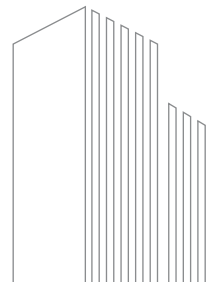


# Consenting to C-PACE Financing with PACE Equity

DIRECT BALANCE SHEET LENDER WITH  
\$2 BILLION IN COMMITTED CAPITAL



175+  
PROJECTS  
FUNDED

20+  
ORIGINATORS  
ACROSS U.S.

9.8/10  
CUSTOMER  
SATISFACTION

\$6.3B  
COMMERCIAL  
DEVELOPMENTS  
ENABLED



## ABOUT US

PACE Equity is a direct balance sheet lender with approximately \$1.0 billion in funded C-PACE financings. With \$2 billion in committed capital, we provide long-term, low-cost, non-recourse financing that enhances returns and moves projects forward. We offer binding commitments and end-to-end management that developers trust.



Our C-PACE financing of **ALMOST \$1 BILLION** in development transactions closed alongside **\$4.5 BILLION** in senior debt.

## C-PACE FINANCING

Commercial Property Assessed Clean Energy (C-PACE) leverages a public/private partnership legislated by the state to provide long-term (20-30 years), fixed rate financing for qualified improvements in commercial real estate development or renovation projects. Repayments are made through special property tax assessment Assessments “run with the land,” therefore C-PACE is non-recourse to the borrower, does not accelerate or become due upon the sale of the property.

C-PACE financing funds specific improvements in a construction budget that demonstrate quantifiable utility or water savings, produce renewable energy and bolster building resiliency (in some states). Typical eligible improvements include energy measures such as HVAC systems, heat pumps, LED lighting, high-efficiency windows; water conservation measures; renewable energy systems and building resiliency measures.

Properties of all commercial types, including multifamily, office, industrial, hospitality, senior living and more can access this capital. C-PACE financing is available for recapitalization, retrofits, and developments. Properties which have been developed or renovated with these improvements in the prior 3 years are eligible for financing, which can be utilized for debt service reserves, loan paydowns, working capital and more.

This financing tool was created to incentivize owners and developers to build high performance buildings that achieve more sustainable or energy efficient standards, by providing access to advantageous capital for those specific improvements.

### C-PACE IS A STRATEGIC FINANCING TOOL



Increase  
IRR



Recapitalize



Close  
Funding Gap

## LENDER CONSENT FOR EVERY PROJECT

Prior to closing, existing mortgage holders on the property must consent to the C-PACE financing. This consent functions as a transparency requirement and double-check on the project viability. To date, over 400 national, regional, and local lenders have consented to C-PACE financing. A sample lender consent document by senior lenders is available.

We believe in transparency, quality control, and thorough underwriting. PACE Equity has an outstanding underwriting and risk mitigation track record, maintained over our firm’s history. This consent is not a subordination agreement or intercreditor agreement, it is simply ensuring that you are aware of our participation in the project and how C-PACE financing works.

# Why Senior Lenders Consent to PACE Equity

## C-PACE INSTALLMENTS CANNOT BE ACCELERATED

PACE Equity financing is fixed rate, fully amortized payment with no interest rate resets or balloon payments over the entire 20-to-30-year term. The full C-PACE assessment amount is recorded on the property records, however, only delinquent payments may be collected. C-PACE payments are typically only 1 percent or less of a property's value. A senior lender may also make advances under its existing loan to pay delinquent taxes and C-PACE installments to keep these obligations current. Any future payments are due according to the original repayment schedule and do not balloon unlike a mortgage.

## C-PACE FINANCING DOES NOT RESTRICT A SENIOR LENDER'S FORECLOSURE RIGHTS

In the event of a default on the senior lender's debt, the senior lender can foreclose on its mortgage interest in the property in the same manner as if it were the sole financing on the property. C-PACE does not affect any existing remedies under the loan documents. The C-PACE capital provider may not prevent, restrict, or otherwise impact the senior lender's foreclosure. Any default or enforcement of the senior lender's loan does not constitute a default on PACE Equity's financing.

## PREPAYMENT FLEXIBILITY

Unlike a traditional tax assessment, **PACE Equity can be prepaid at any time** and there is no due on sale clause, therefore we can be automatically transferred in the event of a sale. If a foreclosure occurs, for example, the bank can transfer the outstanding obligations to a future buyer without penalties or approvals needed from PACE Equity.

