



Your energy efficient future, today.

## PACE in California: Progress and Lessons Learned

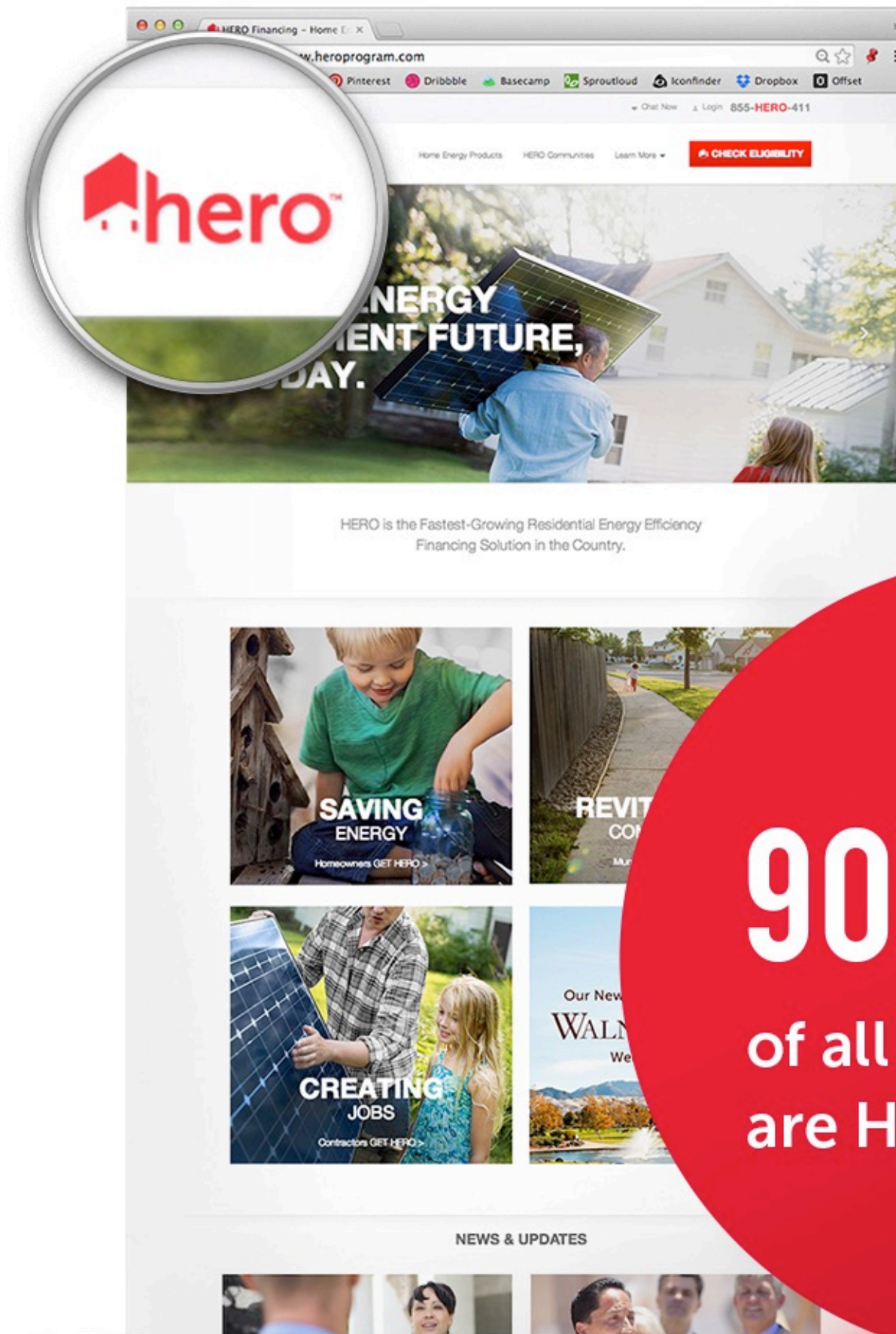
Scott McKinlay | Executive Vice President Corporate Development & CLO

