



# **Florida Residential Program Handbook**

Version 1.0 – March 2016

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# 1 Program Introduction

## 1.1 Program overview

Property Assessed Clean Energy (“PACE”) programs are expressly authorized in Florida under Section 163.08, Florida Statutes. The RenewPACE Program (“Program”) was created and approved by the Florida Green Finance Authority (“Sponsor”) and its partnering local government members to assist Property Owners who want to finance energy efficiency, renewable energy, and wind resistance products on their homes while lowering utility bills and greenhouse gas emissions. Renew Financial I, LLC and its affiliates (“Renew Financial”, “Program Administrator” or “Originator”) administers the Program. The Program Administrator manages daily activities of the Program.

Through the Sponsor and the Program, residential Property Owners may finance the installation of Eligible Products and repay the financed amount through their property tax bill. Participation in the Program is voluntary and requires the full consent of all owners on the property title. All Property Owners sign a Financing Agreement and agree to repay the amount financed over a period of 5, 10, 15, 20 or 25 years, depending on the financed amount and the expected useful lifetime of the installed Eligible Products. Under Florida Law, an Assessment lien is recorded on the property to secure the financing and will have a higher priority than most other liens on or rights in your Property, including any mortgage.

The list of Participating Communities is available on the Program website and in this Florida Residential Program Handbook (“Handbook”), as Appendix D. In addition to the property being located in a Participating Community, all Property Owners on title must meet all of the eligibility requirements and agree to comply with all of the Program rules for the application and funding processes, installment of Eligible Products, and repayment of the financed amount, as outlined in this Handbook.

## 1.2 Program Contact Information

|                                       |   |
|---------------------------------------|---|
| Program Address:                      | Renew Financial<br>1620 E Roseville Parkway Suite 240<br>Roseville, CA 95661              |
| Program Website:                      | <a href="https://renewfinancial.com/renewpace/">https://renewfinancial.com/renewpace/</a> |
| Program Email:                        | info@renewfinancial.com   |
| Program Call Center Phone Number:     | 844-RENEWFI (844-736-3934)  |
| Program Fax Number:                   | TBD   |
| Contractor Registration Phone Number: | 844-RENEWFI (844-736-3934)  |
| Contractor Registration Email:        | contractors@renewfinancial.com  |

## 1.3 Program Call Center Hours

Program Call Center hours are 8am to 12am EST, Monday through Friday, 9am to 9pm EST on Saturdays, and 10 am to 9pm EST on Sunday. Please see the Program website for recent updates about the Program Call Center operation times, phone number and other relevant information.

## 1.4 Helpful Terms

This Handbook outlines details about the Program. Below is a reference list of key terms utilized in the Program.

**Annual Administrative Fee:** the annual fee to cover the applicable county's and the Sponsor's costs of administering the Program.

**Annual Payment:** the annual amount added to the property tax bill, which is equal to Principal, Interest, and Annual Administrative Fees.

**Annual Percentage Rate:** Interest and certain other costs over the Term expressed as a rate. This is not the Interest Rate.

**Assessment:** a lien placed on the Property for the Total of Payments owed, including Principal, Interest, Annual Administrative Fees, any applicable penalties, and other charges. The Assessment begins the Effective Date when the Authority signs the Memorandum of Financing Agreement and ends the date when the Total of Payments are fully repaid.

**Building Permits:** the 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.

**Closing Costs:** the sum of Financing Costs, Other Costs, and Prepaid Interest.

**Completion Certificate:** a document verifying that the installation of all Eligible Products has been completed. This document must be signed by one Property Owner and the Participating Contractor to initiate project funding.

**Completion Deadline:** the date that all approved Eligible Products must be installed and completed in order for the locked interest rate on the Financing Agreement to remain unchanged. The Completion Deadline is [90 or 120] days after the Financing Agreement Date, depending on the installed Eligible Products.

**Custom Products:** renewable energy, energy efficiency, and wind resistance products that require special approval to be financed by the Sponsor through the Program because the products are not included on the Eligible Products List. Custom Products should produce renewable energy, save energy or increase wind resistance for a reasonable cost.

**Department of Business & Professional Regulation Construction Industry Licensing Board ("CILB"):** the state entity in Florida that licenses and regulates all contractors.

**Documentary Stamp Tax:** a tax levied on recorded documents that transfer interest in Florida real property.

**Effective Date:** the date the Authority signs the Memorandum of Financing Agreement.

**Eligible Products:** approved items that are qualified improvements to the Property and may be financed through the Program. Eligible Products are listed in Appendix C.

**Energy Auditor:** performs an energy audit, which is an evaluation of energy consumption in a home to determine ways in which energy can be conserved.

**Financing Agreement:** the legal agreement between the Property Owner(s) and the Sponsor expressing intent to enter into an Assessment. This document is signed by all Property Owners and is included in the Financing Documents package.

**Financing Agreement Date:** the date that the Financing Agreement was generated for the Property Owner's signature. This date locks the interest rate for the Financed Amount.

**Financed Amount:** the sum total of Products Costs, Financing Costs, Other Costs, and Prepaid Interest for the Term.

**Financing Costs:** One-time fees incurred at funding, including Program-Related Fees and Reserve Fund.

**Financing Documents:** the Financing Agreement and related documents that are sent to the Property Owner(s) after an application is approved.

**Florida Green Finance Authority:** the "Sponsor". The sponsoring entity for the Program.

**Funding Date:** the latest possible date for disbursement of payment to the designated payee indicated on the Completion Certificate.

**Interest:** the amount due as part of the Annual Payment based on Interest Rate.

**Interest Rate:** the rate applied to the financed amount. This is not compounded.

**Memorandum of Financing Agreement:** the final document that will be signed by the Sponsor after receipt of the Completion Certificate, subjecting the Property to payments until the Total of Payments are paid.

