

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 697

AN ACT

To repeal sections 67.2800, 67.2810, and 67.2815, RSMo, and to enact in lieu thereof eight new sections relating to property assessment contracts for energy efficiency.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 67.2800, 67.2810, and 67.2815, RSMo,
2 are repealed and eight new sections enacted in lieu thereof, to
3 be known as sections 67.2800, 67.2810, 67.2815, 67.2816,
4 67.2817, 67.2818, 67.2819, and 67.2840, to read as follows:

67.2800. 1. Sections 67.2800 to [67.2835] 67.2840
2 shall be known and may be cited as the "Property Assessment
3 Clean Energy Act".

4 2. As used in sections 67.2800 to [67.2835] 67.2840,
5 the following words and terms shall mean:

6 (1) "Assessment contract", a contract entered into
7 between a clean energy development board and a property
8 owner under which the property owner agrees to pay an annual
9 assessment for a period of up to twenty years not to exceed
10 the weighted average useful life of the qualified
11 improvements in exchange for financing of an energy
12 efficiency improvement or a renewable energy improvement;

13 (2) "Authority", the state environmental improvement
14 and energy resources authority established under section
15 260.010;

16 (3) "Bond", any bond, note, or similar instrument
17 issued by or on behalf of a clean energy development board;

18 (4) "Clean energy conduit financing", the financing of
19 energy efficiency improvements or renewable energy
20 improvements for a single parcel of property or a unified
21 development consisting of multiple adjoining parcels of
22 property under section 67.2825;

23 (5) "Clean energy development board", a board formed
24 by one or more municipalities under section 67.2810;

25 (6) "Director", the director of the division of
26 finance within the department of commerce and insurance;

27 (7) "Division", the division of finance within the
28 department of commerce and insurance;

29 (8) "Energy efficiency improvement", any acquisition,
30 installation, or modification on or of publicly or privately
31 owned property designed to reduce the energy consumption of
32 such property, including but not limited to:

33 (a) Insulation in walls, roofs, attics, floors,
34 foundations, and heating and cooling distribution systems;

35 (b) Storm windows and doors, multiglazed windows and
36 doors, heat-absorbing or heat-reflective windows and doors,
37 and other window and door improvements designed to reduce
38 energy consumption;

39 (c) Automatic energy control systems;

40 (d) Heating, ventilating, or air conditioning
41 distribution system modifications and replacements;

42 (e) Caulking and weatherstripping;

43 (f) Replacement or modification of lighting fixtures
44 to increase energy efficiency of the lighting system without
45 increasing the overall illumination of the building unless
46 the increase in illumination is necessary to conform to
47 applicable state or local building codes;

48 (g) Energy recovery systems; and

49 (h) Daylighting systems;

50 [(7)] (9) "Municipality", any county, city, or
51 incorporated town or village of this state;

52 [(8)] (10) "Program administrator", an individual or
53 entity selected by the clean energy development board to
54 administer the PACE program, but this term does not include
55 an employee of a county or municipal government assigned to
56 a clean energy development board or a public employee
57 employed by a clean energy development board who is paid
58 from appropriated general tax revenues;

59 (11) "Project", any energy efficiency improvement or
60 renewable energy improvement;

61 [(9)] (12) "Property assessed clean energy local
62 finance fund", a fund that may be established by the
63 authority for the purpose of making loans to clean energy
64 development boards to establish and maintain property
65 assessed clean energy programs;

66 [(10)] (13) "Property assessed clean energy program"
67 or "PACE program", a program established by a clean energy
68 development board to finance energy efficiency improvements
69 or renewable energy improvements under section 67.2820;

70 [(11)] (14) "Renewable energy improvement", any
71 acquisition and installation of a fixture, product, system,
72 device, or combination thereof on publicly or privately
73 owned property that produces energy from renewable
74 resources, including, but not limited to photovoltaic
75 systems, solar thermal systems, wind systems, biomass
76 systems, or geothermal systems.

77 3. All projects undertaken under sections 67.2800 to
78 [(67.2835)] 67.2840 are subject to the applicable
79 municipality's ordinances and regulations, including but not
80 limited to those ordinances and regulations concerning

81 zoning, subdivision, building, fire safety, and historic or
82 architectural review.

67.2810. 1. One or more municipalities may form clean
2 energy development boards for the purpose of exercising the
3 powers described in sections 67.2800 to ~~67.2835~~ 67.2840.

