

APPENDIX A

DC Green Bank

Commercial Loan for Energy Efficiency and Renewables (CLEER) Program

REQUIREMENTS FOR LENDERS

Lenders participating in the DC Green Bank (“DC Green Bank”) Commercial Loan for Energy Efficiency and Renewable (CLEER) Program (the “Program”) (“Lenders”) must satisfy the Requirements described herein (the “Requirements”). The Requirements include minimum standards for a Program Loan to be eligible for coverage by a DC Green Bank loss reserve. The Program and the Requirements do not apply nor restrict a Lender’s financial transactions outside of the Program. Lenders independently determine the interest rates and other loan terms to offer, subject to the Requirements. Lenders make their own underwriting decisions and are responsible for legal compliance for every loan originated and serviced under the Program.

Financing Type and Amount

The original principal amount of loans eligible to be backed by the loss reserve may be from \$10,000 up to and including \$250,000. Upon request by Lender, loans in an original principal amount greater than \$250,000 may qualify on a case-by-case basis upon the prior written approval of DC Green Bank.

Loan Security

Loans may be secured by a lien on the financed assets. Lender may file UCC-1 financing statements and, as required, fixture filings against Borrowers. Lender shall have the ability to take personal and business guarantees.

Interest Rates

The interest rate on a Program Loan will be no greater than the rates provided in Exhibit 1, which may be updated in writing from time to time. Program Loans will be fully amortizing loans with fixed rates of interest; however, loans with terms greater than seven (7) years may have a one time rate adjustment after year seven (7). Loan interest rate buy-downs are not permitted under the Program.

Loan Terms

Loans may be from 24 to 144 months as offered by the Lender and accepted by the Borrower.

Loan Prepayment

Loans may be pre-paid at any time without penalty.

Assignment

If the property ownership is transferred during the life of the loan, and subject to Lender approval, the loan may be assigned to and assumed by the new owner. Lender has the right to underwrite and approve the transfer to the new owner prior to such assumption. █

Eligible Properties

Eligible Properties are commercial and industrial properties, businesses in commercial buildings, rental apartment buildings of 5 or more units, and multifamily communities, which include condominiums, planned unit developments, and cooperatives. Properties must be located in the Pepco service territory of Washington, DC.

Tenants of commercial buildings seeking to make Eligible Measures to a property that is not owned must obtain the prior written consent of the property owner.

Eligible Improvements and Measures

Financing of retrofits or renovations (including additions done in conjunction with retrofit of existing property) qualify. New construction projects do not qualify.

DC Green Bank has a pre-qualified list of Eligible Measures posted on its website, dcgreenbank.org. This list may be updated with notice to Lender and the most current list will be posted on dcgreenbank.org. Eligible Measures include those approved by Pepco under its Energy Savings for Business Program or its successor (including Co-Generation), as well as additional DC Green Bank -approved Eligible Measures, which are energy storage, photovoltaic (PV), or natural gas furnaces or boilers. Prospective Borrowers may choose from any measure or combination of measures on this list.

All projects (“Projects”) must include a Pepco Energy Savings for Business Program (or its successor), Eligible Measure, with the exception of Solar PV only projects, in which case the foregoing requirement does not apply. Except in the case of Solar PV only projects, failure of a Project to include at least one Pepco Energy Savings for Business Program Eligible Measure will render a loan ineligible for the Program.

Use of Loan Proceeds

1. Up to 30 percent of the total financed amount may be for non-Eligible Measures building upgrades if necessary to complete or complement the Eligible Measure improvements, or additional improvements to the property related to the energy improvements, such as water conservation.
2. At the discretion of the Lender, loan proceeds may be used to pay (a) any Program-related fees; and (b) up to 50% of any pre-project Pepco-approved projected incentives to be received by the Borrower.

