



mPOWER PLACER
SAVE MONEY. CONSERVE ENERGY. CREATE JOBS.

PLACER COUNTY mPOWER PROGRAM INFORMATION FOR LENDERS REGARDING ASSESSMENT FINANCING

What kinds of properties/owners are eligible for assessment financing?

Assessment financing is available for commercial, industrial, agricultural and some mixed use real property that is subject to secured property taxes. Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner which pays real property taxes.

What kinds of improvements are eligible for assessment financing?

Assessment financing is available for energy efficiency, water efficiency and renewable energy improvements that are permanently affixed to the property. In general, eligible improvements include solar panels, high efficiency heating and cooling systems, high efficiency windows and insulation, low flow toilets, on-demand hot water systems, and “smart” irrigation controllers, among others.

Are there limits on the amount of financing available to the property owner through assessment financing?

Improvement costs must be reasonable in relation to property value. As a guideline, proposed improvements should not exceed 10 percent of assessed value. If more costly improvements are proposed, the Program Administrator may require additional information supporting the reasonable relationship of the improvements to the property, and the ability of the property owner to repay the assessment.

Are there eligibility requirements for property owners to receive assessment financing?

There are a number of qualification criteria including applicants must have a history of being current on property taxes and any mortgages for the property. Property owners may not be in bankruptcy and the property may not be an asset in a bankruptcy proceeding. For commercial properties, the property owner is required to provide written documentation of consent from all lenders, unless the lender(s) has/have agreed to have property owners participate in the Program without further review by the lender(s). The assessment must be projected to produce positive cash flow through utility savings.

How long does the assessment lien remain in place?

The assessment lien remains in place until the financing is paid off. Financing may be five, ten, fifteen or twenty years as long as the term of the financing does not exceed the useful life of the improvements.

What is the priority of the assessment lien compared to the lien held by my institution?

www.mpowerplacer.org

The contractual assessment lien has the same priority as property taxes and other assessments. See Streets & Highways Code section 5898.30. See below for additional information on lien status.

If in the event my institution forecloses on a property, must we pay off the assessment?

In the event of a foreclosure by your institution, as with any outstanding property tax liens, only the amount of the assessment that is in default would need to be paid at the time of the foreclosure. The remainder of the assessment remains a lien on the property, assumed by the subsequent owners.

In the event of a default on payment of the assessment, the County would normally treat the default in the same manner as a default in property taxes. Generally, properties are sold for failure to pay taxes after the taxes remain unpaid for five years. In the event the County proceeded to foreclose on property because of the unpaid assessment lien (i.e., if covenants in bonds sold to finance the Program required earlier foreclosure), you as a lien holder would receive notice, and have an opportunity to cure the non-payment. Again, only the amount necessary to bring the assessment current is required to cure the default.

Why is assessment financing a benefit to my institution?

By allowing the Program to finance improvements on properties for which you hold a security interest there are benefits to your institution. Unlike a home equity line of credit, the funds provided by mPOWER Placer can only be spent on renewable energy or energy efficiency improvements that are permanently affixed to the property. These improvements will add market value to the property, or extend the life of the existing property.

Additionally, the lien periods are usually shorter than the useful life of the improvements installed, so your institution will enjoy the extra value as added security interest after the assessment has been paid and the lien removed.

If you have additional questions, please contact our Program Specialists at (530) 745-3590.

RETURN TO:

Program Administrator
mPOWER Placer
2976 Richardson Drive
Auburn, CA 95603

Property Address: _____

A.P.N.: _____

mPOWER Placer File No _____

**LENDER ACKNOWLEDGEMENT OF OWNER PARTICIPATION IN
MPOWER PLACER PROGRAM**

THIS LENDER ACKNOWLEDGEMENT OF OWNER PARTICIPATION IN mPOWER PLACER PROGRAM ("Acknowledgement") is executed this _____ day of _____, 20__, by _____, a _____ ("Lender"), and for the benefit of _____ ("Owner"), and the COUNTY OF PLACER, a subdivision of the State of California ("County"), acting on behalf of the MPOWER Placer Program.

RECITALS

A. The County has established the mPOWER Placer Program to assist property owners with financing the installation of renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to their properties ("Authorized Improvements") under Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29").

B. Owner has applied to the Program to finance the installation of Authorized Improvements on Owner's real property in the County (the "Property"). The Authorized Improvements to be financed by Owner are described on Exhibit A attached hereto. The Property is described in Exhibit B attached hereto ("Property").

C. Owner will execute an Agreement to Pay Assessment and Finance Improvements with County ("Assessment Contract"). Under the Assessment Contract, Owner will agree to the levy of a statutory assessment in the amount of \$____ (the "Assessment"), payable over a period of _____ years, with interest, upon terms and conditions described in the Assessment Contract.¹

¹ A form of the Assessment Contract can be viewed on-line at www.mpowerplacer.org, or will be provided to Lender upon request.

D. Owner has previously executed a deed of trust dated _____ to secure a promissory note payable to Lender in the sum of \$_____. The deed of trust was recorded on _____, _____ as Instrument No. _____ in the Official Records of Placer County ("Deed of Trust").

E. Notice of the Assessment will be recorded against the Property in the Official Records of the County. The Assessment, together with interest and any penalties, will constitute a lien against the Property. The Assessment will be collected in installments on the property tax bill in the same manner as and subject to the same penalties, remedies and lien priorities as real property taxes.

ACKNOWLEDGEMENT

Lender acknowledges that it has been informed of Owner's participation in the Program, and agrees that Owner's execution of the Assessment Contract will not constitute a default under Lender's Deed of Trust.

LENDER:

Lender Officer to sign:

By: _____
Signature

Name

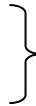
Title

Date

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of _____



On _____, before me, _____, Notary Public,
Date *Name and Title of Officer*

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

This area for official notary seal.

Signature _____
Signature of Notary Public

EXHIBIT A
LIST OF FINANCED AUTHORIZED IMPROVEMENTS

EXHIBIT B
PROPERTY DESCRIPTION

REAL PROPERTY IN THE COUNTY OF PLACER, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A.P.N.: _____

LEGAL DESCRIPTION: