

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for the  
California Solar Initiative, the Self-  
Generation Incentive Program and Other  
Distributed Generation Issues

Rulemaking 12-11-005  
(Filed November 8, 2012)

**COMMENTS OF EVERYDAY ENERGY REGARDING AB 217  
IMPLEMENTATION STAFF PROPOSAL AND ENERGY DIVISION QUESTIONS**

Scott Sarem, J.D.  
Co-Founder/CEO  
Everyday Energy  
5865 Avenida Encinas 142A  
Carlsbad, CA 92008  
Email: Scott@everydayenergy.us  
Ph: 760.607.7200

Date: July 22, 2014

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Pursuant to Administrative Law Judge’s Ruling (1) Incorporating Staff Proposal into the Record (2) Requesting Comments from Parties and (3) Setting Comment Dates issued in the above captioned proceeding on July 2, 2014 , Everyday Energy’s comments on the Staff Proposal for the Implementation of Assembly Bill 217 (“Staff Proposal”). We appreciate Administrative Law Judge DeAngelis granting Everyday Energy permission to file up to 20 pages plus an exhibit.

**I. Introduction**

Everyday Communications Corp. dba Everyday Energy (“Everyday Energy”) appreciates the opportunity to comment on the Energy Division Staff’s proposal on the implementation of AB 217. Everyday Energy designs, finances, and installs solar PV in the affordable housing market in California. Everyday Energy also provides job training to low-income communities associated with properties where Everyday Energy installs solar PV.

Everyday Energy is participating in this proceeding because we have the most extensive experience of any solar company in California with implementing MASH projects. Everyday Energy installed the first MASH project in the San Diego Gas & Electric Territory back in 2010. Once Everyday Energy figured out how to finance an affordable housing solar project, it took the last rebated MASH project in SDG&E territory and turned it into the first MASH installation while the other reservations sat idle for nearly 18 months. There were 27 rebates reserved in front of us, but none of the other solar contractor’s could figure out a way to make the MASH rebate work within the framework of multi-family affordable housing. We took the time to understand the complexities of affordable housing so after being the last on the list and the first to install in

SDG&E territory, Everyday Energy eventually captured 92% of the MASH program in SDG&E territory. We expanded our reach to the entire state of California and through our targeted approach with respect to providing solar PV to affordable housing resulted in Everyday Energy being the leading solar PV installer in the MASH program throughout the entire state of California.<sup>1</sup> In the process of being the first to install a MASH project in San Diego, we pioneered virtual net metering installation in California and helped to establish the standards for virtual net metering interconnection with all three Investor Owned Utilities

Everyday Energy's targeted approach and leadership has garnered attention from the federal government as well. In particular, Everyday Energy was contacted by the Department of Housing and Urban Development in the Spring of 2013 to provide input on the development of President Obama's Climate Action Plan as it related to placing solar on government assisted affordable housing. After traveling to Washington and providing valuable insight on our approach and suggestions on program implementation, Everyday Energy was contacted by the US Department of Energy to participate in the Sun Shot Initiative. Everyday Energy has provided insight with respect to its experience with virtual net metering and its application to the policy goal of Community Solar. Then, in April of 2014, Everyday Energy was invited to the White House to provide insight on its experience in deploying solar to the Multi-Family Affordable Housing Market at the White House's Solar Summit. Next, Everyday Energy was selected as a speaker at the Sun Shot Initiative's Grand Challenge Summit and Peer Review Event. Finally, Everyday Energy was invited to personally meet President Obama at an event in Mountain View California, where the President personally thanked Everyday Energy's CEO Scott Sarem for his leadership in the deployment of solar PV in the multi family affordable housing market. The White House then listed the commitment of 16 of Everyday Energy's clients on a press release where they committed to 30 MW of the President's 100 MW Goal over the next two years. In addition the White House again thanked Everyday Energy for its work on the White House Blog. Finally, Everyday Energy was selected by the California Tax Credit Authority ("TCAC") to provide input on policies regarding the deployment of solar energy and its impact on low income tenants as it relates to utility allowance adjustments.

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<sup>1</sup> Everyday Energy is also a certified sub contractor for the SASH Program and its job training program is recognized by GRID Alternatives as a qualified training course for the job training component of the SASH Program. To date, Everyday Energy has installed 24 projects as a sub contractor of GRID Alternatives.

Everyday Energy has taken the time to understand the multi family affordable housing market and this understanding has been rewarded with both significant installation work with repeat clients as well as recognition by the White House and its executive agencies. Everyday Energy has been involved in the MASH proceedings since 2010 and the Commission has cited many of Everyday Energy's suggestions and experience in its prior MASH rulings. Everyday Energy is privileged to have hired one of the original MASH Program Administrators that has been involved in the design and implementation of the MASH Program from inception. We are fortunate that President Peevey is in charge of this proceeding since he authored the last revision to the MASH Program and has already reviewed and ruled on many of the issues raised by Energy Division staff in its AB 217 Staff Recommendations.

We appreciate the opportunity to provide further commentary as the Commission implements the additional funding of the existing MASH and SASH programs through AB 217.

## **II. Overview**

The MASH<sup>2</sup> Program works to promote the adoption of solar in the multi-family affordable housing market.<sup>3</sup> The California Solar Initiative has worked to make California the national leader in solar PV deployment. Within the California Solar Initiative, the low income programs have been an unmitigated success.<sup>4</sup> This success was recognized by the California Legislature and Governor Brown when AB 217 was signed into law on October 7, 2013 to put an additional \$108 Million into the existing MASH and SASH programs. To gain from the experience the last 5 years of the MASH and SASH programs, AB 217 mandates that the \$108 Million produce at least 50 MW of power on qualified low income properties while **maximizing overall ratepayer benefit**.<sup>5</sup> AB 217 also

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<sup>2</sup> [http://docs.cpuc.ca.gov/published/FINAL\\_DECISION/92455.htm](http://docs.cpuc.ca.gov/published/FINAL_DECISION/92455.htm)

<sup>3</sup> The CSI low-income programs were adopted to provide the benefits of solar to low-income residents, including MASH for the benefit of tenants in multifamily properties. The MASH /SASH goals, provided in Decision low income programs:

1. Stimulate adoption of solar power in the affordable housing sector;
2. Improve energy utilization and overall quality of affordable housing through application of solar and energy efficiency technologies;
3. Decrease electricity use and costs without increasing monthly household expenses for affordable housing building occupants; and
4. Increase awareness and appreciation of the benefits of solar among affordable housing occupants and developers.

<sup>4</sup> President Obama and his administration designed the "President's Climate Action Plan" as it relates to 100 MW on affordable housing largely on the success of the MASH Program.

<sup>5</sup> [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201320140AB217](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB217)

requires that a condition of the new funding of the existing program is to promote job training in the solar and energy efficiency fields as well as inform beneficiaries of MASH and SASH rebates of the energy efficiency programs provided by the three Investor Owned Utilities.

It is important that the implementation of AB 217 is based on the fact that AB 217 is adding additional funding to an existing program. Staff's recommendations seem to propose implementing a new program. Also, there have been several CPUC rulemakings with well-developed records that have guided the SASH and MASH programs to date, which do not appear to be considered in staff's proposal. Finally, it is critically important that the Commission and Staff continue to utilize the safeguards and definitions of what type of entities may benefit from a MASH or SASH rebate since they are well defined in current CPUC rules.<sup>6</sup> Proper implementation of AB 217 hinges more on properly educating MASH and SASH program administrators on the implementation rules and holding them accountable for proper implementation. It is interesting that the staff recommends to move to one program administrator. That may very well be a good idea, but it is a better idea to properly implement the existing rules to maximize the overall benefit to ratepayers.

The Commission should focus on maximizing overall ratepayer benefits by following the legislative intent and not creating a new program. Staff's ambitious recommendations seem to ignore the history of the MASH program and the extensive record developed by the CPUC in the past 5 years. If most of the suggested changes are adopted it will make it difficult, if not impossible, to achieve the legislature's 50 MW goal. Moreover, engineering and implementing a new program will waste valuable funds that will most certainly not be used to benefit low income properties or tenants. The money would be wasted on superfluous administrative budgets creating unnecessary changes to an already successful program that is limited in its existence. The Commission must not treat the implementation of AB 217 as creating a new MASH or SASH Program. Rather, it should approach the implementation of AB 217 for what it is, the modification of a well-developed and successful program in as simple a manner as possible so that the intended beneficiaries may receive the maximum benefit possible.

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<sup>6</sup> See Advice Letter ("AL") No. 48 from CCSE; AL No. 4447 PG&E; and AL No. 3063-E from Southern California Edison

Everyday Energy will comment on the specific questions posed by staff and bring up many issues not discussed by staff that have profoundly impacted the MASH Program over the past five years.

