



California Residential HERO Program Handbook

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1 Program Introduction

1.1 Program Overview

In 2008 and 2009, the State of California approved legislation authorizing cities and counties to establish voluntary programs to pay for energy efficiency, water efficiency, and renewable energy products which are permanently attached to property (“Eligible Products”).

The California HERO Program (the “California HERO Program” or “Program”) was created to enable cities and counties to provide homeowners and businesses with financing to pay for energy efficiency, water efficiency, and renewable energy products and their installation.

Once a city or county has elected to participate in the California HERO Program (each, a “Participating Entity”), owners of homes within such city or county may borrow money through the California HERO Program. Homeowners repay the financing through annual installments collected on their property tax bill. Participation in the Program is completely voluntary. Residential property owners agree to repay the amount financed over a 5-, 10-, 15-, 20-, or 25-year period dependent upon the Eligible Products being financed.

To see if your city or county is a participating HERO community, visit www.renovateamerica.com. If your city (or county if your home is located in an unincorporated area) has not yet elected to participate in the California HERO Program, we recommend you contact one of your local elected officials and ask them to contact us so you can obtain HERO Financing.

The California HERO Program is a financing program administered by Renovate America that operates in a public-private partnership to offer financing for eligible home improvements in cities and counties throughout California, but is not sponsored or endorsed by any city or county.

1.2 Handbook Structure

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

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

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

1.3 Other Terms and Disclaimers

All applicants **must** (and interested parties such as contractors should) read the Additional Terms and Requirements and Terms in Appendix B. **Applicants will be required to certify that they have read the Additional Requirements and Terms as a precondition to participating in the Program.** This section outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating property owners and Program staff.

2 Program Contact Information

2.1 Program Website

The Program website provides a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, and Program news and events. In addition, residential property owners will be able to apply to participate in the Program online and contractors will be able to register online. Frequently Asked Questions, the Eligible Products List, and certain other documents will also be available for download. The Program website address is www.renovateamerica.com.

2.2 Program Call Center

Property owners and contractors may call 855-HERO-411 to ask questions about the residential financing Program or request a copy of the application by mail or email. Program Call Center hours are:

Monday through Thursday	8 am to 10 pm
Friday	8 am to 9 pm
Saturday	10 am to 8 pm
Sunday	10 am to 6 pm

Please see the Program website at www.renovateamerica.com for recent updates about the call center operation times, phone number and other relevant information.

2.3 Program Contact Information and Other Useful Resources

General questions about the Program can be answered by visiting the Program website at www.renovateamerica.com, calling the Program's toll free number at 855-HERO-411, or clicking "Chat Now" on the Renovate America website.

Program Contacts		
	Phone Number(s):	Address:
WRCOG (the "Agent")	(951) 405-6700	Riverside County Administrative Center Annex 3390 University Avenue, Suite 450 Riverside, CA 92501



Renovate America, Inc.

Program Call Center Number:
855-HERO-411

Program Fax Number:
(858) 815-6860

Program Email:
info@heroprogram.com

Contractor Email:
contractor@heroprogram.com

16409 W. Bernardo Drive
San Diego, CA, 92127

Other Useful Information

Building Performance Institute

BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs.

www.bpi.org
(877) 274-1274

CalCERTS

CalCERTS is an approved California Energy Commission (CEC) HomeEnergy Rating System (HERS) Provider. CalCERTS, Inc. is a private organization that provides service, support, training and certification to HERS raters.

<https://www.calcerts.com/>
(877) 437-7787

California Building Performance Contractors Association

CBPCA is a non-profit 501c-6 trade association that develops, trains and promotes whole house energy-efficient retrofitting for contractors and professionals in the building performance industry. BPI and HERS training and certification are available.

<http://thebcpca.org/>
(510) 433-5042

California Solar Initiative (Go Solar California)

The California Solar Initiative (CSI) is the solar rebate program for California consumers that are customers of the investor-owned utilities, including Southern California Edison (SCE).

