

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. 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 of the property. Property owners pay back the loans directly to qualified C-PACE Capital Providers or to the jurisdiction with assistance from the Virginia PACE Authority (VPA). Virginia law requires the recordation of a written lender consent and subordination agreement from all senior lienholders, 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 all senior lienholders, which is a condition of approval by VPA.

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