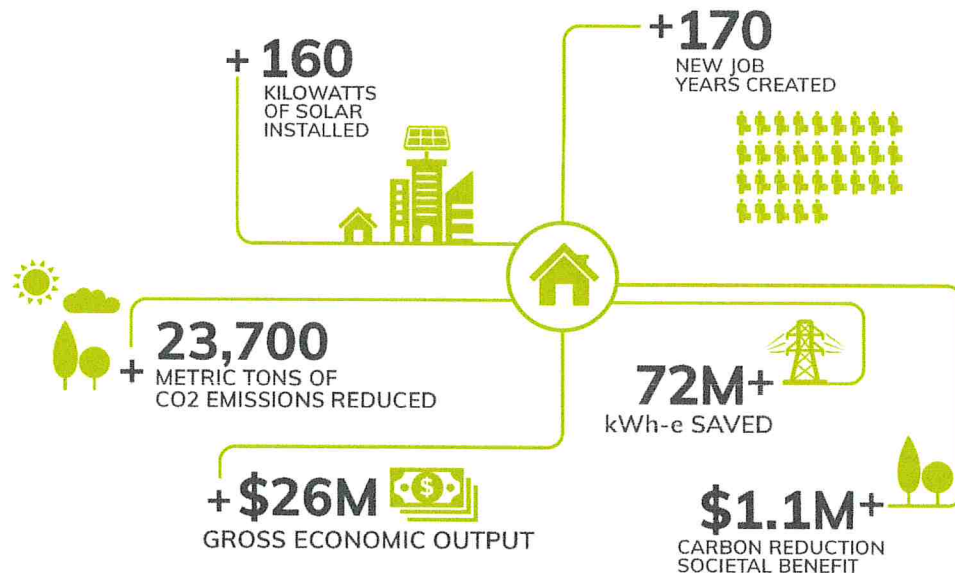


Ygrene Missouri PACE Overview

Named one of the top 20 “world-changing” ideas by *Scientific American* magazine, Property Assessed Clean Energy (PACE) is a simple and effective way to finance energy efficiency and renewable energy upgrades to homes and businesses. Payments for PACE financing are incorporated into and repaid through a special assessment added to a property owner’s property tax bill with terms of up to 30 years. PACE is enabled through a public-private partnership model designed to create local jobs, promote economic development, and improve the environment.

Ygrene, the leading PACE Administrator in the nation, delivers best-in-class PACE financing with the highest standard of consumer protections and a commitment to making it easier for communities to invest in their future. Together, with its many government partners, Ygrene is improving and protecting communities across the country – creating tens of thousands of local jobs, stimulating local economies, protecting communities from natural disasters, saving energy, and making a positive impact on the environment – all without reliance on taxpayer dollars.

Estimated impact of \$14.7M in over 790 funded energy efficiency, renewable energy, and climate resiliency property improvement projects across Missouri.



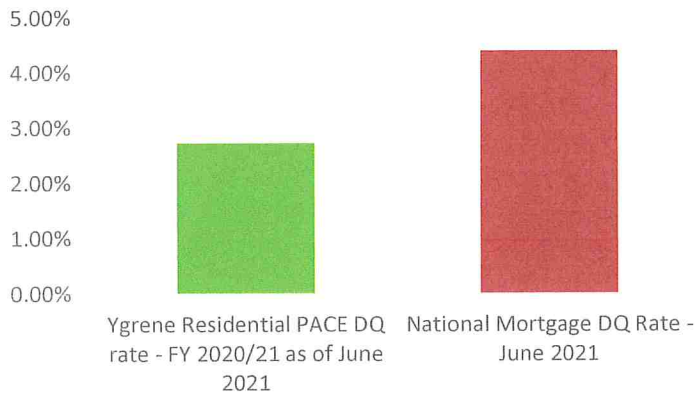
Data based on University of Southern California Schwarzenegger Institute research, "Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida," utilizing, in part, Ygrene's proprietary impact model. This represents estimated lifetime impacts (i.e. over the useful life of the improvements) of PACE projects completed by Ygrene since inception through the end of February, 2022.

Ygrene Data Through Feb 2022	Totals	Residential	Commercial
Total Funded Amount	\$14.7M	\$11.4M	\$3.3M
Total Number of Projects	795	766	29

Ygrene’s PACE program expands access to affordable financing, delivering some of the strongest consumer protections in the home improvement finance industry while also demonstrating strong repayment performance.

