

Attachment A
Program Agreement

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

Amended and Restated Program Agreement

Santa Barbara County

And

CoastHills Federal Credit Union

April __, 2014

SANTA BARBARA COUNTY RESIDENTIAL ENERGY IMPROVEMENT LOAN PROGRAM AGREEMENT

This Amended and Restated Program Agreement ("2014 Program Agreement "), dated April____, 2014 is undertaken by:

Santa Barbara County ("Santa Barbara 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 Improvement Loan Program (the "Program").

Recitals

- A.** On August 9, 2011 Santa Barbara County signed the Santa Barbara County Residential Energy Efficiency Loan Loss Reserve Agreement by and between Santa Barbara County and CoastHills (the "2011 LLR Agreement"), and the affiliated Program Agreement (the "2011 Program Agreement"), and made an initial deposit into a Deposit Account in the amount of One Million Dollars (\$1,000,000.00). CoastHills acknowledged to Santa Barbara County receipt of such funds upon deposit.
- B.** An amendment to the original 2011 LLR Agreement, The Amended and Restated Santa Barbara County Residential Energy Improvement Loan Loss Reserve Agreement ("2014 LLR Agreement"), expands the service boundary of the 2011 LLR Agreement beyond Santa Barbara County to provide Loans for Eligible Projects in the "Tri-County" region, incorporates new Funding Sources, adds an interest rate buy down provision, adds a progress payment option procedure, and makes other modifications.
- C.** Santa Barbara County and CoastHills have provided and will continue to provide Loans to individual eligible residential Borrowers for Eligible Projects, and the Parties wish to expand further the Loan lending process.
- D.** CoastHills and Santa Barbara County now wish to establish expanded terms, conditions, and procedures for their cooperation in marketing and originating Loans, with the support of external funding awards, and loan loss reserve protection or other credit enhancements mutually agreed upon by both Parties to this 2014 Program Agreement.
- E.** CoastHills has executed an "Affiliate Lending and Loan Servicing Agreement" with Ventura County Credit Union ("Ventura") whereby CoastHills originates and services Loans for projects in northern Santa Barbara County and Ventura originates and services 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 Affiliate Lending and Loan Servicing Agreement between CoastHills and Ventura. An Amended Affiliate Lending and Loan Servicing Agreement will be executed once this 2014 Program Agreement and the 2014 LLR Agreement have been executed.
- F.** For purposes of this 2014 Program Agreement, all references to CoastHills shall include and incorporate Ventura with regard to Loan origination, Loan servicing and all other responsibilities and activities by CoastHills as defined by this 2014 Program Agreement.
- G.** CoastHills and Santa Barbara County have entered into the 2014 LLR Agreement of even date herewith, which sets forth the specifics of the financial agreement between the Parties and which is attached hereto and incorporated herein by reference as Annex 1. This 2014 Program Agreement is intended to supplement and add to the 2014 LLR Agreement by setting forth marketing and management aspects of the Program.
- H.** This 2014 Program Agreement and the 2014 LLR Agreement will supersede the 2011 Program Agreement and the 2011 LLR Agreement.

Note: Where capitalized terms are not defined in this 2014 Program Agreement, they are defined in the 2014 LLR Agreement.

Agreements

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

1. Loans. CoastHills will continue to provide and administer Loans to its existing and prospective members desiring to finance an Eligible 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 2014 LLR Agreement of even date herewith.

2. Management. Each of the Parties to this 2014 Program Agreement will designate a point person to manage the Program. If there are changes to a point person, the Party shall notify the other Party, in writing, of the replacement name, address, email, and phone number. See Section 10(e) for contact information.

(a) Point person for Santa Barbara County is Angela Hacker.

(b) Point person for CoastHills is Dallis Widick, Vice President Lending and Collections

(c) CoastHills will ensure that staff is familiar with the Program and conversant with the terms of this 2014 Program Agreement and the materials emPowerSBC provides to CoastHills from time to time.

(d) CoastHills shall issue policies and operating guidelines supporting the Program and distribute the guidelines to branch offices, though most transactions will occur online.

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

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

(b) Santa Barbara County has developed training materials to familiarize its own personnel and CoastHills personnel with its procedures and operations.

