

# Program Manual

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FOR CITY OF FAIRVIEW HEIGHTS, ILLINOIS – PROPERTY  
ASSESSED CLEAN ENERGY PROGRAM (PACE)

VERSION 1.0, OCTOBER 2019

Prepared by:

SUSTAINABLE SOLUTION FUNDING, LLC | ST. LOUIS, MO ©  
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## Table of Contents

1.0 Introduction .....	1
2.0 Definitions .....	1
3.0 Program Information .....	6
3.1 Program Jurisdiction and Authorization .....	6
3.2 Program Administrator .....	6
4.0 Application Process .....	6
Required Documents: .....	7
5.0 Eligibility Requirements for Financing or Refinancing Energy Projects Under the Program .....	8
Eligible Properties .....	9
Eligible Energy Projects .....	9
6.0 Program Fees .....	10
7.0 Administration of the Assessment Contract .....	11
7.1 Repayment of the PACE Assessment Contract .....	11
7.2 Assessment Lien .....	11
8.0 Mortgage Lender Consent .....	12
9.0 Change Orders .....	12
10.0 Disclosures .....	12
Appendix A: PACE Act .....	14
Appendix B: PACE Enabling Ordinance .....	15
Appendix C: Eligible Improvements Under the PACE Act .....	16
Appendix D: Form of PACE Assessment Contract .....	17
Appendix E: Sample Final Application .....	18
Appendix F: Registered Contractor Terms and Conditions .....	19



## 1.0 Introduction

This Program Manual (the “Manual”) is prepared to provide the general guidelines for participation in the Property Assessed Clean Energy Program for the City of Fairview Heights, Illinois (the “Program”). The Program was created pursuant to the Property Assessed Clean Energy Act, 50 ILCS 50/1 et seq. (the “PACE Act”), at the direction of the City of Fairview Heights, Illinois (the “City”). Please see a copy of the PACE Act attached as Exhibit A to this Manual. The Program was created through an enabling ordinance enacted by the City. A copy of this ordinance is attached as Exhibit B. The purpose of the Program is for commercial property owners (“Property Owners”) to improve their properties by

installing and/or upgrading their properties with certain Energy Conservation Measures, Renewable Energy Improvements, Water Use Improvements, and Resiliency Improvements. The Property Owners can receive funding for the Energy Conservation Measures from private financing companies (“Capital Providers”) through bonds issued on behalf of the Program. These bonds would be secured and repaid through special voluntary property tax assessments placed on the Property through the authority of the Program.

This innovative financing tool provides low-cost, long term financing for energy efficiency, alternative energy, renewable energy and water conservation/resiliency improvements that ultimately provide an economic benefit to the Property. The Program can help Property Owners overcome financial barriers that may prevent the implementation of such improvements. PACE financing can allow Property Owners to implement these improvements with no up-front, out of pocket costs on new or existing buildings and have the potential of being cash flow positive. Financing through the Program is available for commercial, institutional, industrial, agricultural, and multi-family buildings with five or more units.

## 2.0 Definitions

**Alternative Energy Improvement** - The installation or upgrade of electrical wiring, outlets, or charging stations to charge a motor vehicle that is fully or partially powered by electricity.

**Annual Fee** – This fee is collected annually with the PACE Assessment Contract installment payment over the term of the PACE Financing. (See Section 6.0 Program Fees for further details.)

**Applicant** – Any Person, or their authorized agent, that submits an application to the Program Administrator with the intent to utilize PACE Financing to fund a PACE Project for Property that it owns.

**Application Fee** – This fee is due at the time the Final Application is submitted for review by the Program Administrator. (See Section 6.0 Program Fees for further details.)

**Assessment Contract** - A voluntary written contract between the Local Unit of Government (or a Permitted Assignee) and Record Owner governing the terms and conditions of financing and assessment under the PACE Program, that is recorded in the appropriate jurisdiction's property records, and setting forth the terms of the PACE Financing. The form of the Assessment Contract is attached hereto as Appendix D. Also referred to in this document as a PACE Assessment Contract.