Ygrene Missouri PACE Program Key Facts & Figures	
Avg. Residential Project Size	\$14,900
Avg. Residential Interest Rate	7.98%
Avg. Residential Term	16 years
Avg. Residential Annual Payment	\$1,800
Avg. Monthly Payment Equivalent	\$150
Customer Satisfaction Rate*	98.4%
Initial Escalation Rate*	1.6%
Resolved Escalations*	100%
Open Escalations Awaiting Resolution (as a % of All Projects)*	0%

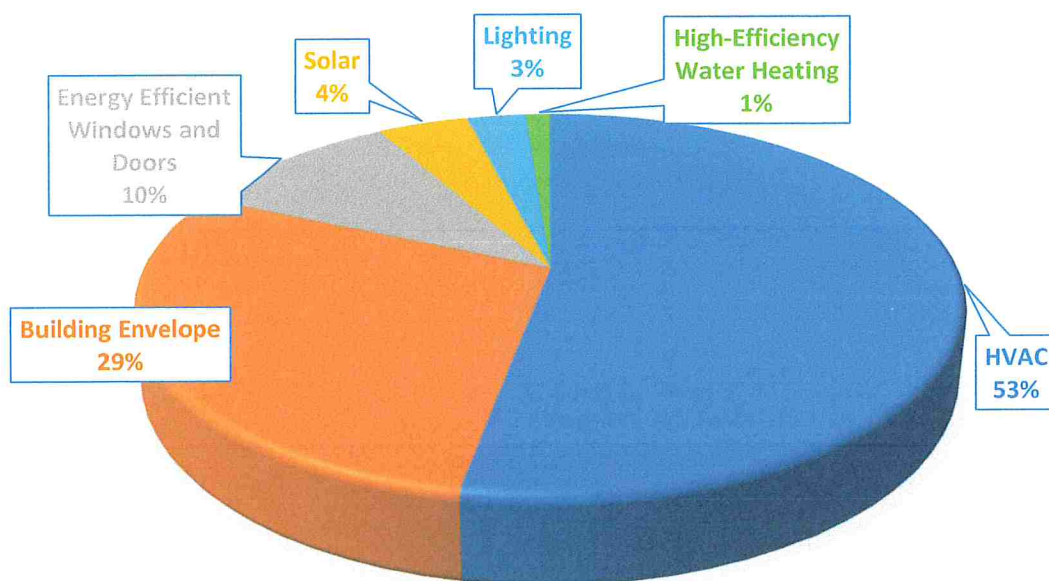
Ygrene PACE DQ Rates vs. National Mortgage DQ Rates



Ygrene’s delinquency data is for the 2020/21 tax year (nationwide) as reported during the June 2021 reporting period. The national mortgage DQ rate is pulled from BlackKnight’s June 2021 Mortgage Monitor Report: <https://www.blackknightinc.com/data-reports/>

*Represents escalation data from through February 2022

Ygrene Missouri Distribution of Improvements by Funded Amount



Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

Introduction

Residential Property Assessed Clean Energy (R-PACE) financing is a transformational public policy that expands access to affordable financing for millions of American homeowners. As of October 2021, R-PACE programs have helped over 300,000 homeowners to make critical energy efficiency, renewable energy, environmental conservation, and disaster resiliency improvements to their properties. In doing so, R-PACE programs have injected over \$7.3 billion of private capital into local communities for public benefit property upgrades, thereby creating over 120,000 local jobs and generating more than \$15 billion in local economic activity.¹ R-PACE programs achieved these public policy objectives by expanding access to affordable financing for homeowners that typically do not have access to capital or would have to pay significantly higher interest rates by using other types of traditional credit-based financing (e.g., credit cards).

R-PACE financing uses property assessments, a time-tested financing method, to provide private capital for residential property improvements that serve a public purpose. Local governments across the United States have used this method for decades to facilitate property upgrades including septic tank replacements and drinking water wells.² Like other assessment-based financing programs, R-PACE is incorporated into and repaid through a special tax assessment added to a homeowner's property tax bill. This structure provides greater access to financing and expanded options for environmentally conscious homeowners than credit-based financing options, especially low-and moderate income (LMI) homeowners. As such, R-PACE is an essential public policy, helping to create new opportunities for millions of homeowners to live in safer, healthier, and more efficient homes, while also reducing carbon emissions and improving the resilience of local communities.

