



# The SANBAG HERO Residential Program Handbook

October 2016 – Version 2.3

A low cost financing program for homes  
in San Bernardino County

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## Program Introduction

### 1.1 Program Overview

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

The SANBAG HERO Program (the “HERO Program” or “Program”) was created by the San Bernardino Associated Governments (“SANBAG”) to enable cities in the County of San Bernardino (the “County”) and the County itself to elect to participate in the HERO Program and thereby enable the HERO Program to provide homeowners and businesses with financing to pay for energy efficiency, water efficiency, renewable energy products and electric vehicle charging infrastructure and their installation.

Once a city or the County has elected to participate in the HERO Program, owners of homes within the city or County may borrow money through the HERO Program. Homeowners repay the financing through annual installments collected on their property tax bill. Participation in the Program is completely voluntary. 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. As of the date on the cover of this Handbook, the County has elected to make the HERO Program available in the unincorporated territory within the County and the following cities have elected to make the HERO Program available in their jurisdictions: Adelanto, Apple Valley, Big Bear Lake, Chino, Chino Hills, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Needles, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Twentynine Palms, Upland, Victorville, Yucaipa and Yucca Valley (each such city and the County may be referred to as a “Participating Entity”).

To see if your property is located in one of the above identified cities or the unincorporated territory of the County, enter your zip code at <http://www.heroprogram.com>. If your city 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.

### 1.2 Handbook Structure

The purpose of the handbook is to help property owners apply for and receive financing for renewable energy systems, energy and water efficiency products, and electric vehicle charging infrastructure systems. 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 all capitalized terms, please see definitions in the Appendix.

- 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 detailed description of the Program process
- Section 8: Dispute Resolution provides summary of steps to take if an applicant wishes to dispute decisions by the Program
- Section 9: Additional Requirements and Terms provides information about additional Program requirements and terms
- Appendices: Appendices provide important forms, definitions and the 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 in the Appendices. **Applicants will be required to certify that they have read the Additional Terms and Requirements as a precondition to participating in the Program.** This section outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating property owners and Program staff.

## 2 Program Contact Information

### 2.1 Program Website

The Program website provides a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, a list of contractors who have registered with the Program and attended the Program orientation, 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 <http://www.heroprogram.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

Phone calls may be recorded for security and quality control purposes. Please see the Program website at <http://www.heroprogram.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 <http://www.heroprogram.com>, calling the Program’s toll free number at (855) HERO-411, or clicking “Chat Now” at the top of any HERO Program webpage.

Program Contacts		
	Phone Number(s):	Address:
<b>SANBAG</b>	(909) 884-8276	1170 W. 3rd Street San Bernardino, CA 92410-1715
<b>Renovate America, Inc.</b>	<b>Program Call Center Number:</b>  (855) HERO-411  <b>Program Fax Number:</b>  (858) 815-6860	15073 Avenue of Science San Diego, CA 92128

