

PENNSYLVANIA C-PACE PROGRAM MANUAL

DRAFT

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cpace@thesef.org

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1.0 Introduction

Pennsylvania authorized Commercial Property Assessed Clean Energy (C-PACE) finance programs with the passage of Senate Bill 234, signed into law by Governor Tom Wolf on June 18, 2018. Pennsylvania C-PACE creates a new financing tool for energy efficiency, renewable energy, and water conservation projects that result in consumption and cost savings for commercial, agricultural, and industrial properties. Pennsylvania C-PACE is voluntary and allows commercial Property Owners to obtain financing for eligible projects, typically through private capital providers, and to repay the financing through an assessment added to the property taxes for that property. C-PACE has the potential to unlock savings opportunities for local businesses, to upgrade or facilitate retrofits for aging properties, and to contribute to state environmental conservation and renewable energy goals. C-PACE is a powerful tool for local governments interested in offering more economic development opportunities for their communities. For local contractors, C-PACE means more business and more local hiring. For capital providers, C-PACE can be an appropriate financing tool to replace or supplement conventional debt financing. For Property Owners, C-PACE financing can offer long-term, fixed rate non-recourse financing with no upfront costs.

Pennsylvania C-PACE intends to facilitate a low-cost, open-market program that is uniform for Pennsylvania counties and municipalities to opt-in to. To opt-in to the program, counties or municipalities must pass a resolution that establishes a special assessment district for the purpose of authorizing C-PACE financing. The model Pennsylvania C-PACE enabling resolution is provided in Appendix B. The purpose of establishing a statewide, standardized program is to create a harmonious market that minimizes costs and resources for participating local governments, capital providers, contractors, and Property Owners, and provides a central resource for promotion, technical assistance, contractor and capital provider qualification, and program evaluation.

2.0 Definitions

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

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

Alternative Energy System - A facility or energy system that uses a form of alternative energy source to generate electricity and delivers the electricity it generates to the distribution system of an electric distribution company or to the transmission system operated by a regional transmission organization.

Annual C-PACE Installment - the portion of the C-PACE Financing that is due and payable for a particular year according to the C-PACE Assessment Contract.

Applicant – Any Business, or their authorized agent, that submits an application to the Program Administrator with the intent to utilize C-PACE Financing to fund a C-PACE Project.

C-PACE Assessment - A charge against the real property within a district which is levied and collected by the county or municipality that establishes the district often referred to as a C-PACE assessment within the C-PACE industry. This term does not refer to assessing or establishing the value of a property for taxation purposes.

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

Bond - Under the Pennsylvania PACE statute, the term “bond” includes any public or private financing note, mortgage, loan, deed of trust, instrument, refunding note or other evidence of indebtedness or obligation used to finance a qualified project.

Business -A corporation, partnership, sole proprietorship, limited liability company, business trust or other commercial entity including nonprofit entities.

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

Clean Energy Project - A project which does any of the following:

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

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

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

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

Eligible Property Owner – A Business or investor that is a Property Owner of an Eligible Property located in a PACE District that meets the eligibility requirements set forth in in the Program Guidelines. Eligible Property Owners include a Business that will own an Eligible Property immediately following the closing of a PACE Financing, subject to documentation reasonably satisfactory to the Program Administrator. An Eligible Property Owner may be a nonprofit organization.

Energy Survey – An evaluation of the Energy Conservation Measures proposed for the PACE Project conducted by a Qualified Energy Engineering Professional in compliance with [Section 4.3 Energy Survey Requirements](#).

Energy Conservation Measure (ECM) - Any type of Clean Energy Project, including Energy Efficiency Improvements, Alternative Energy Systems, and Water Conservation Projects, implemented at an Eligible Property. The types of projects vary, but usually are designed to reduce the carbon intensity and/or utility and/or fuel costs: water, electricity, oil, coal and natural gas being the main five for industrial and commercial enterprises. The aim of an ECM should be to achieve savings by reducing the amount of energy or water used by a particular process, technology or facility or eliminating the use of a fossil fuel.

Energy Efficiency - Measures that reduce the amount of electricity or natural gas or other fuel consumed in order to achieve a given end use. “Energy efficiency” also includes measures that reduce the total Btus of electricity, natural gas, and other fuels needed to meet the end use(s).

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

- (1) insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;
- (2) storm windows and doors, multi-glazed windows and doors, heat-absorbing or heat-reflective glazed and coated window and door systems, and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (3) automated energy control systems;
- (4) high efficiency heating, ventilating, or air-conditioning and distribution system modifications or replacements;
- (5) caulking, weather-stripping, and air sealing;
- (6) replacement or modification of lighting fixtures to reduce the energy use of the lighting system;
- (7) energy controls or recovery systems;
- (8) day lighting systems;
- (9) ECMs included in the Pennsylvania Public Utility Commissions Technical Resource Manual; and
- (10) other ECMs that increase Energy Efficiency, as approved by the Program Administrator

Final Application – The application to participate in Pennsylvania C-PACE and receive a C-PACE Financing that confirms the Applicant meets all the requirements set forth in the Program Guidelines. Approval of the Final Application by the Program Administrator is a precondition to closing a PACE Financing.

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

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

Independent Professional Inspector- A Qualified Professional who is authorized to verify on behalf of the Local Unit of Government and the Program Administrator that the qualified project was properly completed.

Pennsylvania C-PACE (“The Program”) – The C-PACE program offered by the Sustainable Energy Fund (SEF) as the Program Administrator pursuant to the terms of the resolution enacted by a Local Unit of Government and these Program Guidelines.

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

Local Unit of Government - A Pennsylvania county or a municipality with a community or economic development authority.

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

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

Owner Financing - A “bond” provided by a real Property Owner or a third-party provider. This term may include a power purchase agreement.

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

C-PACE Assessment Contract – A Contract entered into among a Participating Local Unit of Government, a C-PACE Capital Provider and a Property Owner to finance a C-PACE Project. This use of the term assessment is a PACE industry term and in no way references assessment or re-assessment of a property.

C-PACE Capital Provider – A financial institution or other entity that meets the participation requirements set forth in the Request for Qualifications from Interested C-PACE Capital Providers and that makes a C-PACE Financing. This can include a property owner.

C-PACE District - An area or group of real properties within a county or municipality, designated by the county or municipality for the purpose of establishing a Commercial Property Assessed Clean Energy Program.

C-PACE Financing – the total loan amount and all cumulative financing terms of a C-PACE Project, agreed to by a Property Owner and a C-PACE Capital Provider, subject to a C-PACE Assessment Contract and other financing agreements for the purpose of funding a C-PACE Project.

C-PACE Project – A Qualified Project made to an Eligible Property that meets the requirements set forth in the Program Guidelines.

C-PACE Statute – Pennsylvania Public Law 198 No. 30, as amended. Senate Bill 234 signed by Governor Tom Wolf on June 18, 2018 enabling a Commercial Property Assessed Clean Energy Program.

Participating Community – A Pennsylvania Local Unit of Government that has adopted a resolution to establish a C-PACE District and joined the Pennsylvania C-PACE Program.

Power-Purchase Agreement- A financial arrangement in which a third party owns, operates and maintains a permanently affixed energy generation unit for a Property Owner, and the Property Owner purchases power from the third party at agreed-upon rates. The third party may finance its equipment acquisitions with an Annual C-PACE Installment under a C-PACE finance program.

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

Program- A Commercial Property Assessed Clean Energy program established under this chapter.

Program Administrator – The Sustainable Energy Fund (SEF), a not-for profit organization that will administer a Program on behalf of or at the discretion of the Participating Communities. SEF is responsible for marketing the program, approving C-PACE Projects, and coordinating servicing of repayment.

Program Fee – Fees charged in relation to the execution of a C-PACE financing project within a Participating Community. Fees are discussed in more detail in Appendix I.

Program Guidelines – This document which sets forth the Pennsylvania C-PACE Program requirements, recommendations, and processes for Property Owners seeking to complete a C-PACE Project and utilize C-PACE Financing.

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

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

Commercial Property Assessed Clean Energy Program- A means of financing qualified projects in a C-PACE District through an annual installment commonly referred to as an assessment within the PACE industry.

Property Owner - The title holder or owner of the beneficial interest in the subject Property.

Registered Capital Provider-A capital provider that registers with the Program Administrator to provide capital for C-PACE projects. See section 6.0 for registration requirements.

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

Qualified Inspector – An Independent Professional Inspector or a building code official with satisfactory qualifications who certifies completion of a Clean Energy Project.

