

CITY OF DALLAS

PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM

REPORT REQUIRED BY TEX. LOCAL GOV'T CODE SEC. 399.009

BACKGROUND

This report is adopted by the Dallas City Council for the City of Dallas Property Assessed Clean Energy ("Dallas PACE") ~~P~~rogram (the "Program"), as required by Tex. Local Gov't Code Sec. 399.009 (the "PACE Act"). The Dallas PACE P~~ro~~gram was established in 2016 based on the authority granted under Section 399 of the Texas Local Government Code. The Dallas PACE Program is implemented based on the Texas PACE in a Box ~~P~~rogram and seeks to follow and adhere to additional PACE in a Box guidance, clarifications, or modifications resulting from the Keeping PACE in Texas consensus feedback and process improvements.¹ This ensures the Dallas PACE ~~P~~rogram can reflect best practices as approved by the Office of Economic Development ~~D~~e~~p~~artment and the City Attorney's Office.

~~A~~The City of Dallas PACE ~~P~~rogram furthers the ~~goals/objectives~~ of the City's ~~Sustainability~~Comprehensive Environmental and Climate Action Plan (CECAP) which focuses on ~~five areas: Air Quality; Land Use; Water Quality; Materials Management; and Energy Management.~~ The City ~~hopes~~eight sector goals encompassing: buildings, energy, transportation, solid waste, water resources, ecosystems and green space, food and urban agriculture, and air quality. CECAP identifies PACE as a specific action to ~~reduce non-~~help achieve its Goal 1: increase energy efficiency of existing buildings; and its Goal 2: ensure affordable access to renewable energy~~-use by establishing a program to enhance sustainability for the private sector, and.~~ Through these goals of the CECAP, the PACE program can be part of this program.~~City is committed to exploring alternative financing mechanisms and partnerships that support accelerated retrofits in the existing building stock.~~ Additionally, ~~reducing water usage among the City's multi-family housing stock is the~~ City is committed to ensuring affordable access to renewable electricity remains one of the CECAP's primary goals~~of the City's most recent Five Year Water Conservation Program.~~ City staff estimates there are ~~over 21~~almost 15,000 commercial, industrial, or multi-family housing properties within the City of Dallas that may ~~be~~ eligible for PACE financing based on building condition (good, average, fair or poor~~);~~) and with access to the City's PACE ~~P~~rogram the improvement of these properties could contribute to the CECAP's goals.

The City of Dallas and its constituents benefit when privately-owned commercial and industrial properties and multi-family residential properties with five or more than units are retrofitted with equipment that reduces demand for electric power and water. ~~To~~The City of Dallas created this voluntary program in 2016 to encourage private sector investment in water and energy conservation within the ~~City of Dallas city.~~ The Program does not require the ~~creation of a voluntary program is being proposed that requires no~~ use of taxpayer funds or ~~pose any~~ risk to the local treasury.

¹ Information regarding the Texas PACE in a Box program can be found at <https://www.keepingpaceintexas.org/library/document-library/>.

The Property Assessed Clean Energy Program

The Dallas PACE Program is an innovative financing program that enables owners of privately owned commercial and industrial properties and residential properties with five or more units to obtain low-cost, long-term loans for water conservation, energy-efficiency improvements, and renewable retrofits.

Passed and signed into Texas state law during the 2013 legislative session, the PACE statute, SB 385 (now Tex. Local Gov't Code Chap. 399), authorizes municipalities and counties in Texas to work with private sector lenders and property owners to finance qualified improvements ("improvements") using contractual assessments voluntarily imposed on the property by the owner. In exchange for funds provided by a private lender to pay for the improvement, the property owner voluntarily requests that the local government place an assessment secured with a senior lien on the property until the assessment is paid in full.

The term of an assessment may extend up to the projected life of the improvement, which can result in utility cost savings that exceed the amount of the assessment payment. As a result, improvements financed through a PACE program may generate positive cash flow upon completion without up-front, out-of-pocket cost to the property owner.

PACE enables property owners to overcome market barriers, such as lack of access to capital and the extended time period it takes for utility savings to pay back the cost of a retrofit, which discourage investment in energy efficiency and water conservation improvements. PACE provides the property owner with upfront financing for up to 100% of the cost of a qualified improvement and allows the property owner to amortize the debt over the useful life of the improvement.

If a property is sold before the full amount of the PACE loan is repaid, the remaining repayment obligation automatically transfers to the next owner because the lien securing the PACE assessment follows the title to the property without recourse for subsequent payments on the previous owner, the lender, the City, the County, or the Program Administrator. Successive property owners assume the lien.

What are the Benefits of PACE?

The benefits of PACE are multi-faceted. Improvements financed with PACE loans will enable commercial, industrial, agricultural, and multifamily properties with five or more units to achieve greater energy efficiency and help conserve the area's water resources.

Among other things, these improvements can:

- Save substantial amounts in utility costs;
- Promote local job creation;
- Reduce demand on the energy grid;
- Support the state's water plan;
- Enhance the value and efficiency of existing buildings, enabling some buildings to become LEED certified;
- Reduce greenhouse gas emissions;
- Mitigate split incentive issues between landlords and tenants related to investments in energy efficiency and water conservation improvements; and

- Establish significant business opportunities for engineers, energy and water conservation consultants, construction contractors, commercial lenders, and investors.

PACE is tax neutral and does not impose a burden on the City's general fund. In the aggregate, PACE improvements ~~will~~ promote long-term economic development in Texas by helping the state obtain energy and water security.

Who Can Participate in PACE?

PACE is a voluntary program. Any owner of commercial, industrial, agricultural, or multi-family² residential property located within the City of Dallas ~~will be~~ is eligible to participate in PACE financing. ~~PACE financing will be~~ not ~~be~~ available for facilities for undeveloped lots or lots undergoing development at the time of the assessment, products or devices not permanently fixed to real property, or undeveloped land in the City of Dallas. [For guidance regarding what constitutes a developed lot, see the PACE in a Box document library at https://www.keepingpaceintexas.org/library/document-library/.](https://www.keepingpaceintexas.org/library/document-library/)

What Types of Improvements Qualify for PACE Financing?

PACE financing may be used to pay for permanent improvements to privately owned commercial, industrial, agricultural, or eligible multi-family real property that are intended to decrease water or energy consumption or demand, including a product, device, or interacting group of products or devices on the customer's side of the meter that use energy technology to generate electricity, provide thermal energy, or regulate temperature.

Typical examples of qualified improvements include:

- HVAC upgrades;
- High efficiency chillers, boilers, and furnaces;
- High efficiency water heating systems;
- Energy management systems and controls;
- Renewable energy systems;
- Mechanical system modernization;
- High efficiency lighting upgrades;
- Building enclosure/envelope improvements;
- Water conservation systems;
- Combustion and burner upgrades;
- Fuel switching;
- Heat recovery and steam traps;
- Wastewater recovery and reuse systems;
- Systems to capture and use alternate, on-site sources of water (A/C condensate, rainwater, reverse osmosis reject water, foundation drain water, etc.);
- On-site improvements to accommodate the use of municipally reclaimed water;

² Residential property consisting of five or more units is eligible for PACE financing.

- Water management systems and controls (indoor and outdoor);
- Switching from water cooled systems to air or geothermal cooled systems; and
- High efficiency irrigation equipment

Who ~~Will Administer~~Administers the Program?

~~The Pursuant to the PACE Act, the City of Dallas intends to select~~administers its Pprogram through a qualified, third-party entity to serve as the hired Program Administrator, subject to City Council approval. For more information regarding the City's third-party Program Administrator, please contact the City's Office of Economic Development Department.³

The Benefits of PACE to Property Owners

PACE assessments enable property owners to overcome traditional barriers to capital investments in commercial, industrial, or multi-family real property. Owners who use PACE financing can instead capitalize the money previously spent on utilities; the utility cost savings achieved by a retrofit can help to pay for the retrofit itself. Property owners end up with more energy efficient property and access to recurring utility savings and pay only for the assessment installments that are due while they own the property.

The Benefits of PACE to the City of Dallas

By creating new investment opportunities, PACE ~~will stimulate~~stimulates economic growth and development as well as energy efficiency in Dallas. ~~to achieve the City's CECAP goals.~~ Improvements financed through PACE ~~will~~ reduce energy and water consumption, thereby helping the community achieve critical energy and water conservation goals. ~~For Dallas as a community facing potential non-attainment levels under the Clean Air Act, PACE provides a very real opportunity to dramatically reduce building energy consumption and the emissions associated with energy generation. PACE programs will~~PACE projects also improve the quality of the systems within the City's commercial and industrial building stock. Importantly, the benefits of PACE for Dallas can be realized with minimal financial support from the local government and, ~~once established, can be~~is self-sustaining.

The Benefits of PACE to Lenders

PACE loans are attractive to lenders because they are secure investments. Like a property tax lien, the assessment lien securing the PACE loan has priority over other liens on the property. Therefore, the risk of loss from non-payment of a PACE loan is low compared to most other types of loans. PACE assessments provide lenders with an attractive new product to assist existing and new customers in addressing an almost universal pent-up demand for needed commercial and industrial property equipment modernization. In order to protect the interests of holders of existing mortgage loans on the property, the PACE Act requires their prior written consent as a condition to participation in the PACE Pprogram.

³ At the time of publishing, the City's Program Administrator is Texas PACE Authority:
<https://www.texaspaceauthority.org/city-of-dallas/>;
<https://www.texaspaceauthority.org/>.

The Benefits of PACE to Contractors, Engineers, Consultants, and Manufacturers

PACE loans provide attractive sources of financing for water and energy saving retrofits and upgrades, thereby encouraging property owners to make substantial investments in existing commercial and industrial buildings. As a result, PACE ~~will open~~opens business opportunities for contractors, engineers, consultants, and manufacturers throughout the commercial and industrial sectors in Dallas.

COMPONENTS OF THE PROGRAM

1) Map of Region

A map of the boundaries of the region included in the ~~P~~program is attached to this report as **Exhibit 1**. The region encompasses the entire ~~territorial~~ jurisdiction of the City of Dallas and shall expand and contract as the jurisdiction of the City of Dallas changes.

2) Form Contract with Owner

~~A form~~As required under Section 399.009 of the PACE Act, a form contract substantially representing the contract between the City of Dallas and the record owner of qualified real property, specifying the terms of the assessment under the Program and the financing to be provided by a qualified third-party lender of the property owner's choosing, is attached to this report as **Exhibit 2**. Technical and conforming changes to the attached form contract may be made subject to the review of the Dallas City Attorney's Office, and the consent of the Authorized Representative, as defined in Section 67, below, without seeking City Council approval.

3) Form Contract with Lender

~~A form~~As required under Section 399.009 of the PACE Act, a form contract substantially representing the contract between the City of Dallas and a qualified third-party lender chosen by a property owner regarding providing the financing and servicing of the debt through assessments is attached to this report as **Exhibit 3**. Technical and conforming changes to the attached form contract may be made subject to the review of the Dallas City Attorney's Office, and the consent of the Authorized Representative, as defined in Section 67, below, without seeking City Council approval.

4) Form Notice of Contractual Assessment Lien

A form notice of contractual assessment lien to be filed in the appropriate county clerk's office is attached to this report as **Exhibit 4**. Technical and conforming changes to the attached form contract may be made subject to the review of the Dallas City Attorney's Office, and the consent of the Authorized Representative, as defined in Section 67, below, without seeking City Council approval.

~~4)5)~~ Eligibility

Lenders

Eligible third-party lenders may include:

- Any federally insured depository institution such as a bank, savings bank, savings and loan association and federal or state credit union;

- Any insurance company authorized to conduct business in one or more states;
- Any registered investment company, registered business development company, or a Small Business Administration small business investment company;
- Any publicly traded entity; -or
- Any private entity that:
 - Has a minimum net worth of \$5 million; [and](#)
 - Has at least three years' experience in business or industrial lending or commercial real estate lending (including multifamily lending), or has a lending officer that has at least three years' experience in business or industrial lending or commercial real estate lending; [and](#)
 - Can provide independent certification as to availability of funds; and
 - Has the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts.

Any eligible lender can participate in the PACE [P](#)rogram. -Nothing in this section is intended to prohibit a property owner from identifying and selecting its own source of funding, whether or not from the eligible list, so long as the lender is a financially stable entity with the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts.

Property Owners

To be eligible for PACE financing, properties must be privately owned (the PACE Act does not apply to government buildings) and must be within the boundaries of the City of Dallas. -The property can be commercial real property, including non-profit real property including private schools, private medical facilities, religious property, etc., industrial property and residential real property with five or more dwelling units.

Project Types

The following types of projects are qualified projects that may be subject to contractual assessments under the Program, as provided in the PACE Act, Tex. Local Gov't. Code Chapter 399:

Projects that (a) involve the installation or modification of a permanent improvement fixed to privately owned commercial or industrial real property or residential real property with five (5) or more dwelling units, and (b) are intended to decrease energy or water consumption or demand, including a product, device, or interacting group of products or devices on the customer's side of the meter that uses energy technology to generate electricity, provide thermal energy, or regulate temperature. -An assessment may not be imposed to repay the financing of facilities for undeveloped lots or lots undergoing development at the time of the assessment or the purchase or installation of products or devices not permanently fixed to real property.

Additionally, improvements to government property are ineligible. -Examples of types of projects can be found on page three of this document.