## C-PACE FUNDING STRUCTURE MITIGATES RISK FOR THE LENDER

While many C-PACE financings are fully funded at closing, funding schedules can be tailored to align with project requirements and optimize capital deployment.

## SENIOR LENDERS MAY ESCROW FOR THE C-PACE INSTALLMENT PAYMENTS

Senior lenders may require property owners to escrow monthly for the annual or semi-annual C-PACE installment payment. The escrow mitigates the risk of nonpayment of the C-PACE installment when due. In addition, a lender may also require the C-PACE capital provider to capitalize an interest reserve to carry the payments during a construction period.

## PROJECTS

Development  
Renovation/Retrofit  
Redevelopment  
Recapitalization/Refi  
Efficiency Upgrade

## TIMING

Pre-construction  
Mid-construction  
Up to 3 years after C/O  
(or installment date)

## COMBINED UNDERWRITING STANDARDS

We underwrite to combined loan + CPACE standards that include evaluation of global secured debt obligations of the property (such as cash equity, combined LTV and DSCR). This ensures there is adequate funding levels and cash flow available to service all obligations. By underwriting all financing, this is the strongest mitigation against cash flow issues.

## CUSTOMER RELATIONSHIPS

C-PACE Financing allows the sponsor to make smart investments into their project in a financially efficient manner. Many sponsors will make their financing decisions based on approving C-PACE for their project. This becomes a differentiator for relationship managers to win business. Leveraging PACE Equity as a participating lender can also allow lenders to eliminate bank participations and work with larger customers.

## C-PACE FINANCING MAY INCREASE THE VALUE OF THE SENIOR LENDER'S COLLATERAL

Buildings built to a specification that's higher than code standards operate with lower energy and water costs. Therefore, a C-PACE project may generate higher net operating income and valuation.

# Frequently Asked Questions

## Q: HOW DOES C-PACE BENEFIT THE SENIOR LENDER?

Both the lender and PACE Equity complete an underwriting of the property to ensure the project has adequate cash flow for its obligations. Senior lenders are required to consent to a PACE Equity assessment.

For PACE Equity to be involved, there must be an eligible improvement to the property, that typically reduces a building's operating costs. After completion of the project, the building collateral value is boosted by lower long-term operating costs.

By partnering with PACE Equity consenting lenders can differentiate themselves in the market relative to competitors by offering more solutions to your clients. Consenting lenders gain a competitive advantage through being able to offer additional capital sources to retain current clients, capture new clients, and eliminate traditional participating lenders.

## Q: WHAT DO I HAVE TO SIGN TO APPROVE PACE EQUITY FINANCING?

There are no SNDAs or intercreditor agreements. The only paperwork needed for the bank to sign is an acknowledgment and consent to the financing from PACE Equity. Many lenders like the simplicity that they do not have to work through complicated intercreditor agreements to enforce their rights such as what is required with mezzanine financing

## Q: HOW DO BANKS UNDERWRITE C-PACE AND MITIGATE RISK?

C-PACE is a voluntary assessment financing obligation. It is not considered an operating expense and is underwritten as a debt service obligation. Due to its prepayable and voluntary nature, it is excluded from appraisals.

A best practice is to establish sufficient debt service reserves to cover all obligations through lease-up and stabilization. A detailed cash flow schedule should be prepared to provide transparency and comfort to all parties during this period. Once the property reaches breakeven cash flow, many lenders require monthly escrow of C-PACE payments, with disbursements made by the lender when due.

These measures ensure C-PACE payments are always supported by the property's cash flow, materially reducing lender risk.

## Q: HOW ARE ENERGY SAVINGS USED TO DETERMINE FINANCING?

An energy study is required to qualify for PACE Equity financing and will quantify the utility savings and other benefits of the improvements. The energy modeling looks at current utility spend or will use a building model based on local code.

# Frequently Asked Questions (cont.)

## Q: HOW ARE ENERGY SAVINGS USED TO DETERMINE FINANCING?

An energy study is required to qualify for PACE Equity financing. This study will quantify the utility and operating cost savings and other benefits of the improvements. The energy modeling evaluates energy savings over current utility expenses or will estimate savings based on an energy modeling comparison between a code standard base building as compared to the actual higher performance building specification.

