



**ENERGIZE  
KENTUCKY**

**PACE  
FINANCING**

## Efficient Financing for Building Efficiency



### What is PACE Financing?

PACE is a simple and effective way to finance energy efficiency and renewable energy building improvements. PACE can pay for qualifying improvements for almost any type of property including commercial, retail, industrial, nonprofit, and multi-family.

Property owners across the United States are using PACE because it saves them money and makes their buildings more valuable. PACE provides financing for 100% of an energy project's cost and is repaid for up to 25 years with a voluntary special assessment added to the property's tax bill.

### Why PACE Financing?

#### No Down Payment

PACE covers 100% of the hard and soft costs of an energy project eliminating the need for up-front capital.

#### No Personal Guarantee

PACE financing is "guaranteed" by the Special Assessment added to the property's tax bill, therefore, no personal or business guarantees are needed.

#### Off Balance Sheet Treatment

Because PACE financing is solely repaid via a Special Assessment added to the property's tax bill, "off balance sheet treatment" is recommended by some accountants because the repayment "runs with the land" and not the business.

#### Fixed Rate / Fixed Payment

PACE financing rates and terms are fixed for the life of the PACE loan.

#### 15-25 Year Term

Repayment terms can be extended to match the useful life of the eligible improvement.

#### Triple Net Lease Pass-through

Because repayment of PACE funding is via a Special Assessment on the property's tax bill and is technically an increase in property taxes, the property owner can seamlessly share the PACE-financed improvement costs (and energy savings) with the tenant under some lease structures such as "triple nets".

### PACE Benefits for the Property Owner

No Down Payment  
No Personal Guarantee  
+ Off Balance Sheet Treatment

**Preserved Credit  
Lines & Freed Up  
Capital Budgets**

Energy Savings  
Low Fixed Payment  
+ Extended Term

**Increased  
Cash Flow  
& NOI**

Energy Savings  
Low Fixed Payment  
+ Triple Net Pass Through

**ZERO Net Cost  
to Property  
Owner**

# ENERGIZE KENTUCKY'S PACE Funding Process

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- 1. Initial Eligibility Form**

The property owner completes a brief form at [KYPACE.org](http://KYPACE.org) to help PACE determine if the property and potential energy project is eligible for PACE financing.
- 2. Energy Project Summary Form**

The property owner works with a PACE registered contractor to identify eligible energy saving improvements and quantify the energy savings. This form is submitted with the Energy Project Application.
- 3. Energy Project Application**

The application allows the property owner to provide essential financial documentation about the property and its operating status. PACE provides the information to its network of registered capital providers to obtain PACE financing terms for the owner.

**NOTE:** The property owner must obtain written consent from the existing mortgage holder before a PACE special assessment can be added to the property's tax bill.
- 4. Funding**

The property owner agrees to financing terms and then the PACE special assessment is added to the property's tax bill. After the PACE financial closing occurs, the funding will be available for the eligible energy saving improvements.
- 5. Installation**

The registered contractor completes the installation of the authorized energy saving improvements. PACE ensures all improvements are installed to the satisfaction of the property owner.

## Submit an Initial Eligibility Form at [KYPACE.org](http://KYPACE.org)

### About ENERGIZE KENTUCKY

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ENERGIZE KENTUCKY serves as EPAD program administrator for local governments throughout the Commonwealth of Kentucky. In this role, ENERGIZE KENTUCKY coordinates efforts to connect property owners and developers with PACE financing capital providers to ensure funding for qualified construction and redevelopment projects. In facilitating the PACE financing process, ENERGIZE KENTUCKY manages the program's legal, legislative and lending components, while providing resources for marketing, outreach, education and training.

859.468.5598

[KYPACE.org](http://KYPACE.org)

