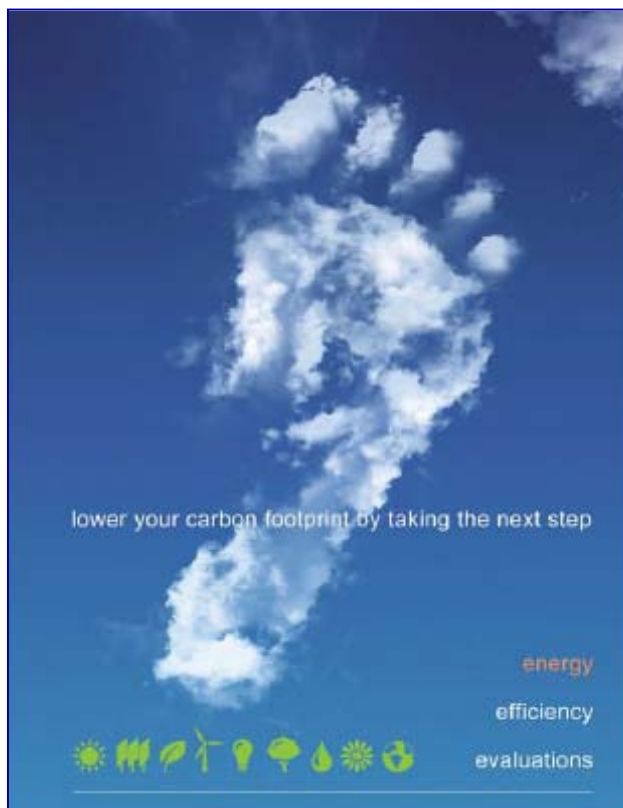




**ENERGY  
INDEPENDENCE**  
A SONOMA COUNTY PROGRAM

# Sonoma County Energy Independence Program

## PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES



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## Sonoma County Energy Independence Program

### PROGRAM REPORT AND ADMINISTRATIVE GUIDELINES

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## **Sonoma County Energy Independence Program**

### **Program Report and Administrative Guidelines**

#### **I. INTRODUCTION**

In July, 2008, the California Legislature approved Assembly Bill 811, authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. The California Legislature declared that a public purpose will be served by such programs, giving local governments the authority to finance the installation of distributed generation renewable energy sources – such as solar – and energy efficiency improvements that are permanently affixed to residential, commercial, industrial, or other real property. Because water use and energy use are closely linked, our County program will also assist property owners in reducing water use. In this report, improvements are collectively referred to as “Energy and Water Conservation Improvements” or “Improvements.”

To make Energy and Water Conservation Improvements more affordable and to promote their installation, AB 811 provides procedures for authorizing **voluntary assessments** to finance the cost of these improvements. The Sonoma County Energy Independence Program (“SCEIP” or “Program”) works at the request and with the consent of owners of the property on which the Energy and Water Conservation Improvements are to be made.

The Program will provide financing (“SCEIP Financing”) to property owners within the County to finance the installation of Energy and Water Conservation Improvements under contractual assessment agreements. Property owners will repay SCEIP Financing through an assessment levied against their property which is payable in semi-annual installments on property tax bills.

#### **A. Goals.**

SCEIP will help property owners of improved real property make principled investments in the long-term health of the local, state, and national economy and global environment by providing a long-term financing mechanism for Energy and Water Conservation Improvements.

SCEIP provides multiple benefits. By enabling property owners to take responsible energy and water conservation actions, the Program will reduce their utility bills.<sup>1</sup> At the same time it boosts the local economy, the California power grid, and national and global energy interests, and makes it possible for Sonoma County to fulfill energy and water conservation and climate protection commitments.

Sonoma County and each of its incorporated cities and towns (collectively the “Cities”) have established a goal to reduce their greenhouse gas emissions 25 percent below 1990 levels by 2015. This Program will help the Cities and the County reach their goals. The County, the Cities, the Sonoma County Water Agency, the Sonoma County Transportation Authority and the Sonoma County Agricultural Preservation and Open Space District are members of the Regional Climate Protection Coordination Plan (“RCPCP”) with the goal of coordinating efforts to reduce countywide GHG emissions. To help meet GHG reduction goals, carbon credits attributable to Improvements financed by SCEIP, if any, shall be held jointly by the County of Sonoma (on behalf of the Sonoma County Energy Independence Program), by the Sonoma County Water Agency and by the Sonoma County Transportation Authority, as the current RCPCP project manager.

## **B. Program Benefits.**

From the County’s perspective, the Program will be a key element in achieving greenhouse gas reduction goals. SCEIP provides a significant tool for funneling more resources into the shift to greater efficiency and renewable energy. Lower energy use translates directly into reduced greenhouse gas emissions and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy.

For property owners, SCEIP offers a no-money-down means of financing energy and water conservation improvements, fixed-rate financing over a number of years, financing without requiring a property appraisal, a streamlined financing and repayment process, and access to financing that may not readily be available through traditional means, such as home equity loans.

## **C. Program Administration.**

The Auditor-Controller Treasurer-Tax Collector is designated as the SCEIP Program Administrator and is authorized to enter into contractual assessments on behalf of the County. The Program Administrator will oversee professionals from the Auditor-Controller Treasurer-Tax Collector’s Office and other County staff, along with staff from the Sonoma County Water Agency, (“SCEIP Staff”) in administering the Program.

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<sup>1</sup> SCEIP staff does not provide energy audits, and SCEIP does not guarantee savings on utility bills. SCEIP highly recommends that a property owner consult with PG&E or other trained professionals to ensure that the proposed Improvements satisfy the property owner’s energy-saving goals.

The SCEIP office is located at the Sonoma County Water Agency's administrative offices and will operate as a storefront where the public can speak with SCEIP Staff and apply for funding to the SCEIP. The County is in the process of developing a permanent, interactive website for the Program. Presently, the Sonoma County Water Agency, in support of SCEIP, is hosting a website ([www.sonomacountyenergy.org](http://www.sonomacountyenergy.org)) where the public and program participants can obtain information and apply to SCEIP.

SCEIP Staff responsibilities will include:

- Community outreach;
- Responding to property owners inquiries;
- Processing applications;
- Managing and tracking funds available for SCEIP;
- Tracking individual and collective energy conservation; and
- Working and coordinating with participating jurisdictions.

## II. PROGRAM REQUIREMENTS

### A. Program Report.

In order to establish this Program, the County must prepare this report setting out how the program will function (the "Program Report")<sup>1</sup>. The Program Report is the guiding document for SCEIP and fulfills the statutory requirements that this report contain:

- A map showing the boundaries of the territory within which contractual assessments are proposed;
- A draft assessment contract between a property owner and the County;
- Program policies concerning contractual assessments, including: a list of Eligible Improvements; identification of the County official authorized to enter into contractual assessments on behalf of the County; maximum aggregate dollar amount of contractual assessments; and a method for setting priority for applications in the event that requests appear likely to exceed the authorization amount;
- A plan for funding the Program; and

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<sup>1</sup> See California Streets and Highways Code Section 5898.22.

- Information on the County's cost of placing assessments on the tax roll.

## **B. Geographic Parameters.**

All cities and towns within the County have agreed to have properties within the incorporated area included in the Program and permit voluntary assessments to be established within their jurisdictions. The County has entered into implementing agreements with each City and Town. A map showing the County boundaries is attached as Appendix B.

## **C. Eligible Property Owners and Eligible Properties.**

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner which pays secured real property taxes. Certain eligibility criteria must be satisfied. Financing may be approved if the following criteria are met:

- Property Title is vested in the applicant(s), without federal or state income tax liens, judgment liens or similar involuntary liens on the property;
- Property owner is current on property taxes;
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding<sup>1</sup>;
- Property owner is current on mortgage(s)<sup>2</sup>. For commercial property,<sup>3</sup> lender has given consent to SCEIP Financing;
- Improvement costs are reasonable to property value. As a guideline, proposed Improvements should not exceed 10 percent of assessed value. If the proposed project exceeds this guideline or otherwise does not appear prudent when compared to the property's value, the Program Administrator may require additional information supporting both the reasonable relationship of the Improvements to the property, and information related to the ability of the property owner to repay the assessment. These applications are reviewed on a case-by-case basis; and

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<sup>1</sup> If property owner has been in bankruptcy in the past three years, the bankruptcy must have been concluded at least one year before application was filed. In addition, all mortgage payments due on the property must have been timely paid during the six months preceding the application.

<sup>2</sup> If property is subject to loan modification because of default or delinquency, the loan modification must have been completed at least one year before application was filed. In addition, all mortgage payments due on the property must have been timely paid during the six months preceding the application.

<sup>3</sup> For SCEIP, "residential property" is defined as single-family properties with 1-to-4 residential units; "commercial property" is all other property.

- Condominium owners must conform to HOA policies.

SCEIP Financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations, or for mobile homes that are not affixed to real property and subject to secured property tax.

Property owners may make more than one application for funding under the Program if additional Energy and Water Conservation Improvements are desired by the owner.

#### **D. Eligible Equipment.**

SCEIP affords property owners in Sonoma County the opportunity to take advantage of a wide range of energy-savings and water conservation measures, consistent with the following provisions:

(1) SCEIP Financing is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy consumption, produces renewable energy, or reduces energy use through water conservation. However, SCEIP Financing is also available for purchasers of new homes and businesses that wish to add energy efficiency, renewable energy, and water conservation improvements after taking title to the property.

(2) SCEIP provides financing only for Improvements that are permanently affixed to real property.

(3) SCEIP provides financing only for Improvements specified in Appendix A. Broadly, these include:

- (a) Water Conservation Improvements;
- (b) Energy Efficiency Improvements;
- (c) Solar Systems; and
- (d) Custom Measures.<sup>1</sup>

A detailed list of Improvements is set out in Appendix A.

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<sup>1</sup> Large scale commercial or industrial projects requiring engineering design and meeting the financing threshold (\$500,000) requiring approval by the Board of Supervisors **or** projects involving emerging technologies for Improvements that provide new ways to save or generate energy will be evaluated on a case-by-case basis.

SCEIP Financing is also available for projects that combine eligible improvements, such as bundling of water conservation, energy efficiency and renewable energy measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets and install a photovoltaic system.

#### **E. Eligible Costs and Program Fees.**

(1) Project Costs. Eligible costs of the Energy and Water Conservation Improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy audit consultations, labor, design, drafting, engineering, permit fees,<sup>1</sup> and inspection charges.

The installation of energy savings and water conservation improvements can be completed by a qualified contractor of the property owner's choice. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive SCEIP Financing for that portion of the cost of retrofitting existing structures with Energy and Water Conservation Improvements. Repairs and/or new construction do not qualify for SCEIP Financing except to the extent that the construction is required for the specific approved Improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

The value of expected rebates<sup>2</sup> but not the value of expected tax credits will be deducted from SCEIP Financing.

SCEIP Staff will determine whether the estimated equipment and installation costs are reasonable. SCEIP Staff will evaluate market conditions and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for SCEIP Financing will be limited to an amount determined reasonable by SCEIP Staff, and may be reviewed by the Program Administrator. The Sonoma County Board of Supervisors will review all projects over \$500,000.

(2) Program Fees. The following program fees will be the responsibility of the property owner. The annual assessment fee will be included on the annual tax

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<sup>1</sup> All improvements, including those normally exempt from permit requirements, will require a permit from the local jurisdiction (town, city, unincorporated area). Each jurisdiction sets its own permit fees. Final inspection by a building inspector will ensure that the Improvements were completed.

<sup>2</sup> "Expected rebates" do not include rebates (1) that are contingent on performance or (2) that are not available to the property owner at or shortly after completion of the project, so as to be available for use to pay for the project.

statement. The other fees may be paid at the time they are incurred, or may be added into the amount to be financed by the property owner:

(a) Title costs, including title insurance, where required. Regular title costs are currently \$50 for projects under \$5,000, and \$125 for projects \$5,000 and over, but less than \$500,000. Projects over \$500,000 will require a title search and insurance.

(b) Recording fee for documents required to be recorded by State law, which include the Notice of Assessment, Assessment Contract, and Disclosure Notification, are set by State law and the Recorder's Office. This fee is currently \$50.00,

(c) Assessment collection and processing costs will be added to the annual assessment on property tax bills. These costs are \$40 for fiscal year 2009/2010, and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Northern California counties. This cost was determined after consultation with the County Auditor-Controller Treasurer-Tax Collector's Office and third party assessment contractor.

(d) If property owner wishes to have multiple disbursements (only on improvements in excess of \$60,000), the multiple disbursements will be subject to an additional processing fee of \$150 per disbursement and interest will begin to accrue on the entire assessment amount at the time of the first disbursement. The Application and Assessment Contract are provided in Appendix C and D. A detailed Summary of the SCEIP Financing Process is attached as Appendix E.

(3) Escrow fees. Some large projects, or projects with multiple contractors, may benefit from funding through an escrow process. If this process is selected by the property owner, the owner would select an escrow agent, and after the Assessment Contract is signed, the amount requested would be funded into the escrow account. Escrow instructions governing release of the funds would need to be approved by the Program Administrator. All fees related to this process would be the responsibility of the property owner but could be requested as part of Program funding. As in the Multiple Disbursement Assessment Contract, interest on the full amount of the requested disbursement will begin to accrue as soon as the escrow is funded. Any amount not needed at the completion of the project must be returned to the Program, and will be deducted from the amount of the assessment lien. All projects over \$500,000 must utilize an escrow process.

## **F. Administrative Costs.**

The Program may elect to cover all or a portion of its costs through the "spread" between its interim funding source interest rate and the SCEIP Financing interest rate offered to the property owner. Similarly, it may elect to recover SCEIP costs through a

spread between bond rates and assessment rates, or the spread between interest rates of any financial vehicle.

### **III. TRACKS FOR PARTICIPATION**

There are four categories or “tracks” of technologies under which property owners may participate in the Program. Eligible Improvements must meet specified minimum efficiency standards. A complete list of approved Improvements is set out in Appendix A.

#### **A. The Water Conservation Track.**

The Water Conservation Track covers a wide range of water conserving fixtures, including low flow toilets, tankless water heaters, low flow shower heads, and irrigation controllers.

#### **B. The Energy Efficiency Track.**

The Energy Efficiency Track covers a wide range of energy efficiency fixtures from windows and doors, attic insulation and HVAC equipment that is Energy Star rated. Packaged and central air conditioning systems must meet specified minimum efficiencies.

#### **C. The Solar Track.**

The Solar System Track covers solar energy generation and solar hot water systems.

#### **D. The Custom Measure Track.**

The development of technologies is encouraged by SCEIP as a means of diversifying the County’s energy sources. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with SCEIP Staff to determine eligibility and will be required in most cases to submit engineering plans and specifications. The Program Administrator, or designated staff, will approve the Custom Measure Track application on a case-by-case basis, and may request consultation from outside technology experts in making this decision. The Applicant would be expected to bear the cost of such consultation. Cost reimbursement would be discussed with the Applicant before the project was reviewed.

## **IV. WATER CONSERVATION, ENERGY SURVEYS, AND SOLAR SITE CHECKS**

### **A. Residential Properties.**

Water conservation and energy surveys are highly recommended but not required. By participating in SCEIP, the property owner is investing in the future, by making improvement to their property that will lead to reduced energy usage and reductions in greenhouse gas emissions. The property owner is also making a financial investment; this decision should be made based on both the energy efficiency and the cost effectiveness of the improvements. SCEIP Staff recommend that property owners complete a water conservation and energy audit or survey to assess water conservation, energy efficiency, and renewable energy opportunities for the property. Online surveys can be conducted through PG&E's website [<http://www.pge.com/myhome>]. Residential property owners can obtain an onsite survey by hiring a Home Energy Rating System (“HERS”) rater, or equivalent. Property owners can also check with their local water provider to see if free water conservation surveys are available.

Onsite inspections/audits can provide the property owner valuable information on how to maximize energy savings for the dollars invested. The auditor will make an on-site inspection of the property and evaluate the condition of the building and recommend an energy savings priority list, which will provide the greatest benefit for the money invested. These inspection/audits also provide valuable data on energy usage, savings and GHG emissions reductions, all of which are goals of SCEIP. Costs incurred to conduct onsite audits or surveys may be included in the application for SCEIP Financing.

### **B. Commercial Properties.**

A PG&E onsite energy audit is required for commercial properties. PG&E offers free onsite audits for commercial properties to help property owners determine the most cost-effective and efficient route to maximize investment and energy savings. PG&E provides an individual report tailored to the business describing energy-saving opportunities and analysis of potential savings. Commercial property owners can also obtain a HERS audit and may include the cost in the application for SCEIP Financing. Property owners can also check with their local water provider to see if free water conservation surveys are available.

## V. PROGRAM PARAMETERS

### A. Minimum Energy Financing Amount and Duration of Assessment.

SCEIP Assessment Contracts are available for up to 20-year terms to accommodate a wide range of efficiency measures and renewable energy investments. The minimum size for an SCEIP Assessment Contract is \$2,500. All Assessment Contracts below \$5,000 are subject to a five- or ten-year assessment repayment period. Assessments over \$5,000 are subject to a 10- or 20-year assessment repayment period, requested by the property owner, and agreed to by the Program Administrator or designated Program staff. The Program Administrator may approve a five-year term for a Contract exceeding \$5,000 after discussion with the property owner and in the Program Administrator's discretion after considering such factors as cost to value ratio, and the marketability of bonds relying on the Assessment Contract for security.

