

**emPowerSBC
Santa Barbara County Residential
Energy Efficiency Loan Program**

Program Agreement

Santa Barbara County

And

CoastHills Federal Credit Union

August __, 2011

SANTA BARBARA COUNTY RESIDENTIAL ENERGY EFFICIENCY LOAN PROGRAM AGREEMENT

This Program Agreement ("Agreement"), dated August , 2011 is undertaken by:

Santa Barbara County, California ("Santa Barbara" or the "County"); and CoastHills Federal Credit Union, a Federally chartered not-for-profit financial cooperative, headquartered in Lompoc, California ("CoastHills") (separately a "Party" and together the "Parties") to establish an Energy Efficiency Loan Program (the "Program").

Recitals

- A.** The County will be working with residential and commercial property owners that are energy users in Santa Barbara County to prepare energy efficiency ("EE") projects ("Projects") that meet the requirements of various government grants that have funded this Program.
- B.** Santa Barbara intends to provide a list of approved contractors to complete EE projects, and guide homeowners through a process that confirms eligibility of proposed Projects, assists with available rebates, and verifies completion of Projects.
- C.** CoastHills is in the business of providing loans, subject to credit approval of individual members.
- D.** CoastHills will provide loan financing, based on agreed-upon underwriting criteria, directly to individual eligible residential and commercial members for EE measures ("Loans") and wishes to expand its EE finance lending activity.
- E.** CoastHills and Santa Barbara wish to establish terms, conditions, and procedures for their cooperation in marketing and originating Loans, with the support of grant funding, and loan loss reserve protection or other credit enhancements mutually agreed upon by both Parties to this Agreement.
- F.** CoastHills will execute an "Affiliate Lending and Loan Servicing Agreement" with Ventura County Credit Union ("Ventura") whereby CoastHills will originate and service loans for EE projects in northern Santa Barbara County and Ventura will originate and service loans in southern Santa Barbara County. The lending and service areas for each credit union is defined by Zip Code boundaries and defined within the Agreement between CoastHills and Ventura.

Within the content of this Agreement, all future reference to CoastHills will include and incorporate the loan origination, loan servicing and all other responsibilities and activities by Ventura as defined by this Agreement.

- G.** CoastHills and Santa Barbara County have entered into an Energy Efficiency Loan Loss Reserve Agreement of even date herewith which is incorporated into this Agreement and which sets forth the specifics of the financial agreement between the Parties and this Agreement is

intended to supplement and add to the Loan Loss Reserve Agreement by setting forth marketing and management aspects of the project.

Note: Where capitalized terms are not defined in this Agreement, they are defined in the Energy Efficiency Loan Loss Reserve Agreement, which is attached for reference as Annex A

Agreements

In consideration of the foregoing recitals and the mutual covenants set forth below, the Parties agree as follows:

1. Loans. CoastHills will provide and administer Loans to their existing and prospective members desiring to finance a Project ("Members" or "Borrowers"). All loan terms, interest rates and CoastHills duties regarding the Loans are defined in a separate agreement between the Parties, the Energy Efficiency Loan Loss Reserve Agreement of even date herewith.

2. Management. Each of the Parties to this Agreement will designate a point person to manage the Program. If there are changes to a point person, each of the Parties will be notified, in writing, of the replacement name, address, email, and phone number. See Section 12(e) for contact information.

(a) Point person for the County is Angela Hacker.

(b) Point person for CoastHills is Robert Goebel.

(c) CoastHills will ensure that staff is familiar with the Program and conversant with the terms of this Agreement.

(d) CoastHills will issue policy and operating guidelines supporting the Program and distribute to branch offices, though most transactions will occur online. Santa Barbara will have an opportunity to review and comment.

3. Training. Both Parties will train their personnel on the Program.

(a) CoastHills will create training materials covering its role in the Program. CoastHills' personnel will use these materials to provide training on CoastHills' procedures to both Santa Barbara and to CoastHills' own branch personnel. Follow-up training will be available as needed.

(b) Santa Barbara will develop training materials to familiarize CoastHills personnel with its procedures and operations.

- Santa Barbara will coordinate:

- A program workflow that describes each step through the process of applying for and attaining a loan.

- A directory of qualified professionals that can provide EE services to homeowners participating in the Program;
- Information on any incentives and rebates to be shared with loan applicants; and
- Information regarding quality assurance and completion review for Loan-funded projects.

(c) Santa Barbara will develop training materials and train its own personnel on procedures. This training will include ensuring familiarity with all Loan materials and CoastHills' credit determination procedure.

