

San Bernardino Associated Governments Residential HERO Program ASSESSMENT CONTRACT

This Assessment Contract (this "Contract") is made and entered into as of this 12th day of November, 2013, by and between the San Bernardino Associated Governments, a joint exercise of powers authority ("SANBAG"), and the record owner(s), **Martha Barbee** (the "Property Owner") of the fee title to the real property identified on Exhibit A (the "Property").

RECITALS

WHEREAS, SANBAG is a joint exercise of powers authority the members of which include numerous cities in San Bernardino County and the County of San Bernardino; and

WHEREAS, SANBAG has established the HERO financing program (the "HERO Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "Authorized Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the California Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (California Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, SANBAG has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City or County identified in Exhibit A and which has elected to participate in the HERO Program (the "Participating Entity"); and

WHEREAS, the Property is located in the boundaries of the Participating Entity, and the Participating Entity has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the HERO Program and (ii) SANBAG conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, SANBAG and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit A (the "Improvements") and SANBAG would agree to provide financing, all on the terms set forth in this Contract;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and SANBAG formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT



Section 1. Purpose. The Property Owner and SANBAG are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. SANBAG will not finance installation of Improvements other than those listed on Exhibit A.

Section 2. The Property. This Contract relates to the real property identified on Exhibit A. The Property Owner has supplied to SANBAG current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Contract on behalf of the Property Owner.

Section 3. Contract to Pay Assessment; Prepayment; Non-Completion Assessment

(a) Payment of Assessment. The Property Owner hereby freely and willingly agrees to pay the assessment set forth on Exhibit B (the "Assessment"). SANBAG will not provide financing in an amount in excess of the Assessment.

Except as otherwise set forth in this Contract, the Assessment will be paid in the installments set forth in Exhibit B.

Interest will accrue on the Assessment at the interest rate set forth on Exhibit B beginning on the date on which SANBAG issues bonds to finance the installation of the Improvements.

(b) Administrative Expenses. The Property Owner hereby acknowledges and agrees that SANBAG may add amounts to an annual installment of the Assessment in order to pay for the costs of collecting the Assessment (the "Additional Administrative Assessment").

(d) Prepayment of the Assessment. The Assessment may be prepaid, in whole or in part in increments of \$5,000, at any time upon the payment of (a) the whole or a portion of the unpaid principal component of the Assessment, (b) the accrued but unpaid interest component of the whole or applicable portion of the unpaid principal component of the Assessment through the prepayment date, (c) a prepayment premium in the amount set forth on Exhibit B and (d) the reasonable costs of SANBAG related to such prepayment.

(d) Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bond or bonds secured thereby are refunded or for any other reason.

Section 4. Collection of Assessment; Lien. The Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the Additional Administrative Assessment shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

The Property Owner acknowledges that if any Assessment installment is not paid when due, SANBAG has the right to have such delinquent Assessment installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, SANBAG may obligate itself, through a covenant with the owners of such bonds, to exercise its judicial foreclosure



rights with respect to delinquent Assessment installments under circumstances specified in such covenant.

Section 5. Financing of the Improvements.

(a) Contract to Finance Improvements. SANBAG hereby agrees to use the Assessment, together with the Additional Administrative Assessment, to finance the Improvements, including the payment of SANBAG's reasonable costs of administering the HERO Program, subject to the Property Owner's compliance with the conditions for such financing established by SANBAG.

(b) Assessment Installments. The Property Owner agrees to the issuance of bonds by SANBAG to finance the installation of the Improvements. The interest rate used to calculate the Assessment installments set forth on Exhibit B is identified on Exhibit B. If SANBAG determines in its reasonable discretion that the Assessment installments may be reduced because the applicable interest rate on the bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit B, or if the cost of the Improvements, as shown in a final invoice provided to SANBAG by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, SANBAG may provide the Property Owner with a schedule of annual Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit B.

Section 6. Term: Contract Runs with the Land: Subdivision.

(a) Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

(b) This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment will be assigned to each of the newly-created parcels on a per-acre basis, unless SANBAG, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

Section 7. Assessment and Lien. The Property Owner hereby authorizes and directs SANBAG to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 8. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property, including any subdivision of the Property, of the obligation to pay the Assessment pursuant to this Contract.

Section 9. Waivers, Acknowledgment and Contract. Because this Contract reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.



The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of SANBAG undertaken in connection with the HERO Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that SANBAG is entering into this Contract solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that SANBAG and the Participating Entity have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG and the Participating Entity from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Contract that the Property Owner may now have or hereafter acquire against SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG or the Participating Entity.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"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, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.



Martha Barbee Initials:	^{DS} MB	Property Owner 2 Initials:	_____
Property Owner 3 Initials:	_____	Property Owner 4 Initials:	_____

The waivers, releases and agreements set forth in this Section 9 shall survive termination of this Contract.

Section 10. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless SANBAG, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of SANBAG or the Participating Entity, 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 attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with (i) the Property Owner's participation in the HERO Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Contract, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Contract.

The provisions of this Section 10 shall survive the termination of this Contract.