[5\)6\) Authorized City Representative](#)

The City of Dallas designates the City Manager as the authorized local government representative for the PACE ~~P~~rogram. ~~The City Manager may delegate the authority as necessary~~ to the Director of Economic Development.

6)7) Plans for Ensuring Sufficient Capital

Sufficient capital for third-party financing of qualified projects will continue to be provided by third-party capital providers. Such financing ~~will be~~ repaid by collections from property owners through financing documents executed between the owners and the lenders, enabling those capital providers to fund additional qualified projects. ~~The City, by and through its~~ Program Administrator's website, will offer a list of interested qualified capital providers to assist property owners interested in funding PACE projects; however, property owners can use any qualified lender, who ~~will~~ can also service the assessment, who wishes to participate in the ~~P~~rogram.⁴ Information available about interested, qualified lenders ~~will~~ include contact information, and preferred project size/scope. ~~The Participating~~ lenders ~~will~~ ensure that property owners requesting to participate in the PACE ~~P~~rogram demonstrate the financial ability to fulfill the financial obligations to be repaid through contractual assessments.

7)8) Role of the PACE Program Administrator

The City of Dallas ~~intends to select~~ has selected a third-party PACE Program Administrator ~~through a competitive procurement process to administer its PACE program.~~⁵ The PACE Program Administrator ~~will be~~ responsible for overseeing the PACE program and coordinating efforts between the property owners and lenders throughout the application process, receiving written verification from the lender regarding the financial ability of the applicants, gathering reporting data to comply with the statute and maintaining a Dallas PACE ~~website~~ webpage on its website. The Program Administrator shall publish a Program Guide, attached to this report at Exhibit 6, implementing the PACE Program on its website and all participants are expected to adhere to its requirements.

The PACE Program Administrator ~~will not~~ cannot guarantee or imply that funding ~~will be~~ automatically provided from a third-party lender; imply or create any approval, endorsement, or certification of, or responsibility for, any lender; or create any type of express or implied favoritism for any eligible lenders.

The PACE Program Administrator ~~will not~~ cannot guarantee or imply that a favorable energy review ~~will be~~ automatically provided from an independent third-party reviewer; imply or create any approval, endorsement, or certification of, or responsibility for, any reviewer; or create any type of express or implied favoritism for any third-party reviewer.

Application

The PACE Program Administrator ~~will draft~~ drafts and ~~distributes~~ distributes the PACE application, as well as ~~accept~~ accepts and ~~review~~ reviews the property owner's completed application. ~~If the project meets~~

⁴ At the time of publishing, the City's Program Administrator is Texas PACE Authority;
[https://www.texaspaceauthority.org/city-of-dallas/;](https://www.texaspaceauthority.org/city-of-dallas/)
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[https://www.texaspaceauthority.org/.](https://www.texaspaceauthority.org/)

eligibility requirements, the PACE Program Administrator ~~will provide~~provides written indication that the project meets PACE standards at this stage (subject to verification of all requirements at closing). ~~The~~ PACE Program Administrator ~~will inform~~informs the property owner of his or her responsibilities in the process, including hiring a third-party reviewer, obtaining a lender, obtaining all necessary permits, determining final project scope, and completing and submitting a closing verification package.

The PACE Program Administrator ~~will conduct~~conducts a Pre-Closing Verification, which ~~will confirm~~confirms the statutorily required eligibility requirements of the owner including:

- Is the legal property owner of the benefited property, and;
- Is current on mortgage and tax payments, and;
- Is not insolvent or the subject of bankruptcy proceedings, and;
- Holds a title to the property to be subject to a PACE assessment that is not in dispute; and
- Has consent of any pre-existing mortgagee to the proposed PACE assessment through a written contract.

Ensuring Financial Ability of Applicants

The PACE Program Administrator ~~will review~~reviews verification by the property owner, lender and mortgage holder (if any) that the property owner:

- Has not been delinquent in the payment of its ad valorem taxes in the previous three years;
- Is in good financial standing;
- Has not been the subject of bankruptcy proceedings in the previous five years;
- Is not subject to any outstanding, unsatisfied final judgment;
- Has not had any property sold at foreclosure in the previous five years;
- Has provided a Certificate of Status from the Secretary of State of Texas;
- Has provided a Certificate of Account Status from the Texas Comptroller of Public Accounts;
- Has provided a current title report and verified that the property is not subject to any liens, including mechanics liens;
- Has provided notice to any preexisting mortgagee and has provided the written consent of the mortgagee; and

Prior to construction, the PACE Program Administrator ~~will also~~ reviewreviews copies of permits and other verifications (as provided by the project owner) that plans are in compliance with City regulations.

Reporting Data

The PACE Program Administrator ~~will compile~~compiles and ~~provide~~provides to the City quarterly progress reports with basic performance statistics. ~~The~~ PACE Program Administrator ~~will also~~ compilecompiles information to be used in an annual report, which ~~shall include~~includes aggregated ~~Pp~~ program information, best practices, lessons learned and recommendations for improvements. ~~Property owners are encouraged to use EPA's portfolio manager to capture basic reporting elements and then forward this information to the PACE Program Administrator.~~

Website

The PACE Program Administrator is responsible for creating the content and providing updates for a [Dallas PACE Program website](#) which ~~will~~shall, at a minimum, contain the following information:- list of eligible lenders, list of qualified third-party reviewers, application form/instructions, the [most recent version of the PACE Technical Standards Manual and related materials \(Exhibit 5\)](#), [City of Dallas specific information](#), and this ~~document~~Report.

~~8)9)~~ No Use of Bonds or Public Funds

The City of Dallas does not, at this time, intend to use bonds or other public funds to capitalize PACE projects. All financing ~~will be~~is provided to property owners by qualified third-party lenders chosen by the property owners.

~~9)10)~~ Ensuring Measure Life Exceeds Payment Period

Assurance that the period of each contractual assessment does not exceed the useful life of the qualified project that is the basis for the assessment ~~will be~~is determined by the PACE Program Administrator based on a report conducted by an independent third-party reviewer (a qualified engineer) chosen by the property owner as well as the term provided by the lender. The PACE Program Administrator ~~shall be~~is responsible for ensuring that in all PACE financing submittals to the City the term provided by the lender does not exceed the useful life of the qualified improvements.

~~10)11)~~ Application Process

The Program Administrator ~~will accept~~accepts written or electronically submitted applications from property owners seeking to finance qualified projects to be repaid through contractual assessments under the Program. Each application must be accompanied by the required application fee and must include (1) a description of the specific qualified improvements to be installed or modified on the property, (2) a legal description of the specific real property to which the qualified improvements will be permanently fixed, and (3) the total amount of financing requested to be repaid through assessments. ~~The application fee may be expressed as a set amount, a percentage of the amount of assessment or in any other manner.~~

Based on this information, the Program Administrator may issue a preliminary letter indicating that, subject to verification of all requirements at closing, the proposed project appears to meet Program requirements.

Based on this preliminary letter, the property owner may engage an independent third-party review of the project under the [most recent version of the PACE Technical Standards Manual \(Exhibit 5\)](#) and submit the project to third-party capital providers for approval of financing.

Once these processes are completed, the property owner may submit a complete application packet to the Program Administrator as part of the closing verification review, including (1) the report conducted by a qualified independent third-party reviewer of water or energy baseline conditions and the projected water or energy savings attributable to the project, (2) such financial information about the owner and the property as the lender chosen by the owner deems necessary to determine that the owner has demonstrated the financial ability to fulfill the financial obligations to be paid through assessments and (3) all other information required by the Program Administrator.

A project may be scheduled for closing once appropriate City approvals and signatures on the contracts have been obtained.

~~11)~~12) Financial and Project Verification Requirements

The Program Administrator ~~will determine~~determines from the written application of a property owner and such other information as may be requested from the owner or obtained from other sources whether the owner, the property, and project are eligible for the financing of qualified improvements under the Program. Once verification has been made, it is conclusively established that the improvement is a qualified improvement, and the project is a qualified project. ~~The Program Administrator will determine,~~ on the basis of the report of a qualified independent third-party reviewer, whether the proposed improvements are reasonably likely to decrease energy or water consumption or demand and whether the period of the requested assessment does not exceed the useful life of the project. The lender chosen by the owner ~~will determine~~determines whether the owner has demonstrated the financial ability to fulfill the financial obligations to be repaid through contractual assessments. Ensuring such a demonstration of financial ability must be based on appropriate underwriting factors, including verification that the person requesting to participate in the program is the legal record owner of the benefitted property, is current on mortgage and property tax payments, and is not insolvent or in bankruptcy proceedings, that the title of the benefitted property is not in dispute, and that there is an appropriate ratio of the amount of the assessment to the assessed value of the property.

The PACE statute requires that the method for ensuring a demonstration of financial ability must be based on appropriate underwriting factors, including requiring an appropriate ratio of the amount of the assessment to the assessed value of the property. ~~Additional guidance regarding the appropriate underwriting standards can be found in the PACE in a~~ ~~box~~Box document (see [http://www.keepingpaceintexas.org/pace-in-a-](http://www.keepingpaceintexas.org/pace-in-a-box/)~~box/~~<https://www.keepingpaceintexas.org/library/document-library/> and includes the following:

Savings to Investment Ratio

The Savings to Investment Ratio (SIR) is the ratio of anticipated monetary utility savings to a participating property owner compared to the total cost invested in the property conservation improvements. The SIR is expressed as the estimated savings over the life of the assessment divided by the amount financed through the voluntary PACE assessment. As an underwriting standard, a positive SIR ~~will provide~~provides a lender greater assurance that a participating owner/borrower will realize a positive cash flow under the terms of the project and can service the debt at presumably no net cost or impact to normal cash flow from operations.

The responsibility for achieving the projected savings lies with the property owner. One method owners may use in evaluating improvement measures is to calculate and compare the SIR for each conservation measure. To ensure a SIR > 1 over the life of the assessment, the City of Dallas PACE Program and project participants may:

- Use energy auditing and modeling to identify measures that will yield a SIR > 1;
- Calculate SIR based on an entire project rather than on each individual measure; and
- Incorporate normal elements of generally accepted business calculations, such as depreciation and reasonable projections of changes in utility prices.

A third-party lender and a property owner may request a waiver from the rule requiring a savings to investment ratio of greater than one (SIR >1) where an exception can be justified.

PACE Assessment Cost to Assessed Building Value Ratio

The PACE statute in Texas requires a PACE program to establish an appropriate threshold for the ratio of the amount of the PACE loan to the assessed value of the property as determined by the Appraisal District having jurisdiction over the property. The lower the ratio of new debt (the PACE assessment) to the value of the property, the less risk that the additional debt burden of a PACE assessment becomes a burden to the overall economic function of the property. -The amount financed using a PACE assessment should not exceed twenty percent (20%) of the assessed value of the property. -A third-party lender and a property owner may request a waiver from the rule limiting the PACE assessment to 20% of the assessed value of the property where an exception can be justified.— [in accordance with prevailing PACE industry underwriting guidance.](#)

~~12)~~13) [Mortgage Holder Notice and Consent](#)

Before the Authorized City Representative may enter into a written contract with the owner of real property to impose an assessment to repay the financing of a qualified project under the Program, the holder of any mortgage lien on the property must be given notice of the owner's intention to participate in the Program on or before the 30th day before the date the contract is executed and the written consent of the mortgage holder must be obtained by the owner.

Applicants [will be](#) required to demonstrate notice to and consent of an existing mortgage lien holder by providing a form signed by the mortgagee with the PACE [P](#)rogram application. The Program Administrator will make the consent form available to the applicant.

~~13)~~14) [Imposition of Assessment](#)

Upon (a) notification to the Program Administrator of the written consent of any mortgage lien holder, (b) a determination by the Program Administrator that the owner and the property are eligible to participate in the [P](#)rogram, that the proposed improvements are reasonably likely to decrease energy or water consumption or demand, and that the period of the requested assessment does not exceed the useful life of the project, and (c) notification to the Program Administrator by the lender that the owner has demonstrated the financial ability to fulfill the financial obligations to be repaid through contractual assessments, the Authorized City Representative will enter into a written contract with the owner on the form attached hereto as **Exhibit 2**, imposing a contractual assessment on the owner's property to repay the owner's financing of the qualified project. -A Notice of Contractual Assessment Lien, in the form attached hereto as **Exhibit 4**, will be filed by the City for recording in the Official Public Records of the appropriate county as notice to the public of the assessment from the date of filing. -The contract and the Notice of Contractual Assessment Lien must contain the amount of the assessment, the legal description of the property, the name of the property owner, and a reference to the statutory assessment lien provided under the PACE Act. -After the notice of contractual assessment is recorded, the lien may not be contested on the basis that the improvement is not a qualified improvement, or the project is not a qualified project. The assessment will include the costs and fees permitted in the statute.

