



COMMERCIAL PROGRAM HANDBOOK

The FortiFi Financial, Inc. (“Program”, “we”, “us” or “our”) is an administrator for the Florida PACE Funding Agency (“Authority”) Open Property Assessed Clean Energy (“PACE”) Program (“Open PACE Program”).

The Program Handbook, along with the documents you will execute with your participation in the Program (the “Program Documents”), outlines the Program process and requirements. It is important that property owners understand the provision of this Program Handbook and the attached Program Documents. The Authority has contracted with FORTIFI to act as the Program Administrator. FORTIFI reserves the right to amend this Program Handbook at any time.

1. Purpose of Program

The Program helps Property Owners Finance the installation of a wide range of qualifying improvement to the property relating to energy efficiency, renewable energy. Financing and administrative costs are repaid through voluntary taxes added to your property tax bill.

2. Summary of the Program Process

Obtaining Program financing involves the following steps:

- Determining that your property meets the eligibility requirements (see “Eligibility”).
- Meet all eligibility and underwriting requirements to receive an approval from FORTIFI.
- Apply directly or through a Contractor of your choosing (see “Applications”).
- Authorized FORTIFI to notify your lender that you intend to participate in the Program.
- Sign and electronically verify signatures for the Assessment Contract.
- Receive a Notice to Proceed and authorized the contractor to begin construction.
- Provide copies of invoices, permits and final inspection to request funding at the time of construction completion.
- Pay the assessment when it appears on your property tax bill according to due dates.

3. Eligibility

The Program can be used to finance Authorized Improvements on all types of commercial property - office, retail, industrial, and agricultural. This Program handbook sets forth the terms and conditions applicable to most commercial properties:

- The property must be located within a city or county that has agreed to participate in the Program.
- All of the owners of the property including representatives of any entities that are on the title must sign the Assessment Contract.
- Payments must be current for all obligations secured by the property including loans recorded against the subject property, property taxes, assessments, and tax liens, and no owner may be in bankruptcy.
- The total debt secured by the property (before the addition of the Program financing) cannot exceed 90% of the fair market value.
- In some cases, FORTIFI may request additional information during the approval process. These requests are common when commercial property is held by trust or entities other than individuals but may be made for other reasons at FORTIFI discretion.

Please see the list of underwriting criteria and considerations included in appendix A.

4. Application

To participate in the Program, the property owner must submit an online application. FORTIFI provides telephone assistance for property owners who have questions or need assistance applying. In addition, Contractors are familiar with the application process and can coordinate with FORTIFI on your behalf. Following are the application steps:

- Submit an application form online through the contractor portal.
- Following review by FORTIFI underwriting you will receive a notice of conditional or full approval, a notice of denial, or a request for additional information.
- When FORTIFI issues the notice of approval, it will submit notification forms to all lenders with secured loans on the property.
- Once the application is approved, an FORTIFI representative will prepare electronic documents for signature by all property owners. These documents include the Assessment Contract which is the Financing Agreement through which you agree to annex your property into the jurisdiction, agree to pay the tax when due, and authorize recordation of the tax lien on your property.

5. General Provisions

The following apply to all products submitted for funding under the Program:

- Only Authorized Improvements are eligible for funding. A list of Authorized Improvements is provided on our website at www.energyefficientequity.com
- Neither the Authority nor FORTIFI is responsible for the installation of the Authorized Improvements or their performance. The Contractor that provides a construction service for your project works for you and you should be sure that you are satisfied with the quality and completeness of the work before authorizing payments.
- Under the PACE law, Authorized Improvements must be permanently affixed to the property. Free-standing appliances, light bulbs, and similar products that can be unplugged and removed from the property are not Authorized Improvements.
- Minimum Program funding is **\$20,000**.
- The total of all Program funding on your property shall not exceed (i) **20%** of the fair market value of the property; (ii) an amount that, when added to your existing secured indebtedness, exceeds 100% of the fair market value of the property; (iii) the final cost of installing the Authorized Improvements, including Program fees and applicable capitalized interest. In no event will Program funding exceed the amount authorized under applicable Program policies or state law.

6. Environmental Report

All commercial properties must also have a satisfactory environmental report by Vera Check in their files. If a property does not pass the environmental report qualification, a Phase 1 analysis must be done, or financing may be denied.

An environmental report is secured in commercial underwriting to validate the subject is free on any environmental concerns that might affect future salability of the asset.

Current vendor uses a numerical risk score according to the categories below:

- 1: The environmental risk appears to be minimal and further investigation of the subject site and/or nearby properties reviewed as part of this analysis is not recommended.
- 2: No risk issues identified, but tenant research evidences suspect security type.

Policy:

1. A Verachek report will be ordered on every commercial file at the time of project approval. It must be reviewed prior to the finance agreement being issued.
2. A report that comes back with a 1, 2 or 3 requires review, and in some circumstances the u/w will upload a credit memo.
3. A report with a risk score of 4 or greater will require the u/w to review the Verachek provides a recommendation and or condition for the

performance of recommended items. A credit memo will be uploaded into the file with an explanation of action taken per recommendations and documentation.

