



## COMMERCIAL PACE

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### What is PACE?

Property Assessed Clean Energy (PACE) is a financing mechanism that enables low-cost, long-term funding for energy efficiency, and renewable energy projects. PACE financing is repaid as an assessment on the property's regular tax bill and is processed the same way as other non-ad valorem assessments. PACE carries distinct advantages over conventional financing for commercial properties.

### How does it work?

PACE is a national initiative with programs established locally and tailored to meet regional market needs. State legislation passed in Florida in 2010 to allow municipalities to authorize and establish local PACE programs.

### Key benefits of PACE include:

- PACE is a voluntary program, funded by private capital and offered through a public/private partnership.
- PACE can cover 100% of a project's hard and soft costs.
- Finance terms are linked to the useful life of the underlying installation, with up to 30-year terms available.
- Fixed interest rates.
- PACE projects can take full advantage of any existing utility, local and federal incentive programs.
- PACE assessments are transferrable and energy projects are permanently affixed to the property.
- PACE financing may have tax benefits for commercial business owners including the ability to deduct interest on payments.
- PACE liens can be optionally held off-balance sheet, as they are a property tax assessment.



## General Questions and FAQs

### How is the Program different than a loan?

- Unlike loans, the PACE Program offers financing through a property assessment and repayments are made through your property taxes. If the property is sold, the remaining assessment can be passed to the new property owner.
- The Program offers 100% financing for energy or weather mitigation retrofits including soft costs, the cost of the product, installation, and other approved ancillary costs. The Program offers terms up to 25 years, or even 30 years for solar, at low fixed interest rates. There is no balloon payment and assessments are self-amortizing. Terms cannot exceed the useful life of the product or improvement. Commercial projects may qualify for off-balance sheet accounting.

### How is the Program financing repaid?

- A PACE assessment is repaid through your property tax bill and collected with your regular property taxes as a non-ad valorem assessment. You will see an additional line item on your property tax bill for your scheduled payment. If you have your taxes escrowed by your lender, the bank will adjust your monthly payment to include the amount due for financing.

### Who is eligible for the PACE Program?

- Most commercial property types are eligible for PACE including retail, office, hotel, manufacturing and distribution, warehouses, and multifamily buildings.

### What are the eligibility criteria for the PACE Program?

- The property taxes must be current with no late payments over the past 3 years.
- All mortgage related debt plus the PACE assessment may not exceed 100% of the value of the property.
- The Property Owner must be current on their mortgage and must not be subject to outstanding involuntary liens.
- The Property Owner may not be subject to an active bankruptcy or have declared bankruptcy in the past 7 years.



## General Questions and FAQs

### What costs are eligible for financing?

- Project costs must be within industry cost guidelines and can include both the cost of the eligible or qualifying products and installation costs. Installations must be permanently affixed to the property.
- Installation costs may include but are not limited to the cost of and fees for energy, water, and similar audits, appraisals, labor, designs, drawings, engineering services, building permit fees, surveys, inspections, materials required in connection with the installation of eligible products and technical reviews.
- Project costs also include the cost of pre-paid warranties and service contracts for repairs and maintenance.

### What are the finance parameters?

- The PACE Program will generally finance projects from \$1,000,000 to \$50 million or more in certain circumstances. Underwriting is based upon the property value and net income generated by the property. General approval parameters require a debt service coverage ratio (DSCR) of 1.15x on underwritten stabilized net cash flow and a PACE assessment to value (LTV) of no more than 35% of the stabilized property value.

### Do Leased Properties or those with Ground Leases qualify for the PACE Program?

- Yes. Properties with lease agreements may qualify for the Program subject to proper and adequate documentation, receipt of required property authorizations and signing of all financing documents by all owners. Properties may be subject to other conditions.



## General Questions and FAQs

### What are eligible improvements or projects?

- Installations and improvements related to renewable energy and energy efficiency products, as well as wind risk mitigation projects.
  - Energy efficiency projects such as HVAC, Heat Exchange, windows, doors, building envelope, cool roofs, meters, elevators, and control systems.
  - Renewable or alternative energy sources such as solar, wind, and battery storage systems.
  - Tenant enhancements, such as LEED improvements.
  - Wind resistance and risk mitigation improvements (eligible for retrofits only.)
  - Upgrades to roof or installation of impact windows and doors.

### Can I bundle multiple projects?

- Yes, there are thousands of improvements eligible for PACE financing which can be combined, provided the sum total is less than the maximum LTV.

### Where do I start?

- Contact us today to begin the application process.