# Why HERO Works

Forward Thinking Policy Makes Residential PACE Viable

Successful Implementation Makes Residential PACE Work

- Effective Public / Private Partnership
- Stewards of the Public Trust
- Protecting Consumers
- Piloting the HERO Program
- Scaling the HERO Program
- Managing Growth



\*90% of all residential PACE projects nationally are HERO Projects

# Our Partnership Approach

## Responsibility

### Consumer Protection:

- Contractor Training / Management
- Product Standards
- Product Verification
- Fair Pricing
- Dispute Resolution
- Senior Protections
- ESL Services



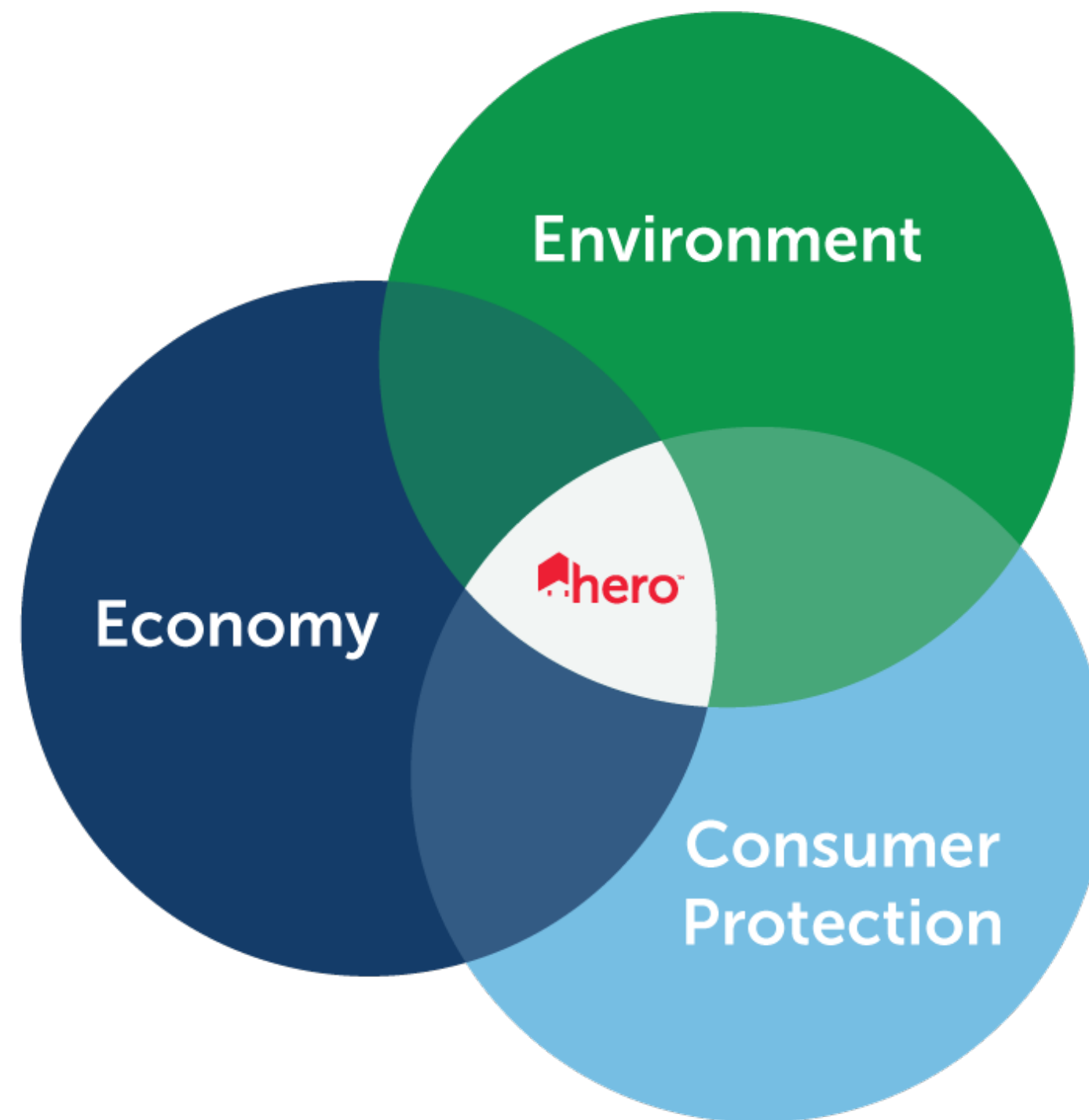
## Results

### Economic:

- Reduce Utility Bills
- Create Jobs
- Increase Property Values


### Environmental:

- Reduced CO<sub>2</sub> Emissions
- Decreased Energy Consumption
- Substantial Water Savings



# Add Community Value

We provide the most comprehensive consumer protections in the industry

Consumer Protection		Other Financing Options
Energy Efficient Product Verification	✓	✗
Contractor Requirements	✓	✗
Fair Pricing Requirements	✓	✗
Permit Requirements	✓	✗
Funding Provided Only Upon Successful Completion of Project and Homeowner Sign Off	✓	✗
