

**PACE Financial Servicing, LLC – [ENTER LENDER] Summary of
Terms and Conditions of Proposed Standard Offer for
Origination, Funding, and Administration of Commercial Property Assessed Clean Energy
(C-PACE) Financing Transactions in City of Baltimore, Maryland**

BACKGROUND

On April 26, 2017, the Mayor and City Council of Baltimore, Maryland (the "City") entered into an agreement with the Maryland Clean Energy Center ("MCEC") in which the City selected MCEC as the initial program administrator and acknowledged PACE Financial Servicing, LLC ("PFS") as MCEC's Agent for administration of the Clean Energy Loan Program (PFS and MCEC, collectively, the "Program Administrator"). PFS hereby presents this summary (the "Standard Offer") of the primary terms and conditions for the Program Administrator and [ENTER LENDER] (the "Lender"), regarding the origination, funding, and administration of C-PACE transactions for qualifying commercial properties within the City of Baltimore, Maryland.

This Standard Offer is not, and shall not be deemed an offer, solicitation of an offer, agreement, contract, or any other legally binding obligation. It is the intent of the parties that a binding contract, agreement, or obligation between the parties and/or commitment by the Program Administrator and the Lender shall be effective only upon the execution by both parties of a C-PACE Surcharge Processing Agreement setting forth the terms of such agreement, in substantially the form attached hereto as Appendix B.

The transactions contemplated by this Standard Offer are subject to all necessary Program Administrator approvals, as directed by the Program Administrator, §§ 1-1101 et. seq. of the Local Government Article of the Maryland State Code, and Public Local Law, Article 28, §§ 30-1 et. seq. of the City of Baltimore Code.

TRANSACTION PARTIES

Program Administrator:

PFS, a Delaware limited liability company and Program Administrator of the City of Baltimore C-PACE Program. Program Administrator will administer the City of Baltimore C-PACE program. Such responsibilities include:

- I. Reviewing documents provided pursuant to Lender's or Property Owner's Application for C-PACE Financing.
2. Coordinating with the City of Baltimore in order to ensure that Surcharges (as defined below), are added to the property's real property or stand-alone tax bill.

3. Working with the Program Administrator's Servicer (as defined herein) in collecting Surcharge Installments, as defined below, and remitting such payments to Lender.

Lender:

[ENTER NAME], [ENTER ENTITY], with offices at [ENTER ADDRESS] will provide, has secured or plans to secure the ability to fund transactions as described in this Standard Offer. The Lender is functioning as the source funding for C-PACE transactions.

Program Administrator's Servicer:

National Real Tax Tracking (NRTT) or any designee as determined from time to time by the Program Administrator. The Program Administrator's Servicer will function as the master collection agent by collecting all Surcharge Installments, from City of Baltimore tax collector for disbursement to the Lender, or the Lender's designee(s), in accordance with the C-PACE Surcharge Processing Agreement.

Property Owner:

The person or entity receiving C-PACE financing who is the owner of the real property.

Jurisdiction:

City of Baltimore, Maryland

DEFINITIONS

The Acts

§§ 1-1101 et. seq. of the Local Government Article of the Maryland Code (the "Act") and Public Local Law, Article 28, §§ 30-1 et. seq. of the City of Baltimore Code (the "City Code"). Collectively, the Act and City Code, shall be "the Acts".

Application:

Application for C-PACE Financing published by the Program Administrator, as may be later amended, found on www.md-pace.com/baltimorecity or in the C-PACE Program Guidelines and attached hereto as Appendix E. To be completed for each Eligible Project by a Property Owner or Lender.

Approved Project:

An Eligible Project (as defined below) for which a Completed Application has been submitted and the Program Administrator has approved.

Clean Energy Financing Agreement:	The financing agreement entered into between the Lender and a Property Owner to fund the Approved Project. Such agreement must include a Surcharge Payment Schedule.
Closed Project:	An Approved Project for which the Lender and the Property Owner have entered into a Clean Energy Financing Agreement.
Completed Application:	An Application, which includes all associated documents, described in the Project Approval Checklist (Appendix A to this Standard Offer).
C-PACE Surcharge Processing Agreement:	The agreement between a Lender and the Program Administrator describing the rights and obligations of each party in relation to the processing and management of each Closed Project.
Eligibility Criteria:	The Eligibility Criteria are defined in the Acts and summarized in the Program Guidelines.
Eligible Project:	Qualifying energy efficiency, water conservation, and renewable energy projects, as described in the Acts, which conform to Eligibility Criteria and to the Program Guidelines.
Notice to City of Baltimore to Commence Levy and Collection of Surcharges for PACE Program	A formal executed Notice to the City of Baltimore to Commence Levy and Collection of Surcharges for PACE Program, in the form of Exhibit B of the Master C-PACE Surcharge Processing Agreement.
Program Guidelines	The C-PACE Program Guidelines, which establish and describe the rules governing the City of Baltimore C-PACE program. The Program Guidelines are published by the Program Administrator, and may be amended from time to time, as found on www.md-pace.com .
Risk Disclosure	Lender and PFS Disclosure of Risks, substantially in the form of Appendix C to this Standard Offer.
Statement of Levy and Lien of Surcharge Agreement	An Agreement to be recorded on the applicable property records for the Project, substantially in the form attached hereto as Exhibit A to the C-PACE Surcharge Processing Agreement, which shall be executed by the Lender, Property Owner and the City. This Agreement is referred to as the Notice of

Surchage

Surchage Levy in the City Code.

