

City of Yucaipa Energy Independence Program
SUMMARY OF ASSESSMENT FINANCING PROCESS

A. Project Scoping

The first step in the assessment financing process is project scoping. Property owners can work directly with contractors to determine the scope of a project. Property owners can also schedule a meeting with city staff to obtain objective assistance to discuss proposed Energy Improvements. As the project is defined, the property owner obtains a contractor's bid or determines the cost of the equipment if self-installing.

It is highly recommended, but not required, that property owners obtain energy surveys or audits. These energy surveys can provide the property owner valuable information on how to maximize energy savings for the dollars invested. They also provide valuable data on energy usage, savings and greenhouse gas emissions reduction. The City will provide 50% of the costs associated with energy audits, up to the amount of \$150.

B. Program Application

The property owner may visit the City's website at www.yucaipa.org or the EIP office located at 34272 Yucaipa Blvd., Yucaipa, CA 92399, to obtain an assessment financing application form ("Assessment Financing Application"). City staff can also provide a Financing Application by mail, e-mail, or fax upon request.

The property owner submits the Application together with its required attachments to the EIP Administrator (see Assessment Financing Application for required attachments). The EIP Administrator determines whether each Assessment Financing Application is complete within fifteen (15) business days of receipt of the Application. The EIP Administrator will notify the property owner if the Assessment Financing Application is complete, incomplete or denied by U.S. Mail, and additionally by e-mail if requested by the property owner.

Applications will be processed on first-come, first-served basis until funds are no longer available.

C. Title Check

City staff will verify property ownership by performing a title check. Applicants are responsible for the costs of the title check, and of title insurance (where required), but may include these costs in the EIP Assessment Financing Application as an eligible cost for reimbursement.

D. Application Review

During the application review process, city staff verifies that:

- (i) The application is complete and accurate;
- (ii) The property owner(s) owns the property;
- (iii) The property is developed and located in the City of Yucaipa;
- (iv) The property is not exempt from secured property taxes;
- (v) The property owner(s) is/are current in the payment of property taxes;
- (vi) The property owner(s) has/have declared that the property owner(s) and the property is/are not currently involved in a bankruptcy proceeding;
- (vii) The property owner has executed all declarations required in the Assessment Financing Application;
- (viii) The proposed Energy Improvements and costs are eligible to be financed under the Program. If the proposed Energy 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 costs directly related to the Energy Improvements and other costs of new construction;
- (ix) The cost estimate(s) is/are reasonable for the Energy Improvements;
- (x) Energy Improvement costs are reasonable for the value of the property. As a guideline, proposed Energy Improvements should not exceed ten percent (10%) of the assessed value. If more costly Energy Improvements are proposed, the EIP Administrator may require additional information supporting both the reasonable relationship of the Energy Improvements to the property, and information related to the property owner's ability to repay the assessment;
- (xi) The Value-to-Lien ratio must be a minimum of 10:1;
- (xii) For Commercial properties, lender has signed a Lender Consent Agreement;
- (xiii) The term of the EIP Financing shall not exceed the reasonably expected useful life expectancy of the Energy Improvements financed by the EIP Assessment Financing;
- (xiv) The total amount of any annual property taxes and assessments shall not exceed five percent (5%) of the market value of the property.
- (xv) All required documents have been submitted;
- (xvi) The proposed contractor(s) is/are licensed by the State of California and is/are in good standing with the Contractors State Licensing Board;
- (xvii) The requested assessment financing amount is equal to or greater than \$5,000 and is less than or equal to \$35,000 for residential properties and \$100,000 for industrial and commercial properties, or the City Council has reviewed and approved the requested assessment financing amount if it exceeds these amounts.
- (xviii) EIP funding is available.

Within 15 business days of receipt of an application, the EIP Administrator notifies the property owner if the application is incomplete, approved or denied.

- a. Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. Incomplete applications may be resubmitted. City staff will process resubmitted applications on a first-come, first-served basis based upon the new receipt date.
- b. Approved. An application shall be approved if city staff has verified all of the items in steps (i) through (xiv). The EIP Administrator will send a written approval notice.

- c. Denied. An application shall be denied if city staff cannot verify any of the items in steps (i) through (xv). The EIP Administrator 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 upon the new receipt date.

If an application is denied on the sole basis that EIP 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.

If an application is denied because the cost estimate(s) is/are not deemed reasonable by city staff, a resubmitted application must be accompanied by additional documentation of cost estimates as determined in the EIP Administrator'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, city staff may limit the maximum assessment financing amount to an amount deemed reasonable by the EIP Administrator.

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, the EIP Administrator reserves the right to require the appropriate energy studies showing the energy savings and/or energy generation capabilities of the proposed project.

E. Permit

After receiving notice that the Assessment Financing Application has been approved, the property owner (or contractor) must obtain the necessary permits from the City of Yucaipa. City staff will conduct a final inspection to ensure that Energy Improvements comply with the necessary permits.

A valid permit is required before the EIP Administrator can execute the Assessment Contract and reserve financing for a project.

F. Assessment Contract and Reservation

The EIP Administrator will enter into a contractual assessment agreement ("Assessment Contract") with the property owner within 15 business days from the date the application has been approved. Failure on the part of the property owner to enter into an Assessment Contract within the 15 business days may require the application to be resubmitted. This will assure the property owner that the EIP financing has been approved and that funds are reserved for the property owner's approved project.

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

G. Assessment Lien

Upon execution of the Assessment Contract, the City records an assessment lien against the property in the office of the EIP Administrator and the County Recorder's Office. The lien will be for the full amount of the assessment on the property securing the assessment.

H. Installation of Energy Improvements

Property owner enters into a contractual arrangement directly with a contractor for Energy Improvements unless the property owner is self-installing the Energy Improvements. All work is subject to the City's Building Department permitting and inspections and all other applicable federal, state and local laws and regulations. All work must be completed within 180 days of execution of the Assessment Contract.

I. Progress Payments/Multiple Disbursements

If the maximum assessment financing amount is \$ 35,000 or greater, the property owner may request in writing that the EIP Administrator make a progress payment prior to the completion of the work. The EIP Administrator may approve the progress payment within 10 business days of receipt of the request if the following conditions have been met:

- At least 75 percent of the required materials have been delivered to the property and have been reasonably secured. The EIP Administrator has the discretion to make his or her own determination with respect to whether this condition has been satisfied; and
- The requested progress payment does not exceed 50 percent of the maximum assessment financing amount.

J. Final Inspections & Disbursement of EIP Assessment Financing

The property owner notifies city staff that Energy Improvements are completed and submits all final documentation. City staff reserves the right to inspect completed Energy Improvements within 5 business days of receipt of notification that work is complete.

Once city staff completes its final inspection and deems it satisfactory, the EIP Administrator disburses assessment financing funds to the property owner within 10 business days of the completion of the inspection. The amount disbursed will be the lesser of (i) the maximum loan amount provided in the Assessment Contract or (ii) actual costs. Interest accrues as of the date of disbursement.

K. Property Tax Rolls

The EIP staff sends a database of assessments to the office of the Auditor-Controller/Recorder of the County of San Bernardino for the collection of the assessments on the County property tax rolls.