

MONTGOMERY COUNTY COMMERCIAL PACE PROGRAM GUIDELINES

Last Update: March 2021



The Montgomery County C-PACE program is administered by



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Note About These Program Guidelines

There have been many improvements since the Montgomery County Commercial Property Assessed Clean Energy (“MC-PACE”) program was first established in 2016. Interested parties are encouraged to explore the latest [local law](#) for information on timing of Surcharge placement, the addition of C-PACE for new construction, and more!

For those parties who are new to the MC-PACE program, you are encouraged to read the full Program Guidelines document to learn about the program. You may also skip straight to the procedures for Property Owners, Capital Providers, Contractors, and other participants below for a quick reference guide relevant to your role in the MC-PACE program.

About C-PACE

Commercial Property Assessed Clean Energy (“C-PACE”) financing is a policy that considers energy efficiency and renewable energy upgrades a public benefit, like a sewer or road extension, and allows financing for such upgrades to be repaid through a property tax assessment.

MC-PACE is a voluntary program that enables Property Owners in the County to access low-cost, long-term capital to finance qualifying energy efficiency and renewable energy improvements in commercial buildings. The financing is repaid through a surcharge on a Property Owner’s property tax bill assessed by Montgomery County (the “Surcharge”). Like other property tax surcharges, the Surcharge is non-accelerating, and it is non-recourse. The repayment obligation is transferrable to the next owner if the property is sold, and in the event of delinquency, only the current payment and any payments in arrears are due. The C-PACE special assessment is “pari passu” with real estate taxes and the payment is collected through the property tax bill, which makes it a high-quality form of collateral that enables Capital Providers to offer competitive rates and terms over long periods of time.

Property-secured surcharges are a safe and familiar tool which state and local governments levy on real estate parcels to finance projects including street paving, water and sewer systems, and street lighting. C-PACE builds on a long history of using such surcharges and serves a public purpose by improving the local building stock, reducing energy/operating costs, stimulating the economy, reducing greenhouse gas emissions, and creating jobs.

C-PACE was enabled in Maryland through the passage of Senate Bill 186 in 2014 and adopted in Montgomery County through the enactment of Montgomery County Bills 11-13, 6-15, 18-16, and 33-18, and 7-19 amending Montgomery County Code Chapter 18A (Environmental Sustainability), Article 5 (Section 18A-33 to 18A-37).

The purpose of these Program Guidelines is to establish and describe the rules governing the MC-PACE Program (the “Program”) for Property Owners, Capital Providers, Mortgage Holders, and Contractors. In this document, you can find information about:

- the process and necessary documentation for applying for C-PACE project approval,
- the process to become a registered Contractor and receive C-PACE information, and
- the process to become a listed Capital Provider in Montgomery County’s open market.

The Montgomery County Green Bank (“Green Bank”) is the MC-PACE Program Manager (“Program Manager”). The Program Manager implements the Program using these Program Guidelines and attached Exhibits, as found on the Green Bank website www.mcgreenbank.org. The guidelines and form documents may be modified or amended by the Green Bank from time to time.

C-PACE Program Benefits

C-PACE offers multiple benefits to a broad range of stakeholders including Property Owners, Mortgage Holders, Contractors, Capital Providers, and the County.

For Property Owners: C-PACE helps minimize the upfront investment and installation of energy upgrades, while helping owners lower their operating costs, improve the value and market competitiveness of their asset, and comply with building code. C-PACE does this in several ways:

- C-PACE provides up to 100% up-front, long-term financing to Property Owners for qualified energy upgrades. That means no money down. Audits, construction costs, measurement, and verification (M&V), and other hard and soft costs can be wrapped into C-PACE financing.
- The C-PACE Surcharge is attached to the property and can transfer to the new owner upon sale. The balance of the loan does not accelerate in case of default.
- Many owners feel energy improvements do not yield an adequate return on investment with traditional financing. However, with long term C-PACE financing, the energy savings from a project often exceed the low annual repayment.
- Owners may share costs and benefits of energy upgrades with tenants. The Surcharge is repaid through the property tax bill, and many lease structures allow the C-PACE payments – as well as energy savings – to be passed along to tenants.

For Mortgage Holders: The structure of the C-PACE program allows participating Property Owners to pay for improvements to their property out of the savings the project creates, improving their cash position and ability to repay all obligations.

For Contractors: A significant barrier to converting project leads is the Property Owner’s lack of access to capital, and C-PACE provides a new tool for them to access 100% financing for up to 20 years, covering the costs for deep energy efficiency and clean energy improvements. The demand for building energy improvements is growing in Montgomery County, creating jobs for Contractors, and promoting economic development. Active participants may be listed in the Contractor Directory for marketing purposes.

For Capital Providers: The C-PACE special assessment is a secure investment. The amounts that come due stand senior to all commercial mortgages and deeds of trust. As a result, Capital Providers that participate in the Program may receive attractive project finance opportunities or better serve their

customers with properties in the County. Montgomery County operates an open market for C-PACE capital and active participants may be listed in the Capital Provider Directory for marketing purposes.

For Montgomery County: The advantages of C-PACE financing have been widely recognized by policymakers, leading over 30 states to enact PACE-enabling legislation. C-PACE programs promote local economic development by providing a new and unique method for financing building upgrades, lowering owner and tenant utility expenses, creating jobs for Contractors, reducing greenhouse gas emission and other pollutants, and improving the community's building stock.

FOR ALL PARTICIPANTS: There have been many changes since the program was first established in April 2016. Interested parties are encouraged to explore the latest [local law](#) for information on timing of Surcharge placement, the addition of C-PACE for new construction, and more!

Program Quick Reference

Qualified Property	Any new or existing commercial, industrial, agricultural, nonprofit, and multifamily (with more than four units) real properties.
Eligible Project	Energy efficiency, renewable energy, and other projects, as described in the Eligibility of Projects section, that demonstrate energy conservation and is undertaken on a Qualified Property.
Eligible Amount	<p>Any amount (minimum of \$5,000) to carry out an Eligible Project and subject to the following:</p> <ul style="list-style-type: none"> Existing building upgrades: Up to 20% of the assessed or appraised value of the Qualified Property. New construction: Up to 15%-to-20% (relation to code) of assessed or appraised value of the Qualified Property. <p>C-PACE financing (for existing buildings or new construction) together with the outstanding balance of all mortgages or deeds of trust on the building must be no more than 90% of the value of the Qualified Property.</p>
Security	The financing is evidenced by a financing agreement and is secured by a special assessment that is recorded in the County Land Records against the Qualified Property. The special assessment is senior to all commercial mortgages and deeds of trust and is equal (pari passu) in priority to other special assessments on the property. Because of this senior position, the Property Owner (with Program Manager and Capital Provider support) must obtain the written consent of all holders of mortgages or deeds of trust on the Qualified

	Property prior to securing C-PACE financing.
Eligible Applicant(s)	Must meet County criteria and will be subject to an underwriting process (which is specific to participating Capital Providers) prior to obtaining C-PACE financing. In general, the Eligible Applicant(s) must be current and in good standing on all real property taxes; have no outstanding involuntary liens, collections, or charge-offs; be current on existing mortgages; may not be in, or have filed for, bankruptcy in the past five years; and must meet the requirements of the Capital Provider providing the loan.
Term	The maximum finance term is based on the weighted average effective useful life of the approved energy and water improvements as determined by the Program Manager after a review of the energy audit/feasibility study, not to exceed 20 years.
Amortization	A C-PACE loan must fully amortize over the Term.
Lender Consent	Where there is(are) an existing mortgage(s) or deed(s) of trust recorded against the property, the mortgage holder(s) must be given written notification that the owner intends to enter into a C-PACE financing agreement which cannot proceed without the written consent of the mortgage holder. The C-PACE financing agreement confirms that the proposed C-PACE financing does not constitute an event of default under the terms of existing agreements between the Eligible Applicant and mortgage holder.
Surcharge	The annual repayment of a C-PACE loan, including principal, interest, and related Program Fees, that funds an improvement and is collected through the Montgomery County real property tax billing process. Pre-payments and partial payments are not accepted through the property tax billing process.
Servicing	The ongoing billing/collections of C-PACE loans is administered by the Program Manager through the Montgomery County property tax bills issued to Eligible Applicant on an annual basis. Any amounts prepaid or partial payments must be made directly between Property Owner and Capital Provider.

Contractor Participation

The MC-PACE Program relies on Contractors to originate and develop energy efficiency, renewable energy, and water conservation projects. The program generally refers to firms developing C-PACE projects as Contractors, including lighting contractors, solar contractors, envelope contractors,

mechanical firms, design firms, service contractors, and energy consulting firms. The program encourages contractors of different disciplines to collaborate and develop comprehensive projects that best serve the building owner's needs.

BENEFITS

Many Property Owners lack the capital they need to fund building improvements, which means many worthwhile energy efficiency and renewable energy projects never get off the ground. Contractors represent an integral link in the chain that make MC-PACE a successful program. C-PACE provides Contractors with a compelling financing option they can offer building owners, which means Contractors can close more deals and grow their business in the process.

ELIGIBILITY

Any firm that holds applicable state and local licenses is eligible to become an MC-PACE-registered Contractor. Note that by establishing Contractor registration criteria, Montgomery County and the Program Manager are not recommending or endorsing any specific Contractor or warranting the reliability of any such installer.

OPTIONAL DOCUMENTS

In order to ensure program quality and meet reporting requirements, the Program Manager requests evidence of energy and water savings. More information is available in the Optional Application Documents section of the "Step-by-Step Process" sections.

HOW TO REGISTER

Complete and return the Contractor Registration Form. By registering with the C-PACE program, Contractors will receive information about the program, how it works, how to access the available (free) support services, and how to have their company name appear on the MC-PACE website. Once a completed application is received, please allow up to 7 business days for processing and approval. Contractor applications are accepted on a rolling basis.

Capital Provider Participation

MC-PACE is a voluntary financing program that enables Property Owners and real estate developers to modernize their building by installing eligible energy efficiency, renewable energy and water conservation measures. Funding is provided by private Capital Providers in an open-market model. This approach offers multiple financing options to Property Owners, enabling the program to achieve its mission of making financing for these types of projects accessible and affordable.

BENEFITS

C-PACE is a secure investment. The investment is secured by a special purpose assessment which is senior to all commercial mortgages and deeds of trust and is equal (*pari passu*) in priority to other special assessments on the property. As a result, Capital Providers who work with the MC-PACE program may receive attractive project finance opportunities. They are also listed in the Capital Provider Directory.

ELIGIBILITY

Capital Providers interested in participating must review and execute the Master Surcharge Processing Agreement with the Program Manager and other forms with the Program Manager and County. Capital Providers should refer to the Information Packet for Capital Providers which describes the steps the Capital Provider should complete prior to submission of a completed application to the Program Manager as well as the Program Manager's responsibilities toward Capital Providers under the program.

To maintain its status, the Capital Providers must promptly disclose to the Program Manager any material changes to an Application. The MC-PACE Program Manager reserves the right to rescind the Capital Provider's status if it is found to be in violation of any of the standards set forth in this Program Guide or for any other reason that the Program finds to be in violation of good practices of the program.

To expedite project closings, the program recommends that Capital Providers review the financing agreement guidelines used for all projects financed through the program.

For projects where the Property Owner has not pre-selected a Capital Provider, the Program Manager will refer Property Owners to several Capital Providers for the opportunity to submit a term sheet to finance a project.

HOW TO QUALIFY

To qualify as a Capital Provider, complete and return the Capital Provider Notice of Intent to Fund Projects Form. Then review the Information Packet for Capital Providers and Master Surcharge Processing Agreement for further detail. Once approved for participation in the program, the qualified Capital Provider will be notified by the Program Manager.

Eligibility

General

A Property Owner is eligible for C-PACE financing if they meet the following requirements:

- i. Applicant must be legal owner of property, as evidenced by recent title search, including individuals, business entities, and nonprofit companies;
- ii. Applicant must be principal owner of property located in Montgomery County, as demonstrated by Maryland State Department of Assessment and Taxation property tax account number;
- iii. Applicant has made timely payment of property taxes in the last five years; and
- iv. Applicant must obtain mortgage holder(s) consent(s) to the C-PACE loan, and signed lender consent form(s) must be submitted. Certain long-term lease holders are also eligible for C-PACE provided they have the de facto authority to enter into and make payments upon a Qualified Property's tax obligations.

Properties are eligible for C-PACE financing if they meet the following requirements:

- i. it must be a commercially zoned property, which means any real property located in the

County that is either not designed for or intended for human habitation, or that is used for human habitation as multi-family dwelling of more than 4 rental units;

- ii. the property must be current and in good standing on property tax and mortgage payments; and
- iii. the criteria specific to existing buildings or new construction (see below) are met.

Eligibility for Existing Buildings

- The C-PACE loan amount may be for up to 100% of costs to carry out an Eligible Project and an amount of ECM-related costs (defined below).
- The C-PACE loan amount must be at least \$5,000 and not more than 20% of either the full cash value or the appraised value of the Qualified Property.
- An assessed property value is determined by the Maryland State Department of Assessments and Taxation. An appraised value must be determined by a Certified General Real Estate Appraiser and must have been certified no more than 12 months before the date of the Application.
- The C-PACE loan amount together with the outstanding balance of all mortgage(s) or deed(s) of trust must be no more than 90% of either the assessed value or the appraised value of the Qualified Property.
- The project includes one or more of the approved measures indicated in Eligibility of Projects.