## Q: HOW ARE C-PACE ASSESSMENTS REPAID?

The property owner repays the financing in installments as a line item on the property tax bill and collected through the normal tax collection process. The tax authorities forward payments to the capital provider. Alternatively, many states allow the capital provider to directly bill and collect from the property owner. Assessment installment payments are known in advance and recorded on real property records with a payment schedule. The assessment may also be prepaid.

## Q: WHAT HAPPENS IN THE CASE OF NONPAYMENT?

There will be a delinquent property tax bill. In the event the assessment payments remain unpaid it typically takes multiple years before the local unit of government's statutory collection and enforcement mechanisms permit a foreclosure action on a property with delinquent property tax payments. During this period, PACE Equity sits in arrears and allows the lender to work through the issue with the sponsor.

Lenders are protected because in the event of a default, PACE Equity has no mechanism to accelerate the outstanding principal balance, nor any additional foreclosure remedies that might require transfer of the interest in the property. PACE Equity's sole remedy relies on the local government's statutory collection and enforcement process to run its course, which as stated above may take multiple years. During this period the only payment obligation to PACE Equity is to cure any past due assessments that remain uncollected, never any future payments or principal. In the case of an assessment payment delinquency, PACE Equity asset management will contact the lender of record and provide notice of the delinquency to ensure they are aware of outstanding payment and the impacts if it is not brought current within a reasonable timeframe. The lender then has flexibility to catch up obligations, whether that is forcing the borrower, calling a default, or making a tax advance payment.

## Q: DOES THIS IMPACT A LENDER'S ABILITY TO FORECLOSE?

Not at all. The mortgage lender maintains complete autonomy to use all remedies according to their loan agreement with the borrower, including calling a default and any foreclosure rights. The mortgage lender is not required to involve PACE Equity in any of these decisions, nor seek PACE Equities approval. All these decisions are determined solely by the mortgage lender until your security interest is perfected.

# PACE EQUITY FIRSTS

**FIRST PACE**  
PROJECTS TO INCLUDE  
TIF/NMTC/HTC/OZ/etc.

**FIRST PACE**  
RECAPITALIZATION PROJECT

**FIRST PACE**  
NEW CONSTRUCTION PROJECT

**FIRST PACE**  
PROVIDER TO OFFER REDUCED  
RATE FINANCING FOR  
HIGH-EFFICIENCY BUILDINGS,  
KNOWN AS CIRRUS C-PACE



**FIRST PACE**  
RETAIL INVESTMENT OFFERING

PACE Equity CIRRUS C-PACE projects are the basis for a Public Debt Offering to retail investors through the Cut Carbon Note

## PACE EQUITY LEADS THE INDUSTRY

**Integrated Originations Decisions:** Our financing commitments are integrated with our investment committee, ensuring we deliver confidently on all our financing commitments.

**Certainty of Execution**—Our in-house team of CRE experts deliver an expectation of funding that provides a certainty of execution our clients rely on. This unique analysis by PACE Equity results in a customized solution for each client, taking into account each project’s PACE jurisdiction and its unique requirements. We give binding vetted commitments rather than subjective term sheets.

**CIRRUS C-PACE:** Reduced cost capital for green certified buildings or buildings that meet our own certification.



**In-house C-PACE Engineers:** Our experienced engineering team deliver the required energy study and use their expertise to maximize the funding amount & amortization term.

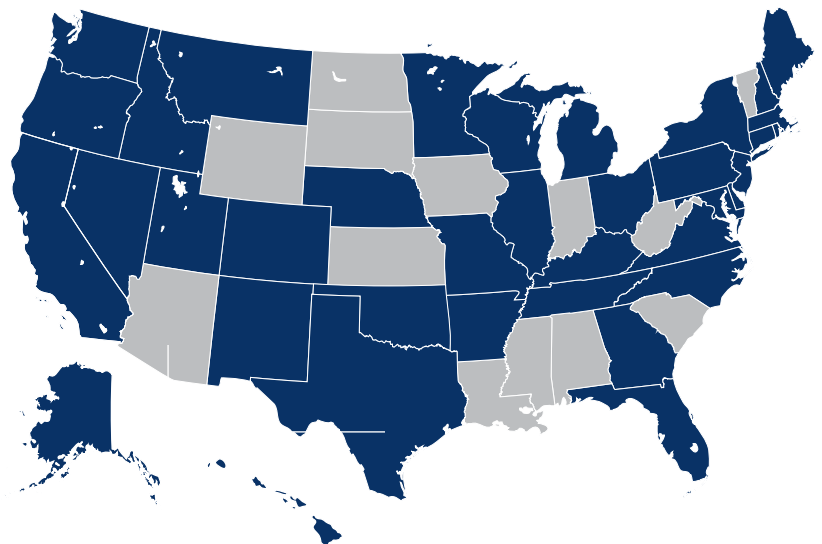
“PACE Equity exceeded our expectations in every regard. Their proactive approach to client education assisted tremendously in making the process easy to navigate.”