4 Each clean energy development board shall consist of not
5 less than three members, as set forth in the ordinance or
6 order establishing the clean energy development board.

7 Members shall serve terms as set forth in the ordinance or
8 order establishing the clean energy development board and
9 shall be appointed:

10 (1) If only one municipality is participating in the
11 clean energy development board, by the chief elected officer
12 of the municipality with the consent of the governing body
13 of the municipality; or

14 (2) If more than one municipality is participating, in
15 a manner agreed to by all participating municipalities.

16 2. A clean energy development board shall be a
17 political subdivision of the state and shall have all powers
18 necessary and convenient to carry out and effectuate the
19 provisions of sections 67.2800 to ~~67.2835~~ 67.2840,
20 including but not limited to the following:

21 (1) To adopt, amend, and repeal bylaws, which are not
22 inconsistent with sections 67.2800 to ~~67.2835~~ 67.2840;

23 (2) To adopt an official seal;

24 (3) To sue and be sued;

25 (4) To make and enter into contracts and other
26 instruments with public and private entities;

27 (5) To accept grants, guarantees, and donations of
28 property, labor, services, and other things of value from
29 any public or private source;

30 (6) To employ or contract for such managerial, legal,
31 technical, clerical, accounting, or other assistance it
32 deems advisable;

33 (7) To levy and collect special assessments under an
34 assessment contract with a property owner and to record such
35 special assessments as a lien on the property;

36 (8) To borrow money from any public or private source
37 and issue bonds and provide security for the repayment of
38 the same;

39 (9) To finance a project under an assessment contract;

40 (10) To collect reasonable fees and charges in
41 connection with making and servicing assessment contracts
42 and in connection with any technical, consultative, or
43 project assistance services offered;

44 (11) To invest any funds not required for immediate
45 disbursement in obligations of the state of Missouri or of
46 the United States or any agency or instrumentality thereof,
47 or in bank certificates of deposit; provided, however, the
48 limitations on investments provided in this subdivision
49 shall not apply to proceeds acquired from the sale of bonds
50 which are held by a corporate trustee; and

51 (12) To take whatever actions necessary to participate
52 in and administer a clean energy conduit financing or a
53 property assessed clean energy program.

54 3. No later than July first of each year, the clean
55 energy development board shall file with each municipality
56 that participated in the formation of the clean energy
57 development board and with the director of the department of
58 natural resources an annual report for the preceding
59 calendar year that includes:

60 (1) A brief description of each project financed by
61 the clean energy development board during the preceding
62 calendar year, which shall include the physical address of

63 the property, the name or names of the property owner, an
64 itemized list of the costs of the project, and the name of
65 any contractors used to complete the project;

66 (2) The amount of assessments due and the amount
67 collected during the preceding calendar year;

68 (3) The amount of clean energy development board
69 administrative costs incurred during the preceding calendar
70 year;

71 (4) The estimated cumulative energy savings resulting
72 from all energy efficiency improvements financed during the
73 preceding calendar year; and

74 (5) The estimated cumulative energy produced by all
75 renewable energy improvements financed during the preceding
76 calendar year.

77 4. No lawsuit to set aside the formation of a clean
78 energy development board or to otherwise question the
79 proceedings related thereto shall be brought after the
80 expiration of sixty days from the effective date of the
81 ordinance or order creating the clean energy development
82 board. No lawsuit to set aside the approval of a project,
83 an assessment contract, or a special assessment levied by a
84 clean energy development board, or to otherwise question the
85 proceedings related thereto shall be brought after the
86 expiration of sixty days from the date that the assessment
87 contract is executed.

67.2815. 1. A clean energy development board shall
2 not enter into an assessment contract or levy or collect a
3 special assessment for a project without making a finding
4 that there are sufficient resources to complete the project
5 and that the estimated economic benefit expected from the
6 project during the financing period is equal to or greater
7 than the cost of the project.

