

*Don't SLAP yourself until you get the facts*

### WHAT ARE PACE, HERO AND YGRENE?

**PACE** is a type of financing authorized by federal law. Property assessed clean energy (**PACE**) was devised as a way for homeowners to finance energy efficient improvements through property tax payments. Home energy renovation opportunity (**HERO**) and (**YGRENE**) are California based programs.

### PROGRAMS

These programs are NOT government programs, but programs allowed by local governments.

**These programs are known for high fees and interest rates.**

INITIATION FEE  
(currently 4.99%)

INTEREST RATES  
currently between  
5.25% to 8.99%  
(depends on term).

**The marketing materials claim:**

Homeowners will save money on the replacement of various items.

The tax assessment is transferable

Increases property value.

### FINANCING SCHEMES

Allow a homeowner to voluntarily add to their property tax burden. Any debt incurred will be collected by the local county tax collector.

Any construction, renovation, equipment and financing cost is paid as an additional assessment added to existing property taxes.

Any late or non-payments will incur the same penalties as not paying property taxes and could result in foreclosure.

Generally these assessments must be paid off in advance before resale or refinancing.

**There have been significant problems with conventional financiers by:**

- Requires 1st mortgage holder's approval before the homeowner signs the contract.
- Refusing to refinance or allow resale without the seller first paying off the SLAP.
- Refusing to accept these super-priority lien assessments.

The Department of Energy (DOE) best practices requires that any SLAP financing pay for itself through energy cost savings.

The DOE acknowledges the public benefit of the PACE program requiring the best finance terms for the consumer.

These best practices are routinely ignored by PACE providers.

The cost savings of the renovation divided by the cost of the SLAP over the life of the financing should be greater than 1.

Example: savings from installing double-pane windows  
(\$65x20yrs=\$1,300) divided by \$32,000.

(will never pay for itself)



# HOMEOWNERS

In California there are little cost savings in replacing single-pane windows or other functional equipment such as furnaces and air conditioners.

**California is divided into two mild climate zones.**

According to Energy Star documents:

Homeowners in the North Central climate zone will save approximately \$65 a year by replacing single-pane windows.

Homeowners in the South Central climate zone will only save approximately \$365 a year.

Since the average cost of double-pane windows is around \$27,000 (not counting interest over the SLAP period) it is virtually impossible to recover the costs of the improvement.

(Replacing windows is a popular SLAP renovation)

Check this database to see if a grant, low-interest loan or rebate is available

before you SLAP yourself:  
<http://www.dsireusa.org/>

**Homeowners who want to improve the energy efficiency of their home will receive the best value by:**

Replacing inefficient appliances with Energy Star® rated replacements.

Using inexpensive caulking & weatherstripping.

Homeowners may also be able to take advantage of local, regional, state and federal grants or low interest loans.

Many electricity providers offer free replacements for old appliances.

## IF THESE RENOVATIONS WON'T SAVE YOU MONEY - WHAT'S THE POINT?

HERO's written instructions to representatives cautions them to:

# DON'T SAY

- HERO will save you money.
- HERO is tax-deductible.
- HERO payments are transferable to a new owner if you sell.
- HERO upgrades will increase your home's property value.
- HERO is the best borrowing option for homeowners.
- HERO interest rates are "low" or "affordable."
- You are pre-approved or pre-qualified.
- HERO is a government program OR the government can help you pay for the improvement.