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

- Certified Building Energy Assessment Professional (BEAP) (offered by ASHRAE)
- Certified Energy Auditor (CEA) (offered by Association of Energy Engineers [AEE])
- Certified Energy Manager (CEM) (offered by AEE)
- Certified High-Performance Building Design Professional (HBDP) (offered by ASHRAE)
- Certified Measurement and Verification Professional (CMVP) (offered by AEE and Efficiency Valuation Organization)

- Licensed Architect (R.A)
- Licensed Professional Engineer (P.E.)
- Investor Confidence Project (ICP) Quality Assurance Assessor
- Investor Confidence Project (ICP) Project Developer

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

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

Qualified Project - The installation or modification of a permanent improvement fixed to real property that is a Clean Energy Project, Water Conservation Project or Alternative Energy System, which generates measurable energy savings or reductions in water usage and the installation is performed by a Qualified Party in a C-PACE District. The term includes installation of alternative energy-generating equipment affixed to the land or building.

Real Property - Any agricultural, commercial or industrial land or building owned by an individual, partnership, limited liability corporation, corporation or nonprofit organization. The term does not include multifamily housing or any residential property. This term is used synonymously with Property in these Program Guidelines.

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

Renewable Energy Improvement – The fixtures, products, devices, and interacting groups of fixtures, products, or devices on the customer's side of the meter that are parts of an Alternative Energy System and use one or more Alternative Energy Sources.

Water Conservation Project - A project that reduces the usage of water or increases the efficiency of water usage and is compliance with [Section 4.3 Energy Survey Requirements](#).

3.0 Program Administrator

The Program Administrator is designated by the county or municipality. These guidelines were written by the Sustainable Energy Fund (SEF) and the Keystone Energy efficiency Alliance (KEEA) with the assistance of the Pittsburgh Office of Sustainability and Philadelphia Energy Authority. Additionally the group convened a statewide group of stakeholders and national consultants. The goal of these guidelines is to achieve consistent guidelines statewide and maximize the C-PACE investment in local counties and municipalities. SEF has openly offered to act as the Program Administrator for any unit of local government. As a nonprofit SEF charges no fee to any county or municipality opting into the program.

SEF Contact Information

Website	thesef.org
Email	cpace@thesef.org
Phone	610-264-4440
Address	4110 Independence Dr. Ste 100 Schnecksville, PA 18078

SEF offers the Commonwealth of Pennsylvania (outside of the city and county of Philadelphia) a uniform, turn-key C-PACE program administration platform that can be adopted at no cost to the Local Unit of Government. SEF offers a single point of access for Property Owners, Local Units of Government, Qualified Contractors, and C-PACE Capital Providers. The Program Administrator reviews and certifies projects that are eligible for C-PACE Financing.

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

4.0 Eligibility Requirements

4.1 Eligible Properties

Eligible Property Types

Pennsylvania C-PACE is currently available to commercial properties (office, retail, warehouse, medical, nursing homes, hospitality, agricultural, industrial, and vacant land among others) located within a C-PACE District. Residential and multifamily residential properties are not eligible. Eligible properties may be owned by non-governmental, tax-exempt organizations that operate facilities such as community centers, hospitals, theaters, schools, religious facilities, etc. The commercial portion of a mixed-use commercial/residential property is eligible if at least 35 percent of the total square footage of the

Property is commercial, and the Property is currently classified as commercial per the local building code. Nursing homes, and other care facilities are eligible.

Ineligible Property Types

Senior housing is not eligible as it is considered residential. Senior housing includes age-restricted communities and facilities with independent living arrangements where each tenant has their own apartment.

Property owned by a local unit of government, , or a cooperative (co-ops) are not eligible. “Live-work” projects are not eligible. Timeshare, fractional, or segmented ownership properties are not eligible.

Eligible Property Location

To be eligible, the Property must be (or must be eligible to be placed) on the property tax rolls of a County or municipality within a C-PACE District and have a property tax identification number. If a Local Unit of Government may establish a C-PACE District in the Pennsylvania C-PACE Program by adopting a C-PACE resolution (see Appendix B) that complies with the requirements of the C-PACE Statute (see Appendix A) and names SEF as the Program Administrator for the C-PACE District. A county seeking to establish a C-PACE District must first notify all municipalities in the proposed C-PACE District of their possible inclusion in the C-PACE District.

Multiple Parcel IDs

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

4.2 Eligible C-PACE Projects

An eligible C-PACE Project that is a redevelopment of an existing Property must meet the following criteria. New construction C-PACE Projects are also eligible; see additional details in [Section 4.3.4 New Construction C-PACE Projects](#).

- The minimum C-PACE Financing amount in the Pennsylvania C-PACE program will be \$10,000
- The C-PACE Financing amount plus the outstanding principal amount of all mortgages and liens secured by the Property shall not exceed 95 percent of the property value, unless approved by the Program Administrator. *C-PACE Capital Providers and existing Mortgage/Lien Holders may impose additional limits based on their underwriting criteria.* Property value will be determined by the assessed value from the appropriate assessor’s office, or Property Owner may supply an appraisal completed within 12 months of the estimated C-PACE Financing closing date that is prepared by an independent licensed real estate appraisal firm. Compliance with this term can be

demonstrated by a certification from the C-PACE Capital Provider. The C-PACE Capital Provider may accept property valuations determined by alternative appraisal methods, such as automated valuation methodology.

- The C-PACE Financing term shall not exceed the expected useful life of the proposed Energy Conservation Measure (ECM) as described in the Energy Survey. For projects that include multiple ECMs, the term of a C-PACE Financing may not be greater than the max term length determined by weighting the useful life of each ECM based on cost, subject to the Program Administrator’s review and approval.
- ECMs must be permanently affixed to the real property, and the Borrower must leave the improvements with, affixed or attached to the property during the term of the C-PACE Assessment Contract.
- ECMs must be supported by a survey of the existing water and/or energy usage and a calculation of the expected financial and consumption savings and/or generation to be realized following installation of the approved C-PACE Project (see additional details in [Section 4.3 Energy Survey Requirements](#) below). ECMs must be Energy Star certified when commercially available. A list of example eligible ECMs may be found in Appendix C to these Program Guidelines.
- C-PACE Projects may qualify for and receive additional rebates and incentives from Electric Distribution Companies (EDCs) commonly your local utility through the ACT 129 Energy Efficiency and Conservation program and water conservation programs and other sources. Applicants are encouraged to obtain all applicable government, utility provider or manufacturer rebates, and other cost reductions to reduce the total C-PACE Project cost for purposes of calculating the amount of the C-PACE Financing.

4.3 Energy Survey Requirements

4.3.1 Energy Efficiency Projects

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

To implement this provision, Pennsylvania C-PACE program requires that a Property Owner obtain an Energy Survey as detailed below. The cost of the Energy Survey, as well as the cost of any other third-party review of the survey may be included in the C-PACE Financing amount.

The Energy Survey for a C-PACE project must address the following components & information:

- Written description of the proposed project.

- Expected annual energy savings (kWh or therms), electrical demand reduction (kW), water savings (gallons or ccf), renewable energy capacity (kW), renewable electrical production (kWh) and operational cost (\$) savings.
- Estimate of the useful life of each ECM. Cut sheets supporting useful life.
- The total project capital cost required for each ECM.
- Projected Annual energy and water bill savings and operating cost assumptions.
- Operating cost assumptions.
- Clear and logical step-by-step calculations detailing the estimated annual energy savings, peak electrical demand reduction, and/or water usage.
 - Must be detailed and orderly enough that one can follow the calculation process without prior knowledge of the project.
 - Document assumptions and inputs to calculations (e.g., hours of operation, load factors, power factor, motor efficiencies, etc.) and use consistently throughout calculations (as appropriate).
 - Key numbers should be easily identifiable (circled, bold, highlighted, etc.) with correct units shown.
 - Include page numbers, especially if needed to reference numbers on other pages.
- A copy of proposed relevant equipment specs, data sheets, etc.
- At least twenty-four consecutive months of most recent historical electric, natural gas and/or water consumption for the account(s) affected by the project, where available. This may be presented in the form of utility bills or a spreadsheet compilation of historical utility data. If other energy providers are relevant to the project (examples: propane, fuel oil, district steam), that historical information should be provided as well.
- Where renewable energy measures are under consideration, please refer to [Section 4.4.3 Renewable Energy Projects](#).

The Qualified Energy Engineering Professional will use generally acceptable engineering calculations or a building energy model in a DOE-approved energy modeling software to determine savings attributable to the proposed ECMs.

