

Resolution NO. _____

BEFORE THE BOARD OF COMMISSIONERS OF SKAGIT COUNTY, WASHINGTON

IN THE MATTER OF ENACTING A COMMERCIAL)
PROPERTY ASSESSED CLEAN ENERGY AND)
RESILIENCY PROGRAM, DESIGNATING THE)
COUNTY AS PROGRAM ADMINISTRATOR, AND)
ADOPTING PROGRAM DOCUMENTS TO) **NOTICE OF PUBLIC HEARING**
IMPLEMENT THE PROGRAM.)
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NOTICE IS HEREBY GIVEN by the Board of County Commissioners of Skagit County, Washington, pursuant to RCW 36.32.120(7) and RCW 36.165, that a public hearing will be held on:

September 9, 2024, AT 1:30 P.M. (or as soon as possible thereafter)
COMMISSIONERS’ HEARING ROOM,
SKAGIT COUNTY
1800 Continental Place, Suite 100
Mount Vernon, WA 98273

BACKGROUND

RCW 36.165 authorizes counties to establish a Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) program to allow willing property owners of agricultural, commercial, and industrial properties, and of multifamily residential properties with five or more dwelling units, to obtain affordable, long-term financing for qualifying improvements, including energy efficiency, water conservation, renewable energy, and resiliency measures such as seismic retrofits, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, fire suppression, and microgrids. Repayment of loans for C-PACER qualifying improvements involves a voluntary assessment on the property, secured by an assessment lien, and assigned to a Capital Provider for the administrative aspects of billing, collecting, and enforcing the lien, without cost to the County and without the creation of a personal debt obligation to the Property Owner. The obligation is instead carried by the property and remains with the property until repaid, regardless of any potential transfer of property ownership.

PURPOSE OF PUBLIC HEARING

The purpose of the above scheduled public hearing will be for the Board of County Commissioners to consider public testimony and take action on the adoption of an ordinance to establish a Commercial Property Assessed Clean Energy and Resiliency program within the jurisdictional boundaries of Skagit County.

The full text of the proposed ordinance to be considered by the Board of County Commissioners is set forth in Attachment 1.

Any person may appear at the date, time and place set forth hereinabove and present testimony in

favor of or in opposition to the C-PACER program and proposed ordinance. The Board of County Commissioners may conclude that the proposed ordinance is exempt from the State Environmental Policy Act and other relevant county ordinances pursuant to WAC 197-11-800(3), (14)(b), (f) and (h).

To create the opportunity for everyone attending the public hearing to speak, testimony may be limited to three (3) minutes per speaker. The Board of County Commissioners reserves the right to adjust the time frame allotted to speakers as well as hearing procedures during the public hearing.

NOW, THEREFORE, BE IT RESOLVED, that it appears to be in the best interest of Skagit County to adopt the C-PACER program and an ordinance implementing the program. A public hearing on the matter will be held on September 9, 2024 at 1:30 p.m. or as soon thereafter as possible, in the Skagit County Commissioners' Hearing Room, 1800 Continental Place, Mount Vernon, WA 98273 or remote via Zoom (details are on the Commissioners' webpage).

DATED this ____ day of _____, 2024.

**BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**

Peter Browning, Chair

Lisa Janicki, Commissioner

Ron Wesen, Commissioner

Attest:

Clerk of the Board

ATTACHMENT 1

**DRAFT ORDINANCE FOR REFERENCE ONLY AND WILL BE
CONSIDERED ON A LATER DATE.**

ORDINANCE NO. _____

AN ORDINANCE ENACTING A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY AND RESILIENCY (C-PACER) PROGRAM WITHIN SKAGIT COUNTY AND IMPLEMENTING COUNTY CODE PROVISIONS.

Whereas, the Board of County Commissioners finds that the efficiency and resiliency of buildings in Washington and Skagit County is essential for ensuring the health and safety of residents, employees, and tenants; for using water and energy more efficiently; and for economic development of our communities. Buildings in Washington and Skagit County have significant needs for resiliency retrofits, including seismic improvements, stormwater management, flood mitigation, wildfire and wind resistance, and for clean energy and energy efficiency improvements, but these improvements often have high up-front capital costs.

Whereas, RCW 36.165 *et seq.* authorizes the establishment of a commercial property assessed clean energy and resiliency ("C-PACER") program that Skagit County can voluntarily implement to ensure that free and willing owners of agricultural, commercial, and industrial properties and of multifamily residential properties with five or more dwelling units can obtain low-cost, long-term financing for qualifying improvements, including energy efficiency, water conservation, renewable energy, and resiliency projects. These improvements are repaid by a voluntary assessment on the property, secured by a county lien, and assigned to a capital provider for all the administrative aspects of billing, collecting, and enforcing the lien and without the accumulation of cost to the county and without the creation of a personal debt obligation to the property owner. The obligation is instead carried by the property and remains with the property until repaid, regardless of any potential transfer of property ownership. After the adoption of a C-PACER program, Skagit County's role is limited to the approval of an assessment and accepting the recordation of a C-PACER lien and assignment of the assessment.

Whereas, the Board of County Commissioners declares that the establishment and operation of a C-PACER program serves important public health, safety and other common good interests and needs. In addition, the Board of County Commissioners declares that fire suppression is a resiliency measure. A qualified improvement as defined in RCW 36.165.010 provides benefit to the public, either in the form of energy or water resource conservation, reduced public health risk, or reduced public emergency response risk.

Whereas, the County will offer the program only within all of Skagit County, both in unincorporated and incorporated territory;

Whereas, the County issued public notice on _____, and received public comment, and the Board of County Commissioners held a public hearing on _____;

Whereas, the Board of County Commissioners determines that it is convenient and advantageous to adopt a program under RCW 36.165 *et seq.*;

Whereas, the Board of County Commissioners declares that the County will adopt a C-PACER program ordinance and add C-PACER requirements to the Skagit County Code, as set forth in Attachment A;

Whereas, the Board of County Commissioners declares that the County will adopt a C-PACER Program Guidebook, as set forth in Attachment B;

Now Therefore Be It Ordained by the Board of County Commissioners:

Section 1. The Board of County Commissioners adopts the recitals set forth above.

Section 2. Skagit County Code Title ____, Chapter ____ is added to the Skagit County Code as set forth in Attachment A.

Section 3. The County adopts the C-PACER Program Guidebook as set forth in Attachment B.

Section 4. The Board of County Commissioners concludes that the proposed ordinance (to be added in Skagit County Code Title ____, Chapter ____) is exempt from the State Environmental Policy Act and other relevant county ordinances pursuant to WAC 197-11-800(3), (14)(b), (f) and (h).

DATED this ____ day of _____, 2024.

**BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**

Peter Browning, Chair

Lisa Janicki, Commissioner

Ron Wesen, Commissioner

Attest:

Clerk of the Board

Recommended:

Jackie Brunson
Skagit County Treasurer

Approved as to form:

Civil Deputy Prosecuting Attorney

ATTACHMENT A

Chapter 16.22

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY AND RESILIENCY (C-PACER) PROGRAM IN SKAGIT COUNTY

16.22.010 Establishment.

- (1) There is hereby established within the boundaries of Skagit County (the “County”) a Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) program (the “Program”) in accordance with RCW 36.165 *et seq.* (the “C-PACER Act”). The County finds that it is convenient and advantageous to establish the Program, at no net cost to the County, in order to finance Qualified Projects (as hereinafter defined), repaid by a voluntary assessment on the property benefited by such Qualified Projects, and that the Program is in the public interest, providing for the safety, health, and environmental public benefits, and provides for economic development of the community.
- (2) The Program shall allow financing for the full range of Qualified Improvements on all Eligible Properties, as authorized by the C-PACER Act, and shall abide by and operate according to the C-PACER Act.

16.22.020 Definitions

The definitions in this section apply throughout Skagit County Code 16.22 unless the context clearly requires otherwise.

- (1) “Application Checklist” means the list of items in a Project Application required by the C-PACER Act, this Code, and the Program Guidebook, and the corresponding documentation that the County accepts in order to show the requirement has been met.
- (2) “Assessment” means the voluntary agreement of a Property Owner to allow the County to place an annual assessment on their property to repay C-PACER Financing.
- (3) “Assessment Agreement” means an agreement between the County and a Property Owner whereby the County agrees to place an assessment and C-PACER Lien on the property to secure the obligation to repay the financing.
- (4) “Capital Provider” means any private entity, their designee, successor, or assigns that makes or funds C-PACER Financing under this Code. A Capital Provider may be any of the following: a corporation, partnership, or other legal entity that provides proof that it is currently registered as a C-PACER Capital Provider in two different states with C-PACE programs; a federal or state-chartered bank or credit union; or a private entity, whose principal place of business is located in Washington state, provided it is licensed or permitted to do business within the state and can produce its most recent audited financial statement or regulatory business filing.
- (5) “C-PACER Financing” means an investment from a Capital Provider to a Property Owner to finance or refinance a Qualified Project as described under this Code. The proposed C-PACER Financing for a Qualified Improvement may authorize the Property Owner to (a) directly purchase the related equipment and materials for the installation or

modification of a Qualified Improvement; and (b) directly contract, including through lease, power purchase agreement, or other service contract, for the installation or modification of a Qualified Improvement.

- (6) “C-PACER Lien” means the lien recorded on the Eligible Property to secure the voluntary annual assessment, which remains on the property until paid in full.
- (7) “Eligible Property” means privately owned commercial, industrial, or agricultural real property or multifamily residential real property with five or more dwelling units. Eligible Property may be owned by any type of business, corporation, individual, or nonprofit organization permitted by state law. Eligible Property may include property with ground leases and property financed through power purchase agreements.
- (8) “Financing Agreement” means the contract under which a Property Owner agrees to repay a Capital Provider for the C-PACER Financing including, but not limited to, details of any finance charges, fees, debt servicing, accrual of interest and penalties, and any terms relating to treatment of prepayment and partial payment of the C-PACER Financing.
- (9) “Program” means the C-PACER program established under this Code and described in RCW 36.165 *et seq.*
- (10) “Program Administrator” means the department or office designated by the County to administer the C-PACER program.
- (11) “Program Guidebook” means a document that states the Program’s territory, establishes appropriate guidelines, specifications, approval criteria, processes, and the standard application forms or other documents determined by the Program Administrator to be necessary or appropriate for the administration of the Program consistent with this Code and the C-PACER Act.
- (12) “Program Guidelines” means the guidelines that the C-PACER statute (currently RCW 36.165 *et seq.*), Program Guidebook, this Code, and any other applicable laws, statutes, regulations and ordinances (and as they may be amended) provide for the Program.
- (13) “Project Application” means an application submitted to the County to demonstrate that a proposed project qualifies for C-PACER Financing and for a C-PACER Lien.
- (14) “Property Owner” means an owner of qualifying Eligible Property who desires to install Qualified Improvements and provides free and willing consent to the assessment against the Eligible Property.
- (15) “Qualified Improvement” means a permanent improvement affixed to real property and intended to: (a) decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption, allow for the reduction in demand, or alternatively, support the production of clean, renewable energy, including, but not limited to, a product, device, or interacting group of products or devices on the customer’s side of the meter that generates electricity, provides thermal energy, or regulates temperature; (b) decrease water consumption or demand and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or reduce or eliminate lead from water which may be used

for drinking or cooking; (c) increase resilience, including but not limited to seismic retrofits, fire suppression, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids; or (d) improve electric vehicle charging infrastructure, which means it supports the electrification of the transportation sector and the reduction of greenhouse gas emissions.

Installation, maintenance, or repair of equipment that burns fossil fuel or an improvement that merely replaces an existing improvement without providing any additional public benefit is not a Qualified Improvement.

- (16) “Qualified Project” means a project approved by the Program Administrator, involving the installation or modification of a Qualified Improvement, including new construction or the adaptive reuse of Eligible Property with a Qualified Improvement that provides a significant public benefit related to the intended purpose of the Qualified Improvement. Together, Qualified Improvements, inclusive of all related and eligible costs pursuant to RCW 36.165 *et seq.* that are to be financed as described in a Project Application and approved by the Program Administrator, are a Qualified Project.

16.22.030 Territory.

The Program shall be available to all Eligible Property within the following Region, defined by the County in accordance with RCW 36.165, within the boundaries of the County, including both incorporated and unincorporated territory. The Region is all areas of Skagit County, including incorporated and unincorporated territory.