**Other Costs:** the sum of County Lien Recording Fees, and Other Fees.

**PACE:** Property Assessed Clean Energy.

**Participating Communities:** areas where Program financing is available as identified in Appendix D. Other member agencies of the Sponsor may elect to participate in the future.

**Participating Contractor:** the person or business entity who contracts to install Eligible Products and has registered with the Program.

**Prepaid Interest:** also known as Capitalized Interest. The interest accrued on the financed amount in the period prior to the initial tax year in which payment is made.

**Principal:** same as Financed Amount. Every year of the Term a portion of Principal is due along with Interest.

**Product Costs:** represents the total cost of the installation of Eligible Products. Equals amount to be disbursed to the Property Owner or Participating Contractor for the costs of the Eligible Product(s) installed on the Property.

**Program:** the RenewPACE Program.

**Program Administrator:** Renew Financial is the designated Program Administrator on behalf of the Sponsor.

**Program-Related Fees:** one-time fees incurred at funding, including fees for origination and program management.

**Project:** the installation of all Eligible Products on a Property.

**Property:** the real property where Eligible Products will be installed.

**Property Owner:** the record owner(s) of the fee title to the Property.

**Property Value:** the value of the Property derived from an automated valuation model, the Assessed Value, Broker Price Opinion or the appraised value.

**Recording Fees:** Represents the sum of county recording fees, which is the county fee charged for recording Assessment documents relating to the financing on the Property, and Documentary Stamp Tax.

**Reserve Fund:** one-time fees or deposits incurred at funding to pay for reserves that support investors' payments in the event of delinquency.

**Residential:** four (4) residential units or fewer.

**Term:** the number of years to pay off the Financed Amount.

**Total of Payments:** this is equal to the sum of all payments (Principal, Interest, and Annual Administrative Fees) over the Term of the financing.

## **1.5 Federal Housing Finance Agency overview**

Federal Housing Finance Agency (“FHFA”) issued guidance on PACE financing in 2010. The objective of the guidance was to provide safe and sound operations for Fannie Mae and Freddie Mac, mortgage market entities that are supervised and regulated by FHFA. See Section 4.2 for additional information.

## **1.6 Other Useful Resources**

Information on rebate programs, contractor standards, and other useful information is provided in Appendix A.

## **1.7 Future Program Changes**

The Sponsor reserves the right to change the Program and its terms at any time; however, any such change will not affect the existing responsibility of the Property Owner(s) to pay the amounts agreed to in the executed Financing Agreement.

Participation in the Program will be subject to this Handbook and other documents signed as part of the Program. 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.

## 2 Program Eligibility Requirements

This section should be carefully reviewed in order to determine eligibility for the Program before submitting an application. A summary of eligibility requirements is listed below, with details on each requirement provided in Sections 2.1-2.9.

### Summary of Eligibility Requirements

|   |
|---|
| <b>PROPERTY</b>   |
| Property must be in a Participating Community.  |
| Must be a Residential Property of four (4) units of fewer.  |
| No new construction.  |
| Manufactured homes approved if permanently attached to the Property.  |
| At least 10% equity in the Property (mortgage-related debt is no more than 90% of the value of the Property).   |
| No current involuntary liens and/or judgments.  |
| <b>PROPERTY OWNER(S)</b>  |
| Applicant(s) must be the owner(s) of record of the Property.  |
| All Property Owners must sign all required documentation.   |
| Property Owner(s) must be current on their property taxes for the prior 12 months.  |
| Property Owner(s) must certify on the application that property taxes have not been paid late during the prior 3 years (or since the purchase if owned by them for less than 3 years).  |
| Property Owners must be current on all property debt of the Property at the time of application and cannot have had more than one 30-day mortgage-related late payment over the previous 12 months.   |
| There must be no notices of default or foreclosure filed against the Property within the last 3 years.  |
| No bankruptcies (business or personal) in the last 2 years. The Property must not be an asset in any bankruptcy proceeding.   |
| Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to an Assessment.   |
| <b>PRODUCTS</b>   |
| Energy efficiency, renewable energy, and wind-resistance products; new products; products must be permanently fixed to the Property; products must stay with the Property upon sale or transfer of ownership; must meet minimum efficiency and/or other requirements for Eligible Products. |
| <b>CONTRACTORS</b>  |
| All Eligible Products must be installed by a Participating Contractor.  |
| <b>FINANCED AMOUNTS</b>   |
| Minimum financing amount is \$5,000.  |
| Maximum financing amount is 20% of the value of the Property or a maximum of \$250,000. The combined amount financed under the Program plus mortgage-related debt cannot exceed 100% of the value of the Property.  |
| Financing term cannot exceed the useful life of the Eligible Product(s).  |

## 2.1 Eligible Properties

Properties of four (4) or fewer residential units are generally eligible, with the following eligibility requirements:

### **Property Located Within Participating Community**

All properties where financed projects will be installed must be located within a Participating Community. A list showing Participating Communities is located in Appendix D of the Handbook. The Property must also not be exempt from ad valorem real property taxes.

### **No New Construction**

All eligible improvements that qualify for Program financing must be on existing properties.

### **Manufactured Homes, Condominiums, and Homeowner's Associations ("HOAs")**

Manufactured homes are eligible if the homes are permanently attached to the real property, and if the manufactured home owner(s) also own the underlying land and pay real property taxes (not Department of Motor Vehicles or "DMV" fees).

Condominiums are eligible, but 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. It is the responsibility of condominium owners to obtain authorization from the condominium association's management stating that the Property Owner is allowed to install the requested Eligible Products. Due to the nature of the ownership of common areas in a condominium, the Program does not finance any projects in common areas such as club houses, common spaces, etc.

For properties subject to HOA restrictions, it is the responsibility of the Property Owner to obtain authorization that the requested Eligible Products meet all the HOA requirements, as applicable.