Baseline for Improvements to Existing Buildings

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

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

If project involves replacement of heating and/or cooling equipment a scatter plot of energy consumed versus heating and cooling degrees and any other significant factors such as hours of operation or widgets manufactured should developed with a formula for best line with an R^2 . This information will subsequently be used to determine if the project meets the projected energy savings.

Qualified Energy Engineering Professionals:

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

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

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

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

Guidelines:

The Energy Survey can follow:

- ASHRAE Energy Audit standards as defined by ANSI/ASHRAE/ACCA Standard 211-2018
- Pacific Northwest National Laboratory, A Guide to Energy Audits, PNNL-20956.
- Investor Ready Energy Efficiency (IREE) Certification. An IREE certification is an acceptable alternative to an Energy Survey.

4.3.2 Water Conservation Projects

For C-PACE Projects limited to water savings, an Energy Survey must address the following components & information:

- The Energy Survey and/or Water Survey requirement set forth above.
- Document assumptions and inputs to calculations (e.g., flow rates, estimated monthly usage).

Baseline:

The Qualified Professional shall establish the correct baseline for the applicable water reduction measure and document the source in the Energy Survey.

Qualified Professionals:

Water surveys can be performed by a Qualified Professional with the credential listed under the Energy Survey section above.

Guidelines:

- EPA Watersense [specifications for residential and commercial water-using fixtures and appliances](#)
- Fannie Mae content guidelines referenced in [Fannie Mae form 4099.H](#).

4.3.3 Renewable Energy Projects

Renewable Energy Feasibility Survey:

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

- Site ambient conditions
- Location for the Renewable Energy Improvement
- Energy system foundation
- Building characteristics
- Utility consumption profile of the site, including the site's historic energy use and cost
- Description of the proposed Renewable Energy Improvement
- Projected energy production
- Projected energy and levelized financial cost inclusive of financing of energy to be generated by the Renewable Energy Improvement, including assumptions affecting the levelized cost:
 - Weighted cost of energy saved and generated by the project
 - Breakdown of cost savings to be realized, if any
 - Utility tariff to be applied to the site and/or system following installation
 - Utility escalation rate assumptions
 - Tax benefits
 - Expected Useful Life of the Renewable Energy System
 - Maintenance expenses
 - Alternative Energy Credits (AECs) or other ongoing sources of revenue as applicable
- Survey of total project capital cost utility tariffs and interconnections issues, including analysis of impacts of surplus energy generation by the Renewable Energy Improvement
- Plan to maintain optimized system performance
- Identification of an appropriate commissioning plan for monitoring the system functionality and performance.
- Verification of the availability of net metering if system production will exceed consumption.

The Renewable Energy Feasibility Survey should be prepared based on the Property Owners' intended use of the Renewable Energy Improvement. Allowable uses of a Renewable Energy Improvement include generation of electricity to supply the on-site demand of the Business, export of electricity to a utility provider, sale of the electricity through the use of a Power Purchase Agreement (or similar approved agreement format), or a combination of the three options. Production of clean heat or power by use of a renewable energy source such as biomass or biogas.

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

Baseline:

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

Qualified Professionals:

All Renewable Energy Feasibility Surveys must be prepared by a P.E. or ICP Project Developer who has demonstrated experience in developing renewable energy projects. For solar PV projects, a licensed solar provider, NABCEP certified PV design professional, or developer who has demonstrated experience developing commercial solar PV projects are also eligible.

The Program recognizes that developers and installers of solar PV projects may be able to provide a qualifying Renewable Energy Feasibility Survey to an Eligible Property Owner without engaging a Qualified Energy Engineering Professional, as described above.

4.3.4 New Construction C-PACE Projects

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

New Construction

The baseline for new construction projects is the minimum level of equipment efficiency required by the current applicable building energy code. The current building code for the Commonwealth of Pennsylvania can be found on the PA Department of Labor and Industry website at <https://www.dli.pa.gov/ucc/Pages/UCC-Codes.aspx>. The Qualified Energy Engineering Professional should also verify with local county and municipalities to ensure local building code compliance.

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

I) New construction Energy Surveys may itemize energy or water related measures whose efficiency specifications exceed the baseline requirements as outlined in the appropriate Pennsylvania building code by a minimum of 15%. The Energy Survey must describe each ECM's characteristics according to these energy survey guidelines and provide supporting documentation showing the extent to which each ECM exceeds minimum baseline requirements. 100% of the Eligible C-PACE Project Costs of each water or energy related measure that demonstrably exceeds minimum energy and/or water (as applicable) efficiency code requirements may be financed through .C-PACE.

II) New construction Energy Surveys may demonstrate overall savings on a whole building level, following a methodology consistent with ASHRAE 90.1 Appendix G guidelines. Estimated whole building energy savings above minimum baseline should be calculated using a DOE approved building energy modeling software or detailed engineering calculations. Building level savings calculations shall state the building's total anticipated performance that is better than the building code (baseline) with a summary percentage of performance of the whole building that is above the code baseline. 100% of the Eligible C-PACE Project Costs of all water or energy related measures in new construction projects that demonstrates a whole-building summary performance that is 15% or more above minimum code may be financed through C-PACE.

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

Adaptive Reuse and Substantial (Gut) Rehabilitation

If the subject C-PACE Project concerns the substantial (gut) renovation or adaptive reuse of a vacant or underutilized building at project inception as determined by the Program Administrator, the baseline for the purposes of establishing energy or water usage may be set at the minimum code level for replacement or addition of equipment.

With the exception of the provision of historic utility bills, the Energy Survey for this project type should include all other component requirements for existing buildings, as outlined above. Energy savings for adaptive reuse and vacant buildings may be established using the appropriate energy survey methodology determined by the Qualified Energy Engineering Professional as set forth above.

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

4.4.1 C-PACE Project Costs

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

Eligible Direct Costs include all ECM Direct Costs necessary to complete the installation, such as the installation/construction contract amount (materials, labor and overhead) and any required ancillary cost incurred in order to complete the installation of an ECM. Examples of eligible ancillary costs are roof structural improvements necessary to allow the installation of a roof mounted solar PV array and building electrical upgrades necessary to install an efficient HVAC system or efficient lighting. All such ancillary costs are subject to the Program Administrator's review and approval. An example of an ineligible cost would be the cost for replacement of a roof prior to installation of roof top solar.

Eligible soft costs may include the cost of the following: engineer's energy survey, other required design and engineering, project development fees, Program Fees, permit fees, surveys, legal fees, other third-party reports, financing fees, fees associated with the issuance of bonds for the financing, interest reserves, capitalized interest and commissioning.

4.4.2 Financing Amount

The amount financed cannot exceed the soft costs, ECM costs and financing costs. There cannot be any side contract to finance amounts additional to the C-PACE financing.

4.4.3 Insurance Requirements

All Borrowers are required to maintain insurance on the property payable to the capital provider in the event of an event such as a fire that may destroy the C-PACE equipment. The capital provider must submit a certified statement to the program administrator that the capital provider's loan has been satisfied. The Program Administrator will submit the certification statement to the local unit of government to cease future assessments.

4.5 Eligible Property Owners

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

The Property Owner is responsible for selecting and conducting due diligence on all service providers for the C-PACE Project and the C-PACE Financing. Service providers include Qualified Energy Engineering Professionals, Qualified Contractors, and a C-PACE Capital Provider.

The Property Owner is also responsible for submitting all required documents and for signing a Pre-Application, Final Application, and C-PACE Assessment Contract. The Property Owner is encouraged to carefully review and ensure understanding of all documents.

After closing of the C-PACE Financing, the Property Owner is responsible for submitting Annual C-C-PACE Installment payments (assessment) during the term of the C-PACE Assessment, as well as for any and all additional obligations imposed on the Property Owner by the Assessment Contract.

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

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

adversely affect the Property Owner's ability to operate its business or pay the contractual Annual C-PACE Installment when due, or which challenges or questions the validity or enforceability of the C-PACE Assessment Contract or any other documents executed by Property Owner in connection with the Property Owner's participation in Pennsylvania C-PACE.

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

5.0 Qualified Contractors

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

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

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

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

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

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

The Program Administrator strongly recommends that the Qualified Contractor for a C-PACE Project provide to the C-PACE Capital Provider that will fund the C-PACE Financing, a self-certification statement that it complies with the provisions below. In its promotional materials for the C-PACE Program, the Program Administrator may identify Associations for Qualified Contractors who comply with all requirements and recommendations in this section for the assistance of the owner. The C-PACE administrator assumes no liability for the quality and performance of any given contractor.

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

The Property Owner and C-PACE Capital Provider are required to complete their own due diligence reviews of the Qualified Contractor(s) to ensure that qualified, reputable contractors are chosen to perform the work on the C-PACE Project according to plan, specifications, and requirements set forth in the Program Guidelines.