16.22.040 Program Administration

- 1) Pursuant to the C-PACER Act, the County designates the Planning and Development Services Director or their designee as the Program Administrator. That person shall review and approve the Project Applications submitted in accordance with the Program Guidebook, collect any fees, and have the appropriate person execute the documents required by the Program Guidebook to enable a C-PACER Financing.
- 2) No services, including but not limited to energy audits, project development, or other activities associated or related to the development of a Project Application or installation of Qualified Improvements shall be offered for the C-PACER Program unless priced separately and open to purchase by the Property Owner from third parties.

16.22.050 C-PACER FINANCING

- 1) Under RCW 36.165 *et seq.*, C-PACER Financing is to be provided by Capital Providers through a Financing Agreement entered into with the owner of an Eligible Property to fund a Qualified Project.
- 2) The C-PACER Financing through a program established under this Code may include:
 - 1) The cost of materials and labor necessary for installation or modification of a Qualified Improvement;
 - 2) Permit fees;

- 3) Inspection fees;
 - 4) Financing or origination fees;
 - 5) Program application and administrative fees;
 - 6) Project development and engineering fees;
 - 7) Third-party review fees, including verification review fees;
 - 8) Capitalized interest;
 - 9) Interest reserves;
 - 10) Escrow for prepaid property taxes and insurance;
 - 11) Any other fees or costs that may be incurred by the Property Owner incident to the installation, modification, or improvement on a specific or pro rata basis; or
 - 12) Any other costs or fees as outlined in the Program Guidebook.
- 3) Prior to entering into a Financing Agreement, the Capital Provider must receive written consent from every non-applicant property owner, holder of a lien, mortgage, or security interest in the real property that will be subject to the Assessment and C-PACER Lien agreeing that the property may participate in the program and that the C-PACER Lien will take precedence over all other liens except for a lien for taxes. Additionally, prior to entering into a Financing Agreement on an Eligible Property that is a multifamily residential property with five or more dwelling units, the Program Administrator must also receive written consent from any holder of affordable housing covenants, restrictions, or regulatory agreements encumbering the real property as a condition precedent to the property participating in the program that affirms that the property may participate in the program and that the C-PACER Lien will take precedence over all other liens except for a lien for taxes. The Capital Provider or Property Owner must tell the Program Administrator that the Eligible Property that is a multifamily residential property with five or more dwelling units and will require such written consent. County will not consent or allow a C-PACER Lien if it does not receive such consent set forth herein.
 - 4) The proposed C-PACER Financing for a Qualified Project may authorize the Property Owner to:
 - (1) Purchase directly the related equipment and materials for the installation or modification of a Qualified Improvement; and
 - (2) Contract directly, including through lease, power purchase agreement, or other service contract, for the installation or modification of a Qualified Improvement.

16.22.060 C-PACER Lien

- 1) The C-PACER Lien amount, plus any interest, penalties, and charges accrued or accruing

on the C-PACER Lien: (a) takes precedence over all other liens or encumbrances except a lien for taxes imposed by the state, a local government, or a junior taxing district on real property, which liens for taxes shall have priority over such C-PACER Lien, provided existing mortgage holders, if any, have provided written consent described in this Code chapter; and (b) is a first and prior lien, second only to a lien for taxes imposed by the state, a local government, or a junior taxing district against the real property on which the C-PACER Lien is imposed, from the date on which the notice of the C-PACER Lien is recorded until the C-PACER Lien, interest, penalties, and charges accrued or accruing are paid.

- 2) The C-PACER Lien runs with the land, and that portion of the C-PACER Lien that has not yet become due is not accelerated or eliminated by foreclosure of the C-PACER Lien or any lien for taxes imposed by the state, a local government, or junior taxing district against the real property on which the C-PACER Lien is imposed.
- 3) Delinquent installments due on a C-PACER Lien incur interest and penalties as specified in the Financing Agreement.
- 4) After the C-PACER Lien is recorded as provided in this Code, the voluntary assessment and the C-PACER Lien may not be contested on the basis that the improvement is not a Qualified Improvement or that the project is not a Qualified Project.

16.22.070 Application and Review

- 1) A Property Owner and Capital Provider shall complete a Project Application and submit it to the Program Administrator for review.
- 2) The Project Application shall require:
 1. An attestation by the Property Owner that the project is a “Qualified Improvement” as defined in this Code and, if applicable, the Program Guidebook.
 2. For an existing building seeking improvements where: (a) energy or water usage improvements are proposed, a certification by a licensed professional engineer or other professional listed in the guidebook, stating that the proposed Qualified Improvements will either result in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, the addition of renewable sources of energy or water, or the reduction of lead in potable water; or (b) resilience improvements are proposed, a certification by a licensed professional engineer stating that the Qualified Improvements will result in improved resilience and savings in insurance, improved property values, or other benefits sufficient to leverage financing of those improvements.
 3. For new construction, a certification by a licensed professional engineer or other professional listed in the Guidebook stating that the proposed Qualified Improvements, individually, or acting as a whole, will enable the project to exceed the energy efficiency or water efficiency or renewable energy or resilience requirements of the current building code of the County.
 4. The Capital Provider or Property Owner to disclose to the Program Administrator

that the Eligible Property that is a multifamily residential property with five or more dwelling units that will require written consent from any holder of affordable housing covenants, restrictions, or regulatory agreements in the real property and disclose the identity of all such entities.

- 3) The Program Administrator shall review the application according to the Application Checklist solely to determine whether it is complete, proposes a “Qualified Improvement,” contains no errors on its face, and that all information is provided in the substance and form required by the Application Checklist. If so, the Program Administrator shall sign the checklist indicating that the Project Application is deemed approved. If a Project Application is incomplete and/or does not conform to the requirements of the Application Checklist, the Program Administrator shall inform the applicant as soon as practicable that the application is denied, the reasons for the denial, and any corrections that could make the application acceptable. If feasible, the applicant shall have an opportunity to correct the application.
- 4) Upon approval of a Project Application, a Property Owner or Capital Provider shall provide the all required completed forms to the Program Administrator for execution at least 5 days prior to close of the C-PACER transaction, including the Assessment Agreement, Notice of Assessment Interest and C-PACER Lien, and Assignment of Notice of Assessment and Assessment Agreement. The Program Administrator shall have authority to sign the Assessment Agreement, Notice of Assessment Interest and C-PACER Lien, and Assignment of Notice of Assessment and Assessment Agreement without further Board of County Commissioners’ approval.
- 5) The Property Owner or Capital Provider shall record in its real property records the Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and the Assignment of Notice of Assessment and Assessment Agreement or, at the request of the Property Owner and the Capital Provider, the executed documents may be delegated to a non-County entity for recordation. Expedited recording may be available for a fee to be determined by the Skagit County Auditor’s office.
- 6) For a Property Owner and Capital Provider whose Project Application is denied by the County’s Program Administrator, either party, or both, may request an adjudicative proceeding before the County’s adjudicative body, consistent with the County’s rules and subject to the applicable provisions of Washington’s Administrative Procedures Act, RCW 34.05.

16.22.080 Program Guidebook.

- 1) The C-PACER Program shall be administered in accordance with the requirements contained in this Code, the Program Guidebook, the Program Guidelines, forms, and any other requirements set forth in law, statutes, regulations, and other requirements. The Program Guidebook, attached as Exhibit B, shall include:
 1. A Project Application form, to be used by the Property Owner and Capital Provider.
 2. An Application Checklist, to be used by the Program Administrator to approve or disapprove an application.

3. A form Assessment Agreement.
 4. A form Notice of Assessment Interest and C-PACER Lien.
 5. A form Assignment of Notice of Assessment Interest and Assessment Agreement.
 6. A statement that the period of the Financing Agreement will not exceed the useful life of the Qualified Project, or weighted average life if more than one Qualified Improvement is included in the Qualified Project.
 7. A description of the application and review process established under this Code.
 8. A statement explaining the lender consent requirement under the C-PACER Act.
 9. A statement explaining the requirements for qualifying as a Capital Provider for this Program.
 10. A statement that the County has no liability as a result of the agreement and a statement that neither the County, its governing body members, employees, board members, Elected Officials, Commissioners, or executives are personally liable as a result of exercising any rights or responsibilities granted under this Code, especially and including all actions related to, or arising from, administering the program.
 11. A description of the marketing and participant educational services, if any, provided in support of the program.
- 2) The Program Guidebook and forms may be updated by the Program Administrator without approval by the Board of County Commissioners, so long as the changes comply with this Code and RCW 36.165 *et seq.*

16.22.090 Assignment, Billing, Collection, and Enforcement

- 1) The Assessment and C-PACER Lien shall be assigned by the County to the Capital Provider by the close of any approved C-PACER financing, as provided in RCW 36.165.050(3). The C-PACER Lien, as assigned to the Capital Provider, shall maintain the same precedence and priority and characteristics set forth in the C-PACER Act and this Code.
- 2) Billing, collection, and enforcement of delinquent C-PACER Liens or C-PACER Financing installment payments, including foreclosure, shall remain the sole responsibility of the Capital Provider or its assigns or designees. The County has no role in billing, collection, and enforcement of delinquent C-PACER Liens or C-PACER Assessment installments payments.
- 3) Pursuant to the Assessment Agreement, the C-PACER Lien shall be solely enforced by the Capital Provider at any time after one year from the date of delinquency, and may be foreclosed in the same manner as a mortgage lien under RCW 61.12 *et seq.*, except that no sale of the property shall discharge or in any manner affect the priority of the C-PACER Lien with respect to installments not yet due and payable at the time of sale, and no deficiency judgment may be sought by the Capital Provider with respect to any unpaid assessment at the time of sale. Skagit County shall have no obligation to the Property Owner or Capital Provider with respect to collection, enforcement, or foreclosure of this Assessment Agreement or the C-PACER Lien. The participation of the Skagit County Sheriff's Office in any foreclosure action is not in violation of, or inconsistent with, RCW 36.165 *et seq.* which limits the role of the County in the enforcement of a C-PACER Lien.

- 4) The Capital Provider may also pursue any other enforcement method authorized under RCW 36.165 *et seq.*, as it may be amended from time to time. However, at no time shall the Capital Provider or Property Owner have any remedies against Skagit County except as otherwise provided by law.
- 5) The C-PACER lien shall terminate upon the final payment or prepayment of the Assessment. Following such termination, the Capital Provider shall cause to be executed, delivered, and/or recorded, such instruments as are necessary in order to release the C-PACER Lien.

16.22.100 Fees.

- 1) An application fee in the amount the County's _____[department] has set shall be paid to the County when the Project Application is submitted.
- 2) Upon approval of an application by Property Owner and a Capital Provider, and prior to recordation of documents for a C-PACER transaction, the parties shall pay a fee equal to 1% of the financing amount of the C-PACER transaction, with a minimum fee of \$2,500 and a cap on the fee of \$15,000, as a good faith estimate of the costs of establishing and implementing the Program, to the County to make the costs of the C-PACER program cost-neutral.

16.22.110 Enactment.

The provisions of the Code sections implementing the C-PACER Program are hereby declared to be severable and if any section, phrase, or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity or enforceability of the remainder of the sections, phrases and provisions hereof. All Codes, orders, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, ineffective as to the C-PACER Lien and C-PACER Program upon the effectiveness of the Code sections implementing the C-PACER Program. No provision of the Skagit County Code or violation of any provision of the Code shall be deemed to impair the validity of the Code sections implementing the C-PACER Program or the instruments authorized by this Code or to impair the security for or payment of the instruments authorized by this Code; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Code. In the event and to the extent of a conflict between this Code and RCW 36.165 *et seq.*, RCW 36.165 *et seq.* shall govern.

16.22.120 Effective Date.

The Code sections implementing the C-PACER Program shall take effect ten days after enactment. The County may begin accepting applications for review 60 days after the effective date.

16.22.130 No Liability. No Public Funds.

- 1) As to the County, the Code sections implementing the C-PACER Program do not confer any right of action nor property interest upon any party to a C-PACER transaction, and the County shall incur no liability for enacting the C-PACER Program, nor shall the County, its governing body members, employees, board members, Elected Officials, Commissioners, or executives be personally liable as a result of exercising any rights or responsibilities granted under the Code sections implementing the C-PACER Program. The County has no obligation to defend the C-PACER Lien, Assessment Agreement,

Notice of Assessment Interest and C-PACER Lien, Assignment of Notice of Assessment and Assessment Agreement or any other C-PACER Program document against any claim by the holder of any other security interest in the eligible property. The Capital Provider must agree to indemnify and hold Skagit County harmless for any cost, expense, loss, or damages arising out of the imposition, assignment, recording, enforcement, and foreclosure of the C-PACER Lien, Assessment Agreement, Notice of Assessment Interest and C-PACER Lien, Assignment of Notice of Assessment and Assessment Agreement or any other C-PACER Program document.

