

Goals and Principles Related to Commercial PACE

PACENation's goals pertaining to Commercial PACE are to realize the public benefits set forth in the state's authorizing statute and simultaneously to:

- Deliver to property owners the advantages of C-PACE financing as a special assessment;
- Foster a vibrant, large, and growing market for C-PACE financing; and
- Create an excellent customer and stakeholder experience.

In pursuing these goals, PACENation endorses these policy principles:

1. PACENation supports C-PACE authorizing statutes that:
 - a. Establish open and free-market competition among qualified capital providers, project developers, and contractors;
 - b. Create a strong payment obligation for the property owner and collateral protection for the capital provider;
 - c. Require lender consent or acknowledgement from all mortgage lenders with a secured interest in the property due to indebtedness;
 - d. Do not mandate a ratio of savings-to-Investment, or else include a broad view of individual and social cost savings;
 - e. Do not require the owner to obtain contractor guarantees of energy savings;
 - f. Allow new construction projects;
 - g. Permit the private parties to negotiate the financing terms with flexibility;
 - h. Establish accountable responsibility for billing, collection, and remittance of current payments;
 - i. Provide clarity and visibility into the foreclosure process, with a legal mechanism to ensure timely commencement of foreclosure;
 - j. Allow refinancing of projects and at least a two-year lookback period; and
 - k. Balance the benefits of promoting statewide uniformity in program administration against the risk that a single designated program administrator may create unnecessary regulation and bureaucracy.

(See the white paper titled [Elements of a Well-Designed C-PACE Statute and Program To Attract Private Investment and Foster Transaction Volume \(version 2.0\)](#))

2. PACENation encourages program administration that:
 - a. Defines clearly the roles of the program administrator and the capital provider;
 - b. Publishes a program manual or program guidelines;
 - c. Minimizes documentation requirements and avoid extraneous requirements;
 - d. Prices its services *a la carte*, rather than requiring every property owner to pay for a broad range of services that may not be needed;
 - e. Establishes program fees that cover only actual and reasonable costs;
 - f. Collaborates with capital providers to create the program documents and the application process, and before changing any of the documentation requirements;
 - g. Provides a written statement that the financing meets the program requirements;
 - h. Creates a level playing field for all capital providers;

- i. Encourages a property owner to obtain an energy savings estimate;
- j. Does not unduly limit capital providers from their financial underwriting responsibilities;
- k. Operates a predictable, transparent, and efficient closing process;
- l. Implements an effective system of billing, collection, and remittance of payments to the capital provider, with appropriate management of accounts;
- m. Specifies in the Program Administrator's contract the minimum acceptable service levels and requires the program administrator to periodically review the application and approval process;
- n. Establishes a reliable and predictable process for curing delinquencies and commencing the enforcement process to enforce the C-PACE assessment and rights; and
- o. Does not require expensive post-installation reporting or measurement and verification services.

(See the white paper titled [Elements of a Well-Designed C-PACE Statute and Program To Attract Private Investment and Foster Transaction Volume \(version 2.0\)](#))

3. PACENation endorses as a fundamental principle that C-PACE capital providers are entrusted with primary responsibility for:
 - a. Documenting compliance with program rules;
 - b. Underwriting the project's financial profile and setting the financial terms of the transaction; and
 - c. Closing the transaction and disbursing funds.
4. PACENation believes that in fulfilling these responsibilities, a capital provider should:
 - a. Follow the C-PACE authorizing statute and local ordinance or resolution, the program guidelines or handbook, and the program administrator's directions;
 - b. Establish internal written policies and procedures;
 - c. Be accurate and complete in its work product;
 - d. Communicate any areas for clarification to the program administrator;
 - e. Anticipate workflow bottlenecks and meet time commitments; and
 - f. Preserve and safeguard the C-PACE project transaction files.

(See the white paper titled [Good Industry Practices for C-PACE Capital Providers in Documenting Compliance with Program Rules and in Underwriting and Closing Transactions.](#))