<http://www.GoSolarCalifornia.ca.gov>
(866) 584-7436 (technical) Solar PV – SC Edison
(800) 799-4177 (general) Solar PV – SC Edison
(800) 799-4177 Solar Thermal – SC Edison
(800) Gas-2000 Solar Thermal -- SoCalGas

Contractors State License Board

The Contractors State License Board (CSLB) protects consumers by licensing and regulating California's construction industry.

www.cslb.ca.gov
[CLSB License Check](#)
check Contractor's License Status
1 (800) 321-CSLB (2752)

DSIRE

DSIRE is a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency.

www.dsireusa.org

Energy Star

Energy Star is a government-backed program helping businesses and individuals protect the environment through superior energy efficiency. Energy Star provides energy efficiency standards, qualified and labeled energy efficiency products and recommended installation methods, among other things.

www.energystar.gov
Energy Star Hotline for specific questions about specific products (888) 782-7937

Federal Tax Credits

Information page about federal tax credits available for energy efficiency and renewable energy improvements.

www.energysavers.gov/financial/70010.html

State and Local Rebates

See your local utility company information above. See also, Energy Upgrade California to search for rebates by zip code.

See local utility company information above. See also Energy Upgrade California, <https://energyupgradeca.org>
(800) 736-4777 SC Edison EUC Program
(800) 427-2200 SoCalGas EUC Program

Title 24 Hot Line

The Title 24 Hotline is provided by the California Energy Commission and is intended to help contractors and others interpret and understand the rules in California Code or Regulations. Title 24 regulations for new construction of and retrofitting of residential and commercial buildings.

www.energy.ca.gov/title24/
(800) 772-3300
Mon.-Fri. 8AM – 12 PM, 1 PM – 4:30 PM

3 Future Program Changes

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

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

4 Program Eligibility

In accordance with California law, the Program maintains certain minimum standards regarding property valuation and underwriting. The Program's underwriting criteria take into consideration the Property Owner's debts, expenses, and verified income.

All financed properties must be located in a city or county that has signed up to be a HERO community. To see if your city or county is a participating HERO community, visit www.renovateamerica.com. If your city (or county if your home is located in an unincorporated area) has not yet signed up, we recommend you contact one of your local elected officials and ask them to contact us so you can obtain HERO Financing.

4.1 Eligible Products

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

4.1.1 Eligible Products Must Be Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by the Program. The following are not eligible for Program financing:

- Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location;
- Previously installed products;
- Products that are not permanently fixed, including appliances, light bulbs and other non-fixtures; and
- Any structural alteration of the roof, the building, or the property related to the installation of a solar PV system or solar thermal system.

4.1.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for residential properties is available on the Program website www.renovateamerica.com. **Property owners are responsible for verifying that all products installed are either on the Eligible Products List or approved as part of a Custom Project. THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS ARE IN NO WAY RESPONSIBLE FOR THE ELIGIBILITY OF PRODUCTS INSTALLED.**

Before ordering or installing products, contractors or property owners are required to obtain approval that the proposed products are Eligible Products, which they can do by calling the Program (see Section: Install Eligible Product(s)). When calling in, contractors or property owners will need to have all details pertaining to the proposed products such as manufacturer, model number, and other typical identification information readily

available in order to complete eligibility approval in a timely manner. Before calling the Program to request approval of products, contractors or property owners may also explore both Eligible Products and eligible models on the Program website: www.renovateamerica.com.

4.1.3 New Products and Custom Projects May Be Eligible

Property owners who would like to install a product that is not on the Eligible Product List can fill out and submit a New Product Request Form. This form is typically filled out by the contractor. The Program will review the new product request and determine if the product meets necessary energy efficiency and performance attributes. A decision will be made by the Program to either add the new product to the Eligible Product List, not approve the new product, or consider it a Custom Project (defined below).

A Custom Project is defined to be a one-time requirement whereby the circumstances are such that the project (product included) passes the energy and/or water efficiency scrutiny in the specific case that is being requested. Approval of a Custom Project for one property will not be considered to establish a precedent that would necessarily be applied to other homes such that it should be considered a new product or placed in the Eligible Product List. The Program reserves the right to approve or disapprove of new products and custom projects.

