

THIS FOURTH AMENDMENT TO THE EMPOWERSBC SANTA BARBARA COUNTY RESIDENTIAL ENERGY IMPROVEMENT LOAN PROGRAM ENERGY IMPROVEMENT LOAN LOSS RESERVE AGREEMENT AMENDED AND RESTATED (the “Fourth Amendment to 2014 LLR Agreement”) by and between the County of Santa Barbara (the “County”) and CoastHills Credit Union (“CoastHills”), is effective as of July __, 2017 (“Fourth Amendment to 2014 LLR Agreement Effective Date”). Terms not otherwise defined herein shall have the meaning ascribed to them in the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated dated April 22, 2014 (the “2014 LLR Agreement”), as amended by.

RECITALS

WHEREAS, CoastHills and the County previously executed the 2014 LLR Agreement effective April 22, 2014; and

WHEREAS, CoastHills and the County previously executed the Consent to Assignment and Assumption of Performance of 2014 LLR Agreement and 2014 Program Agreement effective October 21, 2014, which assigned the 2014 LLR Agreement and 2014 Program Agreement from CoastHills Federal Credit Union to CoastHills Credit Union; and

WHEREAS, in December 2014, CoastHills and the County executed the First Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated (the “First Amendment to the 2014 LLR Agreement”) to increase the maximum Loan amount available to Borrowers by CoastHills and extend the term of the 2014 LLR Agreement.

WHEREAS, in December 2015, CoastHills and the County executed the Second Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated (the “Second Amendment to the 2014 LLR Agreement”) to extend the term of the 2014 LLR Agreement.

WHEREAS, in December 2016, CoastHills and the County executed the Third Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated (the “Third Amendment to the 2014 LLR Agreement”) to extend the term of the 2014 LLR Agreement.

WHEREAS, in March 2017, the County of Los Angeles (LAC) and the County executed the First Amendment to the California Energy Commission (CEC) Subrecipient Agreement (the “LAC Agreement”) to extend the term of the LAC Agreement to continue to deliver the County of Santa Barbara emPower Energy Efficiency Program and to modify the scope of work and repurpose funds in the Authorized Budget to, among other tasks, expand the Interest Rate Buy Down (IRBD) pilot to Ventura, Santa Barbara and San Luis Obispo Counties with CEC funding; and

WHEREAS, the Parties desire to amend the 2014 LLR Agreement to create an IRBD Account with CEC funds held in the name of Santa Barbara County in Deposit Accounts, Reserve Accounts, and Reflow Deposit Accounts; and

WHEREAS, this Fourth Amendment to 2014 LLR Agreement incorporates the terms and conditions set forth in the original 2014 LLR Agreement, as modified by the First, Second, and Third Amendments to 2014 LLR Agreement, except as modified by this Fourth Amendment to 2014 LLR Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

The 2014 LLR Agreement, as amended by the First, Second, and Third Amendments to the 2014 LLR Agreement, is amended as follows:

1. ARTICLE I: Definitions, is hereby revised to include:

“Interest Rate Buydown Account” means a separate CoastHills account solely for the use of the IRBD pilot program to hold funds and pay CoastHills for Interest Rate Buydowns with DOE or CEC funds as set forth in Annex D and Annex I.

2. Section 2.04: Reprogramming Funds in Deposit Accounts, is hereby replaced in its entirety to read as follows:

Section 2.04: Reprogramming Funds in Deposit Accounts. Funds in each Deposit Account belong solely to Santa Barbara County or the Funding Source and shall be held in the name of Santa Barbara County. It is mutually agreed by the Parties to this Agreement that Santa Barbara County may at its sole and absolute discretion withdraw or re-allocate all or part of the funds in each Deposit Account to a different Funding Source-approved use (such as interest rate buydowns or direct cash incentives) and in accordance with Annex D requirements on funding by Funding Source. To re-allocate and/or withdraw funds from any Deposit Account, the Director of the County Community Services Department or designee shall submit a demand to CoastHills for release of the funds held in the Deposit Account. CoastHills shall remit such balances to Santa Barbara County, return the balances to the Funding Source, or re-allocate such balances to a specified account within five (5) business days as directed by the Director of the County Community Services Department or designee.

3. The following paragraph of Annex B: General Terms, Conditions, and Underwriting Criteria, Loans, is hereby replaced in its entirety to read as follows:

Interest Rate Buydown: Per conditions outlined in Annex I, Interest Rate Buydowns are available for Loans made in Santa Barbara County using DOE and CEC funds and in San Luis Obispo and Ventura Counties using CEC funds.