PRESIDENT/CEO, HEADWALL INVESTMENTS

## FINANCING AVAILABLE ACROSS THE U.S.

PACE Equity is available in states and cities across the U.S. We believe in working locally and building long-term relationships. As PACE legislation expands, so do we.

Visit us at [www.pace-equity.com](http://www.pace-equity.com) for the most current map of available states.



# Over 400 Lenders Have Consented to C-PACE

1st Trust Bank  
100 Mile REIT  
A2B2 LLC  
Abby Bank  
Academy Bank  
Access Point Financial  
ACH Child and Family Services  
Actos Group  
Adams Bank & Trust  
Alaska Housing Finance Corporation  
Ally Bank  
Alpine Bank  
AltCapital  
Amalgamated Bank  
Amarillo National Bank  
America's Christian Credit Union  
American Agricultural Credit  
American Financial Network  
American Nation Bank  
American National Bank Fox Cities  
American River Bank  
American West Bank  
Ameriprise Financial  
Ameris Bank  
Ameritas Investment Partners  
ANB Bank  
Andrews Federal Credit Union  
Associated Bank  
BancorpSouth Bank  
Bank First  
Bank Hapoalim B.M  
Bank of America  
Bank of Ann Arbor  
Bank of CO  
Bank of Commerce  
Bank of George  
Bank of Luxemburg  
Bank of New York Mellon (as Trustee)  
Bank of Sullivan  
Bank of Sun Prairie  
Bank of the Ozarks  
Bank of the West  
Bank of Wisconsin Dells  
Bankers Trust Company  
BankRI  
Bankwell Bank  
Banner Bank  
Basin Street Capital  
BB&T  
BBCN Bank  
Bellco Credit Union

Berkley Bank  
Berkshire Bank  
BMO Harris Bank  
Boston Private Bank & Trust  
Branch Banking & Trust  
Bremer Bank  
Bridge Bank  
Bristol County Savings  
Broadmark Realty Capital  
Broadway National Bank  
BSPRT CRE Finance LLC  
Builders Capital  
Business Lenders LLC  
Byzantine Diocese of Stamford  
C Sharps LLC  
CAB Associates  
Cadence Bank  
California Bank and Trust  
California Plan of Church Finance, Inc  
CanAm Texas Regional Center  
Capella Mortgage Corp  
Capital Credit Union  
Capital Credit Union - Mortgage  
Capital Impact Partners  
Capital National Bank  
Capital Region Development Authority  
Capitol Bank  
Capitol National Bank  
Carrolton Bank  
Castroville State Bank  
CBank  
Cedar Rapids Bank and Trust Company  
Cen-Cal Business Finance Group  
Centennial Bank  
Centennial Lending  
Central Bank of the Midwest  
Central National Bank  
Central State Bank  
Centreville Bank  
CFCU  
Charter Oak Federal Credit Union  
Chase  
Chelsea Groton Bank  
Chelsea State Bank  
Chestnutz  
Cheviot Savings Bank  
Choice Bank  
CIBC Bank USA  
Circle Bank  
Citibank

Citizen's Alliance Bank  
Citizens Bank  
Citizens Business Bank  
City National Bank  
City of Kansas City  
City of Stevens Point  
Citywide Banks  
CO Business Bank  
CO Structures  
Coastal States Bank  
Collins Community Credit Union  
Collins Loan Services  
Commerce Bank  
Commerce National Bank  
Commerce State Bank  
Community First Credit Union  
Community National Bank and Trust of Texas  
Community State Bank  
Compeer Financial  
Connecticut Housing Finance Authority  
Connecticut Innovations  
Construction debt - Capitol Bank  
Cornhusker & PCBB  
Cost Fund I  
CoVantage Credit Union  
CT Dept of Economic & Community Development  
CTBC Bank Corporation  
CUSO LLC  
Customers Bank  
CW Capital  
Dallas Butler Hotel Investors  
DC Dept of Behavioral Health  
DC Dept of Housing and Community Development  
DC Housing Authority  
Department of Economic and Community Development (CT)  
Deutsche Bank  
Dime Bank  
Dubuque Bank & Trust  
Eagle Bank  
Enterprise Bank & Trust  
Equity Bank  
Exchange Bank  
Fairfield County Bank  
Farm Credit East  
Farmers State Bank of Altos Pass  
Farmington Bank  
Fifth Third Bank