**Bond Agreement** - An agreement pursuant to which a local government, bonding authority or other such institution agrees to loan the proceeds of revenue bonds issued with respect to a project to the appropriate agency upon terms providing for loan repayment installments at least sufficient to pay when due all principal of, interest, and premium, if any, on those revenue bonds, and providing for maintenance, insurance, and other matters in respect of the project

**Completion Certificate** – A written acknowledgement by a Record Owner and Registered Contractor that all work required under the Final Application for the PACE Project has been fully and satisfactorily completed and that the Local Unit of Government has fulfilled its responsibilities under Section 25 of Public Act 100-0980.

**Direct Costs** - All 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 Area that is utilized for general commercial purposes such as retail, industrial, office, agricultural, and hospitality uses, as well as certain multifamily property with five or more units.

**Eligible Property Owner** – A Person who is a Record Owner of an Eligible Property (including a Person who will become the Record Owner of an Eligible Property immediately following the closing of a PACE Financing, subject to documentation reasonably satisfactory to the Program Administrator) located in a PACE Area that meets the eligibility requirements set forth in in these Program

**Energy Assessment** – An assessment of the Energy Conservation Measures proposed for the PACE Project conducted by the Registered Contractor or professional engineer in compliance with Section 4.3 Energy Assessment Requirements.

**Energy Conservation Measure or ECM** - Any type of project conducted, including Energy Efficiency Improvements, Alternative Energy Improvements, Renewable Energy Systems, and Water Use Improvements implemented at an Eligible Property. The types of projects implemented vary, but usually are designed to reduce utility and/or fuel costs: water, electricity, natural gas, and transportation fuels being the main four for industrial and commercial enterprises. The aim of an ECM should be to achieve a savings, reducing the amount of energy or water used by a particular process, technology or facility.

**Energy Efficiency** - Measures that reduce the amount of electricity or natural gas consumed in order to achieve a given end use. “Energy efficiency” includes voltage optimization measures that optimize the voltage at points on the electric distribution voltage system and thereby reduce electricity consumption by electric customers’ end use devices. “Energy efficiency” also includes measures that reduce the total BTUs of electricity, natural gas, and other fuels needed to meet the end use or uses.

**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, all of 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; and
  - (8.1) any energy efficiency project, as defined in Section 825-65 of the Illinois Finance Authority Act; and
- (9) any other installation or modification of equipment, devices, or materials approved as a utility cost-savings measure by the governing body.

**Energy Project** - The installation or modification of an Alternative Energy Improvement, Energy Efficiency Improvement, or Water Use Improvement, or the acquisition, installation, or improvement of a Renewable Energy System that is affixed to a stabilized existing property.

**Final Application** – The application to participate in PACE and receive a PACE Financing that is approved by the Program Administrator and that confirms the Applicant has met all the requirements set forth in these Program Guidelines. Approval of the Final Application by the Program Administrator is condition precedent to closing a PACE Financing.

**Financed Amount** – The dollar amount of the special assessment levied against the Property as set forth in the Assessment Contract.

**Financing Agreement** – The document executed by the Record Owner and the Capital Provider that defines the terms of the financing, which comply with the requirements of PACE and which are mutually agreed upon by the Record Owner and the Capital Provider.

**Governing Body** - The county board or board of county commissioners of a county, the city council of a city, or the board of trustees of a village.

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**Local Unit of Government** - A county, city, or village.

**Mortgage Lender Consent** – The written consent of the existing holder(s) of a mortgage or other real property lien on the Eligible Property of an Applicant, which must be obtained by an Applicant prior to closing on a PACE Financing. (See Section 9.0 Mortgage Lender Consent for further details.)

**Notice of PACE Approval** – This is a notice provided to the Record 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 Record Owner may close their PACE Financing.

**PACE** – The acronym for Property Assessed Clean Energy.

**PACE Area** - An area within the jurisdictional boundaries of a Local Unit of Government created by an ordinance or resolution of the Local Unit of Government to provide financing for Energy Projects under a Property Assessed Clean Energy Program. A Local Unit of Government may create more than one PACE Area under the program, and PACE Areas may be separate, overlapping, or coterminous.