- Santa Barbara County will update:
 - A program workflow that describes each step of the process of applying for and obtaining a Loan;
 - A directory of qualified professionals that can perform services to complete Eligible Projects for Borrowers that receive Loans;
 - Information on incentives and rebates that shall be shared with Loan applicants; and
 - Information regarding quality assurance and completion review for Eligible Projects.

(c) Santa Barbara County will continue to train its own personnel on procedures. This training will also familiarize staff with all Loan materials and CoastHills’ credit determination procedures.

(d) Each of the Parties will assist the other, as needed, in the further development of training materials and ensure that each Party’s own staff are well-trained on the Program.

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

(a) Santa Barbara County agrees to notify homeowners in the Tri-County region through a multifaceted marketing and outreach campaign regarding the availability of Loans under the Program and to use best efforts to market Loans.

(b) Santa Barbara County will continue to reach out to local building professionals to encourage them to become trained and registered to complete Eligible Projects financed through Loans.

(c) Santa Barbara County will coordinate messaging used in an advertising campaign to target web, print, and broadcast media markets.

(d) Santa Barbara County will continue to work to prepare marketing materials for distribution to homeowners. Expenses for these marketing materials and their distribution will be borne by Santa Barbara County.

(e) Santa Barbara County will educate prospective Borrowers on CoastHills' Loans terms and conditions, using information approved by CoastHills.

(f) Santa Barbara County 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 County and shared with CoastHills.

5. CoastHills' Role in Project and Loan Marketing. The Parties will jointly develop Loan marketing materials that will incorporate emPowerSBC branding. Santa Barbara County and CoastHills will work together to develop and provide for effective distribution of the marketing materials to the Tri-County region. CoastHills roles and responsibilities include the following:

(a) CoastHills agrees to notify its current Members in the target market sectors throughout the Tri-County region of the availability of Loans under the Program and to use best efforts to market Loans.

(b) CoastHills shall develop marketing literature to include in monthly statements and display prominently at branches.

(c) As requested by Santa Barbara County, CoastHills, pursuant to its discretion, agrees to include references to Loans and their benefits in selected 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 shall be borne by CoastHills.

(f) CoastHills shall obtain Santa Barbara County's prior and specific approval for all mention of Santa Barbara County and emPowerSBC in marketing materials, media ads, and/or other public outreach.

6. 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 2014 LLR Agreement, and the prospective Borrower meets CoastHills' Loan underwriting requirements, with disbursement of funds conditioned only upon CoastHills receiving all properly completed project documentation as outlined in Section 6 (c) of this 2014 Program Agreement.

(b) The prospective project meets energy efficiency design criteria and other Santa Barbara County requirements, as set forth in Annexes C and D of the 2014 LLR Agreement.

(c) Required project documentation has been properly completed by Borrower and CoastHills. A written lender guide produced and updated from time to time by Santa Barbara County provides detailed information on required documentation and processes for each type of Eligible Project to evidence that Loan eligibility procedures per Annexes C and D of the 2014 LLR Agreement have been followed.

- (d) In the event of a conflict between the lender guide and the 2014 LLR Agreement, the 2014 LLR Agreement shall control.

7. Loan Credit Approval. The prospective Borrower must satisfy CoastHills' credit underwriting criteria.

(a) The prospective Borrower will make formal application to CoastHills for a Loan. If the prospective 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 accuracy.

(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, e.g., proof of income, tax returns, proof of employment, and other requirements per Annex B and Schedule 1 of the 2014 LLR Agreement.

(d) CoastHills shall determine the final Loan amount, which shall include a cost overrun contingency of 10% of the Eligible Project cost estimate. At no time shall the aggregated amount of Borrower's Loan(s) with CoastHills exceed \$25,000.

8. Loan Closing and Disbursement.

(a) Loans without progress payment fund control option

- i. Upon completion of an Eligible Project, the contractor and Borrower will submit to CoastHills properly completed Eligible Project documentation (see Sections 6(a) and 6(c) of this 2014 Program Agreement).
- ii. Coast Hills will provide Loan documents to the Borrower for review and execution. Borrower and CoastHills shall execute a Loan agreement
- iii. Once CoastHills ensures proper completion of all required documentation required in Section 8(a)(i) and (ii), 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 7(d) above and shall not exceed the final costs of the completed Eligible Project.