### B. Maximum Energy Financing Amount.

Although improvement costs must be reasonable to property value, there is no maximum "cap" for an SCEIP Assessment Contract. All contracts for amounts greater than \$60,000 must be approved by the Program Administrator and may require additional documentation. SCEIP Assessment Contracts for amounts greater than \$500,000 must be approved by the Board of Supervisors.

SCEIP Financing will be disbursed directly to the property owner after improvements are completed and final documentation is submitted to SCEIP Staff.

### C. Maximum Portfolio.

The County intends to initially fund SCEIP with a commitment of up to \$45 million. The County will explore other financing opportunities, with the goal of expanding the Program to \$100 million.

### D. Assessment Interest Rate.

The Program Administrator will set the interest rate for a SCEIP Assessment Contract at the time the Program and property owner enter into the contract. The interest rate will be fixed at that point and will not go up, although the County may reduce the rate for all Program participants if it is able to negotiate long term financing on sufficiently favorable terms to allow it to do so while still funding the program costs.

The interest rate for the SCEIP program will be determined periodically by the Program Administrator with the approval of the Board of Supervisors. The interest rate will be set with the intention of creating a self sustaining program at a rate that is competitively priced compared to financing options available through banking or other financial

institutions, balanced with the ability to remarket the securities and encourage the future liquidity of the SCEIP program.

Initially, the Program Administrator is recommending the interest rate for the program be set at a fixed interest rate of 7.00 percent.

**E. Property Assessment Lien.**

All property owners must sign and notarize the SCEIP Assessment Contract and Implementation Agreement (“Contract Documents”). Upon execution of the Contract Documents, the Program will place a lien for the full amount of the assessment on the property that secures the assessment, including capitalized interest being the amount of interest accrued from the date of disbursement through September 1 of the first tax year. If funds are disbursed to property owners by the first business day in September, the assessment will appear on the next tax bill. For disbursements made after the first business day of September, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding amount.

**F. Delinquent Assessment Collections.**

Delinquent assessments will be collected using the laws and powers authorized under state statutes for collecting property taxes and assessments. Delinquent assessments will be collected and allocated under the Alternative Method (Teeter Plan), in accordance with state statutes. Where bonds have been sold to finance assessments, state law also allows delinquent assessments to be collected through foreclosure proceedings to protect bondholders.

## **VI. THE FINANCIAL STRATEGY**

The County Treasurer will establish the Sonoma County Energy Independence Program Fund (the “SCEIP Fund”) and may accept funds from any available source and may disburse the funds to eligible property owners for the purpose of funding Energy and Water Conservation Improvements. Repayments will be made pursuant to Assessment Contracts between the property owners and County of Sonoma and will be collected through the property assessment mechanism in the Sonoma County property tax system and included in the Sonoma County Teeter Program.

The County will manage the SCEIP in one enterprise fund with multiple sub-funds. It is necessary to ensure that financings equal the County’s receivables. Likewise, it is necessary to separate County’s funds for repaying bonds, etc. to ensure funds are available when payment is due. The Auditor-Controller Treasurer-Tax Collector has the authority to develop the necessary accounting structure needed to run the SCEIP.

The Sonoma County Financing Authority (the “Authority”) is a joint powers agency formed to assist the County with financings. The County and the Authority intend to cooperate in a financing arrangement whereby the Authority issues a bond or a series of bonds in an aggregate principal amount not to exceed \$45 million to be purchased by the Sonoma County Treasury (the “Treasury”). The aggregate amount of bonds outstanding at one time may not exceed three percent of the total Treasury Pool.

An example of a possible financing arrangement is briefly described below.

When the County is ready to advance funds to property owners in connection with a designated group of Assessment Contracts (i.e., the improvements have been completed and inspected), the Authority will issue a bond (the “Bond”) in a principal amount equal to the aggregate amount to be advanced by the County pursuant to the Assessment Contracts. The Treasury will purchase the Bond from the Authority.

The Authority will make a loan (the “Loan”) of the Bond proceeds to the County pursuant to a loan agreement between the County and Authority (the “Loan Agreement”). The County will use the Bond proceeds to advance moneys to the property owners pursuant to the Assessment Contracts. The Loan Agreement will provide for the County to repay the loan from the assessments received by the County pursuant to the Assessment Contracts (excluding the annual administrative assessments to be paid by the property owners). In turn, the resolution authorizing the issuance of the Bond will provide that the Authority will repay the Bond from the loan payments paid by the County pursuant to the Loan Agreement.

Each year, the County may use assessment revenues in excess of the amounts needed to repay the Loan to fund a reserve account and a program expense account. Moneys in the reserve account will provide additional security for the repayment of the Loan. Moneys in the program expense fund may be used to pay or reimburse the County for expenses to administer the SCEIP. The County may use surplus funds, which remain after the payment of the Bond at maturity or upon early redemption for any lawful purpose for the Program.

The County will use revenues from the annual administrative assessment provided for in each Assessment Contract to pay for the administrative expenses of the County and Authority in connection with the Bond and the collection of the assessments. It is anticipated the administrative assessment will be a nominal amount, to cover the cost of the assessment administrator and the Auditor-Controller Treasurer-Tax Collector’s cost in placing the charge on the tax roll.

For long-term and additional financing, the Program Administrator will explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of the Board of Supervisors and Board of the Water Agency, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other

governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, or any financing structure allowed by law .

Initially, 50 percent of the funds will be reserved for SCEIP Assessment Contracts for residential property owners. The Program Administrator may adjust that allocation to not less than 30 percent of the funds to be reserved for residential property owners and not more than 70 percent of the funds to be reserved for all other property owners. The Program Administrator will report on Program progress to the Board of Supervisors and County Administrator on a quarterly basis at a minimum, providing the Board of Supervisors with the information necessary to further adjust this allocation to match Program participation, with recommendation from the Program Administrator.

The Program Administrator and County Administrator have the authority to establish a SCEIP budget to be ratified by the Board of Supervisors.

With the approval of the Board of Supervisors, the County agrees to include the SCEIP contractual assessments in the Alternative Allocation Method, otherwise known as the "Teeter Plan", for collection and allocation of property taxes.

## **VII. CHANGES TO REPORT**

The Program Administrator may make changes to this Report that the Program Administrator reasonably determines are necessary to clarify its provisions. Any changes to this Report that materially modify the Sonoma County Energy Independence Program shall only be made after approval by the County Administrator and Board of Supervisors.

The Program Administrator may modify from time to time the Eligible Improvements List, Assessment Contract and Application attached hereto as Appendix A, Appendix D and Appendix C, respectively, as deemed necessary by the Program Administrator to effectuate the purposes of the Program.



## Sonoma County Energy Independence Program APPENDIX A – ELIGIBLE IMPROVEMENTS

The Sonoma County Energy Independence Program offers SCEIP funds for a number of equipment types, including water conservation measures, energy efficiency measures, solar systems, and other innovative, energy-saving and energy generation custom measures. In each case, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested.

### I. WATER CONSERVATION MEASURE

#### A. Residential Indoor Water Conservation Measures.

- (1) High efficiency toilets (average flush volume of 1.28 gallons or less)
- (2) Showerheads (1.5 gpm)
- (3) Bathroom aerators (1.5 gpm)
- (4) Hot water delivery options, as defined by the Energy Star [“Volumetric Hot Water Savings Guidelines”](#)
  - (a) Hot water recirculation systems use a hot water circulating pump to pump hot water from the water heater, through the hot water piping, and on back to the water heater through an additional length of pipe that runs from the furthest fixture back to the water heater.
  - (b) Demand initiated hot water systems use a recirculation pump to rapidly pull hot water from a water heater while simultaneously sending cooled-off water from the hot water lines back to the water heater to be reheated.
  - (c) Whole house manifold systems consist of a manifold (trunk line) connected to the water heater from which individual pipes (twigs) are connected to each water fixture.
  - (d) Core plumbing systems are hot water distribution systems where water volumes in the pipes are reduced by a combination of smaller pipe diameters and shorter pipe runs due to a centrally located water heater.
- (5) Demand initiated water softeners, Energy Star rated
- (6) Demand initiated or instantaneous hot water heaters

- (7) Hot water pipe insulation (minimum of R4)

**B. Residential and Commercial Outdoor Water Conservation Measures.**

- (1) A weather-based irrigation controller, or Smart irrigation controller with a rain shut off device, uses weather data and site information such as plant type and sprinkler system output to adjust watering times and frequency. This provides more efficient watering, reduces water run-off and improves the health of your landscape.
- (2) Permanently installed rainwater cisterns.
- (3) Drip irrigation systems in gardens, planters and beds. Drip irrigation can save up to 70% in water usage due to more efficient delivery.
- (4) Matched precipitation sprinklers so that all spray patterns and radius deliver water evenly over the landscape area.
- (5) Some local jurisdictions permit graywater systems. Please check with your local jurisdiction before applying. Your application would then be reviewed by Program staff to insure that it met other Program criteria (i.e., saves water).

**C. Commercial Water Conservation Measures.**

- (1) All applicable water conservation measures listed for “residential”
- (2) Pre-rinse spray valves (1.2gpm)
- (3) Urinals (pint)
- (4) Waterless urinals
- (5) Bathroom aerators (0.5 gpm)

**D. Commercial Custom Measures.**

- (1) Industrial process water use reduction
- (2) Recycled water source
- (3) Deionization
- (4) Filter upgrades

- (5) Cooling condensate reuse
- (6) Foundation drain water
- (7) Cooling tower conductivity controllers

**E. Residential and Commercial Recycled Water Use (Custom Track Measures).**

- (1) Outdoor irrigation

## **II. ENERGY EFFICIENCY MEASURES**

The Sonoma County Energy Independence Program provides services and funding for a wide range of Energy Star-rated efficiency measures, including many Energy Efficiency measures for which property owners can get rebates as well as SCEIP funding. Excepting the HVAC equipment as noted below, efficiency measures must meet the performance criteria stated in the list of Eligible Improvements or the Energy Star minimum efficiency levels.

For all packaged and central air conditioning systems funded in this Program, the minimum efficiency levels shall be as required by the current minimum requirements set forth in List of Eligible Improvements.

All other proposed efficiency measures will be considered in the Custom Measure Track.

The County of Sonoma anticipates that Energy Star requirements will “ratchet up” to greater efficiency levels over time. Energy Star will also become more inclusive of technologies over time. Thus, the SCEIP will evolve with Energy Star and the market for energy-efficient technologies.

The following Energy Star measures – among others – are eligible in the Efficiency Track.

**A. Residential Energy Efficiency Measures.**

- (1) Geothermal exchange heat pumps
  - (a) Minimum efficiencies
    - (i) Ground source exchange open loop system 17.8 EER or higher
    - (ii) Ground source exchange closed loop system 15.5 EER or higher
- (2) Home EV charging installations

(3) HVAC Systems

- (a) Minimum efficiencies
  - (i) Split systems with 14 SEER and 12 EER or higher rating
  - (ii) Natural gas furnaces of 90 AFUE or higher
  - (iii) Package systems with 14 SEER and 11 EER or higher rating
- (b) Home energy management control systems
- (c) Whole house fan systems
- (d) Duct insulation, meeting Energy Star guideline
- (e) Duct sealing
- (f) Combined hydronic systems with a coefficient of performance (COP) meeting and or exceeding Title 24 requirements
- (g) Hydronic radiant heating systems – in combination with energy efficient water heating
- (h) High Efficiency HVAC Air Filter / Air Cleaner
  - (i.) Electronic Air Cleaner /Filter – Whole House
  - (ii.) Input Power: 24Volts AC
  - (iii.) Output Power: 24KV DC Nominal
  - (iv.) Rated Static Pressure: 0.25" initial @ 500FPM
  - (v.) Minimum Depth Thickness: 2.0" Nominal
  - (vi.) Recommended media changes per year: 1-2 per year
  - (vii.) Ozone production: 0 PPB detectable

NOTE: reference Manual D Residential Duct System and Manual J Residential Load Calculations and other relevant guides

(4) Evaporative Coolers

(a) Cooler must have a separate ducting system from air conditioning and heating ducting system

(b) Maximum 5 gallons/ton-hour cooling

(5) Natural gas storage water heater, EF of 0.67 or higher and Energy Star listed

(6) Tankless water heater, EF of 0.82 or higher and Energy Star listed

(7) Solar water heater systems, rated by Solar Rating Certification Council

(8) Cool roof system as defined by the 2005 California Building Energy Efficiency Standards (also called the California Energy Code). Roofing replacement eligible under this program shall be:

(a) Tested and rated through the Cool Roof Rating Council (CRRC);

(b) Be labeled for its initial reflectance and initial emittance as determined in the CRRC tests and be labeled that the product meets Title 24, Section 118(i);

(c) Achieve at least a 0.75 initial emittance and 0.70 initial reflectance or, if the initial emittance is less than 0.75, have an initial reflectance of at least  $[0.70 + \{0.34 \times (0.75 - \text{initial emittance})\}]$ ; **and**, if applied as a liquid coating in the field, be applied at a minimum dry mil thickness of 20 mils\* across the entire roof surface and meet performance requirements listed in the table shown immediately below:

Physical Property	ASTM*** Test Procedure	Requirement
Initial percent elongation (break)	D 2370	Minimum 60% 0 °F (-18 °C) Minimum 200% 73 °F (23 °C)
Initial tensile strength (maximum stress)	D 2370	Minimum 100 psi (1.38 Mpa) 73 °F (23 °C) Minimum 200 psi (2.76 Mpa) 0 °F (-18 °C)
Final percent elongation (break) after accelerated weathering 1000 h	D 2370	Minimum 40% 0 °F (-18 °C) Minimum 100% 73 °F (23 °C)
Permeance	D 1653	Maximum 50 perms
Accelerated weathering 1000 h	D 4798	No cracking or checking Any cracking or checking visible to the eye fails the test procedure
<p><i>NOTE: Aluminum-pigmented asphalt roof coatings and cement-based roof coatings are not required to meet this table. The former must meet ASTM D2824, D6848, and D3805 and the latter must meet greater dry mil thicknesses (depending on the substrate) and meet ASTM D822. Details are found in Standards Section 118(i)3.</i></p>		

(9) Reflective roof and cool wall coatings

(a) Tested and rated through the Cool Roof Rating Council (CRRC);

(b) Be labeled for its minimum reflectance of 0.39 and minimum emittance of 0.88 as determined in the CRRC tests

(c) Labeled that the product is California Title 24 compliant

(d) Energy Star guidelines

- (10) Insulation:
- (i.) Attic insulation minimum combined R value of 30
  - (ii.) Wall insulation minimum combined R value of 13
  - (iii.) Crawlspace/floor insulation, minimum combined R value of 19
  - (iv.) Hot water system and pipe insulation

Meet Energy Star guidelines

NOTE: Envelop air sealing before insulating is strongly recommended.

(11) Insulated exterior siding – following Energy Star guidelines of the of the Home Sealing effort, using Energy Star qualified products

(12) Reflective insulation or radiant barriers

(13) Attic fans

(14) Windows and glass doors, U value of 0.40 or less and solar heat gain coefficient of 0.40 or less

(15) Window filming, in compliance with the NFRC glazing attachment ratings for solar heat a gain and visible transmittance

(16) Weather-stripping, following Energy Star guidelines

- (16) Home sealing, following Energy Star guidelines. Techniques include:
- sealing leaks with caulk, spray foam, and weather stripping;
  - replacement of fixtures perforating ceiling drywall with insulation contact, air tight fixtures (i.e. IC AT can lights)

NOTE: mechanical ventilation may be required to achieve a minimum of 0.35 air changes per hour (0.35 ACH)

(18) Skylights, U Value of 0.60 or less and solar heat gain coefficient of 0.40 or less

(19) Solar tubes

(20) Additional building openings to provide addition natural light, windows and doors must meet the Energy Star rating U value of 0.40 or less

(21) Lighting, Energy Star listed (no bulb only retrofits)

(22) Pool equipment

(a) Pool circulating pumps (must be variable flow and/or multi-speed with controllers)

(22) Energy use monitoring systems (fixed/permanent installation)

**B. Residential Energy Efficiency Custom Measures.**

(1) Passive solar (heating/cooling)

**C. Commercial Energy Efficiency Measures.**

(1) Heating, ventilating and air conditioning systems (“HVAC”)

(a) Minimum efficiencies

(i) Split systems with 14 SEER or 12 EER

(ii) Package systems with 13 SEER or 11 EER

(2) Geothermal exchange heat pumps

(a) Minimum efficiencies

(i) Ground source exchange open loop system 17.8 EER or higher

(ii) Ground source exchange closed loop system 15.5 EER or higher

(3) High efficiency electric hand dryer

(4) All applicable energy efficiency measures listed in “Residential” section

**D. Commercial Energy Efficiency Custom Measures.**

(1) Building energy management systems,

(2) Lighting control systems, which shall include occupancy sensors and other energy saving measures

(3) HVAC duct zoning control systems

(4) Motors and controls (processing or manufacturing equipment)

(5) Customer electric vehicle plug-in station

### **III. SOLAR EQUIPMENT**

Solar track funding is available for a wide range of solar equipment. SCEIP funding will be available for photovoltaic equipment and installers listed by the California Energy Commission. Solar thermal equipment must be rated by the Solar Rating Certification Council (SRCC). As with efficiency measures, if a rebate is available to the property owner to be applied to the purchase price, that amount must be deducted from the amount of financing requested. Eligible solar equipment for both residential and commercial properties include:

- (1) Solar thermal systems (hot water)
- (2) Solar thermal systems for pool heating
- (3) Photovoltaic systems (electricity)
  - (a) Battery back-up systems will be allowed
  - (b) Funding for off-grid systems will be allowed
  - (c) PV systems can be sized to accommodate plug-in electric vehicles
  - (d) Plug in stations
- (4) Emerging technologies – following the Custom Measures Track
  - (a) Nano/thin film photovoltaic
  - (b) High intensity (parabolic solar panels)

### **IV. CUSTOM MEASURES**

The Custom Measures Track is a process by which SCEIP Staff can evaluate and fund projects that are not “off the shelf” improvements listed in the eligible Water Conservation, Energy Efficiency or Solar Measures. These custom projects may involve large scale industrial or commercial energy efficiency improvement projects, such as process or industrial mechanical systems, renewable energy sources and energy generation, other than the solar system (photovoltaic), such as geothermal, and potentially fuel cells, as well as more complex and cutting edge energy management solutions and emerging technologies. The Custom Measure Track will evaluate and provide funding, if appropriate, for these innovative projects.

