



To: Members of the GSFA Executive Committee
From: Craig Ferguson, Deputy Director
Date: November 2, 2021
Re: Updated PACE Residential Consumer Protection Policies – **ACTION**

Summary

The Property Assessed Clean Energy (PACE) program sponsored by GSFA, and administered by Ygrene, is presently one of the largest such programs operating in California. In August 2016, the GSFA Board adopted Consumer Protection Policies for the residential PACE program, based on the industry-leading model policy developed by PACENation. These policies apply to all GSFA PACE projects involving residential properties containing four units or less.

Since that time, there have been many changes in the laws and regulations governing the PACE program, and lessons learned regarding the best practices to protect consumers in this area. GSFA has worked together with Ygrene to update the Consumer Protection Policies to incorporate these legal changes and practical lessons, and to strengthen the protections for consumers overall. Major changes from the current policies include:

- Requiring live oral confirmation by the borrower, both before the assessment contract is signed, and after work is completed prior to paying the contractor. This goes above and beyond the requirements of state law.
- Increased oversight of the program administrator's policies and practices, in areas including contractor requirements and auditing standards, eligible improvements and pricing standards, and complaint processes.
- Strengthened underwriting provisions and ability-to-pay requirements.
- Provision of specific, detailed requirements for the use of electronic signatures for PACE program documents.
- Enhanced consumer disclosures, and increased protections against misleading or abusive PACE solicitations.
- Increased measures to ensure contractor accountability and compliance with program rules.

As required by both the Consumer Protection Policies and state law, the program administrator maintains a process for investigating and resolving inquiries and complaints from homeowners, including complaints relating to implementation of these Policies. The complaint process is subject to GSFA's review, and information regarding how to file a complaint is included prominently on the "Unanimous Approval Agreement" signed by every participating homeowner.

The current draft of proposed updates to the Consumer Protection Policies are attached for the Executive Committee's review, in both red-line and clean format. Staff is in the process of finalizing the updates, but does not anticipate any major changes from this current draft. If approved by the full Board, these changes would go into effect on March 31, 2022, which will allow Ygrene sufficient time to make the technical changes necessary to implement the required new measures.

Recommendation:

It is recommended that the GSFA Executive Committee review the draft updated PACE Residential Consumer Protection Policies, and recommend approval to the full Board of Directors once the document is finalized.

Attachments

- Proposed Updated PACE Residential Consumer Protection Policies – Clean
- Proposed Updated PACE Residential Consumer Protection Policies – Redline