(b) Loans with progress payment fund control option (see Annex K of 2014 LLR Agreement)

- i. The contractor and Borrower will submit to CoastHills a progress payment certification form, developed by CoastHills, whereby the borrower authorizes disbursement of Loan proceeds from CoastHills' selected escrow company to contractor prior to the completion of Eligible Project.
- ii. Coast Hills shall provide Loan documents to the Borrower for review and execution. Borrower and CoastHills shall execute a Loan agreement.
- iii. Once CoastHills ensures proper completion of all required documentation required in Section 8(b)(i) and (ii), it shall disburse Loan funds to CoastHills' selected escrow company to administer the payment to the contractor pursuant to Annex K of the 2014 LLR Agreement. The final Loan amount to be disbursed shall not exceed the approved amount as detailed in Section 7(d) above and shall not exceed the final costs of the completed Eligible Project.

9. Confidentiality

- (9.1) Definition: "Confidential Information" includes, but is not limited to, "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 U.S.C. 6801-6809 and its implementing regulations (the "Act and Regulations").
- (9.2) Santa Barbara County acknowledges and agrees that CoastHills, as a financial institution, has an obligation under federal and state laws to maintain Confidential Information. The location of any CoastHills' Confidential Information on Santa Barbara County's server or on Santa Barbara County's premises does not transfer any rights to CoastHills' Confidential Information nor serve as CoastHills' consent for Santa Barbara County to use CoastHills' Confidential Information in any manner not authorized by this 2014 Program Agreement. At any time, upon CoastHills' notice to Santa Barbara County, Santa Barbara County will promptly return CoastHills' Confidential Information to CoastHills in the manner instructed by CoastHills.
- (9.3) Exclusions: Confidential Information shall not include information that: (i) at or prior to the time of disclosure by CoastHills was known to Santa Barbara County 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 County's part; (iii) is developed by Santa Barbara County independent of any Confidential Information it receives from CoastHills; or (iv) Santa Barbara County receives from a third party free to make such disclosure without breach of any legal obligation.
- (9.4) Legal Obligations: Santa Barbara County 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. If CoastHills is unable to obtain or does not seek a protective order and Santa Barbara County is legally compelled to disclose such information, disclosure of such Confidential Information shall be without liability.
- (9.5) Requirements: Any materials deemed to be Confidential Information shall be clearly marked as such by CoastHills. Santa Barbara County acknowledges the confidential and proprietary nature of CoastHills' Confidential Information and agrees that it shall not discuss, reveal, or disclose Confidential Information to any third party, or use any Confidential Information for any purpose other than for the purposes of fulfilling obligations under this 2014 Program Agreement and/or the 2014 LLR Agreement without the prior written consent of CoastHills, which may be withheld in CoastHills' sole discretion. Santa Barbara County agrees to reasonable precautions to prevent unauthorized or inadvertent disclosure of the Confidential Information. In the event that Santa Barbara County 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 a 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 9 of this 2014 Program Agreement.
- (9.6) Return of Information: Santa Barbara County shall, at the request of CoastHills, during the term of this 2014 Program Agreement or thereafter: (a) promptly return all Confidential Information held or used by Santa Barbara County 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 reproduce such Confidential Information. In furtherance of the requirements of this Section 9.6, Santa Barbara County shall obtain any such Confidential Information in the possession of third party providers. The foregoing notwithstanding, nothing in this Section 9.6 shall be construed to require Santa Barbara County to return or

destroy Confidential Information maintained by Santa Barbara County pursuant to Santa Barbara County's reasonable recordkeeping requirements, or as otherwise required to be maintained pursuant to applicable law, regulation, or requirement of Santa Barbara County's agreements with Funding Sources, provided that such Confidential Information shall be kept confidential and secure.

- (9.7) Santa Barbara County agrees to comply with the Guidelines for Safeguarding Member or Customer Information in the Gramm-Leach-Bliley Act (15 U.S.C. Sections 6801 and 6805(b)) and the National Credit Union Association Regulations (12 CFR Section 748) ("Guidelines"), including, as necessary, implementing safeguards designed to meet the Guidelines. Such safeguards shall be designed for the purpose of: (1) ensuring the security of Confidential Information, (2) protecting against any anticipated threats or hazards to the security or integrity of Confidential Information; and (3) protecting against unauthorized access to or use of Confidential Information. Santa Barbara County agrees to notify CoastHills of a security breach of Santa Barbara County's Confidential Information no later than 24 hours following discovery.
- (9.8) Santa Barbara County agrees to use the Confidential Information only for the purposes of fulfilling obligations under this 2014 Program Agreement and/or the 2014 LLR Agreement. Santa Barbara County shall use reasonable care to avoid unauthorized disclosure or use of Confidential Information. It is agreed that access to all Confidential Information shall be limited to only such employees or agents and representatives who need to know such information for the purpose of fulfilling obligations under this 2014 Program Agreement and/or the 2014 LLR Agreement and that Santa Barbara County shall not disclose or use Confidential Information other than as provided for or authorized by this 2014 Program Agreement and/or the 2014 LLR Agreement.
- (9.9) No rights or licenses to trade or service marks, inventions, copyrights, patents, or other intellectual property rights are implied or granted under this 2014 Program Agreement, except as otherwise expressly provided for in this 2014 Program Agreement.