Applicants for the Custom Measure Track should consult with SCEIP Staff to determine eligibility and will be required in most cases to submit engineering plans and

specifications. An SCEIP Custom Measure's Track review/technical panel will meet to review the engineering documents and data for custom and emerging technology projects. SCEIP may require an additional administrative fee for project evaluation by the technical review. In all cases, the County reserves the right to decline funding of a custom measure.

The following types of measures – among others – will be considered for SCEIP funding through the Custom Measure Track:

**A. Energy Efficiency Custom Measures.**

- (1) Alternative energy generation (other than photovoltaic)
- (2) Building energy management controls
- (3) HVAC duct zoning control systems
- (4) Irrigation pumps and controls
- (5) Lighting controls
- (6) Industrial and process equipment motors and controls

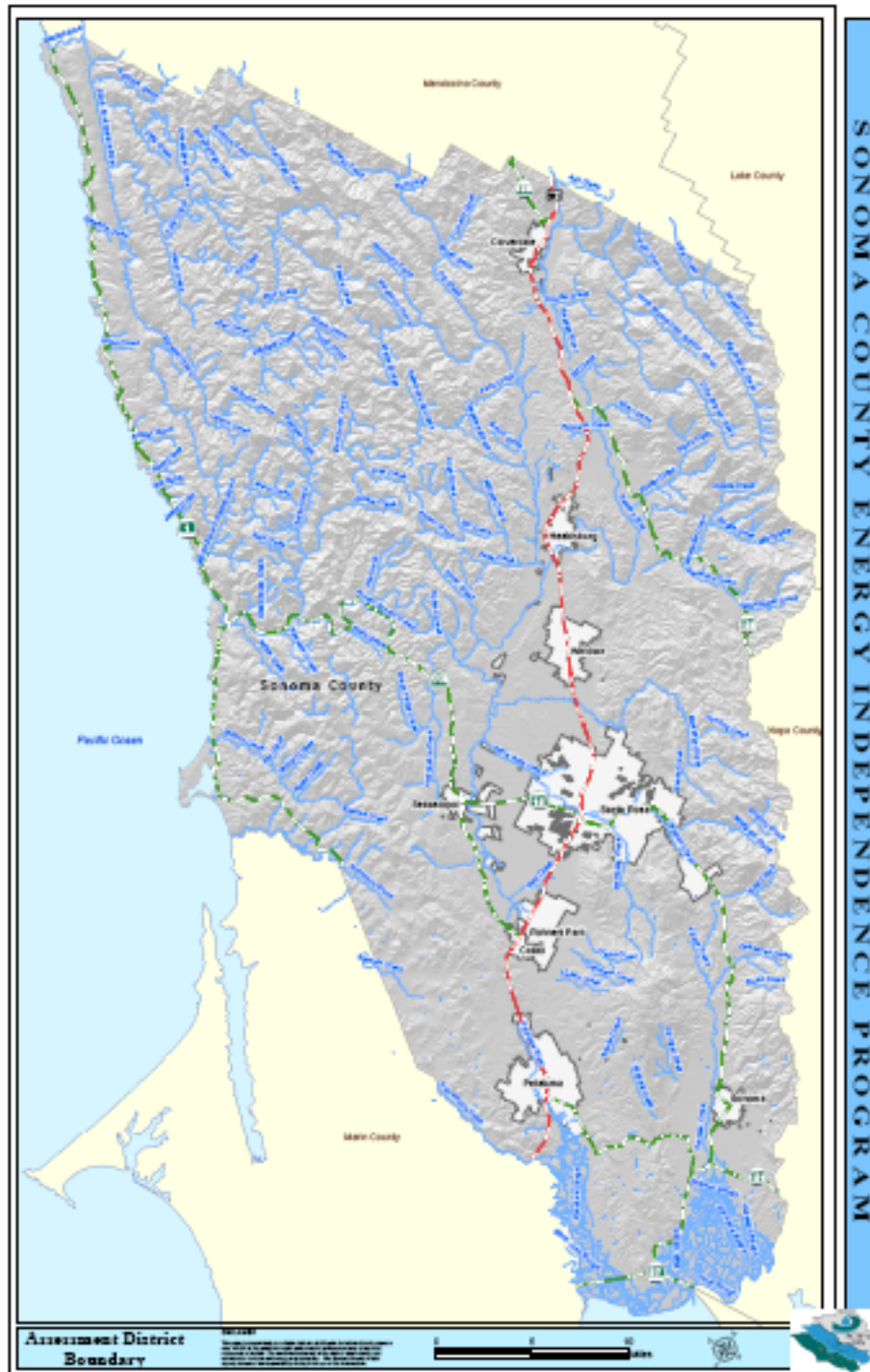
As these "Custom Measures" become Energy Star rated they will be included in the List of Eligible Improvements.

**B. Energy Generation Custom Measures.**

- (1) Fuel Cells
- (2) Natural gas
- (3) Hydrogen fuel
- (4) Other fuel sources (emerging technologies)
- (5) Co-generation (heat and energy)



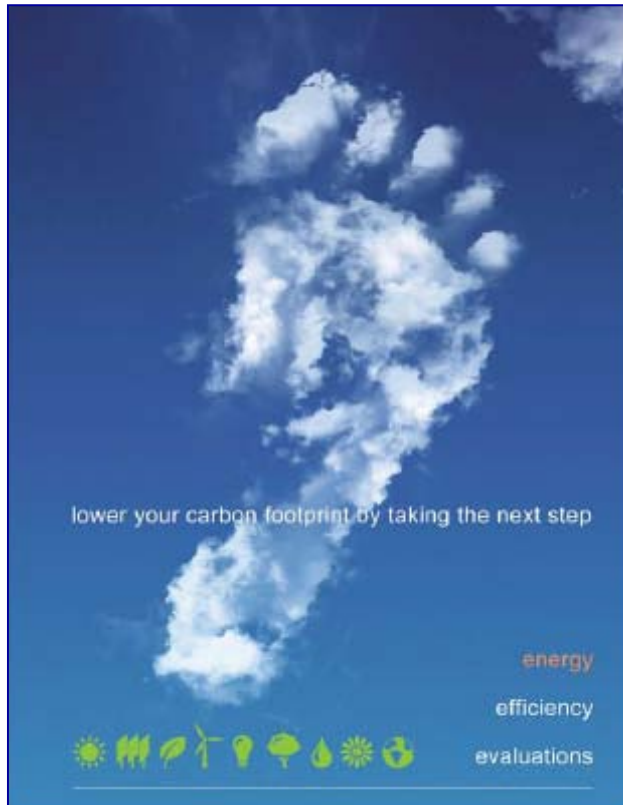
## Sonoma County Energy Independence Program APPENDIX B – MAP OF AREA





## APPENDIX C- APPLICATION

### Sonoma County Energy Independence Program



404 Aviation Boulevard, Suite 200, Santa Rosa, California 95403  
Phone: (707) 521-6200 Fax (707) 524-3769  
Email [energyinfo@sonomacountyenergy.org](mailto:energyinfo@sonomacountyenergy.org)  
[www.sonomacountyenergy.org](http://www.sonomacountyenergy.org)

REV 01/20/2010



## Sonoma County Energy Independence Program

### APPLICATION INSTRUCTIONS

Please complete and sign the attached Application form and include all requested attachments. Please type or print neatly in blue or black ink.

All applications are processed on a first-come, first-served basis, upon receipt, until funds are depleted. Incomplete or incorrect applications cannot be processed. Resubmitted applications are processed on a first-come, first-served basis upon the new receipt date.

Application approval and execution of an Assessment Contract and Implementation Agreement (“Contract Documents”) is required before any financing is available. Sample Contract Documents can be viewed online at [www.sonomacountyenergy.org](http://www.sonomacountyenergy.org). At least one record owner must sign the Application; all record owners must sign the Contract Documents. See [Summary of Sonoma County Energy Independence Program Financing Process](#) for more detailed information.

If there are insufficient funds available, an approved applicant will be placed on a waiting list.

Keep a copy for your records of your completed Application and all documents submitted. Keep a copy of all receipts, paid invoices, and home improvement contracts.

Mail or deliver your completed Application and attachments to: 404 Aviation Boulevard, Suite 200, Santa Rosa, CA 95403. Applications and attachments can also be emailed to [energyinfo@sonomacountyenergy.org](mailto:energyinfo@sonomacountyenergy.org).

For questions regarding the status of your Application call (707) 521-6200 or email [energyinfo@sonomacountyenergy.org](mailto:energyinfo@sonomacountyenergy.org).

For information on home improvement contracts or the status of the state license for your proposed contractor visit [www.cslb.ca.gov](http://www.cslb.ca.gov) or call the Contractor’s State License Board at 1-800-321-CSLB. For information regarding residential and commercial energy audits visit [www.pge.com](http://www.pge.com) or [www.energy.ca.gov/HERS/index.html](http://www.energy.ca.gov/HERS/index.html).



## Sonoma County Energy Independence Program

### APPLICATION

The Sonoma County Energy Independence Program (“SCEIP”) provides financing for the installation of energy efficiency improvements, water efficiency improvements and renewable energy sources that are permanently fixed to real property (“Improvements”). Assessment Contracts and Implementation Agreements will be entered into as provided for in State law, Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10) and the Sonoma County Energy Independence [Program Report and Administrative Guidelines](#).

#### **SECTION 1: Eligibility Requirements**

- Applicant(s) is/are legal owner of the property described in the Application (the “Property”).
- Property is developed and located within Sonoma County. Mobile homes that are not affixed to real property and subject to secured property tax are not eligible.
- Property Owner is current on property taxes.
- Property Owner is current on mortgage(s)<sup>1</sup>. For commercial property,<sup>2</sup> lender has given consent to SCEIP Financing.
- Property Owner is not in bankruptcy and the property is not an asset in a bankruptcy<sup>3</sup>.
- There are no federal or state income tax liens, judgment liens or similar involuntary liens on the Property.
- Improvements costs are reasonable for the scope of the proposed project and to Property value.
- For further information on eligibility requirements, see Program Report.

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<sup>1</sup> If property is subject to loan modification because of default or delinquency, additional restrictions may apply. See program report for details.

<sup>2</sup> For SCEIP, “residential property” is defined as single-family properties with 1-to-4 residential units; “commercial property” is all other property.

<sup>3</sup> If property owner has been in bankruptcy in the past three years, additional requirements may apply. See program report for details.

**For Office Use Only**

Assessor's Parcel No: _____	File No: _____
Received by SCEIP on: _____	By: _____
Reviewed on: _____	By: _____
Property Owner contacted on: _____	By: _____

**SECTION 2: Applicant Information**

**Property Owner(s) Legal Name(s) as they appear on property tax records:**

OWNER 1	OWNER 1 – LAST 4 DIGITS OF SOCIAL SECURITY NUMBER XXX-XX-
OWNER 2	OWNER 2 – LAST 4 DIGITS OF SOCIAL SECURITY NUMBER XXX-XX-
OWNER 3	OWNER 3 – LAST 4 DIGITS OF SOCIAL SECURITY NUMBER XXX-XX-
OWNER 4	OWNER 4 – LAST 4 DIGITS OF SOCIAL SECURITY NUMBER XXX-XX-

**Property Owner(s) Type (Check One):**

Individual(s) / Joint Tenants / Common Property (Not in Trust)
  Corporation
  Limited Liability Company  
 Trust / Trustees / Living Trust
  Partnership
  Other (Please specify)  
 Other: \_\_\_\_\_

**Property Owner Contact Information:**

NAME	EMAIL ADDRESS	DAYTIME TELEPHONE NO

**Physical Property Address (Site of Improvements):**

STREET ADDRESS	CITY	STATE	ZIP
		CA	

**Mailing Address (If Different):**

MAILING ADDRESS	CITY	STATE	ZIP

**SECTION 3: Property Information**

**Property Type (Check All That Apply):**

<input type="checkbox"/> Single Family Residential (1 to 4 units)	<input type="checkbox"/> Multi-Family Residential (5 or more units)
<input type="checkbox"/> Industrial	<input type="checkbox"/> Commercial
<input type="checkbox"/> Home Owner's Association (HOA)	<input type="checkbox"/> Historic District

**SECTION 4: Improvements Information**

**Proposed Improvements from Sonoma County Energy Independence Program  
Eligible Improvements List (Attach separate sheet if necessary)**

Water Conservation Measures:  See Attachment

Water Conservation  
Estimated Costs

1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Energy Efficiency Measures:  See Attachment

Energy Efficiency  
Estimated Costs

1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Solar Measures:  See Attachment

Solar Estimated Costs

1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

**Custom Measures:** List below or attach separate sheet describing proposed measures. Approval of custom measures will require technical review of requested engineering documents and data and may require an additional administrative fee. Additional fees will be discussed with the Property Owner prior to review.

See Attachment

**Itemized Estimated Cost of Improvement(s) – Documentation required\*:**

A.	(i) Construction contract(s) (bid price for cost of materials and labor less any applicable rebates): and/or	\$ _____
	(ii) If self-installing, cost of equipment (less applicable rebates; do not include any labor costs):	\$ _____
B.	Contingency allowance [10% of (i) and/or (ii) above – single disbursement contracts only]:	\$ _____
C.	Energy and water survey/audit costs (residential: highly recommended but not required to participate; commercial: must obtain free PG&E or equivalent onsite energy audit):	\$ _____
D.	Drafting, engineering and/or plan preparation costs:	\$ _____
E.	Estimated Permit fees:	\$ _____
F.	Recording Fee for Assessment Lien documents and assessment contract. Set by state law and the County Recorder's Office**	\$ _____ 60.00
G.	Title Costs**	
	(i) Financing requests less than \$5000: \$50	\$ _____
	(ii) Financing requests \$5,000 to \$499,999: \$125	\$ _____
	(iii) Financing requests \$500,000 and above require a full title search and title insurance: Contact SCEIP for estimate.	\$ _____
H.	Other Please list (Attach separate sheet if necessary):	
	Other: _____ <input type="checkbox"/> See Attachment	\$ _____
	Total:	\$ _____
	<b>Requested Financing Amount:</b>	\$ _____

Minimum financing amount is \$2500.

\*\*These fees will be deducted from disbursement amount.

Note: There is an annual charge to maintain the assessment on the tax roll. See Program Report for details.

**Requested Assessment Repayment Period:**

5 Years

10 Years

20 Years

**Multiple Disbursements requested (only for Improvements in excess of \$60,000)**

Yes  No

Note: Multiple disbursements will be subject to an additional onsite inspection fee of \$150 per disbursement and **interest will accrue on the entire assessment amount at the time of the first disbursement.**

**\*Required Documentation:**

- Organizational documents if Property Owner is not on title as an individual, *i.e., Trust Documents showing the 'powers of the trustee' to encumber the property.*
- Home Improvement Contract(s) or contractor's bid(s) or contractor's proposal(s), which include contractor's name and license number (unless self-installing).
- Statements, purchase orders, or other evidence of cost for items not covered by a Home Improvement contract or contractor's proposal or bid.
- Current mortgage statements or other evidence that mortgages or any other loans secured by the Property are current, including home equity loans and home equity lines of credit.
- Commercial properties: Report from PG&E onsite energy audit.
- Commercial properties: Signed consent form from lender.
- Disclosure regarding Assessment Financing (please complete and sign).
- State of California Fair Lending Notice (please complete and sign).