4. A report that advises a phase 1 environmental report, for any project regardless of rating, will require the u/w to request the report from the property owner. No action will be taken toward a final approval until this report is received and reviewed.

7. Final Disbursement

Once the project has been completed and certificate of occupancy issued (if applicable), the Participating Contractor will execute the Completion Certificate and send it to the property owner for review, approval and signature. The Participating Contractor will provide the Program with final invoice and building permits if applicable. The property owner will receive from the Participating Contractor documentation of any payments, assignment of rebates, tax credits, approved change orders and, building permits, inspection certificates and certificates of occupancy. The Participating Contractor will provide the property owner with operating instructions for the Qualifying Improvements (if applicable) as well as warranty information. If the property owner is satisfied with the above documentation and the project is fully complete, they will execute and submit the Completion Certificate to the Program as your authorization to direct the Trustee to make the Final Disbursement to the Participating Contractor. If a Progress Disbursement has been paid, the amount of the Final Disbursement will be the total cost of the Qualifying Improvements and the installation thereof less the amount of the Progress Disbursement.

8. Repayment

- In order to receive funding, property owners agree to pay taxes in an amount adequate to repay the financing including (i) the amount funded by the Program (ii) interests in the funding amount, and (iii) initial and ongoing administrative expenses.
- **Project Amount.** This is the total amount disbursed at closing. It can include construction and materials costs, Program fees, permits, energy audit expenses, application fees, and capitalized interest (see "Capitalized Interest" below) or third-party pass through expenses.
- **Capitalized Interest.** Because taxes are placed on County tax rolls only once each year, it may be several months before Program taxes appear on your property tax bill. Consequently, interest from the funding date until the tax is placed on the tax roll will be added to the funding and you will have no payments for that period. FORTIFI estimates capitalized interest on the financing documents.
- **Prepayment.** A property owner may choose to prepay its Assessment at any time prior to a payment delinquency in full or in part, in any amount of at least \$2,500, at any time upon

the payment of (1) all or, subject to the minimum amount recited above, a portion of the unpaid Financed Amount (the "Assessment Prepayment Amount") plus (2) interest on the Assessment Prepayment Amount to the earlier of January 15th or July 15th occurring at least 20 days following the date the prepayment is made, plus (3) a prorated amount of the Annual Collection Cost. The property owner's right to prepay its assessment and any interest or other costs associated therewith after the occurrence of a delinquency shall be subject to the requirements of Florida Statutes, Chapter 197.

9. Program Fees

Program fees may include, but are not limited to, the cost of and fees for energy, and similar audits, appraisals, labor, designs, drawings, engineering services, building permit fees, surveys, inspections, materials required in connection with the installation of the Eligible Products and technical reviews. Closing Costs are defined and enumerated in the Financing Agreement.

10. Compliance with Existing Mortgages

Recordation of the Assessment will establish a continuing lien as security for the obligation to pay the taxes. The lien will be senior to private liens, including existing mortgage(s). Many loan documents limit the ability of borrowers to place senior liens on their property without the consent of the lender. Program participants are encouraged to confirm with their lenders that participation in the Program does not violate their existing loan documents.

FORTIFI notifies lenders on your behalf of your intention to participate in the Program after application approval. FORTIFI will notify the lender at time of approval with the terms of the assessment.

11. Eligible Improvements

The Program offers financing for a variety of Energy Efficiency improvements, renewable energy, and wind resistance improvements . Any projects that measurably save energy beyond the level required by legislation, or that generate renewable energy, can be financed through the Program. For a list of eligible improvements, visit our website at www.energyefficientequity.com.

**APPENDIX A
UNDERWRITING REQUIREMENTS**

All property owners and improved properties in the district(s) that meet the Program's criteria for approved property types must meet the following underwriting criteria for participation:

Property Address	Applicants	Mortgage Debt
The property must be improved (or will be improved by the project), be located within the District, and either be on the property tax rolls or be capable of being added to the rolls	All owners of record must agree to participate and be willing to execute the Program documents.	Prior to Program Funding, mortgage debt must not exceed 90% of the market value of the property. Total secured debt INCLUDING Program financing may not exceed the market value of the property
Mortgage Payments	Bankruptcy	Property Taxes
Mortgages must be current, and the property must not be subject to any notices of default.	Property Owners must not currently be in bankruptcy	Property Owners must be current on their property taxes for the past 3 years or period of ownership.
Involuntary Liens	Minimum Financing	Maximum Financing
There may be no involuntary liens on the property	Minimum funding request is \$20,000	Funding requests must not exceed limits provided by the Act.

Property owners must authorize FORTIFI to notify all existing mortgage holders of their intent to participate in the Program.

These requirements may change at any time. A link to the most up-to-date version of this Program Handbook can be found on the Program website or may be obtained from an FORTIFI customer service representative.