8 2. An assessment contract shall be executed by the
9 clean energy development board and the benefitted property
10 owner or property owners and shall provide:

11 (1) A description of the project, including the
12 estimated cost of the project and details on how the project
13 will either reduce energy consumption or create energy from
14 renewable sources;

15 (2) A mechanism for:

16 (a) Verifying the final costs of the project upon its
17 completion; and

18 (b) Ensuring that any amounts advanced or otherwise
19 paid by the clean energy development board toward costs of
20 the project will not exceed the final cost of the project;

21 (3) An acknowledgment by the property owner that the
22 property owner has received or will receive a special
23 benefit by financing a project through the clean energy
24 development board that equals or exceeds the total
25 assessments due under the assessment contract;

26 (4) An agreement by the property owner to pay annual
27 special assessments for a period not to exceed twenty years,
28 as specified in the assessment contract;

29 (5) A statement that the obligations set forth in the
30 assessment contract, including the obligation to pay annual
31 special assessments, are a covenant that shall run with the
32 land and be obligations upon future owners of such property;
33 and

34 (6) An acknowledgment that no subdivision of property
35 subject to the assessment contract shall be valid unless the
36 assessment contract or an amendment thereof divides the
37 total annual special assessment due between the newly
38 subdivided parcels pro rata to the special benefit realized
39 by each subdivided parcel.

40 3. The total special assessments levied against a
41 property under an assessment contract shall not exceed the
42 sum of the cost of the project, including any required
43 energy audits and inspections, or portion thereof financed
44 through the participation in a property assessed clean
45 energy program or clean energy conduit financing, including
46 the costs of any audits or inspections required by the clean
47 energy development board, plus such administration fees,
48 interest, and other financing costs reasonably required by
49 the clean energy development board.

50 4. The clean energy development board shall provide a
51 copy of each signed assessment contract to the local
52 [county] assessor and [county] collector for the county, or
53 city not within a county, and shall cause a copy of such
54 assessment contract to be recorded in the real estate
55 records of the [county] recorder of deeds for the county, or
56 city not within a county.

57 5. Special assessments agreed to under an assessment
58 contract shall be a lien on the property against which it is
59 assessed on behalf of the applicable clean energy
60 development board from the date that each annual assessment
61 under the assessment contract becomes due. Such special
62 assessments shall be collected by the [county] collector for
63 the county, or city not within a county, in the same manner
64 and with the same priority as ad valorem real property
65 taxes, subject to the provisions of subsection 8 of this
66 section. Once collected, the [county] collector for the
67 county, or city not within a county, shall pay over such
68 special assessment revenues to the clean energy development
69 board in the same manner in which revenues from ad valorem
70 real property taxes are paid to other taxing districts.
71 Such special assessments shall be collected as provided in
72 this subsection from all subsequent property owners,

73 including the state and all political subdivisions thereof,
74 for the term of the assessment contract.

75 6. Any clean energy development board that contracts
76 for outside administrative services to provide financing
77 origination for a project shall offer the right of first
78 refusal to enter into such a contract to a federally insured
79 depository institution with a physical presence in Missouri
80 upon the same terms and conditions as would otherwise be
81 approved by the clean energy development board. Such right
82 of first refusal shall not be applicable to the origination
83 of any transaction that involves the issuance of bonds by
84 the clean energy development board.

85 7. Sections 67.2816, 67.2817, 67.2818, and 67.2819
86 shall apply only to PACE programs for projects to improve
87 residential properties of four or fewer units.
88 Notwithstanding any provision of law to the contrary, any
89 clean energy development board formed to improve commercial
90 properties, properties owned by non-profit or not-for-profit
91 entities, governmental properties, or non-residential
92 properties in excess of four residential units shall be
93 exempt from the provisions of sections 67.2816, 67.2817,
94 67.2818, and 67.2819, nor shall such sections apply to the
95 commercial PACE programs and commercial PACE assessment
96 contracts of any clean energy development board engaged in
97 both commercial and residential property programs.
98 Notwithstanding any provision of law to the contrary, any
99 clean energy development board that ceases to finance new
100 projects to improve residential properties of four or fewer
101 units before January 1, 2022, shall be exempt from the
102 provisions of sections 67.2816, 67.2817, 67.2818, and
103 67.2819.

104 8. After January 1, 2022, a residential property
105 assessment contract shall not be approved by the clean

106 energy development board, or otherwise presented for
107 recording, unless the clean energy development board
108 verifies that written consent to the residential property
109 assessment contract has been obtained from the senior
110 mortgage lien holder on the property if the amount of the
111 contract is more than ten percent of the market value of the
112 property as determined by reference to the assessment
113 records for tax purposes for the most recent completed
114 assessment by the assessor for the county, or city not
115 within a county. No senior mortgage lien holder shall be
116 required or compelled to compromise their security interest
117 by providing consent and may refuse to consent to the
118 residential property assessment contract becoming
119 effective. Unless consent occurs by implication as provided
120 in subsection 10 of section 67.2817, any required consent
121 shall be attached to the assessment contract that is
122 presented for recording to the recorder of deeds. A
123 residential property assessment contract that is only for
124 heating, ventilating, or air conditioning distribution
125 system modifications and replacements shall not require
126 consent.