A copy of the terms and conditions of participation by Qualified Contractors in the Program is included as [Appendix H](#).

6.0 Registered C-PACE Capital Providers

Pennsylvania C-PACE operates an “Open Market” C-PACE program so that Property Owners can select their preferred C-PACE Capital Provider for a C-PACE Project on their Eligible Property. The open market model gives Eligible Property Owners access to a range of private capital providers that offer competitive rates and financing terms and conditions.

The Program Administrator will not facilitate Local Financing at this time. Some units of local government may provide financing which would likely have program requirements that exceed these guidelines. These Program Guidelines and the C-PACE Assessment Contract included here primarily contemplate the use of Owner Financing, (e.g. through a Registered C-PACE Capital Provider), however, units of government are not prohibited from participating as C-PACE Capital Providers. Property Owner will retain the right to choose the type and provider of financing that works best for their business needs.

Any capital provider interested in offering C-PACE Financing must become a registered C-PACE Capital Provider to participate in Pennsylvania C-PACE. The process for becoming a registered C-PACE Capital Provider is as follows:

1. The interested capital provider must respond to submit an registration form to register as a capital provider. The registration form is available at [\[link forthcoming\]](#).
2. Upon approval by the Program Administrator and execution of a C-PACE Capital Provider Agreement the capital provider will be considered a “Registered C-PACE Capital Provider.” The Program Administrator may list C-PACE Capital Providers on the Pennsylvania C-PACE website. All Pennsylvania Financial Institutions are Registered Capital Providers.
3. Prior to closing of the C-PACE Financing, information pertaining to the applicant’s applications to Pennsylvania C-PACE shall be kept confidential among the parties to the application. Prior to the closing of the applicable C-PACE Financing, however, the capital provider must Register with the Program Administrator. Following closing of the C-PACE Financing, the Program Administrator will publicly report certain information about the C-PACE Project and the C-PACE Financing.

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

Pennsylvania C-PACE reserves the right to rescind the Registration of C-PACE Capital Provider” status of any capital provider according to the terms of the Registered C-PACE Capital Provider Agreement.

7.0 Program Fees

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

8.0 Program Administration (Application & Repayment)

To proceed with a C-PACE Project a Property Owner must complete the application process outlined below. The Application and Program Administration process is broken into two distinct parts: Part 1 includes the application management, approval, and completion of the project. Part 2 involves the repayment of the C-PACE Financing.

8.1 Program Administration – Statute requirements

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

- Ensure that C-PACE Projects comply with the requirements of the ordinance or resolution that establishes the C-PACE Program for the District.
 - Require all Clean Energy Projects to comply with national energy efficiency standards.
 - Develop criteria and procedures to determine the eligibility of real property and Property Owners for participation in a Program.
 - Other measures needed to ensure that a Program is effective, efficient and fair to Property Owners.
- Ensure that Mortgage/Lien Lender Consent has been received on an Eligible Property that will be subject to the C-PACE Assessment Contract.
- Ensure that for each proposed C-PACE Project, the Property Owner provides a qualified scope of work, energy baseline or water usage baseline and the projected energy savings or water usage reductions in order to establish the viability of the qualified project and the projected energy savings or water usage reductions.

- Obtain verification of completion of all C-PACE Projects, acknowledged by the Property Owner and a licensed independent inspector or building code official. Owners are encouraged to engage a third party to independently commission the newly installed ECMs, Renewable Generation or Water Saving measures. The cost of the third party commissioning can be included in the C-PACE financing.
- Post online and make available to the public certain information about each closed C-PACE Project.
- Ensure that proceeds from C-PACE Financings are attributable to qualifying expenses.

8.2 C-PACE Project Process

Application Process Overview

To proceed with funding a C-PACE Project a Property Owner must complete the application process, which has two phases: Pre- Application and Final Application. Approval of the Final Application by the Program Administrator is a requirement prior to closing a C-PACE Financing. [See Appendix J: C-PACE Application Process Diagram](#) for further information.

Project Center

The Project Center portal contains all documents, applications, and instructions required to be approved for C-PACE financing through Pennsylvania C-PACE. Users may access the Project Center at pennsylvaniacpace.org [[link forthcoming](#)]. Applicants are encouraged to review the process below and submit a Pre-Application to determine if your property is eligible for financing.

1. Determine Eligibility and Complete the Pre-Application

Step one in the process is to complete the Pre-Application. The Pre-Application gives Property Owners the opportunity to establish eligibility for participation in Pennsylvania C-PACE before they invest in project development. The information collected in this step of the process will be used by the Program Administrator to verify that the Applicant's property is an Eligible Property, and that the proposed project falls within the parameters established in the Program Guidelines.

- To begin the process, Property Owners or their designated representatives complete the online Pre-Application form available in the Project Center at [[link](#)].
- New Applicants to Pennsylvania C-PACE will be prompted to create a username and password. These credentials will be used to access the Project Center portal to complete subsequent steps on the application process or to update information.
- Once a Pre-Application is submitted, the Program Administrator will conduct a preliminary review to determine if the property and proposed project is eligible for enrollment in the C-PACE Financing Program. This review will typically be completed within 4 business days of receipt of a completed Pre-Application. If an Applicant's property is not in a C-PACE District, the Program

Administrator will provide guidance on what steps the Applicant can take to help bring C-PACE to their community.

2. Develop Energy Conservation Project and Obtain Mortgage/Lien Holder Consent

- Following review and approval of the Pre-Application, the Program Administrator will notify Applicant that the Pre-Application is approved and Property Owners should move forward with the project development phase.
- Property Owners will work with their designated representatives to develop and define an eligible C-PACE Project. Applicants should obtain an Energy Survey, Water Survey and/or Renewable Energy Feasibility Survey at this point in the process, as previously described in [Section 4.0 Eligibility Requirements](#) above. Following the Survey, Applicants will work with their Qualified Contractors to determine the final scope, project cost and schedule.
- Applicants should also contact eligible C-PACE Capital Providers to secure acceptable C-PACE Financing terms and conditions. The Program Administrator manages a list of Registered C-PACE Capital Providers and this information is available to all Property Owners on the program website PennsylvaniaCPACE.org [\[link forthcoming\]](#). Applicants are free to work with any Capital Provider who will provide financing in accordance with Pennsylvania C-PACE's eligibility requirements (See [Section 6.0 Registered C-PACE Capital Providers](#)) The C-PACE Capital Provider will conduct its own review of the C-PACE Project according to its underwriting requirements.
- Mortgage/Lien Holder Consent is a condition precedent to closing a C-PACE Project under Pennsylvania C-PACE. Simultaneously to the project development process, the Program Administrator recommends the Applicant ask the Registered C-PACE Capital Provider how to approach any current mortgage or lien holder(s) to acquire written Mortgage/Lien Holder Consent for the proposed C-PACE Financing. Many traditional lenders are not familiar with C-PACE financing and may not understand its features. The Program Administrator encourages Property Owners to coordinate with their Qualified C-PACE Capital Provider before contacting any mortgage or lien holder. Pennsylvania state Applicant should also contact holders of any other liens or encumbrances on the Property that are subject to the lender consent requirements of the C-PACE Program (See [Section 10.0 Mortgage/Lien Holder Consent](#)).