### **Maximum Financed Amount to Property Value Amount**

The Maximum financing amount is 20% of the value of the Property or a maximum of \$250,000. The combined amount financed under the Program plus mortgage-related debt cannot exceed 100% of the value of the Property.

### **Required Equity in the Property**

Mortgage-related debt on the Property must not exceed 90% of the value of the Property, which is equivalent to having 10% equity in the Property.

### **Liens on Property**

The Property must not have any federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the Property. Prohibited liens do not include community facility district assessments or other financing district liens placed on all properties in that particular financing district. Any non-mortgage-related debt will be subject to review.

## 2.2 Eligible Property Owners

In addition to the property eligibility requirements, Property Owners must meet specific criteria in order to be eligible to participate in the Program. The eligibility criteria for all Property Owners on the title are set forth below.

### **Residential Property Owners:**

1. Must be the Property Owner(s) of record;
2. All Property Owners must sign all required documentation, including, but not limited to, the Financing Estimate, and the Financing Agreement. One Property Owner must sign the Completion Certificate;
3. Must be current on property taxes for the prior 12 months;
4. Must certify that property taxes have not been paid late during the prior 3 years (or since the purchase if owned for less than 3 years);
5. Property Owner(s) must be current on all property debt of the Property at the time of application and cannot have had more than one 30-day mortgage-related late payment over the prior 12 months;
6. There must be no notices of default or foreclosure filed against the Property while held by the current Property Owner(s) within the last 3 years; and
7. All other Property Owner(s) have not been involved in a bankruptcy proceeding (business or personal) during the past 2 years. Additionally, the Property may not currently be an asset in any bankruptcy proceeding.

### **Authority of Property Owner**

The Property's title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to subject the Property to an Assessment, other than issues related to standard mortgage loan agreements.

### **Trust Ownership of the Property**

A Property owned by a trust is eligible for Program participation if adequate documentation of the trust and the applicants' authority under the trust is provided with the application. All trustees must sign all required Program documents, including the Financing Agreement.

### **Business Entity Ownership of the Property**

A Property owned by a business entity is eligible for Program participation if adequate documentation of the business entity and the applicants' authorization to act on behalf of the entity is provided with the application.

## **2.3 Eligible Products**

The Program offers financing for various energy efficiency, renewable energy, and wind-resistance products (Eligible Products).

### **Eligible Products Must Be Permanently Affixed, New Products**

Only permanently affixed, new Eligible Products can be financed through the Program. Remanufactured, refurbished, or used equipment transferred from a previous location are not eligible. Previously installed products are not eligible for Program financing. Products that are not permanently affixed are not eligible, such as appliances, light bulbs and other non-fixtures. Products must stay with the Property upon sale or transfer of ownership.

### **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 specifications for Residential properties is available in Appendix C. Property Owners should confirm with their contractor(s) that only products that meet the minimum specifications set forth in the Eligible Products List will be acceptable for Program financing.

Before installing Eligible Products, the Property Owner(s) or the Participating Contractor are required to obtain approval of proposed Eligible Products by calling the Program Call Center.

### **Custom Products May Be Eligible**

It is possible to install a permanently affixed energy efficiency, renewable energy or wind-resistance product not included on the Eligible Products List, the Property Owner must submit a Custom Product Application. The Program Administrator must approve all Custom Product Applications. See Section 4.4 for additional details on submitting a Custom Product Application.

## **2.4 Eligible Products Costs**

Eligible Products costs under the Program include both the cost of the equipment and installation. Installation costs may include, but are not limited to, energy or wind-resistance audits, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed by a Participating Contractor who is enrolled with the Program.

If the Property Owner elects to install Eligible Products at the same time as a larger remodeling project, financing is only available for the Eligible Products used to improve the existing structure. Repairs to the existing building's envelope, systems and/or infrastructure are not eligible except where necessary to install the Eligible Products. If Eligible Products are included in a larger remodeling project, contact the Program Call Center 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. Property Owners are encouraged to get multiple bids to determine an appropriate range of costs for home improvements. The Program Administrator shall have the right to refuse to finance an Eligible Product that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of cost of any Eligible Product.

## **2.5 Eligible Participating Contractors**

Only Participating Contractors may install Eligible Products. Participating Contractors must have an active license, meet all bonding and workers' compensation insurance requirements, and agree to all Program terms and conditions via a Contractor Participation Agreement. In addition, Participating Contractors may only install Eligible Products for which they have the appropriate license.

The Property Owner independently chooses which Participating Contractor will work on the installation of Eligible Products. **The Sponsor and the Program Administrator do not endorse contractors who enroll in the Program, any other person involved with the installed products, or the design of the products, or warrant the economic value, energy savings, safety, durability or reliability of the Eligible Products.**

## **2.6 Eligible Financed Amount**

The minimum Financed Amount is \$5,000. The maximum Financed Amount is 20% of the value of the Property or a maximum of \$250,000. The combined Financed Amount under the Program plus the mortgage-related debt cannot exceed 100% of the value of the Property.

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. If a sufficient AVM value is not available for a particular Property, the Program Administrator will use the assessed value. If the Property Owner believes the assessed value does not adequately represent the value of the Property, an appraisal performed within the last 12 months from a licensed appraiser can be provided to the Program Administrator, who will review the appraisal and determine whether it may be used for eligibility calculations.

If the Property Owner does not have a current appraisal, then they can acquire a broker’s price opinion (“BPO”), a property value provided by a realtor with specialized training. For the Program, the BPO must be performed by a Realtor with an active license. All supporting documentation that defined the value of the property must be submitted at time of application.

The Program does not coordinate, advance the cost, nor choose an appraiser or realtor for an appraisal or BPO.