Section 11. Right to Inspect Property. The Property Owner hereby grants SANBAG, its agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants SANBAG, its agents and representatives the right to examine and copy any documentation relating to the Improvements.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the HERO Program.

Section 13. HERO Program Application. The Property Owner hereby represents and warrants to SANBAG that the information set forth in the HERO Program Application submitted to SANBAG in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the HERO Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Amendment. Except as set forth in Section 5(b), this Contract may be modified only by the written agreement of SANBAG and the Property Owner.

Section 15. Binding Effect; Assignment. This Contract inures to the benefit of and is binding upon SANBAG, the Property Owner and their respective successors and assigns. SANBAG has the right to assign any or all of its rights and obligations under this Contract without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Contract is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way SANBAG's rights, including, but not limited to, the right to pursue judicial



foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

Section 16. Exhibits. Exhibits A and B attached to this Contract are incorporated into this Contract by this reference as if set forth in their entirety in this Contract.

Section 17. Severability. If any provision of this Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Contract.

Section 18. Corrective Instruments. SANBAG and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Contract.

Section 19. Governing Law: Venue. This Contract is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Contract must be instituted in the Superior Court of the County of San Bernardino, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County.

Section 20. Counterparts. This Contract may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 21. Monitoring and Recording of Telephone Calls. The Program may monitor and/or record telephone calls for security and customer service purposes. By agreeing to this Assessment Contract the Property Owner agrees to have their telephone calls with the Programs recorded.

Section 22. Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and SANBAG includes each and every document specified in the List of Documents contained in Exhibit B to this Contract (together, the "Contract Documents").

By executing this Contract Property Owner acknowledges and agrees that:

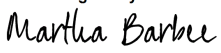
- a. Property Owner has had sufficient time to review and has reviewed each of the Contract Documents and has had the opportunity to ask any questions to SANBAG that Property Owner may have regarding such Contract Documents.
- b. Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the HERO Residential Program Handbook (the "Handbook").
- c. Property Owner has reviewed, understands, agrees to and affirms each and every representation and warranty contained in the Property Owners application and the Handbook.

Prior to executing this Assessment Contract I have read and understand (a) the Property Owners Acknowledgments and Disclosures contained in the (a) Application, (b) this Assessment Contract, (c) the Privacy Notice and (d) the Program Handbook.



Owner(s) must execute and return this Contract to SANBAG at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by SANBAG not later than 11/22/2013. If the Property Owner(s) fail to return the signed Assessment Contract to SANBAG by the indicated date the Program reserves the right to require Property Owner(s) to enter into a new Contract. All signatures of the Owner(s) must be notarized by a duly licensed notary unless all Owner(s) have previously successfully completed the identity verification process approved by SANBAG.

IN WITNESS WHEREOF, SANBAG and the Property Owner have caused this Contract to be executed in their respective names by their duly authorized representatives, all as of the Effective Date. The "Effective Date" is defined as the last date entered with the signatures of the parties below.

Owner 1:	
DocuSigned by:  48DDC8D67D994BE...	
Martha Barbee, Signature	
Date: <u>11/12/2013</u> Month/Day/Year	Identity Verification Code: <u>1039098995</u>

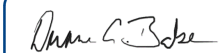
SANBAG: Executive Director and/or his or her designee:	
Duane Baker	
Name (Please Print)	
DocuSigned by:  7BBFEF36A4F24D9...	11/12/2013
SANBAG Signature	Date of Execution by SANBAG



EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION

Description of Property:

Property Owner(s) Name(s): Martha Barbee
Property Address: 10640 Jamul Rd, Apple Valley, CA, 92307
APN: 0434236090000
Participating Member Agency: SANBAG

Description of Products:

The Products include the following:

PRODUCT #1	
Product Category Type:	Solar Photovoltaic(PV) - Solar Photovoltaic - Panels
HERO Product ID:	498524
Panel Manufacturer:	Renesola Jiangsu
Panel Model Description:	250W Polycrystalline Module
Panel Model Number:	JC250M-24Bb
Number of Panels:	19
Wattage per Panel:	250
Mounting Type:	(a) Roof
Deal Type:	(b) PPA/Lease
Invertor Manufacturer:	Power-One
Invertor Model Number:	PVI-4.2-OUTD-S-US (240 V)
Invertor Model Description:	4.2 kW (240Vac) Utility Interactive Inverter
Number of Invertors:	1

Or similar energy efficient product which is allowed under the Program Guide.

Notice Information

San Bernardino Associated Governments
Attn: SANBAG HERO Program Manager
1170 W. 3rd St 2nd Floor
San Bernardino, CA, 92410

Martha Barbee



10640 Jamul Rd
Apple Valley, CA, 92307



EXHIBIT B

LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE

List of Contract Documents:

The Contract shall consist of the following documents:

- This Contract and the exhibits hereto;
- The Application;
- The Right to Cancel;
- The Completion Certificate;
- The Assessment Cost and Payment Summary;
- The Notice of Assessment;
- The Payment of Contractual Assessment Required;
- The HERO Residential Program Handbook;
- The HERO Program website located at <https://www.heroprogram.com>.

