



GUIDANCE MANUAL

AUGUST 2020

Welcome Letter



Welcome to Oklahoma C-PACE! The Oklahoma C-PACE Program is proud to offer C-PACE to interested counties across the state. The Oklahoma C-PACE Program is offered at no cost to participating counties, streamlining the administrative process by offering a consistent set of program guidelines, keeping costs low for program participants, and allowing broad participation from accredited capital providers and contractors.

C-PACE is used to lower the upfront costs of energy-efficiency, water conservation, or resiliency improvements to commercial properties, which are often a barrier to these types of projects. C-PACE reduces this barrier through innovative financing which spreads the costs out over an extended repayment period.

As you consider whether C-PACE is the right tool for your project, there are several quick questions you can ask to determine if your project may be eligible for C-PACE financing:

- **Is my property type eligible?** C-PACE is available for commercial properties. Commercial properties may include industrial, agricultural, office, multifamily (with a minimum of five dwelling units), nonprofits, etc. Government owned properties, single family residential properties, and properties located in residential zones are not eligible for C-PACE in Oklahoma.
- **Is C-PACE authorized in the county where the project is located?** Participating counties are listed on the program website. Each county must pass a resolution to enable C-PACE. We are always seeking to expand the program's availability. If your county is not currently a participant, we will be glad to work with you to bring C-PACE to new jurisdictions.
- **Are my planned improvements eligible?** Improvements must be permanently affixed energy sources (such as solar or batteries), energy-efficiency improvements, water conservation improvements, or resiliency improvements made on an eligible property.

If you answered yes to all of the above questions, we invite you to read on and learn more about Oklahoma C-PACE to further determine if this program can help bring your project to fruition.

This Guidance Manual is intended to provide a step-by-step guide to assist you in understanding and navigating the Oklahoma C-PACE process. If you have questions as you read through it, please feel free to reach out to our staff and we will be happy to assist.

On behalf of the team working to bring this innovative tool to Oklahoma, we thank you for your interest in the Oklahoma C-PACE Program!

Definitions

Act – The Oklahoma Energy Independence Act, 19 O.S. §§ 460.1 – 460.7, specifically, 19 O.S. § 460.5

Annual Assessment – The portion of the C-PACE financed amount that is due in a particular year inclusive of all accrued but unpaid interest and any applicable penalties, costs, fees, charges, late payment charges, default interest rate charges, prepayment premiums or administrative expenses related to the C-PACE financing.

Certificate of Eligible Improvements – A form completed by a Qualified Professional and submitted as part of an application for C-PACE financing, confirming the eligibility of the measures being financed through C-PACE in the subject project.

C-PACE Assessment – The aggregate amount of all Annual Assessments of the C-PACE financed amount.

C-PACE Lien – The C-PACE Assessment is a lien on the property as provided in the Act and the Program Resolution which shall run with the improved property and shall have the same priority and status as a lien for unpaid ad valorem real property taxes.

C-PACE Assessment Contract – A contract between the participating county, the property owner, and the capital provider in which a property owner consents to the levying and collection of the C-PACE Assessment to repay C-PACE financing and for which a private capital provider agrees to collect the C-PACE assessments and enforce the lien for an unpaid C-PACE assessment.

Guidance Manual – The Guidance Manual defined project eligibility in the OK C-PACE Program and described the application process for eligible properties wishing to access C-PACE financing. The Guidance Manual was developed through a stakeholder process inclusive of the construction, real estate, and energy industries, state and local government, and the C-PACE industry.

Oklahoma C-PACE Program (OK C-PACE) – The Oklahoma C-PACE Program is a statewide C-PACE program serving the counties, property owners, capital providers, and contractors of Oklahoma. The OK C-PACE Program is administered by INCOG and was established with the support of the Oklahoma Department of Commerce.

Program Resolution – As authorized by the Act, participating counties must enact a resolution enabling C-PACE financing and opting into the OK C-PACE Program.

Qualified Professional – Individuals holding appropriate certification (as described in this Guidance Manual) are considered a Qualified Professional for the preparation and submission of a Certificate of Eligible Improvements for energy efficiency, water conservation, building resilience, or energy source improvements.

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About C-PACE

Commercial Property Assessed Clean Energy (C-PACE) financing is a form of long term, low-interest lending enabled by state and local law. C-PACE financing drives private sector investment in local communities, improves commercial property values reduces energy and water expenses, creates jobs, and provides environmental benefits by conserving natural resources.

Enabled through the Oklahoma Energy Independence Act, 19 O.S. §§ 460.1 – 460.7, specifically, 19 O.S. § 460.5 (the “Act”), counties may establish a C-PACE program within the boundaries of their jurisdiction and allow qualifying property owners to voluntarily request that the county impose and levy an assessment on their property to secure private financing from a private capital provider to fund eligible improvements. In the C-PACE financing structure, private capital providers provide financing for up to 100% of all hard and soft costs associated with eligible improvements, which include permanently affixed energy sources or energy-efficiency, water conservation, or resiliency improvements made to an eligible property. Financing is repaid as an assessment by the property owner over the full useful life of the improvements, typically fifteen years or longer.

The terms of C-PACE financing are set between the property owner and the capital provider. Unpaid assessment payments constitute a lien which runs with the property and has the same priority and status as a lien for unpaid ad valorem property taxes; the C-PACE lien is not extinguished by virtue of a sale by the county for delinquent property taxes or other special assessments. As a result, the C-PACE repayment obligation transfers automatically to the next owner if the property is sold and in the event of default, only the payments in arrears come due.

With C-PACE, property owners renovating their building can immediately enjoy the operating savings from C-PACE projects and spread the costs of installation over an extended period to increase liquidity and incentivize investment. For developers, C-PACE can provide a lower cost of funds and help close financing gaps. For landlords whose tenants pay for gas and electricity, certain leases allow the pass through of assessments, solving the issue of split-incentives between tenants and landlords. Finally, while C-PACE assessments are transferable to future owners, they are viewed as secure investments by lenders because the payment is tied to the property as an assessment, a secure payment stream, allowing for low-interest capital to be raised from the private capital markets with no government financing required.

Benefits of C-PACE for Property Owners

C-PACE is a reliable source of affordable financing for property owners to make money saving, energy saving, and other improvements to their buildings. Property owners are able to procure and install efficient, triple-glazed windows for their storefronts that reduce heat transmission, high-efficiency HVAC models, interrelated systems that synergize temperature control and lighting, and much more. C-PACE is an effective tool for defraying upfront cash expenses and limiting burdens to existing credit capacity. Fixed interest rates for C-PACE financing are competitively set by the market, typically requiring no down payment. The assessment is attached to the property and there is no personal or corporate guarantee required for financing.

Benefits of C-PACE for Local Governments

C-PACE boosts the economy and creates jobs by funneling private investment into C-PACE enabled communities. Local governments desire to create greater prosperity in their jurisdictions but are hampered by lack of funds and inability to attract new business and younger demographics. Many

architectural and development trends point to the high marketability of “green buildings,” and studies indicate that a younger workforce prefers to live and work in spaces that are friendly to the environment. Oklahoma C-PACE requires no government funding and is designed to require minimal administrative lift from local governments as capital providers are required to bill and collect the financing as well as enforce any delinquent assessment.