- 2) The County shall not enforce any privately financed debt under the Code sections implementing the C-PACER Program. The County shall not use public funds to fund or repay any loan between a Capital Provider and Property Owner. No section under the Code sections implementing the C-PACER Program shall be interpreted to pledge, offer, or encumber the full faith and credit of the County, nor shall the County or any local government within the County pledge, offer, or encumber its full faith and credit for any lien amount through a program.

16.22.140 Termination.

The Code sections implementing the C-PACER Program shall automatically terminate if RCW 36.165 *et seq.* (or any successor statute) or the C-PACER Program is terminated or repealed in Washington. The Board of County Commissioners shall also have the authority, in their sole discretion, to limit, repeal, or terminate the C-PACER Program at any time.

[End of Proposed Ordinance]

ATTACHMENT B

C-PACER Program Guidebook

**C-PACER PROGRAM GUIDEBOOK:
Skagit County, Washington**

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I. INTRODUCTION

1. About C-PACER

Skagit County (the “County”) facilitates a Commercial Property Assessed Clean Energy and Resiliency (“C-PACER”) financing program (the “C-PACER Program”) under RCW 36.165 *et seq.* (the “C-PACER Act”). The C-PACER Program allows owners of eligible commercial property to obtain long-term financing from private Capital Providers for certain Qualified Improvements. While the financing is repaid to the Capital Provider, the C-PACER Act provides for the County and Property Owner to agree to a voluntary Assessment and record a lien (a C-PACER Lien) on the property. This approach to financing has been used by programs like C-PACER on thousands of properties in more than 24 states and the District of Columbia.

In 2020, the Washington State legislature passed C-PACER enabling legislation, HB 2405. This legislation allows counties to establish Commercial Property Assessed Clean Energy and Resilience (C-PACER) programs. The legislation emphasized allowing resilience improvements, adding an “R” to the popular C-PACE acronym. C-PACER allows Property Owners to access financing for qualifying energy efficiency, renewable energy, water conservation, and resiliency improvements (including seismic) for qualifying buildings. Improvements made to reduce lead in drinking water also qualify as improvements.

Individual counties (like the County) may now take action to create their own C-PACER programs and help buildings become more efficient and resilient. Creating a county C-PACER program is simple: first, a county adopts an ordinance and guidelines that govern how its C-PACER Program works. Second, since the repayment of the C-PACER Financing is between a private lender and a Property Owner, when the lender’s lien against the property is filed, a county only has to review the lien application for compliance with the C-PACER state law, and then accept a unique agreement for recording that includes the acknowledgment of a special property “assessment” by the county.

In Washington, C-PACER Financing is available in four categories: energy efficiency, renewable energy, water conservation, and resiliency (including, but not limited to, seismic) improvements. Improvements that reduce greenhouse gas emissions would qualify, provided that the improvements also conserve energy or result in renewable energy improvements. A voluntary C-PACER loan is secured by a senior lien on the property and paid back over time; tax liens and other government assessments remain superior to the C-PACER Lien. Like other assessments, C-PACER Financing is non-accelerating, which means only current or past due payments can be collected, while future payments are the responsibility of whomever owns the property at the time. The C-PACER repayment obligation transfers automatically to the next owner if the property is sold. In the event of default, only the payments in arrears are due. This arrangement spreads the cost of Qualifying Improvements – such as energy-efficient HVAC equipment, upgraded insulation, new windows, solar installations, or seismic upgrades – over the useful life of the measures.

The C-PACER Program exists as a function of Washington’s C-PACER legislation and the rules established by the County. No change in the C-PACER Program or in Washington’s C-PACER legislation should affect a Property Owner’s obligations to pay C-PACER Assessments incurred under the C-PACER Program prior to such changes.

The County’s responsibilities are limited to: a) adoption of an ordinance and guidelines that govern how its C-PACER program works; b) review of the lien application for compliance with the C-PACER state law, and then accepting for recording a unique agreement that includes the acceptance of a special property

assessment placed by the County and c) administrating C-PACER Program review, either by the County or a third-party contractor. The repayment of the C-PACER financing is between a Capital Provider and a property owner, with no obligation on the part of the County.

The C-PACER program is **NOT** a free government program. The property owner must pay back all financed costs. Failure to do so may result in the foreclosure of the property. C-PACER transactions involve complex legal and financial transactions between and capital provider and a commercial property owner. The County does not the review or approve the financial merits of a proposed transaction, nor does it supervise or review the quality of any work performed by contractors. The County only reviews applications to determine if they are complete. **Property owners are advised to consult with legal and financial advisors prior to engaging in a C-PACER transaction.**

2. WA-PACER Program Guidebook

This Program Guidebook was developed to help implement and facilitate C-PACER programs. This document contains information about:

- Statutory and programmatic eligibility requirements for C-PACER properties and projects in Washington and the County;
- Process for applying for C-PACER project approval; and
- Other requirements and guidelines for the C-PACER Program in the County.

II. Definitions

The definitions in this section apply throughout this Program Guidebook unless the context clearly requires otherwise. Capitalized terms used in this Program Guidebook but are not specifically defined in it have the meaning given to such terms in the C-PACER Ordinance. Definitions in the C-PACER Ordinance control over the definitions below.

- (1) “Application Checklist” means the list of items in a Project Application required by the C-PACER Act, this Code, and the Program Guidebook, and the corresponding documentation that the County accepts in order to show the requirement has been met.
- (2) “Assessment” means the voluntary agreement of a Property Owner to allow the County to place an annual assessment on their property to repay C-PACER Financing.
- (3) “Assessment Agreement” means an agreement between the County and a Property Owner whereby the County agrees to place an assessment and C-PACER Lien on the property to secure the obligation to repay the financing.
- (4) “Capital Provider” means any private entity, their designee, successor, or assigns that makes or funds C-PACER Financing under this Code.
- (5) “C-PACER Financing” means an investment from a Capital Provider to a Property Owner to finance or refinance a Qualified Project as described under this Code. The proposed

C-PACER Financing for a Qualified Improvement may authorize the Property Owner to (a) directly purchase the related equipment and materials for the installation or modification of a Qualified Improvement; and (b) directly contract, including through lease, power purchase agreement, or other service contract, for the installation or modification of a Qualified Improvement.

- (6) “C-PACER Lien” means the lien recorded on the Eligible Property to secure the voluntary annual assessment, which remains on the property until paid in full.
- (7) “Eligible Property” means privately owned commercial, industrial, or agricultural real property or multifamily residential real property with five or more dwelling units. Eligible Property may be owned by any type of business, corporation, individual, or nonprofit organization permitted by state law. Eligible Property may include property with ground leases and property financed through power purchase agreements.
- (8) “Financing Agreement” means the contract under which a Property Owner agrees to repay a Capital Provider for the C-PACER Financing including, but not limited to, details of any finance charges, fees, debt servicing, accrual of interest and penalties, and any terms relating to treatment of prepayment and partial payment of the C-PACER Financing.
- (9) “Program” means the C-PACER program established under this Code and described in RCW 36.165 *et seq.*
- (10) “Program Administrator” means the department or office designated by the County to administer the C-PACER program.
- (11) “Program Guidebook” means a document that states the Program’s territory, establishes appropriate guidelines, specifications, approval criteria, processes, and the standard application forms or other documents determined by the Program Administrator to be necessary or appropriate for the administration of the Program consistent with this Code and the C-PACER Act.
- (12) “Program Guidelines” means the guidelines that the C-PACER statute (currently RCW 36.165 *et seq.*), Program Guidebook, and this Code (and as they all may be amended) provide for the Program.
- (13) “Project Application” means an application submitted to the County to demonstrate that a proposed project qualifies for C-PACER Financing and for a C-PACER Lien.
- (14) “Property Owner” means an owner of qualifying Eligible Property who desires to install Qualified Improvements and provides free and willing consent to the Assessment against the Eligible Property.
- (15) “Qualified Improvement” means a permanent improvement affixed to real property and

intended to: (a) decrease energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption, allow for the reduction in demand, or alternatively, support the production of clean, renewable energy, including, but not limited to, a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature; (b) decrease water consumption or demand and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or reduce or eliminate lead from water which may be used for drinking or cooking; (c) increase resilience, including but not limited to seismic retrofits, fire suppression, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids; (d) improve electric vehicle charging infrastructure, which means it supports the electrification of the transportation sector and the reduction of greenhouse gas emissions.

Installation, maintenance, or repair of equipment that burns fossil fuel or an improvement that merely replaces an existing improvement without providing any additional public benefit is not a Qualified Improvement.

- (16) “Qualified Project” means a project approved by the Program Administrator, involving the installation or modification of a Qualified Improvement, including new construction or the adaptive reuse of Eligible Property with a Qualified Improvement that provides a significant public benefit related to the intended purpose of the Qualified Improvement. Together, Qualified Improvements, inclusive of all related and eligible costs pursuant to RCW 36.165 *et seq.* that are to be financed as described in a Project Application and approved by the Program Administrator, are a Qualified Project.
- (17) “Total Eligible Construction Costs” means all direct and indirect costs of materials, labor, and soft costs related to the design, installation, and construction of the new structure. Soft costs may include, for example, architecture and engineering fees, energy modeling costs, surveys, and development fees and financing costs. Costs that are excluded from Total Eligible Construction Costs include the costs of land acquisition, off-site improvements, site permitting, environmental testing and remediation, and equipment not permanently installed on the property.

III. Benefits of C-PACER

C-PACER offers benefits to Property Owners, building owners, developers, municipalities, mortgage holders, and building professionals.

For Building Owners and Developers: One of the biggest barriers to converting potential projects to completed projects for efficiency and resiliency upgrades are the up-front cost of the types of measures identified in the statute as Qualifying Improvements. C-PACER Financing typically requires little up-front investment, and Qualifying Improvements improve property value. Energy efficiency measures, in particular, also lower operating costs. In addition, C-PACER Financing has the following benefits:

- **Up to 100%, long-term financing.** Many owners lack the capital to complete efficiency and resiliency improvements. All direct and indirect costs incidental to the Qualified Improvements can be wrapped into C-PACER Financing.

- **Transferrable upon sale.** Some owners may want to sell the building before the financing is repaid. The C-PACER Lien and Assessment are attached to the property and transfers to the new owner.
- **Cash flow benefits.** C-PACER Financing may be repaid over the useful life of the improvements, which, because of the long-term financing options, can have positive effects on cash flow.
- **Triple-net and Full-net leases may allow pass-through of Assessment installments to tenants.** Under triple/full net leases, C-PACER payments can be passed along to tenants, who also typically derive benefit from any energy savings through reduced operating costs.

For Energy Auditors, Architects, Building Engineers, and Contractors: By allowing a Property Owner to access 100% up-front financing for longer terms than are typically available for conventional financing, more substantial efficiency and resiliency improvements are now more affordable with C-PACER. Energy auditors, architects, engineers, and contractors can suggest C-PACER Financing as a way for their clients to implement needed energy or resiliency upgrades that might otherwise be unaffordable. Since the demand for building efficiency and resiliency improvements will grow in a C-PACER-enabled jurisdiction, C-PACER is a powerful business growth catalyst for building professionals like energy auditors and contractors.

For Counties: C-PACER is an economic development tool. By making it more affordable for building owners to make major improvements to their buildings, local building stock value is enhanced, and more jobs are created. Energy and resiliency upgrades create a more competitive environment for retaining and attracting new businesses by lowering energy costs and improving the structural soundness of buildings. Upgraded buildings can generate higher property tax payments for the county. Energy upgrades also typically reduce greenhouse gases and other pollutants, which facilitates adherence to county or state climate action plans or goals.

For Existing Lien Holders: C-PACER improvements can enhance property value and typically improve a building's longevity, thereby reducing the risk of property value decline over time. In addition, C-PACER Financing is non-accelerating, meaning only current or past due annual payments can be collected each year while future payments stay with the property. As such, existing mortgage holders see their collateral improved without substantial increase in credit risk and with only a modest impact on lien priority. C-PACER Financing is not permitted without the consent of all existing lien holders and, under certain circumstances, the holders of certain other obligations encumbering commercial residential property.

