

# Q&A For PACE Adoption

Presented by the Hinesburg Energy Committee:  
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# What does PACE stand for:

- **Property Assessed Clean Energy.**
- It is a method of homeowner financing which will allow investment in efficiency or renewable energy improvements to their homes.

# Why should Hinesburg choose PACE?

- Increasing the quality of housing stock
- Helping the town be more self-reliant and energy efficient
- Contributing to the Hinesburg sustainability, climate, and energy goals
- Providing a self-sustaining public service to the members of your community. All program costs are paid for by participants, and there are no costs to property owners who do not participate
- Municipality is expressly NOT liable for PACE project performance failure.

# What if Hinesburg self-administers their own PACE program?

- Designing the PACE program (could use available model language).
- Entering into a written agreement with the participating property owner;
- Following underwriting criteria established by the Vermont Department of Financial Regulation;
- Recording the lien for participating properties (and discharging it when fully repaid);
- Participating in the Reserve Fund established by 24 V.S.A. § 3269; and
- Collecting the PACE assessment along with the property tax for the participating property.
- Designate a qualified entity to perform an analysis to quantify the project costs, energy savings and estimated carbon impacts of the proposed Energy Improvements, including an annual cash-flow analysis.

# What if Hinesburg elects to have Efficiency Vermont to act as PACE Program Administrator?

- Efficiency Vermont will perform an analysis to quantify the project costs, energy savings and estimated carbon impacts of the proposed Energy Improvements, including an annual cash-flow analysis.
- The underwriting of PACE applications.
- Advancing funds on behalf of Municipality.
- Preparing closing documents.
- Collecting PACE repayments.
- Repaying investors in the PACE Program.
- EVT has subcontracted with Opportunities Credit Union to review applications for conformance with:
  - underwriting criteria established by the Vermont Department of Financial Regulation;
  - Preparing and arranging for the execution and filing of the PACE legal documents
  - Managing the collection of assessments from multiple municipalities and any payments due to any funding source.

# Should Hinesburg administer its own program?

- The Energy Committee recommends that Hinesburg elects Efficiency Vermont to act as PACE Program Administrator.

# Next Steps:

- Hinesburg Select Board to decide if Town will self-administer program.
- Sign on EVT as program Administrator or start designing own program.
- Town to maintain a list of projects applying for, and have completed PACE funding.
- Decide whether or not to make program requirements such as whether to make energy audits mandatory or just recommended. Town can make the program requirements more, not less stringent.
- Select a program contact for the Town.

# What types of properties will be eligible to participate in PACE?

- Any residential dwelling - primary residence, vacation home, 1 – 4 unit owner occupied structure, manufactured home or condominium - located in a PACE district

# How much funding can a property owner obtain for energy improvements?

- The minimum amount that can be financed through the PACE Program is \$3,500. The maximum amount that can be financed is 15% of the assessed value of the property, capped at \$30,000. The total amount financed by PACE plus any outstanding mortgages on the property cannot exceed 90% of the assessed value of the property.

# Loan Rates & Fees

- Rate is 120% of medium income and below: 2.99% APR. For a single person household that would be \$56,000, for a two person household that would be \$65,000...
- Market rate loan APR is currently 6.5%
- Application fee = \$350
- Payments will need to cover the costs advanced to the property owner plus the cost of borrowing any fund, administrative expenses and an allocation to a loan loss reserve fund. PACE programs are likely to have an imputed interest rate of about 2% higher than 30-year fixed-rate mortgages.

# What happens with a Property in Default or Foreclosure

- Assessment shall be considered in default if it is 90 or more days past due of the date the municipality would impose the late payment penalty. All assessments in default shall be assigned to the municipality for collection action. Assessments in default shall be subject to the 8% penalty municipalities are allowed to charge on delinquent taxes. Recovered penalties shall be paid to the municipality.
- In the event of a foreclosure action, the past due balances of any PACE assessment unpaid as of the date the action is filed shall be due for payment, with future PACE-assessment payment obligations to continue as a lien on the property

PACE Applications are accepted during the following months of the year:

- January
- March
- May
- July
- September
- November