3. Submit Final Application with Supporting Documentation

- When the pre-development work for the C-PACE Project is substantially complete, Property Owners should then complete the Final Application. The Final Application is available to the Property Owner upon approval of the Pre-Application and is accessible through the Project Center / Existing Application. The Program Administrator will also send the Property Owner an email with a link to the Final Application within Project Center.
- Along with a complete Final Application form, Property Owners are required to submit documentation about the C-PACE Project. The Final Application form within the Project Center contains a section for Property Owners to upload all of the required documents. The Program Administrator will only accept documents uploaded through the Final Application form in the Project Center. Applicants shall supply the following supporting documentation:

- a. **Final Installation Contract(s)** from Qualified Contractor(s) for the C-PACE Project that includes the cost of the work, the scope of work, and the schedule for the installation of the ECM(s). Such contract(s) shall provide specifications for the equipment & improvements to be installed in the C-PACE Project, specifically the ECM(s) identified in the Energy Survey for the C-PACE Project.
- b. **Energy Survey** conducted according to the requirements of the Program Guidelines and documenting the expected monetary savings from the energy, water and operations savings to be achieved by the C-PACE Project.
- c. **Mortgage Loan Balance(s)** submitted as copies of the most recent mortgage loan statement(s) for all such loans outstanding on the property in order to determine the current total loan-to-value ratio.
- d. **Appraisal or Local Unit of Government previously Assessed Value** as indicated on the Final Application by the Property Owner, which will indicate the basis for the Eligible Property valuation. If the Applicant selects appraised value, a copy of such appraisal, conducted within 12 months of the estimated closing date shall be submitted along with its application.
- e. **Mortgage/Lien Holder Consent** evidenced by written consent from all existing mortgage holders on the Eligible Property for the proposed C-PACE Project. (See [Section 10.0 Mortgage/Lien Consent](#) for further detail).
- f. **Title Report** disclosing all current mortgage and lien holders on the property and showing that there are no involuntary liens on the property (the Title Report must be issued not more than 30 days prior to closing of the C-PACE Financing).
- g. **Capital Provider Statement** certifying that Capital Provider has reviewed the financial worthiness of each Qualified Contractor and accepts the use of each Qualified Contractor on the C-PACE Project.
- h. **Executed Final Application** completed by the Property Owner, with all fields filled including all owner certifications and signatures.
- i. **Preformatted template Final C-PACE Assessment Contract** must have been agreed upon among the C-PACE Capital Provider, Property Owner and the Local Unit of Government. There should be no material changes to the C-PACE Assessment Contract after Pennsylvania C-PACE approval and prior to closing.
- j. **Payment of Program Expenses** must be evidenced in a proposed sources and uses or some other documentation reasonably satisfactory to the Program Administrator.

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

4. Close Financing & Execute C-PACE Assessment Contract

Upon the approval of the Final Application, a Notice of Pennsylvania C-PACE Approval will be sent to the Property Owner and its designated agent. Upon receipt of the Notice of Pennsylvania C-PACE Approval, the Property Owner may proceed with closing of the C-PACE Financing.

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

5. C-PACE Project Implementation

Following close of the C-PACE Financing and receipt of the proof of recording of the C-PACE Assessment Contract, the Property Owner and its agents receive C-PACE Financing in accordance with the agreements with the C-PACE Capital Provider, the C-PACE Assessment Contract, and the Qualified Contractor's contract.

6. Project Completion

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

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

- 1) A statement that systems have been completed in accordance with the Energy Survey and/or Renewable Energy Feasibility Survey and contract documents, and that the systems are performing as expected;
- 2) Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents and as-built conditions;
- 3) Description of components and systems that exceed the owner's project requirements and those which do not meet the requirements and why; and
- 4) A summary of all issues resolved and unresolved and any recommendations for resolution.

- 5) Certification by the qualified firm or individual that prepared the post-construction commissioning report, including identification of the relevant professional credentials maintained by the firm or individual.

7. Post-Completion Measurement and Verification (M&V)

Pennsylvania C-PACE requires one of three methods of measurement of energy savings after the completion of a project. Applicants have three options for meeting this requirement:

1. Self-Perform. Applicants may benchmark the building in Energy Star Portfolio Manager upon approval of the Application by the Administrator and subsequently enter data into Energy Star Portfolio Manager on a quarterly basis for three years following the submission of the Completion Certificate to the Program Administrator. A login and password for the Applicant's Energy Star Portfolio Manager account for the subject Property must be provided to the Program Administrator.
2. Data Waiver. Applicants may execute a waiver of utility data access rights to the Program Administrator for a period of three years, starting from one year preceding the approval of the Application. The Program Administrator will collect applicable utility bill information for the subject Property and share energy consumption reports with the Property Owner annually.
3. IPMVP. Instead of completing option (1) or (2) applicants may engage a third party to perform a post measurement and verification using option (3) of the International Performance Measurement and Verification Protocols.

The Data Waiver option will include an additional Program Fee, which may be included in the C-PACE Financing.

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

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

The Program Administrator is not responsible for projected or actual energy, water or financial savings. The responsibility for actual energy, water or financial savings are duties of the C-PACE developer, C-PACE Contractor, Energy or Water Engineer, or C-PACE Capital Provider.

8. Change Orders

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

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

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

9. Public Reporting

Following execution of a C-PACE Assessment Contract, the Local Unit of Government will provide a public notice and report of certain information about the Assessment and the C-PACE Project.

1. The legal description of the property.
2. The name of each Property Owner.
3. The total amount of the qualified project and a complete description of the qualified project.
4. The assessment needed to satisfy the Bond.
5. A reference to the statutory assessment lien provided under this chapter.
6. The financing rate on the Bond, the total amount of the Bond financing and any financing charges associated with the Bond.

10. C-PACE Disclosure

Prior to closing the C-PACE transaction the C-PACE Lender must certify that the property owner was provided and has signed a disclosure that includes the following

1. Annual and lifetime CO_{2-e} reductions measured in tons
2. Savings to Investment ratio
3. Total Energy Saved and/or Total Energy Generated
4. Annual financial savings
5. Total C-PACE Assessment
6. Annual C-PACE Payment
7. Disclosure that property can be foreclosed on in the event C-PACE payment is not made.

9.0 Assessment Administration

9.1 Assessment Lien

An Assessment created pursuant to the Pennsylvania C-PACE Statute, including the full amount of the Assessment, the Annual Installments, and any interest or penalties accrued thereon, constitutes a first and prior lien against the Property on which the Assessment is imposed from the date the C-PACE Assessment Contract is recorded until the Assessment and all interest and penalties thereon is satisfied.

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

Repayment of the C-PACE Financing:

Repayment of the C-PACE Financing will commence according to the terms of the C-PACE Assessment Contract. The first repayment date for an Annual C-C-PACE Installment of an Assessment will be subject to the Assessment payment schedule in the C-PACE Assessment Contract as well as the existing schedule for billing and collection of real property taxes for the county in which the Eligible Property is located.

Annual C-C-PACE Installments will be collected by the county using their present tax collection process, including through a county tax claim bureau, locally elected tax collector or contracted third party tax collector. Notwithstanding the above, Annual C-PACE Installments will not be subject to payment plans or grace periods allowable for real property taxes; each Annual C-PACE Installment must be paid in full on the relevant due date under the Assessment Contract or will be considered delinquent. While partial payments of PACE Annual Installments may be accepted, such Annual C-PACE Installment will be considered delinquent with respect to the outstanding unpaid amount of that Annual Installment. Annual C-PACE Installment payments will be added to the Property Owner's real estate tax bill or stand-alone bill as a separate line item.

The Program Administrator will remit collected Annual C-PACE Installments, including any penalty or interest thereon, to the C-PACE Capital Provider pursuant to the terms of the Assessment Contract.

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

9.2 Delinquent C-PACE Annual Installments and Enforcement Remedy

Pursuant to the Pennsylvania C-PACE Statute and an executed C-PACE Assessment Contract related to a particular subject Property, the Assessment Lien on such Property will be enforced by the county in the same manner that a property tax lien against real property is enforced by the county to the extent the enforcement is consistent with the laws of Pennsylvania. Delinquent Annual C-C-PACE Installments will incur interest and penalties in the same manner as delinquent property taxes. Delinquent Annual C-PACE Installments will be enforced by the county subject to the county's present tax collection process, including through tax sale and/or foreclosure, and pursuant to the terms of the of C-PACE Assessment Contract. In the event a delinquent Annual C-PACE Installment is enforced, the outstanding balance of the Assessment will not accelerate.

Other events of default may occur if the Property Owner fails to adhere to other obligations specified in the C-PACE Assessment Contract.

A C-PACE Assessment Contract may be transferred to a Property Owner upon sale or transfer of the Eligible Property during the term of a C-PACE Assessment Contract. The process and requirements for transfer of the C-PACE Assessment Contract are specified in the C-PACE Assessment Contract ([See Appendix D](#))

9.3 Once a C-PACE Assessment Contract Has Been Paid In Full

Once the C-PACE Assessment has been repaid in full according to the terms of the C-PACE Assessment Contract, payment of the Annual C-PACE Installments will cease, and the Program Administrator will record a termination of the C-PACE Assessment Contract with the appropriate county register of deeds.

10.0 Mortgage/Lien Holder Consent

All Capital Providers must provide written notice of their intent to participate in the C-PACE Program to the holders of any existing mortgages, security interests in, or other encumbrance of the real property that secures a current, future, or contingent payment obligation. The Capital Provider must provide the Program Administrator with a certified statement and copy of the written notice of intent to participate in the C-PACE program. Capital Providers must submit all executed Mortgage Holder Consent acknowledgment to the Program Administrator for approval prior to Final Application approval. The purpose of the Mortgage Lender Consent is to:

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

- Advise the mortgage holder or lienholder that the Local Unit of Government, or its permitted assignee, can foreclose the property if the Annual C-PACE Installments are not paid.