Eligibility for New Construction

- For new commercial construction, the property must be designed to exceed the energy performance required by the relevant County building code.
 - If a Qualified Property is designed to exceed the energy performance required by the relevant County building code by up to 5%, the maximum loan amount may be up to 15% of the assessed or appraised value.
 - If a Qualified Property is designed to exceed the energy performance required by the relevant County building code by 5% or greater, the maximum loan amount may be up to 20% of the assessed or appraised value.
- The C-PACE loan amount together with the outstanding balance of all mortgage(s) or deed(s) of trust must be no more than 90% of either the assessed value or the appraised value of the Qualified Property.
- The appraised value must be determined by a Certified General Real Estate Appraiser and must have been certified no more than 12 months before the date of the Application.
- The Qualified Property building simulation must show a baseline “Code Compliance” case and the “As Designed” case that demonstrates an energy performance delta between the two simulations.

Eligibility of Projects

Property Owners may choose to work with an Energy Contractor with demonstrated experience to define a scope of work for saving energy in their building. This scope can range from installation of a single ECM to a whole-building energy upgrade involving multiple, interactive ECMs. All C-PACE-related improvements must be permanently affixed to a property.

The State law in Maryland requires the local jurisdiction to determine what projects are eligible for C-PACE financing. The [Montgomery County C-PACE law](#) lists several eligible measures, as shown below, but it is not a comprehensive list. The Program Manager invites participants to reach out about any measure not shown below:

- insulation in any wall, roof, floor, foundation, or heating and cooling distribution system;
- a storm window or door, multi-glazed window or door, heat-absorbing or heat-reflective glazed and coated window and door system, or additional glazing, reduction in glass area, and other window and door system modification that reduces energy consumption;
- an automated energy control system;
- heating, ventilating, or air-conditioning and distribution system modification or replacement;
- caulking, weather-stripping, and air sealing;
- replacement or modification of lighting fixture to reduce the energy use of the lighting system;
- an energy recovery system;
- a day lighting system;
- the installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity;
- a measure that reduces the usage of water or increases the efficiency of water usage;
- any other installation or modification of equipment, device, or other material intended to decrease energy consumption or expand the use of renewable energy source;
- any measure or system that makes use of or expands a renewable source of energy, including solar water heater, solar thermal electric, photovoltaic systems, wind, biomass, hydroelectric, geothermal electric, geothermal heat pumps, anaerobic digestion, tidal energy, wave energy, ocean thermal, fuel cells using renewable fuels, and geothermal direct-use; or
- any renewable energy system that is a fixture, product, device, or interacting group of fixtures, products, or devices on the customer's side of the electricity meter that uses at least one renewable energy source to generate electricity. A renewable energy system includes a biomass system but does not include an incinerator or digester.

Other eligible expenses may include the following, subject to acceptance by the C-PACE Capital Provider and Program Manager: energy/water audits; renewable energy feasibility studies; project management, design, installation, and construction of the qualifying improvements (including development soft costs or other associated development costs); commissioning; energy savings or performance guarantee or

insurance; prepaid O&M expenses; extended warranties (up to the full finance term or useful life of the equipment, whichever is lower); C-PACE finance closing fees; program and permit fees; administrative fees; prepaid post-install evaluation and M&V; and other project-related expenses approved by the Program Manager.

ECM-related measures may be included in the amount financed provided that those measures (a) support the installation or relate to the installation of the ECM(s) and (b) do not exceed a reasonable portion of the overall project costs. Examples of ineligible but related measures that may be included in the C-PACE financing along with eligible measures include:

- A like-for-like roof upgrade associated with the installation of a roof-mounted solar photovoltaic array (however, if the roof upgrade results in energy savings such as through improved insulation, the roof upgrade would be considered an eligible measure);
- Asbestos abatement associated with a boiler retrofit;
- New pads to support new plant equipment, such as a new chiller;
- Replacement of ductwork and terminal boxes associated with a packaged rooftop unit replacement;
- Relocation of equipment associated with the installation of energy saving measures, such as relocating a packaged rooftop unit to better serve redistributed loads within a building;
- Rerouting of a fire sprinkler system to accommodate a new HVAC system;
- Electrical upgrades associated with a new solar photovoltaic system;
- Carports supporting a solar photovoltaic array;
- Demolition of an existing parking lot and installation of a new parking lot to allow for installation of a bore field associated with a new ground source heat pump system;
- Shading devices or window coverings;
- Vending machine controls.

All qualifying costs that will be included in the C-PACE financing must be submitted as part of the initial project Application and cannot be added to the surcharge amount after project completion and/or loan execution. Property Owners may submit subsequent Applications and Capital Providers may provide multiple C-PACE loans for follow-on Projects.

Underwriting

The following underwriting standards are common to C-PACE financing requirements, similar to underwriting a mortgage. Capital Providers may also apply underwriting criteria for each project.

- Total property-related debt (including mortgage debt, the C-PACE financing, and any other obligations secured by the property) must not exceed 90 percent of the property's value. This value may be established either (a) as the assessed value of the property, or (b) its appraised value, as supported by a recent appraisal.

- The Property Owner has been current on its property tax and assessment payments with respect to the property for five years.
- The Property Owner must not have any involuntary liens, defaults, or judgments applicable to the subject property. A Property Owner may be able to participate if he or she can demonstrate that there is an acceptable reason for the lien, default, or judgment and provide supporting documentation.
- The Property Owner(s) or their affiliated companies have not been a debtor in a bankruptcy proceeding during the past five years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- The C-PACE assessment Loan to Value percentage shall not exceed 20% for existing building retrofit projects. Where there is no mortgage on the property or construction lender involved to underwrite the transaction or for any other project that the Program Manager determines should be subject to this requirement, the Program Manager shall require an appraisal to establish the C-PACE assessment Loan to Property Value percentage. Such appraisal shall be conducted by a Certified General Real Estate Appraiser.¹

In addition to the items required by the program in the Project Approval Checklist, the Capital Provider may request the following documents from each Property Owner to support their financial underwriting efforts on the property:

- Several years of audited/reviewed financials or tax returns from the Property Owner. Additional financials may be requested for special use property types or upon review of financials;
- Documented, completed or ongoing environmental site assessment, if available;
- An appraisal, if necessary;
- A recent statement, if the property has a mortgage;
- A certified rent roll, if the property has multiple tenants;
- The Property Owner's organizational documents including the organization's rights over the property, if the Property Owner is not an individual;
- A list of the members, partners, and/or officers and directors of the Property Owner, if the Property Owner is not an individual;
- Copies of driver's licenses for all individuals who will be signing the closing documents;
- A signed IRS W-9 form for the Property Owner;
- Executed construction contracts between the Property Owner and Contractors; and
- Proof of property and commercial general liability insurance.

¹ The Certified General Real Estate Appraiser shall be able to demonstrate competency related to the valuation of commercial buildings that include energy efficiency improvements, as demonstrated by past appraisal reports, association with an appraisal firm that has demonstrated competency in appraising energy efficient properties in commercial properties, or proof of completion of related industry-approved courses, such as those taught by the Appraisal Institute or other accredited educational providers.

Capital Providers participating in the MC-PACE program may collect different and/or additional documentation from the Property Owner during their financial underwriting process; however, all applications must meet the minimum checklist requirements in the Application.

Repayment

Once a C-PACE financing agreement is executed with a Capital Provider, the Program Manager will work with the County to place the Surcharge on the property's tax bill(s) that corresponds to repayment of the loan. The following are the relevant requirements (Capital Providers may impose additional requirements):

- Applications, the Master Surcharge Processing Agreement attachments, and other relevant forms must be approved by the Program Manager. These forms (see Application material for full list) include documents that verify:
 - the Property Owner's ability to repay the C-PACE financing in a manner substantially similar to that required for a mortgage loan;
 - there are no delinquent taxes, special assessments, or water or sewer charges on the Qualified Property;
 - a history of timely property tax payments in the preceding five years;
 - there are no delinquent assessments on the qualified property under the Program;
 - consents of existing mortgage or deed of trust lender(s);
 - appraised value of the qualified property as certified in the appraisal report submitted by a Certified General Real Estate Appraiser;
 - loan to value documentation; and
 - any other financial or program documents that the Montgomery County Department of Finance Director deems necessary.
- The Property Owner of a Qualified Property must agree to repay the C-PACE amount financed through a surcharge levied on the County's real property tax bill for the qualified property.
- The surcharge will be recorded in the Land Records of the County within 30 days of the execution of a C-PACE loan financing agreement.

Repayment of C-PACE assessment financing is made via payments on the property tax bill. While Property Owners will find that the C-PACE assessment appears as a separate line item on the bill, the payment is made with property taxes and any other special assessments. Payments in this manner are distributed proportionally between all tax bill surcharges – Property Owners that make partial payments will have unpaid property taxes and face the possibility of tax sale. Property Owners whose mortgage lenders require taxes to be escrowed should expect that these lenders will increase the escrow amount to include C-PACE payments.

Partial and prepaid amounts may not be accepted through the property tax bill. A Property Owner must make any partial or prepayment amounts directly with the Capital Provider.

The C-PACE repayment obligation is transferrable and may be transferred to the next owner if the property is sold. Or a Property Owner can choose to repay the C-PACE obligation directly to the Capital Provider.

The County collects the C-PACE assessments from participating Property Owners via the property tax collection system and remits those funds to the Program Manager (or its designated fiduciary) for distribution to Capital Providers. The Program Manager or its designated fiduciary will remit funds to the respective investor within five business days of receiving them from the County.

Property Owners should be aware that any failure to make a payment on a C-PACE assessment will give rise to the same consequences as a failure to pay property taxes, which could include penalty interest and fees, as well as a tax sale to recover the amounts owed. Like other surcharges (e.g., a sewer assessment), the C-PACE Surcharge is non-accelerating. In the event of delinquency or tax sale, only the current payment and any payments in arrears are due.

C-PACE Process Flow for Existing Building Retrofits

Prescreen the Project

To get started, Property Owners, Developers, Capital Providers, and Contractors are encouraged to submit a request to the Program Manager to screen a property for eligibility. This no-cost prescreen includes a review of public records related to the property to identify the property type and identify items such as any encumbrance that may slow the project application.

To prescreen a property, the Program Manager needs the property's address, and, if available, 12 months of recent utility data. The Program Manager will review that the property has been current on all County property tax and special assessment payments for the prior five consecutive years. Delinquent payments within this period will be reviewed and, if a delinquency is determined acceptable at the County's discretion, an eligibility waiver will be granted by the County.

Step-by-Step Process for Existing Building Retrofits

STEP 1

Applicants for C-PACE approval must submit the following to the Program Manager for each eligible project seeking C-PACE financing. For a checklist of the required Application items, please see Project Approval Checklist:

- A. Submit Completed Application for C-PACE Financing with list of ECMs. When a Property Owner is ready to move forward with the C-PACE financing, the Property Owner or their representative submits a signed Application Form to the Program Manager to confirm program eligibility. Once confirmed, the Program Manager will send a Letter of Eligibility to the owner and schedule a kickoff call with the owner(s) and project originator(s) to review the C-PACE process and the project scope and Application form. The call will provide next steps so that all parties understand their responsibilities in the C-PACE process.

- Required Application Documents: Start by reviewing the Montgomery County C-PACE Application, by which the Program Manager requests the following:
 - Building, Property Owner, and Contractor information.
 - Basic financial information, such as debt against the property.
 - A brief description of the proposed ECMs that will be funded, qualifying costs for ECMs and related improvements, if any, the effective useful life of each ECM, and confirmation that 1) the ECMs are intended to decrease energy consumption or expand use of renewable energy sources and 2) the ECMs will be permanently fixed to the property.
 - Optional Actions: (i.e., failure to take these actions will not bar the Property Owner from being approved for C-PACE financing)
 - Property Owners are invited to submit project scoping documents, inclusive of any energy/water savings assessment or renewable energy feasibility study, to the Program Manager.
 - For example, Property Owners may engage their selected Contractor or energy auditor to conduct an assessment for the project. Such assessments typically include:
 - Estimated energy savings per ECM and in aggregate for the project
 - Estimated project cost of each ECM and qualifying cost
 - Estimated useful life of each ECM
 - The energy assessment may take the form of a full-fledged energy audit and/or a project feasibility study, or an assessment of a lower grade.
 - To ensure best practice in project development Property Owners may also hire an independent third-party reviewer to review the audit or assessment. Such third-party reviewers should be licensed Professional Engineers with energy engineering experience, and have at least one of the following certifications: American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE), Building Energy Assessment Professional (BEAP), Building Energy Modeling Professional, Certified Energy Manager (CEM), Certified Energy Auditor (CEA), Building Commissioning Association, Certified Commissioning Professional, Investor Confidence Project Quality Assurance Provider.
- B. Recent (within 60 days of submitting Application) title search of the real property on which eligible project would be located.
- C. A mortgage holder consent form signed by the Property Owner and any mortgage holder(s) of any mortgage(s) on the property on which the eligible project is located, if applicable. The Maryland state statute requires written consent from all existing mortgage lender(s) as a condition for approval of C-PACE financing. Applicants may use another form of document for lender consent, but it is subject to review and approval by the Program Manager in its sole discretion.
- D. Copies of most recent statement of mortgage balance for any current and outstanding

mortgages.