4. The section of Annex D-3: California Energy Commission/ Los Angeles County, titled “Funding Availability,” is hereby replaced to read as follows:

Funding Availability

Pursuant to the *California Energy Commission Sub-Recipient Agreement*, by and between Santa Barbara County and the County of Los Angeles (“LAC”), effective as of June 25, 2013 (“LAC Agreement”), Santa Barbara County was awarded funding from the California Energy Commission (“CEC”) through LAC to support implementation of emPowerSBC and provide a Loan Loss Reserve for residential energy improvement financing in an expanded service territory including Santa Barbara County, Ventura County, and San Luis Obispo County. On May 30, 2014, Santa Barbara County made an initial deposit in the amount of \$200,000 into the CEC Santa Barbara County Deposit Account, \$400,000 into the CEC San Luis Obispo County Deposit Account, and \$400,000 into the CEC Ventura County Deposit Account, which must be held in segregated accounts, for a total initial deposit of \$1,000,000. Also, in March 2017, LAC and the County executed the First Amendment to the LAC Agreement to extend the term of the LAC Agreement and to modify the scope of work and repurpose funds in the Authorized Budget to, among other tasks, expand the Interest Rate Buy Down (IRBD) pilot to Ventura, Santa Barbara and San Luis Obispo Counties with CEC funding.

Upon the Effective Date of this Fourth Amendment to 2014 LLR Agreement, and in accordance with Annex I, Santa Barbara County adds an Interest Rate Buydown program using LAC funds and authorizes CoastHills to reprogram \$100,000 from the CEC Ventura County Deposit Account and \$100,000 from the CEC San Luis Obispo Deposit Account and make an initial deposit into the CEC Interest Rate Buydown Account in the amount of \$200,000.

The CEC Reserve Accounts may be advance-funded by an amount of \$20,000 for each of the three Counties, which will be the reserve for the first \$400,000 in Loans corresponding to each of the three CEC Deposit and Reserve Accounts. These amounts are intended to cover any Loan Loss Amounts that occur before sufficient cash flow has accrued in the respective CEC Reserve Accounts.

Unless extended by amendment to this Agreement, all funds remaining in the CEC Deposit Accounts and the Interest Rate Buydown Account after April 30, 2030, are to be returned to Santa Barbara County and may not be used to support further Loans.

5. Annex I: Interest Rate Buydown Account, is hereby replaced in its entirety by a revised Annex I, which is attached hereto and incorporated herein.
6. The list of accounts set forth in Schedule 3: List of Account Numbers is replaced in its entirety by a revised Schedule 3, which is attached hereto and incorporated herein.
7. Unless otherwise stated in this Fourth Amendment to 2014 LLR Agreement, all remaining provisions of the 2014 LLR Agreement, as amended by the First, Second, and Third Amendments to 2014 LLR Agreement, shall remain unchanged and in full force and effect.
8. This Fourth Amendment to 2014 LLR Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties hereto have caused this Fourth Amendment to 2014 LLR Agreement to be executed by their duly authorized representatives.

**ATTEST:
MONA MIYASATO
CLERK OF THE BOARD**

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
**Joan Hartman
Chair, Board of Supervisors
County of Santa Barbara**

**APPROVED AS TO ACCOUNTING FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER**

By: _____
Department Head

By: _____
Deputy Auditor- Controller

**APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL**

By: _____
Deputy County Counsel

**APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT**

By: _____
Risk Manager

[INTENTIONALLY LEFT BLANK]

CoastHills Credit Union

By: _____

Title: _____

Annex I

Interest Rate Buydown Accounts

Section 1: Interest Rate Buydown Accounts. CoastHills shall establish, maintain, and administer separate Accounts to be used for buying down interest rates of Loans (the "Interest Rate Buydown Account") [see Schedule 3 for account numbers], for the purpose of reducing interest rates charged to borrowers for Loans ("Interest Rate Buydown"). Each Interest Rate Buydown Account will be a CoastHills Share Savings Account and shall be funded and administered as provided in this Agreement. This fiduciary arrangement hereby established does not create a debtor-creditor relationship between the Parties, and all monies, funds, or assets of each Interest Rate Buydown Account shall be insured by the National Credit Union Share Insurance Fund (NCUSIF) administered by the National Credit Union Association (NCUA) to the full extent permitted by law or regulation. A signature from CoastHills shall be necessary for any withdrawal under Section 4 of this Annex I.