67.2816. 1. Municipalities that have created or
2 joined a residential PACE program or district shall inform
3 the director by submitting a copy of the enabling ordinance
4 to the division. Any municipality that withdraws from a
5 residential PACE program or district shall inform the
6 director by submitting a copy of the enabling ordinance for
7 the withdrawal to the division.

8 2. Clean energy development boards offering
9 residential property programs in the state of Missouri and
10 their program administrator shall be subject to examination
11 by the division for compliance with the provisions of

12 sections 67.2800 to 67.2840 related to the administration of
13 programs for residential properties.

14 3. The division shall conduct an examination of each
15 clean energy development board at least once every twenty-
16 four months. The functions, powers, and duties of the
17 director shall include the authority to adopt, promulgate,
18 amend, and repeal rules necessary and proper for the
19 administration of the director's duties under sections
20 67.2800 to 67.2840, subject to the requirements of sections
21 361.105 and 536.024.

22 4. The division shall provide each completed
23 examination of a clean energy development board to the
24 municipality that has joined a residential PACE program
25 operated by such board or district in which such board
26 operates.

27 5. The clean energy development board and its program
28 administrator or other agents shall be jointly and severally
29 responsible for paying the actual costs of examinations, not
30 to exceed five thousand dollars, which the director shall
31 assess upon the completion of an examination and be credited
32 to the division of finance fund established under section
33 361.170 and subject to the provisions thereof. The
34 limitation on the division's costs of examination shall be
35 increased or decreased on an annual basis effective January
36 first of each year in accordance with the Implicit Price
37 Deflator for Personal Consumption Expenditures as published
38 by the Bureau of Economic Analysis of the United States
39 Department of Commerce.

67.2817. 1. Notwithstanding any other contractual
2 agreement to the contrary, each assessment contract shall be
3 reviewed, approved, and executed by the clean energy
4 development board and these duties shall not be delegated.
5 Any attempted delegations of these duties shall be void.

6 2. An assessment contract shall not be approved,
7 executed, submitted, or otherwise presented for recording
8 unless a clean energy development board verifies that the
9 following criteria are satisfied:

10 (1) The PACE assessments are assessed in equal annual
11 installments;

12 (2) The PACE assessment may be paid in full at any
13 time without prepayment penalty. The pay-off letter shall
14 specify the amount of any fee or charge by a lender or loan
15 service agent to obtain the total balance due. The release
16 of the assessment shall be recorded within thirty days of
17 the receipt of the amounts identified in the pay-off letter;

18 (3) The assessment contract shall disclose applicable
19 penalties, interest penalties, or late fees under the
20 contract and describe generally the interest and penalties
21 imposed under chapter 140 relating to the collection of
22 delinquent property taxes;

23 (4) The clean energy development board shall provide a
24 separate statement to the owner of the residential property
25 of the penalties or late fees authorized under the
26 assessment contract and of the penalties and interest
27 penalties under chapter 140 for the applicable tax collector
28 as of the date of the assessment contract;

29 (5) The clean energy development board has confirmed
30 that the property owner is current on property taxes for the
31 project property;

32 (6) The property that shall be subject to the
33 assessment contract has no recorded and outstanding
34 involuntary liens in excess of one thousand dollars;

35 (7) The property owner shall not currently be a party
36 to any bankruptcy proceeding where any existing lien holder
37 of the property is named as a creditor;

38 (8) The term of the assessment contract shall not
39 exceed the weighted average useful life of the qualified
40 improvements to which the greatest portion of funds
41 disbursed under the assessment contract is attributable, not
42 to exceed twenty years. The clean energy development board
43 shall determine useful life for purposes of this subdivision
44 based upon credible third-party standards or certification
45 criteria that have been established by appropriate
46 government agencies or nationally recognized standards and
47 testing organizations;

48 (9) The property owner is current on all mortgage debt
49 on the subject property and has no more than one late
50 payment during the twelve months immediately preceding the
51 application date on any mortgage debt; and

52 (10) The clean energy development board shall not
53 enter into an assessment contract or levy or collect a
54 special assessment for a project without making a finding
55 that there are sufficient resources to complete the project
56 and that the estimated economic benefit expected from the
57 project during the financing period is equal to or greater
58 than the cost of the project.