Benefits of C-PACE for Capital Providers

Capital providers see in C-PACE a highly reliable, long-term investment. Capital for C-PACE projects routinely runs into the hundreds of thousands to millions of dollars. Through the seniority of the assessment, capital providers are secured by the value of the real estate and are repaid through a known repayment stream.

Benefits of C-PACE for Mortgage Holders

C-PACE projects typically boost net operating income by funding improvements that dramatically reduce a building’s operating costs. The resultant operational savings typically exceed the annual assessment. Increased cash flow from C-PACE projects can improve debt service coverage ratios for mortgage holders and boost asset value. For new construction, C-PACE financing offers lower interest rates than preferred equity or mezzanine debt, with longer maturities, helping projects to fill gaps in the capital stack and achieve a lower overall blended cost of capital. C-PACE assessments are non-accelerating in the event of a payment default or delinquency, protecting the position of mortgage holders. Only past due assessments are enforced through the C-PACE lien while the balance of assessments remains with the property.

Benefits of C-PACE for Contractors

C-PACE finances 100% of all hard and soft costs associated with eligible energy improvement projects, inclusive of a contractor’s time and resources to design and install those improvements. For contractors, C-PACE is a way to pitch deeper energy retrofits and to effectively sell green building design features that may otherwise be value-engineered out of a development project. Registering with the OK C-PACE Program broadcasts a contractor’s dedication to energy efficient and environmentally friendly improvement projects.

Program Information

About the Oklahoma Commercial PACE Program (“OK C-PACE”)

The OK C-PACE Program was designed by INCOG in partnership with PACE Financial Servicing and Oklahoma stakeholders from local government, the commercial real estate industry, energy and building construction trades, and the lending industry. The OK C-PACE Program provides a blueprint for Oklahoma’s counties to establish C-PACE in their jurisdiction in a uniform manner by utilizing standard enabling ordinances, form contracts, applications, and this guidance manual. Uniform C-PACE programs foster commercial uptake. As property owners and contractors operate across county lines, one set of contracts and program rules encourages participation and reduces market barriers.

About the Program Sponsor & Administrator: INCOG

INCOG is a voluntary association of local and tribal governments in the Tulsa metropolitan area in northeast Oklahoma. Established in 1967, INCOG is one of 11 Councils of Governments in the State of Oklahoma, and one of several hundred regional planning organizations across the country. INCOG provides planning and coordination services to assist in creating solutions to local and regional challenges in such areas as comprehensive planning, transportation, community and economic development, environmental quality and energy programs, public safety, and services for older adults. INCOG serves Creek, Osage, Rogers, Tulsa, and Wagoner counties, more than 50 cities and towns located in those counties, and the Cherokee, Muscogee (Creek), and Osage Nations.

Partnering with the Oklahoma Department of Commerce, the Oklahoma Office of the Secretary of Energy & Environment, and other stakeholders, INCOG has developed the OK C-PACE Program (including a uniform set of enabling legal documents and best practice program administrative procedures) that can be adopted by any county in Oklahoma.

This Guidance Manual is the product of input from INCOG’s Steering Committee, and over 175 stakeholders from County governments, commercial real estate owners and developers, energy and construction firms, private capital providers, and other partners.

Website: <http://www.oklahomacpace.org/>

Contact: Adriane Jaynes

Email: ajaynes@incog.org

Contact: Nancy Graham

Email: ngraham@incog.org

Eligibility Requirements for OK C-PACE

Eligible Property Owners

The OK C-PACE Program is a voluntary program available to property owners with eligible properties located within a participating county. Only property owners who voluntarily participate in the program and enter into a C-PACE assessment contract will have a C-PACE assessment imposed against their property. To be eligible to participate in the program, a property owner will be required to provide evidence or certify that:

- The applicant for C-PACE financing is the legal owner of the property seeking financing. Alternatively, if the applicant will become the owner of the property concurrently upon closing of the C-PACE financing, evidence showing such anticipated transfer reasonably satisfactory to the program administrator will be required. A leasehold interest on qualifying commercial property is eligible for C-PACE financing with the consent of the fee owner of such commercial property. 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 application, please ensure that all owners (or their representatives) of the subject property will agree to participate in the OK C-PACE Program on these terms.
- The property owner is solvent and that no proceedings are pending or threatened in which the property owner may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the property owner's debts or obligations, or be subjected to a reorganization or readjustment of the property owner's debts. The property owner must also certify that the property owner has not filed for or been subject to bankruptcy protection within seven years of the date of the C-PACE application.
- The property owner is not a party to any litigation or administrative proceeding of any nature that, if successful, would challenge or question the validity or enforceability of the C-PACE assessment and financing agreement or any other documents executed by property owner in connection with the property owner's participation in the OK C-PACE Program.

Eligible Properties

C-PACE financing is available to commercial properties (office, retail, multifamily, warehouse, hospitality, agricultural, industrial, mixed use, etc.) located within a participating county. This includes for-profit businesses and non-governmental, tax-exempt properties such as nonprofits, private schools, religious institutions, and hospitals. Publicly owned properties and properties zoned as residential are not eligible for C-PACE at this time. Condominiums must meet zoning requirements and the conditions outlined in "Multiple Parcel IDs" (below).

Eligible Property Location

To be eligible, the property must be (or must be eligible to be placed) on the property tax rolls of a participating county and have a property tax identification number.

Ineligible Property Types

Single-family residential and property owned by local, state, or federal government is not eligible. Properties located in areas zoned as residential are ineligible at this time.

Multiple Parcel IDs

For C-PACE projects encompassing multiple Parcel IDs, the application must list all parcels which are intended to be secured by an assessment and all application materials and supporting documents must be provided for or cover each assessed parcel. Properties with multiple Parcel IDs may not qualify for C-PACE financing if any one Parcel ID does not meet the eligibility requirements of the program.

Property Taxes and Other Obligations

To be eligible for C-PACE financing, the property owner must be current in the payment of all obligations secured by the subject property, including property taxes (if applicable), special assessments, special taxes or any other tax liens. Evidence must be provided of current property taxes and assessments or public records may be reviewed to verify compliance with this requirement.

Involuntary Liens

There can be no involuntary liens, defaults or judgments applicable to the subject property. Public records, including the real property records and court documents, may be reviewed to verify compliance with this requirement. A property owner with an involuntary lien(s), default or judgment may be allowed to participate in the OK C-PACE Program if it can demonstrate an acceptable reason for the lien, default or judgment and a path for resolution along with supporting documentation.