Section 2: Funding of Interest Rate Buydown Accounts.

(a) On or after the Effective Date of this Agreement, Santa Barbara County shall provide a written authorization to CoastHills to reprogram \$200,000 from the DOE Deposit Account and make an initial deposit of \$200,000 into the DOE Interest Rate Buydown Account. CoastHills shall provide written acknowledgment to Santa Barbara County of receipt of such funds upon deposit. The DOE Interest Rate Buydown Account is limited to the amounts as set forth in this Agreement. When and if the DOE Interest Rate Buydown Account has a zero balance (no funds remaining), Santa Barbara County shall not be obligated to pay CoastHills for further buydowns using DOE funds, and all further buydowns may be funded by available CEC funds, if any, in accord with Section 2(a.1), below, or shall be fully borne by CoastHills. At any time during the Interest Rate Buydown program as described in this Annex I, should the DOE Interest Rate Buydown Account balance fall below \$10,000, CoastHills will have no responsibility under this Annex I to process further Interest Rate Buydowns for Loans using DOE funds but may process further Interest Rate Buydowns for Loans using available CEC funds, if any, in accord with Section 2(a.1), above.

(a.1) On or after the Effective Date of the Fourth Amendment to 2014 LLR Agreement, Santa Barbara County shall provide a written authorization to CoastHills to reprogram \$100,000 from the CEC Ventura Deposit Account and \$100,000 from the CEC San Luis Obispo Deposit Account and make an initial deposit of \$200,000 into the CEC Interest Rate Buydown Account. CoastHills shall provide written acknowledgment to Santa Barbara County of receipt of such funds upon deposit. The CEC Interest Rate Buydown Account is limited to the amounts as set forth in this Fourth Amendment to 2014 LLR Agreement. When and if the CEC Interest Rate Buydown Account has a zero balance (no funds remaining), Santa Barbara County shall not be obligated to pay CoastHills for further buydowns using CEC funds, and all further buydowns may be funded by available DOE funds, if any, in accord with Section 2(a), above, or shall be fully borne by CoastHills. At any time during the Interest Rate Buydown program as described in this Annex I, should the CEC Interest Rate Buydown Account balance fall below \$10,000, CoastHills will have no responsibility under this Annex I to process further Interest Rate Buydowns for Loans using CEC funds but may process further Interest Rate Buydowns for Loans using available DOE funds, if any, in accord with Section 2(a), above.

(b) Santa Barbara County may, at its sole and absolute discretion, make subsequent deposits to any, or all, Interest Rate Buydown Accounts.

Section 3: Interest on Interest Rate Buydown Accounts. Interest shall be earned on and accrue to all Interest Rate Buydown Accounts per CoastHills' existing Share Savings Account rate, as adjusted from time to time by CoastHills for such accounts.

Section 4: Disbursements from an Interest Rate Buydown Account. Disbursements from Interest Rate Buydown Accounts shall be made by CoastHills as follows:

(a) Before Interest Rate Buydown funds can be disbursed or withdrawn as set forth in this Section 4 for an eligible Loan, Borrowers must have an executed Loan Agreement with CoastHills for a funded Loan exceeding \$5,000 that meets the conditions set forth in Annex B and the DOE Funding Source requirements set forth in Annex D-1 and the CEC Funding Source requirements set forth in Annex D-3.

(b) The Interest Rate Buydown calculation is a present value formula (sample table provided below) based on a single prepayment to be made to CoastHills upon funding of the Loan:

2% Interest Rate Buydown Formula - Sample Calculation					
Loan Term	Formulas (Column D)	5 Yr	7 Yr	10 Yr	15 Yr
Rate before buydown, estimated (example, credit tier will vary)		5.90%	5.90%	5.90%	5.90%
Loan term, months		60	84	120	180
Loan principal (example, loan principal will vary)		\$25,000	\$25,000	\$25,000	\$25,000
Monthly payment, in arrears	PMT(D9/12,D10,D11)*-1	\$482.16	\$364.02	\$276.30	\$209.62
Revised rate with 2% buydown	D9-D13	3.90%	3.90%	3.90%	3.90%
Revised monthly payment	PMT((D14)/12,D10,D11)*-1	\$459.29	\$340.57	\$251.93	\$183.67
Monthly payment reduction	D12-D15	\$22.87	\$23.45	\$24.37	\$25.94
Total payment reduction based on Present Value Calculation	PV(D14/12,D10,D16)*-1	\$1,245.01	\$1,721.08	\$2,418.47	\$3,531.34
PV pmt reduction as % Loan Principal	D19/D11	4.98%	6.88%	9.67%	14.13%

