

FIRST REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 105

101ST GENERAL ASSEMBLY

1038S.04C

ADRIANE D. CROUSE, Secretary

## 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, with a penalty provision.

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Section A. Sections 67.2800, 67.2810, and 67.2815, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 67.2800, 67.2810, 67.2815, 67.2816, 67.2817, 67.2818, 67.2819, and 67.2840, to read as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

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

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

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

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

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

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 or  
67 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 recordation, unless the clean energy development board  
108 verifies that written consent to the residential property  
109 assessment contract has been obtained from every existing  
110 lien holder on the property and that the consent has been  
111 executed by the lien holder before a notary public. No  
112 residential property assessment contract shall be effective  
113 without the consent of existing lien holders. No lien  
114 holder shall be required or compelled to compromise their  
115 security interest by providing consent and may refuse to  
116 consent to the residential property assessment contract  
117 becoming effective. Such consent shall be attached to the  
118 assessment contract that is filed with the recorder of deeds  
119 office.

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 and such other times as the director may  
17 determine. The functions, powers, and duties of the  
18 director shall include the authority to adopt, promulgate,  
19 amend, and repeal rules necessary and proper for the  
20 administration of the director's duties under sections  
21 67.2800 to 67.2840, subject to the requirements of sections  
22 361.105 and 536.024.

23           4. The division shall provide the clean energy  
24 development board an opportunity to review each completed  
25 examination report and provide written responses to any  
26 findings. The written responses, if any, shall be included  
27 in a final examination report that shall be delivered to the  
28 clean energy development board and sponsoring municipality.  
29 Examination reports shall be made available to the public.  
30 All personally identifiable information of persons who have  
31 entered a PACE assessment contract shall be redacted.

32           5. If the director has reason to believe that a clean  
33 energy development board or its program administrator has  
34 failed, refused, or neglected to comply with the provisions  
35 of sections 67.2800 to 67.2840 or any rules promulgated by  
36 the director, he or she may issue a notice of charges with  
37 respect thereof. The notice of charges shall contain a  
38 statement of the facts constituting the deficiencies and the  
39 alleged violations and shall fix a time and place at which a  
40 hearing shall be held to determine whether an order shall be  
41 issued.

42           6. If the director finds after a hearing that a clean  
43 energy development board or its program administrator has  
44 failed, refused, or neglected to comply with the provisions  
45 of sections 67.2800 to 67.2840 or any rule issued by the

46 director pursuant to these sections, he or she may order the  
47 following relief:

48 (1) An order directing the person to cease and desist  
49 from engaging in the act, practice, omission, or course of  
50 business;

51 (2) A curative order or order directing the person to  
52 take other action necessary or appropriate to comply with  
53 the provisions of sections 67.2800 to 67.2840; or

54 (3) Assess a civil penalty or forfeiture of up to five  
55 hundred dollars per violation of the provisions of sections  
56 67.2800 to 67.2840 or any rule issued by the director  
57 pursuant to these sections.

58 7. The clean energy development board and its program  
59 administrator or other agents shall be jointly and severally  
60 responsible for paying the actual costs of examinations,  
61 which the director shall assess upon the completion of an  
62 examination and be credited to the division of finance fund  
63 established under section 361.170 and subject to the  
64 provisions thereof.

65 8. The division may refer any matter related to the  
66 conduct of a clean energy development board and its program  
67 administrator to the attorney general as deemed appropriate  
68 by the director. The referral to the attorney general may  
69 include a referral under chapter 407.

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 recordation

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;

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

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

25 (5) The clean energy development board has confirmed  
26 that the property owner is current on property taxes for the  
27 project property;

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

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

34 (8) The term of the assessment contract shall not  
35 exceed the weighted average useful life of the qualified  
36 improvements to which the greatest portion of funds  
37 disbursed under the assessment contract is attributable, not  
38 to exceed twenty years. The clean energy development board  
39 shall determine useful life for purposes of this subdivision

40 based upon credible third-party standards or certification  
41 criteria that have been established by appropriate  
42 government agencies or nationally-recognized standards and  
43 testing organizations;

44 (9) The property owner is current on all mortgage debt  
45 on the subject property and has no more than one late  
46 payment during the twelve months immediately preceding the  
47 application date on any mortgage debt;

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

55 (11) The execution of a residential PACE assessment  
56 contract by a property owner or owners shall be acknowledged  
57 and proved before a notary public.

58 3. The property owner executing the PACE assessment  
59 contract shall have a three-day right to cancel the  
60 qualifying improvements proposed for financing under the  
61 PACE assessment contract. The three-day right to cancel  
62 shall expire on or before midnight of the third business day  
63 after a property owner signs the assessment contract. The  
64 clean energy development board shall be required to provide  
65 a printed form that is presented to the property owner no  
66 later than the time of signing of the assessment contract  
67 detailing the property owner's right to cancel. An  
68 electronic form may be provided if the owner consents  
69 electronically to receiving an electronic form.