The Surchage will appear on a Property Owner's real property or stand-alone tax bill, which may be billed annually or bi-annually, as determined by State law. The Surchage will be equal to the annual payment amount due of the principal amount of the Surchage with interest thereon at the contracted rate plus any additional fees and expenses pursuant to the Clean Energy Financing Agreement as described below with equal installments of principal and interest required to fully amortize the assessment over the Surchage term.

Pursuant to §30-8(1) of the City Code, if Surchages are delinquent, the delinquent Surchage becomes a tax lien and collectible through the tax sale process authorized under Tax-Property Article, Title 14, Subtitle 8 of the State Code ("Annotated Code").

The Surchage is subject to the consent of existing mortgage holders (in the form of Appendix D to this Standard Offer) and will not accelerate upon sale or transfer of the property.

The annual or semi-annual payment amount of the Surchage as listed on the Surchage Payment Schedule.

A schedule of all Surchage Installments under the Statement of Levy and Lien of Surchage Agreement or, if applicable, the most recent Amendment of Surchage and Payment Schedule filed in the land records.

The City's tax sale information and procedures can be found on the website here:

<http://taxsale.baltimorecity.gov/>

Lender must give due regard to the Property Owner's ability to repay the Surchage in a manner substantially similar to that required for a mortgage loan under Sections 12-127, 12-311, 12-409, 12-925, and 12-1029 of 149 the Commercial Law Article of the Maryland Code.

Surchage Installment

Surchage Payment Schedule

Tax Sale Process:

Underwriting Guidelines:

PROCESS OUTLINE FOR THIS STANDARD OFFER

The outline of the origination, funding, and administration relationship between the Program Administrator, Lender, and Property Owner is as follows:

1. Lender or Property Owner submits a Completed Application.
2. Program Administrator will review such documentation and confirm that the Completed Application meets the requirements of the Acts, Eligibility Criteria, Program Guidelines, this Standard Offer, and any documentation thereunder. Upon completion of such review, Program Administrator will notify the Property Owner of whether the Application has been approved, in which case the project shall be an Approved Project.
3. Lender and Property Owner enter into a Clean Energy Financing Agreement and the Approved Project becomes a Closed Project. Prior to entering into the Clean Energy Financing Agreement with the Property Owner, Program Administrator will, in its reasonable discretion, approve of Lender's Clean Energy Financing Agreement template. Such Clean Energy Financing Agreement must contain terms and documentation consistent with this Standard Offer, the C-PACE Surcharge Processing Agreement, and the Acts. Such Clean Energy Financing Agreement shall be secured by a Surcharge.
4. Lender enters into a C-PACE Surcharge Processing Agreement (Appendix B to this Standard Offer) with Program Administrator for the Closed Project to ensure processing of Lender's Closed Project.
5. The City, the Lender and the Property Owner enter into a Statement of Levy and Lien of Surcharge Agreement (Exhibit A of the C-PACE Surcharge Processing Agreement) that the City then files on the property records of the applicable property at the expense of the Property Owner.
6. The Program Administrator will send the Notice to City of Baltimore to Commence Levy and Collection of Surcharges (Exhibit B of the C-PACE Surcharge Processing Agreement) to City of Baltimore with a request to the City by May 1 to add the Surcharge to the real property or stand-alone tax bill.
7. The City shall add the Surcharge to the real property or stand-alone tax bill in accordance with the agreed-upon Surcharge Payment Schedule
8. The Program Administrator, along with the Program Administrator's Servicer, will work with City of Baltimore to collect any Surcharge Installments received pursuant to the Surcharge and remit such Surcharge Installments to the Lender.

PROGRAM ADMINISTRATOR COSTS

Program Administrator Costs:

Program Administrator's costs under this Standard Offer, shall be as follows:

APPLICATION FEE: \$150 upfront application fee.

CLOSING FEE: 1.05% closing fee calculated as a

percentage of the Project Cost.

SERVICING FEE: an annual fee of 16 basis points (0.16%) calculated on the outstanding principal balance through the assessment period.

