

[LENDER] and Program Manager C-PACE Disclosures and Risks

The [Lender] and Program Manager (PACE Financial Servicing ["PFS"]) make the following disclosures to the property owner participating in the C-PACE program, and set forth potential risks associated with accepting PACE program financing and the surcharge on your property as follows:

DISCLOSURES

- 1) The C-PACE surcharge, along with processing and collection charges that may be charged by the County, will be repaid through a C-PACE program loan surcharge ("Surcharge"), which will be included on the property owner's real property tax bill and will be due and payable on the same date as real property taxes.
- 2) Surcharges are secured by and attached to the real property. At resale, the purchaser of the property will be responsible for any future surcharges (if applicable).
- 3) Pursuant to Article 5, Chapter 18A-36 of the Montgomery County Code, if surcharges are delinquent, the delinquent surcharge becomes a tax lien and collectible through the tax sale process authorized under Tax-Property Article, Title 14, Subtitle 8 of the State Code ("Annotated Code") Since the surcharge is part of the property tax bill, a failure to pay will result in a tax sale.
- 4) The County has no liability for payment of the C-PACE program loan, the Surcharge, its assessment, levy and collection, or any costs associated with the assessment, levy and collection of amounts due under C-PACE program loan.
- 5) **Neither the Program Manager nor Montgomery County is your lender.** The Program Manager's role in this transaction is to administer the C-PACE Program and meet all of the applicable statutory requirements for the State of Maryland and Montgomery County. If the proposed C-PACE Program project is approved by both the Program Manager and the Lender, and the property owner meets all of the C-PACE Program and Lender requirements, then the Lender will finance the C-PACE project.
- 6) The Property owner has been made aware of the effective interest rate on the Loan, including any fees charged by the Program Manager and Montgomery County to administer the C-PACE program, and the risks associated with variable interest rate financing, if applicable.
- 7) County Designated Lender financing is fixed rate financing. Although you may be able to prepay the remaining principal of your C-PACE Loan subject to any applicable prepayment restrictions and penalties as may be contained in the Financing Agreement, you will not be able to refinance through the County Designated Lender to achieve a lower rate.

POTENTIAL RISKS

- 1) Property owner may want to obtain an energy audit or renewable energy system feasibility analysis on the project that assesses the energy cost savings projected and have it reviewed by a third-party.
- 2) The Lender and the Program Manager do not guarantee energy savings.
 - a) The energy efficiency and renewable energy measures 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. The Program Manager recommends property owners have their installation and servicing contracts reviewed by competent legal counsel and engineering consultants prior to execution.
 - b) 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.
 - c) 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.
 - d) 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.
- 3) 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 Maryland 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 governments 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 C-PACE disclosures and transaction risks by and through its duly authorized undersigned representative.

Property Owner: _____

By: _____

Its: _____