**PACE Capital Provider** – Any Permitted Assignee, Warehouse Lender, or financial institution that meets the participation requirements set forth in the Request for Qualifications from interested PACE Capital Providers and that makes a PACE Financing.

**PACE Financing** – Any set of activities undertaken between a Participating Community, a PACE Capital Provider, a Registered Contractor(s) and a Record Owner to finance a PACE Project.

**PACE Project** – An Energy Project installed on real property that meets the requirements set forth in these Program Guidelines.

**PACE Statute** – Illinois Statute, 50 ILCS 50.

**Participating Community** – An Illinois Local Unit of Government that has adopted an ordinance to establish a PACE Area.

**Permitted Assignee** - 1) Any body politic and corporate, (2) any bond trustee, or (3) any Warehouse Lender, or any other assignee of a Local Unit of Government designated in an Assessment Contract. **Person** - An individual, firm, partnership, association, corporation, limited liability Company, unincorporated joint venture, trust, or any other type of entity that is recognized by law and has the title to or interest in property. "Person" does not include a Local Unit of Government or a homeowner's or condominium association, but does include other governmental entities that are not Local Units of Government.

**Pre-Application** – The initial application completed by an Applicant by which 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. (See Section 7.1 Application Process Overview.)

**Program Administrator** – Sustainable Solutions Funding, LLC will administer a Program on behalf of or at the discretion of the Local Unit of Government. It is responsible for arranging capital (if the property owner does not have a PACE Capital Provider) for the acquisition of bonds issued by the Local Unit of Government or the Authority to finance PACE Projects. It is additionally responsible for marketing the program, approving PACE Financings, and servicing repayment.

**Program Fee** – A one-time administration processing and Program Fee paid to the Program Administrator at or prior to the PACE Financing closing date. (See Section 6.0 Program Fees for further details.)

**Program Guidelines** – This document setting forth the PACE Program’s requirements, recommendations, and processes under which Record Owners seeking to complete a PACE Project may be approved to utilize PACE Financing.

**Project Center** – A web portal containing all documents, applications, and instructions required to be approved for a PACE Financing through the Program.

**Property** - Privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property located within the Local Unit of Government, but does not include property owned by a Local Unit of Government or a homeowner's or condominium association.

**Record Owner** - The Person who is the titleholder or owner of the beneficial interest in Property.

**Registered Contractor** – A business or organization that possesses all required licenses; has accepted all required terms and conditions of participation in the PACE program; and has been approved by the Program Administrator to provide services to Record Owners in the PACE Program.

**Renewable Energy Feasibility Study** – A study that provides technology and financing recommendations for the installation of a Renewable Energy System. The feasibility study must be performed by a renewable energy expert with detailed knowledge of the Renewable Energy Systems under consideration in compliance with Section 4.3 Energy Assessment Requirements.

**Renewable Energy Resource** - Includes energy and its associated renewable energy credit or renewable energy credits from wind energy, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, and hydropower that does not involve new construction or significant expansion of hydropower dams. Landfill gas produced in the State of Illinois is considered a Renewable Energy Resource. The term does not include the incineration or burning of any solid material.

**Renewable Energy System** - A fixture, product, device, or interacting group of fixtures, products, or devices on the customer's side of the meter that use one or more Renewable Energy Resources to generate electricity, and specifically includes any renewable energy project, as defined in Section 825-65 of the Illinois Finance Authority Act.

**Semi-Annual Installment** – The portion of the PACE Financing that is due and payable for a particular period according to the PACE Assessment Contract.

**Warehouse Lender** - Any financial institution participating in a PACE Area that finances an Energy Project from lawfully available funds in anticipation of issuing bonds as described in Section 35 of the PACE Statute.

**Water Use Improvement** - Any fixture, product, system, device, or interacting group thereof for or serving any Property that has the effect of conserving water resources through improved water management or efficiency.