59 3. Any assessment contract for a project that,
60 combined with any existing and outstanding indebtedness
61 secured by the benefitted property, results in a loan-to-
62 value ratio between eighty percent and ninety-seven percent
63 of the market value of the benefitted property prior to the
64 project as determined by reference to the assessment records
65 for tax purposes for the most recent completed assessment by
66 the county, or city not within a county, shall include
67 provision of an insurance policy providing coverage for any
68 remaining cost of fulfilling the assessment contract,
69 including any accumulated interest, in the event the
70 property is foreclosed upon. Such insurance policy shall

71 run with the land in the same manner as the other
72 obligations set forth in the assessment contract.

73 4. The property owner executing the PACE assessment
74 contract shall have a three-day right to cancel the
75 qualifying improvements proposed for financing under the
76 PACE assessment contract. The three-day right to cancel
77 shall expire at midnight of the third business day after a
78 property owner signs the assessment contract. The clean
79 energy development board shall be required to provide a
80 printed form that is presented to the property owner no
81 later than the time of signing of the assessment contract
82 detailing the property owner's right to cancel. An
83 electronic form may be provided if the owner consents
84 electronically to receiving an electronic form.

85 5. Prior to the execution of an assessment contract,
86 the clean energy development board shall advise the property
87 owner in writing that any delinquent assessment shall be a
88 lien on the property subject to the assessment contract and
89 that the obligations under the PACE assessment contract
90 continue as an obligation against the improved property if
91 the property owner sells or refinances the property and that
92 a purchaser or lender may require that before the owner may
93 sell or refinance the property that the owner may be
94 required to pay the assessment contract in full.

95 6. Prior to the execution of an assessment contract,
96 the clean energy development board shall advise the property
97 owner in writing that if the property owner pays his or her
98 property taxes and special assessments via a lender or loan
99 servicer's escrow program, the special assessment will cause
100 the owner's monthly escrow requirements to increase and
101 increase the owner's total monthly payment to the lender or
102 the loan servicer. The clean energy development board shall
103 further advise the property owner that if the special

104 assessment results in an escrow shortage that the owner will
105 be required to pay the shortage in a lump-sum payment or
106 catch-up the shortage over twelve months.

107 7. The clean energy development board, within three
108 days of entering an assessment contract, shall provide any
109 holder of a first mortgage loan a copy of the assessment
110 contract and a statement that includes a brief description
111 of the project, the cost of the project, the annual
112 assessment that will be levied, and the number of annual
113 assessments. Transmittal shall be by United States mail to
114 the holder of the first mortgage loan of record.

115 8. The clean energy development board shall maintain a
116 public website with current information about the PACE
117 program as the board deems appropriate to inform consumers
118 regarding the PACE program. The website shall list approved
119 contractors for the PACE program. The website shall
120 disclose the process for property owners or their successors
121 to request information about the assessment contract, the
122 status of the assessment contract, and for all questions
123 including contract information to obtain a payoff amount for
124 the release of an assessment contract.

125 9. The clean energy development board, its agents,
126 contractor, or other third party shall not make any
127 representation as to the income tax deductibility of an
128 assessment.

129 10. Upon receipt of a clean energy development board's
130 request for consent under subsection 8 of section 67.2815, a
131 lienholder may refuse and object to such consent by
132 providing written notice of its objection to the clean
133 energy development board or its designee. No lienholder
134 objection shall be effective unless actually received by the
135 requesting clean energy development board or its designee
136 within three business days of the lienholder's receipt of

137 the board's request for consent. Unless the lienholder
138 timely objects as outlined herein, the lienholder shall be
139 deemed to have provided its consent under subsection 8 of
140 section 67.2815. For the purposes of this subsection, a
141 "business day" is any day other than Saturdays, Sundays, or
142 federal holidays.

67.2818. 1. Any requirements and consumer protections
2 established by federal law and regulations, and any
3 amendments thereto, applicable to property assessed clean
4 energy financing, shall apply to residential assessment
5 contracts made pursuant to sections 67.2800 to 67.2840.
6 Additionally, the clean energy development board shall
7 consider the financial ability of the property owner to
8 repay the assessment contract.