(d) Each of the Parties will assist the other, as needed, in the development of training materials and ensure that all relevant staff are well-trained on the Program.

4. Santa Barbara Roles in Loan Marketing. Parties will jointly develop Loan marketing materials that will incorporate emPowerSBC branding. Santa Barbara and CoastHills will work together to develop and ensure effective distribution of the marketing materials. The County's roles and responsibilities include the following:

- (a) Santa Barbara agrees to notify homeowners in the County through a multifaceted marketing and outreach campaign regarding the availability of Loans under the Program and to use best efforts to "sell" them on the Program.
- (b) Santa Barbara will reach out to local building professionals to encourage them to become trained and registered to complete Projects financed through the lending partnership.
- (c) Santa Barbara will coordinate messaging used in an advertising campaign to target web, print, and broadcast media markets.
- (d) Santa Barbara will work to prepare marketing materials for distribution to homeowners. Expenses for these marketing materials and their distribution will be borne by Santa Barbara.
- (e) Santa Barbara will educate prospective homeowners on CoastHills' financial services and Loan terms and conditions, using information approved by CoastHills.
- (f) Santa Barbara shall obtain CoastHills' prior and specific approval for all mention of CoastHills in marketing materials, media ads, and/or other public outreach.
- (g) Records of its marketing efforts shall be kept by Santa Barbara and shared with CoastHills.

5. CoastHills' Role in Project and Loan Marketing.

- (a) CoastHills agrees to notify its current members, and contract with Ventura to notify its members, in the target market sectors throughout Santa Barbara County of the availability of Loans under the Program and to use best efforts to "sell" them on the Program.
- (b) CoastHills will develop marketing literature to include in monthly statements and may display prominently at branches.
- (c) CoastHills agrees to announce the Program and its benefits in certain CoastHills media ads.
- (d) Records of its marketing efforts shall be kept by CoastHills and shared with Santa Barbara County
- (e) Costs of CoastHills marketing materials and distribution will be borne by CoastHills.
- (f) CoastHills shall obtain Santa Barbara's prior and specific approval for all mention of Santa Barbara and emPowerSBC in marketing materials, media ads, and/or other public outreach.

6. **Target Loan Volumes.** For target loan volumes, see Section 2.05 of the Energy Efficiency Loan Loss Reserve Agreement (attached to this Agreement as Annex A).

7. **Project Eligibility.** All prospective projects must be evaluated by CoastHills. A prospective project shall receive approval as an "Eligible Project" only if it meets the following criteria:

- (a) The prospective project meets CoastHills' underwriting criteria, as set forth in Annex B of the Energy Efficiency Loan Loss Reserve Agreement, and the prospective Borrower meets CoastHills' Loan underwriting requirements, with disbursement of funds conditioned only upon CoastHills receiving a Certificate of Completion of Project and all other documents as outlined in Section 7 (c) of this Agreement.
- (b) The prospective project meets energy efficiency design criteria and other County requirements, as set forth in Annex C of the Energy Efficiency Loan Loss Reserve Agreement and has been determined eligible for the Program pursuant to Annex D of the Energy Efficiency Loan Loss Reserve Agreement.
- (c) The following documents have been exchanged between borrower and CoastHills to evidence that Project eligibility procedures, per Annexes D, E, and F of the Energy Efficiency Loan Loss Reserve Agreement, have been followed:

Upon Application for a Loan -

- a. Borrower must provide to CoastHills a contractor bid/workslope (to determine maximum loan amount, less owner contribution if applicable),
- b. Borrower must provide to CoastHills copies of Energy Upgrade California's (EUCA) Verification of Rebate Reservation (SCE/SCG) or Authorization to Proceed (PGE); if applying for financing for solar improvements, borrower must provide California Solar Initiative (CSI) Reservation Confirmation,
- c. Borrower must provide to CoastHills a copy of the emPowerSBC Contractor Agreement executed by the County and Borrower's contractor,
- d. Borrower must complete a CoastHills Loan Application, and
- e. CoastHills will provide to Borrower Disclosures regarding required documents upon completion of Project and prior to disbursement of Loan proceeds.

Upon completion of Project and prior to disbursement of Loan proceeds -

- a. Borrower will provide to CoastHills all final invoices (to determine maximum loan amount, less EUCA rebate, less CSI rebate if applicable, less owner contribution if applicable),
- b. Borrower will provide to CoastHills a Certificate of Completion,
- c. Borrower will provide to CoastHills an EUCA Verification of Rebate Approval for Payment (2nd verification with final rebate amount); if applying for financing for solar improvements, borrower must provide CSI Incentive Claim Approval
- d. Borrower will provide to CoastHills an executed Utility Consent Authorization to Receive Customer Information,
- e. Borrower will provide to CoastHills evidence of Contractor Report on Project submission by the contractor to the County,
- f. Borrower and CoastHills will execute all closing documents for Loan.
- g. Borrower will provide to CoastHills all other required documentation as deemed relevant to substantiate all conditions and stipulations of the loan approval - reference Section 8 (c).