~~14)~~15) [Collection of Assessments](#)

Upon the execution of the written contract between the Authorized City Representative and the property owner and recording of the Notice of Contractual Assessment Lien, the owner will be authorized to

purchase directly the equipment and materials for the qualified improvement and contract directly, including through lease, power purchase agreement, or other service contract, for the installation or modification of the qualified improvements; and the owner will be authorized to execute financing documents with the lender to repay the financing secured by the assessment. The financing will be advanced by the third-party lender to the owner, and the terms for repayment will be such terms as are agreed between the lender and the owner. -Under the form lender contract attached hereto as **Exhibit 3**, the lender or a designated servicer will agree to service the debt secured by the assessment. -The lender will retain the owner's payments to repay the debt and remit to the Program Administrator any administration fees. -The lender will have the right to assign or transfer the right to receive the installments of the debt secured by the assessment, provided all ~~of~~ the following conditions are met:

~~(a) (a)~~ —The assignment or transfer is made to a qualified lender, as defined above; and

~~(b) (b)~~ —The property owner, Program Administrator, and City of Dallas are notified in writing of the assignment or transfer and the address to which payment of the future installments should be mailed at least 30 days before the next installment is due according to the schedule for repayment of the debt; and

~~(c) (c)~~ —The assignee or transferee of the right to receive the payments executes an explicit written assumption of all of lender's obligations under the lender contract.

~~15)~~16) Verification Review

As a precondition to closing, the PACE Program Administrator ~~will ensure~~ensures receipt of certification from an independent third-party reviewer that each proposed qualified project has undergone a review of water or energy baseline conditions and the projected water or energy savings to establish that the projected water or energy savings meet the PACE Technical Standards Manual as attached to this report as Exhibit 5.

After a qualified project is completed, the Program Administrator ~~will require~~requires the property owner to provide verification by a qualified independent third-party reviewer that the qualified project was properly completed and is operating as intended.

~~16)~~17) Quality Assurance and Antifraud Measures

Quality assurance and anti-fraud measures ~~will be~~are instituted for the Program by the Program Administrator ~~within~~ consultation with the City. -The Program Administrator ~~will review~~reviews each PACE application for completeness and verify the supporting documents through independent review and verification procedures. The application and required attachments ~~will~~ identify and supply the information necessary to ensure that the property owner, the property itself, and the proposed project all satisfy Program underwriting and technical standards requirements. -The property owner or the owner's contractor ~~will be~~are required to provide copies of all required permits and releases of lien and a statement that the project was constructed in accordance with the PACE Program guidelines and has complied with all applicable local, state, and federal laws. -Measures ~~will be put~~are in place to provide safeguards, including a review of the energy/water savings baseline and certification of compliance with the Technical Standards Manual (Exhibit 5) from an independent third-party reviewer (ITPR) who must be a registered professional engineer, before the project can proceed. -This review ~~will include~~includes a site

visit, report, and a letter from the ITPR certifying that he/she has no financial interest in the project and is an independent reviewer. After the construction of the project is complete, there ~~will be~~ is a final site inspection by an ITPR who ~~will~~ determine whether the project was completed and is operating properly. The reviewer's certification ~~will~~ also ~~include~~ includes a statement that the reviewer/inspector is qualified and has no financial interest in the project.

~~17)~~ 18) ~~_____~~ -Delinquency_____

Under the terms of the form lender contract attached hereto as **Exhibit 3**, if a property owner fails to pay an agreed installment to repay the financing secured by PACE assessments under the ~~P~~program, ~~the Lender will agree~~ agrees to take at least the following steps to collect the delinquent ~~installment~~ installment:

(1) ~~(a)~~ _____ Mail a written notice of delinquency and demand for payment to the ~~owner~~Property Owner by both certified mail, return receipt requested, and first-class mail. Lender shall mail a copy of the first notice of delinquency to the holder(s) of any mortgage lien on the Property, to HUD if this is a HUD assisted or FHA insured Project; and to Freddie Mac if the lien is held by Freddie Mac.

~~(b)~~ _____

(2) Mail a second notice of delinquency and demand for payment to the ~~owner~~Property Owner by both certified mail, return receipt requested, and first-class mail at least 30 days after the date of the first notice if the delinquency is continuing-; and Lender shall also mail a copy of the second notice of delinquency to the holder(s) of any mortgage lien on the Property, to HUD if this is a HUD assisted or FHA insured Project, and to Freddie Mac if the lien is held by Freddie Mac.

The holder(s) of any mortgage lien on the Property, HUD, if this is a HUD assisted or FHA insured Project, and Freddie Mac if the mortgage lien is held by Freddie Mac, shall have not less than a 60-day notice and right to cure the delinquency by paying the amount of the delinquent installment.

If ~~the owner~~Property Owner or other parties with the right to cure under this contract fails to cure the delinquency ~~under the promissory note or contract within 30 days on or before the 30th day~~ after the mailing of the second notice of delinquency, the ~~Lender or its designee~~ may notify ~~the~~ Authorized City Representative ~~and the Dallas PACE Program administrator, in writing~~ of a default ~~by the owner, and pursuant to Tex. Local Gov't Code Sec. 399.014(c), the in payment by Property Owner.~~ Upon receipt of such notice and after doing its own due diligence, Authorized City Representative ~~will~~shall certify the default to Local Government, which shall then enforce the assessment lien for the benefit of Lender pursuant to Sec. 399.014(c) of the PACE Act, in the same manner as a property tax lien against real property may be enforced, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution. ~~Delinquent installments will incur penalties and~~ However, if a case under the U.S. Bankruptcy Code is filed by or against Property Owner or if the enforcement of the assessment lien is prevented by the order of a court, Local Government shall notify Authorized Representative and shall file a proof of claim for the balance of the Assessment, accrued interest ~~in the same manner and at the same rate as delinquent property taxes, according to Tex. Local Gov't Code Sec. and penalties, and all costs and expenses, including attorney's fees, as authorized by Section 399.014(d), and such statutory penalties and interest will~~ of the PACE Act. Authorized Representative shall notify Lender of the filing of the proof of claim. Lender shall ~~not~~ be due to the City of Dallas to offset the cost of collection. However, in no event will the total amount of interest on the assessment, including statutory interest payable to the City of Dallas and contractual interest payable to lender under the financing documents, exceed the maximum

~~amount or rate of nonusurious interest that may be contracted for, charged, or collected under Texas law (the “usury limit”). If the total amount of interest payable to City of Dallas and lender exceeds the usury limit, the interest payable to City of Dallas will be reduced and any interest in excess of the usury limit will be credited to the amount payable to the City of Dallas or refunded. If a suit required to enforce collection is filed, the Authorized City Representative may also recover mail a notice of delinquency to Property Owner or a notice of default to Local Government. Lender shall reimburse Local Government for any costs and expenses, including attorney’s fees, in a suit to collect a delinquent installment of an assessment in the same manner and at the same rate as in suit to collect a delinquent property tax. If a delinquent installment of an assessment is collected after the filing of a suit, the Authorized City Representative will remit required to the lender the net amount of the delinquent installments file and contractual interest collected and remit to the Program Administrator the amount of any administration fees collected and will retain any statutory penalties, interest, and attorney’s fees collected. present the claim.~~

~~18)~~ 19) Joint Implementation

Any combination of local governments may agree to jointly implement or administer a PACE program. If two or more local governments implement a program jointly, a single public hearing held jointly by the cooperating local governments is sufficient to satisfy the public hearing requirements. In addition, one or more local governments may contract with a third party, including another local government, to administer the program. An interlocal agreement is needed for any joint PACE program.

~~19)~~ 20) No Personal Liability

~~As established by the PACE statute, the~~ The members of the governing body of a local government, employees of a local government, and board members, executives, employees and contractors of a third party who enter into a contract with a local government to provide administrative ~~services~~ services for a program under ~~Section 399.003 of the Local Government Code establishing a PACE program~~ Act are not personally liable as a result of exercising any rights or responsibilities granted under the PACE program Act.

~~20)~~ 21) Marketing and Education Services

Marketing and participant education services for the Program ~~will be~~ are provided either directly by the City of Dallas, by the PACE Program Administrator, or under agreements that the City may subsequently enter into with organizations that promote energy and water conservation, or economic development, or other marketing or utility provider entities.

Exhibit 1

MAP OF THE REGION

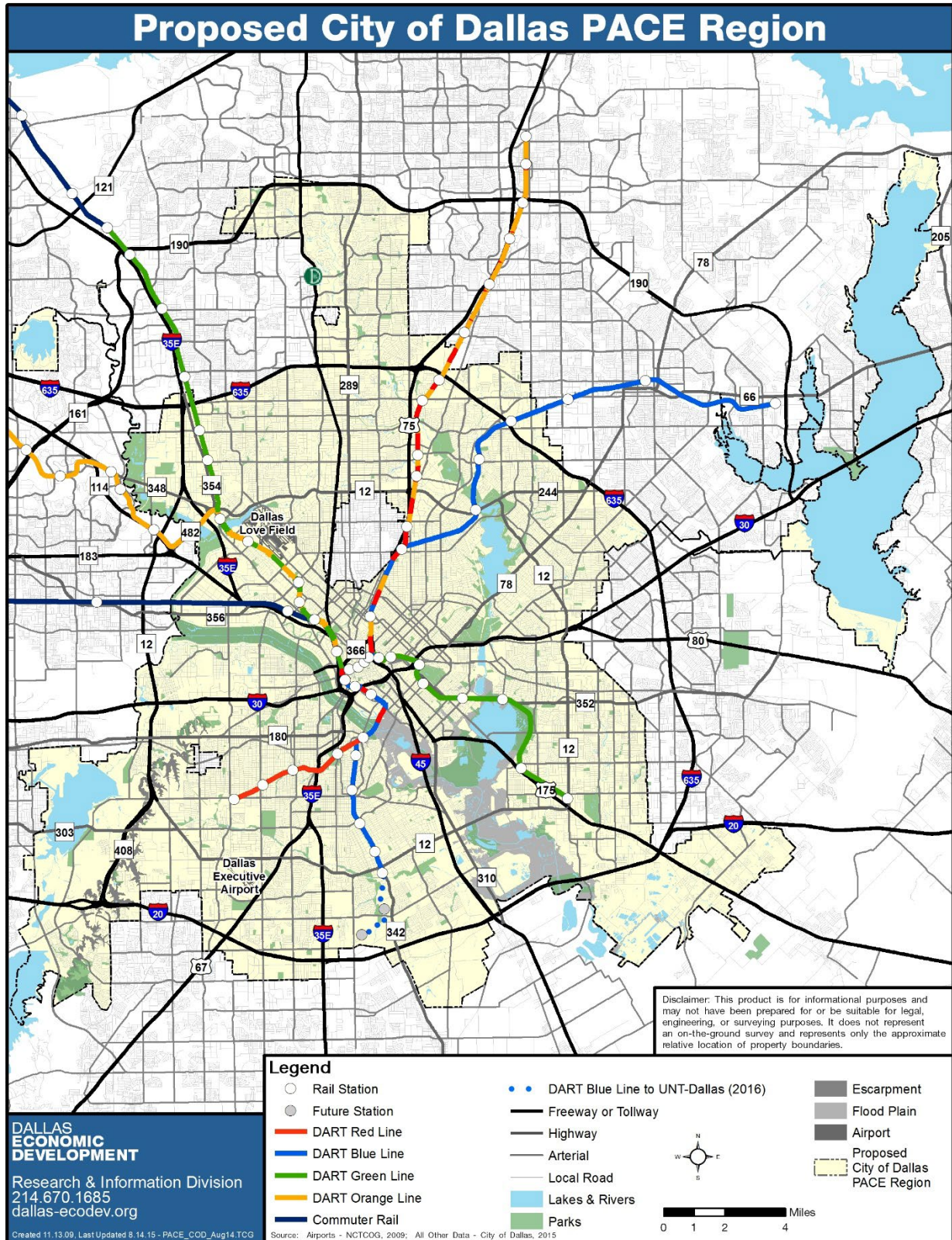


Exhibit 2

FORM OWNER CONTRACT

PACE OWNER CONTRACT

THIS PROPERTY ASSESSED CLEAN ENERGY (“PACE”) OWNER CONTRACT ~~including the attached exhibits~~ (“Owner Contract”) is made as of the _____ day of _____, _____ (“Effective Date”), by and between the City of Dallas, Texas (“Local Government”), and _____ (“Property Owner”). ~~Local Government and Property Owner are hereafter referred to collectively as “the parties” or individually as “party.”~~ (“Property Owner”).

RECITALS

A. The Property Assessed Clean Energy Act (“PACE Act”), Texas Local Government Code Chapter 399, authorizes the governing body of a local government to establish a program and designate a region within the local government’s jurisdiction within which an authorized representative of the local government may enter into written contracts with the record owners of ~~privately owned~~ commercial, industrial, agricultural, and large multifamily residential (5 or more dwelling units) real property to impose assessments on the property to finance the cost of permanent improvements fixed to the property intended to decrease water or energy consumption or demand.

B. Local Government ~~has~~ established a program under the PACE Act pursuant to Resolution ~~160721~~ No. 16-0721 dated May 11th, 2016, and as amended by Resolution No. 24- dated January 10th, 2024, adopted by the Dallas City Council (the City of Dallas PACE Program) (“PACE Program”), and has designated the City Manager or his designee (“Authorized Representative”) as the representative authorized to enter into the Assessment, Owner Contract ~~with the owners of such property~~ and Lender Contract ~~with the providers of such financing~~ described herein, and has designated the entire territory within the boundaries of the City of Dallas, Texas jurisdiction as a region ~~(the~~ (“Region”) within which the Authorized Representative and the record owners of such real property may enter into written contracts to impose assessments to repay the financing by owners of qualified improvements on the owners’ owner’s property pursuant to the PACE Program. ~~The City of Dallas has designated Texas Property Assessed Clean Energy Authority, d/b/a Texas PACE Authority as the Program Administrator (“Program Administrator”).~~

C. Property Owner is ~~are~~ the sole legal and record owner of the qualified “real property,” as defined in Section 399.002 of the PACE Act, within the Region located at _____, Dallas, Texas _____ (the “Property”) ~~(the Property being more particularly described in the Notice of Contractual Assessment Lien, attached hereto as Exhibit A).~~ _____, Texas, _____ (the “Property”).

