

**Notice of Proposed Improvement Special Assessment and
Request for Consent of Lien Holder to Improvement Special Assessment and Improvement Special
Assessment Lien**

Notice Date:

Lien or Other Obligation Holder:

Street:

City/State/Zip Code:

ATTN:

Property/Loan Information:

Address: [_____] (the “Property”)

Loan Number:

Why has the Financial Institution received this notice?

The Property Owner listed below owns the subject Property. Your Financial Institution holds a lien, mortgage or security interest or other secured encumbrance on the Property.

[**Property Owner**] (the “Property Owner”) wishes to install energy efficiency, water conservation, renewable energy, and/or resiliency improvements to the property using Commercial Property Assessed Clean Energy and Resiliency (“Improvement Special Assessment”) financing, known as the Improvement Special Assessment program. The Property Owner requests your consent for the property to participate in the program.

Background on Improvement Special Assessments in New Mexico

NMSA 1978, Section _____ (the “Improvement Special Assessment Act”) authorizes New Mexico counties to establish an Improvement Special Assessment program in their communities. Capitalized terms used herein, but not defined herein, have the meaning given to such terms in the Improvement Special Assessment Act.

Improvement Special Assessment financing helps stimulate local economies by allowing owners of agricultural, commercial, and industrial and multi-family properties with five or more dwelling units to obtain low-cost, long-term financing for energy efficiency, renewable energy, and water conservation and resiliency projects. [_____] County, where the subject property is located, has established a Improvement Special Assessment program within its jurisdiction for qualifying property owners.

Through the Improvement Special Assessment program, the financing for qualifying projects is provided by a private Capital Provider, and the principal amount is recorded by [County Name] as a voluntary special assessment and special assessment lien (“the Improvement Special Assessment lien”) on the Property. The annual assessment payments relating to that special assessment lien is repaid to, and collected by, the County. Special assessments have long been used to pay for improvements to real property that meet a public policy objective, such as sidewalks, parks, lighting districts, and water and sewer projects. Like other assessments, the Improvement Special Assessment obligations remain with a property upon its sale, until the financing is fully repaid, at which point the special assessment lien and special assessment are terminated and the termination is recorded in the land records.

Under the Improvement Special Assessment Act, once consent from pre-existing lien holders and, if applicable, the holders of certain other obligations, on a property is given, a special assessment can be

imposed and a special assessment lien can be filed. Once filed, that lien, like other government-imposed liens, moves into a superior position above other obligations, except for property taxes and other qualifying government obligations.

To qualify for Improvement Special Assessment financing, the proposed project must meet the following basic criteria:

- The property is located in _____ County, New Mexico, a county that has passed a resolution authorizing a Improvement Special Assessment program;
- The property is an agricultural, commercial, or industrial property, or multi-family property of five or more dwelling units;
- The proposed measures reduce energy consumption, reduce water consumption, increase the production of on-site renewable energy, reduce lead in potable water, and/or increase the resiliency of the property, as defined in the Improvement Special Assessment Act;
- The proposed measures are permanently affixed to the property; and
- The Property Owner receives consent of the current mortgage/lien holder(s).

Why should your Financial Institution consent to the Improvement Special Assessment and Improvement Special Assessment Lien?

1. Property improvements financed through the Improvement Special Assessment program have public benefits. To qualify for Improvement Special Assessment, a project must install improvements that either conserve energy or water resources; reduce greenhouse gas emissions; reduce lead levels in potable water; or improve safety and public health through certain resiliency enhancements (e.g., seismic stability). Under the Improvement Special Assessment program eligibility requirements, a proposed project must include verification by a qualified and licensed professional certifying that the improvements will provide these public benefits. Qualifying improvements typically enhance property value and improve its collateral value for the mortgage or other obligatory interests that your Financial Institution holds in the Property.
2. Improvement Special Assessment special assessment payments do not accelerate. In the event a mortgage holder or lien holder forecloses on the property for any reason, only the Improvement Special Assessment special assessment payments currently due and in arrears would be payable, which is likely a relatively small proportion of the total amount financed. *In the case of a default, the entire outstanding principal, interest and penalties of your Financial Institution's loan may be accelerated and come due; however, for the Improvement Special Assessment financing, only the past due amounts may be collected in a default.* The remaining Improvement Special Assessment financing balance runs with the land and regular special assessment payments would be paid by the new property owner.
3. Improvements financed through Improvement Special Assessment often reduce a property's operating costs and/or the potential for catastrophic damage, and they often improve health and comfort of occupants, all of which make a property more attractive to tenants and future owners.
4. Property improvements financed through the Improvement Special Assessment program align with public Climate Action Plans and, potentially, with your institution's sustainability plans and commitments, and to shareholder interests.

What should your Financial Institution know?