IV. C-PACER Financing Program Rules

The purpose of this Program Guidebook is to provide standard guidelines (Program Guidelines) to use in establishing an efficient and effective C-PACER Program.

This Program Guidebook is prepared as required by the C-PACER Act and is approved in connection with, and as an attachment to, the enabling ordinance for this program (the "C-PACER Ordinance"). The C-PACER statute (currently RCW 36.165 *et seq.*), Program Guidebook, C-PACER Ordinance, and any other applicable laws, statutes, regulations, and ordinances (and as they may be amended) provide the Program Guidelines.

The Program Guidebook describes the guidelines, eligibility, approval criteria, and application forms for the administration of the C-PACER Program for the County. The C-PACER Program enables financing for commercial Property Owners to make certain energy efficiency, renewable energy, water conservation, and

resiliency improvements (each, a Qualified Improvement) as described in the C-PACER Act and further described in this Program Guidebook.

Qualified Improvements, including all eligible costs that are to be financed as described in a Project Application (but excluding any applications for other County required permits) approved by the Program Administrator, constitute a Qualified Project. Property Owners may receive funding for their Qualified Improvements only from qualified private investors (Capital Providers) pursuant to a separate Financing Agreement negotiated between the Property Owner and Capital Provider.

In the following numbered subsections, a reader can find information about:

- Statutory and programmatic eligibility requirements for C-PACER project financing in Washington State, and
- The appropriate steps and forms needed for a County to receive and process a C-PACER project lien application.

1. Establishment of C-PACER Program Boundaries

The County adopted Ordinance number _____ on _____, establishing the C-PACER Program for all eligible commercial properties within the boundaries of the County, including both incorporated and unincorporated territory (the “Region”). The Region is illustrated in Exhibit 1.

2. Administration of Program; Authorized Officials

The Program Administrator is designated and authorized to review each Project Application to confirm that it is complete and contains no errors on its face. The Program Administrator is then authorized to approve the

Assessment Agreement and C-PACER Lien documents and will then execute the Assessment Agreement and C-PACER Lien documents on behalf of the County.

As part of C-PACER Program operation, the Program Administrator will:

- Accept Project Applications (see Exhibit 2) from Property Owners and Capital Providers for prospective C-PACER projects.
- Review the Project Application to determine conformance with the Project Application Checklist (See Exhibit 2).
- Approve/conditionally approve/disapprove the Project Application and communicate to applicant.
- Execute the Assessment Agreement, Notice of Assessment Interest and C-PACER Lien (“Notice of Assessment Interest”) and Assignment of Notice of Assessment Interest and Assessment Agreement (“Assignment”).

Under the C-PACER Act, the Program Administrator or the County may retain the services of a third-party contractor to administer the Program.

3. Eligibility Requirements

In addition to the definition above, Eligible Property is any privately owned commercial, industrial, or agricultural real property or multifamily residential real property with five or more dwelling units located within the boundaries of the Region. Eligible Property may be owned by any type of business, corporation, individual, or nonprofit organization permitted by state law.

Ground leases on Eligible Property are permitted, so long as the Property Owner and Capital Providers meet all C-PACER Ordinance requirements, including requiring the Property Owner to enter into an Assessment Agreement. On ground-leased property, the Assessment and C-PACER Lien encumber the fee interest in the property, not the ground leasehold.

In addition to the definition above, Property Owner is an owner of qualifying eligible property, which is the record owner of title to the Eligible Property. The Property Owner may be any type of business, corporation, individual, or non-profit organization.

In addition to the definition above, a Qualified Improvement is a permanent improvement affixed to the real property that must meet at least one of the following criteria:

- Decreases energy consumption or demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption, allow for the reduction in energy demand, reduce greenhouse gas emissions, or improve electric vehicle charging infrastructure, which means it supports the electrification of the transportation sector and the reduction of greenhouse gas emissions (“Energy Efficiency Improvement”);
- Supports the production of clean, renewable energy, including, but not limited to, a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature (“Renewable Energy Improvement”). This also includes anything that generates energy from a renewable resource defined in the Clean Energy Transformation Act, RCW 19.405.020(34);
- Decreases water consumption or demand and through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, allow for the reduction in demand, or creates safe drinking water by reducing or eliminating lead from water which may be used for drinking or cooking (“Water Conservation Improvement”); or
- Increases building resilience, including but not limited to seismic retrofits, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids (“Resiliency Improvement”).

In addition to the definition above, Qualified Projects include the following:

- The acquisition, construction (including new construction), lease, installation, or modification of a Qualified Improvement permanently affixed to an Eligible Property.
- Renewable Energy Improvements that are “permanently affixed,” which includes Qualified Improvements that are subject to a power purchase agreement or lease between the Property Owner/applicant and the owner of the subject renewable energy system, if the power purchase agreement or lease contains all of the following provisions:
 - a) The Renewable Energy Improvement relates to a Renewable Resource, defined in RCW 19.405.020(34) as follows: (a) water; (b) wind; (c) solar energy; (d) geothermal energy; (e) renewable natural gas; (f) renewable hydrogen; (g) wave, ocean, or tidal power; (h) biodiesel fuel that is not derived from crops raised on land cleared from old growth or first-growth forests; or (i) biomass energy.
 - b) The term of the power purchase agreement or lease is at least as long as the term of the related Assessment Agreement.
 - c) The owner of the Renewable Energy Improvement agrees to install, maintain, and monitor the system for the entire term of the Assessment Agreement.
 - d) Neither the owner of the Renewable Energy Improvement, nor the Property Owner, nor any successors in interest are permitted to remove the system prior to completion of the full repayment of the C-PACER Lien.
 - e) After installation, the power purchase agreement or lease is paid, either partially or in full,

using the funds from the C-PACER Financing.

- f) The power purchase agreement or lease specifies the holder of the C-PACER Lien is a third-party beneficiary of the power purchase agreement or lease until the C-PACER Lien has been fully repaid.
- Refinancing existing properties that have had Qualified Improvements installed and completed no more than three (3) years prior to the date of Project Application as established by an official final inspection report, certificate of occupancy, or other government-issued document establishing the authorization to use the Qualified Improvement.

In addition to the definition above, a qualifying Capital Provider may be any of the following:

- a corporation, partnership, or other legal entity that provides proof that it is currently registered as a C-PACER Capital Provider in two different states with C-PACE programs;
- a federal or state-chartered bank or credit union; or
- a private entity, whose principal place of business is located in Washington state, provided it is licensed or permitted to do business within the state and can produce its most recent audited financial statement or regulatory business filing.

Qualifying costs that can be C-PACER financed include:

- Materials and labor necessary for installation or modification of a Qualified Improvement;
- Permit fees;
- Inspection fees;
- Financing or origination fees;
- C-PACER Program application and administrative fees;
- Project development, architectural and engineering fees;
- Third-party review fees, including verification review fees;
- Capitalized interest;
- Interest reserves;
- Escrow for prepaid property taxes and insurance;
- Any other fees or costs that may be incurred by the Property Owner incident to the installation, modification, or improvement on a specific or pro rata basis.
- Total Eligible Construction Costs as defined herein.

4. Application Process

The Washington C-PACER statute seeks to reduce the administrative burden on participating counties as much as possible. Thus, the Program Administrator will review the Project Application for proof of compliance with the requirements of the C-PACER Act, statutes, and County Code that are necessary for the County to approve the application and execute the applicable documents for the proposed C-PACER transaction. All applicants are encouraged to review the applicable laws, statutes, regulations, County Code, and Project Application Checklist accompanying the Project Application to ensure that the types of information that the County will rely upon to verify compliance with the statute are present in the completed Project Application.

The process of obtaining financing under the C-PACER Program starts when a Property Owner approaches a Capital Provider. The Capital Provider will work with the Property Owner to collect information for the financing. Once all the items have been received, reviewed, and approved by the Capital Provider, the parties should settle on the loan terms.

The general flow of the C-PACER application process will be as follows:

- (1) The Property Owner and the Capital Provider prepare the Project Application, consisting of the Project Application Checklist and all supporting documents (described below). Applicants are encouraged to review the applicable laws, statutes, regulations, County Code, and Project Application Checklist accompanying the Project Application to ensure that the types of information that the County will rely upon to verify compliance with the C-PACER Act and C-PACER Ordinance are present in the completed Project Application.
- (2) The Program Administrator will have 15 business days to review and approve the Project Application. If the office has received an unusually high number of applications, or if review is delayed because of some force majeure event, or some other reason exists for a continuance, the office may notify the applicant that the application review and approval will be delayed by no more than 15 additional business days.
- (3) The County application review process is confined to confirming that the Project Application is complete and all attachments conform to these guidelines. ***County approval does not constitute endorsement of any representations that may be made regarding the operation and any savings associated with the Qualified Improvements nor does it constitute approval or grant of any other County required permits.*** The Program Administrator will review the Project Application for proof of compliance with the requirements of the C-PACER Act and C-PACER Ordinance that are necessary for the County to approve the Project Application and execute the applicable documents for the proposed C-PACER transaction but will not conduct any other review. Incomplete Project Applications will be returned to the applicant, and the Program Administrator will notify the applicant about which items from the Project Application Checklist were not provided or are insufficient or inaccurate on their face. If the Project Application and supporting documents comply with the Project Application Checklist, only the Project Application will be approved, and the approval communicated in writing to the applicant.
- (4) The Project Application may be conditionally approved if the application is complete but the attachment regarding other required consent is not yet available. Conditional approval will be treated the same as an approval, with exceptions noted below.
- (5) Upon receipt of approval, the Capital Provider will draft the “Closing Documents,” including: The Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and the Assignment of the Notice of Assessment and Assessment Agreement. At or before closing, at the request of the applicant, the designated and authorized participants will execute Closing Documents.
- (6) If the Project Application received conditional approval, the County will not execute any Closing Documents unless and until all consents and approvals have been received and executed in accordance with the C-PACER Act and C-PACER Ordinance.
- (7) At closing, the Property Owner or Capital Provider is obligated to record the Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and the Assignment of Notice of Assessment and Assessment Agreement and any other required C-PACER Program document or, at the request of the Property Owner and the Capital Provider, the executed documents may be delegated to another non-County entity for recordation. The County Auditor will record properly presented and formatted C-PACER documents when the Property Owner or Capital Provider presents such documents to the County Auditor. The Capital Provider or Property Owner must record with the Auditor any release or satisfaction of the C-PACER Lien and Assessment.

- (8) Upon confirmation of recordation, the Capital Provider will disburse funds in accordance with the Financing Agreement.
- (9) The Property Owner begins on the Qualified Improvements or reimburses qualified expenses already incurred.
- (10) The Property Owner begins making Assessment payments per the Assessment Agreement and in accordance with the Financing Agreement.

5. Application Documents

The Project Application must be submitted with the following documents:

- Project Application Checklist (form attached)
- Lienholder(s) Consent (form attached)
- Certificate of Capital Provider Qualification (form attached)
- Certificate of Improvements Completion (form attached)
- Assessment Agreement, if applicable (form attached)
- Notice of Assessment Interest and C-PACER Lien (form attached)
- Assignment of Notice of Assessment Interest and C-PACER Lien (form attached)
- Certificate of Qualified Improvements (form attached):

- (1) Certificate of Qualified Improvements for Renewable Energy Improvements, Water Conservation Improvement, or Energy Efficiency Improvements on an existing building: A certification stating that: (a) the proposed Qualified Improvements will either result in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water; or (b) the subject property as a whole prior to the installation of the Qualified Improvements does not conform to meeting the current building energy or water code for the County, but will do so after the Qualified Improvements are installed.

The certification must be performed by a licensed professional engineer or accredited individual or firm from the following list:

- American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)
 - Building Energy Assessment Professional (BEAP)
 - 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
- Other professional entities may be accepted by the Program Administrator at its discretion.