D. Pursuant to Application number _____, Property Owner has applied to Local Government to participate in the PACE Program by installing or modifying on the Property certain permanent improvements which are intended to decrease water or energy consumption or demand, and which are or will be fixed to the Property as “qualified improvements”, as defined in Section 399.002 of the PACE Act (~~“(the “Qualified Improvements”)~~). The installation or modification of such Qualified Improvements on the Property ~~shall~~will be a “qualified project” as defined in Section 399.002 of the PACE Act (the **“Project”**). Property Owner has requested that Local Government enter into this Owner Contract pursuant to the PACE Act and the PACE Program and has requested Local Government to impose an assessment (the **“Assessment”**) on the Property as set forth in the Notice Of Contractual Assessment Lien Pursuant To Property Assessed Clean Energy Act to be filed in the ~~real property records~~Official Public Records of _____ County, Texas (the **“Notice of Contractual Assessment Lien”**), ~~to repay the financing of such Qualified Improvements. A~~ copy of ~~the Notice of Contractual Assessment Lien~~which is attached hereto as Exhibit A and made a part hereof, ~~to repay the financing of such Qualified Improvements.~~ The Property, Qualified Improvements and Assessment are more fully described in the Notice of Contractual Assessment Lien.

E. ~~Financing for the Project (“Financing”) shall~~The financing of such Qualified Improvements will be provided to Property Owner by _____ (**“Lender”**), a qualified lender selected by Property Owner, pursuant to a written contract executed by Lender and Local Government as required by Section 399.006(c) of the PACE Act and by the PACE Program (the **“Lender Contract”**). The financing ~~includes~~will include only those costs and fees for which an assessment may be imposed under ~~Section 399.006(e) of~~ the PACE Act. Local Government has agreed to maintain and continue the Assessment for the benefit of Lender until ~~the Financing, all contractual interest due to Lender (“Contractual Interest”), any prepayment penalty, and any penalties, interest, fees, and costs due under or authorized by the PACE Act are paid~~such financing is repaid in full and to release the Assessment upon notice from Lender of such payment, or ~~to~~ foreclose the lien securing the Assessment for the benefit of Lender upon notice from Lender of a default ~~in payment~~by Property Owner.

F. As required by Section 399.010 of the PACE Act, Property Owner ~~represents and warrants that it has~~ notified the holder(s) of any mortgage lienlien on the Property at least thirty (30) days prior to the date of this Owner Contract of Property Owner’s intention to participate in the PACE Program. The written consent of each mortgage holder to the Assessment was obtained ~~on or~~ prior to the date of this Owner Contract and is attached hereto as Exhibit B and made a part hereof: (**“Lender Consent(s)”**).

AGREEMENT

The parties agree as follows:

1. Imposition of Assessment. In consideration for the ~~Financing~~financing advanced or to be advanced to Property Owner by Lender for the Project under the PACE Program pursuant to the Lender Contract, Property Owner hereby requests and agrees to the imposition by Local Government of the Assessment in the ~~principal~~amount of \$ _____, \$ _____.

as set forth in the Notice of Contractual Assessment Lien. ~~In the event the actual total of costs, including all interest and fees for which an assessment may be imposed under the PACE Act is different from the stated amount or any other term requires correction, Local Government, Property Owner, and Lender agree to execute an amended Owner Contract and Lender Contract, as applicable, and Authorized Representative shall record an amended Notice of Contractual Assessment Lien. The Assessment includes the application and administration fees/penalties authorized by the PACE Act, PACE Program and Section 399.006(e) of the PACE Act. Property Owner promises and agrees to pay the Assessment, Contractual Interest thereon, any prepayment penalty, and all penalties, interest, fees, attorney's fees, and costs due under or authorized by the PACE Act and the financing documents executed between Property Owner and Lender (the "Financing Documents") described in or copies of which are attached as described or listed on Exhibit C attached hereto and made a part hereof by reference. Property Owner shall promises to Local Government and agrees to pay such amount in care of or as directed by, interest, and penalties to Lender, in satisfaction of the Assessment imposed pursuant to this the Owner Contract and the PACE Act. Accordingly, Local Government hereby imposes the Assessment on the Property to pay the Financing of the Project, Contractual Interest, any prepayment penalty, and any penalties, interest, fees and costs due under or authorized by the PACE Act and the Financing Documents secure the payment of such amount, in accordance with the requirements of the PACE Program and the provisions of the PACE Act.~~

2. Maintenance and Enforcement of Assessment. In consideration for Lender's agreement to advance ~~Finaneing~~financing to Property Owner for the Project pursuant to the Financing Documents, ~~(the "Financing")~~, Local Government agrees to maintain and continue the Assessment ~~on the Property~~ for the benefit of Lender until the Assessment, ~~Contractual Interest, any prepayment penalty, and any all contractual interest according to the Financing Documents, and any statutory~~ penalties, interest, ~~fees, attorney's fees, and/or~~ costs, ~~due under or authorized by the PACE Act, PACE Program, and the Financing Documents accrued in the event of default~~ are paid in full, and to release the Assessment upon notice from Lender of such payment. ~~Local Government agrees to enforce the assessment lien against the Property at the~~Upon written request of Lender ~~in the event of a default in payment by Property Owner, in accordance, and with the provisions set forth in paragraph 5. written consent of Property Owner, Authorized Representative on behalf of Local Government may execute a partial release of the Assessment Lien and Program Administrator shall deliver an annual notice of record the partial release on the Property, on the Property, provided the unreleased Property assessment to Property Owner by first class or electronic mail each year until the Assessment is released. If requested by Property Owner by marking the box below, continues to meet all requirements under the City of Dallas PACE Program. Local Government agrees to also deliver~~undertake reasonable efforts to enforce the Assessment against the Property for the benefit of Lender in the event of a default by Property Owner. Local Government agrees to send an annual notice of assessment to ~~the~~ Property Owner by ~~first class mail in the envelope with the tax bill of the Property each year until the Assessment there is released a PACE lien balance.~~

☐ ~~Property Owner requests an annual notice of assessment from Local Government.~~

~~Any failure of Local Government or Authorized Representative to deliver an annual notice of assessment to Property Owner shall not affect the Assessment or Property's Owner's obligations under this Owner Contract.~~

3.(a) Installments. The Assessment, including the amount financed and Contractual Interest thereon are contractual interest, is due and payable to Lender in installments (“Installments”), according to the payment schedule as set forth in the Notice of Contractual Assessment Lien and the Financing Documents attached hereto as Exhibit C. (“Installments”). The Assessment ~~includes~~ shall include: (1) an application fee paid by Property Owner to ~~Authorized Representative at closing of the Financing~~ The Texas Property Assessed Clean Energy Authority (the “Program Administrator”) at loan closing, and (2) a recurring administration fee paid by Property Owner to the Program Administrator ~~until the Assessment is released.~~ The recurring administration fee amount shall be collected by Lender and paid to the Program Administrator ~~not later than~~ within thirty (30) days ~~after of~~ receipt by Lender of installments, unless otherwise agreed to in writing by ~~Program Administrator.~~ Notwithstanding the foregoing, in the event of a delinquency in the payment of any Installment, Lender shall, upon notice to the Program Administrator, withhold payment of any administration fee. The amounts due to the Program Administrator in connection with such Installment until the Installment is paid. Property Owner agrees that any such temporary withholding shall not reduce the amount of the administration fees included in the Assessment or due to Program Administrator. The amounts due to Program Administrator and Lender are identified in Exhibit C hereto. When the Assessment, Contractual Interest, any prepayment penalty, and any penalties, interest, fees and costs due under or authorized by the PACE Act and the Financing Documents, have been paid in full, Local Government’s rights under this Owner Contract shall cease and terminate, except for rights under Sections 18, 20, 21 and 22. Upon notice from Lender that all amounts due have been paid in full, Authorized Representative shall execute a release of the Assessment and this Owner Contract and record the release. As required by Section 399.009(a) (8) of the PACE Act, the period during which such Installments installments are payable does not exceed the useful life of the Project.

(b) If this is a US Department of Housing and Urban Development (“HUD”) assisted or a Federal Housing Administration (“FHA”) insured Project, then the Financing Documents shall provide for Installments to be escrowed in a manner acceptable to HUD or FHA lender and paid to Lender. Property Owner represents to Local Government that it shall comply with this HUD requirement.

(c) When the Assessment has been paid in full, Local Government’s rights and obligations under this Owner Contract will cease and terminate, and upon notice from Lender to Program Administrator, Authorized Representative on behalf of Local Government will execute, and Program Administrator on behalf of Authorized Representative shall record, a release of the Assessment and assessment lien.

4.3. Assignment of Right to Receive Installments or Require Enforcement of Lien. Property Owner acknowledges that Lender has the right, ~~without the consent of Property Owner,~~ to assign or transfer the right to receive the ~~Installments or require Local Government to enforce the assessment lien in the event of a default in payment, together with all corresponding obligations, provided that~~ installments of the financing secured by the Assessment, provided all of the following conditions are met:

(a) (a) The assignment or transfer is made to a qualified lender as defined in the Lender Contract;

(b) (b) Property Owner ~~and~~, Program Administrator, the holder(s) of any mortgage lien on the Property, and HUD, if this is a HUD assisted or FHA insured Project are notified in writing of the assignment or transfer and the address to which payment of the future ~~Installments~~installments should be mailed ~~not less than~~at least 30 days before the next ~~Installment~~installment is due according to the payment schedule included in the Notice of Contractual Assessment Lien and the Financing Documents; and

(c) (c) The assignee or transferee ~~executes a written assumption agreement according to the Financing Documents of all of Lender's rights and obligations under the Lender Contract related to the receipt of the Installments or the enforcement of the assessment lien and provides a copy of such assumption to Property Owner and Program administrator not later than 10 days after execution of the agreement.~~

~~Lender may assign or transfer of the right to receive the Installments or the right to require enforcement of the assessment lien separately. Upon written notice to Property Owner and executes an explicit written assumption, evidence of which shall be provided to Program Administrator, of all of Lender's obligations under the Lender Contract.~~

Upon written notice of an assignment or transfer of the right to receive the installments that complies with meets all of the foregoingabove described conditions, the assignor shall be released of all of the rights and obligations of the Lender under such Lender Contract accruing after the effective date of the assignment that are specified in the assignment or transfer document, assumed by and transferred to such assignee or transferee and all of such rights and obligations shall be assumed by and transferred to the assignee. Any attempt to assign or transfer the right to receive the Installments or require enforcement of the Assessment lieninstallments that does not comply withmeet all of the foregoingthese conditions is void. Lender shall retain all of the rights and obligations of Lender under the Lender Contract until such rights and obligations are assigned or transferred according to this section.

5.4. Lien Priority and Enforcement. Pursuant to ~~Sections~~Section 399.014 ~~and 399.015~~ of the PACE Act;

(a) (a) Delinquent ~~Installments shall~~installments of the Assessment will incur interest and penalties ~~and interest on the principal of the Installment~~ in the same manner and in the same amount as delinquent property taxes, ~~pursuant to the statutes in effect at the time of default. Under current statutes, viz.,~~ a delinquent ~~Installment~~installment incurs a penalty of 6% of the ~~principal~~ amount of the ~~Installment~~installment for the first calendar month it is delinquent plus 1% for each additional month or portion of a month the ~~Installment~~installment remains unpaid prior to July 1 of the year in which it becomes delinquent. However, an ~~Installment~~installment delinquent on July 1 incurs a total penalty of 12% of the ~~principal~~ amount of the delinquent ~~Installment~~installment without regard to the number of months it has been delinquent. A delinquent ~~Installment shall~~installment will also accrue interest ~~on the principal of the Installment~~ at the rate of 1% for each month or portion of a month that the ~~Installment~~installment remains unpaid. ~~Subject to paragraph 16~~

~~below, Statutory penalties, and statutory interest, fees, and costs payable under this paragraph shall will be retained by Local Government to compensate it for the cost of enforcing the Assessment. Additional interest at any default rate imposed by Lender pursuant to the Financing Documents, along with any other fees that become due pursuant to the Financing Documents, may be imposed and retained by Lender.~~

~~(b)~~ (b) The Assessment ~~and, together with~~ any ~~interest or~~ penalties and interest thereon,

~~(1)~~ (1) is a first and prior lien against the Property from the date on which the Notice of Contractual Assessment Lien is ~~recorded~~ filed in the ~~real property records of~~ Official Public Records of the County, Texas of _____ as provided by Section 399.013014 of the PACE Act, until the ~~financing secured by the Assessment, and any penalties and interest, or penalty is~~ are paid; and

~~(2)~~ (2) such lien has the same priority status as a lien for any other ad valorem tax, pursuant to Section 399.014(a)(2) of the PACE Act.

