

**PACE MASSACHUSETTS
OWNER DISCLOSURE STATEMENT AND AGREEMENT**

Date:

Owner:

Property Address:

Municipality:

Capital Provider:

Date of Application:

This Owner Disclosure Statement and Agreement (this "Disclosure Statement") is being provided to you, as owner (the "Owner") of the above-referenced property (the "Property") in connection with your filing of an Application for PACE Massachusetts, dated the date set forth above (the "Application"), with Massachusetts Development Finance Agency ("MassDevelopment"), as the administrator of the Massachusetts Commercial Property Assessed Clean Energy Program ("PACE Massachusetts" or the "Program"), established pursuant to M.G.L. Chapter 23M, as amended (the "PACE Act"). As indicated in the Application, you propose to finance the acquisition, installation and construction of certain commercial energy improvements to the Property (the "Improvements") through PACE Massachusetts.

MassDevelopment, in consultation with the Massachusetts Department of Energy Resources ("DOER") has established PACE Massachusetts in accordance with the PACE Act, and developed program guidelines (the "Guidelines") governing the terms and conditions under which financing for commercial PACE projects ("PACE financing") may be made available through the Program. By executing a copy of this Disclosure Statement, where indicated below, you acknowledge that you have received a copy of the Guidelines. Terms used in this Disclosure Statement and not otherwise defined herein have the same meanings assigned to them in the Guidelines.

DOER has approved your proposed project under the Guidelines, and following such approval MassDevelopment has determined that the proposed project complies with the financial underwriting guidelines included in the Guidelines.

Accordingly, in consideration of your participation in PACE Massachusetts and in accordance with Sections 3(d) and (e) of the PACE Act, MassDevelopment notifies you of the following:

1. PACE Betterment Assessment. As a result of the Owner's participation in PACE Massachusetts, a PACE Betterment Assessment will be levied on the Property by the above-referenced Municipality (the "Municipality"). The PACE Betterment Assessment will be collected by the Municipality in installments on the property tax bill issued by the Municipality, in the same manner as and subject to the same penalties, fees and lien priorities as real property taxes assessed against the Property by the Municipality.
2. PACE Lien. In connection with levying the PACE Betterment Assessment, the Municipality will place a PACE Lien upon the Property. The PACE Lien will be assigned by the Municipality to MassDevelopment, and MassDevelopment will further assign it to the above-referenced PACE Capital Provider (the "Capital Provider"), as security for the PACE financing. A PACE Lien can be enforced in the same manner as any private party holding a lien on real property, including a holder of a mortgage on the Property, as further described below in paragraph 9.