## **2.7 Eligible Financed Amount Term(s)**

Financing Agreements may include financing for a term of 5, 10, 15, 20 or 25 years. The financing term may not exceed the useful life of the installed Eligible Product(s), as indicated in Appendix C. If a project includes multiple products with various terms, the financing term will be determined by summing the dollar value of products under each term and selecting the term associated with the greatest value.

The Program Administrator reserves the right to allow a shorter term than the useful life of the Eligible Product(s) to be installed.

## **2.8 Eligible Rebate Programs and Tax Credits**

Various federal tax credits, state and local rebates, and incentive programs exist for energy efficiency, renewable energy, and wind resistance Eligible Products. Not all Eligible Products under the Program will qualify for federal tax credits and/or state or local utility rebates.

For information on rebates and tax credits, property owner may visit the rebates pages listed in Appendix A or ask the Participating Contractor installing the products for more information.

## **2.9 Eligible Number of Financings**

Property Owners may apply for additional financing under the Program for the same Property or an additional Property(s), as long as all Financed Amounts for a particular Property still meet all Program guidelines.

## **2.10 Additional Program Terms and Disclaimers**

This section outlines many of the legal issues associated with the Program.

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

By signing the Financing Agreement and related Financing Documents, all Property Owners certify that all Program eligibility requirements and the terms of the Program as outlined in the Financing Documents have been read, understood and agreed to.

### **Authority to Install Products**

By signing the Financing Documents, all Property Owners represent that they have the authority to install the approved Eligible Products on the Property named in the Financing Documents.

#### **No Endorsement by Program Administrator**

Although the Program ensures Eligible Products meet required minimum efficiency standards, all Property Owners agree that the Program Administrator's review of the proposed products and approval for Program funding shall not be construed as confirming or endorsing the qualifications of the Property Owner(s), the Participating Contractor, or any other person involved with the products; endorsing the design of the products; or as warranting the economic value, energy savings, safety, durability or reliability of the products.

#### **Property Owner Is Responsible for Products, Permits and Inspections**

All products installed on the Property are the responsibility of the Property Owner(s), including the selection of any Participating Contractor(s), energy auditor(s), or equipment. Any performance-related issues are the responsibility of the Property Owner(s) and the Participating Contractor(s). Neither the Sponsor, financing investor, or the Program Administrator is responsible for the performance of the products. Completion of all city and county permitting and inspections are the responsibility of the Property Owner(s) and the Participating Contractor.

#### **Right to Validate Products by Program Administrator**

The Program Administrator reserves the right to perform independent on-site validation(s) of any Eligible Products financed through the Program at any time, including if permit inspections have already been completed. If a validation visit is required, the Program Administrator will schedule any such on-site validation visit with the Property Owner(s).

#### **Defaults on Annual Payments**

Failure to pay Annual Payments could result in the initiation of foreclosure proceedings on the Property.

#### **Rebates and Tax Credits**

Federal, state or local laws or rebate programs may change at any time. Therefore, neither the Sponsor nor the Program Administrator is liable for any loss of or change in a rebate or tax credit. Property Owners should consult a tax advisor and/or accountant as to the applicability of any federal tax credits to personal taxes.

#### **Tax Deductibility of Annual Payment**

Components of the Annual Payment may be deductible on a tax return. Property Owners should consult a tax advisor about deducting any part of the Annual Payment on a tax return.

#### **Program Database**

All information obtained from Property Owners through the Program will be used only for purposes of the Program.

#### **Releases and Indemnification**

By submitting an application, Property Owners acknowledge that the Sponsor has formed the Program solely for the purpose of assisting Property Owners in a Participating Community with the financing of approved Eligible Products and that the Sponsor, financing investor, and the Program Administrator have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the products. All Property Owners shall be solely responsible for the installation, operation, financing, refinancing or maintenance of the products. Participation in the Program does not in any way obligate the Sponsor, financing investor, or the Program Administrator to guarantee or ensure the performance of any products. Property Owners acknowledge that they are responsible for payment regardless of whether the products are properly installed or operate as expected.

Property Owners also agree to release, defend, indemnify and hold harmless the Sponsor, financing investor, and the Program Administrator, including their officers, directors, employees, affiliates and agents, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorneys fees and cost of court, arising out of or in any way connected with participation in this 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 an application, Property Owners agree that the Sponsor may disclose personal information to the Program Administrator, and that the Sponsor and the Program Administrator may disclose that information to third parties when such disclosure is essential to the conduct of the Sponsor or its member agencies' business or to provide services, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or regulators, (ii) enable the Sponsor or the Program Administrator to provide services to Property Owners and to otherwise perform their duties, and (iii) obtain and provide credit reporting information. The Privacy Policy Notice provides further details on the Sponsor's information collection and sharing practices.

Property Owners agree to the release of name and contact information and the Property's utility usage data from the local utility company for 12 months before installation of the improvements and up to 24 months after the end of the financing term to the Sponsor and the Program Administrator for the purpose of conducting surveys and evaluating the Program and its impact. In addition, Property Owners understand that the Sponsor is a public agency, which, in certain circumstances, may have an obligation to release information pursuant to court order.

## **3 Financial Terms**

### **3.1 Closing Costs**

Below are the costs associated with Program financing. All interest rates and fees are subject to change. Interest rates and fees for a Financed Amount are set at the time that Financing Documents (see Section 4.5) are issued. If work is not completed by the Completion Deadline indicated on the Financing Documents, then the Program Administrator reserves the right to require Property Owner(s) to enter into a new Financing Agreement for Program financing. The new contract may have a different interest rate and costs.

#### **Closing Costs**

Closing Costs are one-time fees incurred at funding. Closing Costs include Financing Costs, Other Costs, and Prepaid Interest.

#### **Financing Costs**

Financing Costs are one-time fees incurred at the time of funding. Included in these costs are Program-Related Fees and Reserve Fees. Program-Related Fees cover the costs of origination and program management. Reserve Fees are one-time fees or deposits incurred at funding to pay for reserves that support bondholders' and mortgage holders' interests. Financing Costs are identified in the Financing Estimate as Origination Costs.

