

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.

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*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2 are repealed and eight new sections enacted in lieu thereof, to  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