**Program Email:**  
[sanbag@heroprogram.com](mailto:sanbag@heroprogram.com)

**Contractor Email:**  
[contractor@heroprogram.com](mailto:contractor@heroprogram.com)

**Other Useful Information**

<b>Building Performance Institute</b>	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.	<a href="http://www.bpi.org">www.bpi.org</a> (877) 274-1274
<b>CalCERTS</b>	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.	<a href="https://www.calcerts.com/">https://www.calcerts.com/</a> (877) 437-7787
<b>California Building Performance Contractors Association</b>	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.	<a href="http://thebcpca.org/">http://thebcpca.org/</a> (510) 433-5042
<b>California Solar Initiative (Go Solar California)</b>	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).	<a href="http://www.GoSolarCalifornia.ca.gov">http://www.GoSolarCalifornia.ca.gov</a> (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
<b>Contractors State License Board</b>	The Contractors State License Board (CSLB) protects consumers by licensing and regulating California's construction industry.	<a href="http://www.cslb.ca.gov">www.cslb.ca.gov</a> <a href="#">CLSB License Check</a> check Contractor's License Status 1 (800) 321-CSLB (2752)
<b>DSIRE</b>	DSIRE is a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency.	<a href="http://www.dsireusa.org">www.dsireusa.org</a>
<b>Energy Star</b>	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.	<a href="http://www.energystar.gov">www.energystar.gov</a> Energy Star Hotline for specific questions about specific products (888) 782-7937
<b>Federal Tax Credits</b>	Information page about federal tax credits available for energy efficiency and renewable energy improvements.	<a href="http://www.energysavers.gov/financial/70010.html">www.energysavers.gov/financial/70010.html</a>
<b>State and Local Rebates</b>	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, <a href="https://energyupgradeca.org/county/san_bernardino/overview">https://energyupgradeca.org/county/san_bernardino/overview</a> (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

[www.energy.ca.gov/efficiency/hotline.html](http://www.energy.ca.gov/efficiency/hotline.html)

intended to help contractors and others interpret and understand the rules in California Code of Regulations Title 24 regulations for new construction of and retrofitting of residential and commercial buildings.

(800) 772-3300  
Mon.-Fri. 8AM – 12 PM, 1 PM – 4:30 PM

### 3 Future Program Changes

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

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

### 4 Program Eligibility Requirements

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

#### 4.1 Eligible Properties

To be eligible, the property must be subject to the payment of property taxes. Residential properties are generally eligible to participate in the HERO Program, subject to the limitations set forth below:

##### 4.1.1 No "New Construction"

Only improved properties will qualify for Program financing. New construction is not eligible, unless ownership has been transferred from the developer to the property owner. "New construction" includes new homes under construction and additions to existing structures.

##### 4.1.2 Mobile Homes, Manufactured Homes, Condominiums, and HOA's

Mobile homes and manufactured homes are eligible only if the homes are permanently attached to the real property on which they are located, and if the mobile/manufactured home owner(s) also own the underlying land and pay real property taxes (not DMV fees).

Condominiums are eligible to participate in the Program, but such participation may be restricted as to the Eligible Products that may be installed depending on the rules of the condominium association as well as the physical design of the unit. Condominium owners are responsible for obtaining written authorization by the condominium association's management stating that the property owner is allowed to install the requested Eligible Products. Single family homes that are subject to Home Owner Association ("HOA") restrictions are also responsible for obtaining written documentation that any Eligible Products meet applicable HOA guidelines or requirements.

##### 4.1.3 Property Must Be Located in the Jurisdiction of a Participating Entity

All financed properties must be located within the jurisdiction of a Participating Entity. To see if your city or county is a Participating Entity, enter your zip code at <http://www.heroprogram.com>. If your city 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 financing through the HERO Program.

#### 4.1.4 Maximum Assessment to Value Amount

Mortgage-related debt on the property must not exceed 90% of the value of the property. The amount to be financed under the Program must be less than 15% of the value of the property on the first \$700,000 value, and less than 10% of any value of the property thereafter. Household income may also be a consideration and could affect Application approval and maximum approval amounts. The combined amount to be financed under the Program plus the mortgage related debt must not exceed 100% of the value of the property.

#### 4.1.5 Liens on Property

The property must not have any unresolved federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the property. Prohibited liens do not include special taxes, assessments or other financing district liens placed on all properties in that particular financing district. If on the liens mentioned in this section, the property owner can document a payment arrangement, 12 months of on time payments on the payment arrangement, and the sum of all lien balances and the mortgage balance are less than 90% of the value of the property, then the property owner may be approved. The property also cannot currently be an asset in a bankruptcy proceeding.