- E. Copies of filed releases for any mortgages that appear on the title search but have since been released, if applicable. Any releases which cannot be obtained must be addressed through a title affidavit acceptable to Program Manager in its sole discretion.
- F. A Disclosure of Risk Form signed by the Property Owner summarizing the risks to the Property Owner for C-PACE financing, as may be modified from time to time by Program Manager in consultation with Montgomery County.
- G. A signed affidavit stating that Property Owner agrees that prior to the date on which this C-PACE financing closes, it shall not place any additional mortgage, lien or encumbrance on the property other than any encumbrances that have been previously disclosed to us.
- H. Tax history should be maintained by the Property Owner who shall provide records showing they are current on their tax bill, and in good standing with no history of delinquencies over the prior consecutive five years. Any Property Owner who has been delinquent on their property taxes within the past five years may be ineligible for C-PACE financing. If the Property Owner is unable to produce these records, then they may reach the County's Treasury Division Offices via MC 311 (240-777-0311) or contact the Program Manager for assistance.
- I. Documentation of most recent assessed value from the Maryland Department of Assessments and Taxation (<https://dat.maryland.gov>) or appraised market value from a Certified General Real Estate Appraiser.

Property Owners are encouraged to contact the Program Manager with questions about eligibility and process, and to work with their Contractor (or Capital Provider, if known) to put together the application. Note that Capital Providers are likely to require additional documentation from the Property Owner to support their financial underwriting efforts on the property. Refer to the Underwriting section for additional details.

STEP 2

The Program Manager will review completed Applications. If the C-PACE Application meets the eligibility criteria, the Program Manager will provide the Property Owner/Capital Provider with a Letter of Eligibility within 10 business days.

STEP 3

After the C-PACE Application is deemed eligible by the Program Manager, the Property Owner and Capital Provider (which has an executed a Master Surcharge Processing Agreement and Standard Program Documentation) may close financing and provide the Program Manager with proof of executed C-PACE financing agreement.²

STEP 4

The Program Manager will send a Notice of C-PACE Program Surcharge form to the County. The County will review all Application requirements and execute, in its discretion, a Confirmation of Surcharge form

² Capital Providers that execute a loan agreement prior to the execution of the Confirmation of Surcharge should note that the Surcharge is not effective until executed by the County. Capital Providers may consider making the Surcharge a Condition Precedent to funding.

to acknowledge the Surcharge payment schedule for the Program Manager, the Property Owner, and the Capital Provider.

Program Manager will provide the Property Owner and Capital Provider with the executed and filed Surcharge. Property Owners and Capital Providers that have not executed a C-PACE financing agreement may now do so.

STEP 5

Upon completing construction, Property Owner or C-PACE Capital Provider will provide a Project Completion Certificate and a Surcharge payment schedule, if amended, to the Program Manager.

STEP 6

The Program Manager will provide quarterly reports to the County on completed projects and notify the County prior to May 1 of surcharges to be placed on the annual property tax bill. The Program Manager will submit the surcharge request annually until the C-PACE obligation is paid in full.³

STEP 7

Once C-PACE surcharge amounts are collected through the property tax collection process, the County has 30 days after payment is received for real property taxes to send collected Surcharge amounts to the Program Manager.

STEP 8

The Program Manager will be responsible for remitting the collected assessments to the Capital Provider.

STEP 9:

If the Property Owner intends to prepay or otherwise pay in full all amounts due, the Program Manager must be notified by the Property Owner and/or Capital Provider as soon as possible. Partial and prepayment amounts may not be made through the tax roll. Once the Property Owner has paid all amounts due to the Capital Provider, the Capital Provider shall provide the Program Manager with a statement that the loan has paid in full.

C-PACE Process Flow for New Construction

Overview

MC-PACE provides a compelling financing opportunity for new construction projects. The unique structure can unlock capital that enables a developer to include energy efficient equipment and other measures that are often “value engineered” out of a project, leading to better building performance. Even better, MC-PACE may reduce the developer’s equity contribution or need for other types of high-cost financing, thereby reducing the weighted average cost of capital.

³ The County does not accept pre-payment of the C-PACE loan through the property tax collection process, and any pre-payment will be refunded. Pre-payment is according to terms of the loan documents as agreed upon between Property Owner and Capital Provider and any pre-payment is to be made directly from Property Owner to the Capital Provider.

Unlike retrofits to existing properties where the savings from energy and water efficiency improvements can be demonstrated by referencing pre-improvement baseline consumption data, new construction has no baseline against which to measure improvements⁴. Thus, the MC-PACE Program has designed a separate process for new construction projects.

- For new commercial construction, the property must be designed to exceed the energy performance required by the County building code that is in effect at the time a Property Owner applies for a new building permit with the Montgomery County Department of Permitting Services.
 - If a Qualified Property is designed to exceed the energy performance required by the County building code by up to 5%, the maximum loan amount may be up to 15% of the full cash value or appraised value.
 - If a Qualified Property is designed to exceed the energy performance required by the County building code by 5% or greater, the maximum loan amount may be up to 20% of the full cash value or appraised value.
- The C-PACE finance amount together with the outstanding balance of all mortgage(s) or deed(s) of trust must be no more than 90% of either the assessed value or the appraised value of the qualified property.
- The assessed value and appraised value of the property must be determined based on the estimated value of the property if construction is completed. The appraised value must be determined by a Certified General Real Estate Appraiser and must have been certified no more than 12 months before the date of the loan application.

Once an application is received, the Program Manager will coordinate with the project developer, Property Owner, utility, engineering/construction firm and/or energy modeling firm to proceed. The purpose of this coordination will be to understand the project, review C-PACE requirements (particularly with respect to dynamic building energy simulation modeling), and ensure consistency with potential incentives or design assistance programs.

The maximum C-PACE finance amount eligible for a particular project will be determined by the Program Manager pursuant to the above provided criteria.

To avoid the additional time and cost to re-engineer projects, the Program Manager will maintain the flexibility to evaluate the project under the criteria that existed at the time the engineering and modeling was completed and approved by the Department of Permitting Services and under the C-PACE Program Guidelines that was in effect at that time. The Program Manager will provide its review on whether the building meets the intent of the new construction provisions as outlined in the Program Guidelines. Contact the Program Manager for further information.

Given the complexity of new construction projects and considerations around incorporation of the C-PACE financing into a project's capital stack, project Developers are strongly encouraged to engage with

⁴ This is also the case where an abandoned building is being rehabilitated or a building is being fundamentally repurposed. Consequently, such substantial rehabilitation or repurposing can be treated the same as new construction for the purposes of C-PACE.

the Program Manager early in the project development process.

Step-by-Step Process for New Construction Developments

STEP 1

Applicants for C-PACE approval must submit the following to the Program Manager for each Eligible Project seeking C-PACE financing. For a checklist of the required Application items, please see Project Approval Checklist:

- A. Submit completed Application for C-PACE Financing with preliminary information on planned building energy performance and amount of C-PACE financing sought (i.e., 15% or 20% of the assessed value or appraised value of the Qualified Property). When a new construction development team is ready to move forward with the Program financing effort, the team's selected representative submits a signed project Application form to the Program Manager to confirm program eligibility.
 - Required Application Documents: Review the MC-PACE Application, by which the Program Manager requests the following:
 - Building and Property Owner information, as well information on development team members involved in determining the capital plan.
 - A brief description of the proposed project, preliminary information on planned building energy performance, and amount of C-PACE financing sought. Refer to the Eligibility for New Construction section for details.
 - Whole building energy model outputs demonstrating the degree of code exceedance and any renewable energy feasibility studies (in contrast with C-PACE for existing building retrofits, such documentation is required).
 - Optional Review: In addition to the energy model or feasibility study, Property Owners may select an independent third-party reviewer to ensure best practice in project development. Such third-party reviewers should be licensed Professional Engineers with energy engineering experience, and have at least one of the following certifications: American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE), Building Energy Assessment Professional (BEAP), Building Energy Modeling Professional, Certified Energy Manager (CEM), Certified Energy Auditor (CEA), Building Commissioning Association, Certified Commissioning Professional, Investor Confidence Project Quality Assurance Provider.
- B. Recent (within 60 days of Application) title search of the real property on which eligible project would be located.
- C. Consent forms must be obtained from all lenders, signed by the Property Owner and any mortgage holder(s) of any mortgage(s) on the property on which the eligible project is located. The Maryland state statute requires written consent from the mortgage lender(s) as a condition for approval of C-PACE financing. Applicants may use another form of document for lender consent but it is subject to review and approval by the Program Manager in its sole discretion.
- D. Copies of most recent statement of mortgage balance for any current and outstanding

mortgages.

- E. Copies of filed releases for any mortgages that appear on the title search but have since been released, if applicable. Any releases which cannot be obtained must be addressed through a title affidavit acceptable to Program Manager in its sole discretion.
- F. A Disclosure of Risk form signed by the Property Owner summarizing the risks to the Property Owner for C-PACE financing as may be modified from time to time by Program Manager in consultation with Montgomery County.
- G. A signed affidavit stating that Property Owner agrees that prior to the date on which this C-PACE financing closes, it shall not place any additional mortgage, lien or encumbrance on the property other than any encumbrances that have been previously disclosed.
- H. Tax history should be maintained by the Property Owner who shall provide records showing they are current on their tax bill, and in good standing with no history of delinquencies over the prior consecutive five years. Any Property Owner who has been delinquent on their property taxes within the past five years may be ineligible for C-PACE financing. If the Property Owner is unable to produce these records, then they may reach the County's Treasury Division Offices via MC 311 (240-777-0311) or contact the Program Manager for assistance. For properties with no tax history, the Property Owner may submit records of tax payment history from similarly-held properties in Montgomery County.
- I. Documentation of most recent current assessed value or appraised market value.

Property Owners are encouraged to contact the Program Manager with questions about eligibility and process, and to work with their project team to put together the application. Note that Capital Providers are likely to require additional documentation from the Property Owner to support their financial underwriting efforts on the property. Refer to the Underwriting section for additional details.

STEP 2

The Program Manager will review completed applications. If the C-PACE Application meets the eligibility criteria, the Program Manager will provide the Property Owner/Capital Provider with a Letter of Eligibility.

STEP 3

After the C-PACE application is deemed eligible by the Program Manager, the Property Owner and Capital Provider (which has an executed a Master Surcharge Processing Agreement) may close financing and provide the Program Manager with proof of executed C-PACE financing agreement.⁵

STEP 4

The Program Manager will send a Notice to County of C-PACE Program Surcharge form to the County. The County will review all Application requirements and execute, in its discretion, a Confirmation of Surcharge form to acknowledge the Surcharge payment schedule for the Program Manager, the Property Owner, and the Capital Provider.

⁵ Capital Providers that execute a loan agreement prior to the execution of the Confirmation of Surcharge should note that the Surcharge is not effective until executed by the County. Capital Providers may consider making the Surcharge a Condition Precedent to funding.

Program Manager will provide the Property Owner and Capital Provider with the executed and filed Surcharge. Property Owners and Capital Providers that have not executed a C-PACE financing agreement may now do so.

STEP 5

Upon completing construction, Property Owner or C-PACE Capital Provider will provide a Project Completion Certificate and an amended Surcharge payment schedule, if applicable, to the Program Manager.

STEP 6

The Program Manager will provide quarterly reports to the County on completed projects and notify the County prior to May 1 of surcharges to be placed on the annual property tax bill. The Program Manager will submit the surcharge request annually until the C-PACE obligation is paid in full.⁶

STEP 7

Once C-PACE surcharge amounts are collected through the property tax collection process, the County has 30 days after payment receipt for real property taxes to send collected surcharge amounts to the Program Manager.

STEP 8

The Program Manager will be responsible for remitting the collected assessments to the Capital Provider.

STEP 9:

If the Property Owner intends to prepay or otherwise pay in full all other amounts due, the Program Manager must be notified by the Property Owner and/or Capital Provider as soon as possible. Partial and prepayment amounts may not be made through the tax roll. Once the Property Owner has paid all amounts due to the Capital Provider, the Capital Provider shall provide the Program Manager with a statement that the loan has paid in full.

Program Management, Servicing, and Other Fees

The MC-PACE program management is supported through fees charged to participating Property Owners. These fees cover the costs to administer the program.

The Program Manager charges the following fixed administration and recurring servicing fees:

- **Participation Fee:** A one-time program administration fee, equal to 2.75% of the project finance amount (not to exceed \$75,000 per parcel of real property) is applied to each project. This fee is only due in the case of successful project financing and is charged at financial close. Capital Provider will remit to Program Manager within 10 business days.
- **Servicing Fee:** This recurring fee will be deducted from remittances to Capital Providers and is an annual fee of 1.50% of the annual surcharge remittance.

⁶ The County does not accept pre-payment of the C-PACE loan through the property tax collection process, and any pre-payment will be refunded. Pre-payment terms must adhere to the loan documents as agreed upon between Property Owner and Capital Provider.

- **General Counsel/Special Counsel Legal Cost Reimbursement:** In limited circumstances, the Program Manager and County may consider revisions to the Program form documents. If revisions are requested and granted by the Program Manager, Capital Providers will be responsible to reimburse the Program Manager for the general counsel or special counsel legal fees.