(c) For each Loan approved for an Interest Rate Buydown per Subsection (a), CoastHills shall present a Loan Interest Rate Buydown calculation representing a single lump-sum payment of the total amount of interest that will be discounted over the term of the Loan; and CoastHills shall withdraw this lump-sum Interest Rate Buydown amount from the appropriate Interest Rate Buydown Account. For loans on projects located within Ventura or San Luis Obispo Counties, disbursements and withdraws shall solely be from the CEC Interest Rate Buydown Account. For loans on projects located within Santa Barbara County, the DOE Interest Rate Buydown Account shall be the primary account for disbursements and withdraws. Upon the funds in the DOE Interest Rate Buydown Account being fully expended, loans for Santa Barbara County projects shall be disbursed or withdrawn from the CEC Interest Rate Buydown Account. No other fees or costs shall be withdrawn by CoastHills.

(d) As applicable, disbursements shall be made to Santa Barbara County, as provided for in Section 5 or Section 6, below.

(e) In no event, except as provided in Subsection (c) immediately above, shall funds be disbursed to or withdrawn by CoastHills from an Interest Rate Buydown Account.

Section 5: Reprogramming Funds in an Interest Rate Buydown Account. Funds in Interest Rate Buydown Accounts are the sole property of Santa Barbara County or the Funding Source and shall be held in the name of Santa Barbara County. After funds are deposited in an Interest Rate Buydown Account pursuant to Subsection 2(a) or Subsection 2(a.1), above, such funds shall remain in that respective Interest Rate Buydown Account for a minimum of ninety (90) days, after which Santa Barbara County at its sole and absolute discretion may withdraw or re-allocate all or part of the funds remaining in that Interest Rate Buydown Accounts to the applicable DOE Deposit Account or the CEC Ventura County Deposit Account or CEC San Luis Obispo County Deposit Account, as appropriate. To re-allocate and/or withdraw funds, the Director of the County Community Services Department or designee, must submit in writing a request to CoastHills for release of the funds back to Santa Barbara County for the purpose of re-allocation.

Section 6: Closing Interest Rate Buydown Accounts. The Interest Rate Buydown Accounts shall close upon termination of this Agreement as set forth in Section 9.02, at which time CoastHills shall notify Santa Barbara County of any remaining balances in the Interest Rate Buydown Accounts and remit such balances to Santa Barbara County within 5 business days as directed by the Director of the County Community Services Department or designee.

Section 7: Reporting. CoastHills shall include the amount of the Interest Rate Buydown and the Interest Rate Buydown Account used (CEC or DOE) for each Loan in its Monthly and Quarterly Reports and a summary of all other activity for each Interest Rate Buydown Account.

Schedule 3
– List of Account Numbers –

1. DOE Deposit Account: _____
2. DOE Reserve Account: _____
3. DOE Reflow Deposit Account: _____
4. SoCalGas Santa Barbara County Deposit Account: _____
5. SoCalGas Ventura County Deposit Account: _____
6. SoCalGas San Luis Obispo Deposit Account: _____
7. SoCalGas Santa Barbara County Reserve Account: _____
8. SoCalGas Ventura County Reserve Account: _____
9. SoCalGas San Luis Obispo Reserve Account: _____
10. SoCalGas Santa Barbara County Reflow Deposit Account: _____
11. SoCalGas Ventura County Reflow Deposit Account: _____
12. SoCalGas San Luis Obispo Reflow Deposit Account: _____
13. CEC Santa Barbara County Deposit Account: _____
14. CEC Ventura County Deposit Account: _____
15. CEC San Luis Obispo Deposit Account: _____
16. CEC Santa Barbara County Reserve Account: _____
17. CEC Ventura County Reserve Account: _____
18. CEC San Luis Obispo Reserve Account: _____
19. CEC Santa Barbara County Reflow Deposit Account: _____
20. CEC San Luis Obispo Reflow Deposit Account: _____
21. CEC Ventura Reflow Deposit Account: _____
22. DOE Interest Rate Buydown Account: _____
23. CEC Interest Rate Buydown Account: _____