PA C-PACE

PROPERTY ASSESSED CLEAN ENERGY

PROGRAM GUIDELINES

PREFACE

Pennsylvania authorized Commercial Property Assessed Clean Energy (C-PACE) finance programs with the passage of Act 30 of 2018, signed into law by Governor Tom Wolf on June 12, 2018.[1] C-PACE creates a financing tool for energy efficiency, renewable energy, and water conservation projects that result in consumption and cost savings for commercial, agricultural, and industrial properties.

A Pennsylvania county or a municipality with an established community or economic development authority can pass a resolution or ordinance to establish C-PACE and designate a district for C-PACE that can be the whole municipality or any subsection.

§ 4303. Establishment of a program. The following apply:

(1) A municipality with a community or economic development department or county may establish a property assessed clean energy program by adopting an ordinance or resolution that will establish the program, define the district and provide other operational standards and guidelines, which shall include, but not be limited to, the following:

(i) Require all clean energy projects to comply with national energy efficiency standards.

(ii) Develop criteria and procedures to determine the eligibility of real property and owners for participation in a program.

(iii) Other measures as needed to satisfy the requirements of this chapter or to ensure that a program is effective, efficient, and fair to property owners.

To facilitate the adoption of C-PACE in Pennsylvania, these guidelines were developed to help define the "criteria and procedures" by the Sustainable Energy Fund (SEF) and the Keystone Energy Efficiency Alliance (KEEA) with the assistance of the Pittsburgh Office of Sustainability and Philadelphia Energy Authority. The team hired the consulting firm of Abacus Property Solutions, LLC which included key staff members from C-PACE program in VA, MD, CT, WI and C-PACE Alliance. Additionally, the group convened a statewide group of stakeholders and national consultants. There were more than 130 stakeholders represented during the guideline development process.

The goal of these Pennsylvania C-PACE Program Guidelines (the "Guidelines" or "Program Guidelines") is to achieve consistent guidelines statewide and maximize the C-PACE investment in local counties and municipalities.

The Pennsylvania C-PACE Project Database will be developed by SEF to help local governments comply with the public reporting requirements of Act 30. SEF will post all projects, regardless of whether SEF is the Program Administrator, to this database if the information is supplied to SEF. This Project Database will be available on www.pennsylvaniaCPACE.org

[1] The Pennsylvania C-PACE statute was amended on July 7, 2022. The amendment expands eligibility for C-PACE financing to certain property types and project types. These changes are reflected in the September 2022 Addendum to these Guidelines. If there is a conflict between these Guidelines and the Addendum, the Addendum controls.

Additionally, SEF has openly offered to act as the Program Administrator for any local unit of government in the Commonwealth of Pennsylvania. As a nonprofit, SEF provides any county or municipality opting into the program (outside of the city and county of Philadelphia) a uniform, turn-key C-PACE program administration platform that can be adopted at no cost. SEF offers a single point of access for Property Owners, Local Units of Government, Qualified Contractors, and C-PACE Capital Providers, as defined in Section 2: Definitions. The Program Administrator reviews and certifies projects that are eligible for C-PACE financing.

SEF is working in partnership with KEEA to educate local governments in Pennsylvania about C-PACE. Founded in 2008, KEEA has more than a decade of experience promoting energy efficiency throughout the Commonwealth. KEEA educates the public about energy conservation and efficiency; monitors and supports energy efficiency policies and regulations at the state, county, and municipal levels; provides forums for sharing best practices; and mobilizes its network of businesses, nonprofit partners, and community stakeholders to educate decision-makers and showcase the economic impacts of the energy efficiency industry.

SEF is a nonprofit 501(c)(3) organization dedicated to assisting energy users in overcoming financial, educational, and regulatory barriers to a sustainable energy future through a series of financial and educational programs. SEF was created as a result of a settlement during electric deregulation approved by the Pennsylvania Public Utility Commission (Pa PUC). SEF's Board of Directors and any Bylaw changes are approved by the Pa PUC, and SEF submits it annual financial audit and annual report to the Pa PUC. Since its founding in 1999, SEF has been operating financial programs for almost 20 years. SEF has participated in financing all or a portion of more than $100 million in projects throughout Pennsylvania. The SEF has financed loans, participation loans, leases, energy savings agreements and made equity investments.

SEF has experienced financial, technical and programmatic staff at its disposal. As a program administrator, SEF will use its financial and technical staff to ensure proposed projects meet approved program guidelines. Its programmatic and marketing staff will promote the program to commercial, industrial and agricultural businesses, contractors, financial institutions and C-PACE capital providers.

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1.0 Introduction

Pennsylvania authorized the creation of Commercial Property Assessed Clean Energy (C-PACE) finance program with the passage of Act 30 of 2018, signed into law by Governor Tom Wolf on June 12, 2018. C-PACE creates a financing tool for eligible energy efficiency, renewable energy, and water conservation projects that result in consumption and cost savings for commercial, agricultural, and industrial properties. Pennsylvania C-PACE is voluntary and allows commercial property owners to obtain financing for eligible projects, typically through private capital providers, and to repay the financing through a special assessment (payment) added to the property taxes for that property.

The intent of these Guidelines is to facilitate a low-cost, open-market program that is uniform for Pennsylvania counties and municipalities to adopt. To opt-in to the program, counties or municipalities must pass a resolution that establishes a C-PACE District for the purpose of authorizing C-PACE financing. The model Pennsylvania C-PACE Financing Resolution is provided in Appendix B. The purpose of establishing a statewide, standardized program is to create a harmonious market that minimizes costs and resources for participating local governments, capital providers, contractors, and property owners, and provides a central resource for promotion, technical assistance, contractor and capital provider qualification, and program evaluation. Montgomery County (the "County") has adopted these Guidelines in a form substantially similar to the uniform Guidelines for Pennsylvania counties and municipalities. The Guidelines may be amended by the Local Government Unit from time to time without notice.

Note: The C-PACE/PACE industry uses the word assessment to include the total C-PACE financing amount. When used in this document, the term assessment is not related to the establishment of the value of real property.

2.0 Definitions

This section defines terms used in the Program Guidelines, including some terms used in the Pennsylvania C-PACE Statute.

Alternative Energy Source – A source of electricity generated by a means identified and defined in the Pennsylvania Alternative Energy Portfolio Standard: solar photovoltaic, other solar electric, solar thermal, wind power, large-scale hydropower, low-impact hydropower, geothermal biomass, biologically derived methane gas, fuel cells, waste coal, coal mine methane, demand side management (including energy efficiency technologies, load management or demand response technologies, and industrial by-product technologies), and distributed generation systems. In addition to these energy sources, the Program Administrator may recognize alternative energy sources not included in the Alternative Energy Portfolio Standards Act when approving project applications.

Alternative Energy System- Under the Pennsylvania C-PACE Statute, energy generated from alternative energy sources as defined under Act 213 of November 30, 2004 (P.L.1672, No.213), known as the Alternative Energy Portfolio Standards Act. In addition to these energy sources, the Program Administrator may recognize alternative energy sources not included in the Alternative Energy Portfolio Standards Act when approving project applications.

Assessment Lien - An assessment obligation, recorded with the title, that requires payment including past due amounts and required future payments and any interest or penalties thereon, which is (1) a first and prior lien against the real property on which the assessment is imposed from the date on which the notice of contractual assessment is recorded and until the assessment, interest or penalty is satisfied; and (2) shall have the same priority status as a lien for any other tax imposed by any agency, municipality or county of the Commonwealth and shall be treated as a tax imposed by any agency, municipality or county;

Bond - Under the Pennsylvania C-PACE Statute, the term "bond" includes any public or private financing note, mortgage, financing agreement, deed of trust, instrument, refunding note or other evidence of indebtedness or obligation used to finance a C-PACE Project.

Business - Under the Pennsylvania C-PACE Statute, a corporation, partnership, sole proprietorship, limited liability company, business trust or other commercial entity including nonprofit entities.

Class A Apprenticeship Program -An apprenticeship program that is currently registered with and approved by the US Department of Labor or a state apprenticeship agency and has graduated apprentices to journeyperson status for two (2) of the past five (5) years. To permit development of recently registered programs, the graduation requirement shall not apply to an apprenticeship program registered since June 12, 2008 ((within the past ten (10 years)) if the program provides apprenticeship training for a craft or trade by the U.S. Department of Labor or State Apprenticeship Council at the time the program was registered. Any program not required to meet the graduation requirements may, in addition to providing proof that it is currently registered with federal or state government, be required to provide evidence that the program is actively engaged in bona fide apprenticeship training activity.

Clean Energy Project - Under the Pennsylvania C-PACE Statute, a project which does any of the following:

- Replaces or supplements an existing energy system that utilizes nonrenewable energy with an energy system that utilizes alternative energy;
- Facilitates the installation of an Alternative Energy System in an existing building or a major renovation of a building;
- Facilitates the retrofit of an existing building to meet high-performance building standards;
- Installs equipment to facilitate or improve energy conservation or energy efficiency, including heating and cooling equipment and solar thermal equipment.

Completion Certificate – A written acknowledgement by a Property Owner and an Independent Professional Inspector or building code official that the C-PACE Project was properly completed.

C-PACE – The acronym for Commercial Property Assessed Clean Energy.

C-PACE Capital Provider – A Financial Institution or other entity that registers and is approved by the Sustainable Energy Fund to be added to the statewide Capital Provider database. This can include a property owner. See Section 6.0 for registration requirements.

C-PACE District- An area or group of real properties within a Local Unit of Government designated by the municipality or county for the purpose of establishing a C-PACE program. A Local Unit of Government that establishes a C-PACE District must notify all municipalities in the proposed C-PACE District of their possible inclusion in the C-PACE District. For the purposes of these Guidelines, the C-PACE District shall be the County of Montgomery, Pennsylvania.

C-PACE Financing – The total loan amount and all cumulative financing terms of a C-PACE Project, agreed to by a Property Owner and a C-PACE Capital Provider, subject to a C-PACE Statement of Levy and Lien Agreement between the Local Unit of Government, Property Owner and C-PACE Capital Provider and other financing agreements for the purpose of funding a C-PACE Project**.**

C-PACE Financing Agreement – The loan agreement that entails the total loan amount and all cumulative financing terms of a C-PACE Project, agreed to by a Property Owner and a C-PACE Capital Provider, subject to a C-PACE Statement of Levy and Lien Agreement.

C-PACE Project – A project made to an Eligible Property that meets the requirements set forth in the Program Guidelines. The installation or modification of a permanent improvement affixed to real property that is an Energy Efficiency Improvement, Clean Energy Project, Water Conservation Project or Alternative Energy System, which generates measurable energy savings, energy production or reductions in water usage. The installation must be performed by a Qualified Contractor, on a Qualified Property, located within a C-PACE District. The term includes installation of alternative energy-generating equipment affixed to the land or building.

C-PACE Special Assessment - A charge against the real property within a C-PACE District that includes all amounts owed to the C-PACE Capital Provider under a C-PACE Financing Agreement and all amounts payable to the Program Administrator and is collected by the Program Administrator. This use of the term "assessment" refers to the imposition of a tax-like payment obligation and does not refer to assessing or establishing the value of a property for taxation purposes.

C-PACE Special Assessment Payment – The Property Owner's annual payment that includes the prompt year principal and interest payments owed to the C-PACE Capital Provider under a C-PACE Financing Agreement and all amounts and fees payable to the Program Administrator.

C-PACE Statute –Pennsylvania Public Law 198 No. 30, as amended. Senate Bill 234 signed by Governor Tom Wolf on June 12, 2018 enabling a Commercial Property Assessed Clean Energy Program.

C-PACE Statement of Levy and Lien Agreement – A Contract entered into among the RDA, County, a C-PACE Capital Provider and a Property Owner to finance a C-PACE Project. This agreement specifies the payment schedule of the C-PACE Special Assessment and collection mechanism**.**

County – for the purposes of these Guidelines, the County of Montgomery, Pennsylvania.

Direct Costs - All Energy Conservation Measure direct costs necessary to complete the installation of a C-PACE Project, such as the installation/construction contract amount (materials and labor) and any required ancillary cost incurred in order to complete the installation of an Energy Conservation Measure**.**

Eligible Property – Any Property located in a C-PACE District that is utilized for general commercial or nonprofit purposes such as retail, industrial, office, agricultural, and hospitality uses. Eligible Property does not include any type of residential property including multifamily housing.

ECM Survey – An evaluation of the Energy Conservation Measures proposed for the C-PACE Project conducted by a Qualified Engineering Professional in compliance with Section 4.3 Energy-Water Survey Requirements.

Energy Conservation Measure (ECM) – Any type of Clean Energy Project, including Energy Efficiency Improvements, Alternative Energy Systems, Renewable Energy Improvements, and Water

Conservation Improvements, implemented at an Eligible Property. The types of projects vary, but usually are designed to reduce the carbon intensity and/or utility and/or fuel costs: water, electricity, oil, coal and natural gas being the main five for industrial and commercial enterprises. The aim of an ECM should generally be to achieve savings by reducing the amount of energy or water used by a particular process, technology or facility or eliminating the use of a fossil fuel.

Energy Efficiency Improvement - Equipment, devices, or materials intended to decrease energy consumption or promote a more efficient use of electricity, natural gas, propane, or other forms of energy on property, including, but not limited to the following:

- Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;
- Storm windows and doors, multi-glazed windows and doors, heat-absorbing or heat-reflective glazed and coated window and door systems, and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- Automated energy control systems;
- High efficiency heating, ventilating, or air-conditioning and distribution system modifications or replacements;
- Caulking, weather-stripping, and air sealing;
- Replacement or modification of lighting fixtures to reduce the energy use of the lighting system;
- Energy recovery systems;
- Lighting controls and daylight harvesting systems;
- ECMs included in the Pennsylvania Public Utility Commissions Technical Resource Manual;
- Other ECMs that increase Energy Efficiency, as approved by the Program Administrator.

Final Application ("Application") – The application to participate in Pennsylvania C-PACE and receive C-PACE Financing that confirms the Applicant meets all the requirements set forth in the Program Guidelines. Approval of the Final Application by the Program Administrator is a precondition to signing the C-PACE Statement of Levy and Lien Agreement and closing a C-PACE Financing transaction.

Financial Institution - Under the Pennsylvania C-PACE Statute, a "financial institution" includes any person who in the ordinary course of business extends credit based on a lien, mortgage or security interest in real property or an encumbrance of real property or relies upon a lien, mortgage or security interest in real property or an encumbrance of real property to secure a current, contingent or future payment obligation. The term includes, but is not limited to, the following:

- A bank, savings association, trust company, credit union or a subsidiary or affiliate of a bank, savings association, trust company or credit union;
- A person engaged in the mortgage lending business subject to or exempt from licensing under 7 Pa.C.S. Ch. 61 (relating to mortgage loan industry licensing and consumer protection).;
- A person subject to or exempt from licensing under the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act;
- A person registered as a management company or unit investment trust or treated as a business development company under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.) or is excluded from registration under the Investment Company Act of 1940;
- An insurance company;
- A pension or employee health and welfare fund;
- An association engaged in construction or the development or improvement of real property;
- A condominium or cooperative association or planned community association;

- A Federal, State or local agency, authority or an instrumentality of a government entity that is engaged in the financing or supports the financing of real estate development or the purchase or improvement of real estate.