Over the past few years, the broader R-PACE community, including consumer advocates, civil rights leaders, state and local policymakers, and R-PACE program providers, have identified policy principles and program best practices that provide homeowners who choose PACE financing—especially seniors and low-income homeowners—with robust consumer protections.

This document synthesizes existing R-PACE consumer protection policies alongside a set of expanded consumer protections that, taken together, constitute PACENation's prospective recommended consumer protection policies for all R-PACE programs.³ Implementation of consumer protection policies consistent with the recommendations herein does not demonstrate or reflect past noncompliance with any applicable standard, law or regulation. To the extent these recommendations are inconsistent with applicable laws, any such applicable laws should apply.

¹ Estimates of R-PACE's impacts are based on impact factors derived from the University of Southern California Schwarzenegger Institute study, "Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida"

² See the Delaware Septic Rehabilitation Loan Program for one example: <https://dnrec.alpha.delaware.gov/environmental-finance/septic-rehabilitation/>

³ These principles may be amended from time to time. Principles that relate to the origination of an R-PACE assessment will apply to assessments originated after March 31, 2022. For policies herein not currently implemented by an R-PACE program administrator, such policies should be phased in no later than March 31, 2022.

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

Note: these policy recommendations apply to R-PACE programs only and do not apply to commercial PACE (C-PACE) programs. PACENation supports a separate set of policy principles for C-PACE programs.

R-PACE Consumer Protection Policy Principles

1. Ability to Pay

R-PACE program administrators should make a good faith effort to determine the homeowner has the ability to pay the estimated annual R-PACE assessment amount, and in doing so should consider the unique nature of R-PACE as a financing option. Being current on a mortgage and current on property taxes are reliable indicators that a property owner will be able to repay the financing. The ability to pay determination should also be based on the household income of the homeowners. Household income should be confirmed using the homeowner's statement and additional information, which may include using reputable third-party data sources.

2. Property Based Underwriting Standards

For many homeowners, R-PACE can provide a more affordable financing option for critical home upgrades than traditional credit-based financial products. Indeed, traditional financial products have left many homeowners unable to make necessary repairs that will allow them to live safely and comfortably in their homes, protected from heat, cold, storms, and other natural disaster risks. As a property-based financing method, unique property-based underwriting standards should be applied to R-PACE.

Examples of property-based underwriting standards may include the following:

- Verifying the homeowner is current on property taxes;
- Is current on their mortgage;
- Is not currently in mortgage forbearance;
- The PACE assessment does not exceed 20% of the fair market value of the property;
- The combined mortgage related debt and the PACE assessment do not exceed the value of the property;
- The fair market value of the property should be based on proven valuation models (examples may include those typically used in the mortgage industry); and
- The term of the financing agreement should not exceed a term related to the useful life of the improvement(s) being installed, as determined by reputable third-party sources, including the U.S. Department of Energy.

3. No Reverse Mortgages or Properties Gifted by a Non-Profit Entity

Properties subject to an existing reverse mortgage product (HECM) or properties gifted to homeowners by non-profit entities should not be eligible for PACE financing.

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

4. R-PACE Lien Registry

An R-PACE-related lien registry should be created and maintained for all R-PACE programs to enter and examine lien data. Once established, the R-PACE lien registry should be reviewed for existing R-PACE assessments when underwriting homeowners for eligibility.

5. Pricing Controls

R-PACE program administrators should maintain pricing controls for improvements to help protect homeowners from home improvement contractors charging more for an R-PACE financed improvement than they would charge if the project was paid for in a different way. Pricing controls should be developed utilizing reputable third-party sources. The applicable pricing controls should not be disclosed to contractors or any third-party engaged in soliciting PACE financing. Further, R-PACE program administrators should not disclose to contractors or any third-party engaged in soliciting R-PACE financing the maximum financing amount for which a homeowner may be eligible.

6. General Marketing and Communication Guidelines

R-PACE programs are enabled by local governments but often are administered by private companies, establishing a public-private partnership. This structure has allowed R-PACE programs to significantly expand access to affordable financing for millions of homeowners. Because R-PACE programs are a public-private partnership, protections should be put in place to make it clear and unambiguous to homeowners that a) R-PACE programs are not a form of government assistance program, b) R-PACE is not free and c) R-PACE-financed improvements require repayment through homeowner property taxes.

7. Consumer Friendly Financing Terms

Financing terms should reflect the unique nature of R-PACE as a property tax assessment. Financing terms should not include negative amortization schedules, balloon payments or prepayment fees. Prohibiting prepayment fees ensures homeowners maintain flexibility with their finances. It also ensures that homeowners can prepay the assessment when selling or refinancing their home with no fee.