The Program Administrator recommends that the Property Owner consult with its C-PACE Capital Provider before they approach an existing mortgage holder. Many traditional lenders are not familiar with C-PACE lending and may misunderstand how it works. The Capital Provider may find it helpful to inform mortgage holder(s) that in the event of a delinquent C-PACE Installments, the full balance of the Assessment will not accelerate, and only the delinquent amount of the C-PACE Financing will be enforced through a senior lien. Further, Property Owners can point out that C-PACE-financed projects increase the value of the Mortgage Lender's collateral. Property owners are encouraged to have the capital provider attend the meeting with the Mortgage Holder.

A copy of the Mortgage/Lien Holder Consent template can be found in [Appendix K](#).

11.0 Retroactive Projects

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

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

- 1) All such retroactive C-PACE Financings for New Construction or Gut Rehab must occur after June 12, 2018 and within **twenty-four (24) months** of the time elapsed between the completion of the installation and close of the C-PACE Financing.
- 2) For any such retroactive C-PACE Project, the term of the C-PACE Financing will be reduced to account for any of the Energy or Water Conservation Measure's life that has elapsed between the time of installation and the close of a C-PACE Financing. For example, if a C-PACE Financing is funded one year after installation of the ECM(s) and/or water conservation project, the eligible term of the financing will be reduced by one year.

Required Documentation:

Verification is required to establish prior conditions (baseline) and describe the new Energy Conservation Measures installed in any such retroactive C-PACE Project, the Energy Survey for a retroactive C-PACE

Project shall include additional documentation that provides evidence of installation of the ECM(s) that are the subject of the C-PACE Project, as follows:

- Completion Date for the ECM(s) that are subject to the C-PACE Project
- Make and model of equipment replaced – (describe the baseline)
- Documentation that provides evidence of equipment installed prior to replacement
- Make and model of ECM(s) that are the subject of the retroactive C-PACE Project.
- Documentation that provides evidence of installation of new ECM(s)

12.0 Disclosure

- The Program Administrator does not provide legal advice and will not mediate any disputes between any participants in Pennsylvania C-PACE, including but not limited to, Property Owners of Eligible Properties and their tenants, C-PACE Capital Providers, Qualified Contractors, energy service companies, and utilities.
- In addition to other designated and implied responsibilities in the C-PACE Program, Applicant is responsible for reviewing the terms, conditions, and obligations implied by the C-PACE Assessment Contract, as well as the terms of any supplemental agreements with the C-PACE Capital Provider and all agreements with Qualified Contractors, Qualified Energy Engineering Professionals, and any other parties to the project.
- When approving an installation contractor as a Qualified Contractor, the Program Administrator conducts a limited review of the company, including review of professional licenses held by the contractor. Property Owner should not rely on Program Administrator's approval of a Qualified Contractor as assurance of the Qualified Contractor's qualifications. Property Owner is responsible for conducting its own due diligence, including but not limited to consideration of finances, performance, and pricing, before selecting a contractor.
- The Program Administrator does not provide any accounting advice regarding how a Property Owner should treat the C-PACE Financing in their books and records.
- The Program Administrator has the right to review all projects for eligibility and may approve C-PACE Projects for C-PACE Financing according to the standards and criteria set forth in the Program Guidelines.
- Pennsylvania C-PACE and the Participating Community retain ultimate discretion whether to approve a C-PACE Financing and enter into a C-PACE Assessment Contract to levy a C-PACE Assessment against an Eligible Property.
- C-PACE Capital Providers are prohibited from releasing, and installation contractors are prohibited from receiving, final payment for a C-PACE Project until the required parties have duly executed a Certificate of Completion and the Program Administrator has accepted the Certificate of Completion.
- The Participating Community and Program Administrator:
 - Do not endorse any particular C-PACE Capital Provider, Qualified Contractor, engineering firm, manufacturer, product, or system design by this offering.

- Are not responsible for any tax liability imposed on the recipient as a result of the payment.
- MAKE NO REPRESENTATION OR WARRANTY, AND ASSUME NO LIABILITY WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, OR OTHER ASPECT OF ANY DESIGN, CONSULTING, PRODUCT, SYSTEM, EQUIPMENT, OR APPLIANCE INSTALLED OR RECEIVED AND EXPRESSLY DISCLAIM ANY SUCH REPRESENTATIONS, WARRANTIES, AND LIABILITY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Please contact your contractor for detailed manufacturer equipment warranties.
- Do not guarantee that installation and operation of energy efficient equipment will result in reduced usage or in cost savings to a Property Owner or any occupants of an Eligible Property.
- Are not responsible for the proper disposal/recycling of any waste generated as a result of this project
- Are not liable for any damages, including any incidental or consequential damages, arising out of the operation or malfunction of the products, equipment, or appliances, or the installation thereof related to a C-PACE Project.
- Unless notified in writing, Program Administrator reserves the right to publicize participation in the program.
- Upon reasonable notice period a Program Administrator representative may schedule a site visit to verify that qualified products, systems, equipment, or appliances were installed.

Appendix A: Commonwealth of Pennsylvania C-PACE Statute

Appendix B: Pennsylvania C-PACE Financing Resolution

Appendix C: Eligible C-PACE Improvements

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

Energy Saving measures:

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- High efficiency chillers
- High efficiency boilers and furnaces
- High efficiency hot water heating systems
- Combustion and burner upgrades
- Fuel switching resulting in an overall reduction in the number of BTUs required to achieve a given end use
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- New automated process controls
- Heat recovery from process air and water
- Cogeneration used for peak shaving
- Process equipment upgrades
- Process changes

Shown below are key aspects of some of the most commonly applied technologies listed above, with their typical simple payback range. These payback ranges are only provided for informational purposes and should not be construed as a guarantee of performance or requirement for Pennsylvania C-PACE funding eligibility.

Lighting

- Daylight controls and natural daylighting designed to reduce energy and improve visual comfort.
- Upgrades for existing fluorescent fixtures including electronic ballasts, T8 lamps, and reflectors including the installment of LED bulbs and fixtures.

- Meeting rooms and other intermittently occupied spaces can garner significant energy savings with the use of timers and occupancy sensors.
- Smaller impact opportunities including security lighting, stairwell lighting, exterior night-time security lighting and exit signs.

Refrigeration

- Install improvements to refrigerated cases and walk-in coolers to improve efficiency and decrease waste.
 - Additional insulation, anti-sweat heater controls, auto-closers for cooler/freezer doors, case-lighting controls, improved defrost controls, suction line insulation, etc.
- Thermal Storage Systems (for load shifting).
- Compressors (VFD and controls, heat recovery, mechanical sub-cooling, evaporative condensers, etc.)

Motors

- High efficiency electric motor replacements usually pay back when a motor is running for long periods at high load, or at the end of motor life.
- The cost premium over standard motors normally can be recovered in less than 2 years
- Motor sizing to the actual load profile to improve efficiency and control electrical power factor.

Variable Speed Drives

- Applied to motors, pumps and fans
- Matches motor use to variable operating load
- Can save up to 40 percent in power consumption
- Can be packaged with controls
- Extends motor life.

HVAC

- New packaged units can increase efficiency and indoor comfort
- Proper sizing of HVAC equipment is a major opportunity, since full-load operation is more efficient than part load operation - consider fan capacity reduction or staging of 2 smaller units rather than partial loading of one large unit
- Install VFDs on HVAC motors
- Consider Variable Refrigerant Systems in certain applications
- Balance air and water supply systems to remove trouble spots demanding inefficient system operation
 - Improve maintenance
 - Eliminate simultaneous heating and cooling
 - Install economizers and direct digital controls
- Variable air volume (VAV) conversions versus constant air flow
- Ventilation reduction

- Unoccupied shutdown or temperature setback/setup (controls).

Chillers

- New chiller models can be up to 30-40 percent more efficient than existing equipment.
- Upgrade lead chiller(s) (base load) to high efficiency
- Manage chiller and condenser settings to minimize compressor energy
- Optimize pumping energy for distribution of chilled water
- Optimize HVAC operation to:
 - Improve temperature/humidity control
 - Eliminate unnecessary cooling loads
- CFC reclamation program/inventory - chiller replacement may achieve both CFC management and energy efficiency objectives.

Boilers

- Replace steam with hot water boilers for hot water heating loads
- Improve maintenance
- Optimize operation/staging in multiple boiler plants
- Optimize boiler controls
- Tune or replace burners
- Add small “pony” boilers for low loads:
 - Reduced fuel consumption/energy costs
 - Reduced emissions
 - Reduced maintenance costs
 - Higher reliability.