## 4.2 Eligible Property Owners

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

#### 4.2.1 Property Owners:

1. Applicant(s) must be the owner(s) of record of the property;
2. Property owner(s) must be current on their property taxes for the property upon which the Eligible Products are to be installed, and there must be no more than one late payment in the past three years;
3. Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the previous 12 months;
4. Property owner(s) must not have had any active bankruptcies within the last seven years, and the Property must not be an asset in an active bankruptcy. However, if a bankruptcy was discharged between two and seven years prior, and the property owner(s) have not had any additional late payments more than 60 days past due in the last 24 months, the property owner may be approved; and
5. Property owner(s) must sign all required documentation, including but not limited to the application, the Completion Certificate and the Assessment Contract with all other required Financing Documents.

#### 4.2.2 Trust Ownership of the Property

If the subject property is owned by a Trust, the property is eligible for Program participation if adequate documentation of the Trust and the applicants' authority under the Trust is provided with the application. Trustee(s) must sign all Financing Documents, including the Assessment Contract.

#### 4.2.3 Business Entity Ownership of the Property

If the property is owned by a business entity, the property is eligible for Program participation if adequate documentation of nature and existence of the business entity and the applicants' authorization to act on behalf of the entity is provided with the application (e.g., a corporate resolution authorizing the applicants to apply and sign the Assessment Contract and other Program required documents on behalf of the corporation).



## 4.3 Eligible Products

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

### 4.3.1 Eligible Products Must Be Permanently Fixed, New Products

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

### 4.3.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for residential properties is available on the Program website <http://www.heroprogram.com/products>. Property owners will be solely responsible to confirm with their contractor(s) that only bids with at least the minimum specifications set forth in the Eligible Products List will be acceptable for Program financing.

Before 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 7.5.1). 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 using the “Product Look Up” function of the Program website (<http://www.heroprogram.com/products>).

### 4.3.3 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 HERO Product Application 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 on the Eligible Product List. The Program reserves the right to approve or disapprove of new products and custom projects.

### 4.3.4 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.

## 4.4 Eligible Costs

Eligible costs under the Program include both the cost of the equipment and the installation costs. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed 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.

## 4.5 Eligible Contractors

Only contractors who have registered with the Program may complete 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 workers compensation insurance requirements and agree to all Program terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All Solar PV and solar thermal systems must be installed by a contractor certifying that they are 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 PRODUCTS. THE PROGRAM, SANBAG, RENOVATE AMERICA, INC., EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS 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.**

A current listing of contractors registered for the Program who have also attended the Program orientation can be found on the Program website (<http://www.heroprogram.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.

## 4.6 Eligible Assessment Amounts

The minimum assessment amount is \$5,000. The maximum assessment amount shall not exceed the lesser of (a) less than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter, (b) \$200,000, or (c) a combined mortgage and Assessment Contract amount of 100% of the value of the property. Household income may also be a consideration and could affect Application approval and maximum approval amounts.

For residential properties, the value of the property will be the market value based on an automated valuation model ("AVM") value provided by a third party independent vendor selected by the Program. If an AVM value is

not available for a particular property, the Program will use the assessed value unless the property owner can provide an appraisal prepared by a licensed appraiser with a date of value not older than 6 months. In addition, if a property owner disagrees with the AVM value, the property owner may choose to pay for an appraisal from a licensed appraiser approved by the Program and the Program will review the appraisal and provide a determination, which shall be final, whether such AVM may be used for eligibility calculations.

## 4.7 Eligible Assessment Term(s)

Assessment Contracts may include financing with a 5-, 10-, 15-, 20-, or 25-year term, but the financing term may not exceed the “useful life” of the installed Eligible Product. A listing of Eligible Products and the useful life of such products can be found in Appendix D. When installing multiple Eligible Products, the maximum financing term available is the financing term associated with the greatest financing amount.

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

## 4.8 Eligible Rebate Programs and Tax Credits

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

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 2.4 above, including Energy Upgrade California at [https://energyupgradeca.org/county/san\\_bernardino/overview](https://energyupgradeca.org/county/san_bernardino/overview), which allows a zip code search for a comprehensive list of different types of rebates available in the area. Other resources include a “Rebate Locator” on the Energy Star website (<http://www.energystar.gov>) and a “Rebate Finder” on the WaterSense website (<http://www.epa.gov/WaterSense/>).