8. Loan Credit Approval. Once an energy assessment has been completed, the Borrower must satisfy CoastHills' credit underwriting criteria.

(a) Member will make formal application to CoastHills for a Loan. If potential Borrower is not a Member of CoastHills, they must become one in order to take advantage of CoastHills' lending opportunity.

(b) CoastHills will evaluate the Loan Application. Loan Applications will be evaluated at CoastHills' Centralized Consumer Lending Department or on-line to ensure consistency.

(c) CoastHills will provide its credit approval or rejection of the Loan Application, at most, within two business days of receiving a complete Loan Application and required

underwriting stipulations, i.e. proof of income, tax returns, proof of employment and etc. for an energy efficient Loan offered as part of this Program.

(d) The approved Loan amount shall include a cost overrun contingency of 10% of the cost estimate.

9. Loan Closing and Disbursement.

(a) Upon completion of construction, the contractor and homeowner will submit a signed Certificate of Completion (Annex F of the Energy Efficiency Loan Loss Reserve Agreement), EUCA Verification of Rebate Approval for Payment, Utility Consent Authorization to Receive Customer Information, and Contractor Report on Project to CoastHills, authorizing disbursement of Loan proceeds to contractor.

(b) Coast Hills will provide Loan documents to the Borrower for review and execution. Borrower and CoastHills shall execute a Loan agreement.

(c) When CoastHills receives the Certificate of Completion, EUCA Verification of Rebate Approval for Payment, CSI Incentive Claim Approval (if applying for financing of renewable energy improvements), Utility Consent Authorization to Receive Customer Information, Contractor Report on Project, it shall disburse Loan funds to contractor within two business days of receipt. The final Loan amount to be disbursed will not exceed the approved amount as detailed in Section 8 (c) above and will be adjusted based on final costs of the completed Project. The final cost or any adjustment in cost to the Project will not exceed the approved Loan amount.

10. Confidentiality

(10.1) Definition: Confidential Information - (a) "non-public personal information" of the "members," "borrowers" or "customers" of CoastHills as those terms are defined in subtitle A of Title V of the Gramm-Leach-Bliley Act, 15 USC 6801-6809 and its implementing regulations (the "Act and Regulations"); (b) any information, in whatever form, when provided by one party (the "Disclosing Party") to the other party the "Receiving Party; and (c) Computer-generated data of any sort.

(10.2) Santa Barbara acknowledges and agrees that CoastHills, as a financial institution, has an obligation under federal and state laws to maintain as confidential the "non-public personal information" and any other information it possesses relating to its members and customers. The location of any CoastHills Confidential Information on Santa Barbara's server or on Santa Barbara's premises does not transfer any rights to CoastHills' Confidential Information nor serves as CoastHills' consent for Santa Barbara to use CoastHills' Confidential Information in any manner not authorized by this Agreement. At any time, upon CoastHills' notice to Santa Barbara, Santa Barbara will promptly return

CoastHills' Confidential Information to CoastHills in the manner instructed by CoastHills.