Eligible C-PACE Projects

All eligible C-PACE projects must meet the following criteria:

- C-PACE financing terms shall not exceed the expected life of the proposed improvement. For projects that include multiple improvements, the term of C-PACE financing may not be greater than the weighted average of the useful life of the improvements financed.
- C-PACE financed improvements must be permanently affixed to the real property and the property owner must leave the improvements with, affixed, or attached to, the property during the term of the C-PACE assessment contract. For purposes of the OK C-PACE Program “permanently affixed” includes energy source projects that are subject to third-party ownership contract, such as a power purchase agreement (PPA) or lease, so long as such PPA or lease contains all of the following provisions:
 - a) The energy source project is eligible under the Act, the Program Resolution and the Guidance Manual.
 - b) The term of the power purchase agreement or lease is at least as long as the term of the related C-PACE Assessment Contract.
 - c) The owner of the energy source improvement agrees to install, maintain, and monitor the system for the entire term of the C-PACE Assessment Contract.
 - d) None of the owner of the energy source improvement, the property owner, or any successors in interest are permitted to remove from the commercial property that is subject to the C-PACE Assessment Contract the system prior to completion of the full repayment of the C-PACE Assessment.
 - e) After installation, the power purchase agreement or lease is paid, either partially or in full, using the funds from the C-PACE financing.

- f) The power purchase agreement or lease specifies the holder of the C-PACE Lien is a third-party beneficiary of the power purchase agreement or lease until the C-PACE Lien has been fully repaid.

C-PACE projects are eligible for existing buildings or the construction of new buildings, subject to the eligibility requirements described below.

C-PACE projects can qualify for and receive additional rebates and incentives from utility-based clean energy and water conservation programs, and other sources. Applicants are encouraged to obtain all applicable government, utility provider or manufacturer rebates, and other upfront cost reductions to reduce the total C-PACE project cost for purposes of calculating the amount of C-PACE financing.

Eligible Improvements

The types of improvements listed below are eligible for C-PACE financing. Examples of each improvement type are provided for context only and do not exhaustively list all such eligible improvements. Additional project-specific eligibility requirements are described in the Certificate of Eligible Improvements described below.

Energy Efficiency

Permanently affixed appliances or improvements that reduce a property's energy consumption or that enable the property to operate more energy efficiently are eligible for financing. Examples of eligible energy efficiency improvements include:

- 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, boilers and furnaces
- High efficiency water heating systems
- Combustion and burner upgrades
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- Building automation (energy management) systems

Energy Sources

Permanently affixed appliances or improvements, including a product, device, or interacting group of products that uses energy technology to generate electricity, provide thermal energy, or regulate temperature; are eligible for financing. Examples of eligible energy source improvements include:

- Solar photovoltaic array
- Solar thermal capture system
- Wind Power systems
- Geothermal energy systems
- Fuel Cell technologies and combined heat and power applications
- Systems to capture and/or utilize methane
- Biomass energy recovery systems and facilities or agricultural/anaerobic digesters

- Non-combustion-based equipment that converts biomass to energy

Water Conservation

Permanently affixed appliances or improvements that reduce a property's water consumption or that enable the property to manage water more efficiently shall be eligible for financing. Examples of eligible water conservation improvements include:

- Cooling towers, condensers, and steam boilers
- Technology that reduces/recycles industrial water consumption
- Drought/heat tolerant or otherwise irrigation free landscaping, such as a Xeriscape
- Pumping equipment
- Low flow toilets and shower heads

Building Resiliency

Appliances or improvements that are permanently affixed to the property and that improve building resiliency shall be eligible for financing. Examples of eligible building resiliency improvements include:

- Storm/wind hardening measures such as roof and siding upgrades, tornado shelters and safe rooms, burying power lines, reinforcing doors and windows, and the installation of lightning protection systems
- Tornado community safe rooms (i.e. buildings or portions thereof which have been designed and constructed to the criteria set forth in FEMA P-361 Guidance for Community and Residential Safe Rooms to provide near absolute protection for safe room occupants, exceeding the minimum code requirements set for storm shelters in the ICC 500 which has been adopted into all recent IBC editions)
- Energy storage such as batteries, vehicle to grid projects, and other commercially available innovative projects
- Flood resistance measures such as installing, re-routing, or increasing the capacity of a storm drainage system, installing generators, pumps and backflow devices, securing above ground tanks, waterproofing exterior walls and windows, adding measures to equilibrate hydraulic loading on walls, and elevating structures, utilities, mechanical devices and appliances
- Stormwater management using low impact development (LID) methods to reduce the volume of runoff or improve water quality such as permeable pavement, green roofs, rain gardens, cisterns, or bioswales
- Modifications to allow for use of buildings during public health emergencies or pandemics
- Earthquake and seismic hardening such as updating to the International Building Code (IBC), bracing and securing cabinets, generators, elevators and vital equipment, installing emergency shutoff valves on gas and water lines, installing window film and shatterproof glass, and anchoring roof mounted equipment (i.e., HVAC, antennas, etc.)
- Improvements qualifying under IBHS's FORTIFIED Commercial standards, a set of building requirements to make new and existing commercial buildings stronger against severe weather, including hurricanes, tropical and convective storms

Eligible Improvements – Additional Requirements

Baseline Assumptions for Energy, Water, and Building Resilience

Property owners will be required to submit a Certificate of Eligible Improvements to demonstrate the eligibility of an improvement for a C-PACE project in a form substantively similar to that of Exhibit E. The Certificate of Eligible Improvements must be prepared by a Qualified Professional, as outlined later in this section. The Qualified Professional must certify that the proposed improvements constitute the installation of an eligible energy source and/or an improvement over a baseline energy use, water use, or resiliency threshold, as applicable.

- For energy source or energy efficient retrofits to existing properties, the baseline threshold is the energy usage of the property or the efficiency level of the improvements which are being replaced. For energy source or energy efficiency improvements in new construction, the baseline threshold is the 2015 Edition of the International Energy Conservation Code.
- For water conservation retrofits to existing properties, the baseline threshold is the water usage of the property or the efficiency level of the improvements that are being replaced. For water conservation improvements in new construction, the baseline threshold is the current building code required for the property.
- For resiliency retrofits to existing buildings, the baseline threshold is the current condition of the property as related to the resiliency improvement proposed; e.g. the proposed improvement is designed to enhance the resiliency of the building over its current condition. For resiliency improvements in new construction, the baseline threshold is the current building code required for the property.

Please note, if planning to utilize utility rebates (where applicable), tax credits, or other incentives to fund projects, a higher threshold may need to be met related to those programs.

Supporting Documentation for Retrofits and New Construction

The Qualified Professional must certify that they are in receipt of and have reviewed appropriate documentation (e.g. minimum code requirements; equipment specifications or building design drawings/modeling; permit applications; or ASHRAE Level 1 assessment/energy assessment, as applicable) to determine that each proposed improvement meets the eligibility criteria of this Guidance Manual. Such underlying documents and analysis will **not** be submitted as part of the application. General parameters and best practices for such requisite documentation and analyses are included as Appendix I.