Property Owner has indicated its intention to apply for Improvement Special Assessment special assessment financing for improvements outlined in on the Property. The Improvement Special Assessment special assessment will be placed on the Property pursuant to an Assessment Agreement between the Property

Owner and the County, and the amount of the Improvement Special Assessment financing will be determined by a Special Assessment Financing Agreement between the Property Owner and the private Capital Provider. The Improvement Special Assessment financing terms will consist of:

Total cost of improvements:	
Total Improvement Special Assessment financing requested (+/- 10%):	
Annual interest rate not to exceed:	
Term of repayment:	
Total estimated annual Improvement Special Assessment Payments:	
# Payments per year:	

As required by the Improvement Special Assessment Act, Property Owner is sending this Request for Consent of Lien or Other Obligation Holder to the creation of a Improvement Special Assessment Special Assessment and Special Assessment Lien to:

- i. provide notice of Property Owner’s proposed participation of the Property in the program;
- ii. request confirmation from your Financial Institution (a current mortgage/lien or other obligation holder) that the levy of the Improvement Special Assessment Special Assessment payments will not trigger a default nor the exercise of any remedies under your current lien or other encumbrance relating to the Property;
- iii. provide notice that, due to the requirements under the County’s Assessment Agreement with the Property Owner, the Improvement Special Assessment Special Assessment payments will be collected in installments that are subject to the same remedies and Special Assessment lien priorities as Special Assessments; and
- iv. declare the Property Owner’s agreement to uphold and pay on a timely basis both the existing obligations to your Financial Institution which are secured by the Property and the proposed Improvement Special Assessment Special Assessment payments.

Execution and Return of Consent. The Property Owner would appreciate your executing the attached Consent Form for the [redacted] County Improvement Special Assessment program and returning it to the undersigned at your earliest convenience.

Sincerely,

BY: (signature): _____

PROPERTY OWNER NAME: [redacted]

MAILING ADDRESS (if different than Property address): [redacted]

Lien or Other Obligation Holder Consent to Improvement Special Assessment Special Assessment and Special Assessment Lien

Date:

Property/Loan Information

Building Address:

Tax key/Parcel:

Lien or Other Obligation Holder:

Loan Number/Reference Code:

This Lien or Other Obligation Holder Consent Acknowledgement to Improvement Special Assessment Special Assessment and Special Assessment Lien (this “Consent”) is given by the undersigned entity (the “Holder”) with respect to the above-referenced Improvement Special Assessment Special Assessment and Special Assessment Lien and property (“Property”) in relation to the [REDACTED] County Improvement Special Assessment program (the “Program”).

RECITALS

A. The Holder is in receipt of written notice (“Notice”) from the owner of the Property (“Property Owner”) that it intends to finance the installation on the Property of certain Eligible Improvements according to NMSA 1978, Section ____ that will be permanently fixed to the Property and that will be financed by participating in the Program.

B. The Holder understands that, as a result of an Assessment Agreement between [REDACTED] County and the Property Owner, and a Special Assessment Financing Agreement between the Property Owner and [REDACTED] (the “Improvement Special Assessment Capital Provider”), that the Improvement Special Assessment Special Assessment and Special Assessment Lien against the Property, as described in the Improvement Special Assessment Agreement between the County and Property Owner and in the Improvement Special Assessment Special Assessment Financing Agreement between the private Capital Provider and the Property Owner (the “Improvement Special Assessment Assessment”), will be placed on the Property, and that the Improvement Special Assessment Special Assessment lien against the Property is a first and prior lien, second only to a lien for taxes imposed by the state, a local government, or a junior taxing district against the real property on which the Improvement Special Assessment lien is imposed, from the date on which the notice of the Improvement Special Assessment Special Assessment lien is recorded until the Improvement Special Assessment Special Assessment, including any interest, penalties, and charges accrued or accruing under the terms of the Financing Agreement are paid in full.

C. The Property Owner has agreed in a manner acceptable to the Holder to uphold and pay on a timely basis both the existing obligations to the Holder which are secured by the Special Assessment and the proposed Improvement Special Assessment Special Assessment lien.

D. The Holder consents to the Property’s participation in the Improvement Special Assessment program and that the Improvement Special Assessment Special Assessment lien will take precedence over all other liens except for a lien for taxes as described in paragraph B.

[Continued on next page]

ACKNOWLEDGEMENT

The undersigned hereby represents that it is authorized to execute this Acknowledgement on behalf of the Holder. The Holder hereby:

- (i) confirms that it has received the Notice;
- (ii) acknowledges the levy of the Improvement Special Assessment Special Assessment pursuant to the terms of the Assessment Agreement and Improvement Special Assessment Special Assessment Financing Agreement; and
- (iii) agrees that the levy and payment of the Improvement Special Assessment Special Assessment will not constitute a default nor trigger the exercise of any remedies under the Holder’s Loan or other obligation documents.

The Holder hereby acknowledges that the Property Owner, the County, the Improvement Special Assessment Capital Provider and the County’s designated Improvement Special Assessment Program Administrator, will rely on the representation and acknowledgement of the Holder set forth in this Acknowledgement. The Recitals are integrated into and made a part of this Acknowledgment.

Holder:

By:

Signature:

Title:

Date:

In witness whereof, _____ has caused its name to be signed this _____ day of

_____, _____.

By: _____

_____, _____