C-PACE Assessment Release

Once a C-PACE assessment is certified on the tax roll, the C-PACE assessment must be paid by the Property Owner to the County in accordance with the agreed-upon amortization schedule for that tax year.

If the Property Owner intends to prepay or otherwise pay in full all other amounts due, the Program Manager must be notified by the Property Owner and/or Capital Provider as soon as possible in order that the owner, Capital Provider and the Program Manager may review and agree upon the appropriate timing relative to the contemporaneous tax roll.

Once the Property Owner has paid all amounts due to the Capital Provider, the Capital Provider shall provide the Program Manager with a statement that the loan has paid in full. The Capital Provider will then work with the Program Manager to execute the Certificate of Satisfaction of Removal of Surcharge which once executed by the County and filed with Land Records will remove the Surcharge.

Exhibits

Exhibit 1: MC-PACE Contractor Registration Form

Exhibit 2: MC-PACE Capital Provider Notice of Intent to Fund Form

Exhibit 3: MC-PACE Disclosures and Risks

Exhibit 4: MC-PACE Information Packet for Capital Providers

Exhibit 5: MC-PACE Lender Consent and Notice of Financing

Exhibit 6: MC-PACE Master Surcharge Processing Agreement

Appendix 1: Projects Subject to the Agreement

Appendix 2: Project Approval Checklist

Appendix 3: Notice to County of C-Pace Program Surcharge

Appendix 4: Montgomery County Confirmation of Surcharge

Appendix 5: Amendment of Financing Agreement and Payment Schedule

Exhibit 7: MC-PACE Application

Exhibit 8: Project Completion Certificate

EXHIBIT 1 MC-PACE CONTRACTOR REGISTRATION FORM

Purpose: This form provides notice to the Program Manager (Montgomery County Green Bank) of the Contractor's interest in registering with the Montgomery County C-PACE Program (MC-PACE).

STEPS

1. Complete and submit this registration form to the Program Manager by email at CPACE@mcgreenbank.org.
2. Following submission of this form, the Contractor will be contacted about registration requirements.
3. Following registration, Contractor will be listed on the MC-PACE website as a registered Contractor.

The following information will be used for internal purposes only:

1. Primary contact information for Program Manager communications:

Company Name: _____	Email: _____
Primary Contact: _____	Office Phone: _____
Title: _____	Cell: _____

2. Please list company licenses, relevant certifications, and any other relevant credentials:

(please submit copies of current licenses)

The following information will be made publicly available:

1. Company Name: _____
2. Company Website: _____
3. Primary Contact:

Name: _____	Office Phone: _____
Title: _____	Cell (if desired): _____
Email: _____	

4. What services do you offer (check all that apply)?

Energy Audit _____	Feasibility Studies _____
Measurement and Verification _____	Installation _____
Energy Modeling _____	Project Design _____
Retro-Commissioning _____	Installation _____
Project Management _____	Project Integration _____
Other (please describe) _____	

MC-PACE CONTRACTOR REGISTRATION FORM

5. What energy improvements does your firm offer (check all that apply)?

- | | |
|------------------------------------|-------|
| Air compressors | _____ |
| Building/Energy Management Systems | _____ |
| Building Envelope | _____ |
| EV Charging Stations | _____ |
| Cogeneration/CHP | _____ |
| Electrical | _____ |
| Geothermal | _____ |
| HVAC | _____ |
| Lighting | _____ |
| Motors and Drives | _____ |
| Project Management | _____ |
| Solar PV | _____ |
| Solar Thermal | _____ |
| Other (please describe) | _____ |

Please mark your agreement with the following and sign:

_____ I have read and understand the current version of the MC-PACE Program Guidelines as of the date of this registration form.

_____ I agree to be listed publicly as a Registered Contractor on the MC-PACE program website.

_____ I certify that the responses submitted are true and accurate and that, if requested, I will provide evidence to the Program Manager.

_____ I acknowledge that the Program Manager will rely upon the responses submitted.

_____ I certify that I am duly authorized to sign this document on behalf of my firm.

Signature: _____

Name (print): _____

Date: _____

EXHIBIT 2

MC-PACE CAPITAL PROVIDER NOTICE OF INTENT TO FUND

Purpose: This form provides notice to the Program Manager (Montgomery County Green Bank) of a Capital Provider's intent to fund C-PACE projects in the Montgomery County C-PACE Program (MC-PACE).

STEPS

1. To be considered an active Capital Provider in MC-PACE and to be listed on the Program's Capital Provider Directory, complete all fields in this form and submit it to the Program Manager at CPACE@mcgreenbank.org.
2. Following submission of this form, the Capital Provider will be contacted by the Program Manager to provide additional information, discuss the Program, and inquire about project opportunities.
3. Submission of this form is NOT required: Capital Providers may fund projects without doing so. However, the Form enables a Capital Provider to be listed on the Program website. All Capital Providers ARE required to execute a Master Surcharge Processing Agreement with the Program Manager as part of the process of funding the Capital Provider's C-PACE project in the County.

The following information will be used for internal purposes only:

1. Primary contact information for Program Manager communications:

Capital Provider Name: _____	Email: _____
Primary Contact: _____	Office Phone: _____
Title: _____	Cell: _____

2. Preferred financing range (check all that apply)?

Under \$250,000 _____	\$500,000 - \$1 million _____
\$250,000 - \$500,000 _____	Over \$1 million _____

3. Are there any project/property types NOT financeable by your firm (check all that apply)?

Agriculture _____	Commercial _____
Hospitality _____	Industrial _____
Multifamily (owner) _____	Multifamily (rental) _____
New Construction _____	Nonprofit _____
Religious Institutions _____	Restaurants _____
Retail _____	Other _____

4. Have you financed C-PACE projects in the past?

Yes _____ No _____

MC-PACE CAPITAL PROVIDER NOTICE OF INTENT TO FUND

The following information will be made publicly available:

1. Capital Provider Name: _____
2. Capital Provider Website: _____
3. Primary Contact:
Name: _____ Office Phone: _____
Title: _____ Cell (if desired): _____
Email: _____

Please mark your agreement with the following and sign:

_____ I agree to be listed publicly as an active Capital Provider on the MC-PACE website.

_____ I certify that the responses submitted are true and accurate and that I am duly authorized to provide said responses and sign this document on behalf of my firm.

_____ I acknowledge that the Program Manager will rely upon the responses submitted.

Signature: _____

Name (print): _____

Date: _____

EXHIBIT 3

MC-PACE DISCLOSURES AND RISKS

The Montgomery County Green Bank (“Program Manager”) makes the following disclosures to the Property Owner participating in the Montgomery County Commercial Property Assessed Clean Energy Program (“MC-PACE”), and sets forth potential risks associated with accepting the C-PACE financing Surcharge on your property as follows:

DISCLOSURES

1. The C-PACE loan, along with administrative processing and collection charges that may be charged, will be repaid through a C-PACE surcharge (“Surcharge”), which will be included on the Property Owner’s real property tax bill and will be due and payable on the same date as real property taxes.
2. Surcharges are secured by and attached to the real property. At resale, the purchaser of the property will be responsible for any future surcharges (if applicable).
3. Pursuant to Article 5, Chapter 18A-36 of the Montgomery County Code, if Surcharges are delinquent, the delinquent Surcharge becomes a tax lien and collectible through the tax sale process authorized under Tax-Property Article, Title 14, Subtitle 8 of the State Code (“Annotated Code”). Since the Surcharge is part of the property tax bill, a failure to pay will result in a tax sale.
4. The County has no liability for payment of the C-PACE Surcharge, its assessment, levy and collection, or any costs associated due under the MC-PACE Program.
5. Neither the Program Manager nor Montgomery County is your lender. The Program Manager’s role in this transaction is to administer MC-PACE and meet all of the applicable statutory requirements for the State of Maryland and Montgomery County. If the proposed Project is approved by both the Program Manager and Montgomery County, and the Property Owner and Capital Provider meet all of the MC-PACE requirements, then a Capital Provider may finance the project.
6. The Property Owner has been made aware of the effective interest rate on the loan, including any fees charged by the Program Manager and Montgomery County to administer MC-PACE, and the risks associated with variable interest rate financing, if applicable.

POTENTIAL RISKS

1. The Program Manager does not guarantee energy and other cost savings. Property owner is encouraged to obtain an energy audit or renewable energy system feasibility analysis on the project that assesses the energy cost savings projected and have it reviewed by a third party to ensure best practice in project development.
 - a. The energy efficiency and renewable energy measures proposed to be installed on the property may not perform to specification. The measures may break down or underperform due to technical malfunction or improper installation. Project success often depends on third parties who are capable of installing and managing projects and structuring contracts that provide appropriate protection against these construction and operational risks. The Program Manager recommends Property Owners have their installation and servicing contracts reviewed by competent legal counsel and engineering consultants prior to execution.

MC-PACE DISCLOSURES AND RISKS

- b. Completed projects require ongoing maintenance to meet projected energy savings and sustain equipment performance. Such maintenance could be complex, costly, and/or be beyond the capabilities of “in-house” staff, requiring external expertise or specialized services over the life of the energy conservation or renewable energy measures.
 - c. Fluctuations in energy prices may increase or decrease the savings associated with your project. Your Project’s estimated savings are based on assumptions about the future price of electricity and fuels. To the extent that future energy prices are lower than those assumed to occur, your future savings will be less than projected.
 - d. Changes in property occupancy may increase or decrease the savings associated with your project. Your project’s estimated savings are based on assumptions about the future occupancy and uses of your Property. To the extent that occupancy decreases, or Property uses shift in a manner not currently contemplated such that less energy will be used than expected, your future savings will be less than projected.
2. The success of your project may depend in part on various Federal or State policies and incentives that support or enhance project economic feasibility. Such policies may include governmental initiatives, laws and regulations designed to reduce energy usage, encourage the use of clean energy, or encourage the investment in and the use of sustainable infrastructure. Incentives provided by the Federal government may include tax credits, tax deductions, bonus depreciation, as well as federal grants and loan guarantees. Incentives provided by the State of Maryland may include renewable portfolio standards, which specify the portion of the power utilized by local utilities that must be derived from clean energy sources such as renewable energy, renewable energy credits, tariffs, tax incentives, and other cash and non-cash payments. In addition, Federal and State governments may provide regulatory, tax and other incentives to encourage the development and growth of sustainable infrastructure. You may be depending on these policies and incentives to help defray the costs associated with, and to finance, your project. Government regulations also impact the terms of third-party financing provided to support these projects. If any of these government policies, incentives, or regulations are adversely amended, delayed, eliminated, reduced, or not extended beyond their current expiration dates, the economics of your project may be harmed.

The Property Owner hereby acknowledges the above-described MC-PACE Disclosures and Risks by and through its duly authorized undersigned representative.

Signature: _____

Name (print): _____

Company and title: _____

Date: _____

EXHIBIT 4

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

BACKGROUND

In 2014, Maryland adopted legislation that provides access for owners of commercial, industrial and qualifying multifamily housing properties in the state to a new form of financing for energy efficiency, water efficiency, and on-site renewable energy (EE/RE) upgrades to their buildings. Commercial Property Assessed Clean Energy (“C-PACE”) financing allows property owners to improve their buildings and meet important energy policy goals of the State and its counties.

Under C-PACE, financing for EE/RE projects is repaid as a property tax surcharge (the “Surcharge”), a mechanism long used to finance improvements to real property that meet a public policy objective, such as sidewalks, parks, lighting districts, and water and sewer projects. Like other county surcharges, the Surcharge must be current upon the sale of a property and remain with a property upon sale. As with county property taxes and related charges, only delinquent surcharges have a lien status senior to mortgages upon the sale of a property.

To qualify, the proposed project must meet the following basic criteria (see Program Guidelines for full list of criteria):

- The property is located in Montgomery County, MD.
- The property is commercial, industrial, or multifamily (e.g., condos, co-ops, and rental of more than 4 rental units).
- The proposed measures meet project eligibility requirements in the Montgomery County C-PACE Program Guidelines.
- The cost of the proposed measures does not exceed 20% of the full cash value or the appraised value of existing building or 15%-to-20% of new construction.
- The total debt on the building (including the C-PACE loan and outstanding balance of the mortgage or deed of trust) must be no more than 90% of the value of the Qualified Property.
- The property is current and in good standing on all property tax payments from the last 5 years.
- The Property Owner receives consent from the current mortgage holder(s).

TRANSACTION PARTIES

Program Manager

The Montgomery County Green Bank Corporation is the Program Manager of the Montgomery County C- PACE Program. The Program Manager will administer the Montgomery County C-PACE program. Such responsibilities include:

- Document review provided pursuant to a Property Owner’s Application for C-PACE Financing.
- Coordination with Montgomery County to ensure the Surcharge is added to the property’s real property tax bill.
- Collection of Surcharge payments and remitting such payments to the Capital Providers.

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

Capital Provider

The Capital Provider extends resources to complete the EE/RE project in the form of a loan, Power Purchase Agreement, or similar funding scheme that is repaid through the Surcharge affixed to the Property Owner's real property tax bill. The Capital Provider's responsibilities include:

- Adherence to the general underwriting guidelines of C-PACE projects.
- One-time execution of the Master Surcharge Processing Agreement followed by execution of Agreement appendices for each respective project.
- Inclusion of Program Manager fees in finance agreement closing fees and ongoing maintenance fees in Surcharge.
- Adherence to the project approval process as laid out below in this Information Packet and in the Program Guidelines.
- Reporting of Surcharge due for the contemporaneous tax year by April 1.