For all energy sources, water conservation improvements, and energy efficiency improvements in new construction projects a Qualified Professional must:

1. Specify that they are in receipt of and have reviewed documentation demonstrating each proposed improvement independently exceeds the 2015 Edition of the International Energy Conservation Code; 100% of the eligible costs – as defined below – for such itemized improvements may be funded under the OK C-PACE Program **OR**
2. Specify that they are in receipt of and have reviewed a whole building energy model prepared following a methodology consistent with ASHRAE 90.1 Appendix G guidelines and calculated using a U.S. Department of Energy approved building energy modeling software or detailed engineering calculations demonstrating that the whole building exceeds the 2015 Edition of the

International Energy Conservation Code; for buildings designed to exceed the minimum baseline requirements for energy and/or water on a whole building basis, 100% of all eligible costs – as defined below – associated with energy or water-related (respectively) building construction may be funded under the OK C-PACE Program.

For building resiliency improvements in new construction projects, the Qualified Professional must follow the first method described above. This may include the use of such resilience standards and model codes as have been developed by ASCE, FEMA, ICC, IBHS, NIBS, NSSA or other nationally recognized professional engineering or building science research organizations.

Program Impact

The Qualified Professional is encouraged to provide energy, water, and monetary savings to be achieved by the C-PACE project, as further described in the Certificate of Eligible Improvements. Such information is for the purposes of OK C-PACE program reporting and will not be made public for any particular property.

Accreditation Requirement for Qualified Professionals

Any Certificate of Eligible Improvements must be prepared by a Qualified Professional as defined herein. Individuals holding one or more of the following certifications are considered a Qualified Professional for the preparation and submission of a Certificate of Eligible Improvements for energy efficiency, water conservation, or energy source improvements:

- 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)
- Building Energy Assessment Professional (BEAP)
- Building Energy Modeling Professional (BEMP)
- 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
- Licensed Professional Engineer (P.E.)
- Investor Confidence Project (ICP) Quality Assurance Assessor
- Investor Confidence Project (ICP) Project Developer
- North American Board of Certified Energy Practitioners (NABCEP) (for solar PV only, a design specialist certification is acceptable)

A Qualified Professional reviewing stormwater management and most resiliency measures for project eligibility must be a licensed professional engineer (P.E.). Analysis of specific floodproofing or other types of flood mitigation measures may be performed by a company specialized in this kind of work if approved by the program administrator in advance.

The name, firm name, and credentials of all professionals shall be included in the Certificate of Eligible Improvements. Other professionals may be approved for preparation of the Certificate of Eligible Improvements, at the discretion of the program administrator.

Refinancing Using C-PACE

Completed installations of eligible improvements are eligible for C-PACE refinancing. C-PACE refinancing is C-PACE financing that closes *after* the property owner completes the installation of an eligible improvement. Typically, property owners can access permanent financing either as a source of construction funds or after completion and stabilization of the project. C-PACE financing is eligible at both phases.

C-PACE refinancing is subject to the following additional requirements:

1. Projects must satisfy the same eligibility requirements and application requirements as other C-PACE projects.
2. All such C-PACE refinancing must close within twenty-four (24) months of the installation of the eligible improvements.
3. For any such C-PACE refinancing project, the term of the C-PACE financing will account for any of the eligible improvement's life that has elapsed between the time of installation and the close of C-PACE financing. For example, if C-PACE financing is funded one year after installation of the improvement(s), the eligible term of the financing will be reduced by one year.

Eligible C-PACE Project Costs

C-PACE financing may cover direct costs required to install eligible improvements included in the C-PACE project as well as indirect costs required to develop and finance the installation.

Eligible direct costs include all improvement 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 improvement. 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 review and approval.

Eligible indirect 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, capital provider fees, other third-party reports, financing fees, interest reserves, and capitalized interest.

Participating C-PACE Capital Providers

The OK C-PACE Program operates an open market program whereby property owners have the flexibility to select their preferred C-PACE capital provider. The open market model gives property owners access to a range of private capital providers that offer competitive rates and financing terms and conditions. No exclusivity will be provided to C-PACE capital providers, and the applicants will retain the right to choose the type and provider of financing that works best for their business needs.

Organizations and persons participating as a private C-PACE capital provider in the OK C-PACE Program may be 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 may include any of 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 mortgage lending.
- (3) A person registered as a management company or unit investment trust or treated as a business development company under Oklahoma state law.
- (4) An insurance company.
- (5) A pension or employee health and welfare fund.
- (6) An association, firm, corporation, partnership, Limited Liability Company, trust, joint venture or other legal entity engaged in construction or the development or improvement of real property.
- (7) A private entity that can provide independent certification as to availability of funds; and has at least three years' experience in business or industrial lending or commercial real estate lending (including multifamily lending), or has a lending officer that has at least three years' experience in business or industrial lending or commercial real estate lending.

All capital providers should have the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment billing and collection. **Capital providers will be required to bill annual C-PACE assessment payments and collect those payments. Counties will not bill and collect C-PACE assessment payments on behalf of the capital provider.**

Any capital provider interested in offering C-PACE financing is required to register as a C-PACE capital provider to participate in the OK C-PACE Program. The process for becoming a qualified C-PACE capital provider is described in detail on the OK C-PACE website at www.oklahomacpace.org.

Eligible C-PACE Contractors

The OK C-PACE Program encourages projects financed through the program be installed by experienced commercial contractors. Contractors installing C-PACE financed improvements in the OK C-PACE program must register to participate in the OK C-PACE program. The process for becoming a registered C-PACE contractor is described in detail on the OK C-PACE website at www.oklahomacpace.org.

Mortgage Lender Consent

The OK C-PACE Program requires property owners to provide the written consent of the current holder of any existing mortgages in a form substantively similar to that of Exhibit D prior to application approval by the program administrator. The purpose of the mortgage lender consent is to:

- Provide notice to the existing mortgage holder that the property owner is proposing the property participate in the OK C-PACE Program and obtain the existing mortgage holder's consent to such participation.
Request confirmation from the existing mortgage holder that the levy of the C-PACE assessment, subject to the C-PACE assessment contract, will not trigger an event of default or the exercise of any remedies under the mortgage loan documents or other security documents held by the existing mortgage holder.
- Advise the existing mortgage holder that the C-PACE financing will be enforceable by a lien on the property that has the same priority and status as a lien for unpaid ad valorem taxes, collected and enforced pursuant to the terms of an C-PACE Assessment Contract.

The property owner should consult with its C-PACE capital provider before approaching an existing mortgage holder. Many traditional lenders are not familiar with C-PACE financing and may misunderstand how it functions. In seeking existing mortgage holder consent, the property owner may find it helpful to inform existing mortgage holder(s) that in the event of C-PACE assessment payment default and enforcement action, the outstanding balance of the assessment will not accelerate and only the delinquent assessment payment amounts are enforced by the C-PACE lien. Property owners are encouraged to have the C-PACE capital provider attend the meeting with the existing mortgage holder.

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Program Fees

The OK C-PACE Program reserve the right to modify the following fee structure at any time due to changes to program requirements or market factors.