### **III. Maximizing Ratepayer Benefit**

When implementing AB 217 to maximize overall ratepayer benefit, the Commission must look at legislative intent, which is to implement a program that assist low income Californians in manner that provides an overall ratepayer benefit. Overall ratepayer benefit means all ratepayers, not just the few beneficiaries of the SASH or MASH program while at the same time meeting the goals of the low income programs.<sup>7</sup> When maximizing ratepayer benefit the Commission should look to Public Utilities Code 2851(c)(3) where the legislature provides a definition of “total electrical system benefits” to include the effect of solar on electric service rates, environmental benefits, and how the program has affected peak demand for electricity. In speaking with the author of AB 217’s office, it is clear that the legislative intent of maximizing the benefit to ratepayers is to deploy solar PV in poorer areas with scale and to improve the overall quality of the grid in historically low income neighborhoods. The thought is that a more stable grid with less peak demand will ensure better service and more stable electricity prices for all ratepayers. This falls in line with the definition total electric system benefits in Public Utilities Code 2851 (c)(3). Additionally, it is important to understand that AB 217 requires the CPUC to maximize ratepayer benefit not program participant benefit.<sup>8</sup> However, through the use of direct tenant bill credits and through the use of virtual net metering solar production allocations, tenants do directly benefit from solar installations on affordable housing.

Staff proposes that it redesign the MASH and SASH program to maximize overall benefit to ratepayers.<sup>9</sup> “In line with this direction from the legislature, “staff believe that the Commission should take this opportunity to better ensure that affordable housing tenants being served by MASH projects are seeing actual benefits.” This proposal is not based on any mandate from the legislature. First, the legislature did not direct the CPUC to redesign the MASH and SASH

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<sup>7</sup> See Footnote 3 above.

<sup>8</sup> Staff’s recommendation is flawed to the extent that it relies on the assumption that the MASH Program has not directly benefitted tenants. As discussed further in Everyday Energy’s comments, there are both direct and indirect benefit to tenants in the MASH program.

<sup>9</sup> See page 19 of Staff’s recommendation under the heading “Program Design and Incentive Level Changes Pursuant to AB 217

Program. Instead, the legislature recognized that the MASH and SASH program worked so well, they voted to increase the available funds to an already successful program. This is the only part of the California Solar Initiative that has been funded a second time. The legislature instructed the Commission to ensure that 50 MW of solar PV be installed on affordable housing through AB 217 with half as much money when the SASH and MASH programs were originally funded. It cannot be inferred that legislature intended for the Commission to redesign an already successful program and create unnecessary administrative expense and burden. The Commission must find a way to continue a successful program with as little administrative hassle as possible so that the limited funds can be used to benefit the low income communities the MASH and SASH program are targeted toward.

There is no nexus between maximizing overall benefits to ratepayers and making sure tenants see a benefit. In fact, as provided in footnote 3, the goal of the MASH and SASH programs is to “decrease electricity use and costs without increasing monthly household expenses for affordable housing building occupants.” The MASH program as currently designed achieves this goal. Currently, if a qualified affordable housing entity receives a MASH rebate for track 1B funds, the entity is required to allocate the solar PV produced directly to tenants by identifying the tenant benefitting meter numbers and then allocating a percentage of the energy produced to be netted against the tenant’s electricity bill on a monthly basis. This is about as direct as benefits get.

Staff alludes to the ability of affordable housing owners to adjust utility allowances as a rent increase and cites this as the primary reasons that tenants do not benefit from the electricity bill reductions they directly receive from virtual net metering arrangements. This merely demonstrates that staff is delving into an area of regulation where they are not experts and underscores the vital need to make sure that MASH Program Administrators only grant MASH rebates to qualified affordable housing.

Specifically, the Tax Credit Allocation Committee (TCAC) and the US Department of Housing and Urban Development (HUD) are two of the main entities charged with making housing policy and regulating affordable housing developers to make sure that rents are kept affordable. Rents are kept affordable by grouping together rent and utilities and making sure they do not exceed the deed restricted threshold, typically 30% of the Area Median Income of the area the housing is located. Moreover, HUD and TCAC do not view a utility allowance reduction as



a rent increase or as something that is not benefitting tenants. Typically energy savings at a property improve the overall health of the property and allows the affordable housing owner to provide more tenant benefitting programs (like Head Start, personal finance classes, other job training), keep the property better maintained, and improve the likelihood that affordable housing will remain affordable.

In other words, any improvement to the properties financial situation due to the installation of solar PV does not flow into the owner's pockets. It flows to the overall property. TCAC and HUD ensure that this happens by requiring owners to provided annual audited financials.

This underscores the reason why CPUC Code Section 2852 requires a valid deed restriction with an agency such as TCAC as a condition of MASH qualification.<sup>10</sup> Public Utilities Code section 2852 ensures that a MASH rebate is being used for proper affordable housing and proper affordable housing is regulated by a third party to ensure that the property is truly affordable and that rents remain affordable for low income tenants. The Commission should make sure that it remains focused on policies that promote solar in the legitimate affordable housing market. Unfortunately staff's recommendation is more focused on re-writing existing and successful solar policy to promote the creation of affordable housing with a well intentioned but flawed suggestion that there be a defined tenant benefit beyond a bill credit.

Agencies such as TCAC and HUD exist to promote the deployment and regulation of affordable housing. TCAC, HUD, USDA, and other housing agencies are designed to ensure that low income tenant's are not taken advantage of and TCAC in particular is devising rules that would prohibit a utility allowance adjustment where the subject property has too high of a debt service cover ration in addition to too high of net income. TCAC and HUD have rules to hold affordable housing owners accountable to the affordability covenants that govern their properties and specifically prevent those properties from profiting on the backs of low income tenants. In other words, properly deed restricted affordable housing is regulated to make sure that the properties remain affordable for tenants within the statutory meaning of affordable housing. In order to maximize the benefit to ratepayers and make sure that ratepayer funds are being spent in the manner prescribed by AB 217, the Commission must enforce existing rules (PUC Code

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<sup>10</sup> [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201320140AB217](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB217)

Section 2852) to make sure that the MASH fund is benefitting properly regulated and qualified affordable housing.<sup>11</sup>

Additionally, the Commission has already considered the issue of requiring a direct tenant benefit in the MASH Track 2 program in addition to a bill credit through virtual net metering. In order to qualify for a MASH Track 2 rebate, a candidate was required to provide a plan that demonstrated direct tenant benefits. When the Commission eliminated Track 2 of the MASH Program it cited all of the MASH Program Administrators as saying it was difficult to track whether the direct tenant benefits reached the intended beneficiaries or not and that MASH projects were being funded with smaller rebates without requiring that additional tenant benefit be tracked apart from tenant allocations through virtual net metering. The Commission decided that MASH Track 2 was not a good use of ratepayer CSI funds and eliminated it in favor of MASH Track 1A and 1B.<sup>12</sup> The Commission has already developed a record around the administrative complexities and excessive cost of mandating a direct tenant benefit apart from a bill credit from virtual net metering and decided to terminate the program at the suggestion of the three MASH Program Administrators. There is no rationale that would support requiring the demonstration of a direct tenant benefit beyond a virtual net metered allocated bill credit to a tenant's bill, when the Commission has already found that it was administratively burdensome and nearly impossible to verify soft tenant benefits with a rebate that was four to five times as much as what is being proposed by staff today.

Another flawed suggestion in Staff's Proposal is to use the 30% tenant benefit standard set forth in the CSI Thermal Program for affordable housing.<sup>13</sup> Staff should better understand why the 30% tenant benefit rule was implemented in the first place. First, the CSI Thermal Program for multifamily affordable housing is not considered to have the same success as the MASH Program. It was piloted with a budget of \$25 Million and over the three years of its existence the funds have not been exhausted. This fact alone suggest that the CSI-Thermal structure, including the 30% diversion of cash-flow available to invest in solar, is not a good model.

The reason this 30% tenant benefit rule was adopted was because most multi family affordable housing uses a centralized boiler. By definition there is no way to know how much of

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<sup>11</sup> See discussion on Mobile Homes and Public Utilities Code 2852

<sup>12</sup> See CPUC Decision 11-07-031 at pp. 51-53.

<sup>13</sup> <http://www.gosolarcalifornia.ca.gov/documents/csi.php>

the hot water was actually benefitting a particular tenant. This is analogous to the way the MASH program treated master metered electricity. In fact the declaration of tenant benefit was suggested by MASH PA's as a way to gauge tenant benefit. The reality is that the landlord pays for the natural gas and will receive a reduction in overall operating expense. There is no way to quantify a direct tenant benefit through the CSI Thermal Program that is verifiable without significant administrative burden.

Next, Public Utilities Code Section 2852 already provides the proper qualification for MASH eligibility. As mentioned above, the CSI handbook was recently updated to provide clear guidance to MASH PAs regarding Public Utilities Code Section 2852 eligibility. In the future the Commission should not allow master metered properties to receive a proportional common area only MASH rebate if they cannot demonstrate a direct tenant benefit. This would ensure that tenant benefit can be tracked through the existing practice of requiring a virtual net metering allocation spreadsheet prior to a MASH rebate being paid or a MASH project being interconnected.