Local Financing - Under the Pennsylvania C-PACE statute, a bond provided or facilitated by a county, municipality district, economic development corporation, related authority or any government-sponsored entity. This term does not include general obligation bonds.

Local Unit of Government - A Pennsylvania county or a municipality with an established community or economic development authority. For the purposes of these Guidelines, the Local Unit of Government shall be the Montgomery County Redevelopment Authority.

Mortgage/Lien Holder Consent – The written consent of the existing holder(s) of a mortgage, real property lien, security interest, or other encumbrance that secures a payment obligation on the Eligible Property of an applicant, a precondition to closing on a C-PACE Financing.

Notice of Pennsylvania C-PACE Approval – This is a notice provided to the Property Owner by the Program Administrator that signifies that the Final Application is complete and has been approved by the Program Administrator. Following receipt of this notice, the Property Owner may close its C-PACE Financing.

Owner Financing - Under the Pennsylvania C-PACE statute, a "bond" provided by a Property Owner or a third-party provider. This term may include a Power Purchase Agreement.

Pennsylvania C-PACE ("The Program") – The C-PACE program outlined under this document that can be adopted by a Local Unit of Government and administered by a Program Administrator, pursuant to the terms of the resolution that may be enacted by a Local Unit of Government and these Pennsylvania C-PACE Program Guidelines.

Pennsylvania C-PACE Statute – Pennsylvania Public Law 198 No. 30, as amended. Act 30 signed by Governor Tom Wolf on June 12, 2018 enabling a Commercial Property Assessed Clean Energy Program in Pennsylvania. The statute requires that counties, or municipalities with a community or economic development department individually authorize C-PACE programs in their jurisdictions.

Power-Purchase Agreement- A financial arrangement in which a third party owns, operates and maintains a permanently affixed energy generation system for a Property Owner, and the Property Owner purchases power from the third party at agreed-upon rates.

Pre-Application – The initial application completed by an applicant so that the Program Administrator can determine whether the proposed project is located on an Eligible Property and that the applicant is aware of the program requirements. Approval of a Pre-Application is a requirement prior to the Final Application submission.

Program Administrator – The organization or company empowered to act on the behalf of or at the discretion of the Local Unit of Government. The Program Administrator is responsible for marketing the program, approving C-PACE Projects, and coordinating servicing of repayment. For the purposes of these Guidelines, the Program Administrator shall be SEF.

Program Fee – Fees charged in relation to the execution of a C-PACE financing project within a Local Unit of Government. Fees are discussed in more detail in Appendix J.

Project Center – The web-based portal used by Property Owners and other stakeholders in a C-PACE Project to submit and manage applications for C-PACE Financings.

Property – Privately-owned agricultural, commercial, or industrial real property located within a C-PACE District but does not include residential property or property owned by a Local Unit of Government. This term is used synonymously with Real Property and Eligible Property.

Property Assessed Clean Energy Program – Under the Pennsylvania C-PACE statute, a means of financing a qualified C-PACE Project in a district through a C-PACE Special Assessment. This definition is referred to as the Pennsylvania C-PACE program in the Program Guidelines.

Property Owner – A business, individual, organization or investor that is the owner of an Eligible Property located in a C-PACE District that meets the eligibility requirements set forth in in the Program Guidelines.

Qualified Contractor – A business or organization that meets all standards defined for a Qualified Contractor and agrees to adhere to the required terms and conditions of participation in the Pennsylvania C-PACE program. A contractor or subcontractor that meets the following standards:

(1) Possesses all technical qualifications and resources, including equipment, management, technical and craft labor personnel, and financial resources necessary to perform the contracted responsibilities, or will obtain the contracted responsibilities through the use of qualified subcontractors;
(2) Possesses all valid, current licenses, registrations or other certificates required for the contractor or its employees by Federal, State or local law necessary for the type of work required for the project;
(3) Does not have any outstanding liability to the locality in the form of tax obligations, fines or other fees, unless the contractor or subcontractor has entered into and is in compliance with a payment agreement with the locality for such taxes, fines or fees; and
(4) Meets all bonding requirements, as required by applicable law or contract specifications, and all insurance requirements as required by applicable law or contract specifications, including general liability insurance, workers' compensation insurance and unemployment insurance requirements.

Qualified Engineering Professional - A professional who meets or exceeds the qualifications to perform an ECM Survey. The professional can be a third-party firm or a contractor with appropriately licensed professionals on staff. The minimum qualifications include at least one of the following certifications:

- Certified Building Energy Assessment Professional (BEAP) (offered by ASHRAE);
- Certified Energy Auditor (CEA) (offered by Association of Energy Engineers [AEE]);
- Certified Energy Manager (CEM) (offered by AEE);
- Certified High-Performance Building Design Professional (HBDP) (offered by ASHRAE);
- Certified Measurement and Verification Professional (CMVP) (offered by AEE and Efficiency Valuation Organization);
- Certified Passive House Consultant;
- Licensed Professional Engineer (P.E.);
- Investor Confidence Project (ICP) Quality Assurance Assessor;
- Investor Confidence Project (ICP) Project Developer.

Qualified Inspector – An Independent Professional Inspector or a building code official who certifies completion of a Clean Energy Project or Water Conservation Project.

Real Property – See Eligible Property and Property definitions.

RDA – The Montgomery County Redevelopment Authority.

Renewable Energy Feasibility Survey – A survey that provides technology and financing recommendations for the installation of a Renewable Energy Improvement. The survey must be performed by a renewable energy expert with detailed knowledge of the Renewable Energy Improvements under consideration in compliance with Section 4.3: ECM Survey Requirements.

Renewable Energy Improvement – The fixtures, products, devices, and interacting groups of fixtures, products, or devices that are parts of an Alternative Energy System and use one or more Alternative Energy Sources.

Water Conservation Project – A project that reduces the usage of water or increases the efficiency of water usage and is compliance with Section 4.3 ECM Survey Requirements.

3.0 Program Administrator

The Program Administrator is designated by the County or municipality. The Program Administered roles include but are not limited to:

- Maintaining Program Guidelines and ensuring they are updated and adopted as needed by the participating Local Unit of Government.
- Evaluating Project Applications (as used herein, the term "Project Applications" collectively refers to "Pre Application" and "Final Application") to ensure compliance with approved Program Guidelines.
- Facilitating the Statement of Levy and Lien Agreement for each project to ensure that the responsibilities are clear for the Property Owner, C-PACE Capital Provider and Local Unit of Government
- Maintaining ongoing Project evaluation/ compliance and C-PACE Special Assessment payments.
- Marketing the C-PACE program.
- The ongoing education of Property Owners, contractors, financial institutions and C-PACE Capital Providers and mortgage lenders about the program, its guidelines and method for project approval.

4.0 Eligibility Requirements

4.1 Eligible Properties[2]

Eligible Property Types

Pennsylvania C-PACE is currently available to commercial properties (office, retail, warehouse, medical, nursing homes, hospitality, agricultural, industrial, and vacant land, among others) located within a C-PACE District. Residential and multifamily residential properties are not eligible. Eligible properties may be owned by non-governmental, tax-exempt organizations that operate facilities such as community centers, hospitals, theaters, schools, religious facilities, etc.

[2] Additional Property types are now eligible for the C-PACE Program. See the September 2022 Addendum to these Guidelines.

Ineligible Property Types
Multi- family and residential housing are not allowed under the program.

Eligible Property Location
To be eligible, the Property must be within a C-PACE District, must be eligible to be placed on the property tax rolls of a County or municipality and have a property tax identification number or parcel ID.

Multiple Parcel IDs
Buildings with multiple Parcel ID/Parcel Number/tax keys require additional documentation and underwriting. For C-PACE Projects that encompass multiple Parcel IDs/tax keys, the C-PACE Special Assessment payment will include (1) a description of the method used to split the Payment between the parcels; (2) a list of lots, blocks, tracts, and parcels of land in the C-PACE District; and (3) the amount assessed on each parcel. However, the Program Administrator reserves the right to deny buildings with multiple Parcel ID/tax keys if either or both Parcel ID/tax keys cannot support the C-PACE Project.

4.2 Eligible C-PACE Projects[3]

An eligible C-PACE Project that is a redevelopment of an existing Property must meet the following criteria. New construction C-PACE Projects are also eligible; see additional details in Section 4.3.1c New Construction/Substantial Renovation Project Survey.

- The minimum C-PACE Financing amount in the Pennsylvania C-PACE program is $10,000;
- The C-PACE Financing amount plus the outstanding principal amount of all mortgages and liens secured by the Property shall be approved by the Local Government Unit, C-PACE Capital Providers and existing mortgage lien holder(s);
- The C-PACE Financing term shall not exceed the expected useful life of the proposed Energy Conservation Measures as described in the Energy Survey and Water Survey. For projects that include multiple ECMs, the term of a C-PACE Financing may not be greater than the term length determined by the average weighted useful life of each ECM based on cost, subject to the Program Administrator's review and approval.
- ECMs must be permanently affixed to the Real Property, and the Property Owner must leave the improvements with, affixed or attached to the property during the term of the C-PACE Statement of Levy and Lien Agreement.
- ECMs must be supported by a survey of the existing water and/or energy usage and a calculation of the expected financial and energy/water savings and/or generation to be realized following installation of the approved C-PACE Project (see additional details in Section 4.3 below). Examples of eligible ECMs may be found in a list in Appendix C of these Program Guidelines. This list of ECMs is not exhaustive, and contractors and Property Owners are encouraged to propose ECMs not included in the list that permanently reduce energy and/or water consumption.
- A Project ECM(s) must meet one of the following criteria

[3] Additional Project types are now eligible for the C-PACE Program. See the September 2022 Addendum to these Guidelines.

a. Measures listed in Pennsylvania's Public Utility Commission's Technical Reference Manual; OR
b. Measures listed in the New York State Technical Resource Manual; OR
c. Measures identified as being eligible for utility incentive programs; OR
d. Energy efficiency products certified by Energy Star that are permanently affixed to the land or building; OR
e. Products on the list of Energy Efficient Equipment published by the Consortium for Energy Efficiency, Inc.; OR
f. Energy efficiency products certified by the Federal Energy Management Program; OR
g. Achieve a 20% energy reduction for a single ECM or group of ECMs; OR
h. Utilize best in class equipment.
i. Other measures not identified by one of the above-listed standards and approved by the Program Administrator and Redevelopment Authority.

- C-PACE Projects may qualify for and receive additional rebates and incentives from Electric Distribution Companies (EDCs) through the ACT 129 Energy Efficiency and Conservation program and water conservation programs and other sources. Applicants are encouraged to obtain all applicable government, utility provider or manufacturer rebates.

4.3 Survey Requirements

The Pennsylvania C-PACE Statute states that a "program shall require for each proposed qualified project a scope of work, energy baseline or water usage baseline and the projected energy savings or water usage reductions in order to establish the viability of the qualified project and the projected energy savings or water usage reductions."

To implement this provision, Pennsylvania C-PACE Program requires that a Property Owner obtain an ECM and/or Renewable Energy Feasibility Survey, performed by a Qualified Engineering Professional or qualified renewable (solar) energy provider. The cost of the Survey, as well as the cost of any other third-party review of the Survey may be included in the C-PACE Financing amount.

There are three (3) different types of projects allowed under C-PACE, which have differing Survey requirements[4]:

1. ECM projects for existing buildings;
    a. Energy Efficiency, Water Conservation and/or Renewable Energy projects;
    b. Water Conservation projects only
2. Renewable Energy projects only;
3. New Construction/ Substantial Renovation projects

4.3.1 ECM Survey

a. The ECM Survey for Energy Efficiency, and/or Water Conservation Improvement projects must address the following components and information, as applicable:
    - Written description of the proposed project;

[4] Additional Project types are now eligible for the C-PACE Program. See the September 2022 Addendum to these Guidelines.

- Expected annual energy savings, electrical demand reduction, water savings, renewable energy capacity (kW), renewable electrical production (kWh) and operational cost ($) savings; Evaluation of energy savings may need to include weather normalization, where applicable;
- Estimate of the useful life of each ECM.
    - Cut sheets, warranty documentation, or industry-accepted publications supporting useful life;
- Projects with multiple ECMs should take the weighted average. The Average Weighted Useful Life should be calculated as follows:
    - Multiply the EUL of each individual measure by that measure's hard cost to obtain a Weighted Useful Life; do so for all ECMs
    - Sum all ECMs' hard costs
    - Sum all Weighted Useful Lifes
    - Divide the value of the summed Weighted Useful Lifes by the summed measures' hard costs to obtain the Average Weighted Useful Lifes value.
- The total project capital cost required for each ECM including soft costs;
- Operating cost assumption(s);
- Clear and logical step-by-step calculations detailing the estimated annual energy savings, peak electrical demand reduction, and/or water usage and cost reductions.

- Must be detailed and orderly enough that the Program Administrator can follow the calculation process without prior knowledge of the project;
- Document assumptions and inputs to calculations (e.g., hours of operation, load factors, power factor, motor efficiencies, etc.) and use consistent calculations throughout (as appropriate);
- Key numbers should be easily identifiable (circled, bold, highlighted, etc.) with correct units shown;
- Include page numbers, especially if needed to reference numbers on other pages;
    - A copy of proposed relevant equipment specs, data sheets, etc.;
    - At least twelve consecutive months, when available, of most recent historical electric, natural gas and/or water consumption for the account(s) affected by the project, where available; This may be presented in the form of utility bills or a spreadsheet compilation of historical energy and/or water data. If other energy providers are relevant to the project (examples: propane, fuel oil, district steam), that historical information should be provided as well.
    - If renewable energy measures are under consideration, the survey requirements listed in Section 4.4.3 Renewable Energy Improvements must be incorporated.

The Qualified Engineering Professional will use generally acceptable engineering calculations or a building energy model in a DOE Qualified Software. Refer to the Department of Energy website (https://www.energy.gov/eere/buildings/qualified-software-calculating-commercial-building-tax-deductions) to determine savings attributable to the proposed ECMs for a list of qualified software.

Baseline for Improvements to Existing Buildings

All ECM Surveys shall assess the existing conditions of a building to establish the baseline level of energy and water usage against which the performance of the ECMs will be measured. Existing conditions may be determined based on nameplate efficiency ratings of currently installed equipment. Alternatively, the Qualified Engineering Professional may use modeled energy performance of the building or other professionally accepted methods of establishing energy and water efficiency performance of the existing building.