RECORDING EXPENSE: the expense, if any, for recording the Statement of Levy and Lien of Surcharge Agreement and any amendments thereto, on the property records for the applicable property.

Note: The City of Baltimore reserves the right to include a City collection and processing fee that will be included in the annual property tax surcharge.

LENDER'S FUNDING PROGRAM

Lender's Funding:

~~Amount of funding available to the Lender~~

The Lender may provide, up to one hundred percent (100%) of the Surcharge including any fees upon the closing date of each Clean Energy Financing Agreement and drawdown by the Property Owner, subject to the individual Clean Energy Financing Agreement between the Property Owner and the Lender.

Conditions of Lender's Funding:

~~Conditions of Lender's Funding~~

The following conditions will be met before Lender provides any Lender funding:

1. Verification that the C-PACE project has been approved by the Program Administrator.
2. A Clean Energy Financing Agreement has been signed by the Property Owner and Lender.
3. Signed service agreement or construction contract between Property Owner and energy service provider.

Interest rates for the Lender's funding will be determined by the Lender.

The term of the Surcharge shall not exceed twenty years.

The Lender is able to charge closing fees (at Lender's discretion) to the Property Owner.

Lender's Rate:

~~Lender's Rate~~

Term:

~~Term~~

Closing Fees:

~~Closing Fees~~

Prepayment:	Lender may charge a prepayment penalty at its discretion.
Partial Payment:	Partial payments of the Surcharge will be accepted.
Amendment:	Any amendments to the Surcharge Payment Schedule which may need to be implemented pursuant to the Clean Energy Financing Agreement and C-PACE Surcharge Processing Agreement must be provided to the Program Administrator no later than April 25 th of the year in which the next payment is due. Any such amendments shall be submitted to the Program Administrator using the Amendment of Surcharge and Payment Schedule in the form of Exhibit C to the Surcharge Processing Agreement.
Collections, Repayment and Amortization Schedule:	Payments due pursuant to the Surcharge shall be due in accordance with the Surcharge Payment Schedule attached to the Statement of Levy and Lien of Surcharge Agreement, such payment schedule shall align with the property tax billing cycle of the City.
	Pursuant to §30-8(F) of the City Code, the City shall forward the Surcharges received to the Program Administrator no later than forty-five (45) days after the last day of the month in which the amounts are collected by the City.
	Payments from the Program Administrator's Servicer (subject to receipt from the City) will be remitted to Lender no later than five (5) business days after receipt of any such payments.
Exclusivity:	For any Completed Application submitted by a Lender, the Program Administrator shall not share information about the Eligible Project, the Property Owner, or the Application with any other C-PACE Lender for a period of six (6) months (measured from the date of the submission of a Completed Application). This section does not apply if (1) the same Property Owner requests financing for a materially different Eligible Project; (2) the Lender fails to submit a Completed Application for an Eligible Project to receive Program Administrator's Approval within in a commercially reasonable time; or (3) the Property Owner provides written authorization to the Program Administrator.

Termination Events:

This Standard Offer shall terminate upon the occurrence of any of the following:

1. A final, non-appealable judgment by a court of competent jurisdiction that the Surcharges are not valid and enforceable under Maryland law, or any unstayed injunctive relief, the effect of which would be to prevent servicing or collection of any Surcharges.
2. The dissolution of the Lender by insolvency, bankruptcy, failure to maintain applicable licenses, or any other valid reason.
3. A breach of any Covenant (as set forth below) by the Program Administrator or Lender (subject to applicable cure).
4. A material adverse change in (a) the business, properties, operations, prospects, or condition (financial or otherwise) of the Program Administrator or Lender, taken as a whole, or (b) the ability of the Program Administrator to perform, or to enforce, any obligations.

With respect to a particular Approved Project:

- a. Program Administrator may terminate its approval of such Approved Project upon the occurrence of the events described in clause I, 2, 3 or 4 (with respect to Lender).
- b. Lender may terminate its obligation to participate in such Approved Project upon the occurrence of the events described in clause I, 3 or 4 (with respect to Program Administrator).
- c. Upon receipt of notice from the other party, either Lender or Program Administrator may terminate the Approved Project prior to the execution of a Clean Energy Financing Agreement if, in its reasonable determination, the terminating party believes negotiation of the Clean Energy Financing Agreement cannot be accomplished in good faith.

Upon the occurrence of a Termination Event, each party shall be obligated to pay its own costs incurred by such party prior to the termination.

Notwithstanding any termination of this Standard

Offer or any Approved Project, Lender and the Program Administrator shall continue to be bound by their respective obligations with respect to any existing Closed Projects and the terms of this Standard Offer shall survive with respect to such Closed Projects.

Representations:

The Lender shall make the following representations:

The Program Administrator shall provide representations to the Lender that shall include but are not limited to:

1. Each Surcharge is a legal, valid, and binding obligation and enforceable in accordance with provisions of Maryland law.
2. No Eligibility Criteria have been waived, altered, or modified in any respect, except as approved by the City.