### 4.8.1 Deductions from Financing Amount

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

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

### 4.8.2 Solar Rebates and Program Participation

Property owners who plan to install solar photovoltaic (“solar PV”) or solar thermal water heating systems must be eligible for the appropriate California Solar Initiative (“CSI”) rebate program. Most solar installers can assist property owners with applying for these rebates.

## 4.9 Eligible Number of Assessments

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

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

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

## 5.2 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. If permits are required, the pulled permit documentation must be submitted with the Completion Certificate.

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

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

## 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 HERO 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.

### 6.2.1 Program Financing Fee

A Program Financing Fee is a onetime fee of not to exceed 7.00% that can be financed or paid by the property owner. The Program Financing Fee covers the cost of issuing bonds by SANBAG to finance the installation of the Eligible Improvements and the costs to approve and fund installation of the Eligible Products. The amount of the Program Financing Fee is identified on the Program website and in the Financing Documents.

### 6.2.2 Interest Rate

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

### 6.2.3 Interest Before First Payment

Interest will be added to the property owner's assessment amount for the period between the closing date and September 2<sup>nd</sup> 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.

### 6.2.4 Recording Fees

Property owners will need to pay for any and all fees their respective County charges to record the assessment lien documents and related notices on the property. These fees are added to the assessment amount or paid upfront by the property owner at closing. The recording fee is identified in the Financing Documents.

### **6.2.5 Annual Assessment Administrative Fee**

Each tax year an Annual Assessment Administrative 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 maximum annual assessment administrative fee may be adjusted annually for cost of living increases however it shall not exceed \$100.00. The Annual Assessment Administrative Fee will be identified in the Financing Documents.

## **6.3 Annual Repayments**

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

## **6.4 Prepayments**

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.

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

# **7 Program Process**

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

## **7.1 Process Overview**

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



- 1** **Apply**  
Property owner submits application online, through a contractor, or by hard copy.
- 2** **Product Approval**  
Contractor or property owner calls HERO Program Representative with specific product details before installing products.
- 3** **Sign Financing Documents**  
Property owner is emailed Financing Documents, which they sign and return.
- 4** **Install Eligible Products**
- 5** **Payment Issued**  
The contractor and property owner must sign and submit a Completion Certificate. Payment is then issued.

## 7.2 Step 1: Apply

### 7.2.1 Application

Each property owner will need to complete an application.

Property owners have the option of submitting the application:

1. online: <http://www.heroprogram.com>,
2. phone: 855-HERO-411,
3. fax: (858) 815-6860,
4. email: [sanbag@heroprogram.com](mailto:sanbag@heroprogram.com),
5. mail or in person: 1170 W. 3rd Street, San Bernardino, CA 92410-1715
6. or through a registered contractor.

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

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

#### 7.2.1.1 Secure Online Application

A secure online application for the Program is available on the Program website (<http://www.heroprogram.com>). The online application is a step-by-step process where each applicant provides personal and property information. Applicants who receive an “approved” response to their application may then obtain approval of the proposed Eligible Products by calling the Program at (855) HERO-411 (see Section 7.5.1 for details). Applicants who receive a “conditionally approved” or “in review” message regarding their application will be contacted by a Program Representative once the application has been reviewed, but may also correspond with the Program either by email at [sanbag@heroprogram.com](mailto:sanbag@heroprogram.com) or through the call center at (855) HERO-411. Applicants will also receive notification emails regarding their application status.

### 7.2.1.2 *Hard Copy Application*

In addition to the online application, a hard copy application is also available for property owners to fill out. The applicant may obtain the hard copy application by downloading it from the Program website, calling Program Representatives at (855) HERO-411, emailing Program representatives at [sanbag@heroprogram.com](mailto:sanbag@heroprogram.com). Program information and documents are available through these same methods. Once completed, a property owner may submit a hard copy application by mail, e-mail, facsimile, or in person to the contact information stated above.