The Program Administrator will review the ECM Survey submitted with the application materials and submit any follow-up questions to the applicant's project team.

Qualified Engineering Professionals

All ECM Surveys for projects that include Energy Efficiency Improvements and/or Water Conservation Projects must be prepared and submitted by a Qualified Engineering Professional who holds at least one of the following certifications or licenses:

- Certified Building Energy Assessment Professional (BEAP) (offered by ASHRAE);
- Certified Energy Auditor (CEA) (offered by Association of Energy Engineers [AEE]);
- Certified Energy Manager (CEM) (offered by AEE);
- Certified High-Performance Building Design Professional (HBDP) (offered by ASHRAE);
- Certified Measurement and Verification Professional (CMVP) (offered by AEE and Efficiency Valuation Organization);
- Certified Passive House Consultant;
- Licensed Professional Engineer (P.E.);
- Investor Confidence Project (ICP) Quality Assurance Assessor;
- Investor Confidence Project (ICP) Project Developer.

The Qualified Engineering Professional can be employed by a participating contractor on the project or can be an independent firm retained by the applicant or the applicant representative.

The name, firm name and credentials of the Qualified Engineering Professional shall be included in the ECM Survey.

Guidelines
The ECM Survey can follow:

- ASHRAE Energy Audit standards as defined by ANSI/ASHRAE/ACCA Standard 211-2018;
- Pacific Northwest National Laboratory, A Guide to Energy Audits, PNNL-20956;
- Investor Confidence Project (ICP) Investor Ready Energy Efficiency (IREE) Certification. An IREE certification is an acceptable alternative to an ECM Survey;
- Pennsylvania EDC based energy reduction worksheets.

The ECM Survey does not have to be comprehensive, if only a limited set of measures are being considered. For example, a project limited to upgrade of lighting would not require an extensive analysis of HVAC and envelope systems.

4.3.1a Water Conservation Project Survey

For C-PACE Projects limited to water savings, the ECM Survey must address the following components and information in addition to those summarized above in Section 4.3.1.

- Documented assumptions and inputs to calculations (e.g., flow rates, estimated monthly usage).

Baseline for Existing Buildings
The Qualified Engineering Professional shall establish the correct baseline for the applicable water reduction measure and document the source in the ECM Survey.

Guidelines

- EPA WaterSense Final Product Specifications
- Current International Plumbing Code (IPC)
- Additional national or state standards, which should be referenced.

Qualified Water Professionals: Water Engineers or other professionals with proper qualifications (must reference).

4.3.1b Renewable Energy Feasibility Survey

For all C-PACE Projects that include a Renewable Energy Improvement, the Property Owner must submit a Renewable Energy Feasibility Survey, which should address the following components:

- Site ambient conditions;
- Location for the Renewable Energy Improvement;
- Energy system foundation;
- Building characteristics;
- Utility consumption profile of the site, including the site's historic energy use and cost;
- Description of the proposed Renewable Energy Improvement;
- Projected annual energy production;
- Projected energy cost and levelized financial cost inclusive of financing of energy to be generated by the Renewable Energy Improvement, including assumptions affecting the levelized cost:
    - Weighted cost of energy saved and generated by the project;
    - Breakdown of cost savings to be realized, if any;
    - Utility tariff to be applied to the site and/or system following installation;
    - Utility escalation rate assumptions;
    - Tax benefits;
    - Expected Useful Life of the Renewable Energy System;
    - Maintenance expenses;
    - Alternative Energy Credits (AECs) or other ongoing sources of revenue as applicable.
- Survey of total project capital cost utility tariffs and interconnections issues, including analysis of impacts of surplus energy generation by the Renewable Energy Improvement;
- Identification of an appropriate commissioning plan for monitoring the system functionality and performance;
- Verification of the availability of net metering if the system generates excess power that is delivered to the utility grid at any time. Systems are not required to be grid connected.

The Renewable Energy Feasibility Survey should be prepared based on the Property Owners' intended use of the Renewable Energy Improvement. Allowable uses of a Renewable Energy Improvement include:

- Generation of electricity to supply the on-site demand of the Property Owner;
- Export of electricity to a utility provider;
- Sale of the electricity through the use of a Power Purchase Agreement (PPA) or similar approved agreement format, or a
- Combination of the three options;
- Production of clean heat or power by use of a renewable energy source such as biomass or biogas.

Power Purchase Agreement must be structured using a "prepaid PPA" model. Under this model, the C-PACE financing is used to prepay approximately 90% of the total cumulative contracted energy payments under the PPA.

The Program Administrator reserves the right to waive one or more required components of the Renewable Energy Feasibility Survey.

Baseline
The energy generation baseline for all Renewable Energy Improvements is assumed to be zero energy generation; provided, however, if a Renewable Energy Improvement is a replacement of an existing renewable energy system, the Renewable Energy Survey provider shall establish the baseline using performance and/or nameplate ratings of the existing system.

Qualified Professionals
All Renewable Energy Feasibility Surveys must be prepared by a P.E. or ICP Project Developer who has demonstrated experience in developing renewable energy projects.

The Program Administrator recognizes that developers and installers of solar photovoltaic (PV) projects may be able to provide a qualifying Renewable Energy Feasibility Survey to an Eligible Property Owner without engaging a P.E. or ICP Project Developer. Therefore, a NABCEP certified PV design professional, UL certified PV installer, or professional who has demonstrated experience developing commercial solar PV projects are also eligible.

4.3.1c New Construction/ Substantial Renovation Project Survey

C-PACE Financing is available for the construction of new buildings as well as a substantial renovation of existing building OR the adaptive reuse of vacant buildings. Per the C-PACE Statute, an ECM Survey is required for both these project types to establish the energy or water usage baseline and document the estimated energy or water use reductions over that baseline. Further, the demonstration of reduced energy or water consumption will determine the amount of C-PACE Financing eligible for a new construction or substantial (gut) renovation project.

New Construction

New construction projects that utilize building standards and/or equipment outlined in one of the below standards will be eligible for C-PACE Financing. One hundred percent (100%) of the cost of the outlined ECMs will be eligible.

- U.S. Department of Energy: Zero Energy Buildings;
- ASHRAE: The Advanced Energy Design Guide – Achieving Zero Energy;
- LEED v4 and v4.1: Building Design and Construction that exceeds current building code requirements;
- Living Future's Living Building Challenge: Energy and Water Petals;
- EPA's Designed to Earn the ENERGY STAR;
- PHIUS CORE COMM and PHIUS ZERO COMM .

The ECM Survey for a new construction project may demonstrate expected energy and/or water savings over this baseline in one of two ways:

1. New construction ECM Surveys may itemize energy or water related measures that are included in one of the above listed standards. The ECM Survey must describe each ECM's characteristics according to one of the above listed standards and provide supporting documentation showing the extent to which each ECM exceeds minimum baseline requirements. One hundred percent (100%) of the C-PACE Project Costs of each water or energy related measure that demonstrably exceeds minimum code requirements can be financed through C-PACE; OR

2. New construction ECM Surveys may demonstrate overall savings on a whole building level, following a methodology consistent with ASHRAE 90.1 Appendix G guidelines. Estimated whole building energy savings above minimum baseline (current International Energy Conservation Code (IECC) or other PA Building Code) should be calculated using a DOE approved building energy modeling software or detailed engineering calculations. Building level savings calculations shall state the building's total anticipated performance that is better than the building code (baseline) with a summary percentage of performance of the whole building that is above the code baseline. One hundred percent (100%) of the C-PACE Project Costs of all water or energy related measures in new construction projects that demonstrate a whole- building summary performance that is 10% or more above minimum code baseline are financeable through C-PACE.

New construction projects that only involve Renewable Energy installed on a new building are not subjected to the additional requirements and should follow the established ECM Survey requirements for Renewable Energy Improvements to existing buildings.

Substantial Renovation (Gut Rehabilitation) and Adaptive Reuse

If the subject C-PACE Project concerns the substantial renovation of an underutilized building, as determined by the Local Government Unit, such as designated blighted property, the baseline for the purposes of establishing energy or water usage may be set at the minimum code level for replacement or addition of equipment.

Except for the provision of historic utility bills, the ECM Survey for this project type should include all other component requirements for **New Construction**, as outlined above. Energy or water savings for Substantial Renovation may be established using the appropriate energy survey methodology determined by the Qualified Engineering Professional as set forth above.

4.4 Eligible C-PACE Project Costs, C-PACE Financing Amount, and Insurance Requirements

4.4.1 C-PACE Project Costs

The C-PACE Project budget may include all Direct Costs required to install all ECM(s) included in the C-PACE Project as well as soft costs required to develop and finance the installation.

Eligible Direct Costs include all costs necessary to complete the ECM work, such as the installation/construction contract amount (materials, labor and overhead) and any required ancillary cost incurred in order to complete the installation of an ECM. Examples of eligible ancillary costs are roof structural improvements necessary to allow the installation of a roof mounted solar PV array or building electrical upgrades necessary to install an efficient HVAC system. The C-PACE Project budget must clearly demonstrate that the ancillary costs are necessary for installation of the ECMs, and may be subject

to the Program Administrator's review upon request. "Changes to the property that are incidental and necessary to the installation of a qualified improvement may be covered.

Eligible soft costs may include the cost of the following: Program Fees, energy or water survey, other required design and engineering, project development fees, Program Fees, permit fees, surveys, legal fees, other third-party reports, inspection fees, financing fees, fees associated with the issuance of bonds for the financing, interest reserves deposits, recordation fees, capitalized interest and commissioning. The applicant may request consideration of additional soft costs not listed above.

4.4.2 Financing Amount

The amount financed cannot exceed the soft costs, Direct Costs and C-PACE Financing costs. The financed amount must be a fixed interest rate with a consistent payment throughout the term of the loan.

4.4.3 Insurance Requirements

All Property Owners are required to maintain insurance on the Property payable to the C-PACE Capital Provider in the event that the C-PACE equipment and/or building is destroyed.

If requested, Property Owner shall add the C-PACE Capital Provider as loss payee and additional insured on its insurance policies which shall be in an amount equal to or greater than the amount of the C-PACE financing plus all outstanding debt on the property. Without limiting the generality of the foregoing, such policies shall include all-risk property insurance on a replacement cost basis, builders risk insurance, general liability insurance and all other insurance required of Property Owner. Based on the financing contract with the C-PACE Capital Provider and/ or a signed letter of consent by mortgage/lien holder there may be a forced placement of insurance required.

4.4.4 Completion of Financing

The C-PACE Capital Provider must submit a certified statement to the Program Administrator that the C-PACE Capital Provider's loan has been satisfied. The Program Administrator will submit the certification statement to the Local Unit of Government to cease future assessments.

4.5 Eligible Property Owners

Owners of Eligible Properties may use the Pennsylvania C-PACE Program to finance a C-PACE Project. The Property Owner initiates the financing process by submitting a C-PACE Pre-Application, which the Program Administrator will use to determine eligibility of the Property and the Property Owner.

The Property Owner is responsible for selecting and conducting due diligence on all service providers for the C-PACE Project and the C-PACE Financing. Service providers include Qualified Engineering Professionals, Qualified Contractors, and C-PACE Capital Providers. The Program Administrator, County and RDA shall have no liability for any Qualified Engineering Professionals, Qualified Contractors, and C-PACE Capital Providers selected by the Property Owner or for any actions of any of the foregoing.

The Property Owner is also responsible for submitting all required documents including a letter signed acknowledging they are engaging in a C-PACE transaction, included in the Pre-Application.

After closing of the C-PACE Financing, the Property Owner is responsible for submitting C-PACE Special Assessment payments during the term of the C-PACE Statement of Levy and Lien Agreement.

To be eligible to participate in the program, a Property Owner must**:**

- Possess the most recent recorded deed, fee title or land contract vendee's interest of an Eligible Property as shown by the records of the Register of Deeds. Alternatively, if the applicant will become the Property Owner of the Property upon closing of the C-PACE Financing, documentary evidence showing such anticipated transfer reasonably satisfactory to the Program Administrator would be required. All Property Owners of the fee simple title to the subject property, or their legally authorized representatives, must sign the Final Application. Therefore, before submitting the Pre-Application, the applicant should ensure that all owners (or their representatives) of the subject Property agree to participate in the C-PACE Financing on the aforementioned terms.
- Obtain the written affirmative consent of the holders of any mortgages, liens, or other encumbrances secured by the Property to participate in Pennsylvania C-PACE. See Section 10.0 Mortgage/Lien Holder Consent below for requirements.
- Certify that the Property Owner (and its corporate parent if the Property Owner is a single-purpose entity) is solvent and that no proceedings are pending or threatened in which the Property Owner (or the corporate parent, as applicable) may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the Property Owner's (or corporate parent's, as applicable) debts or obligations, be granted an extension of time to pay the Property Owner's (and the corporate parent's, as applicable) debts or be subjected to a reorganization or readjustment of the Property Owner's (and the corporate parent's, as applicable) debts. The Property Owner must also certify that the Property Owner (or any corporate parent if the Property Owner is a single-purpose entity) has not filed for or been subject to bankruptcy protection in the past two years.
- Be current in the payment of all obligations secured by the subject Property, including property taxes, special assessments (including C-PACE Special Assessment), special taxes, other tax liens, or water or sewer charges, among others. The Property Owner is required to submit a certification statement to acknowledge there are no obligations or charges associated with the property. The Program Administrator may review public records, including the real property records, to verify compliance with this requirement. A copy of the Owner Property Lien Self Certification form is in Appendix H.
- Have no involuntary liens on the Property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the Property Owner, or eminent domain proceedings. The Program Administrator and its financing partners may review public records, including the real property records and court documents, to verify compliance with this requirement.
- Have no notices of default or delinquency on property-based debt that have been recorded and not cured.
- Certify that it is not a party to any litigation or administrative proceeding of any nature in which the Property Owner has been served with notice of pending litigation, and that no such litigation or administrative proceeding is pending or threatened that, if successful, would materially adversely affect the Property Owner's ability to operate its business or pay the contractual Annual C-PACE Installment when due, or which challenges or questions the validity or enforceability of the C-PACE Statement of Levy and Lien Agreement or any other documents executed by Property Owner in connection with the Property Owner's participation in Pennsylvania C-PACE.

Properties that are currently appealing a property tax assessment will be reviewed, and eligibility for Pennsylvania C-PACE will be determined on a case-by-case basis with concurrence from the Local Unit of Government responsible for the C-PACE District.