Montgomery County

Montgomery County is represented by its Departments of Environmental Protection and Finance in administration of the C-PACE program. Though the Program Manager is the County's agent charged with carrying out the program, the County provides approvals and oversight of the program. The County's responsibilities include:

- Timely provision of acknowledgement and consents in the project approval process.
- Processing of the Surcharge on a Property Owner's real property tax bill.
- Program oversight and reporting to County stakeholders.

Property Owner

The Property Owner is the entity or person that has a majority ownership position in a real property as defined in the Program Guidelines. Though C-PACE is a financial instrument attached to the property, the Property Owner is the primary counterparty to the transaction documents. The Property Owner's responsibilities include:

- Acknowledgement of C-PACE disclosures and risks.
- Obtaining consent from mortgage holder, if any, to allow for Capital Provider priority lien to be placed on property with the Surcharge.
- Entering into a construction contract with an EE/RE contractor and a finance agreement with the Capital Provider.
- Working with the Program Manager and Capital Provider to obtain project approval.
- Making annual or semi-annual payments of the Surcharge on the Property Owner's real property tax bill.

PROCESS OUTLINE

The outline of the origination, funding, and administration relationship between the Program Manager, Capital Provider, Montgomery County, and Property Owner is as follows:

1. Capital Providers who wish to be listed on the C-PACE Capital Provider directory may submit a Notice of Intent to Fund Form.

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

When a Capital Provider has a project or projects it intends to fund:

2. The Program Manager encourages project information to be submitted early for a prescreening of eligibility.
3. Capital Provider enters into a Master Surcharge Processing Agreement with the Program Manager.
4. Capital Provider or Property Owner submits a completed Montgomery County C-PACE Application (the "Application"), which includes all associated documents described in the Project Approval Checklist.
5. Program Manager will review such documentation and confirm that the Application meets the requirements of the Maryland State and Montgomery County Laws, Eligibility Criteria, Program Guidelines, Underwriting Guidelines (if applicable), and any documentation thereunder.
6. Program Manager submits a Notice to County of C-PACE Program Surcharge and Surcharge Payment Schedule with a request to the County to add the Surcharge to the real property tax bill in accordance with the agreed-upon Surcharge Payment Schedule.
7. Montgomery County provides the executed Confirmation of C-PACE Program Surcharge to Program Manager. The Program Manager then returns it to Lender and files with County Land Records.
8. Capital Provider closes the financing.
9. Program Manager confirms Surcharge amount with Capital Provider and remit such payments on an annual basis.
10. Surcharge payments are made on an annual or semiannual basis under Program Manager receives a paid in full statement.
11. County will execute a Certificate of Satisfaction that will be filed with County Land Records to release the Surcharge.

PROGRAM MANAGER COSTS

Program Manager charges the following administration and servicing fees for the term of the C-PACE loan:

- Participation Fee: A one-time program administration fee, equal to 2.75% of the project finance amount (not to exceed \$75,000 per parcel of real property) is applied to each financed project. This fee is typically included in the total financed amount and is only due in the case of successful project financing. Capital Provider will charge borrower for this one-time fee at closing based on the amount borrowed and will remit to Program Manager within ten (10) Business Days.
- Servicing Fee: This recurring fee will be deducted from remittances to Capital Providers and is an annual fee of 1.50% of the annual Surcharge remittance.
- General Counsel/Special Counsel Legal Cost Reimbursement: If revisions are requested to the program form documents, e.g., the Master C-PACE Surcharge Processing Agreement, capital providers will be responsible to reimburse the Program Manager for the Program's general counsel or special counsel legal fees. Generally, not to exceed \$5,000 per closing. The Green Bank will invoice Capital Provider for this fee after closing of loans.

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

GENERAL C-PACE UNDERWRITING CRITERIA

Capital Provider's Funding

The Capital Provider may provide up to 100% of the Project Costs (as defined in the Program Guidelines) under a C-PACE Loan Financing Agreement that stipulates the loan criteria and terms as agreed by Capital Provider and Property Owner, including agreed drawdown and repayment schedules to be approved by the Program Manager. A C-PACE loan may be issued for up to 20% of the property value in the case of an existing property, and up to 15%-to-20% of the property value for new construction depending on the relation to code (see Program Guidelines). In both existing properties and new construction, the total debt to value ratio (including any mortgages) may not exceed 90%.

Conditions Precedent to Funding

In addition to conditions precedent agreed upon by Capital Provider and Property Owner, the following conditions must be met before the Capital Provider provides project funding:

1. Lender acknowledgement and consent of C-PACE project and priority lien.
2. A C-PACE Financing Agreement has been approved by the Program Manager.
3. Capital Provider has received Montgomery County Confirmation of Surcharge.
4. Signed service agreement or construction contract between Property Owner and service provider, along with any other contracts required to execute the Project.

Interest Rate

Capital Provider may provide fixed or variable rates, and may or may not include capitalized interest. In either instance, Capital Provider must provide Program Manager with a fully amortizing schedule that may only alter in the instance that the C-PACE financing is prepaid (see Prepayment below).

Closing Fees

Capital Provider may charge closing fees as applicable to the Property Owner, which at a minimum must include the Program Manager administration fee.

Prepayment

A prepayment penalty may be charged by the Capital Provider as applicable. The C-PACE financing must not be prepaid above and beyond the Surcharge amount listed on the property tax bill, but rather must be arranged directly with the Capital Provider who then must follow C-PACE financing close-out procedures.

Partial Payment

No partial payments of the Surcharge will be accepted.

Amendments

Any amendments to the Surcharge payment schedule which may need to be implemented pursuant to the C-PACE Financing Agreement and Master Surcharge Processing Agreement must be provided to the Program Manager no later than April 1 of the year in which the next payment is due. Any such amendments shall be submitted to the Program Manager using the Amendment of Surcharge and Payment Schedule in the form appended to the Master C-PACE Surcharge Processing Agreement.

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

No Surcharge payment schedule may be amended to:

- 1) increase the principal value of the Surcharge as initially submitted to Montgomery County in the Notice to County of C-PACE Program Surcharge;
- 2) increase the interest rate of the Surcharge as originally executed between the Property Owner and the Capital Provider unless the interest rate is specified in the C-PACE Financing Agreement as a variable interest rate; or
- 3) extend the term of the Surcharge payment schedule beyond the term of the Surcharge as initially submitted to Montgomery County in the Notice to County of C-PACE Program Surcharge.

Any and all prepayment penalties or fees charged by the Capital Provider to the Property Owner under the C-PACE Financing Agreement must be paid directly by the Property Owner to the Capital Provider, and may not be included in an amended Surcharge payment schedule.

Repayment

Capital Providers will provide the Program Manager with the Surcharge due for the contemporaneous year on April 1. The Surcharge that the taxpayer owes includes principal, interest, and the servicing fee. The County will release property tax bills in July to be paid annually by September 30 or semiannually by September 30 and December 31. The County will provide the tax payments to the Program Manager within thirty (30) days from receipt. Payments of principal and interest will be remitted by the Program Manager to Capital Provider no later than five (5) business days after receipt of any such payments.

Representations and Covenants

Capital Provider may include customary representations and covenants for a project financing including, but not limited to:

1. Continuation as a legal, valid entity.
2. Compliance with applicable laws.
3. Compliance with the terms of all transaction documents.
4. Compliance with reporting requirements.
5. Provision of all reasonably necessary assistance for the Program Manager to perform its functions in a prudent manner.
6. Use of all reasonable means to resolve disputes with the Property Owner, contractors, vendors, or public officials in favor of full and timely payment to the Capital Provider and Program Manager.

Remedies

Pursuant to Article 5, Chapter 18A-36 of the County Code, if Surcharges are delinquent, the delinquent surcharge becomes a tax lien and collectible through the tax sale process authorized under Tax-Property Article, Title 14, Subtitle 8 of the State Code.

MC-PACE INFORMATION PACKET FOR CAPITAL PROVIDERS

Funding Termination Events

The occurrence of any of the following:

1. A final judgment by a court of competent jurisdiction that the Surcharges are not valid and enforceable under Maryland law, or any unstayed injunctive relief, the effect of which would be to prevent servicing or collection of any surcharges.
2. The dissolution of the Capital Provider by insolvency, bankruptcy, failure to maintain applicable licenses, or any other valid reason.
3. A respective breach of any covenant (subject to applicable cure).
4. A material adverse change in (a) the business, properties, operations, prospects, or condition (financial or otherwise) of the Program Manager or Capital Provider, taken as a whole, or (b) the ability of the Program Manager to perform, or to enforce, any obligations.
5. The Program Manager or Capital Provider may give notice of termination at any time prior to an execution of a Financing Agreement for a particular Approved Project, if, in the sole determination of the Program Manager (given in writing by and through a duly authorized officer) or the Capital Provider (given in writing by and through a duly authorized officer), the negotiation of such Financing Agreement cannot be accomplished in good faith. In the event such notice is provided, any obligation to fund or to use the funding addressed herein shall terminate, and each party shall be responsible for its own costs incurred prior to termination. Upon the occurrence of a Funding Termination Event, the Capital Provider and the Program Manager shall have the right, but not the obligation to cease all future funding. The Capital Provider and the Program Manager shall continue to be bound by their respective obligations with respect to the Closed Projects with executed Financing Agreements.

EXHIBIT 5
MC-PACE LENDER CONSENT AND NOTICE OF FINANCING

Notice Date:

Financial Institution/Bank Name: _____

Address: _____

ATTN: _____

Property Information: _____

Loan Number: _____

Address: _____

Assessor's Parcel Number: _____

Other Financing Identifier: _____

Why has the bank received this notice?

[PROPERTY OWNER] (the "Property Owner") owns the property identified above. You ("Lender") are the holder of a loan secured by the property.

The Property Owner wishes to install energy upgrades to the property using the Commercial Property Assessed Clean Energy (C-PACE) financing mechanism established by the State of Maryland and Montgomery County, and seeks your consent to enter into this financing agreement.

Background on C-PACE in Maryland

In 2014, Maryland adopted legislation that provides access to a new form of financing for owners of commercial, industrial and qualifying multifamily housing properties in the state to use for energy efficiency, water efficiency, and on-site renewable energy (EE/RE) upgrades to their buildings. C-PACE financing allows property owners to improve their buildings and meet important energy policy goals of the State and its counties.

Under C-PACE, financing for EE/RE projects is repaid as a property tax surcharge, a mechanism long used to finance improvements to real property that meet a public policy objective, such as sidewalks, parks, lighting districts, and water and sewer projects. Like other county surcharges, C-PACE surcharges must be current upon the sale of a property and remain with a property upon sale. As with county property taxes and related charges, only delinquent surcharges have a lien status senior to mortgages upon the sale of a property.

MC-PACE LENDER CONSENT AND NOTICE OF FINANCING

Montgomery County's C-PACE program has been designed to also meet the needs and concerns of Montgomery County Property Owners and existing mortgage lenders. To qualify, the proposed project must meet the following basic criteria (see MC-PACE Program Guidelines for full list of criteria):

- The property is located in Montgomery County, MD.
- The property is commercial, industrial, or multifamily (e.g., condos, co-ops, and rental of more than 4 rental units).
- The proposed measures meet project eligibility requirements in the Montgomery County C-PACE Program Guidelines.
- The cost of the proposed measures does not exceed 20% of the full cash value or the appraised value of existing building or 15%-to-20% of new construction.
- The total debt on the building (including the C-PACE loan and outstanding balance of the mortgage or deed of trust) must be no more than 90% of the value of the Qualified Property.
- The property is current and in good standing on all property tax payments from the last 5 years.
- The Property Owner receives consent from the current mortgage holder(s).

What are your benefits in providing consent?

1. ***Measures financed through C-PACE should reduce building operating costs, improve net operating income, and increase property value.*** Through reducing energy consumption, a proposed project should result in energy savings – savings that provide more cash flow for making mortgage and operational payments. The C-PACE Program Manager (Montgomery County Green Bank) encourages property owners to engage a professional engineer to verify energy savings.
2. ***C-PACE assessments do not accelerate. In the event the mortgage holder forecloses on the property for any reason, only the amount of the C-PACE Surcharge currently due and/or in arrears would come due.*** It is important to note that in the event a C-PACE surcharge is delinquent, the surcharge will have a lien status senior to a private lender's mortgage. In the event of a property sale, future C-PACE surcharge liabilities transfer to the new property owner.
3. ***C-PACE assessments survive the sale of a property.*** A C-PACE Surcharge is attached to the property and is limited recourse to the Property Owner. Though the C-PACE assessment has priority over your loan, the C-PACE loan is not repaid prior to yours in the event of a property sale.
4. ***Measures financed through C-PACE improve properties, promoting greater use and occupancy.*** EE/RE projects can improve the efficiency, health, and comfort of a building, which may result in higher tenant occupancy, longer leases, and a more financially secure and resilient asset.

MC-PACE LENDER CONSENT AND NOTICE OF FINANCING

What should you know?