**Additional Documentation:**

SCEIP staff may request additional information and documentation they believe is necessary to prudently administer SCEIP. Such information and documentation could include without limitation additional comparison bids and information related to the market value of the Property. **Once application is approved, Property Owner will be required to submit copies of the permit(s) issued for the Improvements before entering into the assessment contract and implementation agreement.**

**SECTION 5: Declarations**

By signing this Application, the undersigned hereby declares under penalty of perjury under the laws of the State of California all of the following:

1. I/we am/are current owner(s) of record of the property described herein (the "Property").

2. The Property is not currently involved in a bankruptcy proceeding.
3. I/we are current on any mortgage or other loan secured by the Property.
4. I/we and the Property meet the eligibility requirements listed in Section 1.
5. That (i) the information provided in this Application is true and correct as of the date set forth opposite my/our signature(s) on this Application and (ii) that I/we understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both and liability for monetary damages to the County of Sonoma, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made in this Application.
6. I/we am/are applying to participate in the Sonoma County Energy Independence Program. I/we understand that I/we must execute an Assessment Contract with the County of Sonoma in order to receive financing for the Improvements and I/we have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Assessment Contract, this Application, and the various documents and instruments referenced herein.
7. I/we understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against this Property. The Assessment Contract will specify the amount of the assessment and the assessment installments and the interest on the assessment to be collected on the tax bill for the Property each year. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid, even if I/we sell the Property to another person. I/we understand that assessment installments together with the interest on the assessment will be collected on my/our property tax bill in the same manner and at the same time as property taxes and will be subject to the same penalties, remedies, and lien priorities as for property taxes in the event of delinquency.
8. I/we understand that if I/we pay property taxes through an escrow account, it is my/our responsibility to notify my/our lender to adjust my/our monthly payments.
9. I/we have reviewed any existing loan agreements and security instruments applicable to the Property, and verified that executing the Assessment Contract, receiving the financing for the Improvements, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument which affects the Property or to which I/we am/are a party.
10. I/we agree that the selection of any product(s), equipment, and measures referenced in this Application (the "Improvements"), the selection of any manufacturer(s), dealer(s), supplier(s), contractor(s) and installer(s), and the decision regarding the purchase, installation and ownership/ maintenance of the Improvements is/are my/our sole responsibility and that I/we have not relied upon any representations or recommendations of the County of Sonoma, its agents, representatives, assignees, or employees, in making such selection or decision, and that my manufacturer, dealer,

supplier, contractor or installer of the Improvements is not an agent, employee, assignee or representative of the County of Sonoma.

11. I/we understand that the County of Sonoma makes no warranty, whether express or implied, with respect to the choice, use or application of the Improvements, including without limitation, the implied warranties of merchantability and fitness for any particular purpose, use or application of the Improvements.
12. I/we agree that the County of Sonoma has no liability whatsoever concerning (i) the quality or safety of any Improvements, including their fitness for any purpose, (ii) the estimated energy savings produced by or performance of the Improvements, (iii) the workmanship of any third parties, (iv) the installation or use of the Improvements including, but not limited to, any effect on indoor pollutants, or (iv) any other matter with respect to the Sonoma County Energy Independence Program.
13. I/we agree that any carbon credits attributable to the Improvements, if any, shall be held jointly by the County of Sonoma (on behalf of the Sonoma County Energy Independence Program), by the Sonoma County Water Agency and by the Sonoma County Transportation Authority.
14. I/we understand that I/we is/are responsible for meeting all Sonoma County Energy Independence Program requirements and complying with all applicable Federal/State/County/City laws and the requirements of any agreement which affects the Property or the use of the Property (such as homeowner's association requirements, if any).

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
*Date* *Month* *Year*

in the City of \_\_\_\_\_, State of California.  
*City*

\_\_\_\_\_  
*Property Owner Signature*

\_\_\_\_\_  
*Printed Name*

\_\_\_\_\_  
*Property Owner Signature*

\_\_\_\_\_  
*Printed Name*

THE FEDERAL EQUAL CREDIT OPPORTUNITY ACT, WHICH MAY APPLY TO THIS TRANSACTION, PROHIBITS CREDITORS FROM DISCRIMINATING AGAINST CREDIT APPLICANTS ON THE BASIS OF RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX, MARITAL STATUS, AGE (PROVIDED THE APPLICANT HAS THE CAPACITY TO ENTER INTO A BINDING CONTRACT); BECAUSE ALL OR PART OF THE APPLICANT'S INCOME DERIVES FROM ANY PUBLIC ASSISTANCE PROGRAM; OR BECAUSE THE APPLICANT HAS IN GOOD FAITH EXERCISED ANY RIGHT UNDER THE CONSUMER CREDIT PROTECTION ACT. THE FEDERAL AGENCY THAT ADMINISTERS COMPLIANCE WITH THIS LAW CONCERNING THIS CREDITOR IS THE FEDERAL TRADE COMMISSION, EQUAL CREDIT OPPORTUNITY, WASHINGTON, DC 20580.

## DISCLOSURE REGARDING ASSESSMENT FINANCING

The Sonoma County Energy Independence Program establishes the manner by which the County of Sonoma ("County") may finance, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10), the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to a property owner's real property ("Improvements"). Improvements will be financed pursuant to an assessment contract between the County and the property owner.

The financing of Improvements will be secured by and repayable through an assessment levied by the County against the owner's property (the "Property"). Each year until the assessment is paid off, assessment installments (including principal and interest) will be collected on the property tax bill for the Property in the same manner and at the same time as property taxes. Assessment installments will be subject to the same penalties, remedies (including foreclosure and sale of the property), and lien priorities as for property taxes in the event of delinquency.

The assessment and each installment thereof, and any interest and penalties thereon, will constitute a lien against the Property until paid even though prior to full payment the Property is conveyed to another person. An assessment lien will be recorded against the Property in the office of the County Recorder of the County of Sonoma upon execution of the assessment contract. Such lien will be paramount to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.

Before completing a Sonoma County Energy Independence Program Application, a property owner should carefully review any mortgage agreement(s) or other security instrument(s) which affect the Property or to which the property owner is a party. **ENTERING INTO A SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF THE OWNER'S EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT.**

I/we declare that (i) the owner has the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the assessment contract, the Application, and the various documents and instruments referenced therein; and (ii) that executing the assessment contract, receiving financing for Improvements, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument which affects the Property or to which the property owner is a party. **If you have any questions about any agreements or security instruments which affect the Property or to which you are a party or about your authority to execute the Sonoma County Energy Independence Program Application or enter into an assessment contract with the County without the prior consent of your existing lender(s), the County strongly encourages you to consult with your own legal counsel and your lender(s).** Sonoma County Energy Independence Program staff will not provide property owners with advice about existing agreements or security instruments.

### Acknowledgement of Receipt

**I have received a copy of the Disclosure Regarding Assessment Financing.**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

# THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

## FAIR LENDING NOTICE

It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

1. Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice: or
2. Race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.

It is illegal to consider the racial, ethnic, religious or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, or under what terms and conditions, to provide financial assistance.

These provisions govern financial assistance for the purpose of the purchase, construction, rehabilitation or refinancing of one- to four-unit family residences occupied by the owner and for the purpose of the home improvement of any one- to four-unit family residence.

*If you have any questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the Department of Real Estate at one of the following locations:*

2550 Mariposa Mall, Suite 3070  
Fresno, CA 93721-2273  
320 W. 4th Street, Suite 350  
Los Angeles, CA 90013-1105  
1515 Clay Street, Suite 702  
Oakland, CA 94612-1462

2201 Broadway  
P.O. Box 187000 (mailing address)  
Sacramento, CA 95818-7000  
1350 Front Street, Suite 3064  
San Diego, CA 92101-3687

### ACKNOWLEDGMENT OF RECEIPT

*I (we) received a copy of this notice.*

\_\_\_\_\_  
*Signature of Applicant*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature of Applicant*

\_\_\_\_\_  
*Date*

**APPENDIX D.1 – CONTRACT DOCUMENTS****ASSESSMENT CONTRACT****[SINGLE DISBURSEMENT UPON COMPLETION OF IMPROVEMENTS]**

This Assessment Contract (“Contract”) is made and entered into as of the last day entered with the signatures below by and between the COUNTY OF SONOMA, California, (“County”) and **[OWNER(S)]** (“Owner”).

**RECITALS**

A. The County has established the Sonoma County Energy Independence Program (“SCEIP” or “Program”) pursuant to which County may levy assessments against developed properties in the County, with the consent of the owners of the properties, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy systems, and energy efficiency improvements, which include water efficiency improvements. The purpose and method of administration of the assessments under the SCEIP are described in the Sonoma County Energy Independence Program Report adopted by the Board of Supervisors of the County on March 25, 2009, as it may be amended from time to time (the “Report”).

B. The SCEIP is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”).

C. Concurrently with the execution of this contract, the parties hereto have executed that certain Implementation Agreement (the “Implementation Agreement”), a copy of which is on file in the office of the SCEIP Administrator (the “Program Administrator”). The Implementation Agreement provides for the renewable energy system(s) and/or water efficiency improvements and/or energy efficiency improvements to be financed, and constructed on and/or installed in the property of Owner described in Exhibit A attached and incorporated by this reference (the “Property”). In this Contract, the improvements, together with their acquisition, construction and/or installation on the Property, are referred to as the “Improvements.”

D. Owner wishes to participate in the SCEIP by executing this Contract with County and using the moneys advanced by County to finance the Improvements as provided in the Implementation Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

**CONTRACT  
INDUSTRY****1. Contract Documents.**

This Contract, together with the Implementation Agreement and the documents and instruments attached to or referenced in this Contract and the Implementation Agreement are collectively referred to herein as the “Contract Documents.”

**2. Contract Term.**

The term of this Contract shall be until the Assessment described herein and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.

**3. Assessment and Lien.**

(a) Owner agrees that upon the execution of this Contract by the parties, the Property is subject to an assessment levied against the Property pursuant to this Contract, the Act and applicable law (the “Assessment”) together with interest, and consents to levy of the Assessment on and recordation of a lien against the Property. Upon execution of this Contract, County will execute and cause to be recorded in the office of the County Recorder a notice of assessment substantially in the form on file in the office of the Program Administrator (the “Notice of Assessment”).

(b) The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment, as defined in paragraph 5(g) below, by the Board of Supervisors against the Property without any further action required by the parties.

(c) Upon recordation of the Notice of Assessment in the office of the County Recorder, the Assessment and each installment, together with any interest and penalties that become due on the Assessment, shall constitute a lien upon the Property until paid. Initially, as reflected in the Notice of Assessment, upon recordation of the Notice of Assessment, the Assessment shall equal the Maximum Assessment shown on Exhibit B, attached and incorporated by this reference. Following County’s disbursement of the Disbursement Amount, as

defined in Section 4, below, the actual Assessment shall equal the Disbursement Amount plus Capitalized Interest, as defined in Section 5, below.

(d) Failure to pay any installment of the Assessment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, the County has the right to foreclose the lien of the Assessment, as set forth in paragraph 5(g), below.

**4. Disbursement Amount.**

Subject to the terms and conditions in the Implementation Agreement, County agrees to disburse moneys to Owner in the amount of the actual cost of the Improvements (the "Disbursement Amount"); provided the Disbursement Amount shall not exceed [**REQUESTED DISBURSEMENT AMOUNT**] Dollars (**[\$0.00]**) (the "Maximum Disbursement Amount").

**5. Collection of Assessment and Interest Thereon and Annual Administrative Assessment on Property Tax Bill; Capitalized Interest; Other Remedies.**

(a) Annual installments of the Assessment, together with the annual interest on the Assessment (collectively, the "Annual Payment"), shall be collected on the property tax bill pertaining to the Property. The Annual Payment coming due in any Tax Year (each being the period from July 1<sup>st</sup> through the following June 30<sup>th</sup>) shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County on real property are payable and shall become delinquent at the same times and in the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) Following disbursement, Annual Payment installments shall be placed on the property tax bill as provided in Exhibit B.

The amount of interest accrued on the Disbursement Amount from the date of disbursement through September 1<sup>st</sup> of the first Tax Year ("Capitalized Interest") shall be added to the Disbursement Amount and included in the Assessment as principal.

(c) Interest shall accrue on the unpaid Assessment from the date the Disbursement Amount is disbursed to Owner at the simple interest rate of seven percent (7%) per annum. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a court of competent jurisdiction determines the interest or other charges provided for herein in connection with the Assessment or the Annual Administrative Assessment (described in paragraph 5(g), below) exceed the limits permitted by applicable law, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to the permitted limit; and (ii) any sums already collected which exceed permitted limits will be refunded by County. The Program Administrator may make the refund by making a direct payment to Owner or by crediting the refund amount against the next Annual Payment(s).

(d) The Maximum Assessment and the Estimated Maximum Annual Payments that may be placed on the tax roll each Tax Year are set forth in Exhibit B. The amounts set forth on Exhibit B are based on the assumption that the County disburses the Maximum Disbursement Amount to Owner on the first Business Day (being a day the County is open for business ("Business Day")) of the month following the month in which this Contract is executed by the County. Following disbursement of the Disbursement Amount, the Program Administrator will adjust the Annual Payments to reflect the actual Assessment based on the Disbursement Amount, date of disbursement and the actual amount of Capitalized Interest.

(e) The lien of the Assessment shall be coequal to and independent of the lien for general taxes, and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property, and (v) restrictions of record.

(f) In addition to the Assessment, until the Assessment and the interest thereon is paid in full, Owner agrees that the Property is subject to an annual administrative assessment levied against the Property pursuant to this Contract, the Act and applicable law to pay costs incurred by County which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed forty dollars (\$40.00) for the 2009-10 Tax Year, and shall thereafter be adjusted annually for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties. The Program Administrator shall annually determine the amount of the Annual Administrative

Assessment, not to exceed the amount determined in accordance with the preceding sentence. The Annual Administrative Assessment shall be collected in the same manner as the Assessment. The Annual Administrative Assessment shall become a lien upon the Property at the same time as the property tax becomes a lien each year upon the Property.

(g) Owner acknowledges that as a cumulative remedy, if any installment of the Assessment, or any interest thereon, together with any penalties, costs, fees, and other charges accruing under applicable taxation provisions are not paid when due, the Board of Supervisors of County may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment to the extent permitted, and in the manner provided by, applicable law.

**6. Use of Proceeds.**

Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property as provided in the Implementation Agreement.

**7. Prepayment of Assessment.**

Owner may prepay the Assessment by paying the principal amount owing on the Assessment, plus any applicable prepayment premium, and accrued interest, less a credit for interest paid and not yet accrued, if any, all as determined by the Program Administrator in accordance with the Report. The prepayment premium will not exceed three percent (3) of the amount of the Assessment to be prepaid. Interest on the Assessment may accrue until the next available redemption date for any bonds issued pursuant to a financing relationship contemplated by the Report and related to this Contract. Such redemption date shall not exceed 185 days from the date of prepayment of the Assessment. Owner shall notify the Program Administrator in writing of Owner's determination to prepay the Assessment at least ten (10) Business Days prior to the date Owner intends to prepay the Assessment. Assessments may only be prepaid in full.

**8. Severability.**

Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall be valid and shall be enforced to the extent permitted by law.

**9. Governing Law.**

This Contract shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Contract must be instituted in the Superior Court of the County of Sonoma, State of California.

**10. Assignment.**

A. County, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Administrative Assessment, and any other payments due to County hereunder, without obtaining the consent of Owner.

B. In no event shall Owner assign or transfer any portion of this Contract or Owner's obligations under the Contract without the prior express written consent of County, which consent may be granted or withheld in the sole and absolute discretion of the County, nor shall Owner assign or transfer Owner's rights under this Contract without prior written notice to the County. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.

**11. Entire Agreement; Counterparts; Amendment.**

This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Contract, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Owner and County have entered into this Contract as of the last day signed below.

**Owner 1:**

[OWNER 1 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 1:  
\_\_\_\_\_, 20 \_\_\_\_  
*Date Year*

**Owner 2:**

[OWNER 2 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 2:  
\_\_\_\_\_, 20 \_\_\_\_  
*Date Year*

**Owner 3:**

[OWNER 3 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 3:  
\_\_\_\_\_, 20 \_\_\_\_  
*Date Year*

**Owner 4:**

[OWNER 4 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 4:  
\_\_\_\_\_, 20 \_\_\_\_  
*Date Year*