Pre- and Post-Funding Dispute Resolution	✓	✗
Protections for Seniors	✓	✗

# HERO Supports Contractors

We provide the most comprehensive suite of software tools for estimating and financing.

- Create Easy to Use Sales Tools
- Test, Try and Iterate
- Provide a Comprehensive Portal
- Dedicated Co-Marketing Services
- Marketing Review / Approval
- Permit Verification
- Training, Training and More Training
- Great Relationship Management
- Process and Procedural Guard Rails
- Pay Upon Project Completion



# Deliver Easy to Use Software

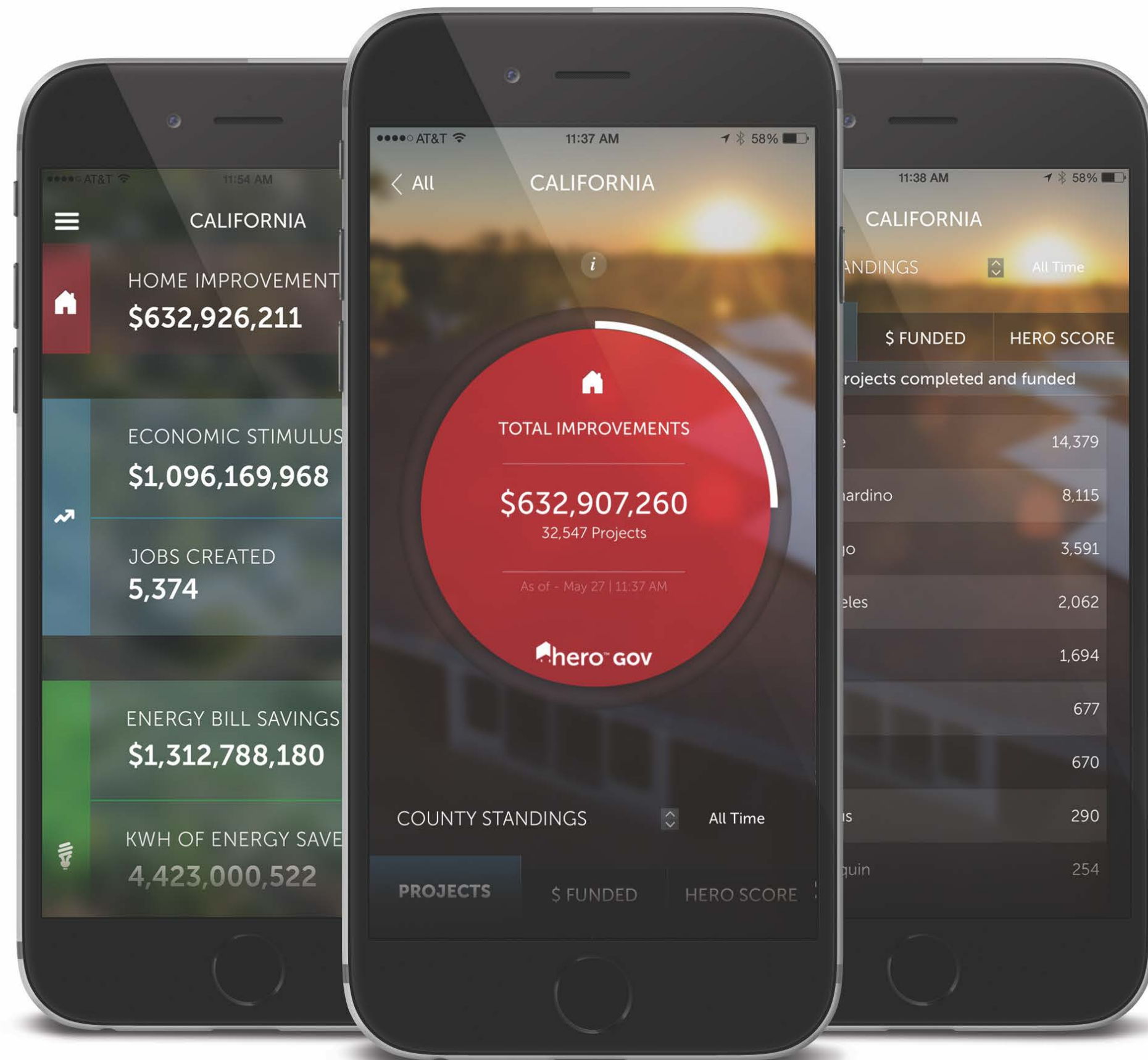
## Features:

