

PACE Financing FAQs

GENERAL

What is Property Assessed Clean Energy financing?

Property assessed clean energy, or PACE, is an innovative way to finance energy efficiency, renewable energy, and water upgrades to residential and commercial buildings. Property owners can finance up to 100% of the project, for up to 30 years, as a tax assessment on their property bill. The assessment obligation may be assumed by the new owner upon property sale, and under most leases, can be shared with tenants.

By providing low-cost long-term financing and making it easy for building owners to transfer repayment obligations upon sale, PACE aims to spur greater energy efficiency in existing buildings.

PACE began as a pilot program in 2008; today 31 states and the District of Columbia have adopted legislation that enables local governments to offer PACE benefits to building owners.

What are the benefits?

PACE financing provides a way to improve the efficiency of your home or business with little or no money down. In addition, repayment may be amortized for a period of up to 30 years, which can keep monthly payments low enough such that utility savings may exceed payments (net positive cash flow). Another benefit is that the interest may be tax deductible. MCE recommends consulting with a tax professional to understand if tax benefits apply to you. Finally, in some cases, the loan may transfer upon sale or refinancing, so you're not paying for upgrades for a home or business you no longer occupy.

What are the financing terms?

Terms vary by provider. More information can be found on our [Finance Finder tool](#).

Who is eligible?

PACE financing is available to property owners in select cities and counties. Applicants are subject to certain criteria, which may include having at least some equity in their home or business, or not having a history of property tax or mortgage delinquency. For a list of providers and terms in MCE territory, visit our [Finance Finder tool](#).

What products and improvements can be financed with PACE?

In general, eligible PACE products include lighting, HVAC, insulation, motors, water pumps, fuel cells, and solar panels – products that can be permanently affixed to a property and that reduce on-site electric, gas or water consumption. Some providers may be able to finance solar leases and PPAs.

Does PACE financing affect the buying or selling process?

Clear disclosures are required when selling a home or business with a PACE assessment. It's important to carefully review mortgage covenants to determine what, if any, additional tax assessment is held on the property (and what the remaining balance is).

THE FINE PRINT

Can I use any contractor to complete the upgrades?

Many providers have specific rules regarding contractors – for example, being licensed, bonded and insured, or participating in a contractor training program. The [matrix linked here](#) provides details on contractor requirements for insurance, licensing, training, and other useful information.

If you are interested in becoming a participating contractor, please refer to the matrix linked above, which includes contact information for each of the providers.

Are energy assessments required?

Energy assessments can be a great way to determine if there are energy efficiency and cost savings opportunities at your property. Some providers require an assessment as part of the program, while others do not. Additionally, some providers require it for specific sectors only (for example, for commercial properties).

How do I enroll?

Submit your application by going to the [MCE Finance Finder](#) tool, selecting your program of choice, and following the links to apply online (or contact the program).

Where do I find information on rebates and incentives?

Check out our [Rebates and Incentives page](#). Taking advantage of rebates and incentives is not a requirement of PACE programs, but it's strongly encouraged because it will lower your principal and monthly payments.

How do I find out the program is offered in my area?

Use our [zip code and city search finder](#). You will also find an updated list of jurisdictions at the top of that page. If you don't see your city on the city, please contact us at ee@mcecleanenergy.org

Will I have to get an appraisal?

Appraisals are generally not required as loan limits are based on home/business values and using real estate websites.

Which program do I choose?

MCE is program agnostic and cannot recommend programs. We have provided tools to compare terms and requirements to help you make an informed decision.