9 2. The clean energy development board shall not enter
10 into an assessment contract or levy or collect a special
11 assessment for a project if the cash price of the
12 residential project is more than twenty percent of the
13 market value in money of the property as determined by
14 reference to the assessment records for tax purposes for the
15 most recent completed assessment by the county, or city not
16 within a county.

17 3. The clean energy development board shall not enter
18 into an assessment contract or levy or collect a special
19 assessment for a project if the PACE assessment contract
20 combined with any existing and outstanding indebtedness
21 secured by the property exceeds ninety-seven percent of the
22 current market value of the property as determined by
23 reference to the assessment records for tax purposes for the
24 most recent completed assessment by the county, or city not
25 within a county.

26 4. The clean energy development board shall provide a
27 disclosure form to homeowners that shows the financing terms
28 of the assessment contract including, but not limited to:
29 (1) The total amount funded and borrowed, including
30 the cost of the installed improvements, the program fees,
31 and capitalized interest, if any;
32 (2) The annual tax assessment, billing process, and
33 payment due date;
34 (3) The annual payment amounts;
35 (4) The term of the assessment;
36 (5) The fixed rate of interest charged;
37 (6) The annual percentage rate;
38 (7) A payment schedule that fully amortizes the amount
39 financed;
40 (8) The improvements to be installed;
41 (9) A statement that if the property owner sells or
42 refinances the property that the owner may be required by a
43 mortgage lender or a purchaser to pay off the assessment as
44 a condition of refinancing or sale;
45 (10) A statement that no penalty shall be assessed or
46 collected for prepayment of the assessment and the specific
47 amount of any fee or charge by a lender or loan servicing
48 agent to obtain the total balance due in a pay-off letter
49 and the recording of a release of the assessment which shall
50 be recorded within thirty days of the receipt of the amount
51 identified in the pay-off letter;
52 (11) That the PACE annual assessment shall be
53 collected along with property taxes and that any taxes and
54 annual assessment not paid on or before December thirty-
55 first shall result in a lien on the improved property for
56 the unpaid taxes, unpaid annual assessment, interest, and
57 penalties as provided by law;

58 (12) That if the owner pays property taxes and
59 insurance through his or her mortgage payment and an escrow
60 account, that the special assessment will cause the owner's
61 monthly escrow requirements to increase and increase the
62 owner's monthly payment to the lender or the loan servicer
63 and that if the special assessment results in an escrow
64 shortage that the owner shall be required to pay the
65 shortage in a lump-sum payment or catch-up the shortage over
66 twelve months;

67 (13) That failure to timely pay the annual assessment
68 and taxes will result in a tax lien and penalties and fees
69 being assessed and added to the annual assessment and taxes,
70 and that if the delinquency is not paid, the property could
71 be sold at a tax sale resulting in issuance of a tax
72 certificate or collector's deed to a purchaser that could
73 result in the property owner losing his or her home; and

74 (14) That the property owner should seek professional
75 tax advice if he or she has questions regarding tax credits
76 related to a PACE project or the tax matters presented by
77 the assessment contract or financing agreement and payments
78 thereunder.

79 5. The clean energy development board shall be
80 required to present the disclosure form to a property owner
81 for acknowledgment prior to the execution of an assessment
82 contract.

83 6. Before a property owner executes an assessment
84 contract, the clean energy development board shall do the
85 following:

86 (1) Make a verbal confirmation that at least one owner
87 of the property has a copy of the assessment contract
88 documents with all the key terms completed, the financing
89 estimate and disclosure form, and the right-to-cancel form
90 with a written copy available upon request; and

91 (2) Make a verbal confirmation of the key terms of the
92 assessment contract, in plain language, with the property
93 owner, or to the verified authorized representative of the
94 owner, and shall obtain acknowledgment from the property
95 owner or representative to whom the verbal confirmation is
96 given.

