

MONTGOMERY COUNTY COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY AND RESILIENCE FINANCING PROGRAM GUIDELINES

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About the Program Guidelines

These Program Guidelines serve as a handbook for participants – Property Owners, Capital Providers, Mortgage Holders, and Contractors – to learn about the processes and procedures that support the Montgomery County Commercial Property Assessed Clean Energy and Resilience (“MC-PACER”) program. In this document, you will find information about:

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

The Guidelines walk participants through program eligibility and provide step-by-step procedures to complete projects.

The Guidelines are intended to provide a helpful summary; however, the Montgomery County Code governs the MC-PACER program in the event of conflict between the Guidelines and Code.

Program Background

Commercial Property Assessed Clean Energy (“C-PACE”) is a financing approach that considers energy efficiency, renewable energy, and in Montgomery County – climate resilience – as a public benefit and allows financing for such capital investments to be repaid through a surcharge on a Property Owner’s property tax bill assessed by Montgomery County (the “Surcharge”). The Surcharge is non-accelerating and non-recourse. The repayment obligation is transferable 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 surcharge is *pari passu*¹ with real estate taxes, and the payment is collected through the property tax bill.

Property-secured surcharges are familiar tools that 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 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, 33-18, 7-19, and 46-21, amending Montgomery County Code Chapter 18A (Environmental Sustainability), Article 5 (Section 18A-33 to 18A-37). The amendments served to improve the program since it was first established in 2016. Most recently, Bill 46-21 (enacted in 2022) expanded project eligibility to include climate resilience, climate adaptation, water conservation, and environmental health and safety upgrades. The most recent [local law](#)² with incorporated amendments provided in the County Code are summarized in these Program Guidelines.

The Montgomery County Green Bank (“Green Bank”) is the Program Administrator. These Program Guidelines are available at: www.mcgreenbank.org. The Guidelines and form documents may be modified or amended by the Green Bank from time to time. Refer to the Green Bank website for current documentation.

¹ *Pari passu*—Latin for “equal footing”— means that the C-PACE surcharge is treated at the same level in right and priority as real estate taxes.

² Article 5 of the Montgomery County Code, [COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM](#)

Program Quick Reference

Qualified Property	Any new or existing commercial, industrial, agricultural, nonprofit, and multifamily (with more than four units) real properties located in Montgomery County, MD.
Eligible Projects	<ul style="list-style-type: none"> • Renewable energy: Installation of on-site systems that generate energy from renewable resources such as solar PV, solar thermal, geothermal, biomass, or small-scale wind. • Energy and water efficiency: Measures that reduce building energy or water consumption, such as HVAC upgrades, insulation, LED lighting, efficient controls, low-flow fixtures, or other improvements that lower operating costs. • Environmental remediation: Projects that remove or mitigate environmental or health hazards such as asbestos or lead paint abatement, mold remediation, or improvements to indoor air and water quality. • Grid resilience: Capital investments that enhance the reliability of a property's energy system, such as energy storage, demand management, or backup power solutions that maintain critical operations during service disruptions. • Property resilience: Built or green-infrastructure improvements that increase a property's capacity to withstand floods, extreme heat, storms, or other climate hazards such as floodproofing, stormwater management, fire-resistant materials, or nature-based resilience features. <p>Examples of Eligible Projects are in Eligibility of Projects section.</p>
Eligible Amount	<p>Any amount (minimum of \$5,000) to carry out an Eligible Project and subject to the following³:</p> <ul style="list-style-type: none"> • Existing building upgrades: Up to 30% of the assessed or appraised value of the Qualified Property. • New construction: If a qualified property is designed to meet or exceed the energy performance required by the County building code in effect at the time of C-PACE application by no more than 5%, the maximum loan amount must not exceed 20% of the full cash value or appraised value of the qualified property. If a

³ Bill [46-21](#) stipulates that the increase in loan-to-value amounts for qualified properties is under effect for a five-year period effective June 1, 2022. This sunset period needs to be renewed by the Director of Finance before June 1, 2027. Refer to subsections [18A-35\(a\)\(5\)\(A\) through 18A-35\(a\)\(5\)\(D\) of the Montgomery County Code](#) for additional details.