5.0 Qualified Contractors

Pennsylvania C-PACE seeks to facilitate good local jobs for contractors and their employees. All projects financed through Pennsylvania C-PACE must be installed by a Qualified Contractor. The Program Administrator retains the right to review, approve, or deny a contractor's participation in the Pennsylvania C-PACE Program. If a Property Owner desires to have a company that is not a Qualified Contractor install the ECMs to be funded through the C-PACE Financing, the non-participating company may become a Qualified Contractor by confirming its compliance with the Qualified Contractor requirements and agreeing to the terms and conditions of participation in Pennsylvania C-PACE. A contractor must be a Qualified Contractor prior to Final Application approval.

To be eligible for C-PACE Financing, all work associated with the installation of an ECM that requires a license under any applicable law must be installed by a Qualified Contractor who holds the appropriate license. A Qualified Contractor must possess all technical qualifications and resources to properly install the ECMs. Qualified Contractors must not have any outstanding liabilities/ payments owed to the Local Unit of Government and must meet all relevant bonding requirements. A Qualified Contractor must adhere to all requirements for a Qualified Contractor, as described in the C-PACE Statute under Qualified Party:

Qualified Contractor - A contractor or subcontractor that meets the following standards:

1. Possesses all technical qualifications and resources, including equipment, management, technical and craft labor personnel, and financial resources necessary to perform the contracted responsibilities, or will obtain the contracted responsibilities through the use of qualified subcontractors.
2. Possesses all valid, current licenses, registrations or other certificates required for the contractor or its employees by Federal, State or local law necessary for the type of work required for the project.
3. Does not have any outstanding liability to the locality in the form of tax obligations, fines or other fees, unless the contractor or subcontractor has entered into and is in compliance with any payment agreement with the locality for such taxes, fines or fees.
4. Meets all bonding requirements, as required by applicable law or contract specifications, and all insurance requirements as required by applicable law or contract specifications, including general liability insurance, workers' compensation insurance and unemployment insurance requirements.

Additionally, all firms that perform work on any Energy Efficiency Improvement, Renewable Energy Improvement, or Water Conservation Project must meet certain additional requirements.

1. A Qualified Contractor, whose work on a project is greater than or equal to $50,000 in labor costs must meet technical qualifications through one of the following: (1) employ a journeyman that has participated in a Class A Apprenticeship Program, or (2) perform work under the supervision of a Licensed Professional Engineer, or (3) possess a license to perform the necessary type of work issued by the county or municipality or in the case of a solar photovoltaic system be a NABCEP certified installer. For projects with a labor cost component less than or equal to $50,000 or performed in municipalities where there are no licensing requirements, a Qualified Contractor must be able to pull a permit within the municipality. This does not apply to contractors used to establish the baseline or energy savings (see Section 4.3 - Energy Survey Requirements);
2. To demonstrate the Qualified Contractor has the financial resources necessary to complete the job, the C-PACE Capital Provider for a C-PACE Project shall submit a certification that the Qualified Contractor meets their requirements;

3. A Qualified Contractor is required to submit a self-certification statement that it meets these requirements together with copies of the licenses, registration or other certificates.

The Program Administrator **strongly recommends** that the Qualified Contractor for a C-PACE Project provide to the C-PACE Capital Provider a self-certification statement that it complies with the provisions below. The Program Administrator, County and RDA assume no liability for the quality and performance of any given contractor.

1. The Qualified Contractor has not been debarred or defaulted on any project by any federal, state, or local government agency or authority in the past three (3) years;
2. The Qualified Contractor has not had any type of business, contracting or trade license, registration or other certification suspended or revoked in the past three (3) years;
3. The Qualified Contractor has not committed a willful violation of federal or state safety laws as determined by a final decision of a court or government agency in the past three (3) years;
4. The Qualified Contractor and its owners have not been convicted of any crime relating to the contracting business by a final decision of a court or government agency for the past ten (10) years;
5. The Qualified Contractor has not within the past three (3) years been found by a final decision of court or government agency in violation of any law applicable to its contracting business, including, but not limited to, licensing laws, tax laws, prompt payment laws, wage and hour laws, prevailing wage laws, environment laws or others, where the result of such violation was the imposition of a fine, back pay damages or any other type of penalty in the amount of $25,000.00 or more for any single incident or penalties amounting to $50,000.00 or more for the previous three (3) years prior to submission of the certification form;
6. The Qualified Contractor participates in the Class A Apprenticeship Program for each separate trade or classification in which it employs craft employees and shall continue to participate in such program or programs for the duration of the project.

The Property Owner is required to complete its own due diligence including but not limited to consideration of finances, performance, and pricing, before selecting a contractor. Property Owners should conduct reviews of the Qualified Contractor(s) to ensure that qualified, reputable contractors are chosen to perform the work on the C-PACE Project according to plan, specifications, and requirements set forth in the Program Guidelines. The Program Administrator, County and RDA shall have no liability in relation to the foregoing.

As part of the Final Application, contractors will submit documents self-certifying that they meet the requirements to be considered a Qualified Contractor. Property Owner should not rely on Program Administrator's approval of a Qualified Contractor as assurance of the Qualified Contractor's qualifications.

A copy of the terms and conditions of participation by Qualified Contractors in the Program is included as Appendix I.

6.0 C-PACE Capital Providers

Pennsylvania C-PACE operates an "open market" program so that Property Owners can select their preferred C-PACE Capital Provider for a project on their Eligible Property. The open market model gives eligible Property Owners access to a range of private C-PACE Capital Providers that offer competitive

rates and financing terms and conditions. C-PACE Capital Providers may have additional guidelines and requirements beyond the terms and conditions contained herein.

The Program Administrator will not facilitate Local Financing at this time. Some units of local government may provide financing which would likely have program requirements that exceed these guidelines. These Program Guidelines and the C-PACE Statement of Levy and Lien Agreement included here primarily contemplate the use of Owner Financing, (e.g. through a C-PACE Capital Provider); however, Local Units of Government are not prohibited from participating as C-PACE Capital Providers. The Property Owner will retain the right to choose the type and provider of financing that works best for their business needs. C-PACE Financing rates and terms shall be determined between the Capital Provider and Property Owner and the Program Administrator, County and RDA shall have no liability in relation to the same.

Any capital provider interested in offering C-PACE Financing must register with the Program Administrator to participate in Pennsylvania C-PACE. Registration can take place during the C-PACE application process and does not need to occur prior to pursuing C-PACE transactions. The process to registered as a C-PACE Capital Provider is as follows:

1. The interested capital provider must submit a registration form which includes an acknowledgement by the Capital Provider of their capacity to originate, underwrite, and finance C-PACE assessments; along with the obligation to pay any processing, collection, administration, legal or other amounts necessary for program assessment lien servicing, in the event that such amounts are due prior to recovery from Property Owner(s). The registration form is available at www.PennsylvaniaCPACE.org

2. Upon approval by the Program Administrator, the capital provider will be considered a "C-PACE Capital Provider." The Program Administrator may list C-PACE Capital Providers on the Pennsylvania C-PACE website. All Pennsylvania Financial Institutions are C-PACE Capital Providers.

3. Prior to closing of the C-PACE Financing, information pertaining to the Property Owner's applications to Pennsylvania C-PACE shall be kept confidential among the parties to the Final Application. However, prior to the closing of the applicable C-PACE Financing, the capital provider must register with the Program Administrator. Following closing of the C-PACE Financing, the Program Administrator will publicly report certain information about the C-PACE Project and the C-PACE Financing, as referenced in Section 8.1 below.

The information provided by C-PACE Capital Providers will be used to link C-PACE Capital Providers, project developers, energy service companies, Qualified Contractors, energy auditors, engineering firms, utility companies, Property Owners, and others to develop and fund qualified C-PACE Projects.

The Program Administrator reserves the right to deny a C-PACE Capital Provider participation in the Program if the terms of the Program Guidelines and C-PACE Statement of Levy and Lien Agreement are not met on a previous project. Program Administrator will share the list of refused C-PACE Capital Providers with other C-PACE administrators in Pennsylvania.

7.0 Program Fees

To participate in the C-PACE Program, Property Owners must agree to pay various administrative and financing fees. The Program Fees for any specific project will be disclosed and agreed to prior to

financing. Please refer to the fee schedule in Appendix J for a non-exhaustive overview of fees. The Program Administrator, County and RDA reserve the right to modify their fee structure at any time due to changes to program requirements or market factors and also to waive fees should the RDA deem appropriate in its sole discretion. C-PACE Capital Providers may have additional fees beyond those fees provided in these Guidelines.

8.0 Program Administration (Application & Repayment)

To proceed with funding a C-PACE Project, a Property Owner must complete a two-phased application process: Pre-Application and Final Application. Approval of the Pre-Application should be received prior to project development. The Program Administrator and Local Government Unit must approve the Final Application prior to signing the C-PACE Statement of Levy and Lien Agreement and closing a C-PACE Financing. The Capital Provider may have additional approval requirements in addition to those contained in these Guidelines. See Appendix K for diagram overview of application process. Funds will not be disbursed until approval of both the Pre-Application and Final Application and recording of the Statement of Levy and Lien Agreement. The Application and Program Administration process is broken into two distinct parts: Part 1 includes the application management, approval, and completion of the project. Part 2 involves the repayment of the C-PACE Financing.

8.1 Program Administration – Statutory Requirements

The Pennsylvania C-PACE Statute identifies certain responsibilities and functions for the Program Administrator of a C-PACE Program.

- Ensure that C-PACE Projects comply with the requirements of the ordinance or resolution that establishes the C-PACE Program for the District;
  - Require all Clean Energy Projects to comply with national energy efficiency standards;
  - Develop criteria and procedures to determine the eligibility of real property and Property Owners for participation in a Program;
  - Other measures needed to ensure that a Program is effective, efficient and fair to Property Owners;

- Ensure that Mortgage/Lien Lender Consent has been received on an Eligible Property that will be subject to the C-PACE Statement of Levy and Lien Agreement.

- Ensure that for each proposed C-PACE Project, the Property Owner provides a qualified scope of work, energy baseline or water usage baseline and the projected energy savings or water usage reductions in order to establish the viability of the qualified C-PACE Project and the projected energy savings or water usage reductions.

- Obtain verification of completion of all C-PACE Projects, acknowledged by the Property Owner and a licensed independent inspector or building code official. Property Owners are encouraged to engage a third party to independently commission the newly installed Energy Efficiency, Water Conservation and/or Renewable Energy Improvements. The cost of the third-party commissioning can be included in the C-PACE financing.

- Post online and make available to the public certain information about each closed C-PACE Project.

- The Notice under subsection (a) must contain:
  - Legal description of the property.

  - Name of each property owner.
  - Total amount of the qualified C-PACE Project and a complete description of the Project.
  - Assessment needed to satisfy the bond.
  - Reference to the statutory assessment lien provided under this chapter.
  - Financing rate on the bond, the total amount of the bond financing and any financing charges associated with the bond.

- Ensure that proceeds from C-PACE Financings are attributable to qualifying expenses.

8.2 C-PACE Project Process

Application Process Overview
To proceed with funding a C-PACE Project, a Property Owner must complete the application process, which has two phases: Pre- Application and Final Application. Approval of the Final Application by the Program Administrator and Local Government Unit is a requirement prior to closing a C-PACE Financing. The Capital Provider may have additional approval requirements prior to closing the C-PACE Financing. See Appendix I: C-PACE Application Process Diagram for further information.

Step 1: Determine Eligibility and Complete the Pre-Application
To begin the process, Property Owners or their designated representative must first complete the Pre-Application. See Appendix F: Pre-Application. The Pre-Application gives Property Owners the opportunity to establish eligibility for participation in Pennsylvania C-PACE before they invest in project development. The information collected in this step of the process will be used by the Program Administrator to verify that the applicant's property is an Eligible Property, and that the proposed project falls within the parameters established in the Program Guidelines.

Once a Pre-Application is submitted, the Program Administrator will conduct a preliminary review to determine if the Property and proposed project are eligible for enrollment in the C-PACE Financing Program. This review will typically be completed within four (4) business days of receipt of a completed Pre-Application. If a Property Owner's property is not in a C-PACE District, the Program Administrator will provide guidance on what steps the Property Owner can take to help bring C-PACE to their community. If a Property' Owner's Pre-Application is approved, the Property Owner will proceed to Step 2 below. If a Pre-Application fails to meet the requirements of these Guidelines, the Program Administrator will communicate to the Property Owner that the Pre-Application does not qualify for approval.

Step 2: Develop Project and Obtain Mortgage/Lien Holder Consent

- Following review and approval of the Pre-Application, the Program Administrator will notify Property Owner that the Pre-Application is approved, and Property Owner should move forward with the project development phase.
- Property Owners and/or their designated representatives will work to develop and define an eligible C-PACE Project. Applicants should obtain an ECM Survey, at this point in the process, as previously described in Section 4.0 Eligibility Requirements above. Following the Survey, applicants will work with their Qualified Contractors to determine the final scope, project cost and schedule.
- Applicants should also contact C-PACE Capital Providers to secure acceptable C-PACE Financing terms and conditions. Pennsylvania Bankers Association, Pennsylvania Department of Banking and PACE Nation has a listing of possible capital providers.

- The C-PACE Capital Provider will conduct its own review of the C-PACE Project according to its underwriting requirements.
- Mortgage/Lien Holder Consent is a condition precedent to closing a C-PACE Project per the Pennsylvania C-PACE. Simultaneously to the project development process, the Program Administrator recommends that the applicant ask the C-PACE Capital Provider how to approach any and all current mortgage or lien holder(s) on the property to acquire written Mortgage/Lien Holder Consent for the proposed C-PACE Financing. Many traditional lenders are not familiar with C-PACE financing and may not understand its features. The Program Administrator encourages Property Owners to coordinate with an experienced C-PACE Capital Provider before contacting any mortgage or lien holder. Property Owner should also contact holders of any other liens or encumbrances on the Property that are subject to the lender consent requirements of the C-PACE Program (See Section 10.0 Mortgage/Lien Holder Consent).