Visit  
[pace-equity.com](https://pace-equity.com)  
for our  
portfolio  
of projects.

First Bank (IA)  
First Bank and Trust of IL  
First Bank of Boulder  
First Bank of Lake Forest  
First Bank  
First Business Bank Madison  
First Business Bank  
First Citizens Bank  
First Community Bank  
First County Bank  
First Guaranty Bank  
First Interstate Bank  
First Mountain Bank  
First National Bank and Trust  
First National Bank of Boulder  
First National Bank of Central Texas  
First National Bank of Hartford  
First National Bank of Hutchinson  
First National Bank of Monument  
First National Bank  
First Niagara Bank  
First Niagara  
First Republic Bank  
First State Bank & Trust

# Over 400 Lenders Have Consented to C-PACE

First Utah Bank  
 First Western Trust  
 Five Star Bank  
 Fjord / CHF Revolving Loan Fund  
 Flatirons Bank of Boulder  
 FNC Bank  
 Folsom Lake Bank  
 Forbright Bank  
 Forte Bank  
 Fortifi Bank  
 FRA Centennial Bank of the West  
 Frandsen Bank  
 Frontier State Bank  
 Fulton Bank  
 GE Credit Union  
 Genworth Life Ins. Co  
 German American State Bank  
 Glacier Bank  
 GNCU  
 Golden Pacific Bank  
 Golden Valley Bank  
 Goldman Sachs Bank  
 Great Western Bank  
 Greater Commercial Lending  
 Greater Sacramento Development Corp.  
 GRS Realty, LLC  
 Guaranty Bank  
 Guilford Savings Bank

Hanmi Bank  
 Happy State Bank  
 Hawthorn Bank  
 Helaba Landesbank  
 Hessen-Thüringen  
 Henthorn Family Trust  
 Heritage Bank of Commerce  
 Hiawatha National Bank  
 Home Savings Bank  
 Hometown Bank  
 Horizon Bank  
 HSH Nordbank  
 Huntington National Bank  
 IberiaBank  
 iBorrow  
 ILS Lending Inc  
 Incommons Bank  
 Independence Bank  
 Independent Bank  
 Industrial Bank  
 InterBank  
 ISAOA  
 J.P. Morgan Chase  
 Jet Lending  
 John Marshall Bank  
 Johnson Bank  
 JR&B  
 KeyCorp  
 Lake Ridge Bank  
 Layne Foundation  
 Lead Bank  
 Lehman Brothers  
 Liberty Bank  
 Liberty Bankers Life Insurance Company  
 Lincoln Savings Bank  
 Litchfield Bancorp  
 Litchfield Bank Corp  
 LoanCore Capital  
 Loomis Trust  
 M&T Bank  
 MainStreet Bank  
 Marion Haddad  
 Massachusetts Mutual Life Insurance Company  
 McCarthy Baker  
 McCoy Ventures  
 McFarland State Bank  
 Mechanics Bank  
 Mercedes Benz Financial Service  
 Meridian Bank  
 Metlife  
 Michigan Business Connection LLC