~~(c)~~ Pursuant to Section 399.014(b) of the PACE Act, the ~~(c)~~ The lien created by the Assessment runs with the land, and according to Section 399.014(b) of the PACE Act, any portion of the Assessment that has not yet become due ~~shall is~~ not be eliminated by ~~sale or transfer of the Property, or by~~ foreclosure of: (i) a property tax lien, or (ii) the lien for ~~a delinquent installment any past due portion~~ of the Assessment. Accordingly, Installments may not be accelerated in the event of default. Property Owner represents that the Financing Documents shall not include any acceleration. In the event of a sale or transfer of the Property by Property Owner, the obligation for the Assessment and the Property Owner's obligations under the Financing Documents ~~shall will~~ be transferred to the succeeding owner without recourse ~~to Lender, on~~ Local Government, ~~Authorized Representative,~~ or Program Administrator.

~~(d)~~ (d) In the event of a default by Property Owner in payment of ~~an Installment the installments~~ called for by the Financing Documents ~~or the filing of a case under the U.S. Bankruptcy Code by or against Property Owner,~~ the lien created by the Assessment ~~shall will~~ be enforced by Local Government ~~for the benefit of Lender,~~ in the same manner according to Texas Tax Code Secs. 33.41 to 34.23 that a property tax lien against real property may be enforced by a local government, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution.

~~(e)~~ (e) In a suit to collect a delinquent ~~Installment installment~~ of the Assessment, Local Government ~~shall will~~ be entitled to recover costs and expenses, including attorney's fees in the amount of 15% of the total ~~principal~~ amount of the delinquent ~~Installment installment~~, penalties, and interest due, in the same manner according to Texas Tax Code Sec. 33.48, ~~as amended from time to time,~~ as in a suit to collect a delinquent property tax. ~~Lender shall be entitled to any additional sums due to it under the Financing Documents in connection with a suit to collect a delinquent Installment of the Assessment.~~

(f) ~~As provided in Section 399.014 (a-1) of the PACE Act, after the Notice of Contractual~~ (f) After written notice of the Assessment Lien is recorded in the real property records of the county in which the Property is located as provided under Section 399.013 of the PACE Act, the lien created by the Assessment may not be contested on the basis that the improvement is not a “qualified improvement” or the Project ~~project~~ is not a “qualified project”, as such terms are defined in Section 399.002 of the PACE Act.

6.5. Written Contract Required by PACE Act. This Owner Contract constitutes a written contract for the Assessment between the Property Owner and Local Government as required by Section 399.005 of the PACE Act. The Notice of Contractual Assessment Lien shall will be recorded in the real property recordsOfficial Public Records of _____ County, Texas as public notice of the contractual AssessmentAssessment, in accordance with the requirements of Section 399.013 of the PACE Act.

~~7.6. Qualified Improvements. Property Owner agrees and warrants that all improvements purchased, constructed, and/or installed through the Financing obtained pursuant to this Owner Contract shall be permanently affixed to the Property and shall will transfer with the Property to the transferee in the event of and sale or transfer assignment of the Property. Property Owner agrees to provide to Program Administrator within 30 days after the completion of the Project a verification by an independent third-party reviewer ("ITPR") that the project was properly completed and is operating as intended. Property Owner agrees that Lender may retain the final advance of Financing until such verification is submitted or require Property Owner to pay liquidated damages for a failure to do so, according to paragraph 19 below.~~

8.7. Water or Energy Savings. For so long as the Assessment encumbers the Property, Property Owner agrees, on or before January 31st of each year, to report to Program Administrator and/or Authorized Representative the water or energy savings realized through the Project in accordance with the reporting requirements established by Program Administrator the Local Government.

9.8. Construction and Definitions.-This Owner Contract is to be construed in accordance with and with reference to the PACE Program and PACE Act. Terms used herein, and not otherwise defined herein, shall have the meanings ascribed to them in: (1) the PACE Program, and/or (2) the PACE Act.

10.9. Binding Effect. This Owner Contract ~~is binding upon and~~ inures to the benefit of ~~the parties hereto and their respective~~ Local Government and is binding upon Property Owner, its heirs, ~~representatives, agents,~~ successors, and assigns.

~~11.10. Notices. Unless otherwise specifically provided herein, all~~ notices and other communications required or permitted by this Owner Contract shall be in writing and ~~delivered~~mailed by ~~first-class~~certified mail ~~or by electronic mail, return receipt requested,~~ addressed to the other party at ~~the~~its address ~~stated~~shown below the signature of such party or at such other address as such party may from time to time designate in writing to the other party, and shall be effective from the date of receipt. Notices delivered to the Program Administrator shall be addressed to the following:

Texas PACE Authority
P.O. Box 200368
Austin, TX 78720-0368
Email Address: admin@texaspaceauthority.org

with copy to:

City of Dallas City Manager's Office
1500 Marilla Dr.
Fourth Floor
Dallas, Texas 75201
Attn: City Manager

and with copy to:

City of Dallas Office of Economic Development
1500 Marilla Dr.
Sixth Floor, 6DN
Dallas, Texas 75201
Attn: Director

~~12.11. Governing Law and Venue.~~ This Owner Contract shall in all respects be governed by and construed in accordance with the laws of the State of Texas ~~without regard to Texas' choice of law provisions. Venue for any disputes or suits between the parties arising from or related to this Owner Contract shall be in a state court locate in the Region, and the parties consent to the personal and subject matter jurisdiction of such state court.~~

~~13.12. Entire Agreement.~~ This Owner Contract, ~~including its exhibits,~~ constitutes the entire agreement between Local Government and Property Owner with respect to the subject matter hereof and may not be amended or altered in any manner except by a document in writing executed by both parties. If this is a HUD assisted or FHA insured Project, then HUD or FHA must also consent in writing to any amendment or alteration of this PACE Owner Contract, for as long as the Project remains HUD assisted or FHA insured. Owner shall provide Local Government and Program Administrator with evidence of HUD or FHA's consent in order for said amendment to be binding on Local Government.

13. Further Assurances. Property Owner further covenants and agrees to do, execute and deliver, or cause to be done, executed, and delivered all such further acts for implementing the intention of this Owner Contract as may be reasonably necessary or required.

14. Captions. Paragraph and section titles are for convenience of reference only and shall not be of any legal effect.

15. Counterparts. This Owner Contract may be executed in any number of counterparts, ~~and each counterpart may be delivered on paper or by electronic transmission,~~ all of

which when taken together shall constitute one agreement binding on the parties, notwithstanding that all parties are not signatories to the same counterpart.

16. Interest. Interest and penalties in the event of default, as provided above, are explicitly authorized by Section 399.014(d) of the PACE Act. However, in no event will the total amount of interest on the Assessment, including statutory interest payable to Local Government and ~~Contractual Interest~~contractual interest payable to Lender under the Financing Documents, exceed the maximum amount or rate of nonusurious interest that may be contracted for, charged, or collected under Texas law (the “~~usury limit~~”Usury Limit”). If the total amount of interest payable to Local Government and ~~Contractual Interest payable to~~ Lender exceeds the ~~usury limit,~~the Usury Limit, interest payable to Local Government ~~shall will~~ be reduced and any interest in excess of the ~~usury limit shall~~Usury Limit will be credited to the amount payable to Local Government or refunded. This provision overrides any conflicting provisions in this Owner Contract.

17. Costs. No ~~provision~~provisions of this Owner Contract ~~shall will~~ require Local Government to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

~~18. — Construction Terms. Inspection and Audits. Local Government’s representatives may perform, or have performed, (a) audits of Property Owner’s documents, books and records, and (b) inspections of all places where Qualified Improvements are undertaken in connection with this Owner Contract. Property Owner shall keep its documents, books and records available for this purpose for at least three (3) years after this Owner Contract terminates. This provision does not affect the applicable statute of limitations.~~

~~19.1. — If the Lender Contract includes requirements related to Further Assurances, Property Owner further covenants and agrees to do, execute and deliver, or cause to be done, executed, and delivered all such further acts for implementing the intention of this Owner Contract as may be reasonably necessary or required.~~

~~20. — Release. PROPERTY OWNER AGREES TO AND SHALL RELEASE THE LOCAL GOVERNMENT, ITS AUTHORIZED REPRESENTATIVES, AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE “RELEASED PERSONS”) FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS OWNER CONTRACT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE RELEASED PERSON’S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE RELEASED PERSON’S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, AND EVEN IF THE INJURY, DEATH, DAMAGE OR LOSS IS CAUSED BY THE RELEASED PERSON’S WRONGFUL ACTION OR INACTION.~~

~~21. — Indemnification. TO THE MAXIMUM EXTENT ALLOWED BY LAW, PROPERTY OWNER SHALL INDEMNIFY AND HOLD LOCAL GOVERNMENT, ITS AUTHORIZED REPRESENTATIVES, AND THEIR RESPECTIVE AFFILIATES, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (EACH SUCH PERSON HEREIN~~

~~REFERRED TO AS AN "INDEMNITEE") ABSOLUTELY HARMLESS FROM AND AGAINST ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, OBLIGATIONS OR RELATED EXPENSES INCURRED BY OR IMPOSED UPON OR ALLEGED TO BE DUE OF INDEMNITEE IN CONNECTION WITH THE EXECUTION OR DELIVERY OF THIS OWNER CONTRACT, THE NOTICE OF CONTRACTUAL ASSESSMENT LIEN, THE FINANCING DOCUMENTS, AND ANY OTHER DOCUMENT OR ANY OTHER AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER, THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR, IN THE CASE OF ANY INDEMNITEE, THE ADMINISTRATION OF THIS OWNER CONTRACT AND ANY OTHER AGREEMENTS RELATED TO THE PROJECT.~~

~~22. No Personal Liability. Pursuant to Section 399.019 of the PACE Act, the Property Owner acknowledges that the members of the governing body and employees of the Local Government, and board members, executives, employees, Authorized Representative, Program Administrator, and contractors of the Authorized Representative and Program Administrator are not personally liable as a result of exercising any rights or responsibilities under the PACE Program or any agreement in furtherance of the PACE Program.~~

~~23.18. Construction Terms. The Financing Documents executed by Lender and Property Owner must include a requirement that Lender shall withhold [REDACTED] % of the Financing until verification that the Project was properly completed and is operating as intended is provided to Authorized Representative by an Independent Third Party Reviewer ("ITPR), or Property Owner shall pay liquidated damages to Lender of \$ [REDACTED] per day for every day after 30 days following completion of the Project that such verification of completion is not provided. If verification of completion is not provided by Property Owner within 30 days after completion of the Project, such verification shall be submitted by Lender. If the Lender Contract includes requirements related to the construction of the Project and disbursement of Financing, such requirements are set forth in Exhibit D attached hereto and incorporated herein by reference. Such requirements may include, among other things, (1) the disbursement schedule and (2) any holdback amount to be funded following verification of final project completion.~~

[Remainder of page left blank intentionally. Signatures appear on the next page.]

Executed Effective as of

LOCAL GOVERNMENT:

Assistant City Attorney

_____(print name)

NOTARY PUBLIC, STATE OF TEXAS

PROPERTY OWNER:

By: _____

Name: _____

Title: _____

Address: _____

Email address: _____

ACKNOWLEDGEMENT

STATE OF _____ §

COUNTY OF _____ §

This PACE Owner Contract pursuant to Property Assessed Clean Energy Act was
acknowledged before me on _____, _____ by
_____, _____, on behalf of

_____ (_____

_____(print name)

NOTARY PUBLIC, STATE OF _____

OWNER CONTRACT

EXHIBIT A

NOTICE OF CONTRACTUAL ASSESSMENT LIEN
PURSUANT TO
PROPERTY ASSESSED CLEAN ENERGY ACT

~~OWNER CONTRACT~~ **EXHIBIT B**

MORTGAGE HOLDER(S) CONSENT

OWNER CONTRACT

EXHIBIT C

PAYMENT SCHEDULE AND FINANCING DOCUMENTS

~~Assessment Payment Schedule~~

~~Assessment Total:~~

~~Payment Frequency:~~

Payment Schedule

~~Assessment Principal Total: \$~~

~~Payment Frequency:~~

Payment Date	Total Payment	Principal Paid	Interest Paid	Administration Fee	Remaining Balance

Financing Documents

Document Title	Parties	Date Executed

OWNER CONTRACT

EXHIBIT D

CONSTRUCTION TERMS

Retainage or Liquidated Damages:

~~Lender shall retain _____% of the Financing until a report of completion by a qualified Independent Third Party Reviewer (“ITPR”) is provided to Authorized Representative.~~

OR

~~Property Owner shall pay liquidated damages to Lender of \$ _____ per day for every day after 30 days following completion of the Project that such a report of completion is not provided. Lender shall then provide the report of completion to Authorized Representative.~~

Additional Construction Terms

[if applicable]

Date	Draw down Amount	Purpose

|

|

Exhibit 3

FORM PACE LENDER CONTRACT

PACE LENDER CONTRACT

THIS PROPERTY ASSESSED CLEAN ENERGY (“PACE”) LENDER CONTRACT (including the ~~attached~~ exhibits (~~“hereto, the “Lender Contract”~~)) is made as of the _____ day of _____, _____, (“~~Effective Date”~~) by and between the City of Dallas, Texas (“~~Local Government~~”) and _____ (“~~Lender~~”). ~~Local Government and Lender are hereafter referred to collectively as “the parties” or individually as “party.”~~

RECITALS

A. The Property Assessed Clean Energy Act (“**PACE Act**”), Texas Local Government Code Chapter 399, authorizes the governing body of a local government to establish a program and designate a region within the local government’s jurisdiction within which an authorized representative of the local government may enter into written contracts with the record owners of ~~privately owned~~ commercial, industrial, agricultural, and large multifamily residential (5 or more dwelling units) real property to impose assessments on the property to finance the cost of permanent improvements fixed to the property intended to decrease water or energy consumption or demand.