## 3.0 Program Information

### 3.1 Program Jurisdiction and Authorization

The PACE Act authorizes Local Units of Government to establish a PACE Program within their corporate boundaries. The Program will operate within the boundaries of the Local Unit of Government that authorized the Program, the City of Fairview Heights. Currently, the City of Fairview Heights is the only municipality or county participating in the Program. City of Fairview Heights Department of Economic Development will oversee the Program. The City of Fairview Heights has delegated the administration of the Program to Sustainable Solutions Funding, LLC (the “Program Administrator”). The Director of Economic Development for the City of Fairview Heights (the “Director”), will be the point of contact for the Program Administrator on matters related to the PACE Program and give authorizations as necessary for the continued operation of the PACE Program in accordance with these guidelines. The Director or one of his designees will be authorized to execute assessment contracts and assignment instruments related thereto.

### 3.2 Program Administrator

The Program Administrator for the Fairview Heights PACE Program is Sustainable Solutions Funding, LLC.

Sustainable Solutions Funding, LLC contact information:

Website <http://ssfunding.net>

Email [info@ssfunding.net](mailto:info@ssfunding.net)

Phone: 314-814-7883

## 4.0 Application Process

The Program Administrator will oversee the Project Application process to assure that the PACE Projects are compliant with the PACE Act, enabling ordinance and Program Guidelines. The Program Guidelines will detail the process and may be amended with approval of the Director. Property owners are encouraged to complete a pre-application to determine initial eligibility after reviewing the process outlined below, and then to contact the Program Administrator to begin the process of assembling a final application package.



The general flow of the application process will be as follows;

- (1) The Record Owner will submit a pre-application, identifying the Property and the intent to participate in the Program;
- (2) The Program Administrator will determine the eligibility of the Property and contact the Record Owner to determine a scope of work for the Project and begin to assemble the required documents to complete a Final Application;
- (3) As part of the determination of scope of work, the Property Owner will have to obtain an Energy Assessment and confirm that the improvements under the scope are eligible Energy Projects, as described in Section 5.0 of this Program Manual;
- (4) It is suggested that, as part of the process of determining the scope of the Project, that the Property Owner approach any current mortgage holder(s) to get a written Mortgage Lender Consent for the proposed PACE Financing as described in Section 8.0 in this Program Manual;
- (5) It is also suggested that at this stage of the application process, the Property Owner work with the Program Administrator to designate the PACE Capital Provider. The Program Administrator works with the Authority to maintain a list of available Capital Providers, but if the Property Owner has a Capital Provider they prefer to work with, they must be approved by the Authority and satisfy the Authority's eligibility requirements. The PACE Capital Provider will review the PACE Project according to its own underwriting requirements;
- (6) Once a completed set of the required documents have been submitted by the Record Owner, a final application will be reviewed by the Program Administrator, the Illinois Finance Authority, and the Capital Provider;
- (7) If the final application is approved, the Assessment will be executed, assigned to the Illinois Financing Authority as security to close on financing and recorded;
- (8) Energy Projects will then be implemented;
- (9) Funds disbursed upon completion;
- (10) Record Owner begins installment payments per the Assessment Contract.

#### Required Documents:

As part of the final application, and before the City will enter into an Assessment Contract with the Record Owner, the Program Administrator must determine that the Property is within the municipal boundaries of the City and the Record Owner must produce documents as evidence of all of the following:

- (1) **An Executed Final Application** verifying the following;
  - (A) that there are no delinquent taxes, special assessments, or water or sewer charges on the property;
  - (B) that there are no delinquent assessments on the property under a property assessed clean energy program;
  - (C) whether there are any involuntary liens on the property, including, but not limited to, construction or mechanics liens, lis pendens or judgments against the record owner, environmental proceedings, or eminent domain proceedings;
  - (D) that no notices of default or other evidence of property-based debt delinquency have been recorded and not cured;