#### **Other Costs**

Other Costs include Recording and Administrative Fees. Recording Fees include the county charges to record the Assessment documents on the Property and a Documentary Stamp Tax levied by the state on documents transferring interest in Florida real property. Other Administrative Fees include fees for administering the Program. These fees will be included in the Financed Amount as Other Costs.

#### **Prepaid Interest**

Based on the Funding Date of the Financing Agreement, payments on the Financed Amount may not begin until the following year's tax statement. Prepaid Interest is the amount of interest that is added to the Financed Amount for the period prior to the first tax year in which payment is made. The amount of Prepaid Interest for the Financed Amount will be included in the Financing Estimate.

#### **Annual Administrative Fee**

Each year an Administrative Fee will be included in the Annual Payment on the property tax bill. This fee covers the annual costs to place the Assessment on the property tax rolls and manage the tax payments. These expenses may vary over the Term based on changes to local government and Sponsor fees. The Annual Administrative Fee will be identified in the Financing Estimate.

### **3.2 Annual Repayments**

The Property Owner(s) will repay Principal and Interest annually, plus an Annual Administrative Fee over 5, 10, 15, 20 or 25 years, depending on the approved Term. Payment will be billed and paid through a separate line item on the property tax bill. As with other property taxes, the Annual Payment is due in one installment each year by March 31. Failure to repay the Annual Payment will result in interest and penalties and may result in foreclosure on the Property.

If an impound account is used to pay property taxes, Property Owners should contact their lender to increase monthly impound payments by an amount equal to the Annual Payment divided by 12.

### **3.3 Prepayment of the Financed Amount**

The Assessment may be prepaid, in whole or in part, at any time. Partial prepayments must be a minimum of \$2,500. Prepayments will be applied at the end of the month when funds are received so long as funds are received 10 days prior to the end of the month. If the Assessment is prepaid in full, the prepayment amount will reflect a credit for any refund of prepaid interest. Upon request, a payoff statement will be provided. If a Property Owner prepays before the date of the second Annual Payment with no delinquencies, then, on

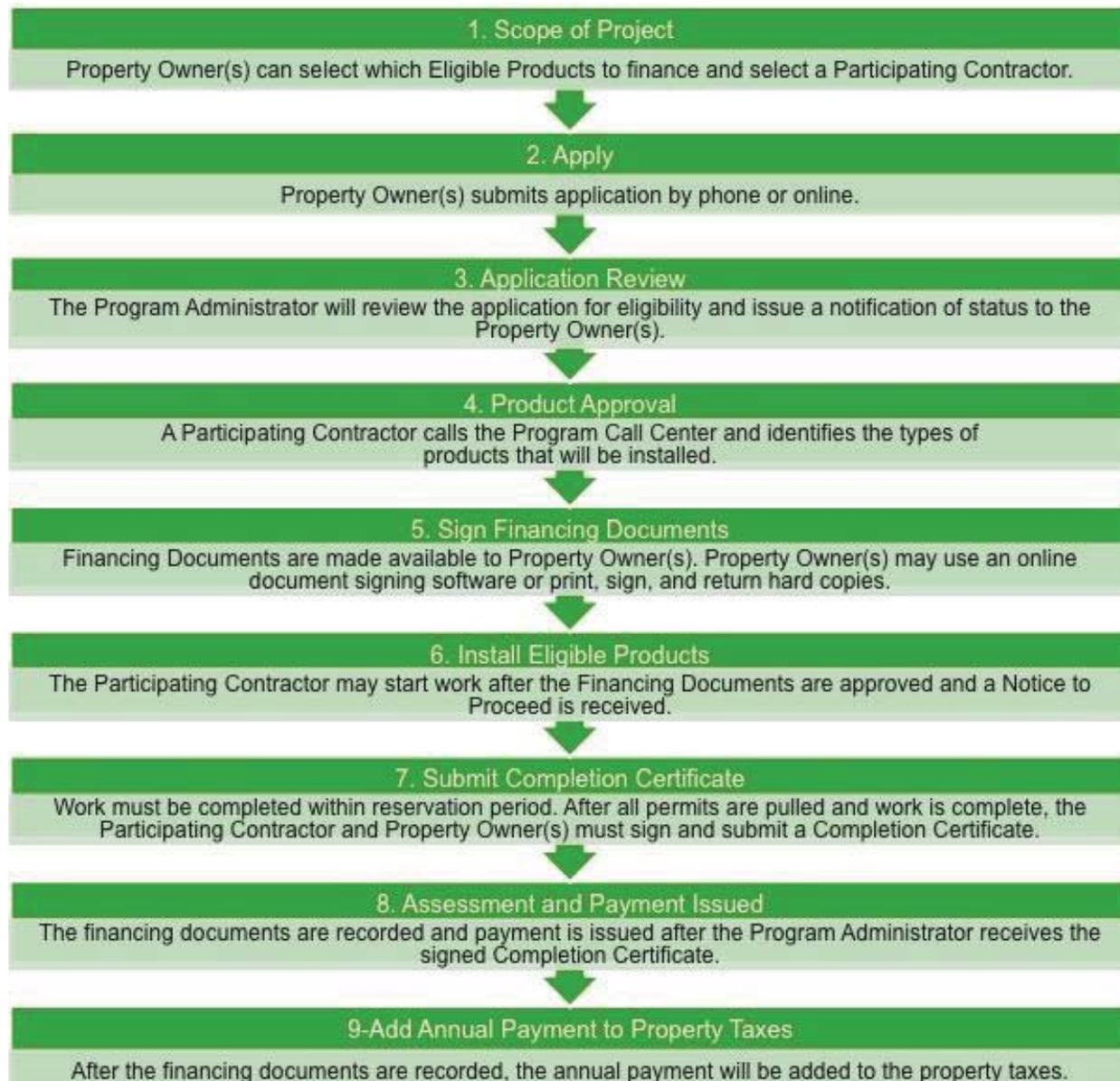
or prior to August 1 of the third year of the term of the Financing Agreement, an updated payment summary showing reduced subsequent Annual Payments will be sent. Partial prepayments received after the second Annual Payment will not necessarily reduce future scheduled payments but will cause the Repayment Date to occur sooner. Prepayments made after August 1 of any calendar year may result in the Property Owner receiving a tax bill that does not reflect that prepayment. In these circumstances, the Property Owner must pay the full tax bill and overpayments will be refunded when money is received from the county tax collector. In order to prepay, contact the Program Call Center to initiate the prepayment.