Heat Recovery

- Heat recovery devices to capture waste heat from water, process heat and exhaust air to re-use it for preheating: of Building intake air
 - Boiler combustion air
 - Boiler feed-water
 - Inlet water for domestic hot water.

Automated Building and HVAC Controls

- Old controls may still be pneumatic systems based on compressed air - new electronic controls are more precise and reliable, with greater capabilities.
- Can automate lighting, chiller, boiler and HVAC operation:
 - Load shedding
 - Optimal start/stop/warm up
 - Ventilation control

- Whole-building energy management systems may come with other advanced control technologies:
 - Security, fire and life safety
 - Alarm monitoring and report generation
 - Preventive maintenance scheduling
- Remote monitoring/metering capabilities may be attractive
- Demand response opportunities

Building Envelope and Fenestration

- Roof insulation, combined with reflective roof coatings in warm climates, reduces energy consumption
- Review building pressurization for proper ventilation:
 - Balance exhaust and intake air quantities
 - Add weather-stripping on doors and windows
 - Seal cracks and unnecessary openings
- Window films to reduce solar heat gain and/or heat loss
- Replace windows with more energy efficient glazing.

Water Conservation Improvements

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

Renewable Energy Improvements

- Solar photovoltaic power
- Solar thermal
- Wind Power
- Geothermal energy
- Fuel Cell
- Methane Gas from landfills
- Methane gas from anaerobic digestion
- Low emission advanced renewable energy conversion technologies
- Internal Combustion Engine (ICE) using renewable fuel
- Projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure and any related storage, distribution, manufacturing technologies or facilities
- Sustainable Biomass Facility used for heating and/or generation of electricity

Ineligible Measures

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

- Screw in Compact fluorescents
- Plug load devices
- Measures that are not permanently attached to the subject property or building and which can be easily removed
- Measures that save energy solely due to operational or behavioral changes
- Any measure that does not result in energy savings, reduced water consumption, or renewable energy production.
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles
- Any measure that is not yet commercially available. Commercially available items are defined as goods, services or items that have been offered for sale, lease, or license to the general public through the commercial marketplace.
- Vending machine controllers, plug load devices, and appliances
- Refrigerant charge (AC/Split Systems/Heat Pumps)

Water Conservation Measures/Projects

- Replacement of Toilets with low-flow toilets and/or waterless urinals
- Installation of new facets that have reduced waterflow
- Replacement of pre-rinse valves, dishwashers, and icemakers in commercial kitchens

- Replacement of laundry equipment in commercial properties
- Condensate water reuse for cooling towers, for steam boilers, irrigation, evaporative coolers, industrial laundry, decorative water features, water cooled equipment and air-conditioners

Appendix D: C-PACE Assessment Contract

[See Attached]

Appendix E: EPA Portfolio Manager Property Sharing Instructions

Appendix F: Sample Pre- Application

INITIAL PACE APPLICATION

CONTACT INFORMATION			
First Name		Last Name	
Title		Company name	
Relationship to Building Owner			
Phone		E-mail	
PROPERTY INFORMATION			
Street Address			
City		State	Zip Code
Ownership Name		Property Sq. Ft.	Units
<input type="checkbox"/> Owner (fee simple has not been in bankruptcy in last 3 years)* <input type="checkbox"/> No property tax delinquency in last 3 years* <input type="checkbox"/> No notices of default or foreclosure in last 3 years on property* <input type="checkbox"/> No mortgage delinquency, current on all payments on property <input type="checkbox"/> Mortgage is a CMBS loan? <input type="checkbox"/> Involuntary liens, judgments, or defaults on the property? If so, list below:	Property Type <input type="checkbox"/> Agriculture <input type="checkbox"/> Industrial <input type="checkbox"/> Corporation <input type="checkbox"/> Data Center <input type="checkbox"/> Laboratory <input type="checkbox"/> LLC <input type="checkbox"/> Education <input type="checkbox"/> Multifamily <input type="checkbox"/> Partnership <input type="checkbox"/> Food Service <input type="checkbox"/> Office <input type="checkbox"/> Trust <input type="checkbox"/> Hospital <input type="checkbox"/> Retail <input type="checkbox"/> 501(c)3 <input type="checkbox"/> Hospitality <input type="checkbox"/> Warehouse <input type="checkbox"/> Single owner <input type="checkbox"/> Other <input type="checkbox"/> Other		
*Or since owned property if less than stipulated period above			
Mortgage Lender Name		Estimated Property value	
Estimated Mortgage Balance		Source of valuation	
Has obtained lender consent?		Prior reports available?	
PROJECT INFORMATION			
Estimated project cost		Estimated project start date	
Estimated annual savings (\$)		Est. power generated (kW)	
Desired term			
Please provide a brief summary of the project and attach any relevant analysis if already performed:			

Appendix G: Sample Final Application

The following is a list of data fields that will be requested on the Pennsylvania C-PACE Final Application. It may serve as a reference for information required when completing a Final Application. Note that, in addition to the fields on the sample, additional data regarding measures will be required.

- Property Information
 - Address
 - City
 - State
 - Zip code
 - County
 - Property type
 - Value of property
 - Type of property valuation used
 - Is the building current on property taxes? (Y/N)
- Point of Contact Information
 - Contact name
 - Name of Contact's company
 - Title
 - Contact phone number
 - Contact email address
- Property Owner Information
 - Legal name
 - Business classification
 - Key principal name
 - Key principal's title
 - Has the Property Owner ever filed for bankruptcy? (Y/N)
 - Is the Property Owner currently in bankruptcy? (Y/N)
 - What is the date of the most recent bankruptcy filing?
- Energy Conservation Measures
 - Measure description
 - Measure type
 - Expected useful life
 - Annual savings
- Contractors and Service providers
 - Name of energy engineer

- Name of installation contractor
 - Estimated project completion date
- Capital sources
 - C-PACE Financing Amount
 - Other loans
 - Rebates
 - Owner's cash contribution
- Project costs
 - Installation contract(s)
 - Energy engineer
 - Project development fees
 - Capital provider fees
 - Program fees
 - Legal fees
 - Capitalized interest
 - Total cost
- C-PACE Financing information
 - Capital provider name
 - Interest rate
 - Term
- Mortgage/lien holder(s)
 - Name of financial institution or lienholder
 - Outstanding mortgage balance or encumbrance

Appendix H: Qualified Contractor Terms and Conditions

Pennsylvania Qualified Contractor Terms and Conditions:

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

General Provisions:

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

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

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

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

Use of Pennsylvania C-PACE Logo: Qualified Contractor may include the Pennsylvania C-PACE logo and program name in its Marketing materials and may provide Pennsylvania C-PACE program materials to its customers. Qualified Contractor may not imply or state that it is a representative of the Pennsylvania C-

PACE program or that it has been endorsed by the Pennsylvania C-PACE program. If the Program Administrator terminates the contractor's status as a Qualified Contractor, contractor must immediately discontinue the use of the Pennsylvania C-PACE logo and program name in its Marketing materials.

Qualified Contractor Responsibilities:

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

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

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

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

Pennsylvania C-PACE Responsibilities:

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

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

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

Authorization:

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

Signatory Name

Date

Printed Name

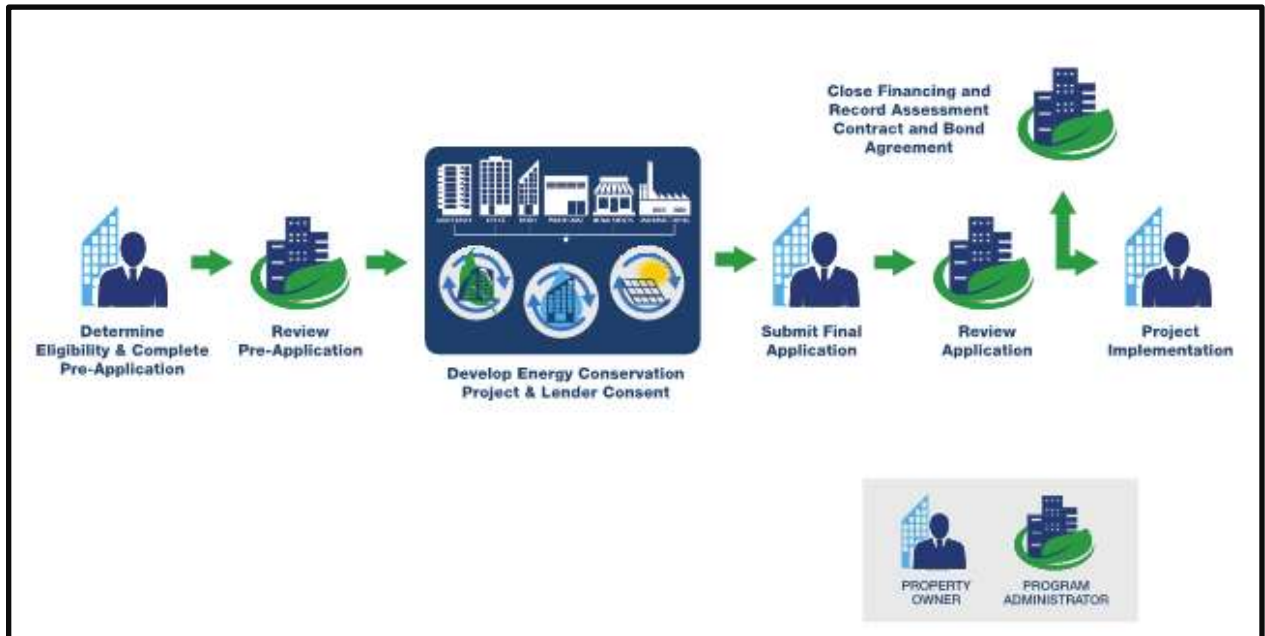
Company Name

Appendix I: Fee Schedule

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

- Application Fee. Application fees are currently waived. Property Owners should check with the Program Administrator prior to submission of an Initial Application to ensure that the waiver is still in effect.
- Program Fee. Program fees cover the cost of program management, project underwriting, legal document preparation and review, lien recordation, and funding disbursement as well as other transaction related project fees.
- Recordation Fee. The Applicant or C-PACE Capital Provider will be responsible for paying the cost of recordation of the Assessment Contract.
- Fees for Optional Services. Other fees vary based on services requested by the Property Owner and the Local Unit of Government where the project is located. Property Owners may request additional services to assist with project scoping and review, finance structuring or mortgage holder negotiation.
- Annual Servicing Fee. On-going fees to pay for preparation of the assessment installment bills, preparation of continuing disclosure reports, monitoring project funds, tracking delinquencies, and fees charged by the County for the collection of the contractual assessment installments on the County property tax bill will be factored into the contractual assessment installments.

Appendix J: C-PACE Application Process Diagram



Appendix K: Mortgage/Lien Holder Consent

Notice of Proposed C-PACE Assessment and Request for Financial Institution Consent to Participate in Pennsylvania C-PACE

Notice Date:

Financial Institution:

Street:

City/State/Zip Code:

ATTN:

Property/Loan Information:

Address:

Loan Number:

Why has the Financial Institution received this notice?

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

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

Background on C-PACE in Pennsylvania:

Pennsylvania Statute (S.B.234) authorizes Pennsylvania municipalities or counties to establish a C-PACE program in their communities. C-PACE financing helps stimulate local economies by ensuring that owners of agricultural, commercial and industrial properties can obtain low-cost, long-term financing for energy efficiency, renewable energy, and water conservation projects. The municipality or county where the subject property is located has contracted with The Sustainable Energy Fund, a nonprofit 501c(3) organization, to administer the program.

With C-PACE, the financing for qualifying projects is repaid by a voluntary assessment on the property that is collected with the regular property taxes. Assessments have long been used to pay for improvements to real property that meet a public policy objective, such as sidewalks, parks, lighting districts, and water and sewer projects. Like other assessments, C-PACE Payments must be current upon the sale of a property and remain with a property upon sale. As with other assessments, if a property is sold in liquidation, any C-PACE Payment in arrears have the same priority status as a lien for any other tax.

The C-PACE Pennsylvania program has been designed to meet the needs and concerns of Pennsylvania's residents, property owners, and existing mortgage/lien holders. To qualify, the proposed project must meet the following basic criteria:

- The property is located in a Pennsylvania municipality or county that has passed a resolution authorizing a program.
- The property is an agricultural, commercial, or industrial property
- The proposed measures reduce energy consumption, water consumption, and/or increase the production of on-site renewable energy
- The proposed measures are permanently affixed to the property
- The property is current on all municipal property tax and assessment payments
- The proposed project meets the C-PACE Pennsylvania program requirements.
- **The property owner receives consent of the current mortgage/lien holder(s).**

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

1. Projects financed through C-PACE Pennsylvania reduce building operating costs and therefore increase a property's collateral value. Under the C-PACE Pennsylvania eligibility requirements, a proposed project must include a scope of work, an energy baseline or water usage baseline, and the projected energy savings or water usage reductions. A third-party energy assessor will confirm the energy savings assumptions prior to closing the financing. Lower operating costs typically raise a property's value, improving its collateral value for your Financial Institution's mortgage.
2. C-PACE payments do not accelerate. In the event a mortgage holder or lien holder forecloses on the property for any reason, only the C-PACE payments currently due and in arrears would be payable, which is likely a relatively small proportion of the total amount financed. In the event of a property sale, the remaining C-PACE financing runs with the land and would be paid by the new property owner as property taxes are due.
3. Projects financed through C-PACE often reduce maintenance and repair costs, and improve a building's health and comfort, making it more attractive to tenants and future owners.

What should your Financial Institution know?

[Building owner] has indicated its intention to apply for C-PACE financing for improvements outlined in **Appendix B** on the property listed above. The C-C-PACE Payments will be levied on the property pursuant to an agreement among the property owner, Pennsylvania C-PACE, and the project funding source. The C-PACE Payment terms will consist of:

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

Estimated Benefits of the Improvements:

Based on a recently prepared energy analysis, the following savings are estimated to result from the installation of the Authorized Improvements, using the assumptions noted in the calculator:

Electric and Fuel Bill Savings: \$

Other Savings (specify):

- a. **Federal Investment Tax Credit = \$**
- b. **C-PACE Interest Deduction (cash value @ 35% tax rate) = \$**
- c. **Depreciation Cash Impact (cash value @ 35% tax rate) = \$**

Total Estimated Annual Savings: \$

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

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

- (i) provide notice of **[Property Owner’s]** proposed participation of the identified Property in the program;
- (ii) request confirmation from your Financial Institution (a current mortgage/lien holder) that the levy of the C-PACE Payments will not trigger a default nor the exercise of any remedies under your Financial Institution’s Loan documents,
- (iii) provide notice that the Annual C-PACE Installments will be collected in installments that are subject to the same penalties, remedies and lien priorities as real property taxes, and
- (iv) declare the **[Name of Property Owner]**’s agreement to pay on a timely basis both the existing obligations secured by the property (including the Loan) and the proposed C-PACE Installments.

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

Very truly yours,

BY: (signature): _____

PROPERTY OWNER NAME:

MAILING ADDRESS (if different than Property address):

Mortgage/Lien Holder Acknowledgement to C-PACE Payments

Date:

Property/Loan Information Building

Address:

Tax key/Parcel:

Mortgage Holder:

Loan Number:

This Mortgage/Lien Holder Acknowledgement to C-PACE Payments (“Acknowledgement”) is given by the undersigned entity (the “Mortgage/Lien Holder”) with respect to the above-referenced loan (“Loan”) and property (“Property”) in relation to the Pennsylvania C-PACE program administered by The Sustainable Energy Fund (“SEF”).

RECITALS

- A.** Mortgage/Lien Holder is in receipt of written notice (“Notice”) from the owner of the Property (“Property Owner”) that the it intends to finance the installation on the Property of certain energy efficiency, renewable energy or water conservation improvements that will be permanently fixed to the Property (“Authorized Improvements”) and that will be financed by participating in the Pennsylvania C-PACE program (the “Program”).
- B.** Mortgage/Lien Holder understands that, as a result of an agreement between the [SEF? Municipality? County?] and the Property Owner (“C-PACE Assessment and Financing Agreement”), the C-PACE Payments described in the C-PACE Assessment and Financing Agreement (“C-PACE Payments”) will be levied on the Property, and that the C-PACE Payments will be collected by the governing body of a municipality or county using its present tax collection process.
- C.** The Property Owner has agreed in a manner acceptable to Mortgage/Lien Holder to pay on a timely basis both the existing obligations secured by the Property (including the Loan) and the proposed C-PACE Payments.
- D.** The Mortgage/Lien Holder consents to the Property Owner’s participation in the Program, including but not limited to the levy of C-PACE Payments on the Property.

[Continued on next page]

ACKNOWLEDGEMENT

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

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

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

Mortgage/Lien Holder:

By:

Signature:

Title:

Date:

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

_____, _____.

By: _____

_____, _____