The Lender shall represent that any Eligible Projects will be submitted to the Program Administrator in good faith and with a willingness to fund, subject to Eligibility Criteria, Program Guidelines, C-PACE Surcharge Processing Agreement, Underwriting Guidelines (if applicable), and this Standard Offer.

Covenants:

The Lender shall make the following covenants:

Key Covenants of the Program Administrator and the Lender include, but are not limited to:

1. Continuation as a legal entity.
2. Compliance with applicable laws.
3. Compliance with the terms of all transaction documents.
4. Compliance with reporting requirements.
5. Provision of all reasonably necessary assistance for the Program Administrator's Servicer to perform its functions in a commercially reasonable manner.
6. Use of all reasonable means to resolve disputes with the Property Owner, contractors, vendors, or public officials in favor of full and timely payment to the Lender and Program Administrator.

Account Remediation: Pursuant to §30-8(1) of the City Code, if a Surcharge is delinquent, the delinquent Surcharge becomes a tax lien and collectible through the tax sale process authorized under Tax-Property Article, Title 14, Subtitle 8 of the State Code.

Documentation: This Standard Offer is subject to mutually agreeable final documentation, including but not limited to:

- I. Satisfactory legal opinions if requested by the Program Administrator.
2. Completion of due diligence.
3. Satisfactory legal documentation, including the C-PACE Surcharge Processing Agreement.

[Remainder of the page intentionally blank]

PACE FINANCIAL SERVICING, LLC

bipnature _____

Name: Genevieve Sherman

Title: Managing Director

Date:

[ENTER LENDER]

j9nature _____

Name:

Title:

Date:

[CC: PROPERTY OWNER]

Appendix A

City of Baltimore C-PACE Project Approval Checklist

PROJECT INFORMATION	
Lender:	
Property Address:	
Property ID Number:	
Telephone Number:	
Fax Number:	
Email Address:	
Property Owner:	

CHECKLIST		
<input type="checkbox"/>	Application for C-PACE Financing	Submit to Program Administrator
<input type="checkbox"/>	\$150 Application Fee	Check addressed to "PACE Financial Servicing, LLC"
<input type="checkbox"/>	Project Scoping Documents	Energy audit, project scope and/or feasibility study
<input type="checkbox"/>	Disclosure of Risk Form	Share with owners and return signed copy to Program Administrator
<input type="checkbox"/>	Title Search Report	Within the last 60 days
<input type="checkbox"/>	Mortgage Lender Consent Form	If applicable
<input type="checkbox"/>	Documentation of Mortgage Release	If applicable
<input type="checkbox"/>	Signed Affidavit	Should state: Property owner agrees that prior to the date on which this C-PACE financing closes, it shall not place any additional mortgage, lien, or encumbrance on the property other than any encumbrances that have been previously disclosed to the Program Administrator.
<input type="checkbox"/>	Property Tax Account Assessment Roll, or Current Market Value/Appraisal	Can be obtained through the Maryland State Department of Assessment and Taxation (SDAT)
<input type="checkbox"/>	Document that verifies owner is current on their property taxes	Can be obtaining through the City of Baltimore Department of Finance.

Appendix B

C-PACE SURCHARGE PROCESSING AGREEMENT

THIS C-PACE SURCHARGE PROCESSING AGREEMENT ("Agreement") is made as of the _____ day of _____, 2017, by and between PACE Financial Servicing, LLC having an address at [ADDRESS] ("Program Administrator") and _____ having an address at [ADDRESS] (Lender).

BACKGROUND

1. The State of Maryland has authorized counties and municipalities to enact legislation or resolutions establishing property assessed clean energy programs under §§ 1-1101 et. seq. of the Local Government Article of the Maryland Code, as amended (the "Act")

2. Pursuant to the Act, the City of Baltimore established a Property Assessed Clean Energy loan program for commercial properties (the "Program") under Public Local Law, Article 28 §§30-1 et. seq. of the City of Baltimore Code (the "City Code"), together with the Act, the "Acts."

3. [Borrower legal name] (the "Property Owner") owns real property located in the City of Baltimore, Maryland known as [Address] and more particularly described in the hereto attached Exhibit D (the "Property"). In accordance with the requirements of the Acts, the Property Owner proposes to improve the Property through energy efficiency projects, water conservation projects, or renewable energy projects servicing the Property (the "Project") and has applied to the Program Administrator and the Lender for financing the Project through a Clean Energy Financing Agreement (the "Clean Energy Financing Agreement") that will be secured by a surcharge (the "Surcharge") which when due and unpaid shall constitute a lien on the Property.