- (E) that the record owner is current on all mortgage debt on the property, the record owner has not filed for bankruptcy in the last 2 years, and the property is not an asset in a current bankruptcy proceeding;
- (F) that all work requiring a license under any applicable law to acquire, construct, install, or modify an energy project shall be performed by a licensed contractor that has agreed to adhere to a set of terms and conditions through a process established by the City or its program administrator;
- (2) **Executed Installation Contract(s)** acknowledging;
  - (A) that the contractor or contractors to be used have signed a written acknowledgement that the City or its program administrator will not authorize final payment to the contractor or contractors until the City has received written confirmation from the record owner that the energy project was properly acquired, constructed, installed, or modified and is operating as intended; provided, however, that the contractor or contractors retain all legal rights and remedies in the event there is a disagreement with the record owner;
- (3) **Documentation of valuation of the Property** consisting of;
  - (A) the value of the property as determined by the office of the county assessor; or
  - (B) the value of the property as determined by an appraisal conducted by a licensed appraiser within the 12 months of the estimated closing date; and
- (4) **Energy Assessment** of the existing water or energy use and a modeling of expected monetary savings have been conducted for any proposed energy efficiency improvement, renewable energy improvement, or water use improvement, unless the water use improvement is undertaken to improve water quality.
- (5) **Capital Provider Offer to Fund** consisting of a term sheet, commitment letter, or other documentation.
- (6) **Substantially Complete Assessment Contract** that follows the form of Assessment Contract in Appendix D.
- (7) **Additional Documents** not required as part of the Final Application package, but required to close on financing;
  - (A) **Mortgage Lender Consent** as described in Section 5.0 below;
  - (B) **Mortgage Loan Balance(s)** to demonstrate loan-to-value ratio;
  - (C) **Title Report** showing all liens and encumbrances on the property (provided by Applicant or Capital Provider).

Once the Final Application has been submitted, the Program Administrator will let the Property Owner know if there are any missing documents. If the Final Application is complete, the Program Administrator will notify the Property Owner of the results of its review within 10 business days.

## 5.0 Eligibility Requirements for Financing or Refinancing Energy Projects Under the Program

### Eligible Properties

Any privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property or any real property owned by a not-for-profit located within the boundaries of the City.

### Eligible Energy Projects

The acquisition, construction, installation, or modification of an alternative energy improvement, energy efficiency improvement, renewable energy improvement, resiliency improvement, or water use improvement affixed to real property (including new construction).

- Alternative Energy Improvement means any fixture, product, system, equipment, device, material, or interacting group thereof intended to charge a motor vehicle that is fully or partially powered by electricity, including, but not limited to electrical wiring, outlets, or charging stations.
- Energy efficiency improvement means any fixture, product, system, equipment, device, material, or interacting group thereof intended to decrease energy consumption or enable a more efficient use of electricity, natural gas, propane, or other forms of energy on property, including, but not limited to, all of the following:
  - (1) insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;
  - (2) energy efficient 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 systems system modifications that reduce energy consumption;
  - (3) automated energy or water control systems;
  - (4) high efficiency heating, ventilating, or air-conditioning and distribution systems;
  - (5) caulking, weather-stripping, and air sealing;
  - (6) lighting fixtures;
  - (7) energy controls or recovery systems;
  - (8) day lighting systems;
  - (8.1) any energy efficiency project, as defined in Section 825-65 of the Illinois Finance Authority Act; and
  - (9) any other fixture, product, system, equipment, device, or material intended as a utility or other cost-savings measure as approved by the City.
- Renewable energy improvement means any fixture, product, system, equipment, device, material, or interacting group thereof on the property of Record Owner that uses one or more renewable energy resources to generate electricity, including any renewable energy project, as defined in Section 825-65 of the Illinois Finance Authority Act.
  - Renewable energy resource includes energy and its associated renewable energy credit or renewable energy credits from wind energy, solar thermal energy, geothermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, and hydropower that does not involve new construction or significant expansion of hydropower dams. For purposes of this Act, landfill gas produced in the State is considered a renewable

energy resource. The term "renewable energy resources" does not include the incineration or burning of any solid material.