- Interactive Sales Tools
- Estimating Calculators
- Financing Document Generation
- Electronic Signature Capabilities
- Information and Updates
- Web-based Training Curriculum
- Marketing Resource Center
- Company-specific webpage at [heroprogram.com/companyname](http://heroprogram.com/companyname)

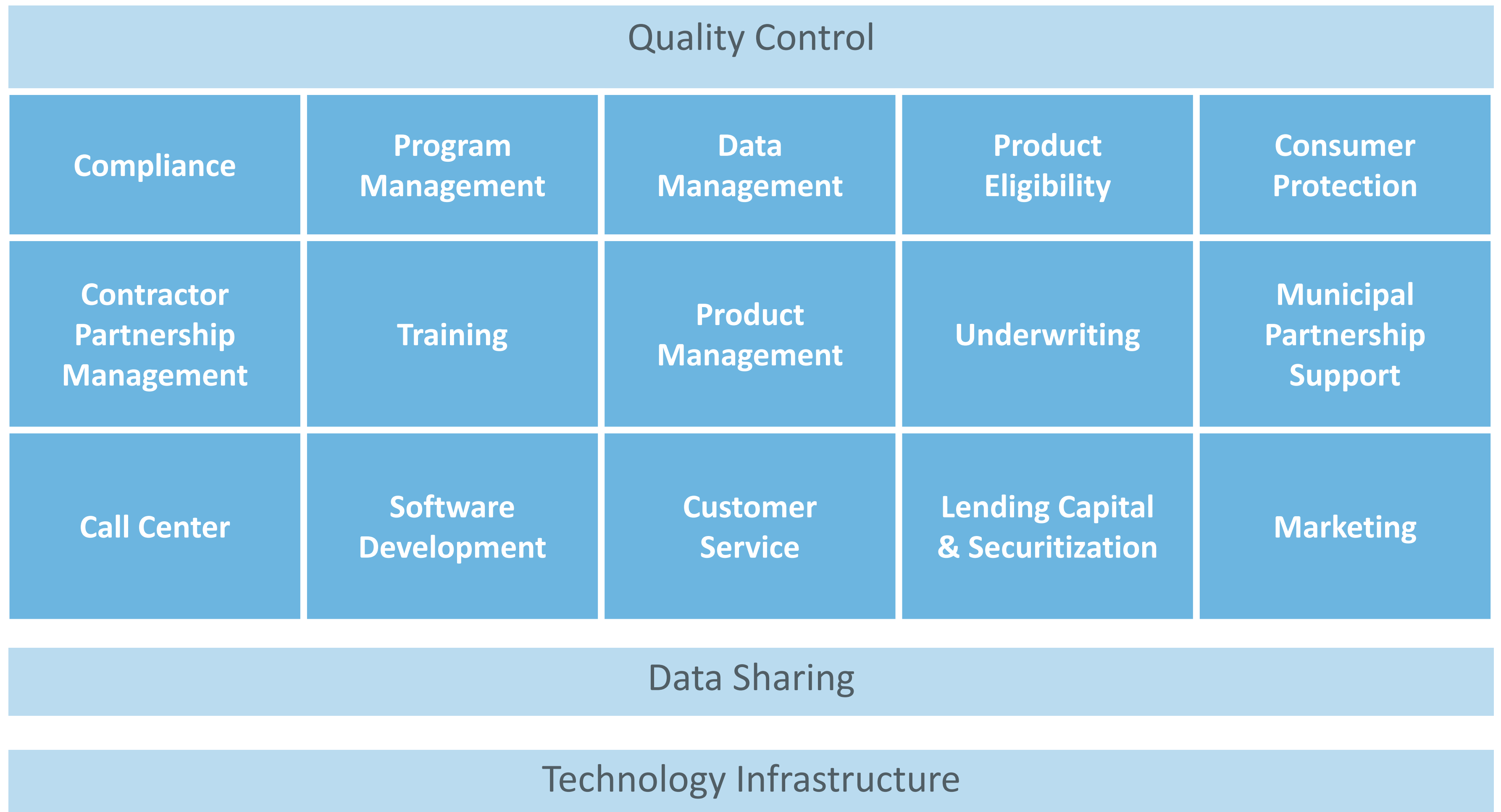


# Real Time Data Tracking

- Community Impact
- Project Types
- Active Contractors
- New Job Creation
- CO<sup>2</sup> Reduction
- Economic Impact

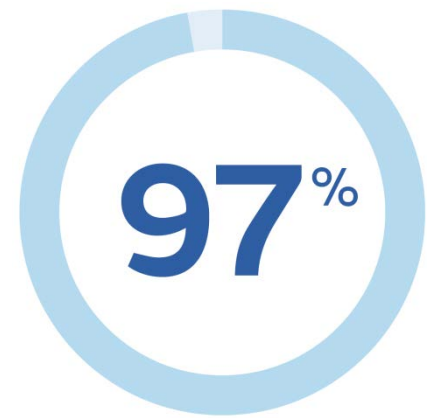


# Build a Scalable Platform





# Very High Customer Satisfaction



Said that HERO Program **Representatives are friendly, knowledgeable and professional.**