10. Miscellaneous

(a) Definitions. Any undefined, capitalized terms refer to defined terms in the 2014 LLR Agreement (attached to this 2014 Program Agreement as Annex 1).

(b) Termination of 2014 Program Agreement. This 2014 Program Agreement shall terminate upon the termination of the 2014 LLR Agreement as set forth in Section 9.02 of the 2014 LLR Agreement.

(c) Settlement of Disputes and Arbitration.

(i) Any dispute or controversy arising out of, in connection with, or relating to this 2014 Program Agreement shall be addressed as set forth Section 10.01 in the 2014 LLR Agreement.

(ii) In the event of a conflict between the 2014 Program Agreement and the 2014 LLR Agreement, the 2014 LLR Agreement shall control.

(d) Observance of Other Laws.

(i) Each Party shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of the 2014 LLR Agreement and/or this 2014 Program Agreement. Each Party bound by this 2014 Program Agreement shall submit any and all information required by the other 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 2014 Program Agreement shall constitute a partnership between the Parties nor constitute one Party the agent of the other Party and vice versa. No Party shall have express or implied authority to bind or represent the other Party for any purpose whatsoever unless expressly agreed in writing by the Party to be bound.

(e) Notices. All notices and other communications shall be in writing and shall be delivered by certified mail (recipient requested) or by email with acknowledge receipt from recipient, to the Parties at the following addresses:

For CoastHills:

Dallis Widick
Vice President Lending and Collections
CoastHills Federal Credit Union
3880 Constellation Road
Lompoc, CA 93436
805-733-7624
Fax: 805-733-7858
Email: dalw@coasthills.coop

For Santa Barbara County:

Kerry Bierman, Program Administrator
Chief Financial Officer, County of Santa Barbara Community Services Department
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Phone (805) 568-3408
Fax: (805) 568-3414
Email: kbierman@sbccsd.org

And to:

Angela Hacker, Program Manager
Santa Barbara County
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 2014 Program 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 voidable.

(g) Entire Agreement; Waiver; and Modification. This 2014 Program 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, consent, 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 2014 Program Agreement are for convenience or reference only and shall not be used in the interpretation or construction of this 2014 Program Agreement.

(i) Severability. If any one or more of the provisions of this 2014 Program Agreement shall be found to be invalid, illegal, or unenforceable in any respect or to any extent, the validity, legality, and enforceability of the remaining provisions of this 2014 Program 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 2014 Program Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy under this 2014 Program 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 2014 Program Agreement shall be governed by and construed in accordance with the laws of the State of California.

(l) Retention of Records. CoastHills agrees to maintain records that accurately and fully include the date, amount, and payee of all Loans, all invoices, and all California Energy Upgrade Certificates of Completion and to keep all such records for not less than seven years after each 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 County, Southern California Gas Company, the California Energy Commission, the United States Department of Energy, and Office of the United States Inspector General all of the above documents, and shall permit Santa Barbara County, the California Energy Commission, Southern California Gas Company, the United States Department of Energy, and Office of the United States Inspector General to audit, examine, and make copies, 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 Santa Barbara County, the California Energy Commission, Southern California Gas Company, the United States Department of Energy, or the Office of the United States Inspector General to supply and produce information required for compliance purposes with Confidential Information redacted.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this 2014 Program Agreement on the date below.

CoastHills Federal Credit Union

By: _____

Title: _____
and

By: _____

Title: _____

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

COUNTY OF SANTA BARBARA:

By: _____
Deputy Clerk

By: _____
STEVE LAVAGNINO
Chair, Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, 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

ANNEX

1. 2014 LLR Agreement