The Property Owner has indicated its intention to apply for C-PACE financing for the improvements outlined in the C-PACE Project Application on the property listed above. Repayment of the C-PACE financing will be collected as an assessment on the owner's real property tax bill. You are consenting to the Surcharge. Should it become delinquent, it will be collected through the tax sale process.

Terms of the C-PACE financing are proposed to consist of the following:

Cost of improvements:	_____
Value of rebates/incentives/grants:	_____
Total C-PACE financing requested:	_____
Interest rate:	_____
Term of repayment:	_____
Total estimated annual repayment:	_____
Estimated benefits of improvements:	_____
(e.g., utility savings)	
Other relevant information:	_____

Purpose of this Notice

As required by the C-PACE enabling legislation (A law concerning: Real Property Taxes – Clean Energy Loan Program and Property Tax Surcharge, enacted in 2014), the Property Owner is sending this document to the property senior loan/mortgage holder to (i) provide notice of the proposed participation of the property above in the C-PACE financing program; (ii) request confirmation from you (the current lender) that the levy of the Surcharge will not trigger an event of default or the exercise of any remedies under the Loan documents, (iii) provide notice that the surcharge will be collected as an installment on the property tax bill in the same manner as and subject to the same penalties, remedies and lien priorities as real property taxes and (iv) declare the Property Owner's agreement to pay on a timely basis both the existing obligations secured by the property (including the Loan) and the proposed surcharge.

MC-PACE LENDER CONSENT AND NOTICE OF FINANCING

Execution and Return of Consent

The Lender hereby acknowledges by signing below that the Property Owner, Montgomery County, the C-PACE Capital Provider, and Program Manager will rely on the representation and Lender consent set forth in this document.

Please execute this Lender consent and return it to the undersigned at your earliest convenience.

Very truly yours,

Property Owner Name (signature): _____

Property Owner Name (print): _____

Company and Title: _____

Date: _____

Address (if different than Property address): _____

LENDER ACKNOWLEDGEMENT

Authorized Representative (signature): _____

Authorized Representative (print): _____

Title: _____

Lender/Bank Name: _____

Date: _____

EXHIBIT 6

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

THIS MASTER C-PACE SURCHARGE PROCESSING AGREEMENT (the “Agreement”) is made by and between Montgomery County Green Bank Corporation (“Program Manager”) and [CAPITAL PROVIDER NAME] (“Capital Provider” and together, the “Parties”).

BACKGROUND

1. The State of Maryland has authorized counties and municipalities to enact legislation or resolutions establishing property assessed clean energy programs under §§1-1101 et. seq. of the Local Government Article of the Maryland Code, as amended (the “Act”).
2. Pursuant to the Act, Montgomery County established a Property Assessed Clean Energy loan program for commercial properties (the “Program”) under §§18A-33 et. seq. of the Montgomery County Code (the “County Code”) (together with the Act, the “Acts”).

AGREEMENT TIMING AND STATUS

Capital Provider and Program Manager enter into this Agreement ahead of the approval and execution of any energy efficiency improvement or renewable energy project entered into under the Acts (each, a “Project”). The Parties may make any subsequent Project subject to this Agreement by adding the relevant property information to the form, Projects Subject to the Agreement, found in Appendix 1.

PREAMBLE

WHEREAS the Property Owner listed in the form, Projects Subject to the Agreement, found in Appendix 1 (the “Property Owner”) owns real property located in Montgomery County, Maryland (the “Property”) and in accordance with the requirements of the Acts, the Property Owner proposes to improve the Property with a Project for which it and has applied to the Program Manager and the Capital Provider for financing through a C-PACE Finance Agreement (the “Finance Agreement”) that will be secured by a surcharge on the Property tax bill (the “Surcharge”) which when due and unpaid shall constitute a lien on the Property; and

WHEREAS the Capital Provider will enter into the Financing Agreement with the Property Owner pursuant to which the Capital Provider will advance funds for the benefit of the Property Owner; and

WHEREAS the Property Owner and Capital Provider have obtained or are obtaining consent from all existing mortgage and deed of trust holder(s) (the “Mortgage Holders”). In the case Property Owner is a Property Owner by virtue of having a long-term leasehold interest of eight (8) years or more, the holder of the reversionary interest has agreed to participate; and

WHEREAS the Program Manager in conjunction with Montgomery County, Maryland (the “County”) may cause the addition of the Surcharge to the real property tax bill, which signifies that the Program Manager has done the following (i) received all required items listed in the Project Approval Checklist, (ii) determined the project eligible for C-PACE financing, and (iii) provided the County with the necessary documents to review and execute, in its discretion, a Confirmation of Surcharge, including a Surcharge payment schedule detailing the Program Manager’s annual submission to the County of the appropriate Surcharge amount of principal, interest and servicing fee (the “Surcharge Payment Schedule”); and

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

WHEREAS the Program Manager is responsible for providing annual notice to the County to commence collection of Surcharges, collect and receive for the benefit of the Capital Provider the sum payable under the Financing Agreement, and remit the sums collected and received pursuant to the Financing Agreement and the Surcharges to the Capital Provider as provided for herein.

ARTICLES

NOW, THEREFORE, the Parties do hereby agree as follows:

1. Notice to County of C-PACE Program Surcharge and Amendment of Surcharge and Repayment Schedule.

- A. Prior to sending the Notice to County of C-PACE Program Surcharge, the Program Manager will collect the following documents:
 - (i) Updated form, Projects Subject to the Agreement, found in Appendix 1;
 - (ii) Required documents in the Project Approval Checklist and the documents described in Section 4(a) hereof; and
 - (iii) A Surcharge Payment Schedule anticipated to be final or near final as reflected in a Finance Agreement;
- B. Within five (5) Business Days (as defined herein) of completion of the documentation listed in Section 1(a), the Program Manager will submit the Notice to County of C-PACE Program Surcharge which includes the Surcharge Payment Schedule for the relevant Project alerting the County of its obligations to add to the real property tax bill an amount sufficient to pay the costs in accordance with the agreed-upon Surcharge Payment Schedule.
- C. Upon receipt of the Notice to County of C-PACE Program Surcharge and placement of such Surcharge on the relevant property tax bill, the County will return to the Program Manager the executed Confirmation of Surcharge. The Program Manager will provide the Capital Provider and Property Owner with a copy of the executed Confirmation. The Program Manager will file the Confirmation of Surcharge document with County Land Records.
- D. The Capital Provider must submit a request for collection of each Surcharge amount to the Program Manager no later than April 1 of each year.
- E. In order to be collected as part of the current year's property tax bill, the Program Manager must notify the Department of the amount of the Surcharge amount no later than May 1 of each year.
- F. The Capital Provider may only amend the Surcharge Payment Schedule in accordance with the terms of this Agreement.
- G. Any amendments to the Surcharge Payment Schedule which may need to be implemented pursuant to the Financing Agreement must be provided to the Program Manager no later than April 1 of the year in which the next payment is due. Any such amendments shall be submitted using the Amendment of Surcharge and Payment Schedule.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- H. No Surcharge Payment Schedule may be amended for the following:
- (i) increase the principal value of the Surcharge as initially submitted to Montgomery County in the Notice to County of C-PACE Program Surcharge and Payment Schedule;
 - (ii) increase the interest rate of the Surcharge as originally executed between the Property Owner and the Capital Provider unless the interest rate is specified in the C-PACE Financing Agreement as a variable interest rate; or
 - (iii) extend the term of the Surcharge Payment Schedule beyond the term of the Surcharge as initially submitted to the County in the Notice to County of C-PACE Program Surcharge and Payment Schedule.
- I. In the event of an error on the Surcharge Payment Schedule pursuant to the C-PACE Loan Financing Agreement or in the event of Property Owner's prepayment of a C-PACE loan in part or in full directly to the Capital Provider, a Surcharge Payment Schedule may be amended to (i) decrease the term of the Surcharge; or (ii) reduce the principal value of the Surcharge as initially submitted to Montgomery County in the Notice to County of C-PACE Program Surcharge and Payment Schedule.
- J. Any and all prepayment penalties or fees charged by the Capital Provider to the Property Owner under the C-PACE Financing Agreement must be paid directly by the Property Owner to the Capital Provider, and may not be included in an amended Surcharge Payment Schedule.
- K. The Program Manager shall provide the Amendment of Surcharge and Payment Schedule to the County, and the County shall file amended Surcharge Payment Schedules with original C-PACE transaction history. The Program Manager shall provide to Capital Provider finalized copies of the Amendment of Surcharge and Payment Schedule.
- L. The Surcharge will be treated and collected like all other County property taxes. Any delinquency will be collected through the County Tax Sale process. The provisions of Title 14, Subtitle 8 of the Tax – Property Article of the Maryland Code that apply to a tax lien will also apply to an any delinquent Surcharge payment. Any delinquent Surcharge collected through the County Tax Sale process must be forwarded to the Program Manager no later than thirty (30) days after the payment was received.

2. Program Manager Warranties and Representations; Disclaimer

- A. Warranties and Representations. The Program Manager hereby warrants and represents that:
- (i) The Program Manager has full power and authority to enter into this Agreement and to carry out the terms and conditions contained herein;
 - (ii) No approval of, or consent from, any governmental authority is required for the execution, delivery or performance by the Program Manager of this Agreement, other than as obtained through the Agreement it has entered into with the County;

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- (iii) The execution, delivery and performance by the Program Manager of this Agreement and the transactions contemplated hereby (A) do not contravene any provisions of law applicable to the Program Manager, and (B) do not conflict and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in the breach of or constitute a default or require any consent under any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which the Program Manager is a party, by which the Program Manager may be bound, to which the Program Manager or its property may be subject, the Acts or the Program Manager's bylaws; and
 - (iv) This Agreement, the Surcharge, the Notice to County of C-PACE Program Surcharge, and the Program Manager's role hereunder comply with the Acts. In the event of a conflict between this Agreement and the Acts, the Acts shall govern.
- B. Disclaimer. Except as set forth in this Section 2 or expressly provided in the Financing Agreement: (i) the Program Manager has not heretofore made, nor does it make by this Agreement, any representations or warranties with respect to the Property, including any warranty of title or any environmental matters, and (ii) the Program Manager makes no representations or warranties in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of the Property Owner, or with respect to the performance or observance by the Property Owner of their obligations under the Financing Agreement, after the date of execution of this Agreement.

3. Capital Provider Warranties and Representations

- A. With respect to this Agreement, Capital Provider hereby warrants and represents that effective on the date on which Capital Provider executes this Agreement:
- (i) Capital Provider (A) is an entity (corporation, limited liability company, partnership) duly incorporated or organized, validly existing, and in good standing under the laws of its state of incorporation or organization, and (B) has full power, and all licenses necessary, to own its properties to carry on its business as now being conducted, has full power to enter into this Agreement, and is able to carry out the terms and conditions contained herein;
 - (ii) The execution of this Agreement on the Capital Provider's behalf and its participation in the transaction specified herein and therein is in its ordinary course of business and within the scope of its existing corporate authority;
 - (iii) There is no action, suit, or proceeding pending or threatened against Capital Provider before or by any court, administrative agency, or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Capital Provider of this Agreement;
 - (iv) No approval of, or consent from, any governmental authority is required for the execution, delivery, or performance by Capital Provider of this Agreement;

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- (v) The execution, delivery, and performance by Capital Provider of this Agreement and the performance by Capital Provider hereunder and the transactions contemplated hereby, (a) do not contravene any provisions of law applicable to Capital Provider, and (b) do not conflict and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in the breach of or constitute a default or require any consent under any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which Capital Provider is a party, by which Capital Provider may be bound, to which Capital Provider or its property may be subject, or Capital Provider's charter or bylaws;
- (vi) This Agreement constitutes the legal, valid and binding obligation of Capital Provider, enforceable against Capital Provider in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and by applicable laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein;
- (vii) Capital Provider has independently and without reliance upon the Program Manager conducted its own credit evaluation of the Property Owner, reviewed such information as it has deemed adequate and appropriate and made its own analysis of the Financing Agreement;
- (viii) Capital Provider has, as part of its underwriting process, given due regard to the Property Owner's ability to repay the loan provided under the program, in a manner substantially similar to that required for a mortgage loan under §§ 12-127, 12-311, 12-409.1, 12-925, and 12-1029 of the Commercial Law Article of the Maryland State Code;
- (ix) Capital Provider has not relied upon any investigation or analysis conducted by, advice or communication from, nor any warranty or representation by, the Program Manager or any agent or employee of the Program Manager, express or implied, concerning the financial condition of the Property Owner, or the tax or economic benefits of an investment in the Financing Agreement;
- (x) Capital Provider has had (or acknowledges by its execution of this Agreement, that Capital Provider will prior thereto have had) access to all financial and other information that it deems necessary to evaluate the merits and risks of an investment in the Financing Agreement including the opportunity to ask questions, receive answers and obtain additional information from the Program Manager and the Property Owner necessary to verify the accuracy of information provided;
- (xi) Capital Provider acknowledges that the Program Manager takes no responsibility for any financial information regarding the Property Owner furnished to Capital Provider by the Program Manager, and Capital Provider or its authorized representatives acting on its behalf have such knowledge and experience in business and financial matters necessary to evaluate the merits and risks of an investment in the Financing Agreement;
- (xii) Capital Provider is experienced in making investments in energy upgrade projects similar to the Project and Financing Agreement and that it is financially able to undertake the risks involved in such an investment; and
- (xiii) Capital Provider acknowledges that the Financing Agreement as well as any other documents signed by the Property Owner and any documents required by the Program Manager in connection with this Agreement were executed by a duly authorized signatory of the Property Owner.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

4. Delivery of Documents

- A. As a condition to the Program Manager's performance of its obligations with respect to this Agreement, all of the conditions precedent enumerated below must be satisfied (in the Program Manager's reasonable discretion):
- (i) Capital Provider shall have delivered to the Program Manager, in form and substance reasonably satisfactory to the Program Manager: the completed C-PACE Application and related forms as listed in the Project Approval Checklist, as well as executed financing documents and payment schedules; and
 - (ii) All of Capital Provider's and Property Owner's respective representations and warranties provided herein or in any of the Financing Agreement shall be true and correct on the date of the execution of this Agreement.