### 7.2.1.3 *Contractor Call In*

Contractors who have registered with the Program may, with the approval of a property owner, call in an application to the Program and receive approval over the phone. The property owner must fill out the hard copy application, provide that information over the phone, and then mail a signed version of the application with the Financing Documents.

## 7.2.2 *Application Results*

Applicants will receive official notification of the status of their applications immediately if applying through the online system or through the contractor call in method (with a confirming email). If applying through a hard copy application, the Program will notify applicants of the application status determination by email or mail once the application is processed. There are four possible application review results:

***Approved.*** An application will be approved if Program staff has verified all of the items listed in the Eligibility Requirements for properties and property owners. An “approved” applicant will receive an Approval Letter with instructions about the next steps for obtaining Program approval of Eligible Products, signing Financing Documents, installation of Eligible Products, and submitting the Completion Certificate. **An “approved” applicant must comply with all Program requirements for these items, or will not be approved for funding at a later date.**

***Conditionally Approved.*** An application will be conditionally approved if all the submitted information meets the underwriting eligibility requirements, but, based on certain information that was encountered during processing, additional information or documentation is required. If the property owner complies with the listed additional conditions, the application will then be approved. Examples of “conditions” that might be required are trust documents for property in a trust’s name or corporate authorization documentation when the property is owned by a corporation. It is within the Program staff’s discretion to request specific types of additional documentation depending on the issues related to the application.

***In Review.*** An application will be “in review” if the Program staff and/or the automated underwriting system is unable to connect the property with the property owner using the information that was submitted by the applicant or any issues arise during verification of eligibility requirements. “In review” applicants will be notified by email or mail of the issues that need to be resolved before the application can move forward. If the applicant has any questions, he or she can always call the Program to speak with a Program representative at (855) HERO-411.

***Denied.*** An application will be denied if Program staff determines the property owner or the property do not meet the eligibility requirements. A property owner will be notified in writing by mail of the specific



reason(s) why his or her application was denied. If the property owner believes there has been an error based on the stated reasons in the declination letter and is unable to resolve it quickly by contacting Program staff, the property owner must follow the steps set forth in Section 8, Dispute Resolution, in order to formally contest the Program's decision.

## 7.3 Step 2: Obtain Product Approval

Property owners must obtain approval of all Eligible Products **prior** to being able to enter into an Assessment Contract or ordering the contractor to order or install the Eligible Products.

### 7.3.1 Scope of Project - Obtain Quote

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

Property owners can work directly with an energy/water auditor and/or contractors to determine the scope of their project. Funding is only available for products listed on the Eligible Products List and Custom Products, if approved by the Program.

Contractors or self-installing property owners may explore what products and models are eligible by using the "Product Look Up" function of the Program website at <http://www.heroprogram.com/products>.

**It is highly recommended that property owners perform a comprehensive energy/water audit on their property before considering any Eligible Products.** A comprehensive audit applies building science principles from data collected on the subject property utilizing sophisticated diagnostic equipment including a blower door, duct blaster, and digital infrared camera to precisely detect the cause and measure the effects of building performance related problems.

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

As some homes may not have proper solar exposure or the structural framework to support the weight of a solar system, property owners who are considering the installment of a solar PV or solar thermal system are encouraged to contact one or more qualified solar system installers for a free solar site evaluation. Also, property owners should register and then complete the rebate process for their solar PV projects with CSI, or the appropriate local utility, when available.

### 7.3.2 Eligible Product Look Up

Prior to submitting an application, contractors and property owners may do preliminary research to determine whether a product is eligible in two ways: download and review the current Eligible Products List from the Program website or use the "Product Look Up" function of the Program website (<http://www.heroprogram.com/products>) to explore eligibility of particular products in advance. While the Eligible Products List provides the required specifications, the "Product Look Up" page allows users to look for specific models. However, property owners may not purchase or install Eligible Products until they have received an email from the Program with an attached Completion Certificate, listing the approved Eligible Products (including the particular model and its cost) for all of the items they plan to install and entered into an Assessment Contract with SANBAG.