Application Fee

INCOG charges the following fees to cover the basic administrative service to complete an OK C-PACE project as well as the ongoing oversight and program reporting to counties that enact OK C-PACE:

- A \$250 nonrefundable fee is due at the time the application is submitted to INCOG for review. This fee is to be paid before the program administrator will begin review of the final application.
- Closing fee of 1.25% of the sum of eligible costs financed through C-PACE, not including closing fees of the capital provider or capitalized interest, with a minimum required fee of \$2,500 and a maximum of \$50,000.

Application Fees are to be sent to INCOG. Checks should be made payable to Indian National Council of Governments, denoting OK C-PACE in the memo line, and sent to:

2 West 2nd Street, Suite 800
Tulsa OK, 74103

Wiring information available upon request.

Note: The foregoing fees generally cover the regular costs of the administration of the OK C-PACE Program. These costs and expenses do not include any specialized professional services that may be necessary should the circumstances of a particular C-PACE project require them. For example (and without limitation), should any participant in a C-PACE project submit substantive comments to the OK C-PACE program documentation (including but not limited to the C-PACE Assessment Contract, requesting a legal opinion from OK C-PACE counsel, or requiring other time and resource intensive review of a transaction), the property owner for such C-PACE project shall be responsible for covering such expenses at cost. These expenses may be paid out of the proceeds of the C-PACE financing. The program administrator will require evidence that such expenses will be paid before closing of C-PACE financing may proceed.

Applicants who have not identified a Qualified Professional to prepare the Certificate of Eligible Improvements may request INCOG to engage a Qualified Professional. INCOG will negotiate a fee for such service directly with the applicant commensurate with the scope of proposed improvements.

County Fee

Pursuant to the enabling resolutions adopted by counties participating in the OK C-PACE program, County Treasurers enforcing delinquent C-PACE assessments may collect fees for costs incurred in such enforcement in an amount to be fixed by the Board of County Commissioners and deposited with the County Treasurer as required by law. Such fees shall be charged and collected separately from delinquent and outstanding C-PACE assessments.

Recording, Amendment & Assignment Fee

After the initial recordation of a C-PACE Assessment Contract in the OK C-PACE program, capital providers and/or property owners will be responsible for the cost of recording subsequent assignments and amendments of the C-PACE Assessment Contract, as applicable.

Capital Provider Fee

C-PACE capital providers may charge an origination fee to cover their cost of arranging the C-PACE financing. Any such fee shall be arranged and agreed to in an agreement between the capital provider and applicant. If applicable, a debt service reserve may be required.

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Application, Closing, and Assessment Servicing

Application Process

To proceed with a C-PACE project, a property owner must complete the application process outlined below. Approval of the final application by the program administrator is a requirement prior to closing C-PACE financing.

Determine Eligibility

Property owners should verify that their property is eligible for financing per the guidelines described in this Guidance Manual. If a property owner has any concerns about eligibility, (s)he may contact the program administrator for verification.

Identify Capital Provider, Develop Certificate of Eligible Improvements,

Applicants should contact eligible C-PACE capital providers to secure acceptable C-PACE financing terms and conditions. Applicants are free to work with any capital provider who will provide financing in accordance with the program's eligibility requirements (see section on "Eligible C-PACE Capital Providers," above). The C-PACE capital provider will conduct its own review of the C-PACE project according to its underwriting requirements. The C-PACE capital provider can assist in obtaining mortgage lender consent and preparing other components of the application, such as obtaining a title summary.

Property owners will develop and define an eligible C-PACE project. Applicants should engage a Qualified Professional at this point in the process, as previously described above and complete the Certificate of Eligible Improvements in a form substantively similar to that of Exhibit E. Applicants will work with their registered contractor(s) to determine the final scope of improvements and eligible costs.

Obtain Mortgage Lender Consent

In the event of a mortgage on the property where a lien is recorded, the property owner shall obtain written consent in a form substantively similar to that of Exhibit D from any mortgage holder or holders prior to the issuance of C-PACE financing. For more information, see the section on "Mortgage Lender Consent" described above. Mortgage lender consent is a condition precedent to closing C-PACE financing under the OK C-PACE Program.

Submit Application with Supporting Documentation

The C-PACE application is accessible through the OK C-PACE website and a PDF version is attached as Exhibit A of this Guidance Manual. The property owner may submit an application for C-PACE financing at any point after having secured financing terms from a private capital provider.

Along with a complete application form, property owners will be required to submit supporting documentation listed on the C-PACE application checklist (see Exhibit A), as applicable:

- Current property card demonstrating legal ownership and tax identification number for the property.
- Title report disclosing all current mortgage and mortgage holders on the property and showing that there are no involuntary liens on the property (the title report must be issued not more than 60 days prior to closing of the C-PACE financing). The applicant and capital provider are responsible for obtaining the report.

- A copy of any ground leases associated with the property securing financing.
- Certification of eligibility executed by the property owner, certifying that the property owner is solvent, that no relevant proceedings are pending or threatened against the property owner, and that the property owner is not a party to any litigation or administrative proceeding of any nature that would challenge or question the validity or enforceability of the C-PACE assessment.
- Executed disclosure of risk affidavit, confirming the property owner's understanding of the risks involved in accessing C-PACE financing.
- Mortgage holder consent evidenced by written consent from all existing mortgage holders on the eligible property for the proposed C-PACE project.
- Certificate of Eligible Improvements submitted by a Qualified Professional drafted in accordance to the requirements of this Guidance Manual.
- Capital provider offer to fund: applicant must provide documentation that indicates that a capital provider has offered to provide C-PACE financing for the applicant's C-PACE project. Such documentation may be evidenced by a signed term sheet or commitment letter.
- Substantively final, unexecuted copy of the financing agreement, as prepared by the C-PACE capital provider. If application fees are not included here as financed costs, program administrator will request evidence in a proposed sources and uses or some other documentation reasonably satisfactory to the program administrator that the application fees will be paid.
- Substantively final, unexecuted version of the power purchase agreement, if included in the project.
- Substantively final, unexecuted C-PACE Assessment Contract using template OK C-PACE form. There should be no material changes to the C-PACE Assessment Contract after program approval and prior to closing.

Once a complete application is received, the program administrator will review it for completeness and accuracy of the information and documents enclosed to ensure they comply with this Guidance Manual. The Program will provide the property owner with written notice of approval or request for more information. If the Program finds the property owner's final application is incomplete, the Program will notify the property owner who will have the opportunity to complete any missing information. Upon resubmission of a completed application, the Program will complete its review and respond in writing with the results of its review of the final application.

Appeal Process

If an application is rejected because some portion of the C-PACE application is missing, incomplete, or insufficient, the program administrator will notify the applicant about which items from the application were not provided or are insufficient or inaccurate on their face. If the project application and supporting documents comply with the OK C-PACE Program's requirements and application checklist, the project application will be approved, and the approval communicated to the applicant.

If a project is rejected on technical grounds, the property owner may have a Qualified Professional prepare a letter of appeal, describing why the improvement(s) that has been rejected ought to qualify per this Guidance Manual. The program administrator will review this letter in coordination with the authorized county representative for the OK C-PACE Program where the proposed project is located and will issue a final approval or rejection of the technical scope of the project.