Mid America Bank  
 Middlefield  
 MidFirst Bank  
 Midland States Bank  
 Midwest One Bank  
 Midwest Regional Bancorp Inc.  
 Milwaukee Economic Development Corporation  
 Monona Bank  
 Monson Savings Bank  
 Montgomery Bank  
 Mortgage Calmwater Capital  
 Mound City Bank  
 Mountain America Credit Union  
 MT Funding  
 Mutual of Omaha  
 National Association  
 National Bank of Commerce  
 National Iron Bank  
 New Glarus  
 New Resource Bank  
 NewFirst National Bank  
 Newtek Small Business Finance, LLC  
 Newtown Savings Bank  
 Northeast Community Bank  
 Northern State Bank  
 Northrim Bank  
 Northwestern Bank  
 Northwestern Mutual  
 NUVO Bank  
 NY State Teachers' Retirement System  
 Ocean First Bank  
 Octagon Financial  
 One Community Bank  
 Origin Bank  
 Oritani Bank  
 OSSE  
 Pacific Alliance Bank  
 Pacific Premier Bank  
 Pacific Union Association of Seventh Day Adventists (Parker Mortgage & Investment Company)  
 Pacific Western Bank  
 Park Bank  
 Park National Bank  
 Park View Financial Fund  
 Partners Bank  
 Patriot Bank  
 PCCP Credit  
 Pender WEST Credit One REIT  
 People's Bank of Massachusetts

PeopleFund NMTC II  
 Peoples Bank of Holyoke MA  
 Peoples United Bank  
 Perpetual Federal Savings  
 PIDC  
 Plains Capital Bank and the CH Foundation  
 Plains Commerce Bank  
 Planters Bank  
 Plumas Bank  
 PNC Bank  
 Preferred Bank  
 Premier Valley Bank  
 Presbyterian Church (U.S.A.) Investment & Loan Program  
 Priority Investor Loans  
 Private Bank & Trust  
 ProAmerica  
 Prosperity Bank  
 Protective Life Insurance  
 Prudential Insurance  
 PyraMax Bank  
 Quinnipiac Bank and Trust  
 Redwood Credit Union  
 Reverse Bank  
 RiverSource Life Insurance Company  
 Rockland Trust  
 Rockville Bank  
 Romspen / Const. Loan Svcs II  
 Royal Bank of Canada (as LIHTC Syndicator)  
 Royal Credit Union  
 Salisbury Bank & Trust  
 Sandy Spring Bank  
 Santa Cruz County Bank  
 Savings Institute Bank & Trust  
 SCF NBL LLC  
 Security Bank of Kansas City  
 Security Service Federal Credit Union (SSFCU)  
 Silver Lending  
 Simmons Bank  
 Simsbury Bank  
 Somerset Trust Company  
 Sonoma Bank  
 SSFCU  
 St. Bank of Cross Plains  
 StanCorp Mortgage Investors  
 Standard Insurance Company  
 State Bank of Cross Plains  
 State Bank of Delano  
 Stearns Bank  
 Sterling Savings Bank



Join the  
**Preferred  
 Lender  
 Program**  
 so we can  
 work together  
 to  
 close projects.

# Over **400 Lenders** Have Consented to C-PACE

Stockman Bank of Montana  
Summit Credit Union  
Summit State Bank  
SunTrust Bank  
Superior Choice Credit Union  
TBK Bank  
TCF Bank  
TD Bank  
The Episcopal Church in the  
Diocese of Northern California  
Endowment Trust  
The First Bank  
The First National Bank of  
McGregor  
The Milford Bank  
The Park Bank  
The Reinvestment Fund  
Thomaston Savings Bank

Torchlight Investors LLC  
Torrey Pines Bank  
Town of Putnam  
Toyota Financial Services  
Transpecos Banks  
Trez Capital Corporation  
Trinity Capital Bank of Texas  
TruePartnerCredit Union  
Truist Bank  
Twain Financials  
U.S. Bancorp Community  
Development Corporation  
UC Funds  
UC Travis Holder  
UMB Bank  
Umpqua Bank  
Union Bank  
Union Savings Bank

United Bank  
UPS Capital Business Credit  
US Bank  
US Department of Agriculture  
(USDA)  
US Small Business  
Administration (SBA)  
Valley National Bank  
Vectra Bank  
Vista Bank  
Washington Capital  
Management  
Washington Trust  
Waterbury Development  
Corporation  
Waypoint Bank  
Webster Bank  
Wells Fargo

Wesbanco  
West Bank  
West Pointe Bank  
WestAmerica Bank  
Westerly Community Credit  
Union  
Western Bank  
Westfield Bank  
Whitcraft  
Whittier Trust CO of Nevada  
Wilshire Bank  
Windsor Federal Savings  
Wright-Patt Credit Union, Inc.  
WSFS  
X-Caliber Rural Capital



“C-PACE adds  
a strategic  
dimension to  
financial structuring.”

PRESIDENT/CEO  
OF NFL HALL OF FAME  
VILLAGE



Moving projects forward

336.494.5185

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