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Media Contact:

Casey Dailey
Director of Energy & Environmental Programs
Office: (951) 405-6720
Email: cdailey@wrcog.us

WRCOG's HERO PACE Financing Reveals 99% Compliance in External Review

Operational analysis by Baker Tilly finds HERO administrator Renovate America complied with administrative guidelines and consumer protection policies in over 99% of transactions tested.

RIVERSIDE, Calif., April 11, 2018 – In a first-of-its-kind external review for the PACE (Property Assessed Clean Energy) industry, the HERO PACE financing program and its administrator, Renovate America, received top marks for their adherence to the Western Riverside Council of Governments' (WRCOG) administrative guidelines and consumer protection policies.

PACE is an innovative form of financing that empowers homeowners to make renewable energy, energy efficiency and water conservation improvements to their homes and pay for them over time at a fixed interest rate through an additional, voluntary assessment on their property taxes. Since launching in 2011, WRCOG's HERO financing has become the largest residential PACE program in the country.

As part of the consumer protection policies for PACE financing that WRCOG initially adopted in December 2015, WRCOG hired internationally-recognized accounting and advisory firm Baker Tilly in June 2016 to conduct an operational analysis of HERO. The review, which covered July 1, 2015 to June 30, 2016, was the first of its kind to be conducted of any WRCOG PACE program.

As part of this analysis, Baker Tilly looked at how a sample of HERO assessments originated during the review period performed against 114 individual program requirements derived from WRCOG's administrative guidelines and its consumer protection policies. These included requirements that home-improvement contractors be licensed and in good standing with the California Contractor State Licensing Board, that Renovate America followed the specified underwriting criteria, and disclosed financing terms and conditions in the documents it provided to homeowners as well as in confirmation of terms phone calls with homeowners.

Baker Tilly performed a statistically significant sampling of 5,274 individual transaction tests across the various requirements. Based on Baker Tilly's testing of the sample assessments, 5,235 out of 5,274 – over 99 percent – met the applicable administrative guidelines and consumer protection policy requirements. Some of WRCOG's consumer protections include a quality assurance call with every property owner, thorough review of projects before they are funded and a requirement that the property owner must sign off on the improvements prior to contractors receiving payment.

"We are certainly pleased with the results of this initial analysis," said WRCOG Executive Director Rick Bishop. "That being said, our consumer protections are not static; we will continue to work with our partners and interested parties to review and strengthen our protections to make the PACE experience the best that it can be." The release of the findings comes as PACE becomes a regulated financial product in California, its largest marketplace. Beginning January 1, 2018, two new State laws took effect that create a strengthened consumer-protection framework for PACE. Under those laws, PACE approvals will be conditioned on an ability-to-pay

analysis beginning April 1, 2018. And starting in 2019, all PACE providers will have to be licensed by the California Department of Business Oversight.

The owners of more than 73,500 homes have used WRCOG's HERO financing to implement a range of energy saving, renewable energy, and water conserving measures to their homes and businesses. It is projected that the improvements financed by WRCOG's HERO program will save homeowners over \$2.3 billion on their utility bills over the expected lifetime of the products installed, while lowering greenhouse-gas emissions by over 3 million tons – equivalent to taking more than 600,000 cars off the road for a year.

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About WRCOG

WRCOG is a joint powers authority, consisting of the County of Riverside, 18 cities, two regional water districts, the Riverside County Superintendent of Schools, and the Morongo Band of Mission Indians. Its actions and activities are guided by its members. Recognizing that issues related to growth are not constrained by jurisdictional boundaries, WRCOG focuses on a number of regional matters important to the future of Western Riverside County. By working together through its committee structure and leveraging resources, WRCOG is cost-effective by reducing duplication of effort and sharing information, enabling strong advocacy and strengthening Western Riverside County's standing in Southern California and the State. WRCOG's program areas are varied and range from transportation to air quality, solid waste, environment, energy, economy, sustainability, and growth. For more information about WRCOG please visit www.wrcog.us.