- (2) Certificate of Qualified Improvements for Renewable Energy Improvements that contain solar photovoltaics, a North American Board of Certified Energy Practitioners (NABCEP) PV design specialist certification, or a licensed Electrical Engineer, BEAP, BEMP, CEM, CMVP, or CEA. Other professional entities may be accepted by the Program Administrator at its discretion.
- (3) Certificate of Qualified Improvements for lead reduction in water improvements, a Water Quality Association Professional Certification.
- (4) Certificate of Qualified Improvements for Resiliency Improvements on an existing building: Certification by a licensed professional engineer stating that the Qualified Improvements will result in improved resilience, including, but not limited to, seismic resilience, flood mitigation, stormwater management, wildfire and wind resistance, energy storage, and microgrids.
- (5) Certificate of Qualified Improvements for new construction:
 - (A) Relating to energy or water efficiency, certification by a licensed professional engineer stating that each proposed Qualified Improvement will enable the subject property to exceed the energy efficiency, water efficiency, or renewable energy code requirements. Alternatively, if the building as whole performs above code, 20% of the Total Eligible Construction Costs qualify for C-PACER Financing. If it is an Energy Efficiency Improvement or Water Conservation Improvement, it must also satisfy any certifications required for those improvements.
 - (B) Relating to resilience, certification by a licensed professional Civil Engineer that the proposed Qualified Improvements will enable the subject property to exceed the resiliency requirements of the current building code. If it is a Resiliency Improvement, it must also satisfy any certifications required for that improvement.
- (6) Certificate of Qualified Improvements for all Qualified Improvements, the licensed: engineer, professional, individual, or firm providing the certification of eligibility for the Qualified Improvements must attest that the proposed financing period does not exceed the weighted average effective useful life of the proposed Qualified Improvements and that the Qualified Improvements are permanently affixed, as described in this Program Guidebook.

6. Closing Documents

The following documents require the signature of the County and shall be part of the closing of any C-PACER transaction. Each document must be substantially similar in substance to the forms provided, although it is expected that Property Owners and Capital Providers will negotiate variations tailored to their specific projects.

- Assessment Agreement (Form attached)
- Notice of Assessment Interest and C-PACER Lien (Form attached)
- Assignment of Notice of Assessment Interest and C-PACER Lien and Assessment Agreement (Form attached)

7. Interest Rates

Interest rates are negotiated in a Financing Agreement between the Property Owner and the Capital Provider. The County has no role in reviewing, setting, or opining on such interest rates or other aspects of the Financing Agreement. Market forces – such as competition, the intended use of the property, potential risk –will affect the terms negotiated by the Property Owners and Capital Providers.

8. Billing and Collection of Assessments

Billing, collection, and enforcement of delinquent C-PACER Liens or C-PACER Assessment installment payments, including foreclosure, remain the sole responsibility of the Capital Provider or its assigns or designees, and the terms are negotiated within the Financing Agreement. The County has no role in billing, collection, and enforcement of delinquent C-PACER Liens or C-PACER Assessment installments payments.

9. Enforcement of C-PACER Lien

The Assessment and C-PACER Lien will be assigned by the County to the Capital Provider for the close of any approved C-PACER Financing. The C-PACER Lien may be enforced with respect to delinquent C-PACER Assessment installments by the Capital Provider at any time after one year from the date of delinquency, and may be foreclosed in the same manner as a mortgage lien under RCW 61.12 *et seq.*, except that no sale of the property shall discharge or in any manner affect the priority of the C-PACER Lien with respect to installments not yet due and payable at the time of sale, and no deficiency judgment may be sought by the Capital Provider with respect to any unpaid Assessment at the time of sale. By accepting a C-PACER Lien, the Capital Provider and its assignees agree to assume any responsibility for foreclosing on the C-PACER Lien. The County shall have no obligation to the Property Owner or Capital Provider with respect to collection, enforcement, or foreclosure of this Assessment Agreement or the C-PACER Lien. The County Sheriff's Office participation in any foreclosure action does not violate, nor is it inconsistent with, RCW 36.165 *et seq.* (which limits the County's role in enforcing a C-PACER Lien), or the County Code.

10. C-PACER Program Fee

The County, as compensation for time and costs incurred in the establishment of the C-PACER Program, including the C-PACER Ordinance, this Program Guidebook, the draft documents, as well as for reviewing a Project Application for completeness and executing the Assessment Agreement, C-PACER Lien, and Assignment, is entitled to a fee equal to 1% of the amount financed by the Property Owner, or a minimum of \$2,500 and capped at a total of no more than \$15,000. The Property Owner must pay this fee to the County before the closing of the transaction between the Property Owner and the Capital Provider, and such payment is a condition precedent to executing the Assessment, Assignment, closing, and recording. If the County delegates program administration to a third party, the fee may change and will apply only to Project Applications that the Program Administrator receives after the new fee enactment date.

11. Term of an Assessment; Calculation of Useful Life of Qualified Improvements

The maximum term of an Assessment may not exceed the useful life of the Qualified Improvement, or weighted average life if more than one Qualified Improvement is included in the Qualified Project. The Property Owner and Capital Provider must provide sufficient proof of this in the C-PACER Program Project Application.

12. Form of Closing Documents

The C-PACER Program has adopted the form closing documents attached as Exhibit 2 and respectively incorporated herein as referenced. A Property Owner and Capital Provider may adapt the forms to the needs of their particular transaction but must not modify or omit any material or substantive terms contained in the forms.

13. Written Consent from Lienholder(s) Required

For all eligible properties, Capital Providers are responsible for providing an executed consent that conforms to the C-PACER Ordinance and C-PACER Act. A sample form is available from the County.

As a condition precedent to the property participating in the C-PACER Program, the Capital Provider must obtain, and the Project Applications must show proof of, written consent for the placement of the Assessment and C-PACER Lien from any non-applicant property owner, or from every holder of a lien, mortgage, or security interest in the real property that will be subject to the Assessment and C-PACER Lien. The consent must show that they agree that the property may participate in the program and that the C-PACER Lien will take precedence over all other liens except for a lien for taxes.

For qualifying multifamily projects (residential projects of 5 or more dwelling units), as a condition precedent to the property participating in the C-PACER Program, the Capital Provider must obtain, and the Project Applications must show proof of, written consent for the placement of the Assessment and C-PACER Lien from any holder of affordable housing covenants, restrictions, or regulatory agreements encumbering the real property that will be subject to the Assessment and C-PACER Lien. The consent must show that they agree that the property may participate in the program and that the C-PACER Lien will take precedence over all other liens except for a lien for taxes.

The County will not give final approval or allow a C-PACER Lien if it does not receive such consent set forth herein.

14. Provisions for Marketing and Participant Education

This Program Guidebook will be made available to the public on the County website. It is determined that there is no need for marketing and participant education at this time. It is presumed that Property Owners and Capital Providers understand the principles and processes associated with C-PACER Financing and will look to the Program Guidebook for understanding and clarification of the County Program.

15. County Has No Liability or Financial Responsibility

Neither the County, its governing body members, employees, board members, Elected Officials, Commissioners, or executives are personally liable as a result of exercising any rights or responsibilities granted under this Program.

The Capital Provider will indemnify and hold Skagit County harmless for any cost, expense, loss, or damages arising out of the imposition, assignment, recording, enforcement, and foreclosure of the C-PACER Lien, Assessment Agreement, Notice of Assessment Interest and C-PACER Lien, Assignment of Notice of Assessment and Assessment Agreement or any other C-PACER Program document.

The County Code sections implementing the C-PACER Program will automatically terminate if RCW 36.165 *et seq.* (or any successor statute) or the C-PACER Program is terminated or repealed in Washington. The Board of County Commissioners shall also have the authority, in their sole discretion, to limit, repeal, or terminate the C-PACER Program at any time.

16. Limitations on the County's Authority

The County cannot enforce any privately financed debt under the C-PACER program. Neither the State of Washington nor the County may or will use public funds to fund or repay any loan between a Capital Provider and Property Owner. The County is not pledging, offering, or encumbering its full faith and credit for any lien amount under the Program and its participation shall not be interpreted as doing so.

Exhibit 1



Skagit County

Legend



Incorporated City/Town



Skagit County Boundary



Exhibit 2

Assessment Agreement

Assessment Agreement for C-PACER Financing

COUNTY OF SKAGIT, WASHINGTON

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY AND RESILIENCY

(C-PACER) PROGRAM

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Assessment Agreement for C-PACER Financing

Skagit County, Washington

This ASSESSMENT AGREEMENT for C-PACER FINANCING ("**Agreement**") is made and entered into as of the date it is fully executed ("**Effective Date**"), by and between Skagit County, Washington ("**County**"), and _____, the record owner(s) ("**Property Owner**") of the fee title to the real property identified on Exhibit A ("**Property**") and _____ the entity financing the Approved Project ("**Capital Provider**"). County, Property Owner, and Capital Provider are singularly a **Party** or collectively **Parties**).

RECITALS

WHEREAS, the County has, on _____ established the Commercial Property Assessed Clean Energy and Resiliency Program (the "**Program**") through the adoption of Ordinance No. _____ ("**County Ordinance**"), codified at Skagit County Code _____, to allow the financing of certain renewable energy, energy and water efficiency, and resiliency improvements ("**Qualified Improvements**"), through voluntary, agreed contractual assessments pursuant to RCW 36.165 and any amending statutes ("**C-PACER Act**"); and

WHEREAS, the purpose and methods for the Program are described in the C-PACER statute (currently RCW 36.165 *et seq.*), Program Guidebook, and the County Ordinance, as they may have been amended from time to time prior to the Effective Date of this Agreement (the "**Program Guidelines**") and which are incorporated herein; and

WHEREAS, the Property is located in the County and the County has adopted the Program; and

WHEREAS, the Property Owner has submitted application materials including a description of the Qualified Improvements that will be acquired, constructed on, and/or installed on the Property; and

WHEREAS, the County has reviewed such application materials to assess compliance with the C-PACER Act, the County Ordinance, and Program Guidebook, and the County has determined that the project proposed by the Property Owner complies with such criteria and is approved for participation in the Program (the "**Approved Project**"); and

WHEREAS, the Approved Project will be financed pursuant to a financing agreement between the Property Owner (the "**Financing Agreement**") and a Capital Provider (together with its designee or assigns), and under which the Property Owner agrees to repay the Capital Provider; and

WHEREAS, pursuant to RCW 36.165 *et seq.*, the County and the Property Owner intend to enter into an agreement whereby the Property Owner voluntarily consents to have a County assessment levied and a lien placed on the property in exchange for receiving and repaying C-PACER financing; and

WHEREAS, RCW 36.165 *et seq.* allows the Property Owner, Capital Provider, and the County enter into this Agreement and that this Agreement and the County assessment be assigned to the Capital Provider; and

WHEREAS, the Property Owner voluntarily and willingly agrees to have an assessment levied on the Property and to enter into this Agreement in order to finance the acquisition, construction, and/or installation on the Property of the Qualified Improvements contemplated as part of the Approved Project, all on the terms set forth in the Financing Agreement;

WHEREAS, the County has determined that facilitating the financing of Qualified Improvements, which are repaid by voluntary assessments on the property benefited by the C-PACER improvements, is in the public interest for safety, health, and other common good;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Property Owner, Capital Provider, and the County formally covenant and agree as follows, with the intent to bind themselves and their respective successors and assigns:

AGREEMENT

Section 1. Purpose. The Property Owner and the County are entering into this Agreement to place a County C-PACER assessment to finance or refinance the purchase, installation, or construction of the Qualified Improvements (identified on Exhibit B) on the Property.

Section 2. The Property. This Agreement relates to the real property identified in Exhibit A. The Property Owner has supplied to the County current evidence of ownership of fee title to the Property and possesses all legal authority necessary to execute and deliver this Agreement.

Section 3. Assessment and Lien; Assignment.

(a) The Property Owner agrees that, upon the execution and delivery of this Agreement by the parties, the Property Owner voluntarily and willingly consents to a County assessment levied against the Property pursuant to this Agreement and applicable law in the principal amount of \$[REDACTED], together with all interest, penalties, and fees as described in the Financing Agreement (the “**Assessment**”). Upon execution and delivery of this Agreement, the County will execute and accept for recording in the office of the County Auditor, together with a copy of this Agreement, pursuant to RCW 36.165 et seq. and the County Ordinance, the Notice of Assessment Interest and C-PACER Lien (“**Notice of Assessment**”), substantially in the form of Exhibit C. Recording the Notice of Assessment will cause the Assessment to attach as a lien upon the Property (the “**C-PACER Lien**”) and provide record notice to third parties of the existence of the C-PACER Lien.

(b) By executing and delivering this Agreement, the Parties authorize and effectuate the County Assessment levy against the Property without requiring the Parties to take any further action. The Property Owner hereby promises to pay the Assessment for a period of [REDACTED] years on the due dates set forth in Exhibit D hereto (the “**Assessment Schedule**”). The Property Owner agrees, as provided in the Financing Agreement, to pay the amount due in installments according to the Assessment Schedule (each payment is an “**Assessment Installment**”), each such Assessment Installment to be paid by the Property Owner by its due date in order to avoid delinquencies and the accrual of interest and related penalties.