B. Local Government has established a program under the PACE Act pursuant to ~~a resolution~~ Resolution No. 16-0721 dated May ~~11th~~, 2016, ~~and as amended by Resolution No. 24-~~ dated January 10th, 2024, adopted by the Dallas City Council ~~of Dallas (“the “PACE Program”~~), and has designated the City Manager ~~as the representative of Local Government, or his designee (“Authorized Representative”)~~ as the representative authorized to enter into the ~~written contracts with the owners of such property~~ Assessment, Owner Contract and ~~the providers of such financing~~ Lender Contract described herein, and has designated the entire territory within the ~~boundaries of the~~ City of Dallas, Texas jurisdiction as a region (~~the “Region”~~) within which the Authorized Representative and the record owners of such real property may enter into written contracts to impose assessments to repay the financing by owners of qualified improvements on the owner’s property pursuant to the PACE Program. ~~Local Government has designated Texas Property Assessed Clean Energy Authority, dba Texas PACE Authority as the administrator of the PACE Program (“Program Administrator”).~~

C. Pursuant to Application number _____, _____ (“**Property Owner**”), ~~the sole legal and record owner of the following qualified “real property,” as defined in Section 399.002 of the PACE Act, within the Region)~~ has/have applied to Local Government to participate in the PACE Program with respect to certain real property located at _____, Dallas, Texas, _____ (the “**Property**”) ~~(the Property being more particularly described in the Notice of Contractual Assessment Lien, attached hereto as Exhibit A to the Owner Contract which appears below as Exhibit A to this Lender Contract)~~ _____, Texas (the “**Property**”) by installing or modifying on the Property certain permanent improvements which are intended to decrease

water or energy consumption or demand, and which are or will be fixed to the Property as “qualified improvements”, as defined in Section 399.002 of the PACE Act ~~“(the “Qualified Improvements”)~~. The installation or modification of such Qualified Improvements on the Property will be a “qualified project” as defined in Section 399.002 of the PACE Act (the “Project”).

D. Property Owner and Local Government have entered into a written contract as required by Section 399.005 of the PACE Act, a copy of which is attached hereto as Exhibit A and made a part hereof (the “Owner Contract”), in which Property Owner has requested that Local Government impose an assessment (the “Assessment”) on the Property as set forth in the Notice Of Contractual Assessment Lien Pursuant To Property Assessed Clean Energy Act to be filed in the ~~real property records~~ Official Public Records of _____ County, Texas (the “Notice of Contractual Assessment Lien”), a copy of which is attached to the Owner Contract as Exhibit A, to repay the financing of such Qualified Improvements. ~~A copy of the Notice of Contractual Assessment Lien is attached as Exhibit A to the Owner Contract which appears below as Exhibit A to this Lender Contract and made a part hereof.~~ The Property, Qualified Improvements, and Assessment are more fully described in the Notice of Contractual Assessment Lien.

E. Financing for the Project ~~“(the “Financing”)~~ shall ~~will~~ be provided to Property Owner by Lender in accordance with financing documents ~~which are~~ described in, or copies of which are attached/included as Exhibit C to the Owner Contract ~~attached hereto as Exhibit A~~ and made a part hereof (the “Financing Documents”). Such Financing, Lender represents and Local Government accepts such representation, includes only those costs and fees for which an assessment may be imposed under Section 399.006(e) of the PACE Act. This Lender Contract is entered into between Local Government and Lender as required by Section 399.006(c) of the PACE Act to provide for repayment of the Financing secured by the Assessment.

F. As required by Section 399.010 of the PACE Act, Property Owner ~~has~~ notified the holder(s) of any mortgage ~~lien~~ lien on the Property at least thirty (30) days prior to the date of the Owner Contract of Property Owner’s intention to participate in the PACE Program. The written consent of each mortgage lien holder to the Assessment/assessment was obtained ~~on or~~ prior to the date of the Owner Contract, as shown by the copy of such consent(s) attached as Exhibit B to the Owner Contract ~~which appears below as Exhibit A to this Lender Contract.~~ “(Lender Consent(s))”.

AGREEMENT

The parties agree as follows:

1. Maintenance and Enforcement of Assessment. Lender agrees to provide the Financing for the Project in the total principal amount of \$ _____, according to the terms set out in the Financing Documents attached hereto as Exhibit C to the Owner Contract attached as Exhibit A. ~~In the event the actual total of costs and fees for which an assessment may be imposed under the PACE Act is different from the stated amount or any other term requires correction, Local Government, Property Owner, and Lender agree to execute an amended Owner Contract and Lender Contract, and Authorized Representative shall record an amended Notice of Contractual Assessment Lien.~~ B. In

consideration for the Financing provided or to be provided by Lender for the Project, and subject to the terms and conditions of this Lender Contract, Local Government agrees to maintain and continue the Assessment for the benefit of Lender until the Assessment, all contractual interest ~~due to Lender~~ according to the Financing Documents (~~“Contractual Interest”~~), ~~any prepayment penalty,~~ and any statutory penalties, interest, ~~fees,~~ attorney’s fees, ~~and/or~~ costs ~~due under or authorized by the PACE Act and the Financing Documents~~ accrued in the event of default are paid in full, and to release the Assessment upon notice from Lender of such payment ~~in full~~. Upon written request of Lender, and with the written consent of Property Owner, Authorized Representative on behalf of Local Government shall not release, sell, assign or transfer the Assessment or the lien securing it without the prior written consent of Lender, may execute a partial release of the assessment Lien and Program Administrator shall record the partial release on the Property, provided the unreleased Property assessment continues to meet all requirements under the City of Dallas PACE Program. Local Government agrees to enforce the assessment lien against the Property ~~at for the request benefit~~ of Lender in the event of a default ~~in payment~~ by Property Owner in accordance with the provisions set forth in paragraph 6. Local Government shall have no obligation to repurchase the Assessment and no liability to Lender should there be a default or an event of default in the payment thereof or should there be any other loss or expense suffered by Lender or under any other circumstances.

2. Installments. The Assessment, including the amount financed and ~~Contractual Interest thereon are contractual interest, is~~ due and payable to Lender in installments (~~“Installments”~~) according to the payment schedule as set forth in the Notice of Contractual Assessment Lien and Financing Documents attached hereto as Exhibit C to the Owner Contract attached as Exhibit A, (“Installments”). The Assessment ~~includes~~ shall include: (1) an application fee paid by Property Owner to the Texas Property Assessed Clean Energy Authority (“Program Administrator”) at loan closing of the Financing, and (2) a recurring administration fee paid by Property Owner to the Program Administrator until the Assessment is released. The recurring administration fee amount shall be collected by Lender and paid to the Program Administrator within thirty (30) days after of receipt by Lender, unless otherwise agreed to in writing by Program Administrator. Notwithstanding the foregoing, in the event of delinquency in the payment of any Installment, Lender shall, upon notice to Program Administrator, withhold payment of any amounts due to Program Administrator in connection with such Installment until the Installment is paid. Lender agrees that any such temporary withholding shall not reduce the amount of administration fees included in the Assessment or due to Authorized Representative. Installments. The amounts due to Program Administrator and Lender are ~~identified in set forth on Exhibit C to the Owner Contract attached B~~ hereto as Exhibit A. As required by Section 399.009(a)(8) of the PACE Act, the period during which such Installments are payable does not exceed the useful life of the Project. When the Assessment has been paid in full, Local Government’s rights and obligations under this Lender Contract will cease and terminate, and upon notice from Lender to Program Administrator, Authorized Representative on behalf of Local Government will execute, and Program Administrator on behalf of Local Government shall record a release of the Assessment and assessment lien.

3. Assignment of Right to Receive Installments or Require Enforcement of Lien. Lender ~~has will have~~ the right, ~~without the consent of Property Owner,~~ to assign or transfer the right to receive the Installments ~~or require Local Government to enforce the assessment lien in the event of a default in payment, together with the corresponding obligations,~~ provided ~~that~~ all of the following conditions are met:

(a) The assignment or transfer is made to a qualified lender, which may be one of the following:

(1) Any federally insured depository institution such as a bank, savings bank, savings and loan association and federal or state credit union;

(2) Any insurance company authorized to conduct business in one or more states;

(3) Any registered investment company, registered business development company, or a Small Business Administration small business investment company;

(4) Any publicly traded entity; or

(5) Any private entity that:

(i) Has a minimum net worth of \$5 million;

(ii) Has at least three years' experience in business or industrial lending or commercial real estate lending (including multifamily lending), or has a lending officer that has at least three years' experience in business or industrial lending or commercial real estate lending;

(iii) Can provide independent certification as to availability of funds; and

(iv) Has the ability to carry out, either directly or through a servicer, the bookkeeping and customer service work necessary to manage the assessment accounts

(6) ~~A financially stable entity~~Any eligible lender, whether or not from the ~~eligible list above,~~ so long as the lender is a financially stable entity with the ability to carry out, either directly or through a servicer, the ~~obligations of this Lender Contract related to the receipt~~bookkeeping and ~~accounting of the Installments or the enforcement of~~customer service work necessary to manage the assessment ~~lien~~accounts.

(b) Lender shall notify Property Owner, Program Administrator and Authorized Representative, ~~and Program Administrator are notified~~ in writing of the assignment or transfer and the address to which payment of the future Installments should be mailed ~~not less than~~at least 30 days before the next Installment is due according to the payment schedule included in the Financing Documents; ~~and~~ The Lender shall also notify the holder(s) of any mortgage lien at the mailing address in the Lender Consent(s), or a subsequent address provided by any mortgage lien holder and, if this is a US Department of Housing and Urban Development ("HUD") assisted or a Federal Housing Administration ("FHA") insured Project, at the address below or a subsequent address provided by HUD.

US Department of Housing and Urban Development
Fort Worth Regional Office
307 W. 7th St., Suite 1000
Fort Worth, Texas 76102

(e) — The assignee or transferee ~~executes~~shall execute a written assumption agreement according to the Financing Documents of all of Lender's rights and obligations under this PACE Lender Contract related to the receipt of the Installments ~~or enforcement of the assessment lien and provides~~and provide a copy of such assumption to Property Owner, ~~and~~ Authorized Representative, and Program Administrator ~~within~~ not later than 10 days after execution of the assumption agreement.

(d) — ~~Lender may assign or transfer the right to receive the Installments or the right to require enforcement of the assessment lien separately.~~

Upon written notice ~~to Property Owner, Authorized Representative, and Program Administrator~~ of an assignment or transfer of the right to receive the Installments that ~~complies with~~meets all of the ~~foregoing~~above described conditions, the assignor shall be released of all of the ~~rights and obligations of the Lender under this Lender Contract accruing after the effective date of the assignment that are specified in the assignment or transfer document, and all of such rights and obligations shall be assumed by and transferred to the assignee, or transferee.~~ Any attempt to assign or transfer the right to receive the ~~Installments or to require enforcement~~installments of the Assessment ~~lien~~ that does not ~~comply with~~meet all of ~~the foregoing~~these conditions is void. ~~Lender shall retain all of the rights and obligations of Lender under this Lender Contract until such rights and obligations are assigned or transferred according to this section.~~

4. 4. — Financing Responsibility. — Lender assumes full responsibility for determining the financial ability of the Property Owner to repay the Financing, ~~and for~~ and for advancing the funds as set forth in the Financing Documents, ~~and performing~~Lender agrees to perform Lender's obligations and responsibilities ~~thereunder. In under the event the assessment lien on the Property is enforced by foreclosure as provided below, Lender shall have no further obligations to Property Owner with respect to the Installments that were the subject of the foreclosure, but Lender shall retain the rights to enforcement of the lien for any Installments that are not eliminated by the foreclosure, and the succeeding owner of the Property shall be subject to such lien~~Financing Documents.

5. Lien Priority and Enforcement. As provided in the Owner Contract and ~~Sections~~Section 399.014 ~~and 399.015~~ of the PACE Act:

(a) Delinquent Installments ~~shall incur~~ interest and penalties ~~and interest on the principal of the Installment~~ in the same manner and in the same amount as delinquent property taxes, ~~pursuant to the statutes in effect at the time of default. Under the current statutes viz.,~~ a delinquent Installment incurs a penalty of 6% of the ~~principal~~ amount of the Installment for the first calendar month it is delinquent plus 1% for each additional month or portion of a month the Installment remains unpaid prior to July 1 of the year in which it becomes delinquent. However, an Installment delinquent on July 1 incurs a total penalty

of 12% of the ~~principal~~ amount of the delinquent Installment without regard to the number of months it has been delinquent. A delinquent Installment ~~shall~~ also ~~accrue~~ accrues interest ~~on the principal of the Installment~~ at the rate of 1% for each month or portion of a month ~~that the Installment remains unpaid. Subject to paragraph 16 below, Statutory penalties, and statutory interest, fees, and costs payable under this paragraph shall will~~ be retained by Local Government to compensate it for the cost of enforcing the Assessment. ~~Additional interest at any default rate imposed by Lender pursuant to the Financing Documents, along with any other fees and charges that become due pursuant to the Financing Documents may be imposed and retained by Lender.~~

(b) The Assessment ~~and, together with any interest or penalties~~ and interest thereon,

~~(1)~~ (1) is a first and prior lien against the Property from the date on which the Notice of Contractual Assessment Lien is ~~recorded~~ filed in the ~~real property records~~ Official Public Records of County, Texas, as provided by Section 399.013 ~~014~~ of the PACE Act, until the Assessment, ~~and any penalties and interest, or penalty is~~ are paid; and

~~(2)~~ (2) such lien has the same priority status as a lien for any other ad valorem tax, pursuant to Section 399.014(a)(2) of the PACE Act.

