



May 24, 2018

Erik Pearson  
Environmental Services Manager  
City of Hayward  
777 B Street  
Hayward, CA 94541

Dear Erik,

On behalf of PACE Funding Group, I am writing you to apologize for the recent aggressive postcard marketing campaign and misleading messaging used by True Renewable Energy, a home improvement company which has been promoting a couple of PACE financing programs including PACE Funding Group.

We spoke with True Renewable Energy's executive team included Homayoun Rahnoma- President and Darlene Mills- VP of Marketing, to discuss our expectations. They are sorry for any issues this postcard campaign may have created and seem committed to making changes to ensure their continued participation in CSCDA's PACE program. To this end, Mr. Rahnoma told us True Renewable Energy just terminated their relationship with their marketing company, Flex Energy, over this issue.

We made it clear that moving forward, we expect them to stop mailing marketing materials to homeowners which reference PACE by name. They now understand any advertising used to promote their business cannot reference "government" or make mention of any city, local government or municipal agency (CSCDA) or PACE administrator (PACE Funding Group). They also understand that any violation going forward will result in an immediate termination from the program. Unfortunately, a batch of postcards was mailed late last week and will most likely arrive in mailboxes over next few days, so you may hear from a few more homeowners on this issue until this last mailing runs its course.

PACE Funding Group prides itself in having the highest consumer protection standards in the PACE industry. Misleading advertising runs against our standards and we will make every effort to end this practice by terminating channel partners. While we will take a hard stand on this issue, it needs to be pointed out that this is a systematic problem within the home improvement sales industry which has grown significantly due to the availability of PACE financing. We discussed this issue with James Hamill who is working on a more systematic solution by developing a specific marketing/advertising policy for CSCDA's PACE program and importantly, encouraging the other PACE agencies to adopt a similar policy.

Please feel free to email me or call at 650.799-4540 if you would like to discuss this matter in person.

Regards,

A handwritten signature in blue ink, appearing to read "Robert Giles", is written over a light blue horizontal line.

Robert Giles  
Chief Executive Officer