



Efficiency Vermont



Implementing PACE 2.0 in Vermont

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Why do we need PACE?

- Participation in energy finance programs has been less than 0.5% per year, mostly because homeowners are reluctant to risk upfront cost
- Energy financing programs mostly serve those who least need them
- Short-term consumer financing (less than 7 years) is not effective unless there are substantial subsidies

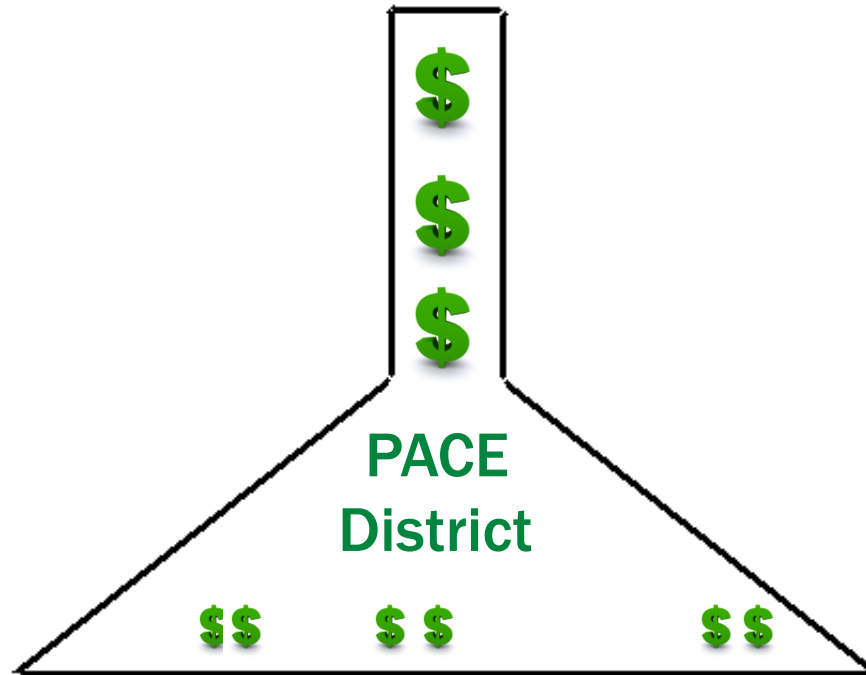
How does PACE work?

- Voluntary mechanism allowing property owners to opt in to a special assessment district created by their municipality
- Eligible energy efficiency and/or renewable energy improvements are funded by taxable municipal bonds or other municipal debt
- Repayment period up to 20 years
- Special assessment transfers to the new owner when the property is sold, or can be paid in full at time of transfer

How the money flows



Financing Source



Property
Owner

Property
Owner
Opts In

Property
Owner
Opts In

Property
Owner

Property
Owner
Opts In

Vermont PACE parameters

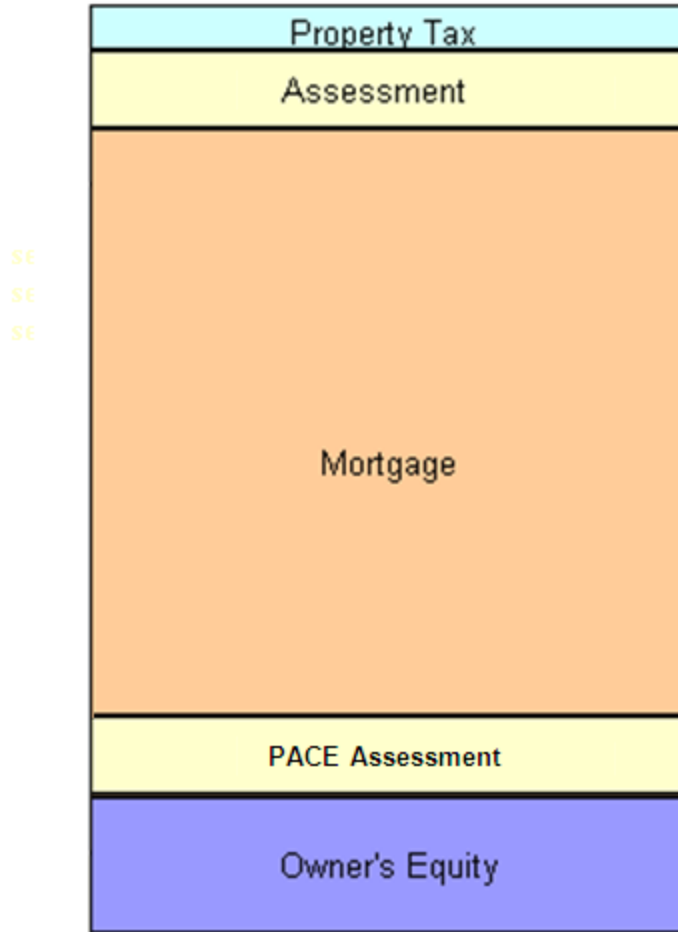
- The cost of the project financed through PACE cannot exceed \$30,000, or 15% of the assessed value of the property (AVP), whichever is less
- The loan-to-value ratio of any outstanding mortgages, plus the amount of the PACE assessment, cannot exceed 90% of the AVP
- Only residential properties are eligible to participate