8. "Know-Before-You-Owe" (KBYO) PACE Financing Disclosures

Similar to standard "know-before-you-owe" disclosures, R-PACE program administrators should provide disclosures to the homeowner prior to, or contemporaneously with, the property owner signing an R-PACE assessment financing agreement. The disclosures should include information tailored specifically to R-PACE. These disclosures should state the total amount of the assessment, the total amount the homeowner will pay over the life of the financing term, the interest and annual percentage rate (APR) charged, the term of the assessment, the fees charged, and the payment schedule. Disclosures should also state that failure to pay the assessment can result in the property owner losing their home and that the R-PACE assessment may be required to be paid off before sale or refinance of the home. The disclosures may be provided to all property owners in electronic format. The property owner shall always have the right and ability to request the disclosures and financing agreements be provided as

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

paper hardcopies. Additionally, R-PACE program administrators should mail copies of the disclosures and financing agreement to homeowners for their records at the completion of the project.

9. Confirmed Terms Phone Call

To ensure the homeowner understands the terms of his or her financing agreement, R-PACE program administrators should conduct a confirmed terms phone call with the homeowner, as a compliment to written disclosures. This phone call should be conducted live and may be on a recorded line with at least one property owner who will be responsible for the financing. Generally, the call should cover project costs, interest rates, fees, payment amount, payment frequency and term. It should also include an explanation in plain language how the R-PACE assessment will be levied and collected and that the R-PACE assessment will result in a lien on the property. As part of this call, the R-PACE program administrator should ask the homeowner if they would like to communicate in a language other than English (see Language Access and Services for additional information). Confirmed terms phone calls are unique to R-PACE and add an extra layer of assurance that property owners understand the terms of their financing agreement and how R-PACE works. This call should be completed before the contractor is authorized to begin work

10. Language Access and Services

R-PACE expands access to affordable financing for many property owners, including those for whom English is a second language. As such, R-PACE program administrators should make R-PACE assessment financing agreements and disclosure documents available to homeowners in both English and Spanish and should develop additional language translations for R-PACE assessment financing agreements and disclosure documents based on the unique language needs of the localities where they operate. Further, if a program administrator offers language translation services for the written R-PACE assessment financing agreement and disclosure document, R-PACE program administrators should also offer translation services during the confirmed terms phone call.

11. Homeowner Identification Verification

R-PACE program administrators should implement policies and procedures to identify and verify the identity of homeowners who enter into an R-PACE assessment financing agreement. This practice can help to prevent fraud, which hurts homeowners and undermines trust in the R-PACE program. Policies for verifying the identity of homeowners should include appropriate flexibility to allow for the use of new technologies.

12. Three-Day Right to Cancel

Like other financing options and home improvement contracts in many states, homeowners should have a right to cancel their R-PACE assessment financing agreement up to three days after signing with no financial penalty for doing so. A three day right to cancel allows a homeowner to change his or her mind for any reason without any penalty.

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

13. R-PACE Contractor Enrollment, and Training Processes

R-PACE programs should include appropriate enrollment processes that help protect homeowners from fraudulent acts and prohibited practices by contractors or other third parties. R-PACE program administrators should confirm contractors are licensed, insured, and bonded as required by state law. R-PACE program administrators should conduct reputational background checks and criminal background checks for contractors or verify this information with state licensing agencies. All home improvement contractors who are enrolled in the R-PACE program must agree in writing to comply with all program policies and advertising and marketing standards. Additionally, R-PACE program administrators should develop policies to monitor enrolled contractors for compliance with program guidelines and requirements, and develop procedures for suspending and terminating contractors who violate program policies or exhibit unscrupulous behavior. Further, R-PACE program administrators should require all enrolled contractors to complete training that covers the key aspects of consumer protections and R-PACE financing. Training should include education on R-PACE disclosures, ethics, fraud prevention, and senior financial abuse.

14. Work Completion Certification Before Contractor Payment

R-PACE program administrators should make a good faith effort to confirm that the financed work or service has been completed before the contractor is provided final funding for that applicable work or service. Methods of work or service completion should be flexible to allow for property owner control as well as the ability of R-PACE program administrators to use new technologies to confirm project, work, and service completion. Examples of policies an R-PACE program administrator may use to confirm work or service completion include, but are not limited to, the following: review of final permits, a site inspection through third party means, review of time and geo-stamped photographs, written certification from the homeowner, or a telephone call with the homeowner.