5. Covenant

- A. No Action. The Program Manager and Capital Provider shall not, without the prior written consent of the other, take any action which impairs the rights of the other party (or its assignee or successor) with respect to the Financing Agreement in and to which such covenanting party has no right, title or interest. Under no circumstances may the Capital Provider file Uniform Commercial Code financing statements against the Program Manager in connection with any of the transactions contemplated hereunder.

6. Tax and Indemnities

- A. Capital Provider shall pay any and all sales or use taxes or similar taxes, if any, that may be imposed by any federal, state or local government authority on any remittances made by the Program Manager to the Capital Provider pursuant to this Agreement.
- B. With respect to this Agreement, Capital Provider shall be solely responsible for, and shall indemnify, protect, defend, save, and keep harmless, the Program Manager and each of its affiliates, and its respective officers, directors, employees, and agents (each a "Program Manager Indemnitee") from and against any and all federal, state, and local taxes, in each such case, to the extent any of the same are attributable to or otherwise assessed with respect to the period subsequent to the effective date of this Agreement, together with any assessments, penalties, fines additions to tax or interest related thereto, which at any time or from time to time may be imposed on, or asserted against, the Property (or any part thereof or any interest therein) or any Program Manager Indemnitee, by any federal, state, local, or foreign government or taxing authority in connection with or relating to the Financing Agreement or any of the transactions contemplated hereby and thereby.
- C. Each of the Program Manager and Capital Provider agrees to notify the other party promptly after becoming aware of any taxes or claims, whether pending or threatened that is the subject of indemnification pursuant to this Section 6; provided, however, that the failure by either such party to so notify the indemnifying party will not in any manner affect such indemnifying party's obligations under this Section 6, except to the extent, if any, the indemnifying party shall have been materially and adversely prejudiced by such failure.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

7. Duties and Limitations

The following provision shall apply except to the extent otherwise provided in the Financing Agreement:

- A. Program Manager and Capital Provider Duties. It is the intent and purpose of the parties that the County shall bill for, collect and receive for the benefit of Capital Provider the sums payable under the Financing Agreement and the Surcharge. Unless the Program Manager indicates in writing to Capital Provider, Capital Provider shall be responsible for all other servicing duties pursuant to the Financing Agreement, such as, if applicable, obtaining insurance renewals and financial statements from the Property Owner and arranging for Property inspections. The Program Manager shall promptly deliver to Capital Provider all notices, demands and similar items received by it relating to the Financing Agreement.
- B. In an Event of Default, any delinquency will be collected through the County Tax Sale process. The provisions of Title 14, Subtitle 8 of the Tax – Property Article of the Maryland Code that apply to a tax lien will also apply to any delinquent Surcharge payment.
- C. If either party has actual knowledge of an Event of Default, it shall promptly notify the other party thereof.
- D. Payments. All monies received by the Program Manager on the Financing Agreement shall be held by the Program Manager, or its designee, for the benefit of the Capital Provider for the purpose for which they were paid, but need not be segregated in any manner from any other monies of the Program Manager and may be deposited by the Program Manager, or its designated servicer, in any general account maintained by the Program Manager or, its designee, (the “Collection Account”). The Program Manager, or its designee, shall pay all moneys from Collection Account due from the Property Owner under the Financing Agreement within five (5) Business Days of receipt of such good funds in the Collection Account (each such date, a “Payment Date”), provided that the Program Manager, or its designee, has collected payment in good funds from the Property Owner or the County, such as a received wire or cleared check. As used herein, “Business Day” shall be deemed to mean any day other than a Saturday, Sunday or holiday in which the Program Manager or Capital Provider is closed in Maryland. Notwithstanding the forgoing, if the applicable Payment Date is not a Business Day, then the Payment Date shall be deemed to be the next Business Day. The Program Manager, or its designee, shall make such monies available to Capital Provider by wire transfer of such monies to Capital Provider at such account as Capital Provider may specify in writing from time to time. If the Program Manager, or its designee, fails to make such payment (or any part thereof) to Capital Provider within five (5) Business Days of such Payment Date, the Program Manager shall pay Capital Provider one percent (1%) interest per month on, and in addition to, the amount of such payment (or any part thereof) but not exceeding the lawful maximum, if any.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- E. **Limitations of Liability.** The Program Manager undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Agreement against the Program Manager. In performing its obligations hereunder, the Program Manager shall use the same level of care as it uses for transactions in which it holds the entire interest for its own account, but shall not be liable to Capital Provider for any action taken or omitted to be taken by it hereunder or pursuant hereto, except for the Program Manager's failure to make sums available to Capital Provider as required under this Agreement or for the Program Manager's gross negligence or willful misconduct. The duties of the Program Manager shall be mechanical and administrative in nature and the Program Manager shall not have by reason of this Agreement a fiduciary relationship with Capital Provider. The Program Manager shall not be required to take any action if the Program Manager shall have been advised by counsel that such action is contrary to law, the provisions of this Agreement or the provisions of the Financing Agreement. As to any matters not expressly provided for by this Agreement, the Program Manager shall not be required to exercise any discretion or take any action and in case of any question concerning its rights and duties hereunder, the Program Manager may request written instructions from Capital Provider and refrain from taking action until it receives written instructions from Capital Provider. The Program Manager shall be fully protected and have no liability to any person for acting or refraining from acting hereunder in accordance with the written instructions of Capital Provider. The Program Manager shall, in the absence of knowledge to the contrary, be entitled to rely on any written instructions believed in good faith to be genuine and correct and to have been signed by an officer of Capital Provider.

8. Titling

- A. **Holder of Surcharge.** The Financing Agreement shall provide that the County is the original holder of the Surcharge and that pursuant to Article 5, Chapter 18A-36 of the County Code, if the Surcharge becomes delinquent, the Surcharge will automatically become a tax lien and be collected through the resulting tax sale process.

9. Program Management, Servicing, and Other Fees

- A. Program Manager charges the following administration and servicing fees for the term of the C-PACE loan:
- (i) **Participation Fee:** A one-time program administration fee, equal to 2.75% of the project finance amount (not to exceed \$75,000 per parcel of real property) is applied to each financed project. This fee is typically included in the total financed amount and is only due in the case of successful project financing. Capital Provider will charge borrower for this one-time fee at closing based on the amount borrowed and will remit to Program Manager within ten (10) Business Days.
 - (ii) **Servicing Fee:** This recurring fee will be deducted from remittances to Capital Providers and is an annual fee of 1.50% of the annual Surcharge remittance.
 - (iii) **General Counsel/Special Counsel Legal Cost Reimbursement:** If revisions are requested to the program form documents, e.g., the Master C-PACE Surcharge Processing Agreement, Capital Providers will be responsible to reimburse the Program Manager for the Program's general counsel or special counsel legal fees.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- B. No provisions of this Agreement shall require the Program Manager (i) to expend or risk its own funds except as necessary in the ordinary course of business as the County's Program Manager or to perform its obligations under this Agreement or (ii) to otherwise incur any financial liability in the performance of any of its duties hereunder. Any expenses incurred by the Program Manager in connection with any actions with respect to the Financing Agreement to which Capital Provider has requested shall be borne by Capital Provider and Capital Provider shall reimburse the Program Manager for any such out-of-pocket costs and expenses incurred by the Program Manager.

10. Indemnity

- A. Capital Provider agrees to indemnify, defend, and hold harmless the Program Manager and any of its directors, officers, employees or agents, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses, taxes or disbursements of any kind or nature whatever (including attorneys' fees) which may be imposed on, incurred by or asserted against any of them in any way relating to or arising out of any action taken or omitted by either or any of them pursuant to a breach by Capital Provider of this Agreement, to the extent not reimbursed by the Property Owner, provided that Capital Provider shall not be liable to the Program Manager for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses or disbursements resulting from the gross negligence of willful misconduct of the Program Manager or any of its directors, officers, employees or agents; and
- B. The Program Manager shall indemnify, defend, and hold harmless Capital Provider, its successors and assigns, and all of its directors, officers, employees, or agents, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses, or disbursements of any kind or nature whatever (including attorneys' fees) which may be imposed on, incurred by or asserted against any of them in any way arising out of or resulting from a breach by the Program Manager of this Agreement or the gross negligence of willful misconduct of the Program Manager or any of its directors, officers, employees or agents.

11. Miscellaneous

- A. Assignment. Except as provided in this Agreement, neither party may assign or delegate its respective rights or obligations hereunder without the prior written consent of the other party which consent shall not be unreasonably withheld. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the successors and permitted assigns of the parties hereto.
- B. Notices. All notices and other communications hereunder shall be in writing, personally delivered or sent by facsimile or certified mail, return receipt requested, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party shall from time to time designate in writing to the other party; and shall be effective from the date of receipt.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- C. **GOVERNING LAW.** THIS AGREEMENT AND EACH SPECIFICATION AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF MARYLAND (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.
- D. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall not be amended or altered in any manner except by a document in writing executed by both parties.
- E. **Titles.** Section titles are for convenience of reference only and shall not be of any legal effect.
- F. **Further Assurances.** The parties further covenant and agree to do, execute and deliver, or cause to be done, executed and delivered, and covenant and agree to use their respective reasonable best efforts to cause their successors and assigns to do, execute and deliver, or cause to be done, executed and delivered, all such further acts, transfers and assurances, for implementing the intention of the parties under this Agreement, as the parties and their successors and assigns reasonably shall request.
- G. **Not an Extension of Credit.** This Agreement shall in no way be construed as an extension of credit by Capital Provider to the Program Manager. In the event of an insolvency, the Program Manager shall not claim any such Surcharge as an asset of its estate.
- H. **Transaction Expenses.** Each of the Program Manager and Capital Provider shall bear and be responsible for its own costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and any other agreements, documents, certificates and instruments relating hereto, and it shall not have any right of reimbursement or indemnity for such costs and expenses as against the other party.
- I. **Counterparts.** With respect to each of this Agreement, and any of the other documents to be delivered pursuant to this Agreement, each such agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.
- J. **Survival.** The respective representations and warranties of the Program Manager and Capital Provider contained in this Agreement shall survive the termination of this Agreement.
- K. **Recitals.** Both parties agree that all of the recitals are hereby incorporated herein and are acknowledged as being true and correct.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

- L. Waiver of Jury Trial. THE PROGRAM MANAGER AND CAPITAL PROVIDER HEREBY UNCONDITIONALLY WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, ANY OF THE FINANCING AGREEMENT, ANY DEALINGS BETWEEN THE PROGRAM MANAGER AND CAPITAL PROVIDER RELATING TO THE SUBJECT MATTER HEREOF OR THEREOF, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN THE PROGRAM MANAGER AND CAPITAL PROVIDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY SPECIFICATION OR THE FINANCING AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12. Limitation on Recourse

All liabilities and obligations of the Program Manager under this Agreement are subject and limited to the funding available under Maryland law. No Program Manager officer, director, employee, partner, investor, member, or shareholder shall have any personal liability for such liabilities or obligations under this Agreement. All liabilities and obligations of Capital Provider under this Agreement are limited to its assets and no officer, director, employee, partner, investor or shareholder shall have any personal liability for such liabilities or obligations.

[Remainder of page intentionally left blank, signature page follows.]

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year below.

Montgomery County Green Bank Corporation

[CAPITAL PROVIDER]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Appendices

Appendix 1: Projects Subject to the Agreement

Appendix 2: Project Approval Checklist

Appendix 3: Notice to County of C-PACE Program Surcharge

Appendix 4: Montgomery County Confirmation of Surcharge

Appendix 5: Amendment of Finance Agreement and Payment Schedule

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 1: PROJECTS SUBJECT TO THE AGREEMENT

[CAPITAL PROVIDER NAME] (“Capital Provider”) and Montgomery County Green Bank Corporation (“Program Manager”) have entered into the Master C-PACE Surcharge Processing Agreement. Program Manager must provide approval for each project for which Capital Provider is extending capital under the C-PACE Program, including Capital Provider’s adherence to the Master C-PACE Surcharge Processing Agreement which may be achieved by adding the below information to this Appendix for each new project.