Close Financing & Execute C-PACE Assessment Contract and Financing Agreement

Upon the approval of the application by the program administrator, a notice of approval will be sent to the property owner and its private capital provider. Upon receipt of the notice of approval, the property owner and capital provider 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 and C-PACE capital provider will be required to execute the C-PACE Assessment Contract in conjunction with the C-PACE financing closing.

Recordation

Upon receipt, the program administrator will submit the C-PACE Assessment Contract executed by the property owner to the County for signature and recording in the office of the County Clerk.

C-PACE Project Implementation

Following closing of the C-PACE financing and receipt of the proof of recording of the C-PACE Assessment Contract, the property owner and its agents may initiate construction of the C-PACE project or otherwise fund the C-PACE financing in accordance with the agreements with the C-PACE capital provider, the C-PACE Assessment Contract and the installation contractor's contract.

Change Orders

All change orders that result in a substantial alteration of C-PACE funded improvements or related anticipated energy and water savings or resiliency benefits, such that the improvements would no longer be considered eligible under the Guidance Manual, are required to be pre-approved by the program administrator to ensure that the changes to the C-PACE project remain consistent with the requirements as set forth in this Guidance Manual. The property owner shall provide the following documentation:

- Narrative description of the change in C-PACE project scope and purpose for such a change
- Revised C-PACE project budget to account for changes in C-PACE project cost, as applicable.
- A letter from a Qualified Professional certifying that the revised improvements remains eligible for C-PACE financing
- Approval of the change by the C-PACE capital provider

Assessment Administration

Repayment of the C-PACE Financing

Repayment of the C-PACE financing will commence according to the terms of the C-PACE Assessment Contract. Property owners make payments of annual installments directly to the C-PACE capital provider or its servicer.

If any Annual Assessment remains unpaid for six (6) months after payment is due, capital provider may file an action in the district court of the county where the property is located to foreclose the C-PACE Lien of the unpaid Annual Assessment inclusive of accrued statutory delinquent interest, which shall accrue at the same rate as a late payment penalty for delinquent ad valorem taxes, and reasonable legal fees. Annual Assessments shall continue to be levied notwithstanding property owner's failure to pay all or part of any past Annual Assessment, such that the capital provider shall continue to bill Annual Assessments, including default interest to be paid to capital provider, until the financing amount, including all accrued and unpaid interest, is paid in full. Judgement in an action to enforce the C-PACE Lien shall order the

property to be sold in the manner and form as foreclosure of mortgages on real estate, with appraisal. The sale shall be subject to existing taxes and special assessments, as well as additional Annual Assessments and related accrued interest which remain unpaid at the time of such sale. Any such action shall not accelerate repayment of the unpaid balance of the C-PACE Assessment which has not yet come due on the property.

Additional guidance surrounding the process for repayment of the C-PACE financing will be set forth in the C-PACE Assessment Contract and financing agreement related to the applicable C-PACE financing. Nothing in this Guidance Manual may supersede or alter the terms and conditions contained in the aforementioned documents.

Once C-PACE Financing Has Been Paid in Full

Pursuant to the terms of the C-PACE Assessment Contract, upon written confirmation from the Capital Provider that the C-PACE Assessment has been repaid in full, the County will release the C-PACE Assessment by recording a release of C-PACE Lien with the County Clerk's Office.

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Exhibit A: C-PACE Application Cover Sheet and Checklist

APPLICATION INFORMATION

Property Owner Details

Legal name(s) of Owner(s) (LIST ALL):

Name of contact person:

Phone number:

Email address:

Property Details

Property address:

Property parcel #:

Property type:

Ground lease (if applicable):

Current on property taxes (yes/no):

Outstanding mortgage(s) (list name of holder and outstanding balance):

Qualifying Improvement Details

Energy efficiency improvements are being financed through C-PACE (yes/no):

Energy sources are being financed through C-PACE (yes/no):

Is a power purchase agreement involved in the transaction?

Water efficiency improvements are being financed through C-PACE (yes/no):

Building resiliency improvements are being financed through C-PACE (yes/no):

If resiliency is involved, please provide a brief description of the improvement(s):

The improvements sought are for an existing building or new construction (select one):

C-PACE Financing Details

Total amount of C-PACE financing:

Assessment term:

Capital Provider Details

Legal Name:

Name of contact person:

Phone number:

Email address:

SUPPORTING DOCUMENTATION

Required Documents:	Indicate if included in application:
Property Card	
Copy of Ground Lease (if applicable)	
Title Report	
Certification of Eligibility	
Disclosure of Risks Affidavit	
Mortgage Holder Consent (if applicable)	
Certificate of Eligible Improvements	
C-PACE Financing Agreement	
Power Purchase Agreement (if applicable)	

BY SIGNATURE BELOW, THE APPLICANT AFFIRMS THAT THE INFORMATION AND DOCUMENTATION ARE TRUE AND CORRECT TO THE BEST OF YOUR ABILITY AND THAT THEY HAVE READ THE DISCLOSURES AND DISCLAIMERS ATTACHED TO THIS APPLICATION AND UNDERSTAND THE RISKS OF PARTICIPATING IN THE OK C-PACE PROGRAM; FURTHER, THAT THE APPLICANTS AFFIRM THAT NEITHER THE COUNTY, ITS GOVERNING BODY, EXECUTIVES, NOR EMPLOYEES ARE PERSONALLY LIABLE AS A RESULT OF EXERCISING ANY RIGHTS OR RESPONSIBILITIES GRANTED UNDER THIS PROGRAM.

APPLICATION FORM SIGNED AND DATED

ON BEHALF OF PROPERTY OWNER: _____

NAME & TITLE: _____

ON BEHALF OF CAPITAL PROVIDER: _____

NAME AND TITLE: _____

TO BE COMPLETED BY PROGRAM ADMINISTRATOR

APPLICATION: _____ APPROVED _____ CONDITIONALLY APPROVED _____ DENIED _____

ON BEHALF OF PROGRAM ADMINISTRATOR: _____

NAME AND TITLE: _____

Exhibit B: Certificate of Eligibility

I, the undersigned, hereby certify the following facts and make the following certifications with respect to the project described in the attached Project Application (the “Project”) under the OK C-PACE Program:

- 1) The property owner is solvent and no proceedings are pending or threatened in which the property owner may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the property owner’s debts or obligations, or be subjected to a reorganization or readjustment of the property owner’s debts.
- 2) The property owner has not filed for or been subject to bankruptcy protection within seven years of the date of the C-PACE application.
- 3) The property owner is not a party to any litigation or administrative proceeding of any nature that, if successful, would challenge or question the validity or enforceability of the C-PACE assessment and financing agreement or any other documents executed by property owner in connection with the property owner’s participation in the OK C-PACE Program.