### 7.3.3 Contact Call Center for Product Approval

Contractors or property owners will need to call the Program at 855-HERO-411 to obtain approval of specific Eligible Products and installation costs before Financing Documents, including the Assessment Contract, are emailed to the property owner and Eligible Products may be ordered or installed. The installation cost provided

by the contractor or property owner is a “Not to Exceed” amount and the final invoiced amount of the project may not exceed this amount.

This process should be followed for each Eligible Product included in the project. If a different Eligible Product or model needs to be installed, the contractor or property owner must contact the Program representatives again and repeat the process outlined above.

To help determine which Eligible Products to install, the current Eligible Products List and the minimum specifications and/or installation requirements for each Eligible Product is available on the Program website (<http://www.heroprogram.cpm/products>). In addition, contractors and property owners may use the “Product Look Up” function of the Program website (<http://www.heroprogram.com/products>) to explore eligibility of particular model numbers or product requirements in advance.

### 7.3.4 New Products or Custom Projects

If a property owner wishes to finance a product that is not listed on the Eligible Products List, he or she must complete a new HERO Product Request Form. On the Form, the property owner and contractor will need to provide the following:

- (a) The product/project they wish to install
- (b) The cost to install
- (c) The basis for eligibility (energy savings, water savings, or renewable energy production)
- (d) The product, if any, they are removing

During review, Program Representatives may request additional documentation or additional contractor(s) bid(s) for proposed products/project for any reason, including if the Program determines that the submitted bid(s) appear to be unreasonable as to cost or scope.

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

## 7.4 Step 3: Sign Financing Documents

After products are approved, Program Representatives will email property owners their Financing Documents, which must be signed and received by the Program by the date stated on the signature page of the Assessment Contract:

1. Signed Financing Summary
2. Signed Assessment Contract with exhibits thereto
3. Signed Application
4. Acknowledged Right to Cancel.

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

If all property owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents may need to be issued with a new interest rate. Repeated delays requiring repeated reissuance of Financing Documents, however, may result in a cancellation of approval or processing fee charges for Program financing.

The property owner will also receive an email, which informs the property owner and contractor of the next steps. Also sent at the time Financing Documents, is the Completion Certification, which will list the approved Eligible Products and the date by which the installation of the Eligible Products must be completed.

The Property Owner and Contractor can update the details of an Assessment Contract through an Addendum to the Assessment Contract.

Samples of all the HERO Financing Documents referenced in Section 7.4 can be found on the HERO Program website.

Spanish translations of the sample HERO Financing Documents can also be found on the HERO Program website. Links to the sample Financing Documents in English and Spanish are located in Appendix C.

## 7.5 Step 4: Install Eligible Product(s)

Installation may only be completed by a contractor who has registered with the Program or by a self-installing property owner. Eligible contractors may register with the Program if they have met all the requirements and sign an agreement to comply with all Program terms and conditions. Property owners who are self-installing must notify the Program when they call in for Eligible Product approval that they are self-installing and must submit a signed Self-Install Agreement with the Completion Certificate. **See Section 4, Eligibility Requirements.**

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

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

**THE PROGRAM, SANBAG, RENOVATE AMERICA, INC., 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 ELIGIBLE PRODUCTS OR THE OPERATION OF SUCH ELIGIBLE PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH ELIGIBLE PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH ELIGIBLE PRODUCTS.**

### 7.5.1 Building Permit Requirements

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

The Program has the right to schedule an on-site validation visit at any time for any installed, Program-financed Eligible Products (see Section 7.8 below).