**A. Enforcing Current Rules Properly will Ensure that the Overall Ratepayer Benefit is Maximized**

The most effective way to ensure the MASH and SASH Programs maximize the overall benefit to ratepayers is to properly administer and enforce the existing rules surrounding program eligibility in Public Utilities Code Section 2852. While the rules have been in place since the inception of the MASH and SASH Programs, the MASH Program Administrators, in response to data requests from Energy Division Staff recently filed Advice Letters that modify the CSI Handbook to clearly outline the requirements of Public Utilities Code Section 2852.<sup>14</sup> The Advice Letter was apparently published in an effort to provide clear guidance to MASH Program Administrators with respect to assessing MASH Program Eligibility. This filing confirms that there have been problems enforcing the existing MASH eligibility rules, which unfortunately have led to many MASH rebates reserved and paid to projects that do not qualify for MASH funds under the mandates of Public Utilities Code Section 2852, thus misappropriating valuable ratepayer funds and certainly not maximizing the benefit to ratepayers. It also demonstrates the benefit of a single Program Administrator – if one can be selected without an RFP process – because it should

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<sup>14</sup> See Footnote 6 above

have already been clear what types of projects qualify for a MASH project and should not be open to interpretation by each MASH PA.

1. MASH Program Administration

Everyday Energy supports staff's recommendation to appoint a statewide program administrator only if it appoints CCSE and does not require an RFP Process. First, CCSE is a non-profit that is not tied to the Investor Owned Utilities and is already set up on powerclerk and already administers the MASH Program properly. Second, CCSE is not a contractor that installs solar PV, which allows it to avoid the appearance of a conflict of interest and to ensure that funds are spent in a cost-effective manner.<sup>15</sup> Third, the only way Everyday Energy supports the use of a single statewide administrator is if the Commission does not require a request for proposal process because it will delay access to the much needed AB 217 funds and jeopardize many projects on the MASH waitlist. Accordingly, the Commission must appoint CCSE and keep them within strict budgetary guidelines or keep MASH Program Administration status quo and hold the MASH Program Administrators and the IOUs accountable for the proper administration of the MASH program. The fact of the matter is that based on the current waitlist and the enormous supply of qualified, properly deed restricted, and existing affordable housing, the new funds for the MASH program provided by AB 217 will most likely be exhausted by the end of 2016. Therefore, it does not maximize the benefit to ratepayers to re-invent the wheel and hold an RFP process for the creation of a new statewide administrator and all of the systems creation and personnel training for something that may only be in place for two years. The only solution is the appointment of CCSE as the statewide administrator or remaining status quo.

2. Eligible Multi Family Affordable Housing is Clearly defined and the MASH Program Must be Administered Within the Existing Rules

The MASH Program is available to **existing multi family affordable** housing.<sup>16</sup> This means that the property requesting a MASH rebate must be existing multi family affordable

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<sup>15</sup> If the statewide MASH PA is allowed to also be a contractor and adopts similar policies as GRID Alternatives, it is likely that MASH Program will be managed to last until 2021 rather than meeting the immediate demand of the multi family affordable housing market. It is not maximizing ratepayer benefit to have a Program Administrator dole out rebate funds in a manner that assures its funding and existence when there is sufficient demand to exhaust funds well before any sunset of the program.

<sup>16</sup> See Decision 08-10-036 from October 16, 2008 at page 6 "The MASH Program is targeted at existing multifamily affordable housing that meets the definition of low income residential housing set forth in Pub Util Code Section 2852

housing. For example, an existing multi family affordable housing would be one that was properly deed restricted affordable to be eligible to receive a MASH reservation. Every project installed by Everyday Energy in the MASH program was deed restricted affordable through TCAC and/or HUD prior to a MASH reservation being granted. There are many recent examples of MASH rebates being reserved and paid to mobile home park owners that are not properly deed restricted.<sup>17</sup> For example, not only did a deed restriction not exist prior to the MASH reservation and payment, the deed restriction declaration is only operative as a condition subsequent to receiving a MASH rebate.<sup>18</sup>

This situation is problematic for many reasons. First, the deed restriction unilateral declaration is not with any third party as defined in Public Utilities Code Section 2852 (i.e TCAC, HUD, USDA, HCD, etc.). It is merely a self serving and unenforceable declaration. *See Id.* Second, the deed restriction unilateral declaration is only activated after a MASH rebate is received. By definition this self described affordable housing was not existing deed restricted affordable housing. Third, this set of facts demonstrates how easy it is for ratepayer funds to be misappropriated if those charged with administering these funds are not properly educated on the legal standards of fund distribution.<sup>19</sup>

### 3. Mobile Home and RV Parks

Mobile home park owners are not eligible for CSI incentives under the low-income residential programs governed by Public Utilities Code Section 2852. Mobile home parks do not meet the essential requirements of 2852. Next, mobile home parks are not considered multi family dwellings. Moreover, it is clear mobile home parks are outside the common understanding of restricted low-income housing as used in public programs throughout the state.

As discussed above, it is well settled that the easiest way to qualify for the MASH program is for a property to have deed restriction that is the result of some type of affordable housing finance mechanism regulated through enforceable deed restriction. Public Utilities Code

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<sup>17</sup> See PGE MASH 302; PGE MASH 324; SCE MASH 188; SCE MASH 211; SCE MASH 218; SCE MASH 212; SCE MASH 217

<sup>18</sup> See Exhibit A “Deed Restrictions” from SCE MASH 211 and SCE MASH 212

<sup>19</sup> See Appendix 1 on Page 18 for an advertisement directed at Master Metered Mobile Home Park Owners telling them that the MASH Program will pay them to install solar. This does not maximize ratepayer benefit and certainly does not benefit tenants even though roughly 97% of the rebate is paid to offset tenant load.

2852(a)(3)(B), is for projects that don't necessarily use an affordable-housing finance program, but nonetheless set aside at least 20% of units for low-income households and have enforceable affordability restrictions ("deed restrictions") with a public agency or non-profit housing provider whose stated purpose is to provide low-income housing. As with the financing programs, these requirements come from well-established affordable housing programs in California. The key element is an enforceable deed restriction with an eligible third party. In both of these cases, SCE MASH 211 and SCE MASH 212, the mobile home parks do not qualify for MASH funding.<sup>20</sup>

Mobile Home Parks are not Multi Family Affordable Housing. Multifamily housing, as commonly understood in the affordable housing market, is defined as a building (or collection of buildings) with five or more units under common ownership (including projects where units are sold in "common-interest developments" with shared property rights, such as condos, co-ops or homeowner associations). Mobile home park operators do not own and rent (or sell in common-interest developments) the individual dwelling units. They are not multifamily residential property owners in the sense used for restricted low-income housing programs.

The five-or-more units under common ownership runs across the affordable housing world. In a slight variation, the California Building Code (CCR Title 24) defines "covered multifamily dwellings" as dwellings (housing units) in buildings with 3 or more dwellings, and furthermore defines "Buildings" as specifically excluding all of the various forms of mobile and manufactured homes defined in the Health & Safety Code sections 18000-18012.5 (the main definitions of mobile homes and manufactured housing for the state). In fact, the California Housing and Community Development Department defines "Manufactured Homes (including mobile homes) as single family dwellings transportable in one or more sections constructed to a federally preemptive standard."<sup>21</sup> Furthermore Health and Safety Code Section 18008 specifically excludes mobile homes from the definition of multi-family by stating in relevant part "Mobile home does not include...a multi-family manufactured home as defined in 18008.7." In all these cases, a mobile home park owner leasing stalls to mobile home owners would not qualify as "multifamily."

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<sup>20</sup> See Exhibit A

<sup>21</sup> Legal Definition in Health and Safety Code 18007." See (<http://www.hcd.ca.gov/codes/mhp/proghist.html>)

Mobile home parks are outside the common understanding of affordable housing<sup>22</sup> It has been argued that because there may be a large concentration of low income individuals residing in mobile home parks that they are *per se* affordable housing. It may be true that many low income individuals live in mobile home parks and that they can be an affordable place to live. However there is no getting around the fact that they are not multi family by definition and not properly deed restricted as discussed. Moreover, there is a 50 MW goal for affordable housing under the mandates of AB 217. This goal, when fully realized, will impact about 5% of all legitimately deed restricted multi family affordable housing in California.<sup>23</sup> It cannot be reasonably construed that the legislature or the Commission envisioned anyone claiming they provide affordable housing should be able to benefit from the MASH program. Rather, the legislature mandated that the Commission maximize the overall benefit to ratepayers by encouraging the deployment of solar PV to qualified multi family affordable housing where it can be verified and enforced that the property is multi family affordable. There is no way the legislature intended for scarce MASH resources be spent on projects where it cannot be verified that the benefit of the solar PV is inuring to a property dedicated to serving the needs of low income tenants rather than to a mobile home park owner that is attempting to wipeout his master

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<sup>22</sup> California is well served by a mature affordable housing industry with well-defined regulatory structures and industry norms conforming to federal, state and local standards. The primary state regulations for affordable housing are in the Health and Safety (H&S) Code, Division 31 "Housing and Home Finance", which governs the two main state agencies for affordable housing, the Dept. of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA). (H&S Code Division 13, Housing, covers primarily HCD's role as guarantor of decent and safe housing conditions, including regulating mobilehome parks, but not affordable housing programs and policy.) Standards for affordability and affordable rent are well-established. So, too, is the definition for multifamily housing with a minimum of five units, as in H&S Code 51603(B)(9) for CalHFA, and HCD's definitions of "rental housing development" in the HCD Uniform Multifamily Regulations (CCR Title 25, Div. 1, Ch. 7, Subchapter 19) and "eligible projects" in HCD's main Multifamily Housing Program (CCR Title 25, Div. 1, Ch. 7, Subchapter 4). These standards are mirrored in programs at all levels of state government, from zoning ordinances to community housing elements and the state density bonus law. In addition, the standards have been adopted into many private financing programs, run by all the major banks and housing finance entities, as well as public bond programs, including state and local bond issues conforming to federal IRS rules.