4. The Maryland Clean Energy Center ("MCEC") has entered into an agreement with the Mayor and City Council of Baltimore, Maryland (the "City") dated April 26, 2017 (the "City Clean Energy Agreement"), in which the City selected MCEC as the initial program administrator and acknowledged PACE Financial Servicing, LLC as MCEC's Agent for administration of the Program.

5. Pursuant to the City Clean Energy Agreement, the City will add the Surcharge to the real property or stand-alone tax bill upon receipt of a Notice to City of Baltimore to Commence Levy and Collection of Surcharges for PACE Program ("Notice to Commence Levy"), attached hereto materially in the form of Exhibit B.

6. The Lender has entered into the Clean Energy Financing Agreement with the Property Owner pursuant to which the Lender will advance funds for the Project for the benefit of the Property Owner.

7. The Property Owner and Lender have obtained consent to the Surcharge from all existing mortgage and deed of trust holder(s) ("**Mortgage Holders**").

NOW, THEREFORE, the parties do hereby agree as follows:

1. **Notice and Amendment of Surcharge.**

(a) Within three (3) Business Days (as defined in Section 7) after the execution of this Agreement and the delivery of the documents described in Section 4 hereof, the Program Administrator will submit to the City the (i) Statement of Levy and Lien Agreement (the "**Statement of Levy and Lien Agreement**"), attached hereto materially in the form of Exhibit A, to be recorded in the Land Records of the City of Baltimore, Maryland, and such Statement of Levy and Lien Agreement shall include a schedule of all Surcharges under the Clean Energy Financing Agreement (the "**Surcharge Payment Schedule**"), and (ii) the Notice to Commence Levy. The principal of the Surcharge (inclusive of any financed closing costs or fees) will be [Amount] and xx/100 Dollars(\$[#]), the interest rate will be [Interest Rate] percent ([#]%) per annum and the term will be [Term]([#]) years, as reflected in the Surcharge Payment Schedule.

(b) The Program Administrator must notify the City Department of Finance of the amount of the Surcharge no later than May 1 of each year. The Program Administrator shall assume the Surcharge amount specified in the Surcharge Payment Schedule is accurate and use that amount when notifying the City unless the Program Administrator has forwarded an Amendment of Surcharge and Payment Schedule to the City in which case the Program Administrator shall assume the Surcharge amount specified in the Amendment of Surcharge and Payment Schedule is accurate and use that amount when notifying the City.

(c) The Lender may only amend the Surcharge Payment Schedule in accordance with the terms of the Statement of Levy and Lien Agreement and the Clean Energy Financing Agreement. Any such amendments shall be submitted by the Lender to the Program Administrator using the Amendment of Surcharge and Payment Schedule, attached hereto materially in the form of Exhibit C. Upon receipt, the Program Administrator shall forward the Amendment of Surcharge and Payment Schedule to the City, and the City shall amend the Surcharge to reflect the adjustment and file the Amendment of Surcharge and Payment Schedule in the land records of the City of Baltimore. The Program Administrator shall provide to Lender finalized copies of the Amendment of Surcharge and Payment Schedule. Any Amendment of Surcharge and Payment Schedule must be provided to the Program Administrator no later than April 25th of the year in which the next payment is due.

(d) The Surcharge will accrue interest and penalties and will be treated and collected in the same manner as real property taxes in the City. Any delinquency will be collected through the City tax sale process. The provisions of Title 14, Subtitle 8 of the Tax – Property Article of the Maryland Code and Public Local Law, Article 28, §§ 30-1 et seq. of the City of Baltimore Code that apply to a tax lien will also apply to an any delinquent Surcharge. Any delinquent Surcharge collected through the City tax sale process must be forwarded to the Program

Administrator no later than forty-five (45) days after the last day of the month in which the Surcharge amounts are collected.

2. Program Administrator' Warranties and Representations; Disclaimer.

(a) Warranties and Representations. The Program Administrator hereby warrants and represents that:

(i) Program Administrator is a Delaware limited liability company; and has full power and authority to enter into this Agreement and to carry out the terms and conditions contained herein;

(ii) No approval of, or consent from, any governmental authority is required for the execution, delivery or performance by Program Administrator of this Agreement, other than as obtained through that certain Clean Energy Agreement entered into by and between the Program Administrator and the City dated April 26, 2017 (the "City Clean Energy Agreement"); and

(iii) the execution, delivery and performance by Program Administrator of this Agreement and the transactions contemplated hereby (A) do not contravene any provisions of law applicable to Program Administrator, and (B) do not conflict and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in the breach of or constitute a default or require any consent under any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which Program Administrator is a party, by which Program Administrator may be bound, to which Program Administrator or its property may be subject, the Acts or Program Administrator's operating agreement.

(iv) This Agreement, the Surcharge, the Statement of Levy and Lien of Surcharge Agreement, the Notice to Commence Levy, and the Program Administrator's role hereunder comply with the Acts. In the event of a conflict between this Agreement and the Acts, the Acts shall govern.