97 7. The verbal confirmation shall include, but is not
98 limited to, all the following information:

99 (1) The property owner has the right to have other
100 persons present, and an inquiry as to whether the property
101 owner would like to exercise the right to include other
102 individuals. This inquiry shall occur immediately after the
103 determination of the preferred language of communication;

104 (2) The property owner is informed that he or she
105 should review the assessment contract and financing estimate
106 and disclosure form with all other owners of the property;

107 (3) The qualified improvement being installed is being
108 financed by an assessment contract;

109 (4) The total estimated annual costs the property
110 owner will have to pay under the assessment contract,
111 including applicable fees;

112 (5) The total estimated average monthly amount of
113 funds the property owner would have to save in order to pay
114 the annual costs under the assessment contract, including
115 applicable fees;

116 (6) The term of the assessment contract;

117 (7) That payments on the assessment contract shall be
118 made through an additional annual assessment on the property
119 and paid either directly to the county tax collector's
120 office as part of the total annual secured property tax bill
121 or through the property owner's mortgage escrow account, and
122 that if the property owner pays his or her taxes through an
123 escrow account, he or she should notify his or her mortgage

124 lender to discuss adjusting his or her monthly mortgage
125 payment or otherwise providing additional funds to avoid a
126 shortage in the owner's mortgage escrow account;

127 (8) That the property shall be subject to a lien
128 during the term of the assessment contract for any
129 delinquent assessments;

130 (9) That before the owner may sell or refinance the
131 property, a purchaser or lender may require the obligation
132 under the assessment contract to be paid in full;

133 (10) That the clean energy development board, its
134 agents contractor, or other third party does not provide tax
135 advice, and that the property owner should seek professional
136 tax advice if he or she has questions regarding tax credits
137 related to the project or the tax matters presented by the
138 PACE assessment or assessment contract; and

139 (11) The date the first payment shall be due.

67.2819. 1. The clean energy development board or its
2 agents shall not permit contractors or other third parties
3 to advertise the availability of residential assessment
4 contracts that are administered by the board, or to solicit
5 property owners on behalf of the board, unless both of the
6 following requirements are met:

7 (1) The contractor maintains any permits, licenses, or
8 registrations required for engaging in its business in the
9 jurisdiction where it operates and maintains bond and
10 insurance coverage in minimum amounts determined by the
11 clean energy development board or higher amounts as required
12 in the jurisdiction where the contractor is licensed or
13 registered; and

14 (2) The clean energy development board or its agents
15 obtain the contractor's written agreement that the
16 contractor or third party shall act in accordance with

17 chapter 407 and other applicable advertising and marketing
18 laws and regulations.

19 2. The clean energy development board or its agents
20 shall not provide any direct or indirect cash payment or
21 other thing of material value to a contractor or third party
22 in excess of the actual price charged by that contractor or
23 third party to the property owner for one or more qualified
24 improvements financed by an assessment contract.

25 3. The clean energy development board or its agents
26 shall not provide to a contractor engaged in soliciting
27 financing agreements on behalf of the clean energy
28 development board or its agents any information that
29 discloses the maximum amount of funds for which a property
30 owner may be eligible for qualifying improvements or the
31 amount of equity in a property.

32 4. The clean energy development board or its agents
33 shall not reimburse a contractor or third party for expenses
34 for advertising and marketing campaigns that solely benefit
35 the contractor.

36 5. The clean energy development board or its agents
37 may reimburse a contractor's bona fide and reasonable
38 training expenses related to PACE financing, provided that:

39 (1) The training expenses are actually incurred by the
40 contractor; and

41 (2) The reimbursement is paid directly to the
42 contractor, and is not paid to its salespersons or agents.

43 6. The clean energy development board or its agents
44 shall not provide any direct cash payment or other thing of
45 value to a property owner explicitly conditioned upon the
46 property owner entering into an assessment contract.

47 Notwithstanding the provisions of this subsection to the
48 contrary, programs or promotions that offer reduced fees or
49 interest rates to property owners are not a direct cash

50 payment or other thing of value, provided that the reduced
51 fee or interest rate is reflected in the assessment contract
52 and in no circumstance provided to the property owner as
53 cash consideration. A contractor shall not provide a
54 different price for a project financed under this section
55 than the contractor would provide if paid in cash by the
56 property owner.

67.2840. 1. Sections 67.2816, 67.2817, 67.2818, and
2 67.2819 shall be effective and apply to the residential PACE
3 programs of clean energy development boards and
4 participating municipalities after January 1, 2022.

2. Sections 67.2816, 67.2817, 67.2818, and 67.2819
5 shall be effective and apply to residential PACE assessment
6 contracts entered into after January 1, 2022.
7