<sup>23</sup> Between Tax Credit Properties, Public Housing, other HUD assisted housing, and USDA rural housing services, there are approximately 465,000 affordable housing units spread between 6,000 to 7,000 total properties in California as of 2013, according to data from the following websites: <http://www.treasurer.ca.gov/CTCAC/history.asp>, <http://www.huduser.org/portal/datasets/picture/yearlydata.html#download-tab> and [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/comp/rpts/mfh/mf\\_f47](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/comp/rpts/mfh/mf_f47) Assuming 2kW per unite the California market opportunity is 930 MW.

metered electricity expense and improve his profit margin.<sup>24</sup> It is important to reiterate the importance of properly regulated affordable housing. The Commission should rely on agencies such as TCAC, HUD, and USDA to ensure that the benefits of the MASH supported solar PV are realized by legitimate affordable housing. The MASH PAs and certainly the Commission should not be burdened with the task of encouraging the deployment of affordable housing by offering a solar rebate. Instead the Commission should enforce existing rules to ensure that MASH money reaches its intended beneficiaries.

#### **IV. The MASH Waitlist Rules must not be modified**

Staff suggests that projects currently on the waitlist that receive a Permission to Operate prior the AB 217 proceeding wrapping up be denied the benefit of the MASH rebate. Not only is this recommendation against the rules as outlined in the CSI handbook, it prejudices legitimate affordable housing developers relying on the MASH program because the Commission has been too overloaded with work to timely address the implementation of AB 217.

First, the CSI handbook states that a property may request a MASH rebate within 12 months of receiving a permission to operate from the utility.<sup>25</sup> Second this proceeding is a continuation of the existing MASH program. There is no good reason to change the existing rules. There is nothing that maximizes the overall benefit to ratepayers by denying a legitimate MASH project from receiving a MASH rebate just because it received a PTO before the Commission was able to rule but before 12 months after receiving a PTO. Governor Brown signed AB 217 into law on October 7, 2013. It has been almost one year and the Commission has not implemented it. The primary reason for the delay is because the Commission is short staffed. This should not prejudice legitimate affordable housing projects that are currently on the waitlist and have received a PTO. The legitimate affordable housing projects on the current MASH waitlist have relied on the current MASH process and have a reasonable expectation that the waitlist will be honored according to the established CSI rules. Staff also suggests that once it is done with the AB 217 Proceeding that waitlisted projects reapply for a MASH rebate. Again, this creates unnecessary work that has no nexus to maximizing the benefit to ratepayers. Rather, the successful MASH program should continue status quo with limited changes that reflect the

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<sup>24</sup> See Appendix 1 on Page 18

<sup>25</sup> See CSI Handbook Section 4.12.2 Waitlist Process



legislative mandates. The current rules should remain in place and the rebate recipient must be able to claim the rebate within 12 months of receiving a PTO.

#### **V. Energy Efficiency**

Staff's proposal regarding the disclosure of tenant information for energy efficiency purposes crosses over privacy lines. The Commission should require that in order to qualify for a MASH rebate the recipient must make their tenants aware of the energy efficiency programs and how to contact the local utility. Most tenants qualify for CARE electricity rates and more likely than not already aware of the low income energy efficiency programs.

#### **VI. Job Training**

Everyday Energy supports job training as a condition of receiving a MASH rebate. However, the manner in which this is achieved is up for debate. The idea of day worker volunteers is problematic. First, it is unlikely that a qualified volunteer or trainee will get any meaningful experience in a day. They will be on the jobsite for a day to make sure the rebate is qualified. It is doubtful that experience will parlay into any long-term employment. Additionally, there are safety, liability, and insurance concerns surrounding the use of a day volunteer. For example a volunteer is not covered by workers compensation and may be a liability to the host customer if injured. It may be a better idea to pursue solar employment through job training.

Everyday Energy has worked with its mission driven client base to establish a Solar 101 training at many of the sites where we have installed solar. The idea is to provide hands on training and then attempt to hire those interested in employment to work. We have been successful in employing several people for more than three years that participated in our training program. This is long term employment. We suggest that in order to participate in the MASH program that a contractor be required to demonstrate that it has hired a low income job trainee on their construction staff.

#### **VII. Rebate levels and MW Goals**

Everyday Energy agrees with the MW split between MASH and SASH proposed by staff. Everyday Energy also agrees with staff that GRID Alternative projects should be able to be financed through third party leases. However, the allocation of the rebate money must be adjusted to maximize ratepayer benefit and create enough of an incentive for affordable housing owners to act and for third party leasing companies to be interested.



**VIII. Answers to Staff Recommendations**

1. Agree
2. Agree
3. Disagree. See discussion on rebate level.
4. Agree
5. Agree
6. Agree
7. Agree
8. Agree as long as it is CCSE, not subject to RFP Process, and does not delay implementation. Otherwise, status quo.
9. Disagree. Tenant load \$2/watt; Common area load \$1.60
10. Disagree. No need to re-apply. Program already exists. 12 month window to apply for rebate after PTO has been relied on and should continue
11. Disagree
12. Disagree
13. SASH 3<sup>rd</sup> party lease at \$2/watt SASH homeowner owned \$3/watt
14. Agree

**IX. Conclusion**

If the Commission adopts the comments of Everyday Energy, it will comply with the mandates of AB 217, preserve the goals of the CSI low income Programs, and continue to be the national leader in the deployment of solar in the affordable housing market.

Respectfully Submitted this 22<sup>nd</sup> day of July 2014, Carlsbad California

By: \_\_\_\_\_ /s/ *Scott A. Sarem*

Scott A. Sarem, J.D.  
Co-Founder/CEO  
Everyday Energy

## APPENDIX 1

Advertisement to Mobile Home and RV Park Owners to **use MASH funds** to offset a master metered park and **Get Paid to Install Solar**



# MASH Money!

MASH Dollars are now available for your Mobile Home or RV Park!

Multi-family Affordable Solar Housing

These funds are **EXTREMELY LIMITED** so you reserve yours now!

### JUST SEND US:

1. 12 months of Master-Meter electric bills
2. 12 months of Residential billing summaries

[ email: [MASH@shorebreakenergy.com](mailto:MASH@shorebreakenergy.com) or fax: 949-606-9040 ]

The Master-Meter bills and residential billing reports need to line up so we can determine the common area usage vs. tenant usage for a full 12 month period. Please make sure that the residential billing report shows the total tenant usage in kWh's per month, not just in dollar amounts.

### QUALIFIERS:

1. Master-Meter utility operator
2. Utility Customer of PG&E, SCE or SDG&E
3. Available room for Solar Panels such as, guest parking areas, large clubhouse roofs, RV and boat storage lots, vacant land, hillsides, etc.

**ECONOMICS:** When the incentives outweigh the cost... **You get paid to install solar!**

| INCENTIVE                        | % of total system cost         |
|----------------------------------|--------------------------------|
| MASH Rebate                      | 50-70%                         |
| Federal Tax Credit               | 30%                            |
| Accelerated Federal Depreciation | 30%                            |
| Accelerated State Depreciation   | 10%                            |
| <b>Total</b>                     | <b>120-140% of system cost</b> |

Customers that have installed solar systems with a MASH rebate are experiencing a full payback in 1-3 years with returns of 20-40%!

