

***Buyer is responsible to verify PACE Eligibility requirements before purchase.

Property Assessed Clean Energy (PACE) financing:

- Allows property owners to finance energy efficiency, water efficiency and renewable energy improvements.
- Is repaid as an assessment through the property tax bill, and can be impounded with the property owner's monthly mortgage payemnts.
- Financing terms range between 5 and 30 years, in 5 year increments, and are limited in length to the warranty term.
- First payments can be deferred for up to 18 months.
- Does NOT Trigger a reappraisal of home. Does NOT increase the taxable value of the home.
- Does NOT appear on credit report. Does NOT change Loan to Debt Ratio.
- Assessments are secured via a senior lien on the real property; the home is subject to foreclosure in the event of a default in repayment and that may need to be paid off in the event of refinancing or home sale.

PACE Eligibility is determined by:

Property characteristics.

Location.

Income.

Assets.

Expenses.

Debt verification.

PACE Residential Lenders:

FortiFi (E3)

Ygrene

HERO (Renovate America)

PACE Eligibility Requirements:

- Minimum 10% equity in property.
- Total property taxes + assessments (including PACE) can't exceed 5% of market value.
- Total mortgage debt + PACE can't exceed 97% of market value.
- Financing < 15% of market value, up to \$700K, otherwise < 10%.
- Current on mortgage payments, and no more than 30 days late in the prior 6 months.
- Current on property taxes, and no late installments in 3 years.
- No bankruptcy within 2 years + no more than 30 days past due on debt in past 12 months.
- No involuntary liens over \$1,000.
- No recorded notices of default.
- Minimum amount financed of \$5,000.

If you plan to use PACE financing, please check each box above, then initial or sign below, to indicate that you read and understand each item.

Customer initials or signature, and date

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*/** The charts ("Model") is based on many variable conditions & assumptions, including those in NREL's 'PV Watts' performance estimation tool, historic & planned utility rate changes, projected electric usage, site-specific

**Recent utility rate increases and planned rate increase exceed the historical 6% annual increase average in the cash flow analysis. Your payback may be faster than represented in this conservative model. In 2019, SDGE rates change to Time-Of-Use; simple payback depends on the time of day energy is produced and used. SDGE minimum accounting fees of up to \$10/month in months of overproduction is represented in the model, as-is the \$0.02/kWh Non-Bypassable Charges for utility electric power consumed that is later replaced by solar power. Factors of occupancy, weather patterns and related loads (consumption) will vary and therefore simple payback, minimum fees and Non-Bypassable charges can only be forecast related to historical use. (See California AB327 & CPUC SDGE General Rate Case A.17-10-007 for more info.) <https://www.sdge.com/residential/savings-center/solar-power-renewable-energy/net-energy>

**** Please verify ITC with your tax attorney. This is not tax advice.

Residential: Sec 25D(d)(1)(2); Business: Sec 48(a)(5)(D)

Depreciation: Federal MACRS Basis per 6 years (20%, 32%, 19.2%, 11.52%, 11.52%, 5.76%); State 12 year (2.476%).

<http://www.irs.gov/pub/irs-pdf/p946.pdf>

<https://www.thetaxadviser.com/newsletters/2017/oct/credit-residential-solar-panels.html>

<http://energy.gov/savings/business-energy-investment-tax-credit-itc>

<https://www.irs.gov/newsroom/new-rules-and-limitations-for-depreciation-and-expensing-under-the-tax-cuts-and-jobs-act>

<https://pv-magazine-usa.com/2019/04/17/solar-homes-sell-for-more/>

<https://www.nber.org/papers/w17200.pdf>

<https://web.archive.org/web/20130228050451/http://www.ongrid.net/AppraisalJournalPVValue10.98.pdf>