4.1.4 Solar Systems Must Meet CSI Requirements

All solar PV systems and solar thermal systems must use California Solar Initiative (CSI) eligible equipment and must be installed according to CSI requirements. The Program recommends that energy efficiency measures be completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems.

Additionally, the Program will not finance any structural alteration of the roof, the building, or the property related to the installation of a solar PV system or solar thermal system.

4.2 Eligible Costs

Eligible costs that may be financed under the Program include both the cost of the Eligible Products and the installation costs for such Eligible Products. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed either by a licensed contractor of the property owner's choice who is registered with the Program or by a property owner who signs a Self-Install Agreement. A property owner's own labor costs are not eligible costs for property owners who choose to self-install.

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

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

4.3 Eligible Contractors

Only contractors who have registered with the Program may undertake Program-financed installation work, unless the property owner chooses to do the work him or herself and signs a Self-Install Agreement. Contractors may register with the Program if they have an active license with the California Contractors State License Board ("CSLB"), meet the CSLB's bonding and worker's compensation insurance requirements and agree to all Program terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All Solar PV and solar thermal systems must be installed by a CSI registered installer

holding the correct contractor's license.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING

ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN, MANUFACTURE, OR OPERATION OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY, RELIABILITY, OR ELIGIBILITY OF THE PRODUCTS INSTALLED.

A select listing of contractors registered for the Program can be found on the Program website at www.renovateamerica.com.

If an Eligible Product is self-installed, financing will not be available for the property owner's labor and property owner(s) must first sign a Self-Install Agreement before ordering any Eligible Product, other equipment or supplies necessary for the installation of the Eligible Product or commencing such installation.

4.4 Eligible Rebate Programs and Tax Credits

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

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

Neither the Agent, Renovate America, the Participating Entities nor their respective officers, employees, agents and assigns make any representation or warranty whatsoever that any Eligible Product or Eligible Products will qualify for or be granted any tax credits, rebates or other incentives.

The Program makes no representation or warranty that Eligible Products will qualify for any tax credits, rebates or other incentive programs.

For information on rebates and tax credits, please visit the rebates pages listed in Section 2.3 above, including Energy Upgrade California at <https://energyupgradeca.org/county>, which allows a zip code search for a comprehensive list of different types of rebates available in the area. Other resources include a "Rebate Locator" on the Energy Star website (<http://www.energystar.gov>) and a "Rebate Finder" on the WaterSense website (<http://www.epa.gov/WaterSense/>).

4.4.1 Deductions from Financing Amount

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

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

4.4.2 Solar Rebates and Program Participation

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

4.5 Eligible Number of Assessments

A property owner may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program for a particular property owner still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.

5 Program Requirements

5.1 Contractor Registration

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

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

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

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

Select contractors will be listed on the Program website.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE AGENT, RENOVATE AMERICA AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENT AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

5.2 Self-Install Agreement

For property owners who choose to self-install Program-financed Eligible Products, those property owners will need to sign a Self-Install Agreement where they agree to follow the Program requirements, including:

- Pulling permits as required by the local building department for the installation of the Eligible Products;
- Obtaining approval of proposed Eligible Products in advance prior to ordering or commencing the installation of such products by calling the Program or by completing the Custom Product Application process; and
- Only installing Eligible Products that meet the required eligibility specifications.

5.3 Building Permits and Inspection

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

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

5.4 Fraudulent Activity

Any misrepresentations made to the Program in the application, the contractor's bid or any other document at any time during the Program may cause the property owner and/or the contractor to be terminated from the Program and may result in legal action. For example, such misrepresentation may, in the sole discretion of the Program, result in a denial of an application, a notification that any installed Eligible Products will be ineligible to be financed by the Program, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

5.5 Required Documents

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

6 Financial Terms

6.1 Costs to Apply

There are no costs to apply for HERO Financing.

6.2 Assessment Costs

Below are the costs to utilize Program financing for the installation of Eligible Products on your property. Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Agent or tax sale of the property by the County Tax Collector.