Shorebreak Energy is the exclusive provider of MASH rebates to MHP owners and the #1 installer of Solar PV systems for MHP in California

Zero down financing options available. Call us right now for more information [949-502-0800](tel:949-502-0800)

**Headquarters**  
1 Peters Canyon Rd, Suite 110  
Irvine, CA 92606  
License # C-10 972616

EXHIBIT A

DEED DECLARATIONS THAT DO NOT COMPLY WITH PUBLIC UTILITIES CODE  
SECTION 2852

SCE MASH 211  
SCE MASH 212

RECORDING REQUESTED BY  
**DUNEX CORPORATION**  
AND WHEN RECORDED MAIL DOCUMENT TO:

NAME **BRIAN ALEY  
DUNEX CORPORATION**  
STREET ADDRESS **1940 N. ORANGEWOOD AVE.  
SUITE 209**  
CITY, STATE & ZIP CODE **ORANGE, CA 92868**

Recorded In Official Records, County of San Bernardino



**DENNIS DRAEGER**  
ASSESSOR - RECORDER - CRK

P Counter

1/24/2013  
2:04 PM  
MP

Doc#: 2013-0032929



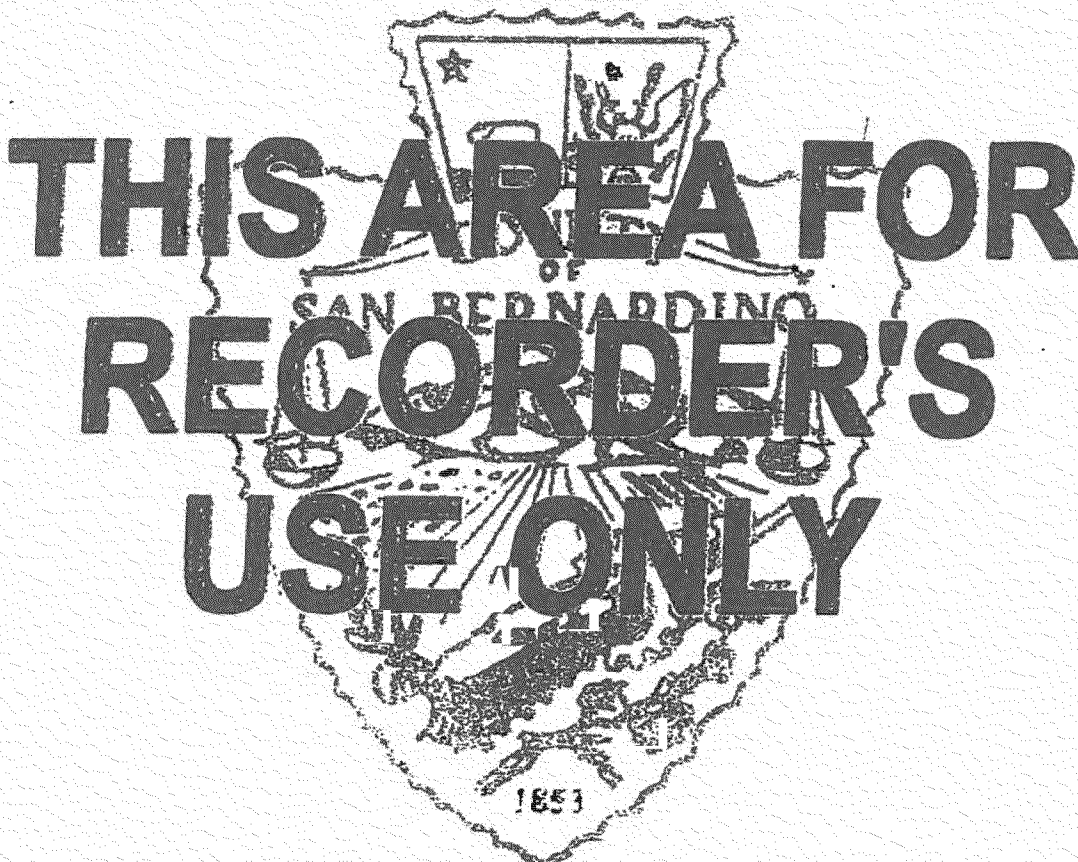
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|--------|---|--------|---------|
| Title: | 1 | Pages: | 11      |
| Fees   |   |        | 48.00   |
| Taxes  |   |        | 0.00    |
| Other  |   |        | 6.00    |
| PAID   |   |        | \$54.00 |

SPACE ABOVE FOR RECORDER'S USE ONLY

*SCE-MASH-211  
Knollwood*

DECLARATION OF RESTRICTION

Title of Document



THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3.00 Additional Recording Fee Applies)

75A.

RECORDING REQUESTED BY:

DUNEX CORPORATION  
1940 W. ORANGEWOOD AVE., SUITE 209  
ORANGE, CA 92868

WHEN RECORDED, MAIL TO:

Dunex Corporation  
1940 W. Orangewood Ave., Suite 209  
Orange, CA 92868

(Space Above for Recorder's Use)

DEED RESTRICTION FOR REAL PROPERTY

THIS DEED RESTRICTION ("DR") is entered into on January 11, 2013, and shall become effective upon recordation of this document with the San Bernardino County Recorder's Office; provided, further that this DR is contingent on both the approval of MASH Reservation Request Form and the receipt of the California Solar Initiative MASH rebate. If the MASH rebate is not received by the Property Owner within ninety (90) days of the completion of the solar project, this DR becomes null and void. This DR is executed with reference to the following facts:

- A. Property Owner, Knollwood Mobilehome Estates LP, is an owner of certain real property located within the County of San Bernardino, California, which property is known as Knollwood MH Estates (hereinafter "Property") and more particularly described on the attached Exhibit "A."
- B. As a condition of said DR, Property Owner, represents and warrants that at least 20 percent of the total units are sold or rented to lower income households, in compliance with current statutory requirements for same.
- C. The maximum rental rate shall be determined in a manner consistent with Section 50053 of the California Health and Safety Code.
- D. The County of San Bernardino (SBC) is not obligated to monitor the performance of the

TSA

RC

Property Owner as to the conditions set forth in Section B of this DR. SBC, SCE and CPUC have the right, but not the obligation, to request documentation every four years regarding Section B compliance from the Property Owner including rent roll and income verification of the tenants. The Property Owner agrees to maintain the income verification documentation and rent roll for a period of 8 years.

NOW, THEREFORE, it is agreed as follows:

1. Definitions. In this DR, unless the context otherwise requires:

- (a) "CPUC" is the California Public Utilities Commission.
- (b) "Project" is a solar electric panel installation serving the Property.
- (c) "Property Owner" means the person having a legal or equitable interest in the real property as described above includes the Property Owner's successors in interest and assigns.
- (d) "Property" or "Real Property" is the real property described in Exhibit "A."
- (e) "Useful Life of the Project" is 30 years.
- (f) "SCE" is Southern California Edison.
- (g) "DR" is the Deed Restriction.
- (h) "PA" is the MASH Program Administrator for the participating Utility Company.
- (i) "MASH" means Multifamily Affordable Solar Housing.
- (j) "SBC" means County of San Bernardino.
- (k) "Affordable housing costs" "affordable rent" and "Lower income households" have the same meaning as in those set forth in Chapter 2 (commencing with Section 50050) of part 1 of Division 31 of the Health and Safety Code.
- (l) "California Solar Initiative" means the program providing ratepayer funded incentives for eligible solar energy systems adopted by the CPUC in Decision 05-12-044 and Decision 06-01-024.
- (m) "Low-income residential housing" means any of the following:
  - (A) A multi-family residential complex financed with low-income housing tax credits, tax-exempt bonds, or local, state, or federal loans or grants, and for which either of the following applies:



TSA

(i) The rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(ii) The affordable units have been or will be initially sold at an affordable housing cost to a lower income household and those units are subject to a resale restriction or equity sharing agreement pursuant to the terms of the financing or financial assistance.

B) A multifamily residential complex in which at least 20 percent of the total housing units are sold or rented to lower income households and either of the following applies:

(i) The rental housing units targeted for lower income households are subject to a Deed Restriction or to an Affordability Covenant with a public entity or nonprofit housing provider organized under Section 501 (c)(3) of the Internal Revenue Code that has as its stated purpose in its articles of incorporation on file with the office of the Secretary of State to provide affordable housing to lower income households that ensures that the units will be available at an affordable rent for a period of at least 30 years.

2. Interest of Property Owner. Property Owner represents that he has a full legal and equitable interest in the Real Property and that all other persons holding legal or equitable interests in the Property are to be bound by this DR.
3. Assignment. The rights of the Property Owner under this DR may not be transferred or assigned by the Property Owner prior to the completion of the construction of the project unless the written consent of SCE is first attained, which consent shall not be unreasonably withheld or delayed. SCE shall have two weeks from the date of receipt of the request to respond. Upon the completion of the Project as evidenced by the issuance of a certificate of completion, the written consent of the SCE shall no longer be required to transfer the rights of the Property Owner under this DR to any successor in interest in the Real Property. Upon the assignment of this DR by the Property Owner to a successor in interest in the Real Property, SCE agrees that it will look solely to such successor in interest to thereafter perform all of the covenants, terms and conditions of this DR and the assigning Property Owner shall be released from liability accruing under this DR from and after the effective date of such assignment. Notwithstanding the foregoing, the Property Owner and its assignees shall have the right to collaterally assign this DR without SCE's consent to Property Owner's lender in connection with the financing of this Project.
4. Binding effect of DR. The burdens and the benefits of the DR shall constitute covenants that shall run with the Real Property for the term of this DR and shall be binding upon and inure to the benefit of the successors in interest to the Real Property.

BA.