- Resiliency improvement means any fixture, product, system, equipment, device, material, or interacting group thereof intended to increase resilience or improve the durability of infrastructure, including but not limited to, seismic retrofits, flood mitigation, fire suppression, wind resistance, energy storage, microgrids, and backup power generation.
- Water use improvement means any fixture, product, system, equipment, device, material, or interacting group thereof intended to conserve water resources or improve water quality on property, including, but not limited to, all of the following:
  - (1) Water management or efficiency systems;
  - (2) Water recycling;
  - (3) Capturing, reusing, managing, and treating stormwater;
  - (4) Bioretention, trees, green roofs, porous pavements, or cisterns for maintaining or restoring natural hydrology;
  - (5) Replacing or otherwise abating or mitigating the use of lead pipes in the supply of water; and
  - (6) Any other resiliency improvements, fixture, product, system, equipment, device, or material intended as a utility or other cost-savings measure as approved by the City.

## 6.0 Program Fees

The Program Fees outlined below will be defined and quantified as part of the process of developing the Final Application, as there are variables in structuring the PACE Financing that could impact how the fees are calculated.

**Application Fee** – this is a \$150 non-refundable fee to be submitted with a Final Application. This fee will be applied towards the Program Fees assessed on the approved Final Application at closing.

**Program Fee** – The Program Fee is a one-time processing fee of One and Three-quarters Percent (1.75%) of the Financed Amount stated in the Assessment Contract for the PACE Project. This fee may be capitalized into the Financed Amount for the PACE Project. There may be a minimum fee assessed for smaller PACE Projects.

**Bond Placement Fee** – Applicants may be assessed the cost of the bond placement associated with the PACE Financing (that isn't factored into the cost of the financing). The bond placement fees include the cost to issue the Bond Agreement; including, bond counsel, issuer fees, and the trustee. These fees may be capitalized into the Financed Amount for the PACE Project.

**PACE Administration Maintenance Fee** – Applicants may be assessed an annual maintenance fee on PACE assessment installments that has yet to be determined.

**County Treasurer or Servicing Fee** – there will be a servicing fee for the collection and processing of the PACE assessment which may be paid to the County Treasurer, if the PACE Assessment is collected through the Property’s real estate tax bill, or for a third party servicer.

**Program Expenses** – any allowable expenses specific to a Project that are not listed in these Fees may be paid by the Property Owner and reimbursed out of the proceeds of the PACE Financing.

**Capital Provider Fee** – A Capital Provider may charge an origination fee to cover their cost of arranging the PACE Financing. Any such fee shall be arranged and agreed to in an agreement between the Capital Provider and the Applicant.

## 7.0 Administration of the Assessment Contract

### 7.1 Repayment of the PACE Assessment Contract

Assessments created under this Act may be billed and collected as follows:

- (1) A county which has established a program may include assessments in the regular property tax bills of the county. The county collector of the county in which a PACE area is located may bill and collect assessments with the regular property tax bills of the county if requested by a municipality within its jurisdiction; no municipality is required to make such a request of its county collector. If the county collector agrees to bill and collect assessments with the regular property tax bills of the county, then the applicable assessment contract shall be filed with the county collector and the annual amount due as set forth in an assessment contract shall become due in installments at the times property taxes shall become due in accordance with each regular property tax bill payable during the year in which such assessment comes due;
- (2) If the county collector does not agree to bill and collect assessments with the regular property tax bills of the county or the governmental unit in which the PACE area is located declines to request the county collector to do so, then the governmental unit shall bill and collect the assessments, either directly or as permitted in paragraph (3) of this subsection, and the annual amount due as set forth in an assessment contract shall become due in installments on or about the times property taxes would otherwise become due in accordance with each regular property tax bill payable during the year in which such assessment comes due; or
- (3) If a governmental unit is billing and collecting assessments pursuant to paragraph (2) of this subsection, assessment installments may be billed and collected by the governmental unit's program administrator or program administrators or another third party. The assessment installments for assessments billed as provided for under any paragraph of this subsection shall be payable at the times and in the manner as set forth in the applicable bill.