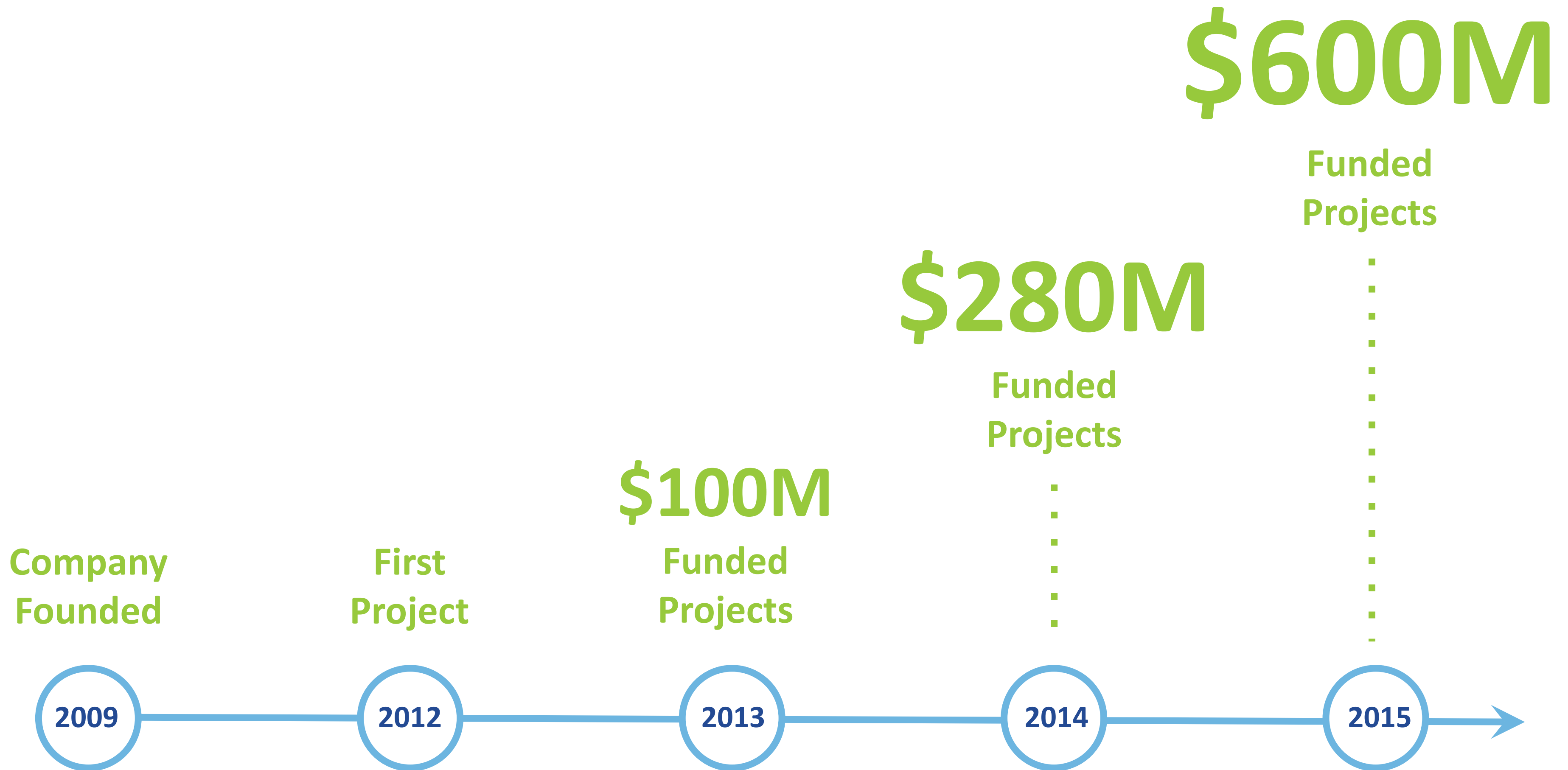
Said that they would **recommend the HERO Program** to a friend or relative.



Said that they would **recommend their HERO Registered Contractor** to a friend or relative.

# Build Momentum

Our platform has been adopted more quickly than any other home improvement financing solution