National PACE developments - FHFA

Federal Housing Finance Agency (FHFA) issued a letter on July 6, 2010 regarding PACE:

- instructed Fannie Mae and Freddie Mac to use more restrictive mortgage underwriting standards for all borrowers in jurisdictions with PACE programs
- property owners that participate in senior-lien residential PACE programs will violate standard mortgage provisions and could trigger a mortgage default.

VT PACE lien position



In Vermont's legislation, PACE assessments are subordinate to property taxes and mortgages

Vermont's PACE lien status

24 V.S.A. § 3255

Special assessments ... shall constitute a lien on the property against which the assessment is made in the same manner and to the same extent as taxes assessed on the grand list of a municipality, and all procedures and remedies for the collection of taxes shall apply to special assessments.

(source: www.leg.state.vt.us/statutes/fullsection.cfm?Title=24&Chapter=087&Section=03255)

Vermont's new PACE legislation

- PACE lien will be subordinate to any existing property-secured liens currently in place
- Subordinate to a subsequent first mortgage (i.e., a refinance)
- In the event of foreclosure, the PACE lien is not required to be released by the municipality
- No accelerated payments

Vermont's new PACE legislation, continued

- Creation of a reserve account is mandatory – 2% from participating property owners
- Creates a statewide loan loss reserve – 5% from RGGI funds, up to \$1 million
- Residential only at this time
- Efficiency Vermont available to act as PACE administrator for towns
- Effective Jan. 1, 2012

Other Updates

- BISHCA to release underwriting guidelines by December 31, 2011
- Treasurer's office developing procedures for RGGI Reserve Account
- VEIC working with BISHCA and Treasurer on RFP for financing

PACE in Vermont – current implementation by towns

- VEIC obtained additional Direct Congressional Funding for statewide ‘Quick Start’ implementation assistance.
- Any Vermont municipality may join to determine whether they want to move forward with the creation of a PACE district
- VEIC will provide materials and services necessary for the successful implementation of this program.

Vermont PACE Districts

Albany

Burlington

Cornwall

Craftsbury

East Montpelier

Halifax

Marlboro

Montpelier

Newport town

Putney

Thetford

Waitsfield

Westminster

Quick Start Communities

Barre City

Hardwick

Ripton

Barre Town

Hartford

Shoreham

Berlin

Hartland

South Burlington

Brattleboro

Jericho

South Hero

Cabot

Killington

Topsham

Calais

Middlebury

Underhill

Charlotte

Middlesex

Westford

Dorset

Middletown Springs

Wilmington

Dummerston

Norwich

Woodbury

Essex Town

Randolph

Woodstock

Ferrisburgh

Richmond

Worcester

What can you do?

- If your town has not already done so, join PACE Quick Start project – no cost or obligation
- Receive all the documentation and materials
- Get PACE on your Selectboard's agenda
- Get a PACE question on your town's ballot for Town Meeting Day 2012

More information

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Vermont PACE information

[www.encyvermont.com/about us/
energy_initiatives/pace.aspx](http://www.encyvermont.com/about_us/energy_initiatives/pace.aspx)