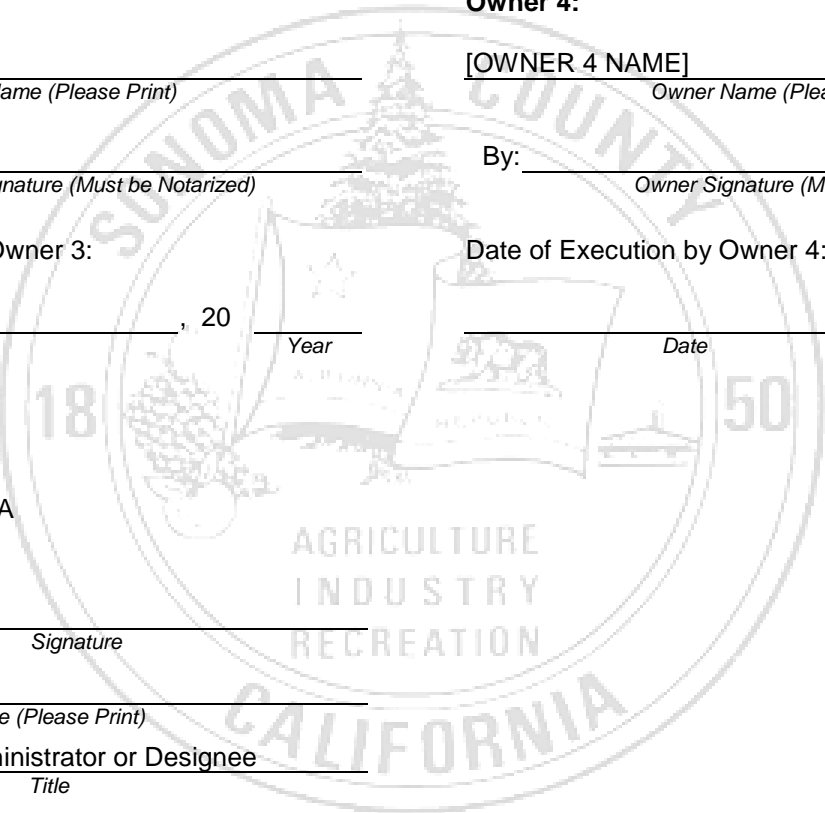
**County:**

COUNTY OF SONOMA

By: \_\_\_\_\_  
*Signature*

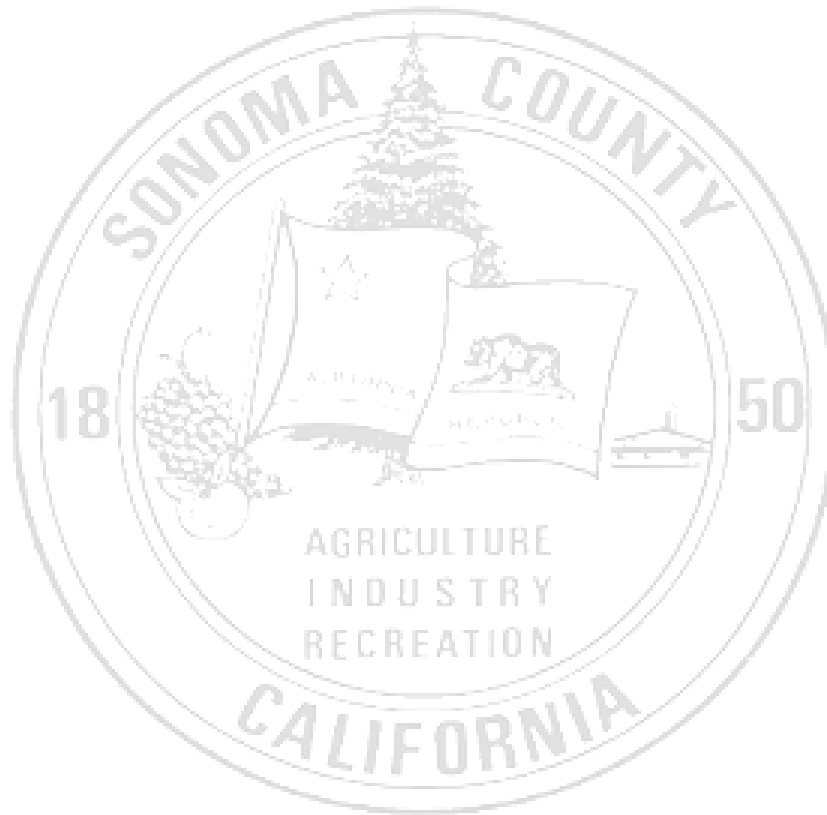
\_\_\_\_\_  
*Name (Please Print)*

Program Administrator or Designee  
*Title*



**EXHIBIT A  
DESCRIPTION OF THE PROPERTY**

Owner(s) Name: [Owner(s) Name]  
 Term of Contract: [Contract Term] Years  
 Disbursements:  Single  Multiple  
 Property Address: [Property Address]  
 APN: [APN]  
 [Property Description]



**Owner's Initials:** \_\_\_\_\_

**SCEIP USE ONLY:**

ASSIGNEE (IF APPLICABLE)	CONTRACT DATE	AMOUNT FUNDED
		\$

**EXHIBIT B  
SCHEDULE OF ESTIMATED MAXIMUM ANNUAL PAYMENTS  
AND THE ANNUAL ADMINISTRATIVE ASSESSMENT**

<u>MAXIMUM ASSESSMENT</u>	<u>TAX YEARS</u>	<u>ESTIMATED MAXIMUM ANNUAL PAYMENTS</u>
\${0.00}	1-[Term]	\${0.00}

The Maximum Assessment and Estimated Maximum Annual Payments are based on the following assumptions:

1. The County disburses the Maximum Disbursement Amount to Owner.
2. The County disburses to Owner on the first Business Day of the month following the month in which the County executes this Contract. Interest accrues from the date of disbursement.
3. Repayment shall commence as indicated in the table below:

<u>DISBURSEMENT DATE(S)</u>	<u>FIRST TAX YEAR</u>	<u>FIRST-HALF OF ANNUAL PAYMENT DUE</u>
November 2009 – September 2010	2010-11	December 2010
October 2010 – September 2011	2011-12	December 2011
October 2011 – September 2012	2012-13	December 2012
October 2012 – September 2013	2013-14	December 2013
October 2013 – September 2014	2014-15	December 2014

4. The amount of interest accrued on the Disbursement Amount from the date of disbursement through September 1<sup>st</sup> of the first Tax Year (Capitalized Interest) shall be added to the Disbursement Amount and included in the Assessment as principal.

Following the disbursement of the Disbursement Amount, the Program Administrator will adjust the Maximum Assessment and the Estimated Maximum Annual Payments, if necessary, to reflect the Actual Assessment based upon the Disbursement Amount, the date of disbursement, and the actual amount of Capitalized Interest added to the Disbursement Amount.

In addition to the Annual Payments, the Property is subject to an Annual Administrative Assessment which shall not exceed forty dollars (\$40.00) in the 2009-10 Tax Year, and which shall thereafter be adjusted annually for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties. The Annual Administrative Assessment shall be levied against the Property annually for as long as the Assessment and the interest thereon is unpaid.

**Owner's Initials:** \_\_\_\_\_

### NOTARY ACKNOWLEDGEMENT(S)

State of California }  
 County \_\_\_\_\_ }  
 of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*Date Name and Title of Officer*

personally appeared \_\_\_\_\_  
*Name(s) of Signers*

---

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

This area for official notary seal. \_\_\_\_\_  
*Signature of Notary Public*

State of California }  
 County \_\_\_\_\_ }  
 of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*Date Name and Title of Officer*

personally appeared \_\_\_\_\_  
*Name(s) of Signers*

---

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

This area for official notary seal. \_\_\_\_\_  
*Signature of Notary Public*

**APPENDIX D.2 – CONTRACT DOCUMENTS**  
**SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM**  
**IMPLEMENTATION AGREEMENT**

**[SINGLE DISBURSEMENT UPON COMPLETION OF IMPROVEMENTS]**

This Implementation Agreement (“Agreement”) is made and entered into as of the last day entered with the signatures below by and between the COUNTY OF SONOMA, California, (“County”) and **[OWNER(S)]** (“Owner”).

**RECITALS**

The County has established the Sonoma County Energy Independence Program (“SCEIP” or “Program”) pursuant to which County may levy assessments against developed properties in the County, with the consent of the owners of the properties, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy systems, and energy efficiency improvements, which include water efficiency improvements. The purpose and method of administration of the assessments under the SCEIP are described in the Sonoma County Energy Independence Program Report adopted by the Board of Supervisors of the County on March 25, 2009, as it may be amended from time to time (the “Report”).

C. The SCEIP is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”).

D. Owner has submitted an application to participate in the SCEIP, dated **[Application Date]**, a copy of which is in the office of the SCEIP Administrator (the “Program Administrator”) and incorporated by this reference (the “Application”). County has approved the Application as provided in the Report. The Application describes, among other things, the renewable energy system(s) and/or water efficiency improvements and/or energy efficient improvements to be financed, and constructed on and/or installed in the property of Owner described in Exhibit A attached and incorporated by this reference (the “Property”). In this Agreement, the improvements, together with their acquisition, construction and/or installation on the Property, are referred to as the “Improvements.”

E. Owner wishes to participate in the SCEIP by executing this Agreement with the County and using the moneys advanced by County to finance the Improvements.

F. Concurrently with the execution of this Agreement, the parties hereto have executed that certain Assessment Contract (the “Assessment Contract”) pursuant to which Owner agrees that the Property is subject to an assessment (the “Assessment”) with interest thereon, and an annual administrative assessment (the “Annual Administrative Assessment”) levied against the Property, and consents to recordation of a lien against the Property.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

## AGREEMENT

### 1. **Contract Documents.**

This Agreement, together with the Application and the Assessment Contract, and the documents and instruments attached to or referenced in this Agreement, and the Application are collectively referred to herein as the "Contract Documents." All of the declarations and warranties of Owner made in the Application are incorporated in this Agreement as if fully set forth herein.

### 2. **Agreement Term.**

The term of this Agreement shall be until the Assessment described herein and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.

### 3. **Disbursement Amount.**

County agrees to disburse moneys to Owner in the amount of the actual cost of the Improvements (the "Disbursement Amount"); provided the Disbursement Amount shall not exceed **[REQUESTED DISBURSEMENT AMOUNT] Dollars (\$[0.00])** (the "Maximum Disbursement Amount"). The Program Administrator shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator's reasonable judgment. The Program Administrator shall determine the Disbursement Amount following submission of required documentation by Owner that the Improvements have been completed according to the requirements of this Agreement. In the event the actual cost of the Improvements exceeds the Maximum Disbursement Amount, Owner shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement Amount, and Owner agrees in any event to complete the Improvements and to fund all additional costs over the amount of the Maximum Disbursement Amount.

### 4. **Special Benefit to Property.**

(a) Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(b) Owner expressly waives the notice, protest and hearing procedures and provisions of any law other than the Act with respect to the levy and collection of the Assessment and Annual Administrative Assessment.

### 5. **Commencement and Completion of Improvements.**

(a) **Consent and Authorization.** This Agreement constitutes consent and authorization pursuant to Section 5898.21 of the Act for Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements.

(b) **Date of completion of the Improvements.** Subject to Section 14(g), below, Owner agrees to complete installation of the Improvements no later than 90 days after execution of this

Agreement. Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of this Agreement.

## **6. Use of Proceeds.**

Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith Owner shall comply with all requirements set forth in the Contract Documents.

## **7. Disbursement Procedures.**

(a) Notwithstanding anything to the contrary contained herein, County shall have no obligation to disburse funds to Owner unless and until each of the following conditions is satisfied, or any such condition is expressly waived by the Program Administrator:

(i) The receipt by the Program Administrator of a written request from Owner to disburse the Disbursement Amount.

(ii) Receipt by the Program Administrator of a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located.

(iii) If requested, the receipt by the Program Administrator of a written certification from Owner, and the contractor(s), if any, that installed or constructed the Improvements, stating that installation or construction is complete, and the actual cost of the Improvements. Such certification shall be in form and substance acceptable to the Program Administrator.

(iv) The receipt by the Program Administrator of such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) and releases or waivers of lien, all in compliance with the requirements of applicable law.

(v) Owner has, as appropriate, executed and delivered to the Program Administrator the Contract Documents and such other documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.

(vi) As of the date of disbursement of the Disbursement Amount, the Program Administrator shall have determined that the representations of Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 14 below) shall have occurred and be continuing.

(vii) No stop payment or mechanic's lien notice pertaining to the Improvements has been filed and remains in effect as of the date of disbursement of the Disbursement amount.

(viii) If requested, County shall have received a title policy with regard to the moneys advanced to Owner.

(ix) Owner will, within fifteen (15) days of presentation by the Program Administrator, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to Owner.

(b) Upon satisfaction or waiver of the conditions described in paragraph (a), above, County will disburse funds to Owner on the first Business Day (being a day the County is open for business ("Business Day")) of the month immediately following the month in which all of the foregoing conditions were satisfied or waived, provided that documentation relating to completion of the Improvements, and requesting Disbursement, has been completed and filed with the Program Administrator at least five Business Days before the end of the month. Otherwise, payment will be made on the first Business Day of the next month.

## **8. Representations and Warranties of Owner.**

Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement. By accepting the Disbursement Amount, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Agreement and in the Application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation; Authority. If Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business. Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by Owner to County in connection therewith. The Contract Documents have been duly executed and delivered by Owner and are valid and binding upon and enforceable against Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by Owner, is required for Owner's execution thereof or the performance of its obligations contained therein.

(b) Compliance with Law. Neither Owner nor the Property is in violation of, and the terms and provisions of the Contract Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Property.

(c) No Violation. The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by Owner, and the performance by Owner of its obligations contained in the Contract Documents, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which Owner or the Property is bound.

(d) Other Information. All reports, documents, instruments, information and forms of evidence which have been delivered to County related to the Application are accurate, correct and sufficiently complete to give County true and accurate knowledge of their subject matter.

(e) Lawsuits. There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Owner or the Property which may impair Owner's ability to perform its obligations hereunder, or which may impair County's ability to levy and collect the Assessment and Annual Administrative Assessment.

(f) No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Agreement.

(g) Accuracy of Declarations. The declarations of Owner contained in the Application are accurate, complete and true.

## **9. Owner's Covenants.**

Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement. By accepting the Disbursement Amount, or any portion thereof, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Agreement and in the application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust:

(a) Installation and Maintenance of Improvements. Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements, and diligently continue to completion, in a good and workmanlike manner and in accordance with sound construction and installation practices. Owner shall maintain the Improvements in good condition and repair.

(b) Compliance with Law and Agreements. Owner shall complete all Improvements, or cause the Improvements to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Improvements.

(c) Site Visits. Owner grants County, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Owner, for the purposes of observing the Improvements. County will make reasonable efforts during any site visit to avoid interfering with Owner's use of the Property. Owner shall also allow County to examine and copy records and other documents of Owner which relate to the Improvements. Any site visit, observation or examination by County shall be solely for the purposes of protecting County's rights under the Contract Documents.

(d) Protection Against Lien Claims. Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.

(e) Notice to Successors in Interest. Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an SCEIP assessment lien, and to provide any subsequent purchaser a copy of this Agreement.

(f) Insurance. If the Maximum Disbursement Amount exceeds \$60,000, Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(g) **Notices.** Owner shall promptly notify County in writing of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

#### **10. Mechanic's Lien and Stop Notices.**

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may summarily refuse to disburse any funds to Owner, and in the event Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within ten (10) days of notice from the Program Administrator to do so, such failure shall at the option of County constitute a Default under the terms of this Agreement. Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

#### **11. Owner Responsibility; Indemnification.**

(a) Owner acknowledges that the County has established the Program solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy efficiency improvements which include water efficiency improvements. SCEIP is a financing program only. Neither the County, its officials, agents, employees, attorneys and representatives, the Program Administrator, nor SCEIP staff is responsible for selection, management or supervision of the Improvements or of the Improvements' performance. Any issues related to performance of the Improvements should be discussed with chosen contractors or installer, and the manufacturer or distributor of the Improvements.

(b) To the extent permitted by law, Owner shall indemnify, defend, protect, and hold harmless County and any and all officials, agents, employees, attorneys and representatives of County (collectively, the "County Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment, and (vii) any other fact, circumstance or event related to County's extension and payment of the Disbursement Amount to Owner or Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the disbursement. If the Property is located in an incorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the City in which the Property is located.

(c) The indemnity obligations described in this Section shall survive the disbursement of funds to Owner, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Agreement.

**12. Waiver of Claims.**

For and in consideration of County's execution and delivery of this Agreement, Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under Owner, hereby waives the right to recover from and fully and irrevocably releases the County Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Owner may now have or hereafter acquire against any of the County Parties and accruing from or related to (i) the Contract Documents; (ii) the disbursement of the Disbursement Amount; (iii) the levy and collection of the Assessment and the Annual Administrative Assessment; (iv) the imposition of the lien of the Assessment; (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by County pursuant to the SCEIP; (vi) the performance of the Improvements; (vii) the Improvements; (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements; (ix) any personal injury or death that may result from the construction or installation of the Improvements; (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements; (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements; (xii) the amount of energy savings resulting from the Improvements and the Improvements; (xiii) the workmanship of any third parties, and; (xiv) any other matter with respect to the SCEIP. This release includes claims, obligations, liabilities, causes of action, and damages of which Owner is not presently aware or which Owner does not suspect to exist which, if known by Owner, would materially affect Owner's release of the County Parties. If the Property is located in an incorporated area, this waiver shall extend to officials, agents, employees, attorneys and representatives of the City in which the Property is located.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

**Owner's Initials:** \_\_\_\_\_

The waivers and releases by Owner contained in this Section shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Agreement.

**13. Further Assurances.**

Owner shall execute any further documents or instruments consistent with the terms of this Agreement, including documents and instruments in recordable form, as County shall from

time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and disbursing funds to Owner.

#### **14. Events of Default.**

(a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Owner pursuant to this Agreement or the Assessment Contract are governed by the Assessment Contract and state law.

(b) The failure of any of Owner's representations or warranties to be correct in all material respects, or the failure or delay by Owner to perform any of its obligations under the terms or provisions of the Contract Documents, other than with respect to the payment of the Assessment, the Annual Administrative Assessment, or other amount payable by Owner shall constitute a non monetary default hereunder ("Default"). Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in Section 14(c) below.

(c) If a Default occurs, prior to exercising any remedies under the Contract Documents or the Act, County shall give Owner notice of such Default. If the Default is reasonably capable of being cured within thirty- (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Owner (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by County. However, in no event shall County be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a Default, or if the Default is not cured within one hundred and twenty (120) days after the first notice of Default is given.

(d) Subject to the provisions of paragraph (c), above, if any Default occurs County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. Upon the election of County, if there has been no disbursement, this Agreement shall terminate and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder.

(e) Except as provided in Section 17, any and all costs and expenses incurred by County in pursuing its remedies hereunder shall be additional indebtedness of Owner to County.

(f) Except as otherwise expressly stated in this Agreement or as otherwise provided by applicable law, the rights and remedies of County are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by County, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by County in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive County of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(g) Performance of the covenants and conditions imposed upon Owner hereunder with respect to the commencement and completion of the Improvements shall be excused while

and to the extent that, Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Owner shall immediately resume construction and/or installation of the Improvements.