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

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

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

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

6.2.1 Interest Rate

Interest will be applied to the assessment principal amount. The final interest rate will be reflected in the Financing Documents and sent to the property owners.

6.2.2 Interest Before First Payment

Interest will be added to the property owner's assessment amount for the period between the closing date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. The maximum amount of interest will be disclosed in the property owner's Financing Documents. Depending on the date the assessment is recorded on the property owner's property, the first assessment payment may not be due until the following tax year.

6.2.3 One-time Program Administration Fee

The One-time Program Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Program Administration Fee covers the cost of issuing bonds by the Agent to finance the installation of Eligible Products and the costs to approve and fund installation of such Eligible Products. The amount of the One-time Program Administration Fee is identified in the Financing Documents.

6.2.4 One-time Assessment Administration Fee

The One-time Assessment Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Assessment Administration Fee covers the administration costs of levying the assessment lien. The One-time Assessment Administration Fee is identified in the Financing Documents.

6.2.5 Annual Assessment Administration Fee

Each tax year an Annual Assessment Administration Fee will be added to the Assessment Installment on the property tax bills for collection. This fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The Annual Assessment Administration Fee may be adjusted annually. The Annual Assessment Administration Fee is identified in the Financing Documents.

6.2.6 County Recording Fees

Property owners will pay for all fees that the County charges to record the assessment lien documents and related notices on the property. Recording fees charged by the County in connection with levying the assessment are added to the assessment amount or paid upfront by the property owner at closing. The Property Owner will be required to pay recording fees charged by the County in connection with a prepayment or discharge of the assessment. Applicable recording fees are identified in the Financing Documents.

6.3 Annual Repayments

Property owners will repay principal and interest over 5, 10, 15, 20, or 25 years, depending on their approved term. Payment will be billed and paid through a separate line item on the property owner's property tax bill. As with other property taxes, the assessment payment is due in one or two installments each year (each payment an "Assessment Installment"). The estimated not-to-exceed payment schedule will be attached to the Assessment Contract that property owners sign, which sets forth the estimated maximum annual payments due during the

assessment term. The final payment schedule will be provided to each property owner prior to the Disbursement Date pertaining to such property owner's Assessment Contract. Failure to pay the Assessment Installments and the Annual Assessment Administration Fees when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and the sale of the property of the delinquent property owner.

6.4 Prepayments and Discharge

Property owners may choose to pay off their assessment amount at any time in full, or in any amount of at least \$2,500.

A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the second business day of the second month following the date the prepayment is made. The Property Owner will be required to pay recording fees charged by the County in connection with a prepayment or discharge of the assessment.

In order to prepay, the property owner will need to contact the Program to initiate the prepayment process.

7 Program Process

The Program includes the following steps. Additional Program information can be found at www.renovateamerica.com.

1. **Application.** Property owner(s) submit application.
2. **Product Approval.** Contractor provides product details online or over the phone before installing products.
3. **Sign Financing Documents.** Renovate America emails the property owner(s) Financing Documents which must be signed and returned.
4. **Install Eligible Products.** The contractor and property owner must sign and submit a Completion Certificate indicating installation is satisfactorily completed along with any required attachments.
5. **Payment Issued.** After the completion certification is submitted and Renovate America has approved the project for payment, funding can be issued to the entity(ies) listed in the Completion Certificate(s).

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the County in which the property is located. The Program will then annually submit a tax roll that identifies the assessment lien and any applicable administrative fees (as identified in the Financing Documents). This assessment payment will appear as a separate line item on a property owner's property tax bills for the term of the financing.

8 Dispute Resolution

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

Property Owners who wish to dispute decision(s) made by the Agent, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to Western Riverside Council of Governments at 3390 University Avenue Suite 450 Riverside, CA 92501. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the Agent with the Property Owner, and shall attempt to resolve the dispute. The Agent shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the Agent is final.

9 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Handbook. All Program applicants, borrowers, and contractors are subject to these additional terms as applicable.

ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THESE ADDITIONAL REQUIREMENTS AND TERMS AS APPLICABLE AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.