### 7.2 Assessment Lien

An Assessment Contract created under this Program and pursuant to the PACE Act, include the PACE Financing, Installments, and any interest or penalties accrued, constitutes a first and prior lien against

the Property on which the Assessment Contract is imposed from the date the Assessment Contract is recorded until the Assessment Contract and all interest and penalties are satisfied.

The Assessment Contract lien has the same priority status as a lien for any other tax imposed by any agency, municipality, or county of the State of Illinois and shall be treated as a tax imposed by any of the same. This lien runs with the land and that portion of the Assessment Contract that has not yet become due is not eliminated by foreclosure of a property tax lien. The Assessment Contract lien cannot be accelerated or extinguished until fully repaid. The Assessment Contract lien may be enforced by the County in the same manner as failure to pay real property taxes within the County the Property is located.

## 8.0 Mortgage Lender Consent

Because the PACE Assessment will have priority over existing mortgages and liens on the Property, it is required that Property Owners obtain a written consent from any holder of existing mortgages (or liens) of the Property that will be subject to the PACE Assessment. It is recommended that the Property Owner consult with their PACE Capital Provider before approaching and Existing Lien Holders. Because of the unique and innovative characteristics of PACE Financing, some mortgage holders may not be aware of many of the benefits of this type of financing. Commercial PACE industry wide has had great success at obtaining Mortgage Lender Consent on a national basis. It is encouraged that any meetings with Existing Lien Holders include the PACE Capital Provider.

The Program Administrator can provide a Mortgage Lender Consent template.

## 9.0 Change Orders

Change orders that result in an alteration of the anticipated energy and/or water savings of the PACE Project must be pre-approved by the Program Administrator to ensure that the changes to the Project remain consistent with the requirements in these Program Guidelines. The change order requires the following documentation:

- (1) Description of the change in scope;
- (2) Energy and operational saving estimates (as part of the Energy Assessment);
- (3) Project budget revisions;
- (4) Approval of the PACE Capital Provider.

Property Owner will submit the required documentation to the Program Administrator for approval of the change order.

## 10.0 Disclosures

- (A) Program Administrator does not provide legal advice and will not mediate any disputes between any parties acting as a participant in the PACE Program;

- (B) Applicant is ultimately responsible for reviewing the terms, conditions, and obligations under the PACE Assessment Contract or any other documents that create an obligation as part of their participation in the PACE Program;
- (C) If a Contractor is Registered with the PACE Program, the Property Owner should not rely on such registration as an endorsement of the Contractor's qualifications and the Property Owner should conduct its own due diligence of the Contractor's qualifications;
- (D) Program Administrator reviews all PACE Project applications and has the right to approve these applications based on the criteria set forth and approved in these Program Guideline and other Program Documentation;
- (E) Program Administrator does not provide any tax or accounting advice to Property Owners and no communications with regards to PACE Financing should be taken as such;
- (F) No funds can be release, or payments made until all the required parties have executed a Certificate of Completion and it has been received by the Program Administrator;
- (G) The Local Unit of Government and the Program Administrator:
  - a. Are not responsible for any tax liability created by participation in the Program;
  - b. 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 OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE;
  - c. Make no representation or guarantee regarding any projected energy or other cost savings as a result of the implementation of the project improvements;
  - d. Do not endorse any Capital Provider, Contractor or other service and/or product providers;
  - e. Unless notified in writing, Program Administrator reserves the right to publicize participation in the Program;
  - f. Are not responsible for any waste disposal or recycling associated with any Program activity;
  - g. Are not liable for any damages, including incidental or consequential, arising out of activities associated with participation in the Program.

## Appendix A: PACE Act

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## Appendix B: PACE Enabling Ordinance

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## Appendix C: Eligible Improvements Under the PACE Act

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## Appendix D: Form of PACE Assessment Contract

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## Appendix E: Sample Final Application

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## Appendix F: Registered Contractor Terms and Conditions

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