Project 1

Property Owner: _____
Finance Amount: _____
Anticipated Term and Rate: _____
Legal Description of Property: _____

Agreed by:

Montgomery County Green Bank Corporation

[CAPITAL PROVIDER]

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 1: PROJECTS SUBJECT TO THE AGREEMENT

Project [X]

Property Owner: _____
Finance Amount: _____
Anticipated Term and Rate: _____
Legal Description of Property: _____

Agreed by:

Montgomery County Green Bank Corporation

[CAPITAL PROVIDER]

Signature: _____
Name: _____
Title: _____
Date: _____

Signature: _____
Name: _____
Title: _____
Date: _____

**MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 2: PROJECT APPROVAL CHECKLIST**

Required Project Information	Enter Responses Below
Property Owner Name:	
Property Address:	
Property ID Number:	
Telephone Number:	
Fax Number:	
Email Address:	
Capital Provider Name (if selected):	

Required Documents	Notes
Application for C-PACE Financing	Application must include all proposed measures along with, for each measure, a short description, effective useful life, confirmation that the measure is intended to decrease resource (e.g., energy, water) use or generate renewable energy, and confirmation that the measure will be permanently affixed to the property.
Disclosures and Risks Form	Share with owners and return signed copy to Program Manager.
Title Search Report	Must be recent, i.e., within the last 60 days.
Lender Consent Request and Notice of Proposed C-PACE Financing	Obtain from mortgage and deed of trust holder(s), if applicable.
Documentation of Mortgage Release	Obtain if applicable.
Signed Affidavit	Should state: Property owner agrees that prior to the date on which this C-PACE financing closes, it shall not place any additional mortgage, lien, or encumbrance on the property other than any encumbrances that have been previously disclosed to us.
Property Tax Account Assessment Roll	May be obtained through the Maryland State Department of Assessment and Taxation (SDAT).
Document that verifies owner is current on their property taxes	Submit to Program Manager.
Executed Master Surcharge Processing Agreement (or Amendment to such)	To be executed by Capital Provider.

Additional Project Documents include any energy audit, assessment, and/or feasibility study information to support the proposed measure(s). Such documents are optional.

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 3: NOTICE TO COUNTY OF C-PACE PROGRAM SURCHARGE

Montgomery County Green Bank Corporation ("Program Manager") provides this NOTICE TO COUNTY OF C-PACE PROGRAM SURCHARGE, in accordance with the Commercial Property Assessed Clean Energy Memorandum of Understanding between Montgomery County and the Program Manager dated January 13, 2021 (the "MOU") and the C-PACE Loan Program established by Montgomery County Code Article 5, Chapter 18A (the "County Law").

[CAPITAL PROVIDER NAME] ("Capital Provider") and [PROPERTY OWNER NAME] ("Property Owner") have entered or are entering into a C-PACE Loan Financing Agreement, attached hereto as Exhibit A.

Per the County Law and the MOU, upon receiving from the Program Manager all Required Documentation, the County is obligated to review and, in its discretion, add the Surcharge (as defined in the County Law) to the Property's real property tax bill on account # [ENTER PROPERTY ID].

The County will be obligated to collect the surcharges and remit surcharge payments to the Program Manager no later than thirty (30) days after payment receipt for real property taxes. The Surcharge shall be assessed in accordance with the Surcharge Payment Schedule attached hereto as Schedule 1.

Montgomery County Green Bank Corporation

By: _____

Name: _____

Title: _____

Date: _____

cc: [NAME/ADDRESS OF LENDER]
[NAME/ADDRESS OF PROPERTY OWNER]

[ATTACHMENTS]

Exhibit A: C-PACE Financing Agreement
Schedule 1: Surcharge Payment Schedule

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 4: MONTGOMERY COUNTY CONFIRMATION OF SURCHARGE

The undersigned Authorized Representative (Director of the Department of Finance or the Director's designee) of Montgomery County, Maryland (the "County"), pursuant to Montgomery County's C-PACE Program established under Article 5, Chapter 18A, as amended (the "County Law") and to the Memorandum of Understanding between the County and Montgomery County Green Bank Corporation dated January 13, 2021 (the "MOU"), hereby confirms that, as of the effective levy year [ENTER YEAR] and each year thereafter for the term defined in the C-PACE Financing Agreement, a surcharge shall be placed on the real property tax bill on account #[ENTER PROPERTY ID] with respect to certain real property commonly referred to as [ENTER ADDRESS] in Montgomery County, Maryland (the "Property") and described more particularly in Exhibit A.

[ENTER PROPERTY OWNER NAME AND ORGANIZATION STRUCTURE] (the "Property Owner") is participating in the C-PACE Program authorized by the Montgomery County Code and has entered or is entering into a C-PACE Financing Agreement with [ENTER CAPITAL PROVIDER NAME] (the "Capital Provider"). The terms of this Confirmation of Surcharge are set forth in the attached Notice to County of C-PACE Program Surcharge (Exhibit B) which includes the C-PACE Financing Agreement and Payment Schedule.

These terms of the Surcharge are as follows: a principal amount of \$[ENTER AMOUNT], with interest thereon at a [FIXED OR VARIABLE] rate of [ENTER RATE], plus any capitalized interest or any additional fees and expenses agreed upon in the C-PACE Financing Agreement, with installments of principal and interest due and payable pursuant to the Surcharge Payment Schedule. The term of the loan will be for [ENTER TERM]. [ENTER ANY OTHER DETAILS].

The County maintains ultimate administrative oversight and control of the C-PACE Program. The County may choose to designate the administrative function to a third-party as it did with the Program Manager through the MOU. In the event that the Program Manager ceases to perform some, or all, of the administrative duties, the County will continue to perform these duties as defined above and under Article 5, Chapter 18-A-36 of the County Code.

The County will collect amounts financed through the Surcharge on the Property Owner's real tax bill. Servicing of amounts due to the Capital Provider will be through the Program Manager. Pursuant to the County Law, if the Surcharge becomes delinquent, the Surcharge will be collected through the tax sale process.

[signature page follows]

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 4: MONTGOMERY COUNTY CONFIRMATION OF SURCHARGE

IN WITNESS WHEREOF, the undersigned has caused this Confirmation of Surcharge to be duly executed on its behalf on the Effective Date.

MONTGOMERY COUNTY
AUTHORIZED REPRESENTATIVE

By: _____

Name: _____

Title: _____

Date: _____

STATE OF MARYLAND)
) SS.
COUNTY OF MONTGOMERY)

I hereby certify that on _____ day of _____, _____ before me, the subscriber, a notary public of the State of Maryland, in and for Montgomery County, Maryland, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to within the instrument and acknowledged that he executed foregoing Confirmation of Surcharge and the same to be his act.

WITNESS my hand and official seal.

Notary Public: _____

My Commission expires:

Attachments:

Exhibit A: Property Description

Exhibit B: Notice to County of C-PACE Program Surcharge

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 5: AMENDMENT OF FINANCE AGREEMENT AND PAYMENT SCHEDULE

Please Note: This form can only be used to decrease the term of the Surcharge; or reduce the principal value of the Surcharge.

[CAPITAL PROVIDER NAME] (the "Capital Provider") and [PROPERTY OWNER NAME] (the "Property Owner") are parties to a certain Financing Agreement dated as of _____, _____ (the "C-PACE Financing Agreement").

Pursuant to the C-PACE Financing Agreement, the Property Owner has made or is making qualifying improvements with respect to certain real property commonly referred to as [ENTER ADDRESS] in Montgomery County, Maryland (the "Property"), in accordance with the requirements of the Program for which Capital Provider has provided the financing for through a loan, which loan is being repaid pursuant to a Surcharge on the Property's real property tax bill. The Montgomery County Finance Department (the "County") acknowledged the Surcharge to be included in the Property's real property tax bill dated _____, _____.

Property Owner and Capital Provider have entered into an amendment to the C-PACE Finance Agreement as of _____, _____ (the "Amendment"). Pursuant to the Amendment, repayment of the loan through the property surcharge shall be repaid in accordance with the installment payment plan attached hereto as Schedule 1 (the "Payment Schedule"). The Payment Schedule is based on the principal amount of \$_____, including any capitalized interest or additional fees and expenses, with interest thereon at the rate set forth in the C-PACE Financing Agreement and with installments of principal and interest coming due as set forth in the Payment Schedule.

Except as amended and modified hereby, the C-PACE Financing Agreement and the Property Surcharge shall continue unmodified and in full force and effect and each is hereby ratified and confirmed.

[PROPERTY OWNER]

[CAPITAL PROVIDER]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

RECEIVED AND ACKNOWLEDGED BY
Montgomery County Green Bank Corporation

By: _____
Name: _____
Title: _____
Date: _____

Attachment:
Schedule 1: Payment Schedule

MC-PACE MASTER SURCHARGE PROCESSING AGREEMENT
APPENDIX 5: AMENDMENT OF FINANCE AGREEMENT AND PAYMENT SCHEDULE

IN WITNESS WHEREOF, the undersigned has caused this Confirmation of Surcharge to be duly executed on its behalf on the Effective Date.

MONTGOMERY COUNTY
AUTHORIZED REPRESENTATIVE

By: _____

Name: _____

Title: _____

Date: _____

STATE OF MARYLAND)
) SS.
COUNTY OF MONTGOMERY)

I hereby certify that on _____ day of _____, _____ before me, the subscriber, a notary public of the State of Maryland, in and for Montgomery County, Maryland, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to within the instrument and acknowledged that he executed foregoing Confirmation of Surcharge and the same to be his act.

WITNESS my hand and official seal.

Notary Public: _____

My Commission expires:

EXHIBIT 7 MC-PACE APPLICATION

Purpose: This form provides formal notice to the Program Manager (Montgomery County Green Bank) of an application to undergo a project under the Montgomery County C-PACE Program (MC-PACE). Applicants are encouraged to pre-screen projects with the Program Manager prior to submission.

Please fill out this form and return to CPACE@mcgreenbank.org.

1. Building Identification and Contact Information:

Building Name: _____
 Building Address: _____
 Mailing Address (if different): _____
 Legal Name of Building Owner: _____
 Ownership Entity Type: _____
 Property Tax ID(s): _____

Building Owner Contact:

Company Name: _____	Email: _____
Primary Contact: _____	Office Phone: _____
Title: _____	Cell: _____

2. About the Building:

Building type (e.g., commercial, multifamily, etc.): _____
 Age of building/systems: _____

Is the Property current on property taxes?	Yes: ____	No: ____
Has the Property Owner had any tax delinquency in the last five years?	Yes: ____	No: ____
Is there a mortgage or deed of trust on the Property	Yes: ____	No: ____
If yes, who is (are) the Property lender(s)?	_____	
If yes, what is the outstanding mortgage principal	_____	
Has the Property Owner filed for bankruptcy in the last five years?	Yes: ____	No: ____
If yes, when was the most recent filing (and explanation if desired)?	_____	
Other debt secured by the Property	_____	

MC-PACE APPLICATION

3. About the Project:

Is the Project new construction?

Yes: ____ No: ____

If yes, have you conducted a building energy performance simulation?

Yes: ____ No: ____

What is your “as-designed” to “code” energy improvement?

Is the Project an improvement on an existing building?

Yes: ____ No: ____

If yes, what energy efficiency measure(s) will be used?

Energy Efficiency

- New automated building and HVAC controls
- High efficiency chillers, boilers, and furnaces
- Cogeneration/CHP
- Building envelope improvements
- Variable speed drives on motors, fans, pumps
- Building management systems
- High efficiency lighting upgrades
- Combustion and burner upgrades
- High efficiency hot water heating systems
- Fuel systems
- Water conservation
- Heat recovery and steam traps
- Other

List measure(s) here:

*(see Program Guidelines for more on Eligibility
if the measure is not listed here)*

Renewable Energy

- Solar PV
- Solar thermal
- Fuel cell
- Geothermal
- Other

Estimated cost of Project:

Estimated useful life of the Project:

Estimated energy savings:

4. Provide contact information of your Energy Performance Contractor:

Contractor Contact:

Company Name: _____

Email: _____

Primary Contact: _____

Office Phone: _____

Title: _____

Cell: _____

MC-PACE APPLICATION

5. Acknowledgement

I, _____, acknowledge the validity of the information listed on this Application. Additionally, I acknowledge I have read and understand the Program Guidelines. By signing this Application, I understand that the Program Manager must receive all applicable requirements to obtain Project approval, and that an executed Confirmation of Surcharge by Montgomery County confirms the placement of the Surcharge under MC-PACE.

Building Owner Representative

Signature: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 8
MC-PACE PROJECT COMPLETION CERTIFICATION

[PROPERTY OWNER NAME] (the “Property Owner”) hereby certifies that the Project, as such term is defined in the financing agreement entered into by and between the Property Owner and [CAPITAL PROVIDER NAME] (“Capital Provider”) dated [ENTER DATE] (the “Financing Agreement”) has been completed at [ENTER ADDRESS] (the “Property”) in strict compliance with the requirements of the Financing Agreement and the contract entered into by and between the Property Owner and [CONTRACTOR NAME] (the “Contractor”) (the “Construction Contract”).

WE HEREBY CERTIFY:

1. The Contractor has completed the work in accordance with the terms of the Construction Contract that we have entered into and executed.
2. The expected performance of measures implemented is “as good as or better than” measures initially communicated to the Program Manager via the C-PACE Project Application, and upon which the determination of eligibility was based.
3. We have complied with, and will continue to comply with, all applicable statutes, regulations, and legislation in connection with the property and construction of the Project.

By signing below, we agree to each of the above statements.

[PROPERTY OWNER]

Signature: _____

Name: _____

Title: _____

[CONTRACTOR]

Signature: _____

Name: _____

Title: _____