	<p>qualified property is designed to exceed the energy performance required by the County building code by 5% or greater, the maximum loan amount must not exceed 30% of the full cash value or appraised value of the qualified property. Appraised value is defined as the post-completion, as stabilized⁴ appraised value of the Qualified Property as evidenced by a recent appraisal. Soft costs, development fees, and financing or closing costs are eligible only when they directly relate to the financed measures or project scope as approved by the Program Administrator (see “Eligibility of Projects” for detail).</p> <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	<p>The financing is evidenced by a financing agreement and is secured by a surcharge that is recorded in the County Land Records against the Qualified Property. The surcharge is senior to all commercial mortgages and deeds of trust and is equal (pari passu) in priority to ad valorem property taxes. Because of this senior position, the Property Owner (with Program Administrator 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.</p>
Eligible Applicant(s)	<p>Current and in good standing on all real property taxes over the previous five years; 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. Repayment history is verified by Montgomery County’s Department of Finance.</p>
Term	<p>The maximum finance term is the shorter of the useful life of the approved improvements or 30 years.</p>
Amortization	<p>A C-PACE loan must fully amortize over the Term, though loans may be interest-only or capitalize interest through stabilization of the project.</p>
Lender Consent	<p>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</p>

⁴ The interpretation of “as stabilized” valuations is under effect for a five-year period effective June 1, 2022. This sunset period needs to be renewed before June 1, 2027; the total loan-to-value amount still applies and any as stabilized must be reviewed and approved by the County.

	enter into a C-PACE financing agreement which cannot proceed without the written consent of the mortgage holder.
Surcharge	The annual repayment of a C-PACE loan, including principal, interest, and related Program Fees, that funds an improvement 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 are administered by the Program Administrator through the Montgomery County property tax bills issued to Eligible Applicant on an annual basis. Any prepaid or partial payments must be made directly between Property Owner and Capital Provider; Montgomery County's Treasury Division will not accept prepaid/partial payments.

Contractor Participation

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

HOW TO REGISTER

Complete and return the Contractor Registration Form to the Program Administrator. By registering with the MC-PACER 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-PACER website Contractor Directory. Once a completed application is received, please allow up to 7-10 business days for processing and approval. Contractor applications are accepted on a rolling basis.

Capital Provider Participation

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

The Program Administrator 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.

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 details. Once approved for participation in the program, the qualified Capital Provider will be notified by the Program Administrator.

Program Eligibility

General

A Property Owner may qualify for C-PACE financing if they meet the following requirements:

- i. Applicant must be legal owner of property, as evidenced by recent title search and/or Deed, 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 (defined as eight years or longer) 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 may qualify for financing if they meet the following requirements:

- i. 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. 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 (defined below).
- The C-PACE loan amount must be at least \$5,000 and not more than 30% of either the tax assessed or 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 Appraiser⁵ 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.

⁵ 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.

Eligibility for New Construction

- For new commercial construction, the property must be designed to meet or exceed the energy performance required by the applicable Montgomery County building code that is in effect at the time a property owner applies to participate in the MC-PACER program. As of the date these Program Guidelines were issued, the code in effect in Montgomery County is ASHRAE 90.1-2022 Standard with local amendments. The Program will be updated automatically upon County adoption of future ASHRAE standards or IECC standards to ensure alignment with applicable buildings codes. Please refer to [COMCOR 08.00.02](#) for any updates to the County building code.
 - If a Qualified Property is designed to meet the energy performance pathway (via a DPS-approved energy model) required by the relevant County building code or exceed that code by up to 5%, the maximum loan amount may be up to 20% of the assessed or appraised value.
 - If a Qualified Property is designed to exceed the energy performance pathway (via a DPS-approved energy model) required by the applicable County building code by 5% or greater, the maximum loan amount may be up to 30% of the assessed or appraised value.
- If a property was issued a building permit using the prescriptive pathway (i.e., does not have an energy model documenting performance), the Program Administrator will coordinate with DEP to review and validate a third-party energy model for C-PACE for New Construction participation only.
- Code modifications issued for permitting purposes do not exclude applicants from participating in the MC-PACER program, nor do they alter the MC-PACER program eligibility criteria (i.e., applicants must meet current energy performance requirements in all applicable codes at time of MC-PACER 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 appraised value must be determined by a Certified General Real Estate Appraiser and both the appraisal and certification must be dated no more than 12 months before the date of the Application. Appraised valuations may take into consideration the property value as stabilized⁶ once the Eligible Project is completed.
- 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 use C-PACE for projects in the following categories: (i) Renewable energy, (ii) Energy Efficiency, (iii) water management improvements, including conservation and efficiency measures, (iv) system reliability upgrades, (v) alternative fuel infrastructure upgrades, and (vi) property resilience to protect and prepare for climate hazards, as well as other eligible environmental health and safety improvements. All C-PACE-related improvements must be permanently affixed to a property. Examples of these measures include, but are not limited to, the following (the Program Administrator invites participants to reach out about any measure not shown below):

⁶ The interpretation of “as stabilized” valuations is under effect for a five-year period effective June 1, 2022; the total loan-to-value amount still applies and any as stabilized must be reviewed and approved by the County.