- (10.3) **Exclusions:** Except for non-public personal information or any other information relating to the members or customers of CoastHills, Confidential Information will not include information which (i) at or prior to the time of disclosure by CoastHills was known to Santa Barbara through lawful means; (ii) at or after the time of disclosure by CoastHills becomes generally available to the public through no act or omission on Santa Barbara's part; (iii) is developed by Santa Barbara independent of any Confidential Information it receives from CoastHills; or (iv) Santa Barbara receives from a third party free to make such disclosure without breach of any legal obligation.
- (10.4) **Legal Obligations:** Subject to the restrictions on the disclosure of non-public personal information and other information relating to the members or customers of CoastHills, Santa Barbara may disclose Confidential Information pursuant to any statute, regulation, order, subpoena or document discovery request, provided that prior written notice of such disclosure is furnished to CoastHills as soon as practicable in order to afford CoastHills an opportunity to seek a protective order (it being agreed that if CoastHills is unable to obtain or does not seek a protective order and Santa Barbara is legally compelled to disclose such information, disclosure of such information may be made without liability.)
- (10.5) **Requirements:** Santa Barbara acknowledges the confidential and proprietary nature of CoastHills' Confidential Information and agrees that it shall not discuss, reveal, or disclose CoastHills' Confidential Information to any other Person, other than authorized employees, agents, affiliates, Third Party Providers as limited herein, or use any Confidential Information for any purpose other than as contemplated hereby, in each case, without the prior written consent of CoastHills, which may be withheld in CoastHills' sole discretion. Santa Barbara agrees to reasonable precautions (no less rigorous than Santa Barbara takes with respect to its own comparable Confidential Information) to prevent unauthorized or inadvertent disclosure of the Confidential Information of CoastHills. In the event that Santa Barbara wishes to disclose Confidential Information to one of its professional advisors for computer technology or services or to Third Party Providers for the purposes of upgrading or maintaining the service, it may do so only if that professional advisor or Third Party Provider agrees in writing to maintain the confidentiality obligations described in Section 10 of this Agreement.
- (10.6) **Return of Information:** Santa Barbara will, at the request of CoastHills, during the Term or thereafter (a) promptly return all Confidential Information held or used by Santa Barbara in whatever form, or (b) at the discretion of CoastHills, promptly destroy all such

Confidential Information, including all copies thereof, and those portions of all documents that incorporate such Confidential Information. In furtherance of the requirements of this Paragraph 10.6, Santa Barbara will obtain any such Confidential Information in the possession of Third Party Providers. The foregoing notwithstanding, nothing in this Paragraph 10.6 shall be construed to require Santa Barbara to return or destroy information maintained by Santa Barbara pursuant to Santa Barbara's reasonable recordkeeping requirements, or as otherwise required to be maintained pursuant to applicable law or regulation, provided that such information shall be kept confidential and secure as provided herein.

- (10.7) Santa Barbara agrees to comply with the Guidelines for Safeguarding Member or Customer Information in the Gramm-Leach-Bliley Act (15 USC Sections 6801 and 6805(b)) and the NCUA Regulations (12 CFR Section 748) ("Guidelines"). Santa Barbara will implement appropriate safeguards designed to meet the objectives of the Guidelines. Such safeguards shall be designed for the purpose of: (1) insuring the security of CoastHills' records and information, (2) protecting against any anticipated threats or hazards to the security or integrity of such records and information; and (3) protecting against unauthorized access to or use of such records and information that would result in substantial harm or inconvenience to CoastHills. Santa Barbara agrees to notify CoastHills of a security breach of Santa Barbara's nonpublic personal information immediately or no later than 24 hours following discovery.
- (10.8) The parties agree to use the Confidential Information only for the purposes of fulfilling obligations under this Agreement. No rights or licenses to trade or service marks, inventions, copyrights, patents or other intellectual property rights are implied or granted under this Agreement except as otherwise expressly provided for in this Agreement. Each party shall use reasonable care to avoid unauthorized disclosure or use of the other party's Confidential Information and not less than the same degree of care as it uses to protect its own Confidential Information of similar sensitivity. It is agreed that access to all Confidential Information shall be limited to only such employees or agents who need to know such information for the purpose of fulfilling obligations under this Agreement and that each party shall be liable for any unauthorized disclosure of use of the other party's Confidential Information by any of its employees or agents to whom such Confidential Information is disclosed.

11. Miscellaneous

- (a) Definitions. Any undefined, capitalized terms refer to defined terms in the Energy Efficiency Loan Loss Reserve Agreement (attached to this Agreement as Annex A).

(b) Termination of Agreement. This Agreement shall terminate upon the termination of the Energy Efficiency Loan Loss Reserve Agreement as set forth therein.

(c) Settlement of Disputes and Arbitration.

(i) Any dispute or controversy arising out of, in connection with, or relating to this Agreement will be settled as set forth in the Loan Loss Reserve Agreement.

(d) Observance Other Laws.

(i) Both Parties shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Agreement. Any Party bound by this Agreement shall submit any and all information required by another Party to demonstrate compliance with such laws, ordinances, and codes within two weeks of that Party's request for such information.

(ii) Nothing in this Agreement shall constitute a partnership between the Parties nor constitute one Party the agent of the other Party and vice versa. Except as set out in this Agreement, no Party shall have express or implied authority to bind or represent any other party for any purpose whatsoever unless expressly agreed in writing by the Party concerned.