5. Relationship of Parties. It is understood that the relationship between the SBC and Property Owner is such that the Property Owner is not an agent of the SBC. Property Owner or its assigned management agent shall be responsible for determining the eligibility of prospective tenants. Property Owner shall not discriminate on the basis of race, color or creed, sex, or national origin.
  
6. Hold Harmless. Property Owner agrees to and shall hold the beneficiary under any deed of trust or mortgage encumbering the Real Property and SBC, their respective officers, agents, consultants, employees and representatives harmless from any liability for damage or claims for damage which may arise from the direct or indirect operations of the Property Owner or those of his contractor, subcontractor, agent, employee or other person acting on his behalf which relates to the Project. Property Owner agrees to and shall defend the beneficiary under any deed of trust or mortgage encumbering the Real Property and SBC and their respective officers, agents, employees and representatives from third party actions for damages caused or alleged to have been caused by reason of Property Owner's activities in connection with the Project. This hold harmless provision applies to all third party damages and claims for damages suffered, or alleged to have been suffered, by reason of the operation referred to in this paragraph, regardless of whether or not such beneficiary or the SBC prepared, supplied, or approved plans or specifications or both for the Project.
  
7. Amendment or Cancellation of DR. This DR may be amended in whole or in part by mutual consent of the parties and an amendment recorded in the official records of the county in which the DR is recorded.
  
8. Enforcement. Unless amended or canceled as provided in paragraph (i), this DR is enforceable by any party to it notwithstanding a change in the applicable general or specific plan, zoning, subdivision, or building regulations adopted by the County of San Bernardino which alter or amend the rules, regulations or policies governing permitted uses of the land, density, design, improvement and construction standards and specifications.
  
9. Events of Default. Property Owner is in default under this DR upon the happening of one or more of the following events or conditions: (i) if a warranty, representation or statement set forth in this DR by Property Owner is materially false or proves to have been false in any material respect when it was made; (ii) a determination by SBC that Property Owner has not complied with any term or condition of this DR; (iii) Property Owner's failure to maintain the Project in substantially the same condition as it exists on the date that a Certificate of Completion has been issued with respect to the Project, ordinary wear and tear and casualty excepted; (iv) Property Owner's failure to appear in and defend any action or proceeding purporting to affect the rights or powers of the SBC under the terms of this DR, and to pay all costs and expenses, including attorneys' fees in a reasonable sum, in any such action or proceeding in which SBC may appear.

24

10. Procedure upon Default. Property Owner has 30 days upon receipt of written notification of default to take and complete remedial action. If Property Owner fails to take and complete remedial action within the 30-day period described above, SBC may pursue all legal and equitable remedies SBC may have at law or in equity, and SBC shall be entitled to specific performance and enforcement of each and every term, condition and covenant set forth herein.

11. Damages upon Cancellation Termination of DR. In no event shall Property Owner be entitled to any damages against SBC upon termination of this DR or exercise by SBC of its rights under this DR.

12. Eminent Domain.

In the event any local, state or federal governmental agency initiates eminent domain proceedings, revokes conditional use permit or equivalent against Property Owner which directly impacts the Real Property, such action shall excuse Property Owner's performance thereafter of its obligations under this DR and in no event shall SBC or any other public or private entity be entitled to any damages or return of any rebates and or incentives, upon early termination of this agreement.

13. Term. The term of this DR shall be for a period of 30 years from the date of the signing of this DR.

14. Attorney's Fees and Costs. If legal action is brought because of breach of this DR or to enforce a provision of this DR, the prevailing party in such action is entitled to reasonable attorneys' fees and court costs.

15. Notices. All notices required or provided for under this DR shall be in writing and delivered in person or sent by certified mail, postage prepaid. Notice required to be given to SCE shall be addressed as follows: Southern California Edison MASH Program Administrator, 6042 A, Irwindale, CA 91702.

Notices required to be given to Property Owner shall be addressed as follows:

Knollwood MH Estates, c/o Dunex Corporation, 1940 W. Orangewood Ave., Suite 209, Orange, CA 92868.

A party may change the address by giving notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

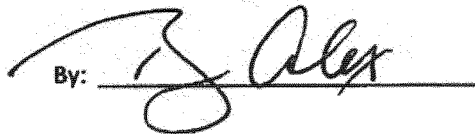
16. Rules of Construction and Miscellaneous Items.

(a) The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

- (b) If Property Owner consists of more than one person or entity, obligations under this DR are joint and several.
17. Duration of DR. This DR shall remain in effect until expiration of the term of this DR as defined above or the earlier expiration of the Useful Life of the Project.
18. Subordination. Property Owner expressly acknowledges and agrees that this DR shall be subordinate to any existing deeds of trust encumbering the Property at the time that this DR is recorded and any modifications, amendments, supplements, restatements, renewals, replacements, refinancing or extensions thereof, such that such existing deeds of trust, as so modified, amended, supplemented, restated, renewed, replaced, refinanced or extended, shall unconditionally be and remain at all times a lien or charge against the Real Property that is prior and superior to the lien or charge of this DR.
19. Applicable Law. This DR shall be construed according to the laws of the State of California.
20. Severability. If any portion of this DR is for any reason held to be unenforceable, such determination shall not affect the validity of the remaining portions.
21. Authority. Each of the parties hereto covenants and agrees that it has the legal capacity to enter into this DR contained herein, that this DR is binding upon that party and that this DR is executed by a duly authorized official acting in his official capacity.

IN WITNESS WHEREOF this DR has been executed by Property Owner on the day and year first above written.

Knollwood MOBILEHOME ESTATES, LP - OWNER  
Dunex Corporation  
Brian Alex - GENERAL PARTNER  
President

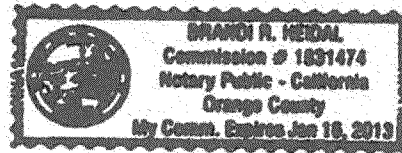
By: 

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Orange )

On January 11, 2013, before me, Brandi R Heidal, a Notary Public, personally appeared Brian Alex, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

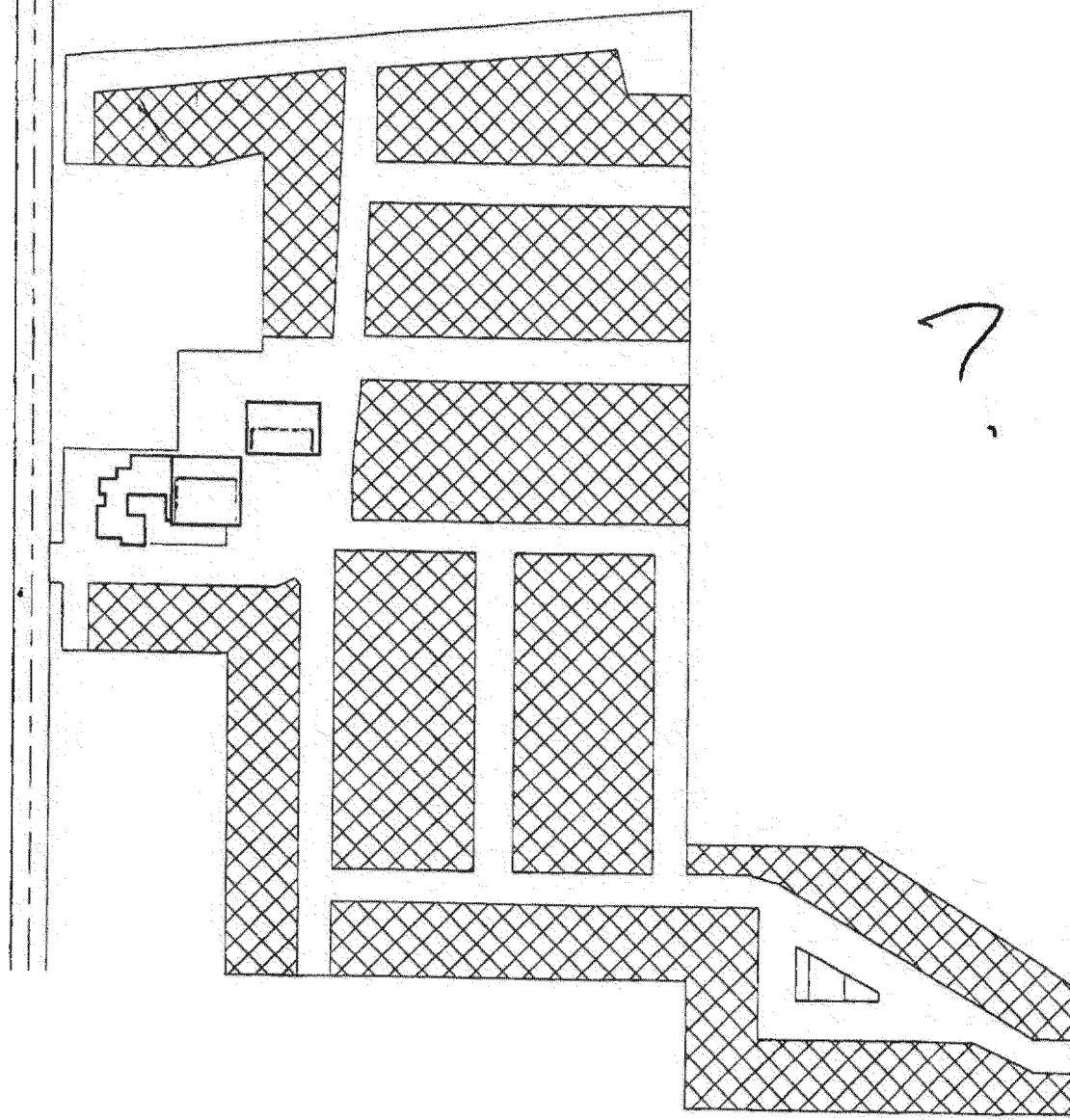
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Brandi R Heidal

