

Ygrene Energy Fund
Ygrene Flexible Rate Program - Business Requirements
May 23, 2017

Summary

The Ygrene Flexible Rate Program will allow contractors to choose a pricing rate plan that enables them to offer a lower interest rate to property owners in exchange for a rate option fee. Contractors will select one interest rate plan to market to property owners for PACE eligible home improvements. Contractors may not change to a different rate plan within 30 days of the selection. The Ygrene Flexible Rate Program is designed with a phased rollout starting with California ~~and Missouri~~ residential projects.

Product Pricing

The pricing table below includes four rate plans, including the current interest rate (also referred to as base rate) and three additional rate plans which offer a reduced interest rate with a corresponding rate option fee.

		Years					
		5	10	15	20	25	30
Rate Plan 1 (Base Rate)	Interest Rate	6.7549%	7.49%	7.85%	7.99%	7.99%	7.99%
	Rate Option Fee	0%	0%	0%	0%	0%	0%
Rate Plan 2	Interest Rate	6.75 5.99%	6.99%	6.99%	6.99%	6.99%	6.99%
	Rate Option Fee	2.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Rate Plan 3	Interest Rate	5.99%	5.99%	5.99%	5.99%	5.99%	5.99%
	Rate Option Fee	65.00%	7.00%	8.00%	8.00%	10.00%	10.00%
Rate Plan 4	Interest Rate	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
	Rate Option Fee	98.00%	11.00%	13.00%	13.00%	16.00%	16.00%

Product Details

Eligibility: The Flexible Rate Program will be available for all PACE eligible home improvements on residential properties. This program will be available in all jurisdictions of CA ~~and MO~~ in Phase 1, the program will be introduced to FL in Phase 3. Required approvals (or notifications) from GSFA, CV Upgrade, Yolo and other Districts will be obtained.

Plan Selection: Each participating contractor will select the rate plan that best suits their business model and the contractor may not change rate plans for 30 days. The 30-day period starts the date the product launches or the date the contractor executes a Contractor Participation Agreement, whichever

is later. At the end of the 30 day period, the contractor may select a new rate plan. At any time, Ygrene may terminate a rate plan within the Flexible Rate Program and the participating contractors will be notified to make a new selection.

In Phase 1, contractors will notify the Compliance Team of any changes to rate plans by email. The Compliance Team will monitor and update requested selections in Salesforce. The Compliance Team will have permissions to override an effective date or rate plan prior to the end of the contractor's 30 day period. The effective date and applicable rate plan will be recorded in YODA for project processing and audit purposes. An automated solution will be implemented in Phase 2.

In the event a contractor selects a new rate plan and wants to apply the new pricing to an existing application, the original application will need to be canceled and cloned to create a new application with a new effective date in YODA. This is for exception processing only.

The rate plan period of 30 days is flexible and can be changed at Ygrene's discretion after the program launches. For this reason, the rate plan duration will not be disclosed in the Contractor Participation Agreement.

Extend Pay: Extend Pay is only available on rate plan 1.

Ygrene Origination Fees: With the implementation of Phase 1 in CA ~~and MO~~ and Phase 3 for FL, the Ygrene 3% origination fee will be the responsibility of the property owner and cannot be included in the contract. This change will be reflected in the property owner documents as specified by the Legal Team and implemented by the Tech Team.

{Pre-payment Penalty: Pre-payment penalties will not apply to the Flexible Rate Program or any other product in the future. This change will be implemented with Phase 1 for CA ~~and MO~~, and Phase 3 for FL. This change will require notification to the Warehouse Lenders.}

Product Rollout:

Phase 1:

- The Flexible Rate Program will be made available to 100 CA contractors who will pilot the program
- The Sales Team will select the participating contractors for launch
- Only rate plans 1 and 2 will be available at launch
- Compliance Team will accept rate plan requests from contractors via email and update Salesforce with approved changes
- Contractors will be able to manually input an interest rate in the Proposal Tool; proposal tool interest rate field will be set to a minimum of 4.99%
- Property Owner applications received from the website will be based on rate plan 1
- Requirements and delivery durations will be available on or before June 2nd, launch date will be determined following that date

Phase 2:

- Flexible Rate Program will be available to all contractors in CA ~~and MO~~
- Rate plan 3 and 4 will be introduced for a total of four rate plan options
- Contractor portal will be automated to accept changes to rate plans directly from contractors

- Contractor Participation Agreement will be implemented as a DocuSign pdf form that will be uploaded to Salesforce by RAMs. Salesforce will send an automated notification to the Compliance Team to confirm any changes to the agreement.

