

C-PACER Financing Program

Category	Per Act 41 (SLH 2024)	Financing Program										
Service Area	State of Hawaii	State of Hawaii										
Participating Lender or Qualified Capital Providers (QCP)	A financial institution as defined by section 412:1-109, HRS or a private or public lender approved by HGIA.	<p>A financial institution as defined by section 412:1-109, HRS or a private or public lender approved by HGIA.</p> <p>Other interested capital providers shall complete and submit a Participating Lender Application to HGIA.</p>										
Qualifying Improvements (QI)	<p>A septic system or aerobic treatment unit system or connection to sewer systems, clean energy technology, efficiency technology, resiliency measure or other improvement approved by HGIA.</p> <p>Must be permanently affixed to a building or facility or affixed to the real property.</p>	<p>Qualifying improvements include, but are not limited to the following:</p> <table border="1" data-bbox="959 695 1567 2016"> <tbody> <tr> <td data-bbox="959 695 1166 961">Wastewater / Drinking Water</td> <td data-bbox="1166 695 1567 961"> <ul style="list-style-type: none"> • Septic systems • Aerobic treatment unit systems • Connection to sewer systems • Drinking Water projects • Water conservation measures </td> </tr> <tr> <td data-bbox="959 961 1166 1108">Clean Energy (consistent with State's CE goals)</td> <td data-bbox="1166 961 1567 1108"> <ul style="list-style-type: none"> • Solar PV Systems • EV Charging Stations • Wind • Fuel cells </td> </tr> <tr> <td data-bbox="959 1108 1166 1465">Energy Efficiency</td> <td data-bbox="1166 1108 1567 1465"> <ul style="list-style-type: none"> • Insulation • Building envelope • Automatic energy control systems • HVAC • Lighting • Solar Thermal • Heat pumps • Other measures approved by HGIA (in concert with Hawaii Energy) </td> </tr> <tr> <td data-bbox="959 1465 1166 1732">Resiliency (improve durability of infrastructure)</td> <td data-bbox="1166 1465 1567 1732"> <ul style="list-style-type: none"> • Flood mitigation • Hurricane mitigation • Storm/Sea level rise • Microgrids • Energy Storage Systems • Indoor air quality • Seismic measures • Fire suppression systems </td> </tr> <tr> <td data-bbox="959 1732 1166 2016">For Condominium Associations and 5+ Multi-family Cooperatives only:</td> <td data-bbox="1166 1732 1567 2016"> <ul style="list-style-type: none"> • All condominium association related improvements that are affixed to the property or building (e.g., re-piping, elevator upgrade, concrete spalling, replacing rusted rebar, swimming pool repairs, etc.) </td> </tr> </tbody> </table>	Wastewater / Drinking Water	<ul style="list-style-type: none"> • Septic systems • Aerobic treatment unit systems • Connection to sewer systems • Drinking Water projects • Water conservation measures 	Clean Energy (consistent with State's CE goals)	<ul style="list-style-type: none"> • Solar PV Systems • EV Charging Stations • Wind • Fuel cells 	Energy Efficiency	<ul style="list-style-type: none"> • Insulation • Building envelope • Automatic energy control systems • HVAC • Lighting • Solar Thermal • Heat pumps • Other measures approved by HGIA (in concert with Hawaii Energy) 	Resiliency (improve durability of infrastructure)	<ul style="list-style-type: none"> • Flood mitigation • Hurricane mitigation • Storm/Sea level rise • Microgrids • Energy Storage Systems • Indoor air quality • Seismic measures • Fire suppression systems 	For Condominium Associations and 5+ Multi-family Cooperatives only:	<ul style="list-style-type: none"> • All condominium association related improvements that are affixed to the property or building (e.g., re-piping, elevator upgrade, concrete spalling, replacing rusted rebar, swimming pool repairs, etc.)
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		<p>Other Eligible expenses:</p> <ul style="list-style-type: none"> • Energy/water audits, feasibility studies, etc. • Soft costs (e.g., Engineering & design, legal, permit fees, etc.) • Commissioning costs • Beneficial electrification projects¹ • Prepaid O&M costs for up to 5 years (including measurement and verification costs) • Cost of extended warranties • Financing costs (e.g., Participating Lender or project developer fees, interest reserves, Program fees, title fees, recording fees, etc.) • Ancillary costs for installations (not to exceed direct costs)
		<p>Effective July 1 2035, Qualifying Improvements shall be in alignment with HRS 225P-5. Bridge technology financed shall not have a useful life beyond 2045.</p>
<p>Eligible Properties</p>	<ol style="list-style-type: none"> 1. Any existing or new non-residential real property, including any property where there is a leasehold or possessory interest in the property;; 2. Any multi-family dwelling or townhouse consisting of five or more units; 3. Any condominium association organized under Chapter 514B consisting of six or more units; provided that individual residential condominium units shall not be considered commercial property and shall be ineligible to apply for commercial property assessed financing under this part; or 4. Agricultural property. 	<ol style="list-style-type: none"> 1. Any existing or new non-residential real property, including any property where there is a leasehold or possessory interest in the property;; 2. Any multi-family dwelling or townhouse consisting of five or more units; 3. Any condominium association organized under Chapter 514B consisting of six or more units; provided that individual residential condominium units shall not be considered commercial property and shall be ineligible to apply for commercial property assessed financing under this part; or 4. Agricultural property.
<p>Underwriting Requirement:</p>	<p>Participating Lender shall reasonably determine that the commercial property owner is able to borrow using reasonable commercial underwriting practices.</p>	<p>Participating Lender shall reasonably determine that the commercial property owner is able to borrow using reasonable commercial underwriting practices.</p>