70 4. Prior to the execution of an assessment contract,  
71 the clean energy development board shall advise the property

72 owner in writing that any delinquent assessment shall be a  
73 lien on the property subject to the assessment contract and  
74 that the obligations under the PACE assessment contract  
75 continue as an obligation against the improved property if  
76 the property owner sells or refinances the property and that  
77 a purchaser or lender may require that before the owner may  
78 sell or refinance the property that the owner may be  
79 required to pay the assessment contract in full.

80 5. Prior to the execution of an assessment contract,  
81 the clean energy development board shall advise the property  
82 owner in writing that if the property owner pays his or her  
83 property taxes and special assessments via a lender or loan  
84 servicer's escrow program, the special assessment will cause  
85 the owner's monthly escrow requirements to increase and  
86 increase the owner's total monthly payment to the lender or  
87 the loan servicer. The clean energy development board shall  
88 further advise the property owner that if the special  
89 assessment results in an escrow shortage that the owner will  
90 be required to pay the shortage in a lump-sum payment or  
91 catch-up the shortage over twelve months.

92 6. The clean energy development board, within three  
93 days of entering an assessment contract, shall provide any  
94 holder of a first mortgage loan a copy of the assessment  
95 contract and a statement that includes a brief description  
96 of the project, the cost of the project, the annual  
97 assessment that will be levied, and the number of annual  
98 assessments. Transmittal shall be by United States mail to  
99 the holder of the first mortgage loan of record.

100 7. The clean energy development board shall maintain a  
101 public website with current information about the PACE  
102 program as the board deems appropriate to inform consumers  
103 regarding the PACE program. The website shall list approved

104 contractors for the PACE program. The website shall  
105 disclose the process for property owners or their successors  
106 to request information about the assessment contract, the  
107 status of the assessment contract, and for all questions  
108 including contract information to obtain a payoff amount for  
109 the release of an assessment contract.

110 8. The clean energy development board, its agents,  
111 contractor, or other third party shall not make any  
112 representation as to the income tax deductibility of an  
113 assessment.

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 county assessment records for tax purposes  
15 for the most recent completed assessment by the county  
16 assessor.

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 eighty percent of the  
22 current market value of the property as determined by



23 reference to the county assessment records for tax purposes  
24 for the most recent completed assessment by the county  
25 assessor.

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;

47 (11) That the PACE annual assessment shall be  
48 collected along with property taxes and that any taxes and  
49 annual assessment not paid on or before December thirty-  
50 first shall result in a lien on the improved property for  
51 the unpaid taxes, unpaid annual assessment, interest, and  
52 penalties as provided by law;

53 (12) That if the owner pays property taxes and  
54 insurance through his or her mortgage payment and an escrow

55 account, that the special assessment will cause the owner's  
56 monthly escrow requirements to increase and increase the  
57 owner's monthly payment to the lender or the loan servicer  
58 and that if the special assessment results in an escrow  
59 shortage that the owner shall be required to pay the  
60 shortage in a lump-sum payment or catch-up the shortage over  
61 twelve months;

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

69 (14) That the property owner should seek professional  
70 tax advice if he or she has questions regarding tax credits  
71 related to a PACE project or the tax matters presented by  
72 the assessment contract or financing agreement and payments  
73 thereunder.

74 5. The clean energy development board shall be  
75 required to present the disclosure form to a property owner  
76 for acknowledgment prior to the execution of an assessment  
77 contract.

78 6. Before a property owner executes an assessment  
79 contract, the clean energy development board shall do the  
80 following:

81 (1) Make a verbal confirmation that at least one owner  
82 of the property has a copy of the assessment contract  
83 documents with all the key terms completed, the financing  
84 estimate and disclosure form, and the right to cancel form  
85 with a written copy available upon request; and

86           (2) Make a verbal confirmation of the key terms of the  
87 assessment contract, in plain language, with the property  
88 owner, or to the verified authorized representative of the  
89 owner, and shall obtain acknowledgment from the property  
90 owner or representative to whom the verbal confirmation is  
91 given.

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

94           (1) The property owner has the right to have other  
95 persons present, and an inquiry as to whether the property  
96 owner would like to exercise the right to include other  
97 individuals. This inquiry shall occur immediately after the  
98 determination of the preferred language of communication;

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

102           (3) The qualified improvement being installed is being  
103 financed by an assessment contract;

104           (4) The total estimated annual costs the property  
105 owner will have to pay under the assessment contract,  
106 including applicable fees;

107           (5) The total estimated average monthly amount of  
108 funds the property owner would have to save in order to pay  
109 the annual costs under the assessment contract, including  
110 applicable fees;

111           (6) The term of the assessment contract;

112           (7) That payments on the assessment contract shall be  
113 made through an additional annual assessment on the property  
114 and paid either directly to the county tax collector's  
115 office as part of the total annual secured property tax  
116 bill, or through the property owner's mortgage escrow  
117 account, and that if the property owner pays his or her

118 taxes through an escrow account, he or she should notify his  
119 or her mortgage lender to discuss adjusting his or her  
120 monthly mortgage payment or otherwise providing additional  
121 funds to avoid a shortage in the owner's mortgage escrow  
122 account;

123 (8) That the property shall be subject to a lien  
124 during the term of the assessment contract for any  
125 delinquent assessments;

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

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

135 (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.

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

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