Step 3: Submit Final Application with Supporting Documentation

- When the pre-development work for the C-PACE Project is substantially complete, Property Owners should complete and submit the Final Application. The Final Application is available to the Property Owner upon approval of the Pre-Application and is accessible from the Program Administrator.
- Along with a complete Final Application form, Property Owners are required to submit documentation about the C-PACE Project through the Project Center. The Project Center is the web-based portal used by Property Owners and other stakeholders in a C-PACE Project to submit and manage applications for C-PACE Financings. The Final Application form within the Project Center contains a list of all required documents which shall be obtained at Borrower's cost and expense.
    - **ECM Survey** conducted according to the requirements of the Program Guidelines and documenting the expected monetary savings from the energy, water and operations savings to be achieved by the C-PACE Project.
    - **Mortgage/Lien Holder Consent** evidenced by written consent from all existing mortgage holders on the Eligible Property for the proposed C-PACE Project. (See Section 10.0 Mortgage/Lien Consent for further detail).
    - **Title Report** disclosing all current mortgage and lien holders on the property and showing that there are no involuntary liens on the property (the Title Report must be issued not more than 30 days prior to closing of the C-PACE Financing).
    - **Capital Provider Statement** certifying that Capital Provider has reviewed the financial worthiness of each Qualified Contractor and accepts the use of each Qualified Contractor on the C-PACE Project.
    - **Preformatted template Final C-PACE Statement of Levy and Lien Agreement** must have been agreed upon among the C-PACE Capital Provider, Property Owner and the Local Unit of Government. There should be no material changes to the C-PACE Statement of Levy and Lien Agreement after Pennsylvania C-PACE's approval and prior to closing. This includes a copy of the C-PACE Financial Agreement.
    - **Payment of Program Expenses** must be evidenced in proposed sources and uses or some other documentation reasonably satisfactory to the Program Administrator.
    - **Property Owner Tenant Statement** certifying that the Property Owner has notified the tenants of the C-PACE special assessment on the property. See Appendix N: Tenant Notification Self Certification.

Once a Final Application is received, the Program Administrator will review it for completeness and accuracy of the information and documents enclosed to ensure they comply with the Program Guidelines. The Program Administrator will provide the Property Owner with written Notice of Pennsylvania C-PACE Approval or request for more information within ten (10) business days of a submission of a completed Final Application. If the Program Administrator finds that the Property Owner's Final Application is incomplete, the Program Administrator will notify the Property Owner who will have the opportunity to complete any missing information. Upon resubmission of a completed Final Application, the Program Administrator will complete its review within ten (10) business days and respond in writing with the results of its review of the Final Application. Thereafter, the C-PACE Project may be submitted for final approval by the Program Administrator and Local Government Unit.

Step 4: C-PACE Disclosure
Prior to closing the C-PACE transaction, the C-PACE Contractor or the C-PACE Capital Provider must certify to the Program Administrator that the Property Owner was provided and has signed a disclosure that includes the following:

- Annual and lifetime $CO_{2\text{-}e}$ reductions measured in metric tons
- Total Energy Saved and/or Total Energy Generated
- Annual financial savings
- Total C-PACE Financed Amount
- Annual C-PACE Payment
- Interest Rate and APR
- Disclosure that property can be foreclosed on in the event C-PACE payment is not made.

Step 5: Close Financing & Execute C-PACE Statement of Levy and Lien Agreement
Upon the approval of the Final Application by the Program Administrator, a Notice of Pennsylvania C-PACE Approval will be sent to the Property Owner and its designated agent. Upon receipt of the Notice of Pennsylvania C-PACE Approval and all necessary approvals by Capital Provider, the Property Owner may proceed with closing of the C-PACE Financing. A copy of this Notice of C-PACE Approval will be sent to the Local Unit of Government.

In addition to any financing agreements required by the C-PACE Capital Provider, the Property Owner, C-PACE Capital Provider, and the Local Unit of Government are required to execute the C-PACE Statement of Levy and Lien Agreement in conjunction with the C-PACE Financing closing. The C-PACE Statement of Levy and Lien Agreement is a contract between the C-PACE Capital Provider, the Property Owner, and the Local Unit of Government that memorializes for the public record that there is C-PACE Financing lien against the Property Owner's real property, among other terms. A copy of the C-PACE Statement of Levy and Lien Agreement is included in the Program Guidelines in Appendix D. Following the execution and payment of all applicable fees, the Capital Provider will record the C-PACE Statement of Levy and Lien Agreement with the register of deeds in the county in which the Eligible Property is located.

Step 6: C-PACE Project Implementation
Following close of the C-PACE Financing and receipt of the proof of recording of the C-PACE Statement of Levy and Lien Agreement, the Property Owner and its agents receive C-PACE Financing in accordance with the C-PACE Statement of Levy and Lien Agreement, Property Owner and C-PACE Capital Provider financing agreement, and the C-PACE Application. Funds will not be disbursed until Property Owner has received approval of the Pre-Application and Final Application, recording of the C-PACE Statement of

Levy and Lien Agreement, and satisfaction of all other conditions required herein and by the C-PACE Capital Provider for disbursement of funds.

Step 6: Change Orders
All change orders that result in an alteration of the anticipated energy and water savings attributed to the C-PACE Project must be pre-approved by Program Administrator to ensure that the changes to the C-PACE Project remain consistent with the requirements as set forth in the Program Guidelines. The Property Owner shall provide documentation of the change as follows:

- Change in C-PACE Project scope, description of changes;
- Revised C-PACE Project budget to account for changes in C-PACE Project cost;
- Energy and operations savings estimate as evidenced in a revised ECM Survey or Renewable Energy Feasibility Survey;
- Approval of the change by the C-PACE Capital Provider.

A Property Owner who requires a change order is required to complete a summary of the above changes and submit the same to Program Administrator for approval.

Step 7: Project Completion
Upon substantial completion of the C-PACE Project, the Property Owner and a Qualified Inspector or Building Code Official will execute a final completion certificate. The Completion Certificate will acknowledge that all contracted work has been properly completed. The Property Owner or Qualified Inspector will submit an executed Completion Certificate for the C-PACE Project to the Program Administrator.

Pennsylvania C-PACE recommends, but does not require, that the Qualified Contractor or ECM Survey provider complete commissioning of the ECMs prior to executing a completion certificate for the C-PACE Project. Pennsylvania C-PACE recommends that the commissioning report include certain information.:

- A statement that systems have been completed in accordance with the ECM Survey and/or Renewable Energy Feasibility Survey and contract documents, and that the systems are performing as expected;
- Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents and as-built conditions;
- Description of components and systems that exceed the owner's project requirements and those which do not meet the requirements and why; and
- A summary of all issues resolved and unresolved and any recommendations for resolution.
- Certification by the qualified firm or individual that prepared the post-construction commissioning report, including identification of the relevant professional credentials maintained by the firm or individual.

Step 8: Post-Completion Measurement and Verification (M&V)
Pennsylvania C-PACE requires one of three methods regarding measurement of energy savings after the completion of a project. Applicants have three options for meeting this requirement:

1. Self-Perform. Applicants may benchmark the building in Energy Star Portfolio Manager upon approval of the Final Application by the Program Administrator and subsequently enter data into Energy Star Portfolio Manager on a quarterly basis for **three years** following the submission of

the Completion Certificate to the Program Administrator. A login and password for the Applicant's Energy Star Portfolio Manager account for the subject Property must be provided to the Program Administrator.

2. Data Waiver. Applicants may execute a waiver of utility data access rights to the Program Administrator for a period of three (3) years, starting from one year preceding the approval of the Final Application. The Program Administrator will collect applicable utility bill information for the subject property and share energy consumption reports with the Property Owner annually. The Data Waiver option includes an additional Program Fee, which may be included in the C-PACE Financing.

3. International Performance Measurement and Verification Protocols (IPMVP). Applicants may engage a third party to perform a post measurement and verification using International Performance Measurement and Verification Protocols.

Energy consumption and/or energy savings data will be held by the Program Administrator and shared with the public for program impact reporting purposes in **aggregate form only.** The Program Administrator will not share building-specific, project-specific, Property Owner-specific, or Contractor-specific identifying information related to the energy consumption, projected energy savings, or realized energy savings without the explicit written authorization of the subject Property Owner.

Verification of energy savings consistent with the International Performance Measurement and Verification Protocols (IPMVP) is not required but encouraged.

The Program Administrator, County and RDA are not responsible for disparities in projected or actual energy, water or financial savings.

Step 9: Public Reporting
Following execution of a C-PACE Statement of Levy and Lien Agreement, the Program Administrator will provide a public notice and report of certain information about the Assessment and the C-PACE Project.

1. The legal description of the property;
2. The name of each Property Owner;
3. The total amount of the qualified C-PACE Project and a complete description of the Project;
4. C-PACE Financing amount;
5. A reference to the statutory assessment lien provided under this chapter of the C-PACE Statute;
6. The financing rate on the Bond or C-PACE Financing, the total amount of the financing and any financing charges associated with the C-PACE Statement of Levy and Lien Agreement.

Step 10: Advertisement
Property owner authorizes Program Administrator and or County to place a media release, advertisement or display regarding the C-PACE project, and to use Property Owners name in connection with its promotion of or advertising regarding the C-PACE Program in brochures, pamphlets, newspapers, and trade publications and in other Program promotional activities.

9.0 C-PACE Special Assessment Administration

9.1 C-PACE Special Assessment Lien

A C-PACE Special Assessment created pursuant to the Pennsylvania C-PACE Statute, including the full C-PACE Financing, the Assessment and any interest or penalties accrued thereon, shall be recorded on title as a special assessment and shall be treated as a first and prior lien against the Property on which the C-PACE Financing is imposed from the date the C-PACE Statement of Levy and Lien Agreement is recorded until the C-PACE Special Assessment and all interest and penalties thereon are satisfied.

The C-PACE Financing has the same priority status as a lien for any other tax imposed by any agency, municipality or county of the Commonwealth of Pennsylvania and shall be treated as a tax imposed by any agency, municipality or county. The C-PACE Financing runs with the land and that portion of the C-PACE Special Assessment under the C-PACE Statement of Levy and Lien Agreement that has not yet become due is not discharged by foreclosure or other tax sale of a property. The C-PACE Financing cannot be accelerated or extinguished until fully repaid. The C-PACE Financing may be enforced by the County in the same manner as real property taxes within such County.

Repayment of the C-PACE Financing

Repayment of the C-PACE Financing shall be made in accordance with the terms of the C-PACE Statement of Levy and Lien Agreement. The first repayment of an annual C-PACE Special Assessment shall be made on the date reflected on the Payment Schedule that is an Exhibit of the C-PACE Statement of Levy and Lien Agreement.

C-PACE Special Assessment will be collected by the local unit of government using its present tax collection process, through a county tax claim bureau, the treasurer's office, locally elected tax collector or contracted third party tax collector. Notwithstanding the above, C-PACE Special Assessment may be subject to payment plans allowable for property taxes; each C-PACE Special Assessment payment must be paid in full on the relevant due date under Assessment Payment Schedule or will be considered delinquent. While partial payments of annual C-PACE Special Assessment payment may be accepted, such partial payments will be considered. Annual C-PACE Special Assessment payments will be added to the Property Owner's real estate tax bill or stand-alone bill as a separate line item.

The Program Administrator will maintain payments received from Local Units of Government in a segregated account and remit collected C-PACE Special Assessment, including any penalty or interest thereon, to the C-PACE Capital Provider pursuant to the terms of the C-PACE Statement of Levy and Lien Agreement. All payments received by the Program Administrator will be remitted to the Capital Provider within 10-days of receipt.

All other procedures related to the payment of the C-PACE Special Assessment, including remedies for delinquency and defaults, will be set forth in the C-PACE Statement of Levy and Lien Agreement applicable C-PACE Financing documentation. Nothing in the Program Guidelines may supersede or alter the terms and conditions contained in a C-PACE Statement of Levy and Lien Agreement entered into by and among a Local Unit of Government, a Property Owner and a C-PACE Capital Provider.

9.2 Delinquent C-PACE Special Assessment Collections

The C-PACE Special Assessment delinquency collection process is governed by the C-PACE Statute and Statement of Levey and Lien Agreement

Pursuant to the Pennsylvania C-PACE Statute:

> *§ 4307. Lien.*
> *(a) General rule. --An assessment under this chapter, including past due amounts and required future payments and any interest or penalties on the assessment:*
>
> > *(1) shall be a first and prior lien against the real property on which the assessment is imposed from the date on which the notice of contractual assessment is recorded and until the assessment, interest or penalty is satisfied;*
> >
> > *(2)shall have the same priority status as a lien for any other tax imposed by any agency, municipality or county of the Commonwealth and shall be treated as a tax imposed by any agency, municipality or county;*

According to the C-PACE Statute and the C-PACE Statement of Levy and Lien Agreement related to a subject Property, the C-PACE Special Assessment Lien on such Property will be enforced by the County or Local Government Unit in the same manner that a property tax lien against real property is enforced by the local government to the extent the enforcement is consistent with the laws of Pennsylvania.

Delinquent Annual C-C-PACE Installments will incur interest and penalties in the same manner as delinquent property taxes. Delinquent annual C-PACE Special Assessment payments may be enforced by the County or Local Government Unit subject to the local government's present delinquent tax collection process or another process as determined by the assessor's office. In the event a delinquent C-PACE Special Assessment payment is enforced, the outstanding balance of the C-PACE Special Assessment will not accelerate.

Other events of default may occur if the Property Owner fails to adhere to other obligations specified in the C-PACE Statement of Levy and Lien Agreement.

A C-PACE Statement of Levy and Lien Agreement may be transferred to a Property Owner upon sale or transfer of the Eligible Property during the term of a C-PACE Statement of Levy and Lien Agreement. The process and requirements for transfer of the C-PACE Statement of Levy and Lien Agreement are specified in the C-PACE Statement of Levy and Lien Agreement (See Appendix D)

9.3 Conclusion of C-PACE Statement of Levy and Lien Agreement

Once the C-PACE Financing has been repaid in full according to the terms of said Agreement, payment of the C-PACE Special Assessment will cease, and the Program Administrator will record a termination of

the C-PACE Statement of Levy and Lien Agreement with the appropriate local government register of deeds.

10.0 Mortgage/Lien Holder Consent

All Property Owners must provide written notice of their intent to participate in the C-PACE Program to the holders of any existing mortgages, security interests in, or other encumbrance of the real property that secures a current, future, or contingent payment obligation and secure written consent for the C-PACE Financing from the same. The C-PACE Capital Provider must submit all executed Mortgage/Lien Holder Consent acknowledgment to the Program Administrator for approval prior to Final Application approval. The purpose of the Mortgage/Lien Holder Consent is to:

- Provide notice to the mortgage holder that the Property Owner is proposing the Eligible Property participate in Pennsylvania C-PACE and obtain the mortgage holder's consent to such participation;
- Request confirmation from the Mortgage Lender that the levy of the C-PACE Special Assessment, subject to the C-PACE Statement of Levy and Lien Agreement will not trigger an event of default nor the exercise of any remedies under the mortgage loan documents or other security documents held by the lienholder;
- Advise the mortgage holder or lienholder that the C-PACE Financing will be repaid in installments collected pursuant to the terms of the C-PACE Statement of Levy and Lien Agreement subject to the same penalties, remedies and lien priorities as a special assessment. Additionally, provide notification that the mortgage holder or lienholder's lien will be subordinate to the C-PACE Special Assessment.
- Advise the mortgage holder or lienholder of the maximum amount of the C-PACE Financing and the maximum annual assessment amount necessary to repay the maximum C-PACE Financing.
- Advise the mortgage holder or lienholder that the Local Unit of Government, or its permitted assignee, can enforce the C-PACE Assessment in the same manner as a property tax if the C-PACE Special Assessment is not paid.