(SEAL)

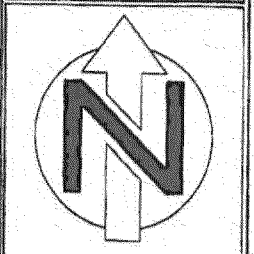


29222 Rancho Viejo Rd. Suite # 222  
San Juan Capistrano, CA 92675  
www.ShorebreakEnergy.com  
Lic# C-10 972816  
O: 949.502.0800  
F: 949.608.9040

Plan Keynotes:

**KNOLLWOOD  
MOBILE  
ESTATES**

12941 2ND ST.  
YUCAIPA, CA 92399



Date 05/24/12  
Scale 1" = 160'-0"

SCHEDULE C

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN BERNARDINO, AND IS DESCRIBED AS FOLLOWS:

All that portion of Blocks 49 and 59 Subdivision No. 2 of a part of Yucaipa Valley, as per plat recorded in Book 17 of Maps, Pages 99 and 100, records of said County, described as follows:

Beginning at the Northeast corner of Block 49; thence South along the East line of said Block 49 to the Southeast corner thereof, said point also being the Northwest corner of the land described in the deed to William H. Bullock, Jr. et ux., recorded December 22, 1964 in Book 6297, Page 695, Official Records; thence South  $88^{\circ} 01' 00''$  East, 178.70 feet along the North line of said Block 59 to an angle point therein; thence South  $57^{\circ} 00' 00''$  East, 237.60 feet along said North line to an angle point therein; thence South  $79^{\circ} 47' 00''$  East along said North line to a point which is 271.90 feet, more or less West of the center line of California Street measured at right angles thereto; thence South 128.00 feet parallel with the center line of said California Street to the Southeast corner of said Bullock land; thence West 388.10 feet parallel with the South line of said Block 59 to the West line of said Bullock land; thence North along said West line to the Southeast corner of the land described in the deed to Marvin D. Rhodes, recorded May 1, 1959 in Book 4850, Page 514, Official Records; thence West along the South line of said Rhodes land and its Westerly prolongation, 660 feet to the most Westerly Southwest corner of said Block 59; thence North 108 feet along said center line of Second Street (formerly Third Avenue); thence East 200 feet parallel with the North line of Block 58 of said Subdivision No. 2, to the Southwest corner of the land described in the deed to Marvin D. Rhodes, a single man, recorded July 2, 1957 in Book 4269, Page 77, Official Records; thence North along the West line of last said Rhodes land and its Northerly prolongation to the Northwest corner of the land described in the deed to Marvin D. Rhodes, recorded December 8, 1955 in Book 3806, Page 525, Official Records; thence West 200.00 feet to a point in the center line of Second Street which is 84.00 feet North of the Southwest corner of said Block 49; thence North 208 feet along the center line of said Second Street to the Southwest corner of the land described in the deed to Porter G. Searing, et ux., recorded February 9, 1966 in Book 6567, Page 575, Official Records; thence East 140 feet; thence North parallel with the East line of said Block 49, 90 feet; thence East 90 feet; thence North 80 feet to the most Southerly Southwest corner of the land described in the deed to William H. Bullock Jr., et ux., recorded May 1, 1964 in Book 6140, Page 36, Official Records; thence North 100 feet along the

FILE NO. 66134-CBG

(LEGAL DESCRIPTION CONTINUED)

most Southerly West line of said Bullock land to an angle point therein; West 230 feet along the most Westerly South line of said Bullock land to a point in the center line of said Second Street; thence North 141 feet along the center line of said Second Street to the Southwest corner of the land described in the deed to Kenneth N. Cantrell, et ux., recorded January 18, 1966 in Book 6553, Page 818, Official Records; thence Easterly along the Southerly line of said Cantrell land to its intersection with the Northerly line of said Block 49; thence Easterly along the Northerly line of said block to an angle point therein; thence North  $80^{\circ} 06'$  East along the Northerly line of said Block, 257.5 feet; thence North  $80^{\circ} 06'$  East along said Northerly line, 110.2 feet to the point of beginning.

EXCEPTING therefrom that portion lying Southerly and Westerly of the following described line:

Commencing at the Northeast corner of Block 58 of said subdivision; thence West 460 feet along the Northerly line of said Block 58 to the Southwest corner of the land described as Parcel No. 4 in the deed to William H. Bullock, Jr., et ux., recorded September 17, 1963 in Book 5989, Page 237, Official Records, said point being the true point of beginning; thence North 108 feet along the West line of said Parcel No. 4; thence West parallel with the North line of said Block 58 to a point in the center line of Second Street, (formerly Third Avenue).

ALSO EXCEPTING therefrom that portion granted to the County of San Bernardino, a body corporate and politic, by deed recorded March 31, 1960 in Book 5098, Page 237, Official Records, described as follows.

Beginning at a point in the center line of Second Street, 60 feet wide, formerly known as Third Avenue, as shown on map of said Subdivision No. 2, of Yucaipa Valley, said point distant 84 feet North of the intersection of said center line of Second Street and the Southwesterly prolongation of the Southerly line of said Lot 49; thence East to an intersection with a line that is parallel with and measured at right angles, which is 33 feet East of said center line of said Second Street; thence North along said parallel line, a distance of 198 feet; thence West, a distance of 33 feet to an intersection with said center line of Second Street; thence South along said center line, a distance of 198 feet to the point of beginning.

ALSO EXCEPTING therefrom that portion now lying within said Second Street.



DOC # 2013-0063126

02/05/2013 03:53P Fee:42.00

Page 1 of 10

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:

ANTHONY BARTOLI

AND WHEN RECORDED MAIL TO:

Anthony Bartoli  
5200 Warner Ave, Suite  
209

Huntington Beach, CA 92649



| S     | R | U              | PAGE | SIZE        | DA   | MISC | LONG | RFD  | COPY |
|-------|---|----------------|------|-------------|------|------|------|------|------|
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| Index |   | Declaration of |      | Restriction |      | T:   | CTY  | UNI  | 523  |

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Declaration of Restriction

Title of Document

TRA: \_\_\_\_\_

DTT: \_\_\_\_\_

SCE MASH 212

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3.00 Additional Recording Fee Applies)

**RECORDING REQUESTED BY:**

23820 Ironwood Avenue  
Moreno Valley, CA 92557

**WHEN RECORDED, MAIL TO:**

Anthony Bartoli

5200 Warner Ave., Suite 209

Huntington Beach, CA 92649

(Space Above for Recorder's Use)

**DEED RESTRICTION FOR REAL PROPERTY**

THIS DEED RESTRICTION ("DR") is entered into on January 16, 2013, and shall become effective upon recordation of this document with the Riverside County Recorder's Office; provided, further that this DR is contingent on both the approval of MASH Reservation Request Form and the receipt of the California Solar Initiative MASH rebate. If the MASH rebate is not received by the Property Owner within ninety (90) days of the completion of the solar project, this DR becomes null and void. This DR is executed with reference to the following facts:

- A. Property Owner, Anthony Bartoli, is an owner of certain real property located within the County of Riverside, California, which property is known as #5orrento MHP (hereinafter "Property") and more particularly described on the attached Exhibit "A."
- B. As a condition of said DR, Property Owner, represents and warrants that at least 20 percent of the total units are sold or rented to lower income households, in compliance with current statutory requirements for same.
- C. The maximum rental rate shall be determined in a manner consistent with Section 50053 of the California Health and Safety Code.
- D. The County of Riverside (RC) is not obligated to monitor the performance of the Property Owner as to the conditions set forth in Section B of this DR. RC, SCE and CPUC have the

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right, but not the obligation, to request documentation every four years regarding Section B compliance from the Property Owner including rent roll and income verification of the tenants. The Property Owner agrees to maintain the income verification documentation and rent roll for a period of 8 years.