(c) ~~Pursuant to Section 399.014(b) of the PACE Act, the~~ The lien created by the Assessment runs with the land, and any portion of the Assessment that has not yet become due ~~shall~~ is not ~~be~~ eliminated by foreclosure of ~~(i) a property tax lien, or (ii) the lien for a delinquent Installment according to Section 399.014(b) of the Assessment. PACE Act. Accordingly, Installments may not be accelerated in the event of default. Lender represents that the Financing Documents shall not include any acceleration.~~ In the event of a sale or transfer of the Property by Property Owner, the obligation for the Assessment and the Property Owner's obligations under the Financing Documents ~~shall~~ will be transferred to the succeeding owner, without recourse to ~~Lender, Local Government, Authorized Representative,~~ or Program Administrator.

~~(d)~~ (d) — In the event of a default by Property Owner in payment of ~~an Installment~~ the Installments called for by the Financing Documents ~~or the filing of a case under the U.S. Bankruptcy Code by or against Property Owner,~~ the lien created by the Assessment ~~shall~~ will be enforced by Local Government ~~for the benefit of Lender according to paragraph 6(e) below~~ in the same manner according to Texas Tax Code Secs. 33.41 to 34.23 that a property tax lien against real property may be enforced by a local government, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution.

~~(e)~~ (e) — In a suit to collect a delinquent Installment of the Assessment, Local Government ~~shall~~ will be entitled to recover costs and expenses, including attorney's fees in the amount of 15% of the total ~~principal~~ amount of the delinquent Installment, penalties, and interest due, in the same manner according to Texas Tax Code Sec. 33.48 as in a suit to collect a delinquent property tax. ~~Lender shall be entitled to any additional sums due to~~

~~it under the Financing Documents in connection with a suit to collect a delinquent Installment of the Assessment.~~

~~(f) (f) — As provided in Section 399.014(a-1) of the PACE Act, after~~ After written notice of the Assessment is recorded in the real property records of the county in which the Property is located as provided under Section 399.013 of the PACE Act, the lien created by the Assessment may not be contested on the basis that the improvement is not a “qualified improvement” or the Project~~project~~ is not a “qualified project”,² as such terms are defined in Section 399.002 of the PACE Act.

6. Servicing and Enforcement of Assessment.

(a) Servicing. ~~The Installments and other amounts due under the Financing Documents shall~~The Assessment payments will be billed, collected, received, and disbursed in accordance with the procedures set out in the Financing Documents. Lender ~~(or its designee shall~~their designees) will be responsible for all servicing duties other than those specifically undertaken by Local Government in this Lender Contract. ~~Program Administrator shall deliver an annual notice of assessment to Property Owner by first class mail~~If this is a HUD assisted or electronic mail each year until~~the Assessment is released. If requested by Property Owner~~FHA insured Project, then the Assessment is released. If requested by Property Owner Financing Documents (i) shall provide for Installments to be escrowed ~~in the Owner Contract, and subject~~a manner acceptable to consent by the county tax assessor~~HUD or FHA lender and paid to Lender, and collector;~~(ii) not make Installments more frequent than semi-annually. Lender represents to Local Government that it shall comply with the above HUD requirements. Local Government agrees to also send an annual notice of assessment to Property Owner by first class mail in the envelope with the tax bill of the Property each year until the Assessment each year there is released. However, any Assessment balance; provided, that failure of Local Government or Authorized Representative to ~~deliver an annual~~send such notice of assessment to Property Owner ~~in a timely manner or at all~~ shall not ~~affect~~invalidate the Assessment or Property Owner’s obligations ~~under the Owner Contract. in respect thereof.~~

(b) Remittances. Each of the parties covenants and agrees to promptly remit to the other party any payments incorrectly received by such party with respect to the Assessment after the execution of this Lender Contract.

(c) Default and Enforcement. In the event of a default in payment of any Installment ~~according to~~of the Assessment as specified in the Financing Documents, Lender agrees to take at least the following steps to collect the delinquent Installment:

(1) Mail a written notice of delinquency and demand for payment to ~~the~~ Property Owner by both certified mail, return receipt requested, and first class mail. Lender shall mail a copy of the first notice of delinquency to the holder(s) of any mortgage lien on the Property, to HUD if this is a HUD assisted or FHA insured Project; and to Freddie Mac if the lien is held by Freddie Mac.

(2) Mail a second notice of delinquency ~~and demand for payment to~~the Property Owner by both certified mail, return receipt requested, and first-

class mail at least 30 days after the date of the first notice if the delinquency is continuing. ~~A, and Lender shall also mail a~~ copy of the second notice of delinquency ~~shall also be mailed to the holder(s) of any mortgage lien on the Property, to HUD if this is a HUD assisted or FHA insured Project, and to Freddie Mac if the property lien is held by Freddie Mac.~~

The holder(s) of any mortgage lien on the Property, ~~HUD if this is a HUD assisted or FHA insured Project, and Freddie Mac if the mortgage lien is held by Freddie Mac,~~ shall have not less than a ~~30-60~~ day notice and right to cure the delinquency by paying the amount of the delinquent ~~installment.~~ Installment. Provided however, Local Government shall have no liability for Lender's failure to provide any of the required notices set forth herein.

If ~~the~~ Property Owner ~~fails~~ or other parties with the right to cure under this Lender Contract fail to cure the delinquency ~~on or before the 30th day within 30 days~~ after the mailing of the second notice of delinquency, Lender or its ~~designee may designated servicer will~~ notify Program Administrator and the Authorized Representative of the Local Government in writing of a default ~~in payment~~ by Property Owner. ~~Upon, and upon~~ receipt of such notice certification and after doing its own due diligence, ~~including delivering a notice of foreclosure to Freddie Mac not less than 30 days prior to the foreclosure if the mortgage lien is held by Freddie Mac, Program Administrator shall certify the default to Local Government, which Authorized Representative~~ will enforce the assessment lien for the benefit of Lender pursuant to Tex. Local Gov't Code Sec. 399.014(c) of the PACE Act, in the same manner as a property tax lien against real property may be enforced, to the extent the enforcement is consistent with Section 50, Article XVI, Texas Constitution. ~~However, if a case under the U.S. Bankruptcy Code is filed by or against Property Owner or if the enforcement of the assessment lien is prevented by the order of a court, Local Government shall notify Program Administrator and shall file a proof of claim for the balance of the assessment, accrued interest and penalties, and all costs and expenses, including attorney's fees, as authorized by Section 399.014 of the PACE Act. Program Administrator shall notify Lender of the filing of the proof of claim. Lender shall not be required to mail a notice of delinquency to Property Owner or a notice of default to Local Government. Lender shall reimburse Local Government for any costs and expenses, including attorney's fees, required to file and present the claim.~~

———(d) -Priority.- Pursuant to Sec. 399.014(a)(2) of the PACE Act, if the assessment lien is enforced by foreclosure or collected through a bankruptcy or similar proceeding, the ~~assessment balance~~ delinquent Installment(s) and any interest, costs, or penalties on ~~the assessment~~ them shall have the same priority status as a lien-secured claim for any other ad valorem tax. The parties understand that the assessment lien is a statutory lien under Sec. 399.014 of the PACE Act.

(e) Final Payment and Release. When the Assessment, ~~Contractual Interest, any prepayment penalty, has been satisfied~~ and ~~any penalties, paid in full, together with all interest, fees, attorney fees, or costs due provided~~ under ~~or authorized by the PACE Act or the Financing Documents~~ have been paid in full, and all costs, fees, penalties, and interest

applicable under the PACE Act and payable to Lender or Local Government. Local Government's rights and obligations under the Owner Contract ~~shall~~will cease and terminate. ~~Upon, and upon~~ notice of such payment from Lender ~~that all amounts due have been paid in full~~ Program Administrator, on behalf of, Local Government, ~~shall~~ will execute a release of the Assessment and the Owner Contract ~~and record the release.~~

~~(f)~~ (f) Limitations on Local Government's Actions. Without the prior written consent of Lender, Local Government ~~shall~~will not enter into any amendment or modification of or deviation from the Owner Contract ~~without the prior written consent of Lender. Local Government, Authorized Representative, or Program Administrator shall.~~ Local Government will not institute any legal action with respect to the Owner Contract, the Assessment, or the assessment lien without the prior written request of Lender.

~~(g)~~ (g) Limitations of Local Government's Obligations. Local Government undertakes to perform only such duties as are specifically set forth in this Lender Contract, and no implied duties on the part of Local Government are to be read into this Lender Contract. Local Government ~~shall~~will not be deemed to have a fiduciary or other similar relationship with Lender. Local Government may request written instructions for action from Lender and refrain from taking action until it receives satisfactory written instructions. Local Government ~~shall~~will have no liability to any person for following such instructions, regardless of whether they are to act or refrain from acting.

~~(h)~~ (h) Costs. No provisions of this Lender Contract ~~shall~~will require Local Government to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

7. Lender's Warranties and Representations. With respect to this Lender Contract, Lender hereby warrants and represents that on the date on which Lender executes this Lender Contract:

~~(a)~~ (a) Lender is a qualified lender under the PACE Program, ~~as defined in paragraph 3(a) above,~~ and is ~~fully qualified~~eligible under the PACE Program to enter into this Lender Contract and the Financing Documents;

~~(b)~~ (b) Lender has independently and without reliance upon Local Government conducted its own credit evaluation, reviewed such information as it has deemed adequate and appropriate, and made its own analysis of the Owner Contract, the Project, and Property Owner's financial ability to perform the financial obligations set out in the Financing Documents; and

~~(c)~~ (c) Lender has not relied upon any investigation or analysis conducted by, advice or communication from, or any warranty or representation by Local Government, ~~Authorized Representative, Program Administrator,~~ or any agent or employee of Local Government, express or implied, concerning the financial condition of ~~the~~ Property Owner or the tax or economic benefits of an investment in the Assessment.

8. Written Contract Required by the PACE Act. This Lender Contract constitutes a written contract between Local Government and Lender, as required under Section 399.006-(c) of the PACE Act.

9. Construction and Definitions. This Lender Contract is to be construed in accordance with and with reference to the PACE Program and PACE Act. Terms used herein, and not otherwise defined herein, shall have the meanings ascribed to them in: (1) the Notice of Contractual Assessment Lien, (2) the Owner Contract, (3) the PACE Program, and/or (4) the PACE Act.

10. Binding Effect. This Lender Contract is binding upon and ~~inure~~shall inure to the benefit of the parties hereto and their respective heirs, representatives, ~~agents~~, successors, and assigns.

11. Notices. ~~Unless otherwise specifically provided herein, all~~All notices and other communications required or permitted hereunder shall be in writing and ~~delivered~~mailed by ~~first-class~~certified mail ~~or by electronic mail, return receipt requested~~, addressed to the other party at the address stated below the signature of such party or at such other address as such party may from time to time designate in writing to the other party, and shall be effective from the date of receipt. Notices delivered to the Program Administrator shall be addressed to the following:

Texas PACE Authority
P.O. Box 200368
Austin, TX 78720-0368
Email Address: admin@texaspaceauthority.org

with copy to:

City of Dallas City Manager's Office
1500 Marilla Dr.
Fourth Floor
Dallas, Texas 75201
Attn: City Manager

and with copy to:

City of Dallas Office of Economic Development
1500 Marilla Dr.
Sixth Floor, 6DN
Dallas, Texas 75201
Attn: Director

12. Governing Law~~and Venue~~. This Lender Contract shall in all respects be governed by and construed in accordance with the laws of the State of Texas ~~without regard to Texas' choice of law provisions. Venue for any disputes or suits between the parties arising from or related to this Lender Contract shall be in a state court located in the Region, and the parties consent to the personal and subject matter jurisdiction of such state court.~~

13. Entire Agreement. This Lender Contract, including ~~its exhibits~~the Exhibits hereto, constitutes the entire agreement between ~~Local Government and Lender~~the parties with respect to the subject matter hereof and shall not be amended or altered in any manner except by a document in writing executed by ~~both parties~~the parties. If this is a HUD assisted or FHA insured Project, then HUD or FHA must also consent in writing to any amendment or alteration of this PACE Lender Contract, for as long as the Project remains HUD assisted or FHA insured. Lender shall provide Local Government and Program Administrator with evidence of HUD or FHA's consent in order for said amendment to be binding on Local Government.

~~14. Further Assurances. Lender further covenants and agrees to do, execute and deliver, or cause to be done, executed, and delivered all such further acts for implementing the intention of this Lender Contract as may be reasonably necessary or required.~~

~~15.~~14. Captions. Paragraph and section titles are for convenience of reference only and shall not be of any legal effect.

~~16.~~15. Counterparts. This Lender Contract may be executed in any number of counterparts, ~~and each counterpart may be delivered on paper or by electronic transmission~~, all of which when taken together shall constitute one agreement binding on the parties, notwithstanding that all parties are not signatories to the same counterpart.