The Program Administrator recommends that the Property Owner consult with its C-PACE Capital Provider before they approach an existing mortgage holder. Many traditional lenders are not familiar with C-PACE lending and would benefit from an explanation of how it works. The C-PACE Capital Provider may find it helpful to inform mortgage holder(s) that in the event of a delinquent C-PACE Special Assessment payment, the full balance of the Assessment will not accelerate, and only the payment of delinquent amounts of the C-PACE Financing will be enforced. Further, Property Owners can point out that C-PACE-financed projects generally increase the value of the Mortgage Lender's collateral. Property owners are encouraged to include the C-PACE Capital Provider in the meeting with the Mortgage Holder.

In cases where existing mortgage holders will not be mortgage holders on the property as of financial close of the C-PACE Financing and/or when the Property will have new senior lender(s) as of financial close of the C-PACE Financing (for example: a simultaneous acquisition and refinancing of the Property), the Property Owner must provide the Program Administrator with a letter prior to the closing that describes any and all mortgage transactions taking place on the property prior to or simultaneous with closing the C-PACE Financing. All parties that have a mortgage on the property as of the close of the C-PACE Financing must provide consent in accordance with the Pennsylvania C-PACE Statute. Mortgage holder(s)

not providing consent must provide a letter stating agreement to being paid out in full. The Property Owner must attach the applicable consents, copies of payoff letter(s) from existing mortgage provider(s), and a closing letter containing instructions for fund distribution as of financial close.

On the day of close, the Property Owner must provide confirmation of the escrow agent's receipt of funds and request that the Program Administrator authorize the release of signatures simultaneous to all other parties to the transaction releasing their signatures. Upon the release of signatures by other parties, the title company must follow the list of instructions outlined in the Closing Letter (including releasing funds to the appropriate parties and recording documents in the order outlined in the closing letter).

A copy of the Mortgage/Lien Holder Consent template can be found in Appendix L.

11.0 Retroactive Projects

Completed installations of eligible C-PACE Projects are eligible for retroactive C-PACE Financing. Retroactive C-PACE financings are C-PACE Financings that close after the Property Owner completes the installation of Energy Conservation Measure(s). Retroactive Projects must satisfy the same requirements as other C-PACE Projects. However, the Program Administrator recognizes that a Property Owner may not have been aware of C-PACE programs when undertaking a project that would have been eligible. Another situation that justifies Retroactive C-PACE Financings is a new construction project, which begins with a short-term construction phase (up to 24 months) financed by a construction loan, followed by long-term permanent loan that refinances the construction loan. Typically, Property Owners can access permanent financing only after completion and stabilization of the project. C-PACE Financing is eligible at both phases. If the C-PACE Financing is put in place at the closing of the permanent loan, it is considered a Retroactive Project.

Property Owners with retroactive C-PACE Projects may apply to Pennsylvania C-PACE to be approved for C-PACE Financing. Retroactive C-PACE projects are subject to the following additional requirements:

1) All retroactive C-PACE financings for New Construction or Substantial Renovation projects must submit a complete Final Application within 730 days after the completion of the installation/construction.

2) For all retroactive C-PACE Projects, the term of the C-PACE Financing will be reduced to account for any of the Energy or Water Conservation Measure's estimated useful life that has elapsed between the time of installation and the close of a C-PACE Financing. For example, if a C-PACE Financing is funded one year after installation of the ECM(s) project, the eligible term of the financing will be reduced by one year.

Required Documentation

Verification is required to establish prior conditions (baseline) and describe the new ECM installed in any such retroactive C-PACE project. The ECM Survey for a retroactive C-PACE Project shall include additional documentation that provides evidence of installation of the ECM(s) that are the subject of the C-PACE Project, as follows:

- Completion Date for the ECM(s) that are subject to the C-PACE Project;
- Make and model of equipment replaced – (describe the baseline);

- Documentation that provides evidence of equipment installed prior to replacement;
- Make and model of ECM(s) that are the subject of the retroactive C-PACE project;
- Documentation that provides evidence of installation of new ECM(s). \

Please contact Program Administrator to discuss ECM eligibility with respect to baseline code at the time of installation.

12.0 Release and Indemnification

- The Program Administrator does not provide legal advice and will not mediate any disputes between any participants in Pennsylvania C-PACE, including but not limited to, Property Owners of Eligible Properties and their tenants, C-PACE Capital Providers, Qualified Contractors, energy service companies, and utilities.
- In addition to other designated and implied responsibilities in the C-PACE Program, Applicant is responsible for reviewing the terms, conditions, and obligations implied by the C-PACE Statement of Levy and Lien Agreement, as well as the terms of any supplemental agreements with the C-PACE Capital Provider and all agreements with Qualified Contractors, Qualified Engineering Professionals, and any other parties to the project.
- When approving an installation contractor as a Qualified Contractor, the Program Administrator conducts a limited review of the company, including review of professional licenses held by the contractor. Property Owner should not rely on Program Administrator's approval of a Qualified Contractor as assurance of the Qualified Contractor's qualifications. Property Owner is responsible for conducting its own due diligence, including but not limited to consideration of finances, performance, and pricing, before selecting a contractor.
- The Program Administrator does not provide any accounting advice regarding how a Property Owner should treat the C-PACE Financing in their books and records.
- The Program Administrator has the right to review all projects for eligibility and may approve C-PACE Projects for C-PACE Financing according to the standards and criteria set forth in the Program Guidelines.
- Capital Provider and the Local Unit of Government retain ultimate discretion whether to approve a C-PACE Financing and enter into a C-PACE Statement of Levy and Lien Agreement to levy a C-PACE Special Assessment against an Eligible Property.
- C-PACE Capital Providers are prohibited from releasing, and installation contractors are prohibited from receiving, final payment for a C-PACE Project until the required parties have duly executed a Certificate of Completion and the Program Administrator has accepted the Certificate of Completion.
- The Local Unit of Government and Program Administrator:
    - Do not endorse any particular C-PACE Capital Provider, Qualified Contractor, Qualified Engineering professional, engineering firm, manufacturer, product, or system design by this offering.
    - Are not responsible for any tax liability imposed on the recipient as a result of the payment.
    - Make no representation or warranty, and assume no liability with respect to the quality, safety, performance, or other aspect of any design, consulting, product, system, equipment, or appliance installed or received and expressly disclaim any such representations, warranties,

and liability, including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose. Please contact your contractor for detailed manufacturer equipment warranties.

- Do not guarantee that installation and operation of energy efficient equipment will result in reduced usage or in cost savings to a Property Owner or any occupants of an Eligible Property.
- Are not responsible for the proper disposal/recycling of any waste generated as a result of this project
- Make no representations about the availability of financing, the eligibility of any Property Owner or property, or the availability of any rates or financing terms.
- Are not liable for any damages, including any incidental or consequential damages, arising out of the operation or malfunction of the products, equipment, or appliances, or the installation thereof related to a C-PACE Project.
- Unless notified in writing, Program Administrator reserves the right to publicize participation in the program.
- Upon reasonable notice period a Program Administrator representative may schedule a site visit to verify that qualified products, systems, equipment, or appliances were installed.

Appendix A: Commonwealth of Pennsylvania C-PACE Statute Act 30 of 2019

Appendix B: Pennsylvania C-PACE Montgomery County Resolution

Appendix C: Eligible C-PACE Clean Energy Projects

The following non-exhaustive list of Energy Conservation Measures (ECM) and Renewable Energy Improvements is intended as a reference list for Pennsylvania C-PACE applicants and can change at any time. If not included on this list or the Pennsylvania Public Utility Commissions Technical Resource Manual, the Program Administrator will review the proposed ECM(s) and accept them on a case-by-case basis.

Energy Saving Measures

- High efficiency lighting and/ or lighting sensors and controls.
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building, lighting and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- Variable frequency drives, energy recovery ventilators (ERV), heat recovery ventilators (HRV), demand control devices, including energy storage systems
- High efficiency chillers
- High efficiency boilers and furnaces
- High efficiency heat pumps (suitable for use in a cold climate zone)
- High efficiency hot water heating systems
- Geothermal energy/ geoexchange
- Combustion and burner upgrades
- Fuel switching resulting in an overall reduction in the number of BTUs required to achieve a given end use
- Heat recovery and steam traps
- Building enclosure/envelope improvements, including insulation, air sealing, window retrofit, and window replacement
- Building automation (energy management) systems
- New automated process controls
- Heat recovery from process air and water
- Cogeneration ~~used for peak shaving~~
- Process equipment upgrades
- Process changes

Renewable Energy Production

- Solar photovoltaic power
- Solar thermal
- Wind Power

- Fuel Cell
- Methane Gas from landfills
- Methane gas from anaerobic digestion
- Low emission advanced control technologies:
- Sustainable Biomass Facility used for heating and/or generation

Water Saving Measures

Domestic water use can be impacted greatly by recalibration of toilets and urinals, or replacement with low-flow toilets and waterless urinals

- Adding aerators to faucets or installation of new faucets in kitchens and bathrooms
- Commercial kitchens can save water through the replacement of pre-rinse valves, dishwashers, and icemakers.
- Laundry equipment in commercial properties; laundromats can save significant amounts of water with upgraded equipment.
- Condensate water reuse for cooling towers, for steam boilers, irrigation, evaporative coolers, industrial laundry, decorative water features, water cooled equipment, and air conditioners.
- Industrial water consumption from car washes, film and x-ray processing, and high-tech manufacturing can be reduced through the installation of equipment involved in each specific process/facility.
- Replacement of Toilets with low-flow toilets and/or waterless urinals
- Installation of new faucets that have reduced waterflow
- Replacement of pre-rinse valves, dishwashers, and icemakers in commercial kitchens
- Condensate water reuse for cooling towers, for steam boilers, irrigation, evaporative coolers, industrial laundry, decorative water features, water cooled equipment and air-conditioners.
- Implementing processes or equipment, that demonstrates water savings of 25% or more including:
- Hot water recirculation systems using circulating pumps
- Cooling tower conductivity controllers
- Demand-initiated hot water systems
- Filter upgrades
- Deionization
- Recycled water sources

Ineligible Measures

The following items will not be considered as eligible ECM under the Program Administrator program:

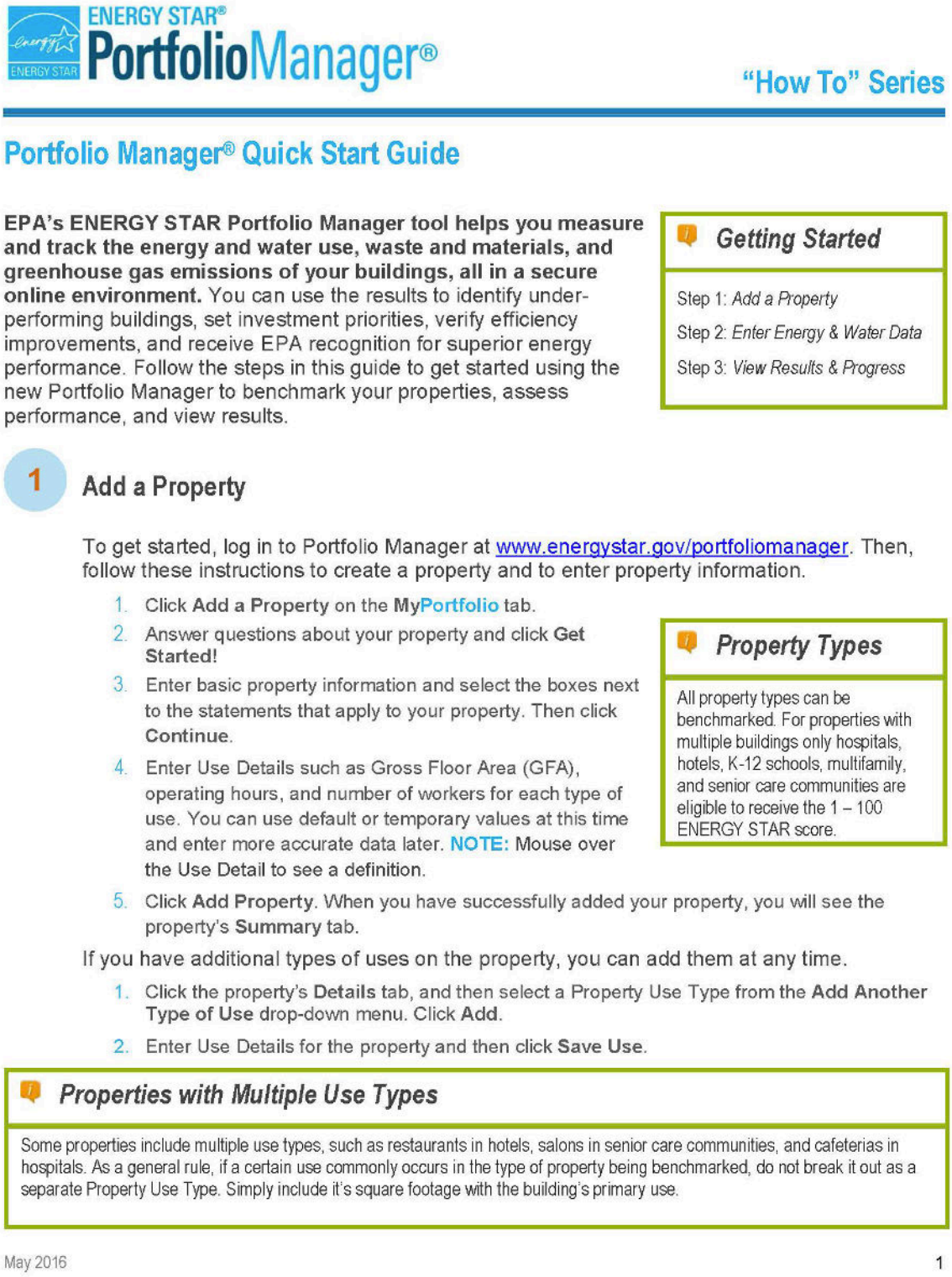
- Measures that are not permanently attached to the subject property or building and which can be easily removed;
- Screw in Compact fluorescents;

- Plug load devices;
- Measures that save energy solely due to operational or behavioral changes;
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles;
- Any measure that is not yet commercially available. Commercially available items are defined as goods, services or items that have been offered for sale, lease, or license to the general public through the commercial marketplace;
- Vending machine controllers;
- Refrigerant charge (AC/Split Systems/Heat Pumps).