## 4 Program Process

This section describes the application and financing process for the Property Owner(s) and the Participating Contractor.

### 4.1 Process Overview

The chart below shows the steps to finance an Eligible Product through the Program:



## 4.1 Scope of Project

Property Owners can select which Eligible Product(s) to finance through the Program. A Participating Contractor can help determine which measures are best suited for a home and offer the best energy savings.

Funding is only available for products listed on the Eligible Products List and Custom Products, if approved by the Program Administrator. Eligible Products are listed in Appendix C of this Handbook.

### Energy Audit and Solar Site Evaluation

It is highly recommended to get a comprehensive energy and/or wind audit on a Property before considering any Eligible Products. An energy or wind audit can help identify which products present the greatest energy savings or wind resistance potential. If Property Owners are interested in solar PV or solar thermal, many solar contractors can provide a solar evaluation of a Property.

### Eligible Products

Prior to submitting an application, Property Owners should work with a Participating Contractor to determine whether a product is eligible by reviewing the current Eligible Products List. Property Owners should not purchase or install Eligible Products until a Notice to Proceed has been received from the Program Administrator.

## 4.2 Apply for the Program

### Application

Property Owners will need to complete an application to receive financing. This application can be submitted online, by phone, fax or mail at the contact information provided in Section 1.2.

Submission of an application does not guarantee approval for financing. Additionally, by proceeding with installation of a project prior to receiving the Notice to Proceed, Property Owners assume the risk that the project, Property, or Participating Contractor may not be eligible for financing.

By submitting an application, Property Owners are specifically authorizing and agreeing that the Program Administrator has permission to obtain a credit report for each Property Owner and any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify 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 or confirm eligibility for the Program.

#### Online Application

Participating Contractors and Property Owners can apply for financing online at the website indicated in Section 1.2.

#### Participating Contractor Call In

Participating Contractors may call in an application to the Program and receive approval over the phone. All Property Owners must be available to provide information and authorization for a credit report to be pulled when the Participating Contractor calls in the application.

#### Hard Copy Application

A hard copy application is available to fill out. A hard copy application may be obtained from the Program website or from a Participating Contractor. Once completed, hard copy applications must be submitted by mail or fax.

### Impact on Existing Mortgage Agreement(s)

Before completing a Program application, Property Owners should carefully review any mortgage agreement(s) or other security instrument(s) that affect the Property or to which the Property Owner is a party. Entering into an Financing Agreement without the consent of existing lender(s) could constitute an event of default under such agreements or security instruments. A Notice of PACE Financing will be sent to the mortgage lender upon signing the Financing Agreement. Defaulting under an existing mortgage agreement or security instrument could have serious consequences to Property Owners, which could include the acceleration of the repayment obligations due under such agreement or security instrument. In addition, Fannie Mae and Freddie Mac, the owner of a significant portion of all home mortgages, stated that they would not purchase home loans with Financed Amounts such as those offered by the Sponsor. This may mean that Property Owners who sell or refinance their property may be required to prepay such Financed Amounts, and any associated prepayment penalties, at the time they close their sale or refinancing.

## 4.3 Application Review

The Program Administrator will review the application and issue a notification of status as defined below.

### **Application Review Results**

Property Owners will receive an email notification of the status of an application immediately if applying online or through the Participating Contractor call in method. If applying with a hard copy application, the Program Administrator will notify Property Owners of the application status determination by email or mail once the application is processed. There are three possible application review results:

#### Approved

An application will be approved if the Program Administrator has verified all of the items' eligibility requirements and Eligible Products have been approved. An "approved" applicant will receive the Financing Documents listed in Section 4.5 for signature.

#### Pending

An application will be considered "pending" if all of the submitted information meets the underwriting eligibility requirements, but additional information or documentation is required to complete the application. The applicant can be approved once additional information is received. Examples of reasons for an application to be "pending" may include 1) that required trust or corporate authorization for applicable Property is not yet provided, 2) credit report(s) must still be pulled, and/or 3) Eligible Product information is not yet provided. "Pending" applicants will be notified by email of the issues that need to be resolved before the application can move forward.

#### Declined

An application will be declined if the Program Administrator determines the applicant(s) or the Property do not meet the eligibility requirements. A Property Owner will be notified by email 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 the Program Administrator, the Property Owner must follow the steps set forth in Section 6, Dispute Resolution, in order to formally contest the Program Administrator's decision.

## **4.4 Obtain Program Approval for Eligible Products**

Property Owners must obtain approval of all Eligible Products to be installed prior to installation.

### **Contact Call Center for Product Approval**

Property Owners or the Participating Contractor will need to call the Program Call Center to obtain approval of specific Eligible Products and installation costs before the Notice to Proceed can be sent. The installation cost provided to the Program Administrator is a "Not to Exceed" amount and the final invoiced amount of the project may not exceed this number.

The current Eligible Products List and the minimum requirements for each Eligible Product are available in Appendix C.