¹ Beneficial electrification projects are projects that involve the replacement of systems involving direct fossil fuel use (e.g., natural gas, propane, heating oil) with systems using electricity only. Beneficial electrification projects provide a path to buildings and systems supplied with energy from renewable energy production sources as opposed to energy production sources or systems that rely on fossil fuel use, resulting in overall emission reduction.

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		The Participating Lenders shall certify that the project meets its underwriting and cash flow requirements.
Loan Amount:		No upper limits on the amount that can be financed
Interest Rates & Lender's Fees		Negotiated between Participating Lender and Property Owner.
Maximum Term	Term not to exceed the useful life of the QI being installed or the weighted average useful life of all QIs being financed.	Term not to exceed the useful life of the QI being installed or the weighted average useful life of all QIs being financed. More stringent maximum term limits may be applied at the discretion of the Administrator.
Amortization		Fully amortized. Capitalized interest and interest only periods allowed, as negotiated between the Participating Lender and property owner.
Lien to Value:		For properties valued ² at less than \$1.0 million, the C-PACER loan shall not exceed the lesser of 25% of the C-PACER lien to value or 90% of the cumulative loans to value. For properties valued at \$1.0 million or more, the C-PACER loan shall not exceed a cumulative lien to value of 90%.
Appraisal Requirement		The value of the property shall be determined by an appraisal or tax assessed value, acceptable to Participating Lender, with valuation date no more than 12 months old to be submitted with application.
Recourse:		Guarantees are not required or prohibited, but may be negotiated between the property owner and lender.
Security	Program financing shall be secured by a voluntary assessment imposed on the benefitted property that is secured by a statutory lien; provided that the statutory lien shall have priority over all other liens except the liens for property taxes and other assessments lawfully imposed by a governmental authority against the property.	The financing is evidenced by a commercial property assessed financing assessment contract (Contract) and is secured by a statutory lien recorded in the Bureau of Conveyances against the eligible property. The statutory lien and related assessments are senior to all commercial mortgages and deeds of trusts and other governmental liens, except for lien for property taxes and other assessments already lawfully imposed by a governmental authority against the property, provided that the lender consent described below are obtained.

² The Participating Lender shall determine the source of the value of the property (e.g., County real property tax value or appraised value).

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		Other security requirements may be negotiated between the property owner and lender.
Energy audits/ analysis; Water audit/analysis; Renewable studies; Resiliency analysis		May be provided by a licensed professional engineer or professional in relevant field, who shall also certify that the improvement(s) meet the requirements of the statute.
Retroactive Financing		Subject to additional criteria: <ul style="list-style-type: none"> • Construction/installation of QI must have occurred within the 5-year (60-month) period immediately preceding the date of application submission; • Term cannot exceed weighted average effective useful life of QI, less the number of years since construction completion evidenced by the Certificate of Occupancy or similar.
Refinancing/Loan Modification (does not start a new application)		Subject to additional criteria: <ul style="list-style-type: none"> • Updated underwriting qualification; • Mortgage holder consent; • Financing term not to exceed the weighted average of the effective useful life of the QI, less the number of years since the construction completion evidenced by the Certificate of Occupancy or similar.
Prepayment Penalty		Negotiated between Property owner and lender
Transfer Upon Sale:		Remaining balance of the C-PACER obligation to transfer upon sale.
Property Eligibility Requirements	<p>a. All property taxes and/or assessments levied on the property must be current;</p> <p>b. No involuntary liens, including construction liens that will not be paid or satisfied upon C-PACER loan closing.</p>	<p>a. All property taxes and/or assessments levied on the property must be current;</p> <p>b. No involuntary liens, including construction liens that will not be paid or satisfied upon C-PACER loan closing.</p>
Lender Consent	<p>Commercial property owner shall:</p> <p>A (i). Provide Participating Lender and HGIA evidence of written consent of each holder or loan servicer of any mortgage that encumbers the property at or before the time of execution of the Contract; and</p> <p>(ii) For a commercial property that is a condominium organized under chapter 514B, or preceding state law governing condominium property regimes, as an alternative to clause (i) the condominium association shall provide the Participating Lender and HGIA with evidence of the written consent of each creditor with a valid Uniform Commercial Code</p>	<p>Commercial property owner shall:</p> <p>A (i). Provide Participating Lender and HGIA evidence of written consent of each holder or loan servicer of any mortgage that encumbers the property at or before the time of execution of the Contract; and</p> <p>(ii) For a commercial property that is a condominium organized under chapter 514B, or preceding state law governing condominium property regimes, as an alternative to clause (i) the condominium association shall provide the Participating Lender and HGIA with evidence of the written consent of each creditor with a valid Uniform Commercial Code financing statement or mortgage recorded with the Bureau of Conveyances that encumbers or otherwise secures the condominium.</p>