3. Consent to PACE Betterment Assessment. The Owner has freely and willingly consented to the levying of the PACE Betterment Assessment and the imposition of the PACE Lien upon the Property. The Owner acknowledges and agrees that the benefit to the Property of the Improvements is at least equal to the amount of the PACE Betterment Assessment. Upon recording of the PACE Lien, the entire balance of the PACE Betterment Assessment (including interest thereon) will constitute a legal, valid and binding non-ad valorem betterment assessment and a resulting lien upon the Property, which, subject to the consent of each existing mortgage holder as described below in paragraph 4, will be senior in priority to all other liens on the Property, except a lien for real property taxes, until paid in full. Under the Financing Agreement to be entered into by the Capital Provider and the Owner (the "Financing Agreement"), the Owner waives all rights to subsequently challenge the PACE Betterment Assessment on the basis of procedural irregularities, notice or due process claims, insufficient benefits, improper or unfair apportionment or any other basis.
4. Mortgage Holder Consent. Each existing holder of a mortgage on the Property must consent to the levying of the PACE Betterment Assessment and the imposition of the PACE Lien. The Owner hereby represents to MassDevelopment that the Owner has notified all such mortgage holders of the Owner's intention to participate in the Program and has requested the consent of each such mortgage holder to the levying of the PACE Betterment Assessment and the imposition of the PACE Lien.
5. Amount of PACE Betterment Assessment. The aggregate amount of the PACE Betterment Assessment, as set forth in **Exhibit A**, includes the costs of the Improvements financed, plus any fees and costs, as described in paragraphs 6 and 7, to be financed, plus interest on such financing. Attached to **Exhibit A** is a copy of the estimated payment schedule (the "Payment Schedule"), the final version of which will be included in the PACE Betterment Assessment and will be part of the Financing Agreement. The Payment Schedule sets forth the portion of the PACE Betterment Assessment (an "Assessment Installment Payment") to be included on the corresponding property tax bill issued by the Municipality with respect to the Property on each Assessment Installment Payment Date shown in **Exhibit A**.
6. Program Origination Fee and Other Initial Fees.
 - a. At the time of closing, MassDevelopment will charge a program origination fee, in the amount set forth on **Exhibit A**, to cover MassDevelopment's costs of implementing the PACE financing. This fee has been added to the amount of the PACE Betterment Assessment, if so indicated in **Exhibit A**.
 - b. The Owner also will be required to pay the costs of recording the PACE Lien and assignments, the initial costs of MassDevelopment's Servicer and Paying Agent, and the fees and costs of MassDevelopment's legal counsel, in the amounts set forth on **Exhibit A**. These fees and costs have been added to the amount of the PACE Betterment Assessment, if so indicated in **Exhibit A**.
 - c. If applicable, set forth on **Exhibit A** are the fees and costs for DOER's review of the Application and the proposed Improvements for participation in the Program. If applicable to your Application, this fee has been added to the amount of the PACE Betterment Assessment, if so indicated in **Exhibit A**.
 - d. The fees and costs of the Capital Provider incurred in connection with the PACE financing, based solely on the information provided by the Capital Provider to MassDevelopment, are set forth in **Exhibit A**. These amounts have been added to the amount of the PACE Betterment Assessment, if so indicated in **Exhibit A**.

Please note that the amount of the PACE Betterment Assessment set forth in Exhibit A does not include your counsel's fees or the fees of any other consultants that you may directly engage to assist you in the PACE Financing.

7. Annual Administration Fee. Each year, MassDevelopment will charge an annual administrative fee, in the amount set forth on **Exhibit A**. This fee has been added to the amount of the PACE Betterment Assessment.
8. Interest Rate. You will be charged interest on the total financed amount. Your interest rate will be set at the time your Financing Agreement is finalized. **Interest rates may change from the date hereof to the date the Financing Agreement is finalized.** An estimate of the interest rate is included on **Exhibit A** and reflected in the Payment Schedule attached as **Exhibit A-1**.
9. Foreclosure. If any installment of the PACE Betterment Assessment is not paid as and when due, the Property shall be subject to all enforcement mechanisms available to the Capital Provider under the PACE Act, which may result in the Owner's loss of title to the Property. The Capital Provider has the right to enforce any payment delinquency or default by the Owner or any successor owner of the Property in any manner authorized by law, including foreclosure. The Owner will be required to pay all reasonable costs incurred by the Capital Provider for such enforcement, including reasonable attorney's fees and costs; provided, however, the Capital Provider will not be entitled to accelerate the unpaid and not yet due balance of the PACE Betterment Assessment upon any such default.
10. Prepayment. The Owner may pre-pay the PACE Betterment Assessment in whole, but not in part, at any time, upon 15 Business Days' prior written notice to the Capital Provider and MassDevelopment.
11. No Endorsement, Warranty or Liability. Neither MassDevelopment nor DOER endorse any manufacturer, contractor, product, or system, or in any way warranty any equipment, or the installation or efficiency or production capability of any such equipment. MassDevelopment and DOER make no representations and have no responsibility regarding the Improvements and their installation/construction, including the quality, safety, cost savings, efficiency or production capability of the Improvements; or any compliance of the Improvements with any applicable laws, regulations, codes, standards or requirements. Further, neither MassDevelopment nor DOER shall be in any way liable for any incidental or consequential damages resulting from the Improvements or their construction/installation.
12. Indemnification. The Owner will indemnify MassDevelopment and DOER and their respective directors, officers, employees, and agents against (a) any and all claims by any person related to the participation of MassDevelopment and DOER in the transactions contemplated in this Disclosure Statement and in PACE Massachusetts, including, without limitation, claims arising out of (i) any condition of the Property or the Improvements or the construction, installation use, occupancy or management thereof; (ii) any accident, injury or damage to any person occurring in or about or as a result of the Improvements or the Property; (iii) any breach by the Owner of its obligations under the Financing Agreement; or (iv) any act or omission of the Owner, or any of its agents, contractors, servants, employees or licensees; and (b) all losses, costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against MassDevelopment or DOER by reason of any such claim, the Owner will defend the same at its expense upon notice from MassDevelopment or DOER, as applicable, and MassDevelopment and DOER, as the case may be, will (except in any case in which their interests are adverse to that of the Owner) cooperate with the Owner, at the expense of the Owner, in connection therewith. This indemnification shall survive the termination of the Financing Agreement, the PACE Betterment Assessment and the PACE Lien.