- 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.
- Environmental remediation, defined as a project that is intended to remove environmental or health hazards. Examples include projects that promote:
 - Indoor air and water quality
 - Asbestos remediation
 - Lead paint removal
 - Mold remediation.
- Grid resilience, defined as an energy capital improvement investment that includes one or more of the following:
 - Energy storage
 - Demand management
 - Reliability improvements during electrical service disruption
 - Consistent with PSC guidance on interconnection and franchise requirements.
- Resilience, defined as a project that increases capacity of a property to withstand natural disasters

and the effects of climate change). Includes:

- Reinforcing structures through resilient building practices.
- Flood and stormwater management Improvements related to fire, wind, or extreme heat resistance.
- Improvements related to increasing the capacity of a natural system.
- Projects that embrace green infrastructure/nature-based solutions, including natural infrastructure.
- Any project that intends to remove environmental or health hazards, including addressing indoor air quality and building material contaminants.
- Any capital improvement investment that addresses reliability improvements during electrical service disruptions, including, but not limited to, installation of electrical protection, installation of backup power supplies/storage.
- Alternative vehicle charging infrastructure.
- Other eligible expenses include 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 Administrator.

All qualifying costs must be submitted as part of a project application. Once the Surcharge has been approved and recorded as a lien on the property, additional projects or follow-on costs may be submitted as new applications.

Applicants may retroactively cover Eligible Measures with C-PACE if the measures were installed and received final inspection within 12 months preceding the MC-PACER program application. Any individual measures completed prior to 12 months preceding the C-PACE application date are not eligible for financing.

Underwriting

The Program Administrator requires the following minimum criteria:

- Total property-related debt (including mortgage debt, the C-PACE financing, and any other obligations secured by the property) must not exceed 90% of the property's value. This value may be established either (a) as the assessed value of the property or (b) as its appraised value, provided the appraisal has been completed and certified within the past 12 months. If both an assessed and an appraised value are available, the Program Administrator will use the lower of the two for determining compliance with the 90% combined-debt threshold.
- 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 surcharge must not currently be an asset in bankruptcy proceeding.
- Loan to Value percentage shall not exceed 30% for existing building retrofit projects. Applicants may use the assessed value or an appraised value as conducted by a Certified General Real Estate Appraiser.

A 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 mortgage 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.

Repayment

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

- 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. Most Property Owners will be billed on an annual basis, however, pursuant to the State Property tax Code, small businesses with property tax bills of less than \$100,000 per year (not including the C-PACE surcharge), will be billed on a semi-annual basis. As the C-PACE Surcharge is *pari passu* with taxes, repayment will appear as a line item on each tax bill. Details on tax payments are available at the Department of

Finance's website.⁷

- The Program Administrator will record the surcharge in the Land Records of the County within 30 days of the execution of a C-PACE loan financing agreement.

Payment of C-PACE surcharge financing are distributed proportionally among all tax bill charges, including but not limited to ad valorem property taxes. 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 C-PACE amounts will not be accepted through the property tax bill. A Property Owner must make any partial or prepayment amounts for C-PACE surcharges directly with the Capital Provider. Property Owner and Capital Provider should note that partial prepayments made directly to the Capital Provider will not change the amount billed on the County's next property tax cycle; adjustments will take effect only after certification of the next annual tax roll.

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

The County collects the C-PACE surcharges from participating Property Owners via the property tax collection system and remits those funds to the Program Administrator (or its designated fiduciary) for distribution to Capital Providers. The Program Administrator or its designated fiduciary will remit funds to the respective investors 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 surcharge 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 sales, only the current payment and any payments in arrears are due.

C-PACE Process Flow

Prescreen the Project

To get started, Property Owners, Developers, Capital Providers, and Contractors are encouraged to submit a request to the Program Administrator 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 Administrator needs the property's address, property tax account number, and, if available, 12 months of recent utility data. The Program Administrator 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 may be granted by the County.