NOW, THEREFORE, it is agreed as follows:

1. Definitions. In this DR, unless the context otherwise requires:

- (a) "CPUC" is the California Public Utilities Commission.
- (b) "Project" is a solar electric panel installation serving the Property.
- (c) "Property Owner" means the person having a legal or equitable interest in the real property as described above includes the Property Owner's successors in interest and assigns.
- (d) "Property" or "Real Property" is the real property described in Exhibit "A."
- (e) "Useful Life of the Project" is 30 years.
- (f) "SCE" is Southern California Edison.
- (g) "DR" is the Deed Restriction.
- (h) "PA" is the MASH Program Administrator for the participating Utility Company.
- (i) "MASH" means Multifamily Affordable Solar Housing.
- (j) "RC" means County of Riverside.
- (k) "Affordable housing costs" "affordable rent" and "Lower income households" have the same meaning as in those set forth in Chapter 2 (commencing with Section 50050) of part 1 of Division 31 of the Health and Safety Code.
- (l) "California Solar Initiative" means the program providing ratepayer funded incentives for eligible solar energy systems adopted by the CPUC in Decision 05-12-044 and Decision 06-01-024.
- (m) "Low-income residential housing" means any of the following:
  - (A) A multi-family residential complex financed with low-income housing tax credits, tax-exempt bonds, or local, state, or federal loans or grants, and for which either of the following applies:

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(i) The rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(ii) The affordable units have been or will be initially sold at an affordable housing cost to a lower income household and those units are subject to a resale restriction or equity sharing agreement pursuant to the terms of the financing or financial assistance.

B) A multifamily residential complex in which at least 20 percent of the total housing units are sold or rented to lower income households and either of the following applies:

(i) The rental housing units targeted for lower income households are subject to a Deed Restriction or to an Affordability Covenant with a public entity or nonprofit housing provider organized under Section 501 (c)(3) of the Internal Revenue Code that has as its stated purpose in its articles of incorporation on file with the office of the Secretary of State to provide affordable housing to lower income households that ensures that the units will be available at an affordable rent for a period of at least 30 years.

2. Interest of Property Owner. Property Owner represents that he has a full legal and equitable interest in the Real Property and that all other persons holding legal or equitable interests in the Property are to be bound by this DR.
3. Assignment. The rights of the Property Owner under this DR may not be transferred or assigned by the Property Owner prior to the completion of the construction of the project unless the written consent of SCE is first attained, which consent shall not be unreasonably withheld or delayed. SCE shall have two weeks from the date of receipt of the request to respond. Upon the completion of the Project as evidenced by the issuance of a certificate of completion, the written consent of the SCE shall no longer be required to transfer the rights of the Property Owner under this DR to any successor in interest in the Real Property. Upon the assignment of this DR by the Property Owner to a successor in interest in the Real Property, SCE agrees that it will look solely to such successor in interest to thereafter perform all of the covenants, terms and conditions of this DR and the assigning Property Owner shall be released from liability accruing under this DR from and after the effective date of such assignment. Notwithstanding the foregoing, the Property Owner and its assignees shall have the right to collaterally assign this DR without SCE's consent to Property Owner's lender in connection with the financing of this Project.
4. Binding effect of DR. The burdens and the benefits of the DR shall constitute covenants that shall run with the Real Property for the term of this DR and shall be binding upon and inure to the benefit of the successors in interest to the Real Property.



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5. Relationship of Parties. It is understood that the relationship between the RC and Property Owner is such that the Property Owner is not an agent of the RC. Property Owner or its assigned management agent shall be responsible for determining the eligibility of prospective tenants. Property Owner shall not discriminate on the basis of race, color or creed, sex, or national origin.
6. Hold Harmless. Property Owner agrees to and shall hold the beneficiary under any deed of trust or mortgage encumbering the Real Property and RC, their respective officers, agents, consultants, employees and representatives harmless from any liability for damage or claims for damage which may arise from the direct or indirect operations of the Property Owner or those of his contractor, subcontractor, agent, employee or other person acting on his behalf which relates to the Project. Property Owner agrees to and shall defend the beneficiary under any deed of trust or mortgage encumbering the Real Property and RC and their respective officers, agents, employees and representatives from third party actions for damages caused or alleged to have been caused by reason of Property Owner's activities in connection with the Project. This hold harmless provision applies to all third party damages and claims for damages suffered, or alleged to have been suffered, by reason of the operation referred to in this paragraph, regardless of whether or not such beneficiary or the RC prepared, supplied, or approved plans or specifications or both for the Project.
7. Amendment or Cancellation of DR. This DR may be amended in whole or in part by mutual consent of the parties and an amendment recorded in the official records of the county in which the DR is recorded.
8. Enforcement. Unless amended or canceled as provided in paragraph (i), this DR is enforceable by any party to it notwithstanding a change in the applicable general or specific plan, zoning, subdivision, or building regulations adopted by the County of Riverside which alter or amend the rules, regulations or policies governing permitted uses of the land, density, design, improvement and construction standards and specifications.
9. Events of Default. Property Owner is in default under this DR upon the happening of one or more of the following events or conditions: (i) if a warranty, representation or statement set forth in this DR by Property Owner is materially false or proves to have been false in any material respect when it was made; (ii) a determination by RC that Property Owner has not complied with any term or condition of this DR; (iii) Property Owner's failure to maintain the Project in substantially the same condition as it exists on the date that a Certificate of Completion has been issued with respect to the Project, ordinary wear and tear and casualty excepted; (iv) Property Owner's failure to appear in and defend any action or proceeding purporting to affect the rights or powers of the RC under the terms of this DR, and to pay all costs and expenses, including attorneys' fees in a reasonable sum, in any such action or proceeding in which RC may appear.



10. Procedure upon Default. Property Owner has 30 days upon receipt of written notification of default to take and complete remedial action. If Property Owner fails to take and complete remedial action within the 30-day period described above, RC may pursue all legal and equitable remedies RC may have at law or in equity, and RC shall be entitled to specific performance and enforcement of each and every term, condition and covenant set forth herein.

11. Damages upon Cancellation Termination of DR. In no event shall Property Owner be entitled to any damages against RC upon termination of this DR or exercise by RC of its rights under this DR.

12. Eminent Domain.

In the event any local, state or federal governmental agency initiates eminent domain proceedings, revokes conditional use permit or equivalent against Property Owner which directly impacts the Real Property, such action shall excuse Property Owner's performance thereafter of its obligations under this DR and in no event shall RC or any other public or private entity be entitled to any damages or return of any rebates and or incentives, upon early termination of this agreement.

13. Term. The term of this DR shall be for a period of 30 years from the date of the signing of this DR.

14. Attorney's Fees and Costs. If legal action is brought because of breach of this DR or to enforce a provision of this DR, the prevailing party in such action is entitled to reasonable attorneys' fees and court costs.

15. Notices. All notices required or provided for under this DR shall be in writing and delivered in person or sent by certified mail, postage prepaid. Notice required to be given to SCE shall be addressed as follows: Southern California Edison MASH Program Administrator, 6042 A, Irwindale, CA 91702.

Notices required to be given to Property Owner shall be addressed as follows:

Il Sorrento MHP, c/o Anthony Bartoli, 5200 Warner Ave., Suite 209, Huntington Beach, CA 92649.

A party may change the address by giving notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

16. Rules of Construction and Miscellaneous Items.

(a) The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

(b) If Property Owner consists of more than one person or entity, obligations under this DR are joint and several.

17. Duration of DR. This DR shall remain in effect until expiration of the term of this DR as defined above or the earlier expiration of the Useful Life of the Project.
18. Subordination. Property Owner expressly acknowledges and agrees that this DR shall be subordinate to any existing deeds of trust encumbering the Property at the time that this DR is recorded and any modifications, amendments, supplements, restatements, renewals, replacements, refinancings or extensions thereof, such that such existing deeds of trust, as so modified, amended, supplemented, restated, renewed, replaced, refinanced or extended, shall unconditionally be and remain at all times a lien or charge against the Real Property that is prior and superior to the lien or charge of this DR.
19. Applicable Law. This DR shall be construed according to the laws of the State of California.
20. Severability. If any portion of this DR is for any reason held to be unenforceable, such determination shall not affect the validity of the remaining portions.
21. Authority. Each of the parties hereto covenants and agrees that it has the legal capacity to enter into this DR contained herein, that this DR is binding upon that party and that this DR is executed by a duly authorized official acting in his official capacity.

IN WITNESS WHEREOF this DR has been executed by Property Owner on the day and year first above written.

Anthony Bartoli,

By: 

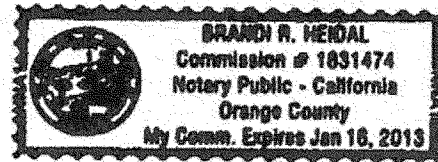


STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Orange )

On January 16, 2013, before me, Brandi R Heidal, a Notary Public, personally appeared Anthony Bartoli, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Brandi R Heidal

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EXHIBIT A  
Legal Description



**Exhibit A**

**Legal Description**

All that certain real property situated in the unincorporated area of Riverside County, State of California, described as follows:

Parcel 2 of PARCEL MAP NO. 9865, as per Parcel Map recorded in Book 47, page 70 of Parcel Maps, in the office of the County Recorder of said County.



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