(c) The Assessment shall be secured by the C-PACER Lien until paid in full. Failure to pay any Assessment Installment may result in penalties and interest accruing on the amounts due on the terms and provisions of the Financing Agreement. In addition, failure to pay an Assessment installment may result in the C-PACER Lien being foreclosed in the manner specified in this Agreement.

(e) The Assessment and the C-PACER Lien shall be assigned, pursuant to the Assignment of Assessment Agreement (the “**Assignment**”), to the Capital Provider, its designee or assigns as set forth in the Financing Agreement. The Assignment shall be executed and delivered contemporaneously with this Agreement and recorded immediately following the Notice of Assessment.

Section 4. Assignment, Billing, and Collection of Assessment; Foreclosure.

- (a) The Assessment and C-PACER Lien shall be assigned by Skagit County to the Capital Provider as provided in RCW 36.165 *et seq.* and the County Ordinance.
- (b) The Capital Provider shall collect the Assessment Installments in the manner specified in the Financing Agreement.
- (c) The Property Owner and Capital Provider acknowledge and agree that in accordance with RCW 36.165 *et seq.* and the County Ordinance, the Capital Provider is responsible for collection of Assessment payments and enforcement of any delinquencies. Delinquent installments due on a C-PACER lien incur interest and penalties as specified in the Financing Agreement. The Capital Provider may, as allowed by law, foreclose the C-PACER lien at any time after one year from the date of delinquency of an assessment payment in the same manner as a mortgage lien, except that no sale of the property shall discharge or in any manner affect the priority of the C-PACER lien with respect to installments not yet due and payable at the time of sale, and no deficiency judgment may be sought by the Capital Provider with respect to any unpaid assessment at the time of sale. Property Owner expressly consents to prosecution of any foreclosure by Capital Provider in accordance with the law and the terms of the Financing Agreement. If the Agreement covers multiple parcels, an action of foreclosure on a parcel or parcels shall be brought in accordance with the terms specified in the Financing Agreement, to the extent consistent with law.
- (d) Skagit County shall have no obligation to the Property Owner or Capital Provider with respect to collection, enforcement or foreclosure of this Agreement or the C-PACER lien. The participation of the Skagit County Sheriff's Office in any foreclosure action shall not be deemed in violation of, a waiver of, or inconsistent with RCW 36.165 *et seq.* limiting the role of Skagit County in the enforcement of a C-PACER lien.
- (e) **The remedies set forth in this Agreement are not intended to be the exclusive remedies of the Capital Provider against the Property Owner, and the Capital Provider reserves any and all right and remedies now or hereinafter available, in law or in equity, for the enforcement of the C-PACER Lien, including any additional or alternative enforcement method now or hereafter permitted under RCW 36.165 *et seq.* However, at no time shall the Capital Provider or Property Owner have any remedies against Skagit County except as otherwise provided by law.**

Section 5. Term; Agreement Runs with the Land.

- (a) Except as otherwise set forth in this Agreement, this Agreement shall terminate upon the final payment or prepayment of the Assessment. Following such termination, the Capital Provider shall cause to be executed, delivered, and/or recorded, such instruments as are necessary in order to release the C-PACER Lien. The C-PACER Lien placed pursuant to this Agreement establishes rights and

obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land as set forth in RCW 36.165.060.

(b) The balance of the C-PACER Lien that has not yet become due is not accelerated or eliminated by foreclosure of the C-PACER Lien or any lien for taxes imposed by the state, a local government, or junior taxing district against the Property as set forth in RCW 36.165 et seq.

(c) In the event the Property is subdivided while any portion of the Assessment remains unpaid, the Assessment will be assigned to each of the newly created parcels on the basis of relative valuation, unless the Financing Agreement provides that the Assessment should be allocated in an alternate manner.

Section 6. Recordation of Documents. The Capital Provider is obligated to record the Assessment Agreement, the Notice of Assessment Interest and C-PACER Lien, and the Assignment of Notice of Assessment and Assessment Agreement and any other required C-PACER Program document or, at the request of the Property Owner and the Capital Provider, the executed documents may be delegated to a non-County entity for recordation. The County Auditor will record properly presented and formatted C-PACER documents when the Property Owner or Capital Provider presents such documents to the County Auditor. The Capital Provider or Property Owner shall record with the Auditor any release or satisfaction of the C-PACER lien and assessment.

Section 7. Amendment.

(a) This Agreement may be modified only by the written agreement of the Capital Provider, the County, and the Property Owner.

(b) The Property Owner agrees that it will, from time to time, execute, acknowledge, and deliver, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 8. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and assigns. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner (other than repayment of the Assessment in full in accordance with the terms of the Financing Agreement) will impair in any way the Capital Provider's right to pursue foreclosure of the C-PACER Lien or the right to enforce the collection of the Assessment or any Assessment Installment against the Property. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of their assignor hereunder to the extent that such rights and obligations have been assigned pursuant to a written assignment between the assignor and the assignee.

Section 9. No Liability of the County. Pursuant to RCW 36.165 *et seq.*, the County shall incur no liability as a result of any provision of this Agreement, nor shall any County governing body members, employees, board members, Elected Officials, Commissioners, or executives, be personally liable for exercising any rights or responsibilities pursuant to or in furtherance of this Agreement. This provision shall inure only to the County, its governing body, employees, board members, Elected Officials, Commissioners, or executives, and not to the benefit of the County's successors or assigns of this Agreement.

Under RCW 36.165 et seq., the Parties acknowledge and agree that the County may not and will not enforce any privately financed debt contemplated by this Agreement. The County is prohibited by RCW 36.165 et seq. and other law from pledging, offering, or encumbering its full faith and credit for any lien contemplated

by this Agreement. The Parties acknowledge and agree that the County is prohibited from using public funds to fund or repay any loan between the Capital Provider and the Property Owner. Nothing in this Agreement shall be interpreted to pledge, offer, or encumber the County's full faith and credit.

If the County incurs any costs, including, but not limited to, regulatory fees, taxes, and attorney's fees arising out of the foreclosure of the C-PACER lien, the Capital Provider shall reimburse the County such costs.

This Section shall survive any termination or assignment of this Agreement.

Section 10. Indemnification. Property Owner and Capital Provider agree to defend, indemnify and hold the County, its governing body members, employees, board members, Elected Officials, Commissioners, executives, agents, and contractors harmless from any and all claims, including but not limited to reasonable attorney fees, demands, losses and liabilities to or by third parties arising from, resulting from or connected with this Agreement, the Approved Project, the Assessment and the C-PACER Lien, including the imposition, assignment, recording, enforcement, and foreclosure of the C-PACER Lien, Assignment of Notice of Assessment and Assessment Agreement or any other C-PACER Program document. Property Owner and Capital Provider's duty to indemnify the County shall not apply to liability for damages to the extent caused by or resulting from the sole or contributory negligence or willful misconduct of the County, its governing body members, employees, board members, Elected Officials, Commissioners, executives, agents, or contractors.

Section 11. Waiver Of Claims. The Parties acknowledge that the C-PACER Program is a new financing opportunity created by the state. By statute, and as acknowledged and agreed to by the Parties, after the adoption of a C-PACER Program, the County's role is limited to the approval of an assessment and the recordation of a C-PACER lien, and administration of the C-PACER program which may be contracted out to a private third party. The Parties agree that the County is not responsible for determining the viability of an Approved Project, the financial or legal risks and benefits of entering into the Financing Agreement between the Property Owner and the Capital Provider or the accuracy of the estimates of the costs to be financed. The County has no independent obligation to verify information and must rely on that information provided by the other Parties, including justification that the Approved Project provides a benefit to the public and that the Financing Agreement complies with state law. Therefore, the Property Owner and the Capital Provider agree to waive any and all manner of actions and causes of action, claims, damages, losses, liabilities and demands of whatsoever nature or description, whether known or unknown, whether foreseen or unforeseen, based on any law, regulation or common law, including but not limited to reasonable attorney fees, they, both individually and jointly, may have against the County, its governing body members, employees, board members, Elected Officials, Commissioners, executives, agents and contractors, arising out of the Approved Project, the Assessment, any assignment, the Financing Agreement, the C-PACER Lien, and the County's performance under this Agreement. To the extent that the Property Owner and the Capital Provider have any claim against the County, they agree that their sole remedy shall be specific performance against the County to record or assign the applicable documents. This Section shall survive any termination or assignment of this Agreement.

Property Owner Initials

Capital Provider Initials

Section 12. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of Washington. Any legal action brought under this Agreement must be instituted in a superior court of Skagit County.

Section 13. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 14. Counterparts. This Agreement may be executed in several counterparts and electronically, each of which is an original and all of which constitutes one and the same instrument.

Signatures Appear on Following Page

IN WITNESS WHEREOF, the County, Capital Provider, and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

SKAGIT COUNTY, WASHINGTON

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)

: ss.

SKAGIT COUNTY)

This record was acknowledged before me on _____, by
_____, the
_____, of Skagit County, Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

[CAPITAL PROVIDER OR DESIGNEE]

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)
 : ss.
 _____ COUNTY)

This record was acknowledged before me on _____, by
_____, the
_____, of _____ County, Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

[PROPERTY OWNER]

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)
 : ss.
 _____ COUNTY)

This record was acknowledged before me on _____, by
_____, the
_____, of _____ County, Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

[To be inserted]

EXHIBIT B
QUALIFIED IMPROVEMENTS

[To be inserted]

EXHIBIT C
FORM OF NOTICE OF ASSESSMENT

[To be inserted]

EXHIBIT D

ASSESSMENT SCHEDULE

Period	Bill date	Delinquent After Date	Payment	Interest	Principal	Principal Remaining	Annual Collection Costs**	Total Payment Due
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

Project Application Checklist

APPLICATION INFORMATION	APPLICANT-PROVIDED INFORMATION	ACCEPTED DOCUMENTATION (One or More May Be Required)	VERIFIED / NOTES
PROPERTY ADDRESS		DEED TITLE INSURANCE REPORT ASSESSOR / TREASURER OFFICIAL RECORD The address must be within Skagit County.	
PROPERTY OWNER:	Legal name(s) of Owner(s) (LIST ALL): Name of contact person: Phone number: Email address:	DEED TITLE INSURANCE REPORT All names must match exactly what is on the Title Insurance Report. If the name(s) is different: Certified copy of personal/corporate name change; Certified copy of merger/sale document reflecting name change; Certified copy of Power of Attorney	
QUALIFYING PROPERTY	is this Property: _____ commercial _____ agricultural _____ industrial _____ multi-family of 5+ units	ASSESSOR / TREASURER OFFICIAL RECORDS APPRAISAL ZONING REPORT GROUND LEASE (if applicable)	

QUALIFYING OWNER	<p>Is property owned by a</p> <p><input type="checkbox"/> limited liability company</p> <p><input type="checkbox"/> general or limited partnership</p> <p><input type="checkbox"/> corporation</p> <p><input type="checkbox"/> individual/Sole proprietorship</p> <p><input type="checkbox"/> trust</p>	<p>If property is held by a limited liability company, general or limited partnership or a corporation, the applicant should include a copy of the certificate of formation, organization, incorporation or similar document and a good standing certificate/certificate of existence from the state or organization and, if not organized in Washington, a certificate of registration to conduct business in Washington as a foreign entity.</p> <p>If a trust, a copy of the trust agreement and a trustees' certificate.</p> <p>If an individual, a copy of a valid driver's license or other sufficient identification.</p> <p>If the application is to be signed by a party other than the applicant, then, in addition to the foregoing, a power of attorney or corporate resolution authorizing the party to sign.</p>	
CAPITAL PROVIDER	<p>Legal Name:</p> <p>Name of contact person:</p> <p>Phone number:</p> <p>Email address:</p> <p>Evidence of qualifications:</p> <p><input type="checkbox"/> Registered capital provider in more than 2 states</p>	<ol style="list-style-type: none"> 1. If a federal or state-chartered bank or credit union, the certificate of organization or similar document. 2. If not an entity in #1, evidence of registration as a C-PACE capital provider in two or more states. 3. If a private company, whose principal place of business is located in the state of Washington, wishes to be a capital 	