**15. Severability.**

Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

**16. Notices.**

All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To County: Sonoma County Energy Independence Program  
404 Aviation Boulevard, Suite 200  
Santa Rosa, CA 95403  
(707) 521-6200  
Attention: Program Administrator

To Owner: [Owner Name]  
[Owner Address]  
[Owner City, State, Zip]  
([Area Code]) [Telephone Number]

Notwithstanding anything set forth above, after disbursement of funds to Owner, all notices regarding the Assessment shall be sent only as provided by state law.

**17. Attorneys' Fees and Costs.**

In the event that any action is instituted to enforce payment or performance under the Contract Documents, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing party in enforcing the Contract Documents.

**18. No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of County to receive a refund thereof from Owner.

**19. Governing Law.**

This Agreement shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Sonoma, State of California.

**20. Assignment.**

G. County, at its option, may assign any or all of its rights and obligations under this Agreement without obtaining the consent of Owner.

H. In no event shall Owner assign or transfer any portion of this Agreement or Owner's obligations under the Agreement without the prior express written consent of County, which consent may be granted or withheld in the sole and absolute discretion of the County, nor shall Owner assign or transfer Owner's rights under this Agreement without prior written notice to the County. Sale, transfer, or rental of the Property is not an assignment or transfer of this Agreement.

**21. Carbon Credits.**

Owner agrees that any carbon credits attributable to the Improvements shall be held jointly by the County of Sonoma (on behalf of SCEIP), by the Sonoma County Water Agency, and by the Sonoma County Transportation Authority.

**22. Entire Agreement; Counterparts; Amendment.**

This Agreement, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Agreement, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

**23. Special Termination.**

Notwithstanding anything to the contrary contained herein, this Agreement shall terminate and be of no further force or effect if Owner has submitted to the Program Administrator a notice of its decision to cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to Owner upon its execution of this Agreement.

**24. No Third Party Beneficiary Rights.**

This Agreement is entered into for the sole benefit of Owner and County and, subject to the provisions of Sections 10, 11, 12, and 21 no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

**IN WITNESS WHEREOF**, Owner and County have entered into this Agreement as of the last day signed below.

**Owner 1:**

[OWNER 1 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 1:  
\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

**Owner 2:**

[OWNER 2 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 2:  
\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

**Owner 3:**

[OWNER 3 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 3:  
\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

**Owner 4:**

[OWNER 4 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 4:  
\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

**County:**

COUNTY OF SONOMA

By: \_\_\_\_\_  
*Signature*

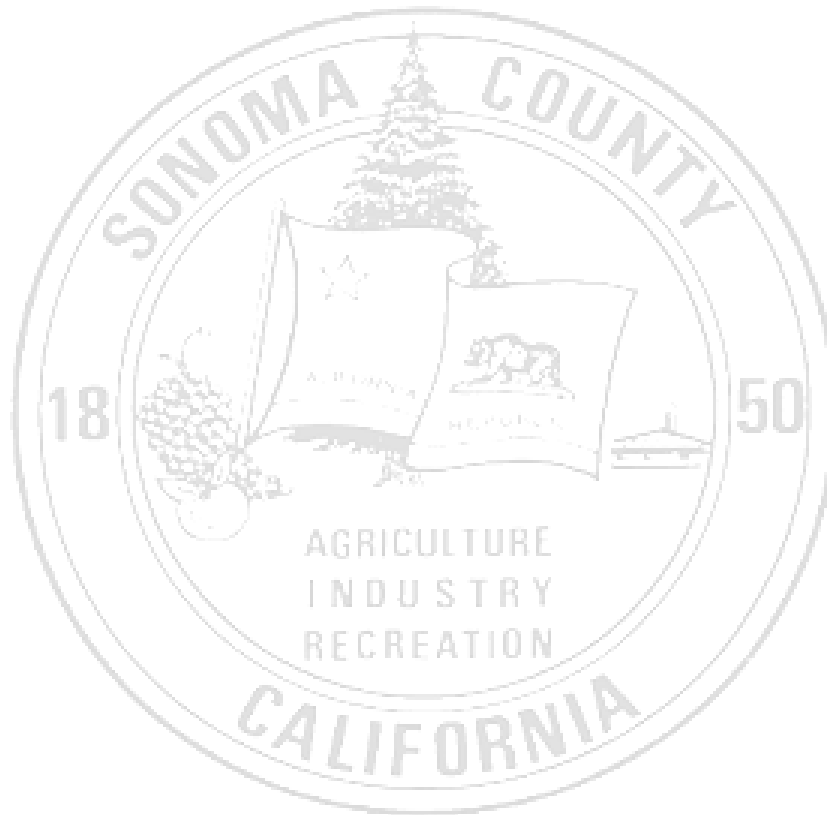
\_\_\_\_\_  
*Name (Please Print)*

**Program Administrator or Designee**  
\_\_\_\_\_  
*Title*

**EXHIBIT A  
DESCRIPTION OF THE PROPERTY**

Owner(s) Name: [Owner(s) Name]  
 Term of Agreement: [Contract Term] Years  
 Disbursements:  Single  Multiple  
 Property Address: [Property Address]  
 APN: [APN]

[Property Description]



**Owner's Initials:** \_\_\_\_\_

**SCEIP USE ONLY:**

ASSIGNEE (IF APPLICABLE)	CONTRACT DATE	AMOUNT FUNDED
		\$

## NOTARY ACKNOWLEDGEMENT(S)

State of California County of _____	}	
On _____ <i style="font-size: small;">Date</i>	before me,	_____ <i style="font-size: small;">Name and Title of Officer</i>
personally appeared _____ <i style="font-size: small;">Name(s) of Signers</i>		
<p>who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.</p> <p>WITNESS my hand and official seal.</p>		
This area for official notary seal.	_____ <i style="font-size: small;">Signature of Notary Public</i>	

State of California County of _____	}	
On _____ <i style="font-size: small;">Date</i>	before me,	_____ <i style="font-size: small;">Name and Title of Officer</i>
personally appeared _____ <i style="font-size: small;">Name(s) of Signers</i>		
<p>who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.</p> <p>WITNESS my hand and official seal.</p>		
This area for official notary seal.	_____ <i style="font-size: small;">Signature of Notary Public</i>	



## APPENDIX D.3 – CONTRACT DOCUMENTS

### SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM

#### ASSESSMENT CONTRACT

#### [MULTIPLE DISBURSEMENTS]

This Assessment Contract (“Contract”) is made and entered into as of the last day signed below by and between the COUNTY OF SONOMA, California, (“County”) and [OWNER] (“Owner”).

#### RECITALS

I. The County has established the Sonoma County Energy Independence Program (“SCEIP” or “Program”) pursuant to which County may levy assessments against developed properties in the County, with the consent of the owners of the properties, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy systems, and energy efficiency improvements, which include water efficiency improvements. The purpose and method of administration of the assessments under the SCEIP are described in the Sonoma County Energy Independence Program Report adopted by the Board of Supervisors of the County on March 25, 2009, as it may be amended from time to time (the “Report”).

J. The SCEIP is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”).

K. Concurrently with the execution of this contract, the parties hereto have executed that certain Implementation Agreement (the “Implementation Agreement”), a copy of which is on file in the office of the SCEIP Administrator (the “Program Administrator”). The Implementation Agreement provides for the renewable energy system(s) and/or water efficiency improvements and/or energy efficiency improvements to be financed, and constructed on and/or installed in the property of Owner described in Exhibit A attached and incorporated by this reference (the “Property”). In this Contract, the improvements, together with their acquisition, construction and/or installation on the Property, are referred to as the “Improvements.”

L. Owner wishes to participate in the SCEIP by executing this Contract with County and using the moneys advanced by County to finance the Improvements as provided in the Implementation Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

#### CONTRACT

**1. Contract Documents.**

This Contract, together with the Implementation Agreement and the documents and instruments attached to or referenced in this Contract and the Implementation Agreement are collectively referred to herein as the “Contract Documents.”

**2. Contract Term.**

The term of this Contract shall be until the Assessment described herein and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.

**3. Assessment and Lien.**

(a) Owner agrees that upon the execution of this Contract by the parties, the Property is subject to an assessment levied against the Property pursuant to this Contract, the Act and applicable law (the “Assessment”) together with interest, and consents to levy of the Assessment on and recordation of a lien against the Property. Upon execution of this Contract, County will execute and cause to be recorded in the office of the County Recorder a notice of assessment substantially in the form on file in the office of the Program Administrator (the “Notice of Assessment”).

(b) The execution of this Contract by the parties constitutes the levy of the Assessment and the Annual Administrative Assessment, as defined in paragraph 5(h) below, by the Board of Supervisors against the Property without any further action required by the parties.

(c) Upon recordation of the Notice of Assessment in the office of the County Recorder, the Assessment and each installment, together with any interest and penalties that become due on the Assessment,

shall constitute a lien upon the Property until paid. Initially, as reflected in the Notice of Assessment, upon recordation of the Notice of Assessment, the Assessment shall equal the Maximum Assessment, shown on Exhibit B, attached and incorporated by this reference. Following County's disbursement of the Disbursement Amount, as defined in Section 4 below, the actual Assessment shall equal the Disbursement Amount plus Capitalized Interest, as defined in Section 5, below.

(d) Failure to pay any installment of the Assessment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, the County has the right to foreclose the lien of the Assessment, as set forth in paragraph 5(i) below.

#### **4. Disbursement Amount.**

Subject to the terms and conditions in the Implementation Agreement, County agrees to disburse moneys to Owner in the amount of the actual cost of the Improvements (the "Disbursement Amount"); provided the Disbursement Amount shall not exceed [**Requested Disbursement Amount**] Dollars (**[\$0.00]**) (the "Maximum Disbursement Amount").

#### **5. Collection of Assessment and Interest Thereon and Annual Administrative Assessment on Property Tax Bill; Capitalized Interest; Other Remedies.**

(a) Annual installments of the Assessment, together with the annual interest on the Assessment (collectively, the "Annual Payment"), shall be collected on the property tax bill pertaining to the Property. The Annual Payment coming due in any Tax Year (each being the period from July 1<sup>st</sup> through the following June 30<sup>th</sup>) shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County on real property are payable and shall become delinquent at the same times and in the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) Following disbursement of the Disbursement Amount or the first progress payment if the County makes partial disbursements pursuant to the Implementation Agreement, Annual Payment installments shall be placed on the property tax bill as provided in Exhibit B.

(c) Subject to paragraph (d) below, interest shall accrue on the unpaid Assessment from the date the Disbursement Amount is disbursed to Owner at the [simple] interest rate of seven percent (7%) per annum. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a court of competent jurisdiction determines the interest or other charges provided for herein in connection with the Assessment or the Annual Administrative Assessment (described in paragraph 5(h), below) exceed the limits permitted by applicable law, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to the permitted limit; and (ii) any sums already collected which exceed permitted limits will be refunded by County. The Program Administrator may make the refund by making a direct payment to Owner or by crediting the refund amount against the next Annual Payment(s).

(d) In the event progress payments are made, interest shall accrue on the unpaid Assessment at the [simple] interest rate of seven percent (7%) per annum as follows: (i) interest shall accrue on the Maximum Disbursement Amount from the date of the disbursement of the first progress payment to Owner, through the date of the disbursement of the final progress payment to Owner; and (ii) following the disbursement of the final progress payment, interest shall accrue (A) on the Disbursement Amount from the day following the date on which the final progress payment is disbursed to Owner and (B) on the amount, if any, representing the difference between the Maximum Disbursement Amount and the Disbursement Amount, from the day following the date on which the final progress payment is disbursed to Owner through the date selected for redemption of any bond issued in accordance with the Report and relating to this Contract to be redeemed with the amount representing the difference between the Maximum Disbursement Amount and the Disbursement Amount. Any redemption date shall not exceed 185 days from the date the final progress payment is disbursed to Owner.

(e) The amount of interest accrued from the date of disbursement of the Disbursement Amount (or the first progress payment if the County makes partial disbursements of the Disbursement Amount) through September 1st of the first Tax Year ("Capitalized Interest") shall be added to the Disbursement Amount and included in the Assessment as principal.

(f) The Maximum Assessment and the Estimated Maximum Annual Payments that may be placed on the tax roll each Tax Year are set forth in Exhibit B. The amounts set forth on Exhibit B are based on the assumption that the County disburses the Maximum Disbursement Amount to Owner on the first Business Day (being a day the County is open for business ("Business Day")) of the month following the month in which this Contract is executed by the County. Following disbursement of the Disbursement Amount (or the final progress payment if the County makes partial disbursements of the Disbursement Amount), the Program Administrator will adjust the Annual Payments to reflect the actual Assessment based on the Disbursement Amount, the date of disbursement of the Disbursement Amount (or the dates of the first progress payment and final progress payment if

the County makes partial disbursements of the Disbursement Amount), the actual amount of Capitalized Interest and any credit applied in accordance with Section 7 of the Implementation Agreement. If any refund is required, the Program Administrator may make the refund by making a direct payment to Owner or by crediting the refund amount against the next Annual Payment(s).

(g) The lien of the Assessment shall be coequal to and independent of the lien for general taxes, and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property, and (v) restrictions of record.

(h) In addition to the Assessment, until the Assessment and the interest thereon is paid in full, Owner agrees that the Property is subject to an annual administrative assessment levied against the Property pursuant to this Contract, the Act and applicable law to pay costs incurred by County which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed forty dollars (\$40.00) for the 2009-10 Tax Year, and shall thereafter be adjusted annually for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties. The Program Administrator shall annually determine the amount of the Annual Administrative Assessment, not to exceed the amount determined in accordance with the preceding sentence. The Annual Administrative Assessment shall be collected in the same manner as the Assessment. The Annual Administrative Assessment shall become a lien upon the Property at the same time as the property tax becomes a lien each year upon the Property.

(i) Owner acknowledges that as a cumulative remedy, if any installment of the Assessment, or any interest thereon, together with any penalties, costs, fees, and other charges accruing under applicable taxation provisions are not paid when due, the Board of Supervisors of County may order that the same be collected by an action brought in a court of competent jurisdiction to foreclose the lien of the Assessment to the extent permitted, and in the manner provided by, applicable law.

**6. Use of Proceeds.**

Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property as provided in the Implementation Agreement.

**7. Prepayment of Assessment.**

Owner may prepay the Assessment by paying the principal amount owing on the Assessment, plus any applicable prepayment premium, and accrued interest, less a credit for interest paid and not yet accrued, if any, all as determined by the Program Administrator in accordance with the Report. The prepayment premium will not exceed three percent (3) of the amount of the Assessment to be prepaid. Interest on the Assessment may accrue until the next available redemption date for any bonds issued pursuant to a financing relationship contemplated by the Report and related to this Contract. Such redemption date shall not exceed 185 days from the date of prepayment of the Assessment. Owner shall notify the Program Administrator in writing of Owner's determination to prepay the Assessment at least ten (10) Business Days prior to the date Owner intends to prepay the Assessment. Assessments may only be prepaid in full.

**8. Severability.**

Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall be valid and shall be enforced to the extent permitted by law.

**9. Governing Law.**

This Contract shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Contract must be instituted in the Superior Court of the County of Sonoma, State of California.

**10. Assignment.**

A. County, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Administrative Assessment, and any other payments due to County hereunder, without obtaining the consent of Owner.

B. In no event shall Owner assign or transfer any portion of this Contract or Owner's obligations under the Contract without the prior express written consent of County, which consent may be granted or withheld in the sole and absolute discretion of the County, nor shall Owner assign or transfer Owner's rights under this Contract without prior written notice to County. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.

**11. Entire Agreement; Counterparts; Amendment.**

This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Contract, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, Owner and County have entered into this Contract as of the last day signed below.