~~17.~~16. Interest. Interest and penalties in the event of default, as provided above, are explicitly authorized by Section 399.014(d) of the PACE Act. However, in no event will the total amount of interest on the Assessment, including statutory interest payable to Local Government and ~~Contractual Interest~~contractual interest payable to Lender under the Financing Documents, exceed the maximum amount or rate of nonusurious interest that may be contracted for, charged, or collected under Texas law (the "~~usury limit~~").Usury Limit"). If the total amount of interest payable to Local Government and ~~Contractual Interest payable to~~ Lender exceeds the ~~usury limit~~Usury Limit, interest payable to Local Government ~~shall will~~ be reduced and any interest in excess of the ~~usury limit shall~~Usury Limit will be credited to the amount payable to Local Government or refunded. This provision overrides any conflicting provisions in this Lender Contract.

~~18.~~17. Certification. Local Government certifies that the PACE Program has been duly adopted and is in full force and effect on the date of this Lender Contract. Property Owner has represented to Lender and Local Government that the Project is a "qualified project" as defined in the PACE Program and Section 399.002 of the PACE Act. The Assessment has been imposed on the Property as a lien in accordance with the PACE Owner Contract and the PACE Act. Local Government has not assigned or transferred any interest in the Assessment or the PACE Owner Contract.

~~19. Inspection and Audits. Local Government's representatives may perform, or have performed, audits of Lender's documents, books and records. Lender shall keep its documents, books and records available for this purpose for at least three (3) years after this Lender Contract terminates. This provision does not affect the applicable statute of limitations.~~

~~20. No Personal Liability. Pursuant to Section 399.019 of the PACE Act, the Lender acknowledges that the members of the governing body and employees of the Local Government,~~

and board members, executives, employees, and contractors of the Authorized Representative are not personally liable as a result of exercising any rights or responsibilities under the PACE Program or any agreement in furtherance of the PACE Program.

~~21.18. Construction Terms. The Financing Documents executed by Lender and Property Owner must include a requirement that Lender shall withhold [REDACTED] % of the Financing until verification is provided to Program Administrator by an Independent Third Party Reviewer ("ITPR") that the Project was properly completed and is operating as intended, or Property Owner shall pay liquidated damages to Lender of \$ [REDACTED] per day for every day after 30 days following completion of the Project that such verification of completion is not provided. If verification of completion is not provided by Property Owner on or before the 30th day after completion of the Project, such verification shall be submitted by Lender. If this Lender Contract includes any additional~~Construction Terms. If this Lender Contract includes requirements related to construction of the Project and disbursement of Financing, such requirements are set forth in Exhibit D of the Owner Contract attached hereto ~~as Exhibit A~~ and incorporated herein by reference. Such requirements may include, among other things, (1) the disbursement schedule and (2) any holdback amount to be funded following verification of final ~~project~~Project completion.

[Remainder of page left blank intentionally. Signatures appear on the next page.]

Executed Effective as of _____

~~LENDER:~~ _____

~~By:~~ _____

~~Name:~~ _____

~~Title:~~ _____

~~Address:~~ _____

Email Address: _____

ACKNOWLEDGEMENT

STATE OF _____ §

COUNTY OF _____ §

This PACE Lender Contract pursuant to Property Assessed Clean Energy Act was
acknowledged before me on _____, _____ by _____,
_____, on behalf of _____.

_____ (print name)

NOTARY PUBLIC, STATE OF _____



EXECUTED on _____, but effective as of the Effective Date, by the City of Dallas, signing by and through its City Manager or designee, authorized to execute same by ~~Resolution No~~Resolutions Nos. 16-0721 and 243- approved by the City Council on May 11, 2016 and _____, 2024~~3~~, respectively, and the Lender, acting through its duly authorized officials.

LOCAL GOVERNMENT:

CITY OF DALLAS

APPROVED AS TO FORM

City Manager
AUTHORIZED CITY REPRESENTATIVE

City Attorney

Pursuant to Tex. Local Gov't Code §399.006(b)

BY: _____

By: _____

(Designee)

Assistant City Attorney

ACKNOWLEDGEMENT

~~ACKNOWLEDGEMENT~~

STATE OF TEXAS §

COUNTY OF DALLAS §

This PACE Lender Contract pursuant to Property Assessed Clean Energy Act was acknowledged before me on _____, 20 by _____ and _____, on behalf of the City of Dallas, Texas, Local Government.

(

_____ (print name)

NOTARY PUBLIC, STATE OF TEXAS

LENDER:

By: _____

Name:

Title:

Address:

ACKNOWLEDGEMENT

~~LENDER CONTRACT~~ STATE OF _____ §

COUNTY OF _____ §

This PACE Lender Contract pursuant to Property Assessed Clean Energy Act was
acknowledged before me on _____, _____ by _____,
_____, on behalf of _____.

(print name)

NOTARY PUBLIC, STATE OF _____

EXHIBIT A

OWNER CONTRACT

EXHIBIT B

PAYMENT SCHEDULE AND FINANCING DOCUMENTS

Payment Schedule

Assessment Principal Total: \$ _____

Payment Frequency: _____

<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Administration Fee</u>	<u>Remaining Balance</u>

Summary Description of the Transaction

List of Financing Documents

<u>Document Title</u>	<u>Parties</u>	<u>Date Executed</u>
		_____, 20__

EXHIBIT C

CONSTRUCTION TERMS

[if applicable]

<u>Date</u>	<u>Draw down Amount</u>	<u>Purpose</u>

Exhibit 4
FORM NOTICE OF CONTRACTUAL ASSESSMENT LIEN
PURSUANT TO PROPERTY ASSESSED CLEAN ENERGY ACT

STATE OF TEXAS §
COUNTY OF _____ §

D. Property Owner has applied to Local Government to participate in the PACE Program by installing or modifying on the Property certain permanent improvements described in Exhibit B attached hereto and made a part hereof, which are intended to decrease water or energy consumption or demand, and which are or will be fixed to the Property as “qualified improvements”, as defined in Section 399.002 of the PACE Act (the “**Qualified Improvements**”). The installation or modification of such Qualified Improvements on the Property will be a “qualified project” as defined in Section 399.002 of the PACE Act ~~(the “Project”)~~. Property Owner has entered into a written contract (the “**Owner Contract**”) with Local Government pursuant to the PACE Act and the PACE Program and has requested Local Government to impose an assessment on the Property to repay the financing of such Qualified Improvements.

E. The financing of such Qualified Improvements ~~will~~shall be provided to Property Owner by _____ (“**Lender**”), a qualified lender selected by Property Owner, pursuant to a written contract executed by Lender and Local Government as required by ~~PACE Program and~~ Section 399.006(c) of the PACE Act and by the PACE Program (the “**Lender Contract**”). Lender ~~will~~shall be responsible for all servicing duties other than those specifically undertaken by Local Government in the Lender Contract.

THEREFORE, Local Government hereby gives notice to the public pursuant to Section 399.013 of the PACE Act that it has imposed an assessment on the Property in the principal amount of \$ _____ (the “Assessment”). ~~The Assessment includes only those costs and fees for which an assessment may be imposed under Section 399.006(e) of the PACE Act. In the event that the actual total of costs and fees for which an assessment may be imposed is different from the amount stated or any other term requires correction, Local Government, Property Owner, and Lender will execute an amended Owner Contract and Lender Contract, and Authorized Representative will record an amended Notice of Contractual Assessment Lien amount of \$ _____ (“Assessment”), as set forth on Exhibit C attached hereto, which together with any interest or, penalties on the Assessment authorized by the PACE Act, PACE Program and the financing documents between Property Owner and Lenders (the “Financing Documents”) is a lien against the Property herein referred to as the lien.~~

~~The Assessment and contractual interest thereon due to the Lender (the “Contractual Interest”) are due and payable in installments (“Installments”) in accordance with the terms and payment schedule included in the financing documents executed between Property Owner and Lender that are described in or copies of which are attached hereto as Exhibit C (the “Financing Documents”).~~

~~Pursuant to Section 399.014 of the PACE Act,~~

1. ~~The Assessment, including any interest, costs, fees, attorney fees, or penalties accrued thereon, The lien:~~
 - (i) ~~are~~is a first and prior lien ~~against~~on the Property from the date ~~on which that~~this Notice of Contractual Assessment Lien is recorded in the Official Public Records of _____ County, Texas, until such Assessment, which together with any interest or penalties on the Assessment are paid in full; and

(ii) if enforced by foreclosure or collected through bankruptcy or similar proceeding, has the same priority status as a lien for any other ad valorem tax, pursuant to Section 399.014(a)(2) of the PACE Act; and

(iii) permits Local Government to recover costs and expenses, including attorney's fees, in a suit to collect a delinquent installment of an assessment in the same manner as in a suit to collect a delinquent property tax.

2. The lien created by the Assessment runs with the land, and according to Section 399.014(b) of the PACE Act, any portion of the Assessment that has not yet become due is not eliminated by foreclosure of (i) a property tax lien, or (ii) the lien for any past due portion of the Assessment. Accordingly, Lender and Property Owner have represented to Local Government that Installments may not be accelerated in the event of default. In the event of a sale or transfer of the Property by Property Owner (including, without limitation, a foreclosure sale for a past due portion of the Assessment), the obligations under the Financing Documents (including, without limitation, the portion of the Assessment that has not yet become due) shall be transferred to the succeeding owner without recourse on Local Government or The Texas Property Assessed Clean Energy Authority (the "Program Administrator") and with recourse on Property Owner only for any unpaid installments of the Assessment that became due during Property Owner's period of ownership.

After this Notice of Contractual Assessment Lien is recorded in the real property records of the county in which the Property is located, until the Assessment, interest, or penalty is paid; and

(ii) such lien has the same priority status as a lien for any other ad valorem tax, pursuant to provided under Section 399.014(a)(2)013 of the PACE Act.

2. Pursuant to Section 399.014(b) of the PACE Act, the lien created by the Assessment runs with the land, and any portion of the Assessment that has not yet become due will not be eliminated by foreclosure of: (i) a property tax lien, or (ii) the lien for a delinquent Installment of the Assessment. In the event of a sale or transfer of the Property by Property Owner, the obligation for the Assessment and the Property Owner's obligations under the Financing Documents will be transferred to the succeeding owner without recourse to Local Government, or Authorized Representative.

3. As provided in Section 399.014(a-1) of the PACE Act, after this Notice of Contractual Assessment Lien is recorded in the real property records of the county in which the Property is located, the lien created by the Assessment may not be contested on the basis that the improvement is not a "qualified improvement" or the Projectproject is not a "qualified project", as such terms are defined in Section 399.002 of the PACE Act.

EXECUTED on ,

Executed Effective as of _____

EXECUTED on _____, but effective as of the Effective Date, by the City of Dallas, signing by and through its City Manager or designee, authorized to execute same by Resolutions Nos. 16-0721 and 243-_____ approved by the City Council on May 11, 2016 and _____ January 10, 2024, respectively.

LOCAL GOVERNMENT:

_____, TEXAS

~~By: Texas Property Assessed Clean Energy Authority~~
CITY OF DALLAS **APPROVED AS TO FORM**

City Manager City Attorney
AUTHORIZED CITY REPRESENTATIVE

Pursuant to Tex. Local Gov't Code §399.006(b)

By: _____

Name: CHARLENE HEYDINGER _____

Title: PRESIDENT, TEXAS PACE AUTHORITY _____

Address: PO BOX 200368
AUSTIN, TX 78720-0368 _____

E-mail: ~~charlene@texaspaceauthority.org~~

BY: _____ By: _____

(Designee) _____

Assistant City Attorney

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

This Notice of Contractual Assessment Lien pursuant to Property Assessed Clean Energy Act was acknowledged before me on _____, 20____ by ~~Charlene Heydinger, President, Texas Property Assessed Clean Energy Authority, dba Texas PACE Authority, a Texas nonprofit corporation, on behalf of said corporation as Authorized Representative for the Local Government~~ by _____ and _____, on behalf of the City of Dallas, Texas.

(print name)

NOTARY PUBLIC, STATE OF TEXAS

~~NOTICE OF LIEN~~

EXHIBIT A

PROPERTY DESCRIPTION

~~NOTICE OF LIEN~~ **Property Address:** _____

Description:

EXHIBIT B
QUALIFIED IMPROVEMENTS

NOTICE OF LIEN

EXHIBIT C

FINANCING DOCUMENTS
ASSESSMENT

Assessment Payment Schedule

Assessment Total: \$ _____

Payment Frequency: _____

Payment Date	Total Payment	Principal Paid	Interest Paid	Administration Fee	Remaining Balance

~~Financing Documents~~

Document Title	Parties	Date Executed

|

|

INDEXING INSTRUCTION:

Grantor: _____, Property Owner
Grantees: _____, City of Dallas, Texas, Local Government
_____, Lender

After recording, return to- Texas PACE Authority
Charlene Heydinger
P.O. Box 200368
Austin, TX -78720-0368

Exhibit 5

PACE TECHNICAL STANDARDS MANUAL

The latest PACE in a Box Technical Standards Manual can be found at:
<https://www.keepingpaceintexas.org/library/document-library/>.

Exhibit 6

Texas PACE Authority Program Guide

The latest Texas PACE Authority Program Guide can be found at:
<https://www.texaspaceauthority.org/resources/documents/>