Appendix D: C-PACE Statement of Levy and Lien Agreement

[See Attached]

Appendix E: EPA Portfolio Manager Property



ENERGY STAR® PortfolioManager®

"How To" Series

Portfolio Manager® Quick Start Guide

EPA's ENERGY STAR Portfolio Manager tool helps you measure and track the energy and water use, waste and materials, and greenhouse gas emissions of your buildings, all in a secure online environment. You can use the results to identify under-performing buildings, set investment priorities, verify efficiency improvements, and receive EPA recognition for superior energy performance. Follow the steps in this guide to get started using the new Portfolio Manager to benchmark your properties, assess performance, and view results.

Getting Started

Step 1: *Add a Property*
Step 2: *Enter Energy & Water Data*
Step 3: *View Results & Progress*

1 Add a Property

To get started, log in to Portfolio Manager at www.energystar.gov/portfoliomanager. Then, follow these instructions to create a property and to enter property information.

1. Click **Add a Property** on the **MyPortfolio** tab.
2. Answer questions about your property and click **Get Started!**
3. Enter basic property information and select the boxes next to the statements that apply to your property. Then click **Continue**.
4. Enter Use Details such as Gross Floor Area (GFA), operating hours, and number of workers for each type of use. You can use default or temporary values at this time and enter more accurate data later. **NOTE:** Mouse over the Use Detail to see a definition.
5. Click **Add Property**. When you have successfully added your property, you will see the property's **Summary** tab.

Property Types

All property types can be benchmarked. For properties with multiple buildings only hospitals, hotels, K-12 schools, multifamily, and senior care communities are eligible to receive the 1 – 100 ENERGY STAR score.

If you have additional types of uses on the property, you can add them at any time.

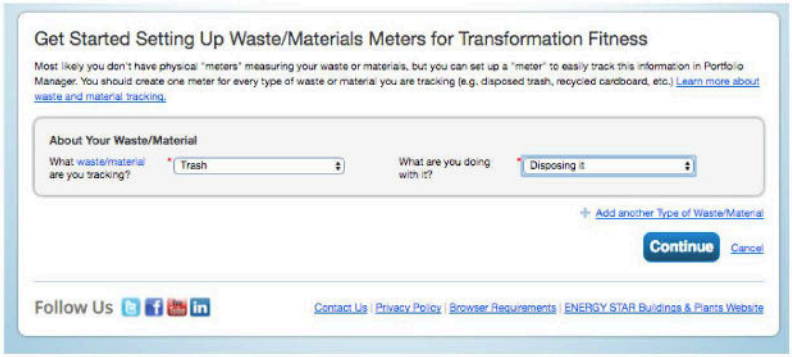
1. Click the property's **Details** tab, and then select a Property Use Type from the **Add Another Type of Use** drop-down menu. Click **Add**.
2. Enter Use Details for the property and then click **Save Use**.

Properties with Multiple Use Types

Some properties include multiple use types, such as restaurants in hotels, salons in senior care communities, and cafeterias in hospitals. As a general rule, if a certain use commonly occurs in the type of property being benchmarked, do not break it out as a separate Property Use Type. Simply include it's square footage with the building's primary use.

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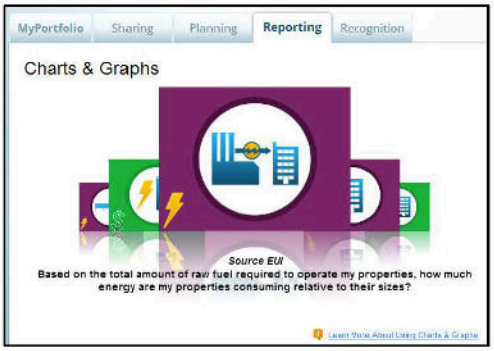
2 Enter Energy, Water, and Waste & Materials Data



To receive the most accurate picture of your building's performance, tell Portfolio Manager how much energy and water your building consumes, and the volume of waste and materials that you generate. Follow these steps to enter energy, water, and waste data for your property.

1. Click on your property from the **MyPortfolio** tab, then select either the **Energy, Water,** or **Waste & Materials** tab.
2. Click **Add A Meter**.
3. If you create an energy or water meter:
   i. Select the type of energy or water used and the number of meters to create, and click **Get Started!**
   ii. Click on a meter to enter units and first bill date. If this meter reflects a bulk fuel purchase for an energy meter, select the **Enter as Delivery?** checkbox.
   iii. Click the blue arrow next to each meter to expand the section on the **Your Meter Entries** page. Click **Add Another Entry** under the meter and enter data. Check **Estimation** if you are not including measured data for the entry. You may also choose to record cost here, too. Once you're finished adding entries, click **Continue**.
   iv. Select the boxes of the meters that total your property's energy or water use on the **Select Meters to Include in Metrics** page. Click **Apply Selections**.
4. If you create a waste meter:
   i. Select the waste you are tracking and indicate what you do with it. Click **Continue**.
   ii. Indicate how often the material is being collected (regular or intermittent), the units used for tracking, and if prompted, the date you first started tracking. Click **Create Meter(s)**.
   iii. Click the blue arrow next to each meter to expand the section on the **Your Meter Entries** page. Click **Add Another Entry** under the meter and enter data. Check **Estimation** if you are not including measured data for the entry. You may also choose to record cost and disposal destination here, too. Once you're finished adding entries, click **Continue**.
   iv. Select the boxes of the meters that total your property's waste and materials on the **Select Meters to Include in Metrics** page. Click **Apply Selections**.

3 View Results & Progress



It is easy for you to see trends and to track improvement for your entire portfolio of buildings with a variety of standard graphs and reports in Portfolio Manager. Follow these steps to view reports about your properties and to assess progress.

- ✓ Click the **Reporting** tab to view graphs and reports for a property or portfolio.
- ✓ Click on the **Charts & Graphs** options to instantly see colorful graphs of how your portfolio or group of properties is performing. You can print graphs or download the images to incorporate into a presentation or document.
- ✓ View the **Templates & Reports** section to see a list of available standard reports, including Performance Highlights, Energy Performance, and Water Performance. Select **Generate New Report** from the **Action** drop-down menu to create a spreadsheet.

Learn More!

To learn more about Portfolio Manager, visit www.energystar.gov/portfoliomanager.
To get answers to your questions, visit www.energystar.gov/buildingshelp.

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Appendix F: Pre-Application

[See Attached]

Appendix G: Final Application

[See Attached]

Appendix H: Owner Property Lien Self Certification

The Property Owner of _____ hereby self certifies that they are eligible to participate in the C-PACE program by meeting the following criteria:

- The Property Owner is current in paying all obligations secured by the subject Property, including property taxes, special assessments (including C-PACE Special Assessment), special taxes, other tax liens, or water or sewer charges among others.
- There are no involuntary liens on the Property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the Property Owner, or eminent domain proceedings.

Authorization

I declare under penalty of perjury that I am aware of the above disclosures relating to the property for the Pennsylvania C-PACE Program.

_____ _____
Signatory Name Date

_____ _____
Property Address Parcel ID Number

Appendix I: Qualified Contractor Terms and Conditions

Pennsylvania Qualified Contractor Terms and Conditions

The Pennsylvania Commercial Property Assessed Clean Energy Program (Pennsylvania C-PACE) is an open market program that allows Property Owners to select the Qualified Contractor, Qualified Engineering Professional, and C-PACE Capital Provider that best fits the Property Owner's objectives. To install Energy Conservation Measures (ECMs) funded through a C-PACE Special Assessment, an installation contractor must become a Qualified Contractor with the Pennsylvania C-PACE program. This document defines the terms and conditions to which all Qualified Contractors must adhere. Pennsylvania C-PACE and the Qualified Contractor are the parties to these terms and conditions and may be referred to herein individually as Party or jointly as The Parties.

General Provisions

Term of the Agreement: Qualified Contractor status shall commence on the date an application is approved by the Program Administrator and shall continue until terminated in writing by either party.

No Guarantee of Additional Business: Pennsylvania C-PACE makes no representations or guarantees that the Qualified Contractor will obtain additional business revenue or opportunities through its participation in the program.

Relationship of the Parties: Qualified Contractor may present itself as a Qualified Contractor in the Pennsylvania C-PACE Program. By submitting this application, Qualified Contractor does not become an agent, employee, or representative of the Pennsylvania C-PACE Program. The Parties shall not be considered to be joint ventures, partners, agents, servants, employees, fiduciaries, or representatives of each other, and no Party shall have the right or power to bind or obligate any other Party to, or third-party beneficiary of, these terms and conditions.

Indemnification: Qualified Contractor agrees to indemnify and hold the Pennsylvania C-PACE Program and its Program Administrator, their respective directors, commissioners, officers, employees, and agents harmless against all claims, liabilities, damages, losses, costs, or expenses (including, but not limited to, reasonable attorneys' fees) arising out of or related to any act or omission of the Qualified Contractor, its directors, officers, employees, subcontractors, or agents of Qualified Contractor or its subcontractors, including, but not limited to, the failure of Qualified Contractor to properly and/or timely pay any wages and/or benefits to the Qualified Contractor's employees. The obligations of Qualified Contractor under this section shall survive termination or expiration of Qualified Contractor's status and shall be in addition to the warranty obligations of Qualified Contractor. Qualified Contractor waives the right to bring or assert any claim against Pennsylvania C-PACE and its vendors relating to its C-PACE Program participation and status as a Qualified Contractor (including listing as a Qualified Contractor) and releases Pennsylvania C-PACE and its vendors from any and all liability therefore or relating thereto.

Use of Pennsylvania C-PACE Logo: Qualified Contractor may include the Pennsylvania C-PACE logo and program name in its marketing materials and may provide Pennsylvania C-PACE program materials to its customers. Qualified Contractor may not imply or state that it is a representative of the Pennsylvania C-PACE program or that it has been endorsed by the Pennsylvania C-PACE program. If the Program Administrator terminates the contractor's status as a Qualified Contractor, contractor must immediately discontinue the use of the Pennsylvania C-PACE logo and program name in its marketing materials.

Qualified Contractor Responsibilities

True and Accurate Information: Qualified Contractor shall provide true, accurate, current, and complete information on the Pennsylvania C-PACE Qualified Contractor application. Contractor is required to ensure, update, and maintain the truthfulness, accuracy and completeness of all information that it provides on its Qualified Contractor application.

Licensing and Registration: Qualified Contractor shall be and remain licensed, authorized to conduct business, and in good standing in all jurisdictions in which it conducts business, including the Commonwealth of Pennsylvania and shall have the legal authority and power to offer, sell and/or install improvements that are permanently affixed to real property. Qualified Contractor agrees to notify the Pennsylvania C-PACE Program Administrator of any future changes to the licenses and certifications that it possesses. As a condition of approval of the Qualified Contractor or any time following approval of the Qualified Contractor, the Pennsylvania C-PACE Program Administrator may request copies of all relevant licenses held by the Qualified Contractor. Qualified Contractor agrees to promptly provide the requested copies of licenses to the Pennsylvania C-PACE Program Administrator.

Adherence to Laws, Regulations, and Program Guidelines: Qualified Contractor shall comply with all laws, ordinances and regulations. Qualified Contractor shall also comply with the Pennsylvania C-PACE Program Guidelines, which define the requirements and processes of the Pennsylvania C-PACE program. The Pennsylvania C-PACE Program Guidelines may be revised from time to time without notice by Pennsylvania C-PACE, or its designee. It is Qualified Contractor's responsibility to verify current program requirements and procedures and to comply with all laws, ordinances, regulations, and program guidelines.

Insurance: Qualified Contractor agrees to carry appropriate insurance for its type of business.

Pennsylvania C-PACE Responsibilities

No Endorsement: The Program Administrator does not verify, vet, endorse, or rank Qualified Contractors. C-PACE Capital Providers may maintain additional requirements that a Qualified Contractor must satisfy in order for the C-PACE Capital Provider to approve C-PACE Financing for ECMs that Qualified Contractor installs.

Right to Remove Contractor: Program Administrator reserves the right to revoke an installation contractor's Qualified Contractor approval, and/or remove Qualified Contractor from its listing of Qualified Contractors, for any reason or for no reason.

Information Sharing: By submission of a Pennsylvania C-PACE Qualified Contractor application, Qualified Contractor agrees that information provided on the application may be published or otherwise publicly disseminated.

Authorization

By submitting the Pennsylvania C-PACE Qualified Contractor Application, you represent that you are authorized to act on behalf of the Qualified Contractor and that the Qualified Contractor accepts and agrees to the Pennsylvania C-PACE Qualified Contractor Terms and Conditions. I declare under penalty of perjury that the foregoing statement is true and correct, and I am aware that if I present any material matters as true which I know to be false, I may be subjected to penalties prescribed for perjury under the laws of the Commonwealth of Pennsylvania.

_____	_____
Signatory Name	Date
_____	_____
Printed Name	Company Name

Appendix J: Fee Schedule

To participate in the C-PACE Program, Property Owners must agree to pay various administrative and financing fees. The fees for any specific project will be disclosed and agreed to prior to financing. The Program Administrator reserves the right to modify its fee structure at any time due to changes to program requirements or market factors.

Application Fee. A non-refundable application fee of $1,000 will be due at the time of pre-application submission to the RDA.

- Program Fee. Program fees cover the cost of program management, project underwriting, legal document preparation and funding disbursement as well as other transaction related project fees.

    - Projects $25,000 - $999,999, the fee is 1.75%.;
    - Projects $1,000,000 - $1,999,999, the fee is 1.75% of $999,999, plus 1.50 % on the amount > $999,999;
    - Projects $2,000,000 - $3,999,999, the fee is 1.75% of $999,999, plus 1.50 % of $1,000,000-1,999,999, plus 1.40% on the amount > $1,999,999.
    - Projects > $4,000,000 , the fee is 1.75% of $999,999, plus 1.50 % of $1,000,000-1,999,999, plus 1.40% of $2,000,000-$3,999,999, plus 1.25% on amount > $4,000,000 or greater.

    *Fees may be subject to negotiation on projects of significant scale or scope.