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	financing statement or mortgage recorded with the Bureau of Conveyances that encumbers or otherwise secures the condominium.	The lender consent requirement may be waived by HGIA with respect to any lender that will be paid in full or satisfied at C-PACER closing.
Public Records	Summary Memorandum of the Contract shall be recorded in the Bureau of Conveyances.	Summary Memorandum of the Contract shall be recorded in the Bureau of Conveyances.
Property Owner agree and acknowledge	<ol style="list-style-type: none"> 1. Agree to the Participating Lender's remedies if a default occurs, including foreclosure, in accordance with the terms and conditions of the Commercial Property Assessed Financing Contract; 2. Commercial property owner to provide prospective buyers written disclosure of the commercial property assessed financing assessment at or before the execution of a Sales Contract. 	<ol style="list-style-type: none"> 1. Agree to the Participating Lender's remedies if a default occurs, including foreclosure, in accordance with the terms and conditions of the Commercial Property Assessed Financing Contract; 2. Commercial property owner to provide prospective buyers written disclosure of the commercial property assessed financing assessment at or before the execution of a Sales Contract.
Lien Priority	Junior to general property tax liens	Junior to general property tax liens
Collections	<p>Each commercial property assessed financing assessment that is approved for collection shall be billed and collected by HGIA in accordance with the QCP's amortization schedule.</p> <p>HGIA may charge interest or other fees on assessment amounts not paid on a timely basis.</p> <p><u>Condominium associations:</u></p> <p>HGIA shall bill and collect financing assessments from condominium associations as described above.</p> <p>Financing assessments imposed and due from the association shall be a common expense of the association and the unit owners' proportionate share of the financing assessment shall be collected by the association in the same manner as common expense.</p>	<p>Each commercial property assessed financing assessment that is approved for collection shall be billed and collected by HGIA in accordance with the QCP's amortization schedule.</p> <p>HGIA may charge interest or other fees on assessment amounts not paid on a timely basis.</p> <p><u>Condominium associations:</u> HGIA shall bill and collect financing assessments from condominium associations as described above.</p> <p>Financing assessments imposed and due from the association shall be a common expense of the association and the unit owners' proportionate share of the financing assessment shall be collected by the association in the same manner as common expense.</p>
Delinquent Assessments	HGIA shall commence and diligently pursue to completion the foreclosure of delinquent commercial property assessed financing assessments and any penalty, interest, and costs by advertisement and sale and with the same effect as provided by general law for sales of real property pursuant to Chapter 667, HRS in accordance with the terms of the commercial property assessed financing contract. Any guidelines and procedures developed	HGIA shall commence and diligently pursue to completion the foreclosure of delinquent commercial property assessed financing assessments and any penalty, interest, and costs by advertisement and sale and with the same effect as provided by general law for sales of real property pursuant to Chapter 667, HRS in accordance with the terms of the commercial property assessed financing contract, after one year from the date of delinquency.

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	pursuant to this paragraph shall specify a deadline for commencement of the foreclosure sale and any other terms and conditions HGIA determines reasonable regarding the foreclosure sale.	
Program Fees for all Eligible Properties except Condominium Associations and 5+ unit multi-family cooperatives:		<p><u>Loans up to \$999,999.00</u></p> <ul style="list-style-type: none"> • Closing Fee: 50 basis points • Servicing Fee: \$100.00 per payment <p><u>Loans \$1,000,000.00+</u></p> <ul style="list-style-type: none"> • Closing Fee: 1.00% (cap of \$75,000) • Annual Servicing Fee: \$200.00 per payment
Program Fees for Condominium Associations & 5+ unit multi-family cooperatives:		<ul style="list-style-type: none"> • Closing Fee: 25 basis points • Servicing Fee: \$25.00 per payment