13. CUSTOMER IDENTIFICATION PROGRAM. To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account. Accordingly, the Capital Provider may require the Owner to provide the name and address of the Owner, and of its beneficial owners, if any, and other information that will allow the Capital Provider to identify the Owner, and its beneficial owners, if any, in accordance with federal law and regulations.

ACKNOWLEDGEMENT AND AGREEMENT

The undersigned, on behalf of the Owner, hereby (a) represents that it has received, read and understands the risks and characteristics of PACE Massachusetts described in this Disclosure Statement, including the terms set forth in **Exhibit A** attached hereto, and (b) in consideration of the Owner's participation in PACE Massachusetts, the sufficiency of which is hereby acknowledged, (i) acknowledges and agrees with each of the statements set forth above in this Disclosure Statement, (ii) confirms that the information in the Application is true and correct as of the date hereof, and (iii) represents that it is authorized to execute this Disclosure Statement on behalf of the Owner.

[NAME OF OWNER]

By: _____

Name:

Title:

Date:

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EXHIBIT A

Summary of Financing

1. Total Amount of PACE Betterment Assessment (Total Amount Financed): \$_____.*
 2. Term: _____ Years.
 3. Interest Rate: ____% per annum.*
 4. Assessment Installment Payment Schedule: See Exhibit A-1 attached.
 5. Assessment Installment Payment Dates: [February 1, May 1, August 1 and November 1] of each year.
 6. First Assessment Installment Payment Date: _____.
 7. Date Interest Begins to Accrue: _____.
 8. Program Origination Fee: \$_____, which amount [has/has not] been included in the Total Amount of the PACE Betterment Assessment set forth in Item 1.
 9. Additional closing costs:
 - a. Recording Fees: \$_____.
 - b. Initial Servicer and Paying Agent Fee: \$_____.
 - c. MassDevelopment's counsel fees and costs: \$_____.
- These fees and costs [have/have not] been included in the Total Amount of the PACE Betterment Assessment set forth in Item 1.
10. DOER Fee: \$_____, which amount [has/has not] been included in the Total Amount of the PACE Betterment Assessment set forth in Item 1.
 11. Capital Provider's estimated fees and costs[†]: _____, which amount [has/has not] been included in the Total Amount of the PACE Betterment Assessment set forth in Item 1.
 12. Annual Administration Fee: \$_____.

* Includes interest at an estimated rate. The actual rate of interest will be established under the Financing Agreement, at the time the Financing Agreement is finalized, and may be higher or lower than the estimated rate included herein.

[†] These amounts have been provided to MassDevelopment by the Capital Provider, and may be subject to change.

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**EXHIBIT A-1
Estimated Schedule of Assessment Installment Payments***

| Assessment Installment Payment Date | Principal Component | Interest Component | Annual Administration Fee | Total Assessment Installment Payment Due |
|----------------------------------------------|------------------------|-----------------------|---------------------------------|---------------------------------------------------|
| | \$ | \$ | \$ | \$ |
| | | | | |
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| Total PACE Betterment Assessment | | | | \$ |

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* Includes interest at an estimated rate. The actual rate of interest will be established under the Financing Agreement, at the time the Financing Agreement is finalized, and may be higher or lower than the estimated rate included herein.