⁷ <https://www.montgomerycountymd.gov/finance/taxes/faqs.html#payment>

Step-by-Step Process

STEP 1

Applicants must submit the following to the Program Administrator for each eligible project seeking C-PACE financing:

- i. Submit Completed Pre-Application (utilizing the application form).
- ii. Recent (within 60 days of submitting Application) title search of the real property on which eligible project would be located.
- iii. 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. 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.
- iv. Copies of most recent statement of mortgage balance for any current and outstanding mortgages.
- v. 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.
- vi. A Disclosure of Risk Form signed by the Property Owner summarizing the risks to the Property Owner for C-PACE financing.
- vii. 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.
- viii. Confirmation with the Program Administrator that the tax history shows that the Qualified Property is 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.
- ix. 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.
- x. Proof of Project final inspection within twelve (12) months of full Application⁸ submission if applying for retroactive C-PACE financing on a completed project.

Additional documentation for new construction:

- i. Documentation verifying as-designed building performance to confirm that the project meets or exceeds the required energy efficiency improvements.
- ii. Breakdown of C-PACE-eligible improvements to clearly delineate what costs are being financed.
- iii. Evidence that the project has received necessary permits and approvals to move forward.

The Program Administrator will review and process completed applications within 7-10 business days of submission.

⁸ Full application consists of submitting all required Exhibits and other materials associated with a project, i.e., not just the Exhibit 7 C-PACE Pre-Application form.

Property Owners are encouraged to contact the Program Administrator with questions about eligibility and process.

STEP 2

After the C-PACE Application is deemed eligible by the Program Administrator, the Property Owner and Capital Provider (which has an executed Master Surcharge Processing Agreement) may close financing and provide the Program Administrator with proof of executed C-PACE financing agreement.⁹

STEP 3

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 Administrator, the Property Owner, and the Capital Provider (See Appendix 4 for template; electronic filing format provided by County Finance Division).

Program Administrator will provide the Property Owner and Capital Provider with the executed and filed Surcharge.

STEP 4

Upon completing construction, the Capital Provider will provide a Project Completion Certificate and a Surcharge payment schedule, if amended, to the Program Administrator.

STEP 5

The Program Administrator 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 Administrator will submit the surcharge request annually until the C-PACE obligation is paid in full.¹⁰

STEP 6

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 Administrator.

STEP 7

The Program Administrator will be responsible for remitting the collected surcharges to the Capital Provider.

STEP 8:

Once the Property Owner has paid all amounts due to the Capital Provider, the Capital Provider shall provide the Program Administrator with a statement that the loan has paid in full.

⁹ 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.

¹⁰ 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.

Program Management, Servicing, and Other Fees¹¹

The C-PACE program management is supported through fees charged to participating Property Owners. These fees cover the costs of administering the program.

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

- **Participation Fee:** A one-time program administration fee is applied to the financed amounts of each project that reaches financial close. Capital Provider will remit the Participation Fee to the Program Administrator within 10 business days of financial close. The fee is payable by the Capital Provider on behalf of the Property Owner and must be remitted at or immediately following closing. The fee is established as a promotional rate through June 1, 2027 at 0.50% of the financed amounts, subject to a minimum of \$500, and will be updated by the Program Administrator thereafter.
- **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 and will be deducted from remittances before disbursement to Capital Providers.
- **General Counsel/Special Counsel Legal Cost Reimbursement:** In limited circumstances, the Program Administrator and County may consider revisions to the Program form documents. If revisions are requested and granted by the Program Administrator, Capital Providers will be responsible for reimbursing the Program Administrator for the general counsel or special counsel legal fees. The Program Administrator shall maintain confidentiality of taxpayer and borrower information in accordance with Montgomery County and State of Maryland data-privacy requirements.

Surcharge Release

Once the Surcharge is certified on the tax roll, it 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 Administrator 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 Administrator 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 Administrator with a statement that the loan has been paid in full. The Capital Provider will then work with the Program Administrator 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.

¹¹ Refer to the Montgomery County Government [website](#) for information on lien recordation fees.

Online Exhibits

Exhibit 1: MC-PACER Contractor Registration Form

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

Exhibit 3: MC-PACER Disclosures and Risks

Exhibit 4: MC-PACER Information Packet for Capital Providers

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

Exhibit 6: MC-PACER Master Surcharge Processing Agreement

Appendix 1: Projects Subject to the Agreement

Appendix 2: Project Approval Checklist

Appendix 3: Notice to County of MC-PACER Program Surcharge

Appendix 4: Montgomery County Confirmation of Surcharge

Appendix 5: Amendment of Financing Agreement and Payment Schedule

Exhibit 7: MC-PACER Pre-Application

Exhibit 8: MC-PACER Project Completion Certificate

[Visit Exhibits on Montgomery County Green Bank Website.](#)