	<p><input type="checkbox"/> Federal or state-chartered bank or credit union</p> <p><input type="checkbox"/> I am a Washington-based capital provider and submitting additional information, attached.</p>	<p>provider, and the person or company is not an entity in #1 or #2 above, documentation that:</p> <ul style="list-style-type: none"> ● the entity is qualified to do business in the State of Washington, ● maintains any necessary licenses or permits necessary to conduct its business in the State of Washington, and ● one of the following: <ul style="list-style-type: none"> ● A copy of the most recent (within the last year) audited financial statement; OR ● Copy of the most recent (within the last year) Federal or Washington state financial institution regulatory filing. <p>NOTE: if audit is unqualified or the entity is not in good standing with any regulatory filing, application may be denied.</p>	
<p>QUALIFYING IMPROVEMENT CERTIFICATION (Existing Building)</p>	<p>The improvement sought are (check all that apply):</p> <p><input type="checkbox"/> Energy efficiency improvement</p> <p><input type="checkbox"/> Electrification improvement</p> <p><input type="checkbox"/> Water efficiency improvement</p> <p><input type="checkbox"/> Renewable Energy improvement</p> <p><input type="checkbox"/> Lead Reduction, water improvement</p> <p><input type="checkbox"/> Resiliency improvement</p>	<p>Attach a description of improvements, projected energy and/or water savings, and carbon reductions if applicable, and certifications for improvements sought, including documentation of the appropriate license/qualifications required by the Program Guidebook and Program Guidelines.</p>	

	<p>If a Renewable Energy improvement, improvement is <input type="checkbox"/> Direct Purchase <input type="checkbox"/> Power Purchase Agreement</p> <p>If a Resiliency improvement, specify type: <input type="checkbox"/> seismic retrofits <input type="checkbox"/> flood mitigation <input type="checkbox"/> stormwater management <input type="checkbox"/> fire suppression <input type="checkbox"/> wildfire resistance <input type="checkbox"/> wind resistance <input type="checkbox"/> energy storage <input type="checkbox"/> energy microgrids</p> <p>The improvements sought are for: <input type="checkbox"/> existing building <input type="checkbox"/> new construction</p> <p><input type="checkbox"/> The requested assessment term does not exceed the useful life of the Qualified Improvement, or weighted average life if more than one Qualified Improvement is included in the Qualified Project.</p> <p>Attach description of improvements and certifications for improvements sought, including documentation of the appropriate license/qualifications required by the Program</p>		
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	<p>Guidebook and Program Guidelines.</p>		
<p>QUALIFYING IMPROVEMENT CERTIFICATION (New Construction)</p>	<p>The improvement sought are (check all that apply):</p> <ul style="list-style-type: none"> <input type="checkbox"/> Energy efficiency improvement <input type="checkbox"/> Electrification improvement <input type="checkbox"/> Water efficiency improvement <input type="checkbox"/> Renewable Energy improvement <input type="checkbox"/> Lead Reduction, water improvement <input type="checkbox"/> Resiliency improvement <p>If a Renewable Energy improvement, is the improvement</p> <ul style="list-style-type: none"> <input type="checkbox"/> Direct Purchase <input type="checkbox"/> Power Purchase Agreement <p>If Resiliency improvement, specify type:</p> <ul style="list-style-type: none"> <input type="checkbox"/> seismic retrofits <input type="checkbox"/> flood mitigation <input type="checkbox"/> stormwater management <input type="checkbox"/> wildfire resistance <input type="checkbox"/> wind resistance <input type="checkbox"/> energy storage <input type="checkbox"/> energy microgrids 	<p>Attach a description of improvements, projected energy and/or water savings, and carbon reductions if applicable, and certifications for improvements sought, including documentation of the appropriate license/qualifications required by the Program Guidebook and Program Guidelines.</p>	

	<p>The improvements sought are for: _____ existing building _____ new construction</p> <p>_____ The requested assessment term does not exceed the useful life of the Qualified Improvement, or weighted average life if more than one Qualified Improvement is included in the Qualified Project.</p> <p>Attach description of improvements and certifications for improvements sought, including documentation of the appropriate license/qualifications required by the Program Guidebook and Program Guidelines.</p>		
<p>LIENHOLDER CONSENT</p>	<p>CONSENT(s) _____ attached</p>	<p>Applicant should submit the Lienholder Consent Form (must be substantially the same as the Model form).</p> <p>The form must be signed and notarized in appropriate places.</p> <p>Cross-check list of Lienholders from Title Report with written consents provided by Capital Provider.</p>	

<p>AFFORDABLE HOUSING COVENANTS, RESTRICTIONS, OR REGULATORY AGREEMENTS HOLDER CONSENT</p>	<p>CONSENT(s) _____ attached (if required)</p>	<p>Applicant should submit a consent form (must be substantially the same as the Model Lienholder Consent form).</p> <p>The form must be signed and notarized in appropriate places.</p> <p>Cross-check list of Lienholders from Title Report and statements from Property Owner and Capital Provider with written consents provided by Capital Provider.</p>	
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BY SIGNATURE BELOW, THE APPLICANTS (THE PROPERTY OWNER AND CAPITAL PROVIDER) AFFIRM THAT THE INFORMATION AND DOCUMENTATION ARE TRUE AND CORRECT TO THE BEST OF THEIR ABILITY AND THAT THE APPLICANTS HAVE READ THE DISCLOSURES AND DISCLAIMERS ATTACHED TO THIS APPLICATION AND UNDERSTAND THE RISKS OF PARTICIPATING IN THE C-PACER PROGRAM;. THE APPLICANTS FURTHER AFFIRM THAT THE MAXIMUM TERM OF THE ASSESSMENT WILL NOT EXCEED THE USEFUL LIFE OF THE QUALIFIED IMPROVEMENT, OR WEIGHTED AVERAGE LIFE IF MORE THAN ONE QUALIFIED IMPROVEMENT IS INCLUDED IN THE QUALIFIED PROJECT; 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 AUTHORIZED COUNTY OFFICIAL

APPLICATION: _____ APPROVED _____ CONDITIONALLY APPROVED _____ DENIED

ON BEHALF OF COUNTY: _____

NAME AND TITLE: _____

DISCLOSURES & DISCLAIMERS

Notice of Assessment Interest and C-PACER Lien

RETURN NAME and ADDRESS

Please Type or Print Neatly and Clearly All Information

Document Title(s) NOTICE OF ASSESSMENT INTEREST AND C-PACER LIEN

Reference Number(s) of Related Documents

Grantor(s) [PROPERTY OWNER]

Grantee(s) SKAGIT COUNTY

Legal Description (Abbreviated form is acceptable, i.e. Section/Township/Range/Qtr Section or Lot/Block/Subdivision)

Assessor's Tax Parcel ID Number

The County Auditor will rely on the information provided on this form. The Staff will not read the document to verify the accuracy and completeness of the indexing information provided herein.

Sign below only if your document is Non-Standard.

I am requesting an emergency non-standard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some parts of the text of the original document. Fee for non-standard processing is \$50.

Signature of Requesting Party

Instrument Prepared By
And Recording Requested by:

Space Above for Recorder's Use

NOTICE OF ASSESSMENT INTEREST AND C-PACER LIEN

Washington RCW 36.165

Filed in Skagit County

(GRANTEE) SKAGIT COUNTY

(GRANTOR) [PROPERTY OWNER]

Notice is hereby given that the person named below is placing a C-PACER Lien pursuant to chapter 36.165 RCW. In support of this lien the following information is submitted:

1. THE ASSESSMENT LIEN GRANTEE	SKAGIT COUNTY
2. DATE ON WHICH THE ASSESSMENT AGREEMENT WAS SIGNED GRANTING THE RIGHT TO PLACE AN ASSESSMENT AND C-PACER LIEN ON THE PROPERTY	[INSERT]
3. THE PROPERTY OWNER GRANTING THE PLACEMENT OF THE ASSESSMENT AND C-PACER LIEN	[INSERT]
4. THE PROPERTY AGAINST WHICH THE ASSESSMENT AND C-PACER LIEN IS PLACED IS LOCATED AT THE FOLLOWING MUNICIPAL ADDRESS:	[INSERT]
5. LEGAL DESCRIPTION OF THE PROPERTY IS AS FOLLOWS	SEE EXHIBIT A TO THE ASSESSMENT AGREEMENT ATTACHED HERETO
6. ASSESSOR'S PARCEL NUMBER OF THE PROPERTY	[INSERT]
7. PRINCIPAL AMOUNT OF ASSESSMENT SECURED BY C-PACER LIEN	[INSERT]

STATE OF WASHINGTON)

: ss.

_____ COUNTY)

This record was acknowledged before me on _____, by

_____, the

_____, of _____ County,

Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

Assignment of Notice of Assessment Interest and C-PACER Lien and Assessment Agreement

RETURN NAME and ADDRESS

Please Type or Print Neatly and Clearly All Information

Document Title(s) ASSIGNMENT OF NOTICE OF ASSESSMENT INTEREST AND C-PACER LIEN AND ASSESSMENT AGREEMENT

Reference Number(s) of Related Documents

Grantor(s)/Assignor SKAGIT COUNTY

Grantee(s)/Assignee [CAPITAL PROVIDER OR DESIGNEE]

Legal Description (Abbreviated form is acceptable, i.e. Section/Township/Range/Qtr Section or Lot/Block/Subdivision)

Assessor's Tax Parcel ID Number _____

The County Auditor will rely on the information provided on this form. The Staff will not read the document to verify the accuracy and completeness of the indexing information provided herein.

Sign below only if your document is Non-Standard.

I am requesting an emergency non-standard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some parts of the text of the original document. Fee for non-standard processing is \$50.

Signature of Requesting Party

WHEN RECORDED, RETURN TO:

**ASSIGNMENT OF NOTICE OF ASSESSMENT INTEREST AND C-PACER LIEN
AND ASSIGNMENT OF ASSESSMENT AGREEMENT**

This ASSIGNMENT OF NOTICE OF ASSESSMENT INTEREST AND C-PACER LIEN AND ASSIGNMENT OF ASSESSMENT AGREEMENT (this "Assignment") is dated as of [MONTH] __, 20__ by Skagit County, Washington ("Assignor"), to [CAPITAL PROVIDER] ("Assignee").

For value received, Assignor hereby grants, assigns and transfers to Assignee, without recourse or warranty of any kind, express or implied, all of Assignor's rights in, title to, and interest under, that certain Notice of Assessment Interest and C-PACER Lien, effective as of [____], 20__, by [____] ("Property Owner") and Assignor, recorded on [____], 20__ as Instrument No. _____ in the Auditor's office of the records of Skagit County, State of Washington (the "Notice of Assessment Interest") and the Assessment Agreement For C-PACER Financing effective as of [____], 20__, between Property Owner and Assignor and attached to such Notice of Assessment Interest, together with the obligations secured by the C-PACER Lien and all other instruments, documents, and certificates executed in connection therewith. Assignee hereby accepts all of Assignor's rights in, title to, and interest under the Assessment Agreement and the Notice of Assessment Interest, together with the obligations secured by the C-PACER Lien and all other instruments, documents and certificates executed in connection therewith.

Pursuant to RCW 36.165.060, by accepting this Assignment, Assignee agrees for the benefit of Assignor that Assignee shall be solely responsible for enforcing the obligation of Property Owner to pay the Assessment described in the Assessment Agreement, including pursuing a foreclosure of the C-PACER Lien. Assignor shall have no obligation to prosecute such foreclosure on behalf of Assignee, or to otherwise participate in such foreclosure.

Signatures appear on following page

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the day and year first above written.

“ASSIGNOR”

SKAGIT COUNTY, WASHINGTON

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)

: ss.

SKAGIT COUNTY)

This record was acknowledged before me on _____, by
_____, the
_____, of Skagit County, Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

“ASSIGNEE”

[CAPITAL PROVIDER OR DESIGNEE]

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)

: ss.

_____ COUNTY)

This record was acknowledged before me on _____, by

_____, the

_____, of _____ County,

Washington.

Signature : _____ (seal)

NOTARY PUBLIC

My commission expires: (date)

EXHIBIT A

LEGAL DESCRIPTION

[INSERT]

Lienholder Consent

**Notice of Proposed C-PACER Assessment and
Request for Consent of Lien or Other Obligation Holder to C-PACER Assessment and C-PACER
Lien**

Notice Date:

Lien or Other Obligation Holder:

Street:

City/State/Zip Code:

ATTN:

Property/Loan Information:

Address: [_____] (the “Property”)

Loan Number:

Why has the Financial Institution or entity received this notice?

