining balance. If I sell my home, the buyer or their mortgage company may require me to pay off the remaining balance.

x
1 PO INITIAL

Payments

Your payments will be added to your property tax bill. Whether you pay your property taxes through your mortgage payment, using an impound account, or if you pay them directly to the tax collector you need to save an estimated \$2,892.62 for your first payment in November 2016. After your first payment if you pay your property taxes through an impound account your monthly mortgage payment should adjust to cover your increased property tax bill.

x
1 PO INITIAL

Tax Benefits

Consult your tax advisor regarding tax credits, tax deductibility, and other possible tax benefits available through PACE financing. You are responsible for submitting appropriate documentation with your tax return.

x
1 PO INITIAL

Late Payment

If your tax payment is late you are subject to penalties and late fees established by the tax collector.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this financing because you have signed or received this form.

Property Owner Signature	Date	Property Owner Signature	Date
Property Owner Signature	Date	Property Owner Signature	Date

Support

- For Applications (New and In Process) & General Program Questions:**
 Call Center 844-RENEWFI / 844-736-3934
 Email: info@californiafirst.org
 - Representatives available Monday-Friday 8-9, Saturday 9-6, Sunday 9-5
 - Spanish & Chinese speaking agents available
- For Signed Assessment Contracts, Completion Certificates & Funding:**
 Call Center 844-736-3934 / 844-736-3934
 Email: paceops@californiafirst.org
 - Representatives available Monday-Friday 8-6
- | |
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