



FREQUENTLY ASKED QUESTIONS

Q. What is Property Assessed Clean Energy (PACE)?

A. PACE is a government policy based on the principle that commercial energy projects – such as installing solar equipment or improving a building’s heat recovery system – are public benefits similar to sewers, roads, and bridges. PACE authorizes counties to allow private capital providers to provide upfront financing to commercial property owners for qualifying improvement projects, and to collect the repayment through annual or semi-annual surcharges on the property’s tax bill. By lowering the property’s energy expenses, PACE makes the building more inviting to tenants and, consequently, more valuable. PACE is available to building owners at no upfront costs: the PACE lender pays for 100% of a project and is repaid by the assessment over a 20-year period. Moreover, the owner can sell the property, treat any expense as operational, and pass on costs to tenants.

Q. What is MD-PACE?

A. MD-PACE is a statewide partnership between PACE Financial Servicing (PFS) and the Maryland Clean Energy Center to build a statewide commercial Property Assessed Clean Energy (PACE) program.

Maryland passed PACE-enabling policy in 2014. Since property taxes are collected at the county and city level, the law requires that local ordinances also be passed to take advantage of PACE financing. The MD-PACE program allows counties in Maryland to join a statewide, standard PACE program at no cost.

Q. How can counties adopt MD-PACE?

A. For counties to opt-in to MD-PACE, their legislative body must first pass a resolution to empower the county to sign an agreement with MCEC, an instrumentality of the state. The second step is for the county to work with PFS, as the selected statewide administrator for the MD-PACE program to set up the program.

Q. What are the costs to the county?

A. The MD-PACE program administers county programs at no cost to the county. PFS works with local tax collectors and their software providers to accommodate MD-PACE on the tax bill, and receives revenue through closing and servicing fees for PACE projects.

Q. How is the program marketed to building owners? Does the MD-PACE program support counties in these efforts?

A. MD-PACE works with counties that have opted-in to the MD-PACE program to market it to building owners. MD-PACE provides counties with material, including (1) market data on eligible buildings in their town; (2) marketing material; (3) sample text to send to owners, media outlets or other relevant stakeholders.

Q. What are the risks to the county?

A. A county is responsible for collecting MD-PACE assessments, not guaranteeing their collection. The county must also ensure that the MD-PACE assessments are separately accounted for and cannot be utilized for any other purposes. If a building owner is deficient or delinquent, the county is not responsible to cover the shortfall. The county only makes payments to PFS that are actually paid by building owners and are not liable for any deficiency or delinquency. In the case of a non-payment, PFS manages special servicing for the PACE lender.

Q. Are MD-PACE funds available to the county?

A. MD-PACE funds cannot be commingled with county funds. The county will place the MD-PACE assessment in a separate account pursuant to the legal agreement executed with each county, and the county has a fixed window by which they must remit the funds to PFS. PFS distributes funds to lenders.

Q. Are PACE assessments senior to taxes owed to the county?

A. County liens related to real property have first priority, followed by MD-PACE payments in arrears, followed by non-real property county liens and assessments, followed by the first mortgage holder. The county is not required to pay PFS if the owner is delinquent.

Q. Who is the Maryland Clean Energy Center?

The Maryland Clean Energy Center (MCEC) is an instrumentality of the state created with an economic development mission. The mission of MCEC is to advance the adoption of clean energy solutions along with energy efficiency products, services and technologies to help create jobs. MCEC works to leverage private sector investment to implement public sector energy goals to enable homeowners and businesses as well as institutional and municipal consumers reduce their energy costs.

Q. Who is PACE Financial Servicing?

A. PACE Financial Servicing, LLC (PFS) has been selected by the Maryland Clean Energy Center to administer the statewide MD-PACE program. The role of PFS is to build PACE programs that seamlessly connect PACE capital to interested building owners. The result is increased economic activity, reduced environmental pollution, and new jobs. PFS combines an unprecedented track record in commercial PACE administration with extensive expertise in tax lien finance. PFS' mission is to create a low-cost PACE administration option for states and counties looking to drive private sector PACE investment and scale the PACE market nationally.

PFS's role is to

- create a PACE administration model that is lean, low transaction cost and building owner-friendly.
- design the guidelines for the PACE program in Maryland
- respond to inquiries about PACE financing
- approve PACE applications to ensure compliance with state statute and local ordinances
- support building owners, contractors, and PACE lenders to build a robust PACE market throughout Maryland
- support the County Tax Collector in onboarding PACE assessments and monitoring collection.
- ensure accurate payment allocation for project stakeholders
- offer streamlined servicing of PACE transactions, collection of PACE obligations, and remittance of payments to capital providers.

To Learn More...

Visit the MD-PACE website at www.md-pace.com

Please email any questions to the MD-PACE Administrator: info@md-pace.com / 203-357-5404