(b) Disclaimer. Program Administrator has not heretofore made, nor does it make by this Agreement, any representations or warranties with respect to the Property, including any warranty of title or any environmental matters, and Program Administrator makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of the Property Owner, or with respect to the performance or observance by the Property Owner of their obligations under the Clean Energy Financing Agreement, after the date of execution of this Agreement.

3. Lender's Warranties and Representations.

With respect to this Agreement, Lender hereby warrants and represents that effective on the date on which Lender executes this Agreement:

(a) (i) Lender (A) is an entity (corporation, limited liability company, partnership) duly incorporated or organized, validly existing, and in good standing under the laws of its state of incorporation or organization, and (B) has full power, and all licenses necessary, to own its properties to carry on its business as now being conducted and has full power to enter into this Agreement and to carry out the terms and conditions contained herein; and (ii) the execution of this Agreement on its behalf and its participation in the transaction specified herein and therein is in its ordinary course of business and within the scope of its existing authority pursuant to its organizational documents;

(b) there is no action, suit, or proceeding pending or threatened against Lender before or by any court, administrative agency, or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Lender of this Agreement;

(c) no approval of, or consent from, any governmental authority is required for the execution, delivery, or performance by Lender of this Agreement;

(d) the execution, delivery, and performance by Lender of this Agreement and the performance by Lender hereunder and the transactions contemplated hereby, (i) do not contravene any provisions of law applicable to Lender, and (ii) do not conflict and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in the breach of or constitute a default or require any consent under any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which Lender is a party, by which Lender may be bound, to which Lender or its property may be subject, or Lender's charter or bylaws;

(e) this Agreement constitutes the legal, valid and binding obligation of Lender, enforceable against Lender in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and by applicable laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein;

(f) Lender has independently and without reliance upon the Program Administrator conducted its own credit evaluation of the Property Owner, reviewed such information as it has deemed adequate and appropriate and made its own analysis of the Financing Agreement;

(g) Lender has, as part of its underwriting process, given due regard to the Property Owner's ability to repay the loan provided under the program, in a manner substantially similar to that required for a mortgage loan under §§ 12-127, 12-311, 12-409.1, 12-925, and 12-1029 of the Commercial Law Article of the Maryland State Code.

(h) Lender has not relied upon any investigation or analysis conducted by, advice or communication from, nor any warranty or representation by, the Program Administrator or any agent or employee of the Program Administrator, express or implied, concerning the financial condition of the Property Owner, or the tax or economic benefits of an investment in the Clean Energy Financing Agreement;

(i) Lender has had (or acknowledges by its execution of this Agreement, that Lender will prior thereto have had) access to all financial and other information that it deems necessary to evaluate the merits and risks of an investment in the Clean Energy Financing Agreement including the opportunity to ask questions, receive answers and obtain additional information from the Program Administrator and the Property Owner necessary to verify the accuracy of information provided;

(j) Lender acknowledges that the Program Administrator takes no responsibility for any financial information regarding the Property Owner furnished to Lender by the Program Administrator, and Lender or its authorized representatives acting on its behalf have such knowledge and experience in business and financial matters necessary to evaluate the merits and risks of an investment in the Financing Agreement;

(k) Lender is experienced in making investments in energy upgrade projects similar to the Project and the Clean Energy Financing Agreement and that it is financially able to undertake the risks involved in such an investment; and

(l) Lender acknowledges that the Clean Energy Financing Agreement as well as any other documents signed by the Property Owner and required by the Program Administrator in connection with this Agreement were executed by a duly authorized signatory of the Property Owner.

4. Delivery of Documents.

(a) As a condition to the Program Administrator's performance of its obligations with respect to this Agreement, all of the conditions precedent enumerated below must be satisfied (in the Program Administrator's reasonable discretion):

(i) Lender shall have delivered to the Program Administrator all of the following, in form and substance reasonably satisfactory to the Program Administrator: (A) certified true and correct photocopies of the duly executed Clean Energy Financing Agreement; (B) a certified true and correct photocopy or pdf scan of this Agreement duly executed by Lender; (C) executed consents from any Mortgage Holders on the Property; (D) a risk disclosure form executed by the Property Owner; (E) an energy audit and/or feasibility study; (F) proof that the Property Owner has 100% ownership interest in the Property for which the improvements are proposed; (G) an original of the Statement of Levy and Lien Agreement duly executed by the Property Owner and Lender; and (H) all other documents or information necessary to demonstrate compliance with all other eligibility requirements in 830-5 and §30-6 of the City Code and the Program Guidelines.