SIGNED AND DATED

ON BEHALF OF BORROWER/PROPERTY OWNER: _____

NAME & TITLE: _____

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Exhibit C: Disclosure of Risk Affidavit

As a property owner participating in the OK C-PACE Program, and pursuant to the OK C-PACE Program, INCOG and [COUNTY] (the “County”) make the following disclosures and set forth potential risks associated with accepting C-PACE financing and the C-PACE assessment on your property as follows:

DISCLOSURES

- 1) The C-PACE assessment will be paid through a bill issued by the C-PACE capital provider and will be due and payable on the same date as the real property taxes.
- 2) Assessments are secured by and attached to the real property. At resale, the potential purchaser of the property will be responsible for continuing to pay the assessment.
- 3) The assessment will continue as a lien on the property (“C-PACE Lien”) from the date it becomes payable until the assessment, interest, and penalties on the assessment are paid in full, regardless of a change in ownership of the property, whether voluntary or involuntary.
- 4) The C-PACE Lien constitutes a first lien on the property that has priority over prior or subsequent liens in favor of private parties.
- 5) If Property Owner fails to pay all or part of any annual assessment when due, the C-PACE Lien shall be enforced in the same manner and with the same priority as the enforcement by a holder of any bond or coupon related to a lien for unpaid assessments, as provided by Oklahoma law, the Act and the Program Resolution.
- 6) The property owner should carefully review the financing agreement and all terms related to the C-PACE assessment financing and should consult with competent legal counsel prior to execution.
- 7) Neither INCOG nor the County have any liability for payment of the C-PACE assessment, nor for its assessment, levy and collection, or any costs associated with the assessment, levy and collection of amounts due under the C-PACE assessment.
- 8) Neither INCOG nor the County is your capital provider. INCOG’s role in this transaction is to administer the OK C-PACE Program and meet all of INCOG’s statutory obligations. If the proposed OK C-PACE Program project is approved by both INCOG and the C-PACE capital provider, and the property owner meets all of the OK C-PACE Program and C-PACE capital provider requirements, then the capital provider will finance the C-PACE eligible project.
- 9) The property owner has been made aware of the effective interest rate on the assessment, including fees charged by INCOG to administer the OK C-PACE Program.

POTENTIAL RISKS

- 1) The capital provider, the County, and INCOG do not guarantee energy savings.
- 2) The improvements proposed to be installed on the property may not perform to specification. They may break down or underperform due to technical malfunction or improper installation. Project success often depends on third parties who are capable of installing and managing projects and structuring contracts that provide appropriate protection against these construction and operational risks. INCOG recommends borrowers have their installation and servicing contracts reviewed by competent legal counsel and engineering consultants prior to execution. Neither INCOG nor the County nor the C-PACE capital provider endorses the workmanship of any contractor nor guarantees, warranties, or in any way represents or assumes liability for any work proposed or carried out by a contractor. Additionally, neither INCOG nor the County nor the C-PACE capital provider is responsible for assuring the design, engineering, and construction of the project is proper or complies with any particular laws, regulations, codes, licensing, certification and permit requirements, or industry

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standards. Neither INCOG nor the County nor the C-PACE capital provider makes any representations of any kind regarding the results to be achieved by the project or the adequacy or safety of such measures.

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

The property owner hereby acknowledges the above described OK C-PACE Program Disclosures and transaction risks by and through its duly authorized undersigned representative.

SIGNED AND DATED

ON BEHALF OF BORROWER/PROPERTY OWNER: _____

NAME & TITLE: _____

Exhibit D: Mortgage Holder Consent Form

Notice of Proposed C-PACE Assessment

Notice Date:

Lender Address:

Lender:

Street:

City/State/Zip Code:

ATTN:

Property/Loan Information:

Address:

APN:

Loan Number:

Why has the bank received this notice?

The property owner listed below owns the property located at the address above. You are the holder of a loan secured by the property.

[Building owner/address] wishes to install energy upgrades to the property using the Commercial Property Assessed Clean Energy (C-PACE) financing mechanism established by the State of Oklahoma and seeks your consent to do so.

Background on the Oklahoma C-PACE (OK C-PACE) Program

Enabled through the Oklahoma Energy Independence Act, 19 O.S. §§ 460.1 – 460.7, specifically, 19 O.S. § 460.5 (the “Act”), counties may establish a C-PACE program within the boundaries of their jurisdiction and allow qualifying property owners to voluntarily request that the county impose and levy an assessment on their property to secure private financing from a private capital provider to fund eligible improvements. In the C-PACE financial structure, private capital providers provide financing for up to 100% of all hard and soft costs associated with eligible improvements, which include permanently affixed energy sources or energy-efficiency, water conservation, or resiliency improvements made to an eligible property. Financing is repaid as an assessment by the property owner over the full useful life of the improvements, typically fifteen years or longer. Like other county assessments, C-PACE assessments must be current upon the sale of a property and remain with a property upon sale. As with other county surcharges, only annual assessment payments in arrears have a lien status senior to mortgages upon the sale of a property.

INCOG administers the OK C-PACE Program.

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The OK C-PACE Program has been designed to meet the needs and concerns of Oklahoma’s property owners and existing mortgage lenders. To qualify, the proposed project must meet the following basic criteria:

- The property is located in a county that has passed a resolution enabling C-PACE in its jurisdiction
- The property is not owned by the government, not a residential home of less than 5 units, and not in a residentially zoned area
- The proposed measures reduce energy or water consumption and/or increase the production of on-site energy or improve building resiliency
- The property is current on all property tax and assessment payments
- **The property owner receives consent of the current mortgage holder(s)**

Why should you provide consent?

1. Measures financed through C-PACE often reduce building operating costs.
2. C-PACE assessments do not accelerate. In the event the mortgage holder forecloses on the property for any reason, only the amount of the C-PACE assessment currently due and/or in arrears, a relatively small proportion of the C-PACE assessment, would come due. It is important to note that in the event a C-PACE assessment is in arrears, the assessment will have a lien status senior to a private lender’s mortgage. In the event of a property sale, C-PACE assessments transfer to the new property owner.
3. Measures financed through C-PACE improve properties, often reducing maintenance and repair costs. In addition, energy measures improve the efficiency, health, and comfort of a building, making it more attractive to tenants and future owners.

What should you know?

[Building owner/address] has indicated its intention to apply for C-PACE financing for the improvements outlined in the C-PACE project application on the property listed above. The assessment is to be levied on the property pursuant to an agreement between the property owner, [COUNTY], and the funding source for the C-PACE improvements [Capital Provider]. The related payment terms are proposed to consist of the following:

Total cost of improvements:

Utility rebates/incentives:

Total C-PACE financing requested:

Interest rate not to exceed:

Term of repayment period:

Total estimated annual installment:

Payments per year:

Purpose of this Notice. As required by the C-PACE enabling legislation (the Oklahoma Energy Independence Act), codified in 19 O.S. §§ 460.1 – 460.7, specifically, 19 O.S. § 460.5 (the “Act”), [Name of Property Owner] is sending this Notice of Proposed C-PACE Assessment to provide notice of the proposed participation of the property above in C-PACE financing:

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1. Request confirmation from you (the current lender) that the levy of the assessment will not trigger an event of default or the exercise of any remedies under the loan documents.
2. Provide notice that the assessment will be collected at the same time as property taxes and will be subject to the same penalties, remedies and lien priorities as real property taxes.
3. Declare the [Name of Property Owner]'s agreement to pay on a timely basis both the existing obligations secured by the property and the proposed assessment.