## 7.6 Step 5: Payment Issued

### 7.6.1 Submit Completion Certificate

Once installation is complete, the property owner must complete and submit an executed Completion Certificate and all required attachments to the Program for approval. To do so, the following conditions must be met:

1. All installed Eligible Products or Custom Products have been specifically approved by the Program in advance of installation and listed in one or more Completion Certificate(s);
2. All Eligible Products or Custom Products to be financed have been completed and installed in compliance with Program rules; and
3. Property owner(s) are submitting a complete Completion Certificate within the financing period set forth in the application approval letter.

The Completion Certificate must be submitted with signatures from the contractor and property owner(s) and may additionally require the following documents:

1. A final invoice from all contractor(s) a product invoice(s) if self-installed, or a lease agreement for solar prepaid lease installation projects;
2. If required by the jurisdiction, a pulled (initial) building permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products, unless additional permitting requirements are specifically required below. The Program reserves the right to require a final permit at any time for all permitted Eligible Products or Custom Products, as determined by the Program and as practiced by the jurisdiction;
3. Specific Eligible Product Attachments:
  - a) Exterior Windows or Doors, Skylights or Tubular Daylighting Devices, or Window Film- NFRC labels or manufacturer product details;
  - b) Custom Products- Approved HERO custom product application;
  - c) Energy Audit- Copy of energy audit report;
  - d) Small Wind Turbine- Copy of final building permit inspection card;
  - e) Cool Roof (Prescriptive or Performance)- Copy of final building permit inspection card;
  - f) Solar Installations- Copy of initial permit or final building permit inspection card. It is the responsibility of the property owner to furnish a copy of the final building permit, if requested by the Program;
  - g) HVAC (Central Heat Pump, Central Air Conditioning, Evaporative Cooler, Furnace, or Geothermal Heat Pump)- Copy of initial building permit;
  - h) Water Heating (All products)- Copy of initial building permit; and
4. Signed Self-Install Agreement, if property owner self-installed any Eligible Products without using a contractor registered with the Program.

A current list of the required attachments for the Completion Certificate will be provided on the Program website (<http://www.heroprogram.com/products>) and with the Completion Certificate.

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

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

It typically takes less than 3 business days to receive payment after the Completion Certificate and associated documents have been properly submitted and approved, however, the time to receive payment may take a longer period of time.

### 7.6.2 Right to Validate Products by SANBAG

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.

## 7.7 Record Lien on Property and Issue Payment

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

## 7.8 Add Assessment to Property Taxes

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

### 7.8.1 Assessment Payments on Property Tax Bill

Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition, operation or efficiency of performance 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 SANBAG 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, SANBAG and the County will permit their assessment to stay with the property; **however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their HERO Program 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 on the property (or in the case of a refinancing allowed to remain on the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance.** Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.

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

The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing 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.

## 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 SANBAG 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, SANBAG 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 SANBAG, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to San Bernardino Associated Governments at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA 92410-1715 to the attention of the SANBAG Board of Directors with a copy to General Counsel of SANBAG sent to the same address. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, SANBAG meet with the property owner, and shall attempt to resolve the dispute. SANBAG shall render a written decision in 30 calendar days and send that decision to the property owner. The decision of SANBAG is final.

## 9 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Handbook.

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

## 10 Appendices

### Appendix A: Glossary of Terms

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

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

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

**Assessment Contract:** A contract entered into between the property owner and SANBAG to provide financing for Eligible Products under the 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.

**CCR:** The California Code of Regulations.

**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 completed and executed by a property owner participating in the HERO Program and such property owner's contractor upon completion of the installation of Eligible Products containing such certifications of such property owner and such contractor that required to be made as a condition precedent to the financing of the installation of such Eligible Products through the HERO Program.

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

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

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

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

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

**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 (95of). The higher the EER, the more efficient the system.

**Eligible Products:** All Eligible Products listed in Appendix 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 that can be eligible to receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a \$ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

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

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

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

**HERO Program or Program:** The SANBAG HERO Program.

**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 Eligible Products installed on Improved Property may be financed 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.

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

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

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

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

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

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

**Real Property:** A property in 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.

**San Bernardino Associated Governments ("SANBAG"):** Is a joint powers authority representing 24 cities and the County of San Bernardino.