**Owner 1:**

[OWNER 1 NAME]  
 \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 1:  
 \_\_\_\_\_, 20\_\_\_\_ Year  
*Date*

**Owner 2:**

[OWNER 2 NAME]  
 \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 2:  
 \_\_\_\_\_, 20\_\_\_\_ Year  
*Date*

**Owner 3:**

[OWNER 3 NAME]  
 \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 3:  
 \_\_\_\_\_, 20\_\_\_\_ Year  
*Date*

**Owner 4:**

[OWNER 4 NAME]  
 \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 4:  
 \_\_\_\_\_, 20\_\_\_\_ Year  
*Date*

**County:**

**COUNTY OF SONOMA**

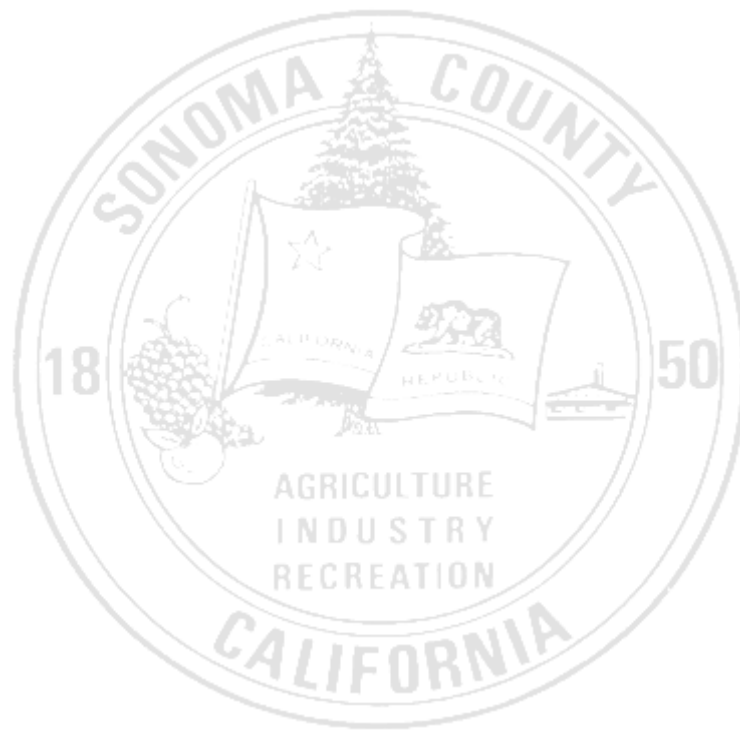
By: \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

Program Administrator or Designee  
 \_\_\_\_\_  
*Title*

## EXHIBIT A DESCRIPTION OF THE PROPERTY

Owner(s) Name: [Owner(s) Name]  
 Term of Contract: [Contract Term] Years  
 Disbursements:  Single  Multiple  
 Property Address: [Property Address]  
 APN: [APN]  
 [Property Description]



**Owner's Initials:** \_\_\_\_\_

**SCEIP USE ONLY:**

ASSIGNEE (IF APPLICABLE)	CONTRACT DATE	AMOUNT FUNDED

**EXHIBIT B  
SCHEDULE OF ESTIMATED MAXIMUM ANNUAL PAYMENTS  
AND THE MAXIMUM ANNUAL ADMINISTRATIVE ASSESSMENT**

<u>MAXIMUM ASSESSMENT</u>	<u>TAX YEARS</u>	<u>MAXIMUM ANNUAL PAYMENTS</u>
\${0.00}	1-[Term]	\${0.00}

The Maximum Assessment and Estimated Maximum Annual Payments are based on the following assumptions:

1. The County disburses the Maximum Disbursement Amount to Owner.
2. The County disburses to Owner on the first Business Day of the month following the month in which the County executes this Contract. Interest accrues from the date of disbursement.
3. Repayment shall commence as indicated in the table below:

<u>DISBURSEMENT DATE(S)</u>	<u>FIRST TAX YEAR</u>	<u>ONE-HALF OF ANNUAL PAYMENT DUE</u>
November 2009 – September 2010	2010-11	December 2010
October 2010 – September 2011	2011-12	December 2011
October 2011 – September 2012	2012-13	December 2012
October 2012 – September 2013	2013-14	December 2013
October 2013 – September 2014	2014-15	December 2014

4. The amount of interest accrued on the Maximum Disbursement Amount from the date of disbursement through September 1<sup>st</sup> of the first Tax Year (“Capitalized Interest”) is added to the Maximum Disbursement Amount as principal to determine the Maximum Assessment.

Following the disbursement of the Disbursement Amount, the Program Administrator will adjust the Maximum Assessment and the Maximum Annual Payments, if necessary, to reflect the actual Assessment based upon the Disbursement Amount, the date of disbursement of the Disbursement Amount (or the date of the first progress payment and the date of the final progress payment if the County makes partial disbursements of the Disbursement Amount pursuant to the Implementation Agreement), and any credit applied in accordance with Section 7 of the Implementation Agreement. If any refund is required, the Program Administrator may make the refund by making a direct payment to Owner or by crediting the refund amount against the next Annual Payment(s).

In addition to the Annual Payments, the Property is subject to an Annual Administrative Assessment which shall not exceed forty dollars (\$40.00) in the 2009-10 Tax Year, and which shall thereafter be adjusted annually for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers for the Northern California counties. The Annual Administrative Assessment shall be levied against the Property annually for as long as the Assessment and the interest thereon is unpaid.

**Owner’s Initials:** \_\_\_\_\_

### NOTARY ACKNOWLEDGEMENT(S)

State of California }  
 County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*Date Name and Title of Officer*

personally appeared \_\_\_\_\_  
*Name(s) of Signers*

---

Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

This area for official notary seal. \_\_\_\_\_  
*Signature of Notary Public*

State of California }  
 County of \_\_\_\_\_ }

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public  
*Date Name and Title of Officer*

personally appeared \_\_\_\_\_  
*Name(s) of Signers*

---

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

This area for official notary seal. \_\_\_\_\_  
*Signature of Notary Public*



**APPENDIX D.4 – CONTRACT DOCUMENTS**

**SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM**

**IMPLEMENTATION AGREEMENT**

**[MULTIPLE DISBURSEMENTS]**

This Implementation Agreement (“Agreement”) is made and entered into as of the last day signed below by and between the COUNTY OF SONOMA, California, (“County”) and **[OWNER(S)]** (“Owner”).

**RECITALS**

A. The County has established the Sonoma County Energy Independence Program (“SCEIP” or “Program”) pursuant to which County may levy assessments against developed properties in the County, with the consent of the owners of the properties, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy systems, and energy efficiency improvements, which include water efficiency improvements. The purpose and method of administration of the assessments under the SCEIP are described in the Sonoma County Energy Independence Program Report adopted by the Board of Supervisors of the County on March 25, 2009, as it may be amended from time to time (the “Report”).

B. The SCEIP is authorized by Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the “Act”).

C. Owner has submitted an application to participate in the SCEIP, dated **[Application Date]**, a copy of which is in the office of the SCEIP Administrator (the “Program Administrator”) and incorporated by this reference (the “Application”). County has approved the Application as provided in the Report. The Application describes, among other things, the renewable energy system(s) and/or water efficiency improvements and/or energy efficient improvements to be financed, and constructed on and/or installed in the property of Owner described in Exhibit A attached and incorporated by this reference (the “Property”). In this Agreement, the improvements, together with their acquisition, construction and/or installation on the Property, are referred to as “the Improvements.”

D. Owner wishes to participate in the SCEIP by executing this Agreement with County and using the moneys advanced by County to finance the Improvements.

E. Concurrently with the execution of this Agreement, the parties hereto have executed that certain Assessment Contract (the “Assessment Contract” pursuant to which Owner agrees that the Property is subject to an assessment (the “Assessment”) with interest thereon, and an annual administrative assessment (the “Annual Administrative Assessment”) levied against the Property, and consents to recordation of a lien against the Property.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

## **AGREEMENT**

### **1. Contract Documents.**

This Agreement, together with the Application and the Assessment Contract, and the documents and instruments attached to or referenced in this Agreement, and the Application are collectively referred to herein as the "Contract Documents." All of the declarations and warranties of Owner made in the Application are incorporated in this Agreement as if fully set forth herein.

### **2. Agreement Term.**

The term of this Agreement shall be until the Assessment described herein and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.

### **3. Disbursement Amount.**

County agrees to disburse moneys to Owner in the amount of the actual cost of the Improvements (the "Disbursement Amount"); provided the Disbursement Amount shall not exceed **[Requested Disbursement Amount]** Dollars (**[\$0.00]**) (the "Maximum Disbursement Amount"). The SCEIP Program Administrator shall determine the Disbursement Amount on the basis of the best available written evidence of the actual cost of the Improvements and in the exercise of the Program Administrator's reasonable judgment. The Program Administrator shall determine the Disbursement Amount following submission of required documentation by Owner that the Improvements have been completed according to the requirements of this Agreement. In the event the actual cost of the Improvements exceeds the Maximum Disbursement Amount, Owner shall be solely responsible for the payment of all costs to complete the Improvements described in the Application which exceed the Maximum Disbursement Amount, and Owner agrees in any event to complete the Improvements and to fund all additional costs over the amount of the Maximum Disbursement Amount.

### **4. Special Benefit to Property.**

(a) Owner expressly acknowledges that the Improvements confer a special benefit to the Property in an amount at least equal to the Assessment.

(b) Owner expressly waives the notice, protest and hearing procedures and provisions of any law other than the Act with respect to the levy and collection of the Assessment and Annual Administrative Assessment.

### **5. Commencement and Completion of Improvements.**

(a) Consent and Authorization. This Agreement constitutes consent and authorization pursuant to Section 5898.21 of the Act for Owner to purchase directly the related equipment and materials for the Improvements and to contract directly for the construction on and/or installation in the Property of the Improvements.

(b) Date of completion of the Improvements. Subject to Section 14(g), below, Owner agrees to complete installation of the Improvements no later than 90 days after execution of this Agreement. Owner and the Program Administrator may agree to an extension of this completion date for good cause shown, but in no event shall the completion date be more than one year from the date of this Agreement.

## **6. Use of Proceeds.**

Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Improvements on the Property, and in connection therewith Owner shall comply with all requirements set forth in the Contract Documents.

## **7. Disbursement Procedures.**

(a) Notwithstanding anything to the contrary contained herein, and except as otherwise provided in paragraphs (c) and (d) below, County shall have no obligation to disburse funds to Owner unless and until each of the following conditions is satisfied, or any such condition is expressly waived by the Program Administrator:

(i) The receipt by the Program Administrator of a written request from Owner to disburse the Disbursement Amount.

(ii) Receipt by the Program Administrator of a copy of a finalized permit issued by the building inspection department of the jurisdiction within which the Property is located.

(iii) If requested, the receipt by the Program Administrator of a written certification from Owner, and the contractor(s), if any, that installed or constructed the Improvements, stating that installation or construction is complete, and the actual cost of the Improvements. Such certification shall be in form and substance acceptable to the Program Administrator.

(iv) The receipt by the Program Administrator of such other documents and instruments as the Program Administrator may require, including but not limited to, if applicable, the sworn statements of contractor(s) and releases or waivers of lien, all in compliance with the requirements of applicable law.

(v) Owner has, as appropriate, executed and delivered to the Program Administrator the Contract Documents and such other documents or instruments pertaining to the Disbursement Amount or the Improvements as the Program Administrator may require.

(vi) As of the date of disbursement of the Disbursement Amount, the Program Administrator shall have determined that the representations of Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 14 below) shall have occurred and be continuing.

(vii) No stop payment or mechanic's lien notice pertaining to the Improvements has been filed and remains in effect as of the date of disbursement of the Disbursement Amount.

(viii) If requested, County shall have received a title policy with regard to the moneys advanced to Owner.

(ix) Owner will, within fifteen (15) days of presentation by the Program Administrator, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to Owner.

(b) Upon satisfaction or waiver of the conditions described in paragraph (a), above, County will disburse funds to Owner on the first Business Day (being a day the County is open for business ("Business Day")) of the month immediately following the month in which all of the foregoing conditions were satisfied or waived, provided that documentation relating to completion of the Improvements, and requesting disbursement, has been completed and filed with the Program Administrator at least five Business Days before the end of the month. Otherwise, payment will be made on the first Business Day of the next month.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 7, County, upon written request of Owner, may make partial disbursements of the Disbursement Amount as progress payments prior to the completion of the Improvements if each of the following conditions is satisfied, or any such condition is expressly waived by the Program Administrator:

(i) The Maximum Disbursement Amount must be Sixty Thousand Dollars (\$60,000) or greater.

(ii) Except with respect to the final progress payment, the amount of the requested progress payment, when combined with any previous progress payments, does not exceed fifty percent (50%) of the Maximum Disbursement Amount.

(iii) The Program Administrator shall have determined that at least seventy-five percent (75%), on a cost basis, of the Improvements for which disbursement is sought or the construction materials necessary for the construction of the Improvements for which disbursement is sought shall have been delivered to the Property and shall have been reasonably secured from theft or vandalism as determined by an onsite inspection performed by County.

(iv) Disbursements shall be limited to a maximum of two partial disbursements and a final disbursement.

(v) Except with respect to the final progress payment, Owner has paid to the Program Administrator an onsite inspection fee in the amount of \$150.00.

(vi) The conditions to disbursement of the Disbursement Amount contained in paragraphs (a)(v), (vi), (vii), (viii), and (ix) of this Section 7 shall have been satisfied or waived by the Program Administrator. In addition, for the final progress payment, the conditions to disbursement of the Disbursement Amount contained in paragraphs (a)(i), (ii), (iii), and (iv) of this Section 7 shall also have been satisfied or waived by the Program Administrator.

(d) Upon satisfaction or waiver of the conditions described in paragraph (c), above, County will disburse a progress payment to Owner on the first Business Day of the month immediately following the month in which all of the foregoing conditions set forth in paragraph (c) were satisfied or waived, provided that the request for a progress payment, all required documentation relating to such progress payment, and the payment of the onsite inspection fee has been completed and filed with the Program Administrator at least five Business Days before

the end of the month. Otherwise, the progress payment will be made on the first Business Day of the next month.

(e) After County disburses the first progress payment, County will deposit the balance of the Maximum Disbursement Amount in an escrow account held by the County for that purpose. County will cause disbursements to be made pursuant to this Section 7 from the Progress Payment Escrow Account.

(f) The funds held in the Progress Payment Escrow Account will earn interest at an interest rate equal to the then current daily net interest rate earned by the Sonoma County Treasury Pooled Investment Fund. Interest earned on funds held in the Escrow Account will be applied as a credit against the amount of interest accrued pursuant to Section 5 of the Assessment Contract.

## **8. Representations and Warranties of Owner.**

Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement. By accepting the Disbursement Amount, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Agreement and in the Application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

(a) Formation; Authority. If Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business. Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by Owner to County in connection therewith. The Contract Documents have been duly executed and delivered by Owner and are valid and binding upon and enforceable against Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by Owner, is required for Owner's execution thereof or the performance of its obligations contained therein.

(b) Compliance with Law. Neither Owner nor the Property is in violation of, and the terms and provisions of the Contract Documents do not conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Property.

(c) No Violation. The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by Owner, and the performance by Owner of its obligations contained in the Contract Documents, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which Owner or the Property is bound.

(d) Other Information. All reports, documents, instruments, information and forms of evidence which have been delivered to County related to the Application are accurate, correct and sufficiently complete to give County true and accurate knowledge of their subject matter.

(e) Lawsuits. There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Owner or the Property which may impair

Owner's ability to perform its obligations hereunder, or which may impair County's ability to levy and collect the Assessment and Annual Administrative Assessment.

(f) No Event of Default. There is no event which is, or with notice or lapse of time or both would be, a Default under this Agreement.

(g) Accuracy of Declarations. The declarations of Owner contained in the Application are accurate, complete and true.

## **9. Owner's Covenants.**

Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Agreement. By accepting the Disbursement Amount, or any portion thereof, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Agreement and in the application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust:

(a) Installation and Maintenance of Improvements. Owner shall, or shall cause its contractor(s) to, promptly commence the Improvements, and diligently continue to completion, in a good and workmanlike manner and in accordance with sound construction and installation practices. Owner shall maintain the Improvements in good condition and repair.

(b) Compliance with Law and Agreements. Owner shall complete all Improvements, or cause the Improvements to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Improvements.

(c) Site Visits. Owner grants County, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Owner, for the purposes of observing the Improvements. County will make reasonable efforts during any site visit to avoid interfering with Owner's use of the Property. Owner shall also allow County to examine and copy records and other documents of Owner which relate to the Improvements. Any site visit, observation or examination by County shall be solely for the purposes of protecting County's rights under the Contract Documents.

(d) Protection Against Lien Claims. Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Improvements. Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Improvements.

(e) Notice to Successors in Interest. Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to an SCEIP assessment lien, and to provide any subsequent purchaser a copy of this Agreement.

(f) Insurance. If the Maximum Disbursement Amount exceeds \$60,000, Owner shall provide, maintain and keep in force at all times until the Improvements are completed, builder's

all risk property damage insurance on the Property, with a policy limit equal to the amount of the Maximum Disbursement.

(g) Notices. Owner shall promptly notify County in writing of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

**10. Mechanic's Lien and Stop Notices.**

In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Improvements, the Program Administrator may summarily refuse to disburse any funds to Owner, and in the event Owner fails to furnish the Program Administrator a bond causing such notice or lien to be released within ten (10) days of notice from the Program Administrator to do so, such failure shall at the option of County constitute a Default under the terms of this Agreement. Owner shall promptly deliver to the Program Administrator copies of all such notices or liens.

**11. Owner Responsibility; Indemnification.**

(a) Owner acknowledges that the County has established the Program solely for the purpose of assisting the owners of property in the County with the financing of the acquisition, construction, and installation of qualifying renewable energy systems and energy efficiency improvements which include water efficiency improvements. SCEIP is a financing program only. Neither the County, its officials, agents, employees, attorneys and representatives, the Program Administrator, nor SCEIP staff is responsible for selection, management or supervision of the Improvements or of the Improvements' performance. Any issues related to performance of the Improvements should be discussed with chosen contractors or installer, and the manufacturer or distributor of the Improvements.

(b) To the extent permitted by law, Owner shall indemnify, defend, protect, and hold harmless County and any and all officials, agents, employees, attorneys and representatives of County (collectively, the "County Parties"), from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Improvements, (iv) any breach or Default by Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Administrative Assessment, (vi) the imposition of the lien of the Assessment, and (vii) any other fact, circumstance or event related to County's extension and payment of the Disbursement Amount to Owner or Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement or any portion thereof. If the Property is located in an incorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the City in which the Property is located.

(c) The indemnity obligations described in this Section shall survive the disbursement of funds to Owner, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Agreement.

