

What is C-PACE?

For Lenders



C-PACE, or Commercial Property Assessed Clean Energy, is a powerful financing tool that pays for a wide variety of energy-related improvements to new or existing buildings and real property including multifamily properties. Qualified C-PACE Capital Providers finance 100% of the hard and soft costs of eligible projects through fixed rate, fully amortizing loans for up to 30 years. C-PACE loans are secured by a special assessment on the real estate, which automatically transfers upon sale or foreclosure. Property owners pay back the loans directly to C-PACE Capital Providers. The Virginia PACE Authority (VPA) will assist Capital Providers with loan servicing under certain circumstances. Virginia law requires the written subordination agreement from each prior lienholder, which is a condition of approval by VPA.

What are the benefits of C-PACE for Senior Lenders?

- ✓ **New Lending Product:** Senior Lenders can utilize C-PACE to offer an alternative financing product to their customers, providing 100% upfront funding.
- ✓ **Greater Debt Service Coverage:** Many owners use C-PACE to install measures such as solar panels or upgrade obsolete HVAC equipment. These types of projects reduce operating costs and increase the debt service coverage ratio (DSCR).
- ✓ **Increased Collateral Value:** Lower operating costs result in higher NOI, increasing the value of the collateral. C-PACE projects result in high performing buildings and increased property values, mitigating risk to Senior Lenders.
- ✓ **Increased Cash Flow:** Repayments on C-PACE financing can extend up to 30 years, allowing for annual energy savings to exceed the annual C-PACE payments. This increases cash flow, so that the property owner may pay its existing mortgage or other expenses.
- ✓ **Senior Lender Consent Required:** If consenting to a project that the Senior Lender did not originate, the Senior Lender has the right to say "No" to a C-PACE loan. Virginia law requires the recordation of a written lender consent and subordination agreement from each prior lienholder, which is a condition of approval by VPA.

Learn more and register at: virginiapace.com/resources/capital-providers