Phase 3:

- Launch the Flexible Rate Program, Origination Fee change and Pre-payment Fee change to all FL Contractors

Contractor Participation Agreement: The Contractor Participation Agreement (CPA) will be introduced for execution by all Ygrene contractors, beginning with contractors participating in the Flexible Rate Plan. The CPA establishes Ygrene’s legal relationship with each contractor, and will outline features, pricing terms, business practices and legal obligations under the Flexible Rate Program. Among other things, by signing the CPA, each contractor agrees not to increase project costs to transfer the cost of the rate option fee to the property owner.

The CPA will be presented by RAMs to contractors for agreement and signature. RAMs will ensure the agreement is uploaded to Salesforce and will notify the Compliance Team via email in Phase 1. The Compliance Team will update Salesforce that the agreement has been received and record the selected rate plan. ~~Any subsequent~~ All rate plan changes will be recorded by the Compliance Team in YODA for Phase 1. Phase 2 will automate the CPA upload process, rate plan changes will be made via the Contractor Portal and Salesforce will be integrated with YODA-.

The CPA will be required for all Ygrene certified contractors and will be introduced in advance of the Flexible Rate Program.

Warehouse: Written consent of Warehouse Lenders will be required prior to offering rate plans 3 ___ and 4.

Proposal Tool: The Proposal Tool is utilized by contractors to illustrate project costs to the property owner, including the interest rate for the project. For Phase 1, the tool will have logic to determine if the contractor is participating in rate plan 2 – 4 of the Flexible Rate Program. If so, then the interest rate field will be a text field that accepts an applicable interest rate, with the minimum acceptable value being the lowest available interest rate in the program on that date. A subsequent phase will automate the interest rate selection, allowing the contractor to enter an effective date and choose the term from the applicable rate plan.

Effective Date: The effective date of a rate plan for a contractor is the date the contract is signed by the contractor or the date a new rate plan is approved by the Compliance Team. Project applications with an effective date on or after the effective date of the rate plan will be assigned the term interest rate and rate option fee for that rate plan. If the contractor selects a new rate plan, applications received on or after that rate plan effective date will receive the new plan rates and fees.

Rate Option Fee Calculations: The rate option fee amount will be calculated as a percentage of the contract amount, not including the Ygrene 3% origination fee. The rate option fee will be removed from the contractor’s payment when the project is funded.

Ygrene's 3% origination fee must be displayed as a separate origination fee on the closing statement and may not be included in the contract amount. No changes are required for property owner disclosure, inclusion of the origination fee is already an option in the UAA and KBYO.

Property Owner Disclosures: GSFA requires disclosure of required contractor fees. Any required disclosure related to a voluntary rate option fee under this program is [TBD]. ~~{Scott will have an answer on Wednesday, May 24}~~

Training: A product training will be provided to RAMs and contractors prior to launch. In addition, product materials for the contractor will be provided to ensure all parties fully understand the product features and pricing.

Monitoring and Compliance: Monitoring contractor compliance will be important to ensure the Ygrene Flexible Rate Program is represented properly. The Contractor Participation Agreement will include the program and policy details and the Compliance Team will be trained to enforce the policy.

Reporting: Reporting will be done through the BI Team to monitor the usage of this program. For Phase 1 the following items will need to be reported:

- 100 Pilot Contractors – First and Last Name and Company Name
- Plan selections including effective date and plan type
- Number of projects
 - Project ID
 - Effective Date
 - Effective Rate
 - Eligible Improvements

Phase 2 and 3 reporting needs will be re-evaluated.

Quality Bonus Program: As of June 7, 2017, the Quality Bonus program will no longer be available for any project.