Energy Savings

Energy savings resulting from the installed Eligible Measures (exclusive of projected energy savings resulting from the building tune-up prescriptive measures) must be projected at time of application to achieve total energy savings of not less than 15 percent (measured against base

line energy costs) as determined by a Pepco Service Provider or other eligible contractor, Pepco or its designated contractor, or a certified energy auditor. Projected total energy savings of less than 15% may be allowed with DC Green Bank prior written approval. DC Green Bank will not provide Pre-Approval if Borrower or Borrower's contractors does not provide a projected energy savings on the *Installed Scope and Energy Savings Report*.

Authorized Contractors

Only Lender-approved and DC Green Bank -Authorized Contractors (as further described herein) may be engaged by a Borrower for a loan covered under the Program. The list of Authorized Contractors will be posted on DC Green Bank's website. Initially, Authorized Contractors are limited to the contractors affiliated with Pepco's EmPOWER Energy Savings for Business Program or its successor and that meet DC Green Bank's criteria to participate in the Program, DC Green Bank approved Authorized Contractors, District of Columbia Department of Energy & Environment ("DOEE") approved Authorized Contractors, District of Columbia Property Assessed Clean Energy Program ("PACE") approved Authorized Contractors and District of Columbia Substantiable Energy Utility ("SEU") approved Authorized Contractors. In addition, solar-only contractors may be approved by DC Green Bank as Authorized Contractors.

DC Green Bank reserves the right to exclude any such contractors from the Program from time to time. (See "Quality Control, Measurement and Verification, and Reporting" herein.) DC Green Bank will notify participating Lenders of any contractors removed from the Authorized Contractor list.

Each Lender is responsible for its own evaluation of contractors. If a contractor is unable to qualify through any Lender participating in the CLEER Program, the contractor will not be authorized to participate in the Program. Periodically, DC Green Bank will request that the Lender review DC Green Bank's Authorized Contractor list and identify any contractor Lender deems unable to meet Lender's qualifications.

DC Green Bank, DOEE, PACE and SEU have developed their own method for authorizing contractors for the Program in addition to those affiliated with Pepco's EmPOWER Program. As part of any application process managed by DC Green Bank, DC Green Bank may collect additional contractor information as may be reasonably required by participating Lenders. DC Green Bank will transmit such information to participating Lenders after the contractor's application has been reviewed and approved by DC Green Bank.

Loan Process

Below is a summary of the Program approval and administration process:

1. **Financing application and approval process.** Prospective Borrowers will complete the Lender's credit application requirements at the discretion of the Lender. The initial application should include as much information as possible on the project or equipment to be financed (e.g., HVAC, lighting), projected energy savings, and a cost estimate.

Lender shall make all reasonable attempts to finalize a credit decision to the prospective Borrower within fifteen (15) business days of receipt of a complete application, at the discretion of the Lender. The Lender will notify the applicant, who shall communicate Lender's decision with contractor, of the amount available for financing and associated terms, subject to DC Green Bank review and approval of the Eligible Measures and energy savings. If accepted by the Borrower and approved by DC Green Bank, the Lender shall provide necessary documents to insure Lender and DC Green Bank documentation requirements are met.

2. **DC Green Bank Pre-Approval.** All applications submitted for DC Green Bank Pre-Approval must include (i) the *Installed Scope and Savings (Parts A, B & C) form* to DC Green Bank for pre-approval of meeting Eligible Measures and energy savings prior to funding of Program Loans and (ii) Lender's current rate sheet. This form identifies: a) entire scope of work of Project, including Pepco-approved scope of work, b) detailed project budget with eligible measures and non-eligible measure costs and c) and contractor's or Pepco's contractor's projection for energy savings. Additionally:

(a) If the Borrower is an Eligible Nonprofit Charitable Organization (as defined below) for which the Lender has quoted a reduced DC Green Bank Program Fee or a reduced DC Green Bank Origination Fee as described under "DC Green Bank Program Fees" below, the Lender must provide to DC Green Bank documentation that such organization is a charitable organization registered with the District of Columbia Department of Consumer and Regulatory Affairs ("DCRA").

(b) If the loan is to finance a portion of the Pepco-approved projected incentives, then documentation of Pepco's pre-approval for these incentives also must be provided to DC Green Bank.

