

ENERGIZE NY OPEN C-PACE FINANCING PROGRAM HANDBOOK

Introduction

The Energy Improvement Corporation (EIC) offers the Energize NY Open C-PACE Program (“Open C-PACE” or the “Program”) to eligible property owners in order to provide financing for property improvements that are energy efficient or that incorporate renewable energy systems. EIC is a local development corporation and a New York State nonprofit established specifically to assist municipalities and property owners with improving buildings to lower energy costs, generate renewable energy, and support the growth of a clean energy economy.

The Program provides an alternative to traditional equity or unsecured loans by using an innovative form of financing called Commercial Property Assessed Clean Energy (C-PACE) financing. Under C-PACE financing, third-party capital providers offer direct funding to the property owner for up to 100% of the cost of the energy improvements. The loan is secured by a special assessment on the Property (a “Benefit Assessment Lien”) and is repayable by the property owner in installment payments over a term not to exceed the useful life of the Improvements.

The Program is authorized by New York State General Municipal Law Article 5-L, however, Open C-PACE must be enabled at the local level. Counties and municipalities with tax lien authority interested in extending PACE financing to their commercial property owners must adopt a Local Law establishing the Program in the municipality and enter into a Municipal Agreement with EIC to administer the Program on its behalf.

PACE Project Process

Below are the detailed steps in putting together a PACE project.

1. Determine Property Eligibility

Financing by the Program is subject to the following Eligibility Requirements:

- The property owner may not be in bankruptcy and the property may not constitute property subject to any pending bankruptcy proceeding;
- The amount financed under the Program shall be repaid over a term not to exceed the weighted average of the useful life of Renewable Energy Systems and Energy Efficiency Improvements to be installed on the property as determined by EIC;
- Sufficient funds are available from Financing Parties to provide financing to the property owner;
- The property owner is current in payments on any existing mortgage on the Qualified Property;

- The property owner is current in payments on any real property taxes on the Qualified Property; and
- Open C-PACE is only available for commercially owned properties. Qualifying Property Owners may be corporations (both for-profit and not-for-profit), limited liability companies, partnerships, real estate investment trusts (REITs), or any Property Owner other than a natural person that owns commercial real Property.
- Such additional criteria, not inconsistent with the criteria set forth above, as the State, the Municipality, or EIC acting on its behalf, or other Financing Parties may set from time to time.

Ineligible Properties:

- Individually owned properties
- Government owned property (including public universities and school districts)

2. Determine Project Scope

Proposed improvements must be evaluated through a Qualified Energy Audit and/or a Renewable Energy System Feasibility Study using a NYSERDA approved process as referenced in the [NYSERDA Commercial Property Assessed Clean Energy \(PACE\) Guidance Document](#) and/or through an approved NYSERDA or local utility qualified energy program.

PACE energy auditors and contractors that perform Renewable Energy System Feasibility Studies are required to have the credentials listed in the guidance document.

Proposed improvements are then required to:

- Be permanently affixed to the property, and
- Satisfy NYSERDA's [Cost Benefit Ratio](#) or use [measures deemed cost effective](#) by NYSERDA (refer to pg. 9 of NYSERDA C-PACE Guidance), or
- Be on the NYSERDA list of [Commercial PACE Eligible Renewable Energy System Technologies](#)

3. Refinancing of Completed Projects

EIC will permit refinancing and reimbursement of costs incurred within the past two years for energy efficiency or renewable energy improvements to Qualified Properties that satisfy NYSERDA and EIC requirements. EIC will consider a look back period of longer than two years on a case-by-case basis.

4. Select a C-PACE Capital Provider

The C-PACE Program is a competitive, open market model. Financing is provided by private third-party capital providers who have been approved by EIC. A wide range of finance companies can participate in Open C-PACE, and it will be up to the property owner to select the capital provider.

5. Prepare Application and Gather Required Documents

A C-PACE project requires the submission of an application by the property owner or a Capital Provider to EIC. See Appendix A for a list of documents that will be submitted in order to close the financing.

6. Close on C-PACE Financing

C-PACE financing requires a set of contracts be put in place, wherein the property owner voluntarily agrees to the addition of the Benefit Assessment Lien on the property, and to be billed by EIC on behalf of the Municipality, in installment amounts until the full amount of the financing is paid.

7. EIC Fees

a. Upfront Charge: (1.5% of the Base Project Cost up to a maximum of \$125,000). As used herein, “Base Project Cost” means the total amount of the Loan minus capitalized interest, accrued interest, and fees charged by either EIC and/or the Capital Provider. EIC reserves the right to adjust our fees at any time.

b. An annual surcharge of [.25%], [.20% for \$10 million or greater], [.15% for \$20 million or greater], per annum of the Benefit Assessment (the “Annual Surcharge”). The Annual Surcharge shall be added to the interest rate payable on the Loan when computing the Annual Installment Amount. i.e. For example, if the Capital Provider’s interest rate is 6.0%, the rate charged to the borrower will be 6.25%. This charge is payable to EIC within 10 business days of receipt of payment. Please note that EIC’s interest rate adder shall be used to calculate capitalized interest.

c. The minimum cost to file both the Certificate of Levy and Lien of Benefit Assessment and the Assignment of the Benefit Assessment lien will be \$1,200, and subsequent filings will be \$300.

Any additional costs associated with the recording on the land records of the Municipality of the Benefit Assessment Lien, the Assignment of Benefit Assessment Lien, the Confirmation and Amendment of Benefit Assessment Lien and Payment Schedule, any subsequent Assignment of Benefit Assessment Lien and the Release of the Benefit Assessment Lien shall be paid by the Capital Provider.

APPENDIX A: REQUIRED TRANSACTION DOCUMENTS

- Application
- Energy Audit (including expected Cost Benefit Ratio and/or identification of pre-qualified measure listing) or Renewable Energy System Feasibility Study
- Weighted Average Life calculation of the improvements
- Scope of Work, which must include signed contracts or proposals for all measures
- Lender Consent from Mortgagee
- Title Search completed within 60 days of closing, including search for last owner, bankruptcy, liens, and taxes
- A Draft Finance Agreement that reflects the requirements of Section 6. (b) of the [Administration Agreement](#)

The following are required for final disbursement upon completion of installation of the improvements:

- Confirmation from a NYSERDA or utility program that the improvements were installed, or
- Receipt of paid invoices for the cost of the improvements, and either
 - a site inspection by a municipal corporation-approved inspector, or
 - a certificate of completion signed by the installer and the property owner, and (if applicable)
- A utility Permission to Operate notice for renewable energy generation