Disbursement:

The Maximum Disbursement Amount is \$13,496.18.

The Estimated Disbursement Date will be no later than 03/02/2014, which date is used in the table below.

Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments is based on the following assumptions:

1. SANBAG disburses the Maximum Disbursement Amount to Owner.
2. Interest totaling a maximum of \$1,005.65 will accumulate until your first Payment. That amount will be added to Owner's Maximum Disbursement Amount.
3. SANBAG disburses to Owner on the Estimated Disbursement Date.
4. The Assessment Interest Rate is 9.25%
5. The Annual Percentage Rate (APR) of your assessment is 11.54%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The annual percentage rate is the interest rate the borrower actually pays, including fees required in order to participate in the program.
6. The total administrative fees, recording fees and annual assessment added to your assessment is \$919.53.



Tax Year (commencing July 1)	Interest	Principal	Total Assessment	Current Annual Administrative Assessment Fee****	Total Estimated Contractual Assessment Payment
2014 - 2015*	\$1,248.40	\$256.49	\$1,504.89	\$35.00	\$1,539.89
2015 - 2016	\$1,224.67	\$280.22	\$1,504.89	\$35.00	\$1,539.89
2016 - 2017	\$1,198.75	\$306.14	\$1,504.89	\$35.00	\$1,539.89
2017 - 2018	\$1,170.43	\$334.46	\$1,504.89	\$35.00	\$1,539.89
2018 - 2019	\$1,139.50	\$365.39	\$1,504.89	\$35.00	\$1,539.89
2019 - 2020	\$1,105.70	\$399.19	\$1,504.89	\$35.00	\$1,539.89
2020 - 2021	\$1,068.77	\$436.12	\$1,504.89	\$35.00	\$1,539.89
2021 - 2022	\$1,028.43	\$476.46	\$1,504.89	\$35.00	\$1,539.89
2022 - 2023	\$984.36	\$520.53	\$1,504.89	\$35.00	\$1,539.89
2023 - 2024	\$936.21	\$568.68	\$1,504.89	\$35.00	\$1,539.89
2024 - 2025	\$883.61	\$621.28	\$1,504.89	\$35.00	\$1,539.89
2025 - 2026	\$826.14	\$678.75	\$1,504.89	\$35.00	\$1,539.89
2026 - 2027	\$763.35	\$741.54	\$1,504.89	\$35.00	\$1,539.89
2027 - 2028	\$694.76	\$810.13	\$1,504.89	\$35.00	\$1,539.89
2028 - 2029	\$619.82	\$885.07	\$1,504.89	\$35.00	\$1,539.89
2029 - 2030	\$537.95	\$966.94	\$1,504.89	\$35.00	\$1,539.89
2030 - 2031	\$448.51	\$1,056.38	\$1,504.89	\$35.00	\$1,539.89
2031 - 2032	\$350.80	\$1,154.09	\$1,504.89	\$35.00	\$1,539.89
2032 - 2033	\$244.04	\$1,260.85	\$1,504.89	\$35.00	\$1,539.89
2033 - 2034	\$127.42	\$1,377.47	\$1,504.89	\$35.00	\$1,539.89

*Initial Tax Year

**** Subject to change

FOLLOWING THE DISBURSEMENT OF THE DISBURSEMENT AMOUNT, THE PROGRAM ADMINISTRATOR WILL ADJUST THE ASSESSMENT AND THE ESTIMATED MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS, IF NECESSARY, TO REFLECT THE ACTUAL ASSESSMENT BASED UPON THE ACTUAL DISBURSEMENT AMOUNT, THE ACTUAL DATE OF DISBURSEMENT AND THE ACTUAL AMOUNT OF INTEREST DUE AND PAYABLE BEFORE THE FIRST PAYMENT ADDED TO THE DISBURSEMENT AMOUNT. THE ACTUAL AMOUNT OF THE ASSESSMENT AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS SHALL BE SPECIFIED IN THE "PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED" TO BE RECORDED BY THE AUTHORITY IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF San Bernardino.

Prepayment:

You have a right to pay off your assessment lien amount in full, or in part in increments of \$5,000 at any time pursuant to Section 11 of the Assessment Contract. However, if you do so, you will have to pay (i) the principal amount of the assessment to be prepaid (the "Assessment Prepayment Amount"), (ii) a prepayment premium if you prepay within the first five years from the Effective Date (if you prepay after the first five years, there is no prepayment premium), see table below, (iii) interest on the Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 90 days following the date of the prepayment is made, and (vi) a processing fee (not to exceed \$500).

The prepayment premium shall be the percentage of the principal amount of the Assessment to be prepaid as follows:



Next Bond Interest Payment Date	Prepayment Premium
September 2, 2014 or March 2, 2015	5.00%
September 2, 2015 or March 2, 2016	4.00%
September 2, 2016 or March 2, 2017	3.00%
September 2, 2017 or March 2, 2018	3.00%
September 2, 2018 or March 2, 2019	3.00%
September 2, 2019 or any interest payment date thereafter	0.00%