DC Green Bank will provide such pre-approval within 5 business days of receipt or Program Loan will be deemed pre-approved.

3. **Minimum underwriting criteria.** All lending decisions will be at the discretion of Lender, which shall follow its standard underwriting practices. Generally, a Borrower may not qualify if there is a bankruptcy, tax liens, judgments, or other issues that may disqualify them under the Lender's standard underwriting criteria.
4. **Consent to information sharing and disclosure.** DC Green Bank shall have access to certain information to evaluate the Program. The Lender will transmit to the contractor the DC Green Bank *Consent to Information Sharing and Disclosure* form to be signed by the Borrower and the contractor prior to loan execution. The form includes the Borrower's acknowledgment of having had the opportunity to ask the Lender about loan payoff amount and when loan payments begin. Failure to obtain the Borrower's completed *Consent to Information Sharing and Disclosure* form will render a loan ineligible for the Program.

5. **Documentation of completion.** Borrower and contractor will sign the DC Green Bank *Certificate of Completion* when the work has been completed. Contractor will also submit required *Installed Scope and Savings (Parts A, B & C)*, updated if necessary to reflect changes in *Parts B and C* since Pre-Approval to the Lender and DC Green Bank, respectively.

6. **Funding Requests.** At the discretion of the Lender, Contractors may receive, or hold in Lender escrow account, up to 50 percent (50%) of total loan proceeds and the remaining balance upon (i) Lender and DC Green Bank receiving completed documentation described in Section 5 above (ii) DC Green Bank's acknowledgement of having received and reviewed its required end-of-project documents, (iii) the Lender, or Lender's authorized representative, making a service call to the Borrower to confirm that the job was completed and to inform the Borrower that the Contractor(s) will receive final payment. Additionally, for loans of \$100,000 or more, Lender may request DC Green Bank's approval to permit seventy-five percent (75%) of loan proceeds to be disbursed prior to Contractor's compliance as described in paragraph 5 above if (i) such loan utilizes a multiple disbursement draw schedule and (ii) no more than fifty percent (50%) of loan proceeds are disbursed at loan closing. Lender shall use its loan administration guidelines to insure all contractors are paid in accordance to the contract or related documents using Lender's customary practices. Lender may collect monthly interest payments, customary fees, and expenses during the during the construction period.

7. **Loan servicing.** The Lender will service all Program Loans funded in accordance with its standard policies and procedures and in accordance with all Federal, State, and local laws and regulations.

DC Green Bank Program Fees

1. The Lender will charge each Borrower a DC Green Bank fee in an amount equal to 0.5% of the original principal amount of the loan (the "DC Green Bank Origination Fee"), unless the Borrower is a nonprofit charity organization that is registered with DCRA ("Eligible Nonprofit Charitable Organization"), in which case the Lender, at its discretion, may reduce or eliminate the DC Green Bank Origination Fee. The Lender shall deduct the DC Green Bank Origination Fee from loan proceeds and remit such fee to DC Green Bank as provided herein.

2. The Lender may charge Borrowers a documentation fee not greater than \$1,000 and not less than \$500 of which all amounts above \$500 shall be paid to DC Green Bank (the "DC Green Bank Documentation Fee"). Such fees shall be collected at loan closing and the Lender shall remit the DC Green Bank Documentation Fee to DC Green Bank at the time provided herein.

3. The Lender will assess each contractor a DC Green Bank program fee in an amount equal to 2.99% (299 basis points) of the original principal amount of the loan (the “DC Green Bank Program Fee”). However, the Lender may assess a 0.99% (99 basis points) Program Fee to Eligible Nonprofit Charitable Organizations (instead of the 2.99% fee). The Lender shall deduct the DC Green Bank Program Fee from loan proceeds. The Lender shall remit such fee to DC Green Bank as provided herein. If there is split funding with multiple contractors, the fee applies to each contractor’s portion of the job. This fee is authorized in the contractor agreement between DC Green Bank and the contractor and is to be used to sustain operations of DC Green Bank, including quality assurance functions.
4. Within 15 business days after the end of each month, the Lender will remit to DC Green Bank, via ACH/electronic transfer, the total amount of DC Green Bank Origination Fees, DC Green Bank Documentation Fees, and DC Green Bank Program Fees collected for Program Loans closed in the prior month, including a report (Exhibit 3) showing for each loan the loan numbers, amounts applied to each loan, total amount that will be transmitted for the loan.