### **Custom Products**

In instances where the Property Owner(s) wishes to finance a Custom Product, the Program Administrator must approve the Custom Product. A Custom Product application must be completed providing information on the product, such as:

- (a) product specifications,
- (b) the cost to install, and
- (c) estimated energy savings or renewable energy production, or wind resistance potential.

During Custom Product review, the Program Administrator may request additional documentation or additional contractor(s) bid(s) for proposed Custom Products in order to determine that the submitted bid(s) appear to be reasonable as to cost or scope.

All Custom Product applications must be approved by the Program Administrator and may require approval by the Sponsor staff or Board of Supervisors.

The Program Administrator reserves the right to deny any Custom Product application. Reasons for denial may include the following: the product is too experimental or unreliable; the claimed energy savings, renewable energy generation product, or wind resistance potential 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 Administrator will provide a written explanation for any denial of a Custom Product application.

## **4.5 Financing Documents**

After Eligible Products types within the project are identified, the Program Administrator will provide the Property Owners with Financing Documents for signature. Certain Financing Documents must be signed, completed, and received by the Program Administrator within 5 calendar days of the Financing Agreement Date. Financing Documents are generally signed with electronic signature. If Financing Documents are printed for signature, all signed documents must be notarized. Below is a list of the Financing Documents that will be provided.

#### **Financing Documents Provided**

1. Welcome Letter
2. Financing Estimate
3. Financing Agreement
4. Notice of PACE Financing
5. Privacy Policy

#### **Financing Documents to Return to the Program**

1. Financing Estimate – must be signed and initialed by all Property Owners
2. Financing Agreement – must be signed by all Property Owners
3. Notice of PACE Financing – must be completed with Lender contact information

If any Property Owner fails to sign and submit Financing Documents by the required date, new Financing Documents may need to be issued. Reissuance of Financing Documents may impact the length of time remaining for installation, result in a new interest rate, and/or change other fees.

### **4.6 Installation of Eligible Products**

After Financing Documents are signed and returned, the Participating Contractor will receive a Notice to Proceed, which indicates that project installation may begin. The Notice to Proceed will indicate the time by which all Eligible Products must be installed and payment requested. Eligible Products will have a [90 or 120-day] period to install products depending on type of products installed.

A Completion Certificate will be sent after the Notice to Proceed. A Property Owner must sign and return the Completion Certificate after the Eligible Product(s) have been installed by the Participating Contractor (see Section 4.7) and prior to the Completion Deadline in order to receive funding.

The Property Owner(s) and the Participating Contractor are responsible for attaining all necessary approvals from a homeowners' association and/or historical review board regarding the installation of Eligible Products, as applicable to the Property.

If the approval period expires, the Property Owner may be required to submit a new application and may be subject to a new interest rate.

**The Sponsor, financing investor, and the Program Administrator do not endorse contractors who register with the Program, any other person involved with the installed products, or the design of the products, or warrant the economic value, energy savings, safety, durability or reliability of the Eligible Products.**

#### **Building Permits and Inspection**

The Property Owner(s) and the Participating Contractor(s) are responsible for obtaining building permits and completing final inspections by the appropriate city or county building department(s). The Property Owner(s) and the Participating Contractor(s) are also responsible for ensuring that Eligible Products have met all other applicable federal, state and local laws and regulations. Property Owners should speak with the Participating Contractor to determine if Eligible Products require a building permit and/or inspection and what requirements must be met.

### **4.7 Submit Completion Certificate**

Once installation is complete, a signed Completion Certificate must be submitted with all required attachments to the Program Administrator for approval by the Completion Deadline.

The Completion Certificate must be submitted with the following documents:

1. Final invoice or contract from Participating Contractor which includes a detailed scope of work (including all financed products), cost and any payments already made by the Property Owner(s);

2. If required by the jurisdiction, a pulled permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products;

The required attachments are listed on the Completion Certificate Instructions page. The Completion Certificate must be signed by one Property Owner and the Participating Contractor upon installation of all Eligible Products. The Completion Certificate and required attachments may be submitted to the Program Administrator by fax, mail or via the electronic signature portal.

#### **Generation of New Financing Documents**

New Financing Documents must be generated if the Completion Certificate indicates a final financing amount that exceeds the amount approved at application. All appropriate documents reflecting the new Financed Amount must be signed and a 3-day rescission period will be required prior to the Program Administrator generating a new Completion Certificate.

#### **Right to Validate Products by Program Administrator**

The Program Administrator reserves the right to perform independent on-site validation(s) of any Eligible Products financed through the Program at any time, including if permit inspections have already been completed. If a validation visit is required, the Program Administrator will schedule any such on-site validation visit with the Property Owner(s).

### **4.8 on Property and Issue Payment**

After receiving the executed Completion Certificate and associated documents, the Sponsor will sign the Memorandum of Financing Agreement. At this point, an Assessment will be recorded on the Property with the appropriate county, and the Sponsor will initiate financing and disburse payment.

#### **Payment**

The timing of payment is dependent on when the Completion Certificate and all other required documents are received and approved by the Program Administrator. Under typical circumstances, payment is made to the Participating Contractor within two business days of Completion Certificate approval.

### **4.9 Add Annual Payments to Property Taxes**

The date when the Sponsor signs the Memorandum of Financing Agreement represents the Effective Date of the Financing Agreement. From the Effective Date, the Property will be subject to tax assessments relating to amounts owed under the Financing Agreement until the date when all amounts due – including all amounts disbursed to pay for the Project, accrued interest and any applicable penalties, costs, fees, and other charges – are paid.

#### **Annual Payments on Property Tax Bill**

Property Owners must be able to pay the agreed-upon Financed Amount and Interest regardless of a change in personal financial circumstances, the condition of the Property, or the condition of the newly installed Eligible Products. As with other property taxes, failure to pay Annual Payments will result in penalties, interest and, eventually, foreclosure of the Property by the county tax collector.