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

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

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

**Title 20:** CCR Title 20 includes, among other regulations, "Appliance Efficiency Regulations" that include standards for both federally regulated appliances and non-federally regulated appliances. Twenty-three categories of appliances are included in the scope of these regulations. The standards within these regulations apply to appliances that are sold or offered for sale in California, except those sold wholesale in California for final

retail sale outside the state and those designed and sold exclusively for use in recreational vehicles or other mobile equipment.

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

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

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

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

## Appendix B: Additional Requirements and Terms

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

### **Property Owner Agrees to All Program Terms**

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

### **Authority to Install Products**

By execution of the Financing Documents, each property owner represents that he or she has the authority to install or contract for the installation of the approved Eligible Products on the property named in the Financing Documents.

### **No Endorsement, Recommendation, Warranty or Guaranty of Products or Contractors**

The property owner(s) understand, acknowledge and agree that SANBAG's review of the proposed products, the determination that such products are Eligible Products and authorization for Program funding for the installation of such products 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 products, and the manufacturers of such products. Any manufacturing, installation and/or performance related issues pertaining to such products are the responsibility of the property owner and the property owner's contractor(s).**

**THE PROGRAM, SANBAG, RENOVATE AMERICA, INC., 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 for the installation of Eligible Products 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 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 SANBAG 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 1<sup>st</sup> following such default.

### **Rebates and Tax Credits**

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

### **Tax Deductibility of Contractual Assessment**

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

### **Program Database**

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

### **Releases and Indemnification**

By submitting a Program application, property owner thereby acknowledges that SANBAG has established the HERO Program solely for the purpose of assisting the property owners in the city or county where their home is located with the financing of Eligible Products and that SANBAG, 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 SANBAG, 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 SANBAG, the Participating Entities, Renovate America and 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 SANBAG may disclose his or her personal information to Program staff, and that SANBAG and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of SANBAG's business or to provide services to property owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or our regulators, (ii) enable SANBAG 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 SANBAG, 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 data 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 SANBAG 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

### **Financing Disclosure Requirements**

Required financing disclosure notices and forms are attached to this Handbook in Appendix E.

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

## Appendix C: Program Forms and Documents

### ***Program Handbook***

[www.heroprogram.com/Documents/SANBAG\\_HEROProgramHandbook.pdf](http://www.heroprogram.com/Documents/SANBAG_HEROProgramHandbook.pdf)

### ***HERO Financing Residential Application***

[www.heroprogram.com/Documents/SANBAG\\_HEROApplication.pdf](http://www.heroprogram.com/Documents/SANBAG_HEROApplication.pdf)

### ***Contractor Participation Terms and Conditions***

[www.heroprogram.com/Documents/ContractorParticipationTermsAndConditions.pdf](http://www.heroprogram.com/Documents/ContractorParticipationTermsAndConditions.pdf)

### ***Custom Product Application***

[www.heroprogram.com/Documents/CustomProductApplication.pdf](http://www.heroprogram.com/Documents/CustomProductApplication.pdf)

### ***Sample Completion Certificate***

[www.heroprogram.com/Documents/SANBAG\\_SampleHEROCompletionCertificate.pdf](http://www.heroprogram.com/Documents/SANBAG_SampleHEROCompletionCertificate.pdf)

### ***Sample Financing Documents***

[www.heroprogram.com/Documents/SANBAG\\_SampleHEROFinancingDocs.pdf](http://www.heroprogram.com/Documents/SANBAG_SampleHEROFinancingDocs.pdf)

### ***Sample Spanish Financing Documents***

[www.heroprogram.com/es/sample-documents](http://www.heroprogram.com/es/sample-documents)

### ***Privacy Policy***

<https://www.heroprogram.com/privacypolicy>

## Appendix D: Eligible Products List

The HERO Eligible Products List can be found on the HERO program website (<https://www.heroprogram.com/Products>).