Execution and Return of Consent. Please execute the Lender Consent to C-PACE Assessment and return it to the undersigned at your earliest convenience.

Very truly yours,

BY: (signature):

PROPERTY OWNER NAME:

MAILING ADDRESS (if different than Property address):

LENDER CONSENT TO C-PACE ASSESSMENT

Date:

Property/Loan Information:

Address:

Owner:

County:

APN:

Loan Number:

This Lender Consent to C-PACE Assessment (this "Consent") is given by the undersigned entity (the "Lender") with respect to the above-referenced assessment (the "Assessment") and the above-referenced property (the "Property").

RECITALS

A. Lender is in receipt of written notice (the "Notice") from the above-referenced owner of the Property (the "Property Owner") that it intends to finance installation on the Property of certain energy efficiency and/or energy source and/or resiliency and/or water conservation improvements that will be permanently

fixed to the Property (the “Authorized Improvements”) by participating in the commercial property assessed clean energy (“C-PACE”) financing program (the “Program”), sponsored by the County.

B. Lender understands that the Assessment described in the Notice will be added to the property and that the Assessment will be collected in installments at the same time as other property taxes and will be subject to the same penalties, remedies and lien priorities as real property taxes.

CONSENT

The undersigned hereby represents that it is authorized to execute this Consent on behalf of the Lender. The Lender hereby confirms:

A. Lender is in receipt of written notice (the “Notice”) from the above-referenced owner of the Property (the “Property Owner”) that it intends to finance installation on the Property of certain energy efficiency and/or energy source and/or resiliency and/or water conservation improvements that will be permanently fixed to the Property by participating in the C-PACE financing a program sponsored by the County.

B. Lender understands that the assessment described in the Notice will be added to the property and that the Assessment will be collected in installments at the same time as other property taxes and will be subject to the same penalties, remedies and lien priorities as real property taxes.

C. The Lender agrees that the levy of the Assessment will not constitute an event of default or trigger the exercise of any remedies under the loan documents.

The Lender hereby acknowledges that the Property Owner, County, and INCOG will rely on the representation and Consent of the Lender set forth in this Consent.

LENDER:	
Signature:	
Name:	
Title:	
Date:	

Exhibit E: Certificate of Eligible Improvements

I, the undersigned, hereby certify the following facts and make the following certifications with respect to the project described in the attached project application (the “Project”) under the OK C-PACE Program:

1. I am a licensed Professional Engineer in the State of Oklahoma, whose registration number and stamp are shown below, OR
2. I am accredited by or belong to a firm with an accreditation from:
 - American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)
 - Building Energy Modeling Professional (BEMP)
 - Operations & Performance Management Professional Certification (OPMP)
 - High-Performance Building Design Professional Certification (HBDP)
 - Association of Energy Engineers (AEE)
 - Certified Energy Manager (CEM)
 - Certified Measurement and Verification Professional (CMVP)
 - Certified Energy Auditor (CEA)
 - Building Performance Institute
 - Energy Auditor
 - Investor Confidence Project
 - ICP Quality Assurance Assessor
 - American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) Operations & Performance Management Professional Certification (OPMP); High-Performance Building Design Professional Certification (HBDP)
 - Building Energy Assessment Professional (BEAP)
 - Building Energy Modeling Professional
 - Other: _____

Please provide verification of professional accreditation and recognition

3. The application is for:
___ an existing building
___ new construction
4. Please describe your relationship to the project:
___ I am employed by the project applicant in my professional capacity
___ I am a contracted independent third-party reviewer
5. I reviewed the following information regarding the project (e.g., equipment specifications OR design drawings/modeling OR permit applications OR an ASHRAE Level 1 assessment/energy assessment):

Please Describe:

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6. The project proposal includes those “Eligible Improvements” and the estimated useful life of each Eligible Improvement, which are listed in an attachment to this certification (please attach).
7. The Eligible Improvements will be permanently affixed to the property.

IF FOR AN EXISTING BUILDING (check those that apply):

I CERTIFY:

- The proposed Eligible Improvements will result in more efficient use or conservation of energy or water or the addition of eligible energy sources.
- Prior to the installation of the Eligible Improvements, if the pre-existing product, device, or interacting group or products or devices did not conform to applicable code requirements, or the subject property as a whole did not conform to the currently applicable building energy or water code for the County, the after the Eligible Improvements are installed, the subject property will exceed the applicable code or codes.
- The Eligible Improvements will result in improved resilience, which may include, without limitation, seismic resilience, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.

IF FOR NEW CONSTRUCTION (check those that apply):

I CERTIFY:

- Each proposed Eligible Improvement will enable the subject property to exceed the energy efficiency or water efficiency or renewable energy code requirements.
- The building as a whole, as a result of the Eligible Improvements, performs above or exceeds applicable building energy and/or water codes (2015 Edition of the International Energy Conservation Code).
- The proposed resiliency Eligible Improvements will enable the subject property to improve resilience, which may include, without limitation, seismic resilience, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.

Signature: _____

NAME:

Business name:

Business address:

Business contact email:

Business contact phone:

IF APPLICABLE

License No. _____

Stamp: _____

ATTACHMENTS (Please attach to Certification):

DRAFT

Appendix I

The following information provides additional best practice recommendations for Qualified Professionals determining whether the technical scope of a project is eligible for C-PACE, per this Guidance Manual. These are recommendations only, not requirements.

Energy Efficiency

For retrofit projects, the existing conditions of a building may be used to establish the baseline level of energy usage against which the performance of the improvements will be measured. Existing conditions may be determined based on nameplate efficiency ratings of currently installed equipment. Alternatively, the Qualified Professional may use modeled energy performance of the building or other professionally accepted methods of establishing energy efficiency performance of the existing building.

The energy analysis should adhere to one of the following:

- 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.
- ASHRAE Standard 100
- ASHRAE Standard 90.1 Appendix G
- Other methodologies may be considered at the discretion of the program administrator

Energy Sources

For all C-PACE projects that include an energy source, the Qualified Professional should verify that the installation of the new energy source is expected to improve the energy efficiency of the property as compared to a baseline. The energy generation baseline for all energy systems is assumed to be zero energy generation; provided, however, if an energy system is a replacement of an existing energy system, the baseline shall be the performance and/or nameplate ratings of the existing system.

Allowable uses of an energy system 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 these three options.

Water Conservation

For retrofit projects, the existing conditions of a building may be used to establish the baseline level of water usage against which the performance of the improvements will be measured. Existing conditions may be determined based on nameplate efficiency ratings of currently installed equipment. Alternatively, the Qualified Professional may use modeled water performance of the building or other professionally accepted methods of establishing water efficiency performance of the existing building.

Building Resiliency

If a C-PACE project includes resiliency improvements, a Qualified Professional should have a narrative description of the project that verifies that the improvement creates resiliency in the building.