15. Homeowner Complaint Response and Resolution Processes

R-PACE program administrators should establish processes and procedures for tracking and responding to homeowner questions and complaints and help to resolve those complaints in a timely manner. These policies and procedures should address any complaint related to a PACE program administrator or PACE financing. To the extent possible, these policies and procedures should also help to address any complaint a homeowner has with their contractor and the work performed. Any complaints related to fraud or where the homeowner is facing tax foreclosure shall be prioritized and resolved timely by the R-PACE program administrator, to the extent possible.

16. Foreclosure Avoidance Protections

R-PACE is designed to benefit residential property so that homeowners, their families, and potentially their descendants can live in homes that are safe, healthy, comfortable, and efficient. As such, R-PACE program administrators should implement policies or procedures to help assist a homeowner facing foreclosure as a result of R-PACE financing.

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

17. Low-Income Financial Hardship Protections

Any homeowner can face financial hardship, but low-income homeowners (homeowners whose household income is below 80% Area Median Income) may be at greater risk. Thus, protections should be put in place for low-income homeowners that utilize R-PACE to ensure they have options to help avoid foreclosure for failure to pay the R-PACE assessment, if possible. These options may include R-PACE assessment modifications and forbearance policies, to the extent consistent with state laws and other legal obligations.

18. Residential PACE Consumer Protection Information Guide

Before a property owner signs an R-PACE assessment financing agreement, R-PACE program administrators should provide an information guide written in plain language describing:

- How R-PACE works;
- How to read disclosures;
- How property tax and escrow increases work;
- Understanding quotes from contractors;
- Objective comparisons to other standard types of financing; and
- Information about federal grant programs, like the Weatherization Assistance Program, that may be available to low-income homeowners who qualify.

The information guide should be uniform among R-PACE programs and made available in English and Spanish and other languages supported by the R-PACE program, if applicable (see Language Access and Services for more information).

19. Protections for Property Owners Over Age 75 and Low-Income Homeowners

R-PACE program administrators should provide property owners over 75 years of age, and low-income homeowners, based on the borrower's stated income, with proactive communication during the origination process, including:

- A five day right to cancel the R-PACE assessment financing agreement;
- A second phone call prior to expiration of the right to cancel period to reaffirm understanding of the R-PACE assessment financing agreement; and
- A final phone call to confirm project completion after receipt of written confirmation of project completion.

20. Protections for Change Orders

When a change order on a project significantly increases the cost of the original project or expands the scope of the original project, the R-PACE program administrator should notify the homeowner, provide an updated financing estimate and disclosure document, and confirm the change with the homeowner via a phone call.

Residential Property Assessed Clean Energy (R-PACE) State and Local Consumer Protection Policy Principles

21. Property Owner and Mortgage Servicer Communication Regarding Increased Property Taxes and Escrow Accounts

R-PACE program administrators should develop a document that outlines the annual assessments, the monthly amount homeowners must add to their impound account with the mortgage lender, and a form the property owner can use to communicate this information to the loan servicer. The document should be provided to the homeowner following project funding. R-PACE program administrators should also provide notices to homeowners at least 60 days in advance of their first two property tax payments that include the PACE assessment. Such notices should remind homeowners of the document provided at funding and the potential need to adjust their mortgage escrow payments with their servicer.

22. Transparent Program Data Reporting

R-PACE program data reporting is an effective means of establishing transparency and to ensure that the goals of the R-PACE program are being met. In establishing program data reporting requirements, precautions should be taken to protect personally identifiable information of property owners who have utilized R-PACE financing. As such, all program data from any R-PACE program administrator should be provided in the aggregate and in averages along with cumulative program performance data. Data should be provided annually for all projects that were funded in the prior calendar year. Examples of aggregate data to be included in the reporting may include: the number of projects and funded volume by jurisdiction, the distribution of project types funded (i.e. energy efficiency, renewable energy, etc.), average project size, average interest rate, and average annual assessment amount, among others. Additionally, as a public policy designed to have a positive impact on the environment and in local communities, R-PACE program data reporting should include aggregate data on the estimated public benefit impacts achieved. Public benefit impact data reporting may include, based on the investment provided during the prior calendar year, aggregate estimates of the number of jobs created, energy saved, carbon emissions reduced, economic impact/output, and solar capacity installed, among other public benefit impacts.

