**Notice of Proposed C-PACE Special Assessment and**

**Request for Financial Institution Consent to Participate in**

**Philadelphia C-PACE Program**

**Notice Date**:

**Financial Institution:**

**Street:**

**City/State/Zip Code:**

**ATTN:**

**Property/Loan Information**:

**Address:**

**Loan Number:**

Why has the Financial Institutionreceived 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 “Philadelphia C-PACE” program. The Property Owner requests your consent for the property to participate in the program.

Background on C-PACE in Philadelphia

Pennsylvania Statute (Act 30) authorizes Pennsylvania municipalities or counties to establish a C-PACE program in their communities. On August 14, 2019, Philadelphia Mayor Jim Kenney signed legislation creating the Philadelphia C-PACE program and designating the Philadelphia Energy Authority as the Program Administrator. 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.

With C-PACE, the financing for qualifying projects is repaid by a voluntary assessment on the property that is collected alongside the regular property taxes payments. 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.

To qualify, the proposed project must meet the following basic criteria:

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

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

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

1. 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.

1. 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 A** on the property listed above. The C-PACE Financing will be levied on the property pursuant to an agreement among the property owner, the City of Philadelphia, Program Administrator, and the project funding source. The C-PACE Special Assessment terms will consist of:

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

*[Continued on next page]*

Estimated Benefits of the Improvements

Based on the recently prepared ECM and/or Renewable Energy Feasibility Survey, the following savings are estimated to result from the installation of the C-PACE project:

* Annual Electric Bill Expected Savings: $
* Annual Water Bill Expected Savings: $
* Other Savings (specify):
  + Federal Investment Tax Credit = $
  + C-PACE Interest Deduction (cash value @ 21% tax rate) = $
  + Depreciation Cash Impact (cash value @ 21% tax rate) = $
* Total Estimated Annual Savings: $

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

Purpose of this Notice

As required by the C-PACE Program Administrator, **[Name of Property Owner]** is sending this Notice of Proposed C-PACE Special Assessment and Request for Financial Institution Consent to Participate in Philadelphia 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 Special Assessment will not trigger a default nor the exercise of any remedies under your Financial Institution’s Loan documents,

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

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

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

Very truly yours,

BY: (signature):

**PROPERTY OWNER NAME:**

**MAILING ADDRESS (if different than Property address):**

**Mortgage/Lien Holder Acknowledgement to C-PACE Payments and Consent for Property Owner to Participate in Philadelphia C-PACE**

**Date**:

**Property/Loan Information**

**Building Address:**

**OPA Account Number:**

**Mortgage Holder:**

**Loan Number:**

This Mortgage/Lien Holder Acknowledgement to C-PACE Special Assessment (“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 Philadelphia C-PACE program administered by the Program Administrator

**RECITALS**

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

**B.** Mortgage/Lien Holder understands that, as a result of an agreement between the Program Administrator (the Philadelphia Energy Authority), the City of Philadelphia, the Property Owner and the C-PACE Capital Provider that the C-PACE Special Assessment Payments described in the C-PACE Statement of Levy and Lien Agreement and C-PACE Financing Agreement will be levied on the Property, and that the C-PACE Special Assessment Payments will be managed by the Program Administrator.

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

**D.** The Mortgage/Lien Holder consents to the Property Owner’s participation in the Program, including but not limited to the levy of C-PACE Special Assessment 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 City of Philadelphia of the C-PACE Special Assessment pursuant to the terms of the C-PACE Statement of Levy and Lien Agreement and C-PACE Financing Agreement; and

(iii) Agrees that the levy of the C-PACE Financing will not constitute a default nor trigger the exercise of any remedies under the Loan documents.

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

**Mortgage/Lien Holder:**

By:

Signature:

Title:

Date:

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

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_