10 Appendices

Appendix A: Glossary of Terms

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

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

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

Assessment Contract: A contract entered into between a property owner or property owners and the Agent to provide financing for the installation of Eligible Products on property of such owner or owners under the California HERO Program.

Assessment Contract Addendum: An addendum to the Assessment Contract that is used to make corrections to the contract and/or modify the contract to make desired project changes.

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

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

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

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

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

Commercial: Commercial entities are defined as all non-residential properties and include apartment buildings, industrial properties, and agricultural properties.

Completion Certificate: A document signed by the property owner and contractor upon completion of the project.

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

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

Cool Roof Rating Council (CRRC): The CRRC is an independent, non-profit organization that maintains a third-

party rating system for radiative properties of roof surfacing materials.

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

Custom Products: Energy or water conservation products that require special approval to be financed through the HERO Program because the products are not included on the approved Eligible Products List. Custom Products should save energy or water or produce renewable energy for a reasonable cost.

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

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

Eligible Products: All Eligible Products listed in Exhibit D.

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

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

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

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

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

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

Improved Property: Improved property is land with one or more structures on it. It is the opposite of vacant or unimproved property. Only approved products on Improved Property are financeable through the HERO Program.

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

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

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

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

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

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

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

Program: The California HERO Program.

Real Property: A property in a city or county that is participating in the Program that is subject to a real property tax.

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

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

Residential: Single family home, three (3) or fewer residential units.

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

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

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

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

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

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

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

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

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

Western Riverside Council of Governments (WRCOG): Is a joint powers authority representing its Associate Members in establishing the California HERO Program. WRCOG is serving as Agent to facilitate funding for owners of properties in jurisdictions of its Associate Members that meet the project approval and funding criteria provided herein for participation in the California HERO Program.

Appendix B: Additional Requirements and Terms

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

Property Owner Agrees to All Program Terms

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

Authority to Install Products

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

No Endorsement by Agent or Renovate America

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

Property Owner Is Responsible for Products, Permits and Inspections

The property owner is solely responsible for all products installed on his or her property, including the selection of any contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the property owner and the property owner's contractor(s). Neither the Agent nor its Agents are responsible for the performance of the products. **AGENT, RENOVATE AMERICA, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.**

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

Program May Inspect Products

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

Dispute Resolution

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

Defaults on Assessment Payments

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

Rebates and Tax Credits

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

Tax Deductibility of Contractual Assessment

Consult your tax advisor regarding potential tax credits, credits and deductions, tax deductibility, and other tax benefits available for the HERO Program.

Program Database

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

Releases and Indemnification

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

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

Disclosure of Participant Information

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

In order to receive funding for this Program and to enable communication regarding the State of California's rebate program, property owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the local Utility. Property owner further agrees to the release of his or her name and contact information and the subject property's utility usage data as well as data from the online monitoring of any renewable energy system installed for 12 months before installation of the improvements and up to 24 months after installation of the improvements from the local utility company to the Agent, Program staff, its grantors, and its designated contractors for the purpose of conducting surveys and evaluating the Program and its impact. The Program reserves the right to access utility bill information and online monitoring of installed renewable energy systems (if the property owner or system owner has elected to set up

online monitoring). In addition, property owner understands that the Agent is a public agency which, in certain circumstances, may have an obligation to release information under the California Public Records Act or pursuant to court order.

Renewable Energy Certificates and other Green Attributes

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

Contractor Marketing Guidelines

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

Appendix C: Program Forms and Documents

Sample Financing Documents and Program Handbook

Available at: www.renovateamerica.com/financing/hero/sample-documents

Contractor Participation Terms and Conditions

Available at: www.renovateamerica.com/terms-conditions

Privacy Policy

Available at: www.renovateamerica.com/privacy-policy

Sample Spanish Financing Documents

Available at: www.renovateamerica.com/financing/hero/es/sample-documents

Appendix D: Eligible Products List

The HERO Eligible Products List can be found on the Renovate America program website at: www.renovateamerica.com/support/faq#tab5