**12. Waiver of Claims.**

For and in consideration of County's execution and delivery of this Agreement, Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under Owner, hereby waives the right to recover from and fully and irrevocably releases the County Parties from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Owner may now have or hereafter acquire against any of the County Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of the Disbursement Amount, (iii) the levy and collection of the Assessment and the Annual Administrative Assessment, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by County pursuant to the SCEIP, (vi) the performance of the Improvements, (vii) the Improvements, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Improvements, (ix) any personal injury or death that may result from the construction or installation of the Improvements, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Improvements, (xi) the merchantability and fitness for any particular purpose, use or application of the Improvements, (xii) the amount of energy savings resulting from the Improvements and the Improvements, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to the SCEIP. This release includes claims, obligations, liabilities, causes of action, and damages of which Owner is not presently aware or which Owner does not suspect to exist which, if known by Owner, would materially affect Owner's release of the County Parties. If the Property is located in an incorporated area, this waiver shall extend to officials, agents, employees, attorneys and representatives of the City in which the Property is located.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

**Owner's Initials:** \_\_\_\_\_

The waivers and releases by Owner contained in this Section shall survive the disbursement of the Disbursement Amount or any portion thereof, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Agreement.

**13. Further Assurances.**

Owner shall execute any further documents or instruments consistent with the terms of this Agreement, including documents and instruments in recordable form, as County shall from

time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and disbursing funds to Owner.

#### **14. Events of Default.**

(a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Owner pursuant to this Agreement or the Assessment Contract are governed by the Assessment Contract and state law.

(b) The failure of any of Owner's representations or warranties to be correct in all material respects, or the failure or delay by Owner to perform any of its obligations under the terms or provisions of the Contract Documents, other than with respect to the payment of the Assessment, the Annual Administrative Assessment, or other amount payable by Owner shall constitute a non monetary default hereunder ("Default"). Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in Section 14(c) below.

(c) If a Default occurs, prior to exercising any remedies under the Contract Documents or the Act, County shall give Owner notice of such Default. If the Default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by County under the Contract Documents or the Act. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Owner (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by County. However, in no event shall County be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a Default, or if the Default is not cured within one hundred and twenty (120) days after the first notice of Default is given.

(d) Subject to the provisions of paragraph (c), above, if any Default occurs County may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. Upon the election of County, if there has been no disbursement, this Agreement shall terminate and, except as otherwise expressly provided herein, the parties have no further obligations or rights hereunder.

(e) Except as provided in Section 17, any and all costs and expenses incurred by County in pursuing its remedies hereunder shall be additional indebtedness of Owner to County.

(f) Except as otherwise expressly stated in this Agreement or as otherwise provided by applicable law, the rights and remedies of County are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by County, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by County in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or remedies, or deprive County of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(g) Performance of the covenants and conditions imposed upon Owner hereunder with respect to the commencement and completion of the Improvements shall be excused while and to the extent that, Owner, through no fault or negligence of its own, is prevented from

complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Owner shall immediately resume construction and/or installation of the Improvements.

**15. Severability.**

Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

**16. Notices.**

All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

To County: Sonoma County Energy Independence Program  
 404 Aviation Boulevard, Suite 200  
 Santa Rosa, CA 95403  
 (707) 521-6200  
 Attention: Program Administrator

To Owner: [Name]  
[Address]  
[City, State, Zip]  
[(Area Code)] [Phone Number]

Notwithstanding anything set forth above, after disbursement of funds to Owner, all notices regarding the Assessment shall be sent only as provided by state law.

**17. Attorneys' Fees and Costs.**

In the event that any action is instituted to enforce payment or performance under the Contract Documents, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing party in enforcing the Contract Documents.

**18. No Waiver.**

No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of County to receive a refund thereof from Owner.

**19. Governing Law.**

This Agreement shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Sonoma, State of California.

**20. Assignment.**

A. County, at its option, may assign any or all of its rights and obligations under this Agreement without obtaining the consent of Owner.

B. In no event shall Owner assign or transfer any portion of this Agreement or Owner's obligations under the Agreement without the prior express written consent of County, which consent may be granted or withheld in the sole and absolute discretion of the County, nor shall Owner assign or transfer Owner's rights under this Agreement without prior written notice to County. Sale, transfer, or rental of the Property is not an assignment or transfer of this Agreement.

**21. Carbon Credits.**

Owner agrees that any carbon credits attributable to the Improvements shall be held jointly by the County of Sonoma (on behalf of SCEIP), by the Sonoma County Water Agency, and by the Sonoma County Transportation Authority.

**22. Entire Agreement; Counterparts; Amendment.**

This Agreement, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Improvements, and any amendment to this Agreement, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

**23. Special Termination.**

Notwithstanding anything to the contrary contained herein, this Agreement shall terminate and be of no further force or effect if Owner has submitted to the Program Administrator a notice of its decision to cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to Owner upon its execution of this Agreement.

**24. No Third Party Beneficiary Rights.**

This Agreement is entered into for the sole benefit of Owner and County and, subject to the provisions of Sections 10, 11, 12, and 21, no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

**IN WITNESS WHEREOF**, Owner and County have entered into this Agreement as of the last day signed below.

**Owner 1:**

**Owner 2:**

[OWNER 1 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

[OWNER 2 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 1:

Date of Execution by Owner 2:

\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

**Owner 3:**

**Owner 4:**

[OWNER 3 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

[OWNER 4 NAME] \_\_\_\_\_  
*Owner Name (Please Print)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

By: \_\_\_\_\_  
*Owner Signature (Must be Notarized)*

Date of Execution by Owner 3:

Date of Execution by Owner 4:

\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

\_\_\_\_\_, 20\_\_\_\_  
*Date Year*

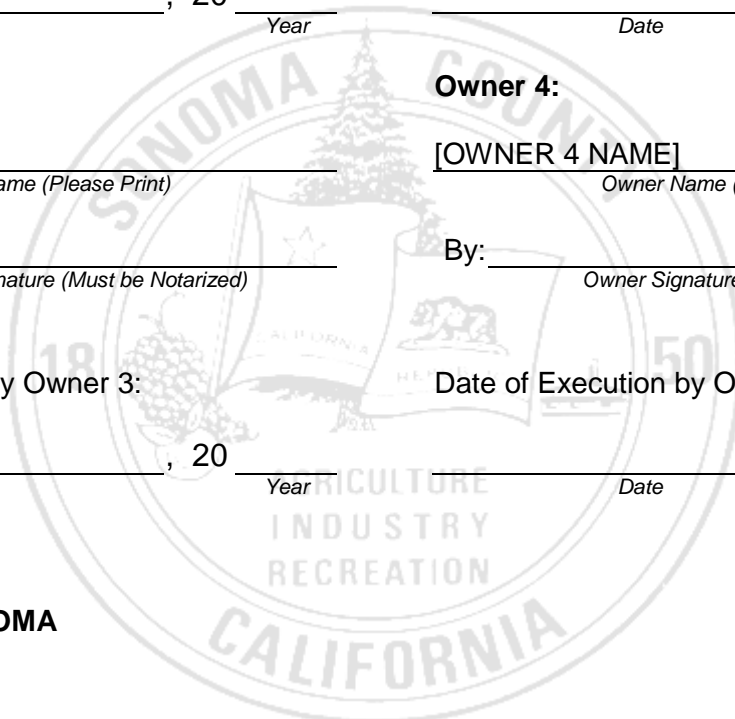
**County:**

**COUNTY OF SONOMA**

By: \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

Program Administrator or Designee  
\_\_\_\_\_  
*Title*



**EXHIBIT A  
DESCRIPTION OF THE PROPERTY**

Owner(s) Name: [Owner(s) Name]  
 Term of Agreement: [Contract Term] Years  
 Disbursements:  Single  Multiple  
 Property Address: [Property Address]  
 APN: [APN]  
 [Property Description]



**Owner's Initials:** \_\_\_\_\_

**SCEIP USE ONLY:**

ASSIGNEE (IF APPLICABLE)	CONTRACT DATE	AMOUNT FUNDED
		\$

## NOTARY ACKNOWLEDGEMENT(S)

State of California County of _____	}	
On _____ <i style="font-size: small;">Date</i>	before me, _____ <i style="font-size: small;">Name and Title of Officer</i>	, Notary Public
personally appeared _____ <i style="font-size: small;">Name(s) of Signers</i>		
<p style="text-align: center;">Who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p style="text-align: center;">I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.</p> <p style="text-align: center;">WITNESS my hand and official seal.</p> <p style="text-align: center;">_____ <i style="font-size: small;">Signature of Notary Public</i></p>		
This area for official notary seal.		

State of California County of _____	}	
On _____ <i style="font-size: small;">Date</i>	before me, _____ <i style="font-size: small;">Name and Title of Officer</i>	, Notary Public
personally appeared _____ <i style="font-size: small;">Name(s) of Signers</i>		
<p style="text-align: center;">who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p style="text-align: center;">I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.</p> <p style="text-align: center;">WITNESS my hand and official seal.</p> <p style="text-align: center;">_____ <i style="font-size: small;">Signature of Notary Public</i></p>		
This area for official notary seal.		



## **Sonoma County Energy Independence Program APPENDIX E – SUMMARY OF FINANCING PROCESS**

The Sonoma County Energy Independence Program (“SCEIP”) provides financing (“SCEIP Financing”) for the installation of energy efficiency improvements, water efficiency improvements and renewable energy sources that are permanently fixed to real property (“Improvements”) in Sonoma County. Property owners will repay SCEIP Financing through an assessment levied against their property which is payable in semi-annual installments on property tax bills.

### **A. Project Scoping.**

The first step in the process is project scoping. For residential properties<sup>1</sup>, water conservation and energy surveys are highly recommended but not required. By participating in SCEIP, property owners are making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Conducting a water and energy audit will help property owners assess water conservation, energy efficiency, and renewable energy opportunities for their property. Online surveys can be conducted through PG&E's website <http://www.pge.com/myhome>. Residential property owners can obtain an onsite survey by hiring a Home Energy Rating System (“HERS”) rater, or equivalent. For more information, go to <http://www.energy.ca.gov/HERS/index.html>.

For commercial properties, a PG&E onsite energy audit is required to participate. PG&E offers free onsite audits to help property owners determine the most efficient route to maximize their investment. For more information, go to [www.pge.com](http://www.pge.com).

Residential and commercial property owners should also check with their local water provider to see if free water conservation surveys are available. Costs incurred to conduct onsite audits or surveys may be included in your application for SCEIP Financing.

Most property owners work directly with contractors to determine the scope of their project.

As the project is defined, the property owner obtains a contractor's bid or determines the cost of the equipment if self-installing.

Interested property owners can visit the SCEIP office, located at 404 Aviation Boulevard, Suite 200, Santa Rosa, CA 95403 or contact SCEIP professionals (“SCEIP Staff”) at (707) 521-6200 or [energyinfo@sonomacountyenergy.org](mailto:energyinfo@sonomacountyenergy.org).

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<sup>1</sup> For SCEIP, “residential property” is defined as single-family properties with 1-to-4 residential units; “commercial property” is all other property.

## **B. Program Application.**

The property owner visits the SCEIP website ([www.sonomacountyenergy.org](http://www.sonomacountyenergy.org)) or the SCEIP office to complete an SCEIP application form (the "Application"). The SCEIP staff can also provide an Application by mail, e-mail or fax upon request.

The property owner submits the Application together with its required attachments. See Application for required attachments.

Applications will be processed once complete on first-come, first-served basis.

## **C. Title Check.**

SCEIP staff will verify property ownership by performing a title check. Applicants are responsible for the costs of the title check as follows:

- (1) Financing requests less than \$5000: \$50
- (2) Financing requests \$5000 to \$499,999: \$125
- (3) Financing requests \$500,000 and above require a full title search and title insurance: Contact SCEIP for estimate.

Title costs may be included in the SCEIP Financing request.

## **D. Application Review.**

During the Application Review process, SCEIP staff verifies that:

- (1) The Application is complete and accurate;
- (2) The property owner(s) owns the Property without federal or state income tax liens, judgment liens or similar involuntary liens on the Property;
- (3) The Property is developed and within the County;
- (4) The Property is not exempt from secured property taxes;
- (5) The property owner is current on property taxes;
- (6) Property owner is current on mortgage(s) and, for commercial property, lender has given consent to SCEIP Financing;
- (7) The property owner has declared that the property owner(s) and the Property is/are not currently involved in a bankruptcy proceeding. If property owner has been in bankruptcy in the past three years, the bankruptcy must have been concluded

at least one year before application was filed. In addition, all mortgage payments due on the property must have been timely paid during the six months preceding the application;

(8) The property owner has executed all declarations required in the Application;

(9) The proposed Improvements and costs are eligible to be financed under the Program. If the proposed Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between adding SCEIP Improvements and new construction;

(10) The cost estimate(s)/bid(s) is/are reasonable for the Improvements;

(11) Improvement costs are reasonable to property value. As a guideline, proposed Improvements should not exceed 10 percent of assessed value. If more costly Improvements are proposed, the Program Administrator may require additional information supporting both the reasonable relationship of the Improvements to the property, and information related to the ability of the property owner to repay the assessment;

(12) All required documents have been submitted (including for commercial properties, PG&E onsite energy audit report);

(13) The requested assessment amount (including contingency) is equal to or greater than \$2,500 and is less than \$60,000; and

(14) SCEIP funding is available.

Within 15 business days of receipt of an application, SCEIP Staff notifies the property owner if the application is incomplete, approved, denied or requires additional approval.

(15) Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. All requested documentation must be submitted within 30-days.

(16) Approved. An application shall be approved if SCEIP Staff have verified all of the items in step (1) through (14).

(17) Denied. An application shall be deemed denied if SCEIP Staff cannot verify any of the items in steps (1) through (14). SCEIP will send a written denial notice. Property owners are free to submit a new application, which will be processed on a first-come, first-served basis based upon the new receipt date.

(a) If an application is denied on the sole basis that SCEIP funding is not available, the application does not need to be resubmitted; applicants will be placed on a waiting list based on the date of application receipt.

(b) If an application is denied because the cost estimate(s) is/are not deemed reasonable by SCEIP Staff, a resubmitted application must be accompanied by additional documentation of cost estimates as determined in SCEIP Staff's discretion, including, but not limited to, cost estimates provided by one or more additional contractors. The property owner will not be required to select the low bid; however, SCEIP Staff may limit the maximum assessment amount to an amount deemed reasonable by the Program Administrator.

(18) Requires Additional Approval. Applications for SCEIP Financing between \$60,000 and \$500,000 require approval of the Program Administrator. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator for approval. Applications for SCEIP Financing of \$500,000 or more require approval of the Board of Supervisors. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator to prepare an agenda item for the Board of Supervisors. The property owner will be advised once a Board of Supervisors date is set.

(19) With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology ("Custom Measures"), SCEIP Staff reserve the right to require the appropriate engineering documentation and energy studies showing the energy savings and/or energy generation capabilities of the proposed project. SCEIP Staff may also charge an additional administrative fee for this technical review to be discussed with the property owner before proceeding.

#### **E. Permit.**

After receiving notice of Application approval, property owner (or contractor) must obtain a permit from the local building official. All Improvements, including those normally exempt from permit requirements, will require a permit from the local jurisdiction (town, city, unincorporated area). Final inspection by the permitting jurisdiction will be required to ensure that the Improvements were completed.

A valid permit is required before SCEIP can execute an Assessment Contract and reserve SCEIP Financing for a project.

#### **F. Assessment Contract and Reservation.**

All property owners of record must sign the Assessment Contract and Implementation Agreement ("Contract Documents") and have their signature(s) notarized.

The Program Administrator or designee, on behalf of the County, will execute the Contract Documents. This will assure the property owner that the SCEIP Financing has been approved and that funds are reserved for the property owner's approved project.

**G. Assessment Lien.**

Upon execution of the Assessment Contract, SCEIP records an assessment lien against the Property in the office of the Program Administrator, Clerk of the Board and the County Recorder's office. The lien will be for the full amount of the assessment on the property that secures the assessment, including capitalized interest. If funds are disbursed to property owners by the first business day in September, the assessment will appear on the next tax bill. For disbursements after that date, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding amount.

**H. Installation of Improvements.**

Property owner enters into a contractual arrangement directly with a contractor for Improvements unless the property owner is self-installing the Improvements. All work is subject to the appropriate jurisdiction's (county, city, town) permitting and inspections and all other applicable federal state and local laws and regulations. All work must be completed, including the final inspection, within 90 days of execution of the Assessment Contract. The property owner and Program Administrator may agree to an extension of this completion date for good cause.

**I. Progress Payments/Multiple Disbursements.**

If the maximum assessment amount is \$60,000 or greater, the property owner may request in writing that SCEIP make a progress payment prior to the completion of the work. Progress payments will be subject to a \$150 onsite inspection fee per disbursement and interest will accrue on the entire assessment amount at the time of the first disbursement. Progress payment requests must be filed with SCEIP at least five business days<sup>1</sup> before the end of the month for payment to be made on the first business day of the next month. The following conditions must also have been met before disbursement is made:

(1) At least 75 percent of the required materials have been delivered to the property and have been reasonably secured as confirmed by an onsite inspection. SCEIP Staff has the discretion to make its own determination with respect to whether this condition has been satisfied; and

(2) The requested progress payment does not exceed 50 percent of the maximum assessment amount.

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<sup>1</sup> A business day is a day the County is open for business.

**J. Final Inspections & Disbursement of SCEIP Financing.**

After Improvements are completed, the Property owner must contact the local permitting agency for a final inspection and finalized permit. The Property owner notifies SCEIP that all work has been completed and submits final documentation: finalized permit; invoices showing all costs, less rebate amounts and Request for Disbursement.

Checks will be mailed at the beginning of each month, provided that final documentation has been filed with SCEIP five business days before the end of the month for processing. The amount disbursed will be the lesser of (i) the maximum assessment amount provided in the Assessment Contract or (ii) the actual costs, net of County costs listed on Request for Disbursement. Interest accrues as of the date of disbursement.