(b) As a condition to Lender's performance of its obligations with respect to this Agreement, all of the conditions precedent enumerated below must be satisfied (in Lender's reasonable discretion):

(O) The Program Administrator shall have delivered to Lender all of the following, in form and substance reasonably satisfactory to Lender: (A) a certified true and correct photocopy or pdf scan of the Statement of Levy and Lien Agreement duly executed by the City, and (B) a certified true and correct photocopy or pdf scan of this Agreement duly executed by the Program Administrator.

(c) All of Lender's and the Program Administrator's respective representations and warranties provided herein or in any of the Clean Energy Financing Agreement shall be true and correct on the date of the execution of this Agreement.

5. Covenant.

(a) No Action. The Program Administrator shall not, without the prior written consent of the Lender, take any action which impairs the rights of the Lender (or its assignee or successor) with respect to the Clean Energy Financing Agreement in and to which the Program Administrator has no right, title or interest. Under no circumstances may the Lender file Uniform Commercial Code financing statements against the Program Administrator in connection with any of the transactions contemplated hereunder.

6. Tax and Indemnities.

(a) Charges. Lender shall pay any and all sales or use taxes or similar taxes, if any, that may be imposed by any federal, state or local government authority on any remittances made by the Program Administrator to the Lender pursuant to this Agreement.

(b) Taxes. With respect to this Agreement, Lender shall be solely responsible for, and shall indemnify, protect, defend, save, and keep harmless, the Program Administrator and each of its affiliates, and their respective officers, directors, employees, and agents (each a "Program Administrator Indemnitee") from and against any and all federal, state, and local taxes, in each such case, to the extent any of the same are attributable to or otherwise assessed with respect to the period subsequent to the effective date of this Agreement, together with any assessments, penalties, fines additions to tax or interest related thereto, which at any time or from time to time may be imposed on, or asserted against, the Property (or any part thereof or any interest therein) or any Program Administrator Indemnitee, by any federal, state, local, or foreign government or taxing authority in connection with or relating to the Clean Energy Financing Agreement or any of the transactions contemplated hereby and thereby. Notwithstanding the above, Lender is not responsible for nor shall it indemnify, protect, defend, save, and keep harmless, the Program Administrator and each of its affiliates, and their respective officers, directors, employees, and agents from and against any and all taxes, penalties, or fines related to the Program Administrator costs detailed in Section 9 hereof.

(c) Notice of Claims. The Program Administrator agrees to notify Lender promptly after becoming aware of any taxes or claims, whether pending or threatened that is the subject of indemnification pursuant to this Section 6; provided, however, that the failure by the Program Administrator to so notify the Lender will not in any manner affect Lender's obligations under

this Section 6, except to the extent, if any, Lender shall have been materially and adversely prejudiced by such failure.

7. Duties and Limitations.

(a) Program Administrator's and Lender's Duties. It is the intent and purpose of the parties that the City shall bill for, collect and receive for the benefit of Lender the sums payable under the Clean Energy Financing Agreement and the Surcharge. Unless the Program Administrator indicates in writing to Lender, Lender shall be responsible for all other servicing duties pursuant to the Clean Energy Financing Agreement, such as, if applicable, obtaining insurance renewals and financial statements from the Property Owner and arranging for Property inspections. The Program Administrator shall promptly deliver to Lender all notices, demands and similar items received by it relating to the Clean Energy Financing Agreement.

(i) Any delinquent Surcharges and any accrued interest and penalties will be collected through the City tax sale process. The provisions of Title 14, Subtitle 8 of the Tax Property Article of the Maryland Code that apply to a tax lien will also apply to any delinquent Surcharges.

(ii) If either party has actual knowledge of an event of default under the Clean Energy Loan Financing Agreement ("Event of Default"), it shall promptly notify the other party thereof.

(b) Payments. All monies received by the Program Administrator on the Clean Energy Financing Agreement shall be held by the Program Administrator, or its designee, for the benefit of the Lender for the purpose for which they were paid, but need not be segregated in any manner from any other monies of the Program Administrator and may be deposited by the Program Administrator, or its designated servicer, in any general account maintained by the Program Administrator or, its designee, (the "**Collection Account**"). The Program Administrator, or its designee, shall pay all moneys from Collection Account due from the Property Owner under the Clean Energy Financing Agreement within five (5) Business Days of receipt of such good funds in the Collection Account (each such date, a "**Payment Date**"), provided that the Program Administrator, or its designee, has collected payment in good funds from the Property Owner or the City, such as a received wire or cleared check. As used herein, **Business Day**" shall be deemed to mean any day other than a Saturday, Sunday or holiday in which the Program Administrator or Lender is closed in Maryland. Notwithstanding the forgoing, if the applicable Payment Date is not a Business Day, then the Payment Date shall be deemed to be the next Business Day. The Program Administrator, or its designee, shall make such monies available to Lender by wire transfer of such monies to Lender at such account as Lender may specify in writing from time to time. If the Program Administrator, or its designee, fails to make such payment (or any part thereof) to Lender within five (5) Business Days of such Payment Date, the Program Administrator shall pay Lender one percent (1%) interest per month on, and in addition to, the amount of such payment (or any part thereof) but not exceeding the lawful maximum, if any.