Recordation of the Assessment on the Property will establish a continuing annual repayment of the Financed Amount and Interest. As with other property taxes, Property Owners may pay the entire annual amount due on the date the first installment is due.

Under Florida law, property taxes and Financed Amounts typically stay with the Property when it is sold. However, if Property Owners attempt to refinance the Property once the Assessment is recorded on the Property, the lender may require that the entirety of the Financed Amount is paid off prior to granting approval of refinancing. Similarly, if Property Owners wish to sell the Property after the Assessment is recorded, the purchaser's mortgage lender may require that the Financed Amount be paid off in full prior to granting approval of a new mortgage to the purchaser for the Property. Property Owners should consult lenders at the time of refinance or sale of the Property to determine whether the Financed Amount will need to be paid in full.

In addition, per Florida Statute Section 163.08, at or before the time a Property Owner executes a contract for the sale and purchase of the Property for which an Assessment has been levied and has an unpaid balance due, the seller shall give the prospective purchaser a written disclosure statement in the following form, which shall be set forth in the contract or in a separate writing:

QUALIFYING IMPROVEMENTS FOR ENERGY EFFICIENCY, RENEWABLE ENERGY, OR WIND RESISTANCE.—The property being purchased is located within the jurisdiction of a local government that has placed an

assessment on the property pursuant to s. 163.08, Florida Statutes. The assessment is for a qualifying improvement to the property relating to energy efficiency, renewable energy, or wind resistance, and is not based on the value of property. You are encouraged to contact the county property appraiser's office to learn more about this and other assessments that may be provided by law.

If an escrow account is used to pay property taxes, Property Owners should contact their lender to increase monthly escrow payments by an amount equal to the Annual Payment divided by 12.

The Annual Payment will be based on the Principal, Interest, and Annual Administrative Fees. Estimated amounts will be specified in the Financing Agreement and in the Financing Estimate and Final Payment Summary.

## 5 Product Installation Requirements

### 5.1 Contractor Sign-Up

All contractors who install Eligible Products under the Program must enroll with the Program in order to become a Participating Contractor.

Contractors who are licensed by the State of Florida and in good standing with the CILB, including meeting all applicable bonding and insurance requirements, and who meet any fraud check requirements, are eligible to be a Participating Contractor with the Program.

When a contractor is accepted into the Program, it is required that he/she agrees to abide by all Program terms and conditions, including:

- pulling permits as required by the local building departments,
- obtaining approval of proposed Eligible Products in advance by calling the Program Call Center or completing the Custom Product application process,
- installing Eligible Products that meet the required eligibility specifications,
- obtaining a business license in each jurisdiction where the contractor does Program-financed work, and
- only installing Eligible Products for which he/she has the correct contractor's license.

If a contractor is interested in being part of the Program but has not yet become a Participating Contractor, call the Program Administrator using or visit <https://renewfund.secure.force.com/apply/>.

### 5.2 Building Permits and Inspection

The Property Owner(s) and the Participating Contractor are responsible for obtaining all appropriate building permits and completing final inspections by the appropriate city or county building department(s). The Property Owner(s) and the Participating Contractor(s) are also responsible for ensuring that Eligible Products have met all other applicable federal, state and local laws and regulations. The Property Owner(s) should speak with the Participating Contractor to determine if Eligible Products require a building permit and/or inspection and what requirements must be met.

### 5.3 Fraudulent Activity

Any misrepresentations made in connection with the Program in the application, the Participating Contractor's bid, or any other document at any time while participating in the Program is likely to cause Property Owners and/or Participating Contractors to be removed from the Program and may result in legal action. For example, this may result in a denied application, a notification that any installed Eligible Products will be at the expense of the Property Owner(s), or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

### 5.4 Required Documents

Required 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 4, Program Process.

## **6 Dispute Resolution**

Property Owners, the Sponsor and the Program Administrator shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Financing Agreement under the Program. Any party must give the other parties written notice of any dispute. Within 30 calendar days after delivery of the notice, the Property Owner(s) and the Sponsor and/or the Program Administrator shall have a meeting, and shall attempt to resolve the dispute. If the matter has not been resolved within 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 Florida Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference. The Property Owner(s) and the Sponsor are required to continue to perform the obligations under the Financing Agreement pending final resolution of any dispute arising out of or relating to the Financing Agreement.

Dispute resolution will follow a similar process if the Property Owner(s) wish to dispute decision(s) made by the Program Administrator on behalf of the Sponsor, but have not signed a formal Financing Agreement. Written notice must be sent to the Program address identified in Section 1.2. 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 30 calendar days after delivery of the notice, the Property Owner(s), the Sponsor and the Program Administrator shall attempt to resolve the dispute. The Program Administrator, on behalf of the Sponsor, shall render a final written decision within 30 calendar days and send that decision to the Property Owner(s).

## **7 Appendices**

## Appendix A: Other Useful Resources

|   |  |   |
|---|--|---|
| <b>Department of Business &amp; Professional Regulation Construction Industry Licensing Board</b> | The Construction Industry Licensing Board protects consumers by licensing and regulating Florida's construction industry.  | <a href="http://www.myfloridalicense.com/dbpr/">http://www.myfloridalicense.com/dbpr/</a><br><b>CILB License Check</b><br>check Contractor's License Status<br>(850) 487-1395 |
| <b>Federal Tax Credits</b>  | Information page about federal tax credits available for energy efficiency and renewable energy improvements.  | <a href="http://energy.gov/savings/search">http://energy.gov/savings/search</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><br>Energy Star Hotline for specific questions about specific products<br>(888) 782-7937                            |
| <b>Building Performance Institute ("BPI")</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><br>(877) 274-1274  |

**Appendix B: Program Forms and Documents**

**Appendix C: Eligible Products List**

**Appendix D: Participating Communities by County**