Training, Promotion, and Marketing

The Lender will attempt to participate in contractor training sufficient to educate and inform contractors on program and how to access and use the Program, including providing Authorized Contractors with the information necessary to facilitate the financing process and understanding of the Lender’s approach to repayment. For at least the first 3 months after launch of the Program the Lender will be available in-person or by telephone in the District of Columbia market to further inform and market the Program to the contractors. Thereafter, the Lender will be reasonably available in-person to further develop relationships but no less than once every three months during the first year after launch of the Program.

Lender shall provide marketing support, which shall be agreed to by Lender, for the Program to potential Borrowers, including referring to the loan product as DC Green Bank -supported financing and including the DC Green Bank logo and approved language on all program-related marketing materials. Jointly agreed marketing support will include promoting on digital media, attendance at DC Green Bank -organized meetings (upon request), and other lender marketing activities. Participating lenders will be expected to participate in conferences and events on behalf of DC Green Bank. DC Green Bank shall provide uniform Program marketing materials that Lender shall incorporate in their marketing campaigns for the Program. DC Green Bank will also identify Lender as a partner in the Program on its website during the term of this Agreement.

Lender will use reasonable efforts to educate appropriate staff at Lender concerning the Program.

DC Green Bank will promote the Program to prospective Borrowers in Washington, DC in collaboration with participating lenders, trade associations, electric utilities, authorized contractors, and other partners and complementary programs. Business owners and occupants

will be directed to contact an authorized contractor for the Program as the initial point of entry or already will be working with an authorized contractor for the Program. As needed, DC Green Bank will assist the prospective Borrower with pre-sale activities, including, but not limited to, finding an authorized contractor that will assist the prospective Borrower in identifying qualifying improvements and navigating the financing process. DC Green Bank will also provide information on its website about participating lenders in the Program.

The financing described herein will be marketed in a co-branded manner by participating lenders, utilizing the brand name of DC Green Bank in conjunction with the Lender's own brand. Marketing of the Program by the Lender will follow the brand guidelines set forth by DC Green Bank and ensure compliance with applicable advertising rules and regulations. DC Green Bank reserves the right to review and approve any marketing materials prior to their release. DC Green Bank is and shall remain the owner of all rights, title, and interest in and to the DC Green Bank Corporation name and Program materials, including, but not limited to, all copyrights and trademarks, all goodwill associated with and symbolized thereby, and all rights subsumed thereunder. The Lender acknowledges that it shall not acquire any title, ownership, goodwill, or other interest in the DC Green Bank Corporation name or Program materials through its usage of same. The Lender will stop all usage of the DC Green Bank name and Program materials immediately upon termination of the Loss Reserve Agreement or the end of the Lending Period as defined in the Loss Reserve Agreement, whichever is earlier.

Quality Control, Measurement and Verification, and Reporting

Contractors must provide high-quality work. DC Green Bank will identify contractors that are authorized to participate in the Program. DC Green Bank also may perform quality assurance, including technical file reviews, Borrower surveys and feedback, and periodic field inspections, to evaluate contractors and Authorized Contractors for the Program. This quality assurance role will be performed by DC Green Bank staff and/or an independent third party hired by DC Green Bank. In addition, DC Green Bank must report on the impacts of the Program and may require information from contractors and Authorized Contractors to convey impact, including projected energy savings.

Exhibit 1 to Appendix A
As of September 25, 2020

2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	12 Yr
5.450%	5.625%	5.785%	6.375%	6.375%*	6.375%*

Rates are subject to change based on market conditions.

*Loans with an amortization over 7 years will reprice once at the start of year 8 based on the prevailing Treasury Constant + 3.25% (rounded to the next highest 1/8%).