Introduction to C-PACE Financing



What is Commercial PACE Financing?

- Commercial Property Assessed Clean Energy (C-PACE) is an alternative source of financing for commercial properties. *i.e.*, all properties excluding single-family dwellings.
- Covers the direct and indirect costs related to reducing energy or water consumption, generating renewable energy, or building resiliency.
- States authorize C-PACE programs by statute.
 Local government (or its administrator) approves individual transactions.
 C-PACE Lenders provide funds without any public dollars or subsidy.

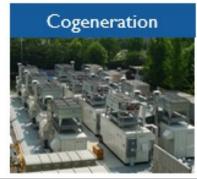


Typical Measures Funded by C-PACE



Elevators





Lighting



Water Reuse



Envelope



Water Fixtures





Roofing/Insulation



Irrigation







Why C-PACE appeals to property owners

For retrofits, 100% funding, zero out-of-pocket

For new construction, 10%-30% of capital stack

Fixed interest rates for longer maturity = the asset's useful life

Increases cash flow

Non-recourse (no personal guarantee) When the property is sold, C-PACE financing is transferrable to new owner



Benefits to C-PACE lender and other lenders

To C-PACE lender

C-PACE lien is senior to all other mortgages

Installments are billed, collected, and enforced in the same mann<u>er as property taxes</u>

To other lenders on the property

Increased cash flow, net operating income & asset value In foreclosure, only delinquent payments are collectible = non-accelerating



How is C-PACE financing process different than traditional lending?

Define the project and the portion eligible for C-PACE financing

Negotiate financial terms between property owner and C-PACE lender

Obtain a technical analysis of the project's utility savings

Obtain the consent of other mortgage lenders on the property

Apply to local government's Program Administrator

Payments are billed, collected, and enforced like property taxes*



Active C-PACE Programs