# Expand Opportunity

**60,000** approved applications for \$3.0 Billion

**~76%** California households can participate in the Program – 32 Counties, ~10.6 Million households

**32,450** completed residential projects

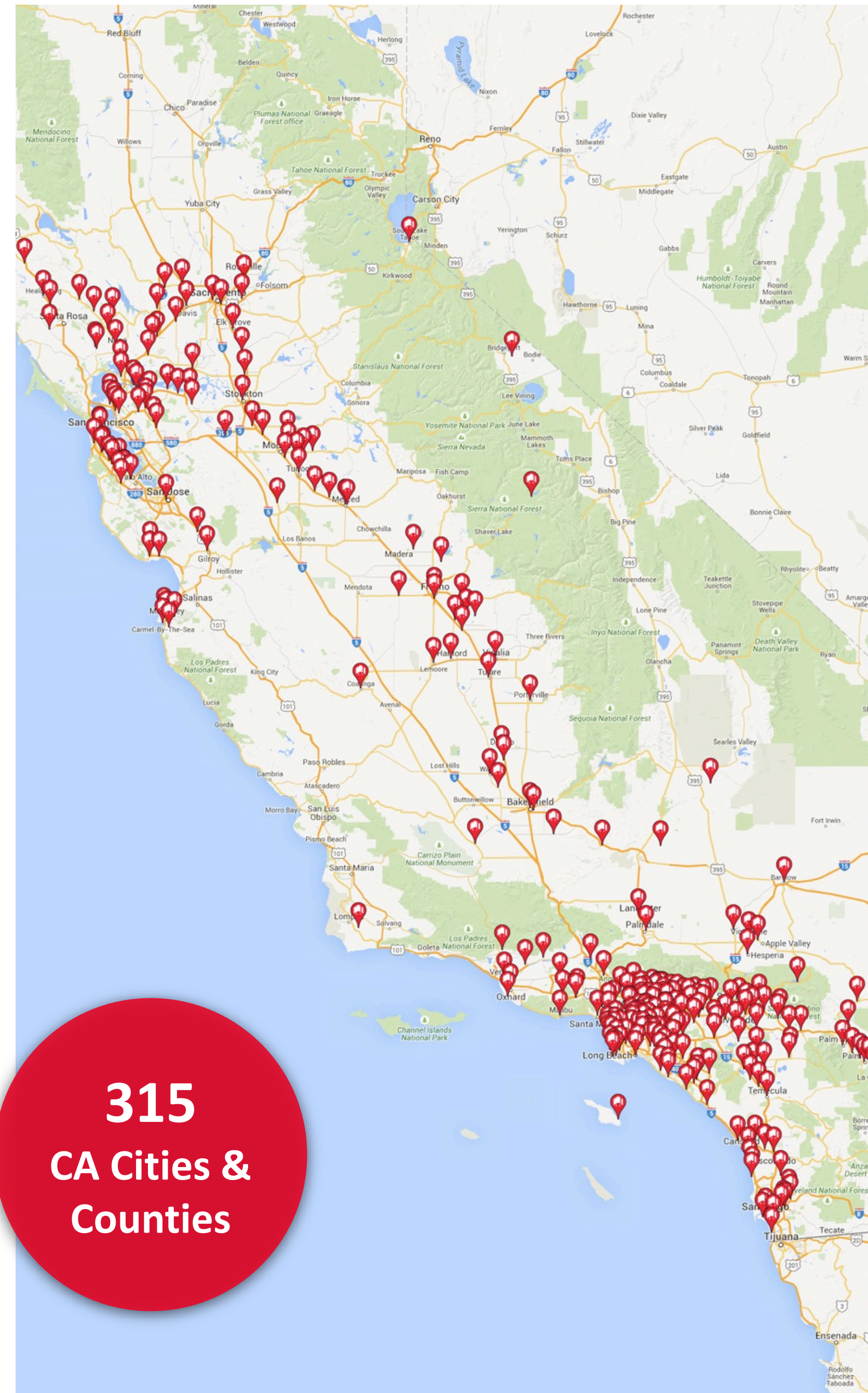
**\$630 Million** funded in upgrades

**5,360** local jobs created

**\$1.1 Billion** in annual economic impact

**1.2 Million** tons of abated CO<sub>2</sub> emissions

**\$1.3 Billion** in utility bill savings



# Rigorous Program and Underwriting Standards Lead to Strong Performance

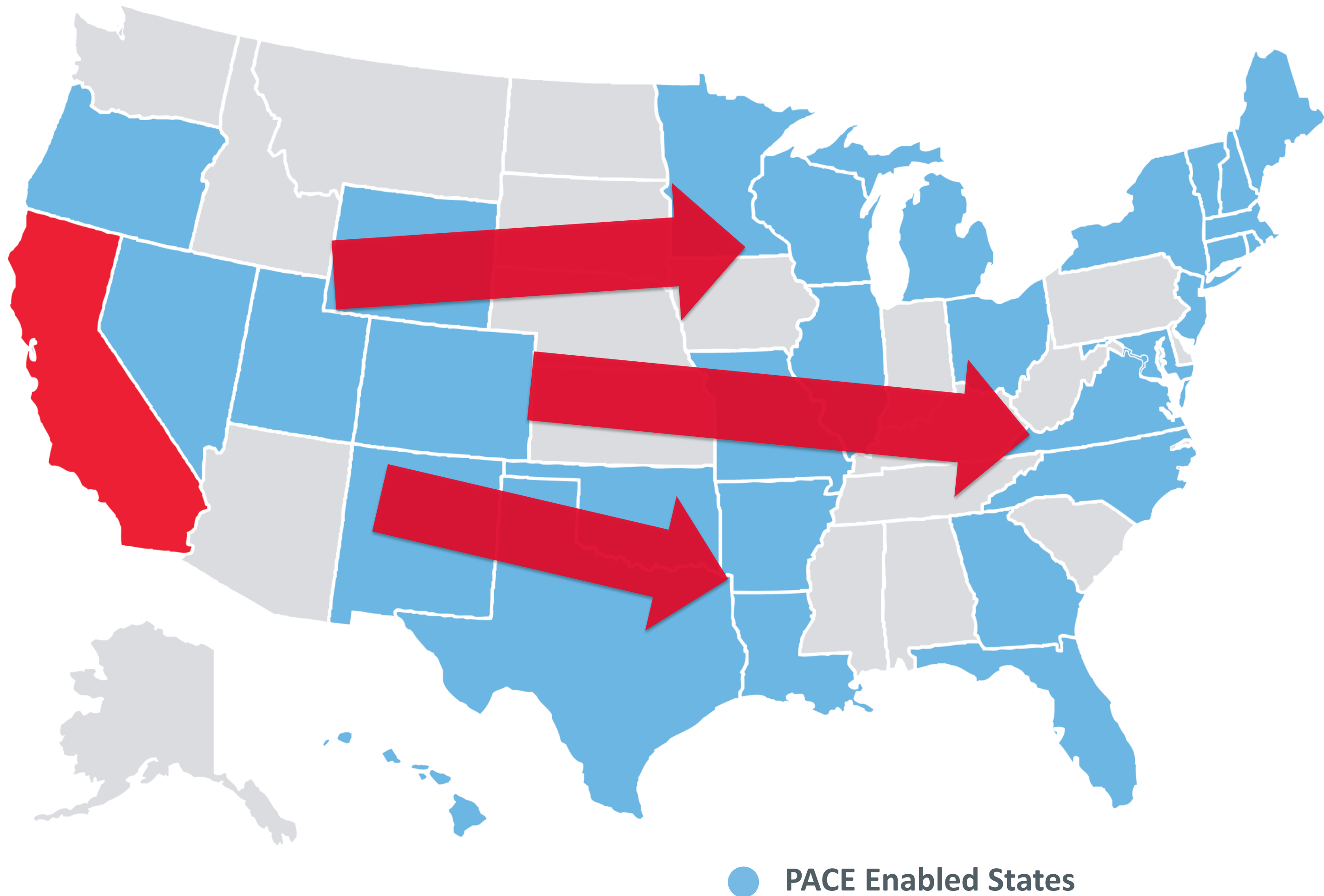
- Contractor, product, pricing and permitting requirements
- Term  $\leq$  useful life of asset
- All assessments are fully amortizing
- Maximum 90% loan-to-value ratio
- Current on property taxes (and no more than one late over last 3 years)
- Current on mortgage (and no more than one 30 day late for last 12 months)
- No bankruptcy for last 7 years
- No involuntary liens on property
- \$5,000 minimum financing; maximum financing is 15% of property value
- Clear disclosures on terms and fees



- No bond delinquencies
- Average FICO = 720
- Average LTV < 70%
- An overwhelming majority of participants would recommend HERO to a friend

# PACE Beyond California

The California Success Story Will Lead the Way





Your energy efficient future, today.