(e) Notices. All notices, instructions, and other communications shall be in writing and shall be delivered by registered mail or by confirmed email or fax to the Parties at the following addresses:

For CoastHills:

Robert Goebel, Senior Vice President
Chief Lending Officer
3880 Constellation Road
Lompoc, CA 93436
805-733-7624
Fax: 805-733-7858
Email: robertg@coasthills.coop

For Santa Barbara County:

Sharon Friedrichsen, Program Administrator
Housing and Community Development Director
105 East Anapamu Street, Room 105
Santa Barbara CA 93101
Phone (805) 568-3520
Fax: (805) 568-2289
Email: sfried@co.santa-barbara.ca.us

And to:

Angela Hacker, Program Manager
The County of Santa Barbara
emPowerSBC
105 E Anapamu, Room 403
Santa Barbara, CA 93101
Phone: (805) 568-3515
Fax: (805) 568-2289
Email: ahacker@co.santa-barbara.ca.us

All such notices and communications shall be deemed to have been delivered on the date of delivery, if delivered by certified mail, or on the date confirmation was sent if delivered by confirmed email or confirmed fax.

(f) Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties and the respective successors and assigns and shall not be assignable without the prior written consent of both Parties. Any purported assignment in violation of this Section shall be void.

(g) Entire Agreement; Waiver; and Modification. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior agreements and undertakings, written or oral, with respect to the subject matter. Any waiver, amendment, or modification of the provisions shall not be effective unless in writing and signed by both Parties. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given, and shall not be construed to affect any other or future waiver or consent.

(h) Headings. Headings in this Agreement are for convenience or reference only and shall not be used in the interpretation or construction of this Agreement.

(i) Severability. If any one or more of the provisions of this Agreement shall be found to be invalid, illegal, or unenforceable in any respect or to any extent, such finding shall not affect the validity, legality, or enforceability of such provisions in any other jurisdiction, and the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected, impaired, or restricted.

(j) No Waiver; Remedies. No failure on the part of any Party to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Governing Laws. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(j) Retention of Records. CoastHills agrees to maintain records that accurately and fully include the date, amount and payee of all Loans, and all invoices and California Energy Upgrade Certificates of Completion and to keep all such records for not less than five years after each EE Loan is paid in full.

Subject to its obligations under the Gramm-Leach-Bliley Act and Regulations, CoastHills shall make available for examination at reasonable intervals and during normal business hours to Santa Barbara, the United States Department of Energy and Office and the United States Inspector General all of the above documents, and shall permit the County and affiliated agencies to audit, examine, and make excerpts or transcripts from such records. In the event that the Gramm-Leach-Bliley Act and Regulations prohibit disclosure of a particular document that has been determined to be necessary for completion of an audit, CoastHills shall work cooperatively with the County and/or its affiliated agencies to supply and produce information required for compliance purposes with non-public information redacted.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this Agreement on the date below.

CoastHills Federal Credit Union

Robert M. Goebel

By: Robert Goebel

Title: Senior Vice President

and

Dallis Widick

By: Dallis Widick

Title: Vice President

COUNTY:

ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD

By: _____
Deputy

APPROVED AS TO LEGAL FORM:
DENNIS A. MARSHALL,
COUNTY COUNSEL

By: Dennis A. Marshall
Deputy County Counsel

CoastHills Federal Credit Union as
Fiduciary Agent

Robert M. Goebel

By: Robert Goebel

Title: Senior Vice President

and

Dallis Widick

By: Dallis Widick

Title: Vice President

COUNTY OF SANTA BARBARA
BOARD OF SUPERVISORS
A Subdivision of the State of California

By: _____
JONI GRAY
Chair, Board of Supervisors

APPROVED AS TO

ROBERT W. GEIS, CPA
AUDITOR CONTROLLER

By: Robert W. Geis
Deputy Auditor Controller
For Bob Geis

Annexes

A. Energy Efficiency Loan Loss Reserve Agreement

List of Annexes to Energy Efficiency Loan Loss Reserve Agreement

- A. Sample form for Monthly Report
- B. Terms, Conditions, and Underwriting Criteria
- C. Project Eligibility Design Criteria
- D. Project Eligibility Determination Procedure
- E. Sample form Residential Project Eligibility Letter
- F. Sample form Residential Project Certificate of Completion
- G. Sample form CoastHills Default Demand Letter
- H. Evaluating Residential Loan Portfolio Performance & Resetting the Loss Reserve Percentage, Residential Loan Facility Size
- I. Federal Regulations
- J. Federal Funding Contractor Provisions
- K. Intellectual Property Provisions (NRD-1003) Non-research and Development
- L. Acknowledgment and Disclaimer Language
- M. Certificate of Liability Insurance

List of Schedules

1. CoastHills' Loan Underwriting Criteria
2. Monthly Reports
3. List of Account Numbers