The Property Owner listed below owns the subject Property. Your Financial Institution or entity holds a lien, mortgage, security interest, affordable housing covenants, restrictions, regulatory agreements, or other secured encumbrance on the Property.

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

Background on C-PACER in Washington

Washington statute (RCW 36.165 *et seq.*) (the “C-PACER Act”) authorizes Washington counties to establish a C-PACER program in their communities. Capitalized terms used, but not defined herein, have the meaning given to such terms in the C-PACER Act.

C-PACER financing helps stimulate local economies by allowing owners of agricultural, commercial, industrial, and multi-family properties with 5 or more dwelling units to obtain low-cost, long-term financing for energy efficiency, renewable energy, water conservation, and resiliency projects. Skagit County, where the subject property is located, has established a C-PACER program within its jurisdiction for qualifying property owners.

Through the C-PACER program, the financing for qualifying projects is provided by a private Capital Provider, and the principal amount is recorded by Skagit County as a voluntary assessment and lien (“the C-PACER lien”) on the Property. The annual assessment payments relating to that lien are repaid to, and collected by, the private Capital Provider, which Capital Provider has the responsibility of administering the Property Owner’s C-PACER obligation. Similar to other government-imposed assessments, the C-PACER obligations remain with a property upon its sale, until the financing is fully repaid, at which point the C-PACER lien and assessment are retired.

Under RCW 36.165 *et seq.*, once consent from pre-existing lien holders and, if applicable, the holders of certain other obligations on a property is given, an assessment can be imposed and a C-PACER lien can be filed. Once filed, that lien, like other government-imposed liens, moves into a superior position above other obligations, except for property taxes and other qualifying government obligations.

To qualify for C-PACER financing, the proposed project must meet the following basic criteria, and will not qualify if it fails to meet it:

- The property is located in Skagit County, Washington and Skagit County has passed a resolution authorizing a C-PACER program;
- The property is agricultural, commercial, industrial, or a multi-family residence of 5 or more dwelling units;
- The proposed improvements must do at least one of the following: reduce electricity consumption or demand, increase the production of on-site renewable energy, reduce greenhouse gas emissions, support the production of clean, renewable energy, reduce water consumption or demand, reduce lead in potable water and/or increase the resiliency of the property, as defined in the C-PACER Act;
- The proposed improvements are permanently affixed to the property; and
- The Property Owner receives consent of the current mortgage/lien holder(s).

Why should your Financial Institution or entity consent to the C-PACER Assessment and C-PACER Lien?

1. Property improvements financed through the C-PACER program have public benefits. For a project to qualify for C-PACER, it must install improvements that provide a public benefit in the form of conserving energy or water resources; reducing greenhouse gas emissions; reducing lead levels in potable water; or improving safety and public health through certain resiliency enhancements (*e.g.*, seismic stability). Under the C-PACER program eligibility requirements, a proposed project must include verification by a qualified and licensed professional certifying that the improvements will provide these public benefits. Qualifying improvements typically enhance property value and improve its collateral value for the mortgage or other obligatory interests that your Financial Institution or entity holds in the Property.
2. C-PACER payments do not accelerate. In the event a mortgage holder or lien holder forecloses on the property for any reason, only the C-PACER payments currently due and in arrears would be payable, which is likely a relatively small proportion of the total amount financed. *In the case of a default, the entire outstanding principal, interest, and penalties of your Financial Institution's loan may be accelerated and come due; however, for the C-PACER financing, only the past due amounts may be collected in a default.* The remaining C-PACER financing balance runs with the land and regular installment payments would be paid by the new property owner.
3. Improvements financed through C-PACER often reduce a property's operating costs and/or the potential for catastrophic damage, and they often improve health and comfort of occupants, all of which make a property more attractive to tenants and future owners.
4. Property improvements financed through the C-PACER program align with public Climate Action Plans and, potentially, with your institution's sustainability plans and commitments, and to shareholder interests.

What should your Financial Institution or entity know?

Property Owner has indicated its intention to apply for C-PACER financing for improvements on the Property. The C-PACER financing will be levied on the Property pursuant to an Assessment Agreement between the Property Owner, the County, and Capital provider, and the amount of the C-PACER financing will be determined by a Financing Agreement between the Property Owner and the private Capital Provider. The C-PACER financing terms will consist of:

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

As required by the C-PACER Act, Property Owner is sending this Request for Consent of Lien or Other Obligation Holder to the creation of a C-PACER Assessment and Lien to:

- i. provide notice of Property Owner’s proposed participation of the Property in the program;
- ii. provide notice that your lien position will be affected and subordinated;
- iii. request confirmation from your Financial Institution or entity (a current mortgage/lien or other obligation holder) that C-PACER obligations and payments will not trigger a default nor the exercise of any remedies under your current lien or other encumbrance relating to the Property;
- iv. provide notice that, due to the requirements under the County’s Assessment Agreement with the Property Owner, the C-PACER private Capital Provider financing payments will be collected in installments that are subject to the same remedies and lien priorities as real property taxes; and
- v. declare the Property Owner’s agreement to uphold and pay on a timely basis both the existing obligations to your Financial Institution or entity which are secured by the Property and the proposed C-PACER installments.

Execution and Return of Consent. The Property Owner would appreciate your executing the attached Consent Form for the Skagit County C-PACER program and returning it to the undersigned at your earliest convenience.

Sincerely,

BY: (signature): _____

PROPERTY OWNER NAME: [_____]

MAILING ADDRESS (if different than Property address): [_____]

Lien or Other Obligation Holder Consent to C-PACER Assessment and Lien

Date:

Property/Loan Information Building Address:

Tax key/Parcel:

Lien or Other Obligation Holder:

Loan Number:

This Lien or Other Obligation Holder Consent Acknowledgement to C-PACER Assessment and Lien (this “Consent”) is given by the undersigned entity (the “Holder”) with respect to the above-referenced C-PACER Assessment and Lien and property (“Property”) in relation to the Skagit County C-PACER program (the “Program”).

RECITALS

A. The Holder is in receipt of written notice (“Notice”) from the owner of the Property (“Property Owner”) that it intends to finance the installation on the Property of certain Qualified Improvements according to RCW 36.165 *et seq.* that will be permanently fixed to the Property and that will be financed by participating in the Program.

B. The Holder understands that, as a result of an Assessment Agreement between Skagit County, the Property Owner, and _____ (the C-PACER “Capital Provider), and a Financing Agreement between the Property Owner and _____, that the C-PACER Assessment and Lien against the Property, as described in the C-PACER Assessment Agreement between the County and Property Owner and in the C-PACER Financing Agreement between the private Capital Provider and the Property Owner (the “C-PACER Assessment”), will be recorded against the Property, and that the C-PACER lien is a first and prior lien, second only to a lien for taxes imposed by the state, a local government, or a junior taxing district against the real property on which the C-PACER lien is imposed, from the date on which the notice of the C-PACER lien is recorded until the C-PACER Assessment, including any interest, penalties, and charges accrued or accruing under the terms of the Financing Agreement are paid in full.

C. The Property Owner has agreed in a manner acceptable to the Holder to uphold and pay on a timely basis both the existing obligations to the Holder which are secured by the Property and the proposed C-PACER Assessment payments.

D. The Holder consents to the Property’s participation in the C-PACER program and that the C-PACER lien will take precedence over all other liens except for a lien for taxes as described in paragraph B.

[Continued on next page]

ACKNOWLEDGEMENT

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

- (i) confirms that it has received the Notice;
- (ii) acknowledges that there will be a C-PACER Assessment recorded against the Property pursuant to the terms of the Assessment Agreement and C-PACER Financing Agreement; and
- (iii) agrees that the recording of the C-PACER Assessment and payment of the C-PACER Assessment will not constitute a default nor trigger the exercise of any remedies under the Holder's Loan or other obligation documents.

The Holder hereby acknowledges that the Property Owner, the County, the C-PACER Capital Provider, and the County's designated C-PACER Program Administrator will rely on the representation and acknowledgement of the Holder set forth in this Acknowledgement. The Recitals are integrated into and made a part of this Acknowledgment.

Holder:

By:

Signature:

Title:

Date:

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

_____, _____.

By: _____

_____, _____

Energy Water Resilience Compliance Certificate

**SKAGIT COUNTY C-PACER PROGRAM
CERTIFICATE OF COMPLIANCE
Energy, Water, Renewable Energy, Resilience**

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 Skagit County Commercial C-PACER Program:

1. I am a licensed Professional Engineer in the State of Washington, 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 Assessment Professional (BEAP)
 - 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
 - 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 the materials reviewed: _____

**SKAGIT COUNTY C-PACER PROGRAM
CERTIFICATE OF COMPLIANCE
Energy, Water, Renewable Energy, Resilience**

6. The project proposal includes the “Qualified Improvements” (as defined in RCW 36.165, the Skagit County C-PACER Ordinance, and the Program Guidebook) and the estimated useful life of each Qualified Improvement, which are listed in an attachment to this certification. (Please attach)
7. The proposed term of the financing does not exceed the weighted average effective useful life of the proposed Qualified Improvements.
8. The Qualified Improvements will be permanently affixed to the property.

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

I CERTIFY:

- The proposed Qualified Improvements will result in more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water.
- The Qualified 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 other, specify: _____
- Prior to the installation of the Qualified Improvements, 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. After the Qualified Improvements are installed, the subject property will meet the applicable code or codes.

IF FOR NEW CONSTRUCTION (check those that apply):

I CERTIFY:

- Each proposed Qualified Improvement will enable the subject property to exceed the code requirements for energy efficiency, water efficiency, or renewable energy.
- The building as a whole, as a result of the Qualified Improvements, exceeds applicable code requirements for building resiliency, energy, renewable energy, or water efficiency.

SKAGIT COUNTY C-PACER PROGRAM
CERTIFICATE OF COMPLIANCE
Energy, Water, Renewable Energy, Resilience

- The proposed Qualified Improvement will support the production of clean, renewable energy or electric vehicle charging infrastructure

- The proposed resiliency Qualified Improvements will enable the subject property to exceed the applicable code requirements.

Signature: _____

NAME:

Business name:

Business address:

Business contact email:

Business contact phone:

IF APPLICABLE

License No. _____

Stamp: _____

ATTACHMENTS (Please attach to Certification)

Certificate of Qualifications

CERTIFICATE OF CAPITAL PROVIDER QUALIFICATION

Please check all of the following that apply to the qualifications of [] (“Capital Provider”), the capital provider that will supply the C-PACER financing for the project located at []:

_____ Capital Provider is registered to provide C-PACE financing in at least two other states.

State: _____
Program Name: _____
State: _____
Program Name: _____

Please provide documentation. Appropriate documentation includes a certification or verified copy of registration as a C-PACE provider by a C-PACE program.

_____ Capital Provider has financed at least one previous C-PACE transaction in another jurisdiction.

State: _____
Program Name: _____
Transaction: _____

Please provide documentation. Appropriate documentation includes a copy of a recorded transaction document (such as Notice of Assessment or Lien) specifying that is part of a C-PACE transaction.

_____ Capital Provider is a federally chartered: bank; thrift institution; or credit union.

Please provide documentation. Appropriate documentation includes a copy of the latest public filing, license, or registration with the applicable federal regulatory body.

_____ Capital Provider is a state-chartered: bank; thrift institution; or credit union.

Please provide documentation. Appropriate documentation includes a copy of the latest public filing, license, or registration with the applicable state regulatory body.

_____ Capital Provider is a private entity whose principal place of business is located in Washington state, does not meet the above qualifications, but provides the following information for review and approval. Submission does not guarantee approval.

Name
Address
Contact name:
Email:
Phone Number:

Business License No:

Attach the most current audited financial statements (to demonstrate solvency) or the most current regulatory or business filing required by the state (to demonstrate good standing).

The undersigned certifies that the above is true and accurate as of the current date:

[Capital Provider]

By: _____

Name and Date:

Title:

Certificate of C-PACER Improvements Completion

CERTIFICATE OF C-PACER IMPROVEMENTS COMPLETION

Property Owner: _____

Property Address: _____

C-PACER application approval date: _____

C-PACER financing closing date: _____

The undersigned certifies that the work under the above approved C-PACER Application, attached as **Exhibit A** hereto, has been satisfactorily and properly completed and all improvements are operating as intended.

PROPERTY OWNER:

[INSERT ENTITY NAME, IF APPLICABLE]

BY: _____
Signature

Printed Name

Title

Exhibit A

C-PACER Application

[See Attached]