(c) Limitations of Liability. The Program Administrator undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Agreement against the Program Administrator. In performing its obligations hereunder, the Program Administrator shall use the same level of care as it uses for transactions in which it holds the entire interest for its own account, but shall not be liable to Lender for any action taken or omitted to be taken by it hereunder or pursuant hereto, except for the Program Administrator's failure to make sums available to Lender as required under this Agreement or for the Program Administrator's gross negligence or willful misconduct. The duties of the Program Administrator shall be mechanical and administrative in nature and the Program Administrator shall not have by reason of this Agreement a fiduciary relationship with Lender. The Program Administrator shall not be required to take any action if the Program Administrator shall have been advised by counsel that such action is contrary to law, the provisions of this Agreement or the provisions of the Clean Energy Financing Agreement. As to any matters not expressly provided for by this Agreement, the Program Administrator shall not be required to exercise any discretion or take any action and in case of any question concerning its rights and duties hereunder, the Program Administrator may request written instructions from Lender and refrain from taking action until it receives written instructions from Lender. The Program Administrator shall be fully protected and have no liability to any person for acting or refraining from acting hereunder in accordance with the written instructions of Lender. The Program Administrator shall, in the absence of knowledge to the contrary, be entitled to rely on any written instructions believed in good faith to be genuine and correct and to have been signed by an officer of Lender.

8. Titling.

(a) Holder of Surcharge. The Clean Energy Financing Agreement shall provide that the City is the original holder of the Surcharge and that pursuant to §30-8(1) of the City Code, if the Surcharge becomes delinquent, the delinquent Surcharge and any accrued interest and penalties will automatically become a tax lien and be collected through the resulting tax sale process.

9. Program Administrator Costs.

(a) Program Administrator charges and Lender shall pay or cause to be paid the following fixed administration and servicing fees for the term of the Surcharge:

APPLICATION FEE: \$150 upfront application fee.

CLOSING FEE: 1.05% closing fee calculated as a percentage of the Project Cost.

SERVICING FEE: an annual fee of 16 basis points (0.16%) calculated on the outstanding principal balance through the assessment period.

RECORDING EXPENSE: Dependent on the Surcharge amount, the recording fee charged by the City to record the Statement of Levy and Lien Agreement and any amendments thereto.

(b) No provisions of this Agreement shall require the Program Administrator (i) to expend or risk its own funds except as necessary in the ordinary course of business as the City Program Administrator or to perform its obligations under this Agreement or (ii) to otherwise incur any financial liability in the performance of any of its duties hereunder. Any expenses incurred by the Program Administrator in connection with any actions with respect to this Agreement to which Lender has requested shall be borne by Lender and Lender shall reimburse the Program Administrator for any such out-of-pocket costs and expenses incurred by the Program Administrator.

10. Indemnity.

(a) Lender agrees to indemnify, defend, and hold harmless the Program Administrator and any of its directors, officers, employees or agents, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses, taxes or disbursements of any kind or nature whatever (including attorneys' fees) which may be imposed on, incurred by or asserted against any of them in any way relating to or arising out of any action taken or omitted by either or any of them pursuant to a breach by Lender of this Agreement, to the extent not reimbursed by the Property Owner, provided that Lender shall not be liable to the Program Administrator for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Program Administrator or any of its directors, officers, employees or agents; and

(b) The Program Administrator shall indemnify, defend, and hold harmless Lender, its successors and assigns, and all of its directors, officers, employees, or agents, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgment, suits, costs, expenses, or disbursements of any kind or nature whatever (including attorneys' fees) which may be imposed on, incurred by or asserted against any of them in any way arising out of or resulting from a breach by the Program Administrator of this Agreement or the gross negligence or willful misconduct of the Program Administrator or any of its directors, officers, employees or agents.

11. Miscellaneous.

(a) Assignment; Termination. Except as provided in this Agreement, neither party may assign or delegate its respective rights or obligations hereunder without the prior written consent of the other party which consent shall not be unreasonably withheld, provided that Lender may assign this Agreement upon notice to the Program Administrator. Subject to the foregoing, this Agreement inures to the benefit of, and is binding upon, the successors and permitted assigns of the parties hereto. Notwithstanding the foregoing, (i) in the event the City Clean Energy Agreement expires or terminates, this Agreement shall be deemed automatically assigned to a successor program administrator who agrees to assume all of Program Administrator's obligations and liabilities hereunder or (ii) in the event no successor is named or no successor agrees to assume the obligations and liabilities hereunder, this Agreement shall automatically terminate.