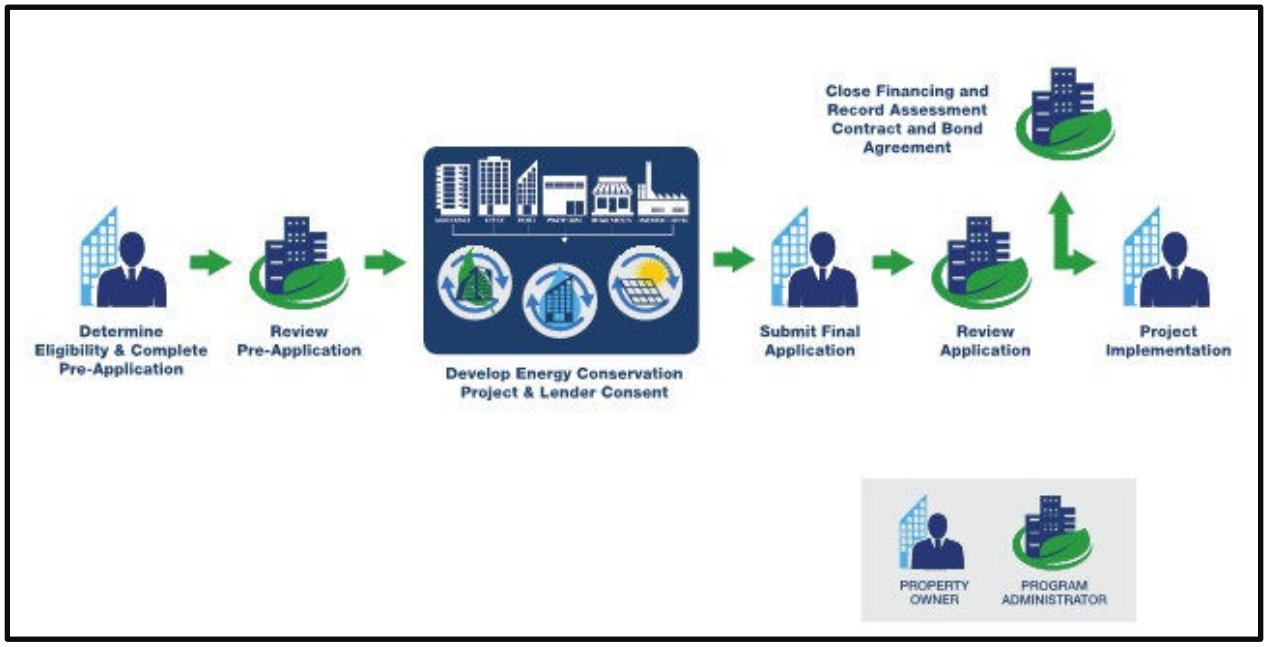
- Recordation Fee. The Property Owner or C-PACE Capital Provider will be responsible for paying the cost of recordation of the Assessment Contract.

- Fees for Optional Services. Other fees vary based on services requested by the Property Owner and the Local Unit of Government where the project is located. Property Owners may request additional services to assist with project scoping and review, finance structuring or mortgage holder negotiation. Fees for these services will be negotiated at the time of the request.

- Annual Servicing Fee. On-going fees to pay for preparation of the assessment installment bills, preparation of continuing disclosure reports, monitoring project funds, tracking delinquencies, and fees charged by the Local Government Unit. The Local Government Unit fees for the collection of the contractual assessment installments on the County property tax bill will be factored into the contractual assessment installments and not part of the Annual Servicing Fee.

    - All projects will have an annual Servicing Fee of $800.00, the majority of which covers the cost of the Paying Agent.

Appendix K: C-PACE Application Process Diagram



Appendix L: Mortgage/Lien Holder Consent

Notice of Proposed C-PACE Special Assessment and
Request for Financial Institution Consent to Participate in Pennsylvania C-PACE
Program Administrator: _____

Notice Date:

Financial Institution:
Street:
City/State/Zip Code:
ATTN:

Property/Loan Information:

Address:

Loan Number:

Why has the Financial Institution received this notice?

The Property Owner listed below owns the subject Property. Your Financial Institution holds a lien, mortgage or security interest or other encumbrance on the property.

[Property Owner] wishes to install energy efficiency, water conservation or renewable energy upgrades to the property using Commercial Property Assessed Clean Energy (C-PACE) financing known as the "Pennsylvania C-PACE" program. The Property Owner requests your consent for the property to participate in the program.

Background on C-PACE in Pennsylvania

Pennsylvania Statute (S.B.234) authorizes Pennsylvania municipalities or counties to establish a C-PACE program in their communities. C-PACE financing helps stimulate local economies by ensuring that owners of agricultural, commercial ,and industrial properties can obtain low-cost, long-term financing for energy efficiency, renewable energy, and water conservation projects. The municipality or county where the subject property is located has contracted with the aforementioned Program Administrator, to administer the program.

With C-PACE, the financing for qualifying projects is repaid by a voluntary assessment on the property that is collected with the regular property taxes. Assessments have long been used to pay for improvements to real property that meet a public policy objective, such as sidewalks, parks, lighting districts, and water and sewer projects. Like other assessments, C-PACE Payments must be current upon the sale of a property and remain with a property upon sale. As with other assessments, if a property is sold in liquidation, any C-PACE Payment in arrears have the same priority status as a lien for any other tax.
The Program Administrator has been designed to meet the needs and concerns of Pennsylvania's residents, Property Owners, and existing mortgage/lien holders. To qualify, the proposed project must meet the following basic criteria:

- The property is located in a Pennsylvania municipality or county that has passed a resolution authorizing a program;
- The property is an agricultural, commercial, or industrial property;

- The proposed measures reduce energy consumption, water consumption, and/or increase the production of on-site renewable energy;
- The proposed measures are permanently affixed to the property;
- The property is current on all municipal property tax and assessment payments.
- The proposed project meets the requirements.
- The Property Owner received consent of the current mortgage/lien holder(s).

Why should your Financial Institution consent to the C-PACE Special Assessment?

1. Projects financed through C-PACE Pennsylvania reduce building operating costs and therefore increase a property's collateral value. Under the C-PACE Pennsylvania eligibility requirements, a proposed project must include a scope of work, an energy baseline or water usage baseline, and the projected energy savings or water usage reductions. A third-party Qualified Engineering Professional will confirm the energy savings assumptions prior to closing the financing. Lower operating costs typically raise a property's value, improving its collateral value for your Financial Institution's mortgage.

2. C-PACE payments do not accelerate. In the event a mortgage holder or lien holder forecloses on the property for any reason, only the C-PACE payments currently due and in arrears would be payable, which is likely a relatively small proportion of the total amount financed. In the event of a property sale, the remaining C-PACE Financing runs with the land and would be paid by the new property owner as property taxes are due.

3. Projects financed through C-PACE often reduce maintenance and repair costs, and improve a building's health and comfort, making it more attractive to tenants and future owners.

What should your Financial Institution know?

[Building owner] has indicated its intention to apply for C-PACE Financing for improvements outlined in **Appendix B** on the property listed above. The C-PACE Financing will be levied on the property pursuant to an agreement among the property owner, Local Unit of Government, Program Administrator, and the project funding source. The C-PACE Special Assessment terms will consist of:

Total cost of improvements:
Utility rebates/incentives:
Total C-PACE financing requested (+/- 5%):
Annual interest rate not to exceed:
Term of repayment:
Total estimated annual C-PACE Payments:
Payments per year:

Estimated Benefits of the Improvements

Based on the recently prepared ECM and/or Renewable Energy Feasibility Survey, the following savings are estimated to result from the installation of the Authorized Improvements, using the assumptions noted in the calculator:

Electric and Fuel Bill Savings: $
Other Savings (specify):
a. Federal Investment Tax Credit = $
b. C-PACE Interest Deduction (cash value @ 35% tax rate) = $
c. Depreciation Cash Impact (cash value @ 35% tax rate) = $

Total Estimated Annual Savings: $

NOTE: The savings noted above represent estimates based on the assumptions contained in the [Building Owner's engineer's] ECM Survey. In order to close C-PACE Financing, a qualified third party will confirm the estimates

Purpose of this Notice

As required by the C-PACE Program Administrator, **[Name of Property Owner]** is sending this Notice of Proposed C-PACE Special Assessment and Request for Financial Institution Consent to Participate in Pennsylvania C-PACE to

(i) provide notice of **[Property Owner's]** proposed participation of the identified property in the program;

(ii) request confirmation from your Financial Institution (a current mortgage/lien holder) that the levy of the C-PACE Payments will not trigger a default nor the exercise of any remedies under your Financial Institution's Loan documents,

(iii) provide notice that the C-PACE Special Assessment will be collected in installments that are subject to the same penalties, remedies and lien priorities as real property taxes, and

(iv) declare the **[Name of Property Owner]**'s agreement to pay on a timely basis both the existing obligations secured by the property (including the Loan) and the proposed C-PACE Installments.

Execution and Return of Consent. The Property Owner would appreciate your Financial Institution executing the attached Consent to Consent to Participate in Pennsylvania C-PACE and returning it to the undersigned at your earliest convenience.

Very truly yours,

BY: (signature):_____

PROPERTY OWNER NAME:
MAILING ADDRESS (if different than Property address):

Mortgage/Lien Holder Acknowledgement to C-PACE Payments

Date:

Property/Loan Information Building
Address:
Tax key/Parcel:
Mortgage Holder:
Loan Number:

This Mortgage/Lien Holder Acknowledgement to C-PACE Special Assessment payments ("Acknowledgement") is given by the undersigned entity (the "Mortgage/Lien Holder") with respect to the above-referenced loan ("Loan") and property ("Property") in relation to the Pennsylvania C-PACE program administered by the Program Administrator

RECITALS

A**.** Mortgage/Lien Holder is in receipt of written notice ("Notice") from the owner of the Property ("Property Owner") that the it intends to finance the installation on the Property of certain energy efficiency, renewable energy or water conservation improvements that will be permanently fixed to the Property ("Authorized Improvements") and that will be financed by participating in the Pennsylvania C-PACE program (the "Program").

B. Mortgage/Lien Holder understands that, as a result of an agreement between the Local Government, the Property Owner and the C-PACE Capital Provider that the C-PACE Special Assessment payments described in the C-PACE Statement of Levy and Lien Agreement and C-PACE Financing Agreement will be levied on the Property, and that the C-PACE Special Assessment payments will be collected by the local government using its present tax collection process.

C. The Property Owner has agreed in a manner acceptable to Mortgage/Lien Holder to pay on a timely basis both the existing obligations secured by the Property (including the Loan) and the proposed C-PACE Special Assessment payments.

D. The Mortgage/Lien Holder consents to the Property Owner's participation in the Program, including but not limited to the levy of C-PACE Special Assessment payments on the Property.

[Continued on next page]

ACKNOWLEDGEMENT

The undersigned hereby represents that it is authorized to execute this Acknowledgement on behalf of the Mortgage/Lien Holder. The Mortgage/Lien Holder hereby:

(i) confirms that it has received the Notice;
(ii) acknowledges the levy by the municipality or county of the C-PACE Special Assessment payments pursuant to the terms of the Statement of Levy and Lien Agreement and C-PACE Financing Agreement; and
(iii) agrees that the levy of the C-PACE Financing will not constitute a default nor trigger the exercise of any remedies under the Loan documents.

The Mortgage/Lien Holder hereby acknowledges that the Property Owner, the municipality or county, and the Program Administrator, will rely on the representation and acknowledgement of the Mortgage/Lien Holder set forth in this Acknowledgement. The Recitals are integrated into and made a part of this Acknowledgment.

Mortgage/Lien Holder:

By:

Signature:

Title:

Date:

In witness whereof, _____ has caused its name to be signed this _____ day of

_____, _____.

_____

By:_____

_____, _____

Appendix M: Program Administrator Disclosure Agreement

The Property Owner of _____ hereby acknowledges that the Program Administrator will be held harmless and recognizes that:

- The Program Administrator does not provide legal advice and will not mediate any disputes between any participants in Pennsylvania C-PACE, including but not limited to, Property Owners of Eligible Properties and their tenants, C-PACE Capital Providers, Qualified Contractors, energy service companies, and utilities.
- In addition to other designated and implied responsibilities in the C-PACE Program, applicant is responsible for reviewing the terms, conditions, and obligations implied by the C-PACE Statement of Levy and Lien Agreement, as well as the terms of any supplemental agreements with the C-PACE Capital Provider and all agreements with Qualified Contractors, Qualified Engineering Professionals, and any other parties to the project.
- When approving an installation contractor as a Qualified Contractor, the Program Administrator conducts a limited review of the company, including review of professional licenses held by the contractor. Property Owner should not rely on Program Administrator's approval of a Qualified Contractor as assurance of the Qualified Contractor's qualifications. Property Owner is responsible for conducting its own due diligence, including but not limited to consideration of finances, performance, and pricing, before selecting a contractor.
- The Program Administrator does not provide any accounting advice regarding how a Property Owner should treat the C-PACE Financing in their books and records.
- The Program Administrator has the right to review all projects for eligibility and may approve C-PACE Projects for C-PACE Financing according to the standards and criteria set forth in the Program Guidelines.
- Pennsylvania C-PACE and the participating Local Unit of Government retain ultimate discretion whether to approve a C-PACE Financing and enter into a C-PACE Statement of Levy and Lien Agreement to levy a C-PACE Special Assessment against an Eligible Property.
- C-PACE Capital Providers are prohibited from releasing, and installation contractors are prohibited from receiving, final payment for a C-PACE Project until the required parties have duly executed a Certificate of Completion and the Program Administrator has accepted the Certificate of Completion.
- The Local Unit of Government and Program Administrator:
    - Do not endorse any particular C-PACE Capital Provider, Qualified Contractor, Qualified Engineering Professional, other engineering firm, manufacturer, product, or system design by this offering.
    - Are not responsible for any tax liability imposed on the recipient as a result of the payment.
    - MAKE NO REPRESENTATION OR WARRANTY, AND ASSUME NO LIABILITY WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, OR OTHER ASPECT OF ANY DESIGN, CONSULTING, PRODUCT, SYSTEM, EQUIPMENT, OR APPLIANCE INSTALLED OR RECEIVED AND EXPRESSLY DISCLAIM ANY SUCH REPRESENTATIONS, WARRANTIES, AND LIABILITY, INCLUDING, BUT NOT

LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Please contact your contractor for detailed manufacturer equipment warranties.

- Do not guarantee that installation and operation of energy efficient equipment will result in reduced usage or in cost savings to a Property Owner or any occupants of an Eligible Property.
- Are not responsible for the proper disposal/recycling of any waste generated as a result of this project
- Are not liable for any damages, including any incidental or consequential damages, arising out of the operation or malfunction of the products, equipment, or appliances, or the installation thereof related to a C-PACE Project.
- Unless notified in writing, Program Administrator reserves the right to publicize participation in the program.
- Upon reasonable notice period a Program Administrator representative may schedule a site visit to verify that qualified products, systems, equipment, or appliances were installed.

Authorization

I declare under penalty of perjury that I am aware that of the above disclosures relating to the Program Administrator of the Pennsylvania C-PACE Program.

_____ _____

Signatory Name Date

_____ _____

Property Address Parcel ID Number

Appendix N: Tenant Notification Self Certification

The Property Owner of _____ hereby self certifies that they are eligible to participate in the C-PACE program by meeting the following criteria:

- The Property Owner has notified all tenants of the building of the C-PACE Special Assessment on the property.

Authorization

I declare under penalty of perjury that I am aware of the above disclosures relating to the Property for the Pennsylvania C-PACE Program.

_____ _____
Signatory Name Date

_____ _____
Property Address Parcel ID Number