



PROGRAM GUIDE

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A Program of:



Administered by:



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1.0 OVERVIEW

1.1 DEFINITIONS

The capitalized terms in this Program Guide have the definitions set forth in [County Code § 68-2](#).

1.2 HOW TO USE THIS GUIDE

This Program Guide is intended to inform all who are interested in participating in the County's Commercial Property Assessed Clean Energy financing program, (including Property Owners, commercial real estate developers, energy efficiency and renewable energy Contractors, mortgage holders, Lenders, and the community) and learning how the County's Program works.

1.3 PROGRAM OVERVIEW

The Program is County-sponsored and helps Property Owners in Arlington County access private-sector financing for Eligible Improvements. Spearheaded by the team at the [Arlington Initiative to Rethink Energy](#) (AIRE), the Program will endeavor to advance several public policy goals as described in the County's award-winning Community Energy Plan and the general welfare. These goals include reducing energy and water costs, increasing renewable energy deployment, reducing greenhouse gas emissions, and creating local jobs.

More than 40 states, including Virginia, have passed legislation enabling C-PACE. The County's C-PACE Ordinance is codified in the Arlington County Code as [Chapter 68](#). The Program may be used to finance both existing building retrofits and new construction Projects.

1.4 PROGRAM BENEFITS

The Program offers multiple benefits to a broad range of stakeholders, including Property Owners and developers, Contractors, Lenders, mortgage holders, and communities.

a. Property Owners

The Program may help Property Owners reduce their operating costs, improve the value and market competitiveness of their asset, meet energy performance goals, and increase the cash flow from their building. The Program endeavors to accomplish these goals in ways including:

Up to 100% Financing

Many Property Owners lack the capital they need to pay for beneficial energy improvements. The Program addresses that problem by providing up to 100 percent, long-term financing for Eligible Improvements. The maximum term is set at the weighted average Useful Life of the Eligible Improvements.

	Audit, construction, and financing costs can be included in the financing.
Long-term Financing	While commercial real estate lenders typically provide 5 to 10-year financing, the longer-term, fully amortized nature of C-PACE financing allows Property Owners to pursue more capital-intensive, comprehensive energy and property upgrades. The maximum term is set at the weighted average Useful Life of the Eligible Improvements. The energy cost savings that result from the Eligible Improvements may cover all or a portion of the Assessment Payments.
No Personal Guarantee	The Program involves property-based financing secured by a Lien against the Eligible Property. As a result, the Property Owner is not required to sign a personal guarantee.
Transfers Upon Sale	Property Owners who sell their Eligible Property before the special assessment is repaid have the repayment obligation transferred to the succeeding owner.
Cost Recovery	The Program may help solve the split incentive or misalignment of incentives that arise between owners and tenants. Owners may be less likely to undertake comprehensive energy improvements when their tenants receive the financial benefits in the form of lower utility bills. Under some leases, the Program structure may enable an owner to pass the special assessment on to the tenants, potentially solving the split incentive. Property Owners are encouraged to consult with their attorney or accountant on this matter.
Retroactivity (New)	The Administrator may approve a submitted project application within three years of the County’s issuance of a certificate of occupancy or other evidence that the Eligible Improvements comply substantially with the plans and specifications previously approved by the County and that such loan may refinance or reimburse the property owner for the total costs of such Eligible Improvements.

b. Developers

Developers or Property Owners may use C-PACE financing to reduce their owner equity contribution or other types of financing, including high-cost mezzanine financing. With C-PACE, developers and Property Owners may access up to 30 percent of their total eligible construction cost (TECC), provided they design the new building to exceed the Virginia energy code that is in effect at the time of the project application for C-PACE financing by at least 5 percent.

c. Contractors

C-PACE may allow an existing Property Owner to access up to 100 percent financing for the hard and soft costs related to Eligible Improvements to Eligible Properties. Finance terms are based on the weighted average Useful Life of the Eligible Improvements (see section 2.2) thereby endeavoring to make energy efficiency, resiliency, and renewable energy improvements affordable. This means Contractors may close more Projects and expand their business.

d. Lenders

C-PACE investments are secured by a special assessment Lien. The C-PACE special assessment Lien has the same priority status as a real property tax lien. Participants in the Program are required to obtain and provide to the County a written subordination agreement with each holder of a prior mortgage or deed of trust lien on the Eligible Property. As a result, qualified Lenders who work with the C-PACE Program may receive attractive, finance-ready Projects.

e. Mortgage Holders

The Program encourages Projects that may generate cost savings exceeding the repayment obligation of the Project. Such Projects typically result in a building that may see increased net operating income, increased debt coverage ratio, increased value, and a higher return on investment.

In many Projects, the existing mortgage holder's loan is more secure due to their borrowers' increased cash flow, and the Eligible Property is more attractive to current and potential tenants and buyers. **In addition, the assessment does not accelerate. In the event of a default, only the amount of the assessment in arrears is due.**

[View](#) a list of financial institutions that have granted consent to projects using C-PACE financing across the country.

f. Communities

The Program aims to encourage (through private capital and not taxpayer dollars) local job growth, improved building stock, and reduced greenhouse gas emissions.

1.5 KEY PARTIES TO A C-PACE TRANSACTION

There are multiple parties to a Program transaction. Each Party plays a distinct role in the process. These roles include:¹

¹ The information in this list is supplementary to the definitions of these terms to the extent they are already defined by County Code § 68-2.

- a. Property Owner** The fee simple owner of Eligible Property or the lessee under a long-term ground lease of Eligible Property, including a property that is owned by a public or private entity. To be eligible for a Loan (i) the term of the Loan shall not exceed the remaining term of the ground lease, (ii) there shall be no ground lease provisions or other circumstances that would prevent the property owner from participating in the Program, (iii) the fee simple owner shall consent to the Loan, and (iv) the fee simple owner and the lessee under a long-term ground lease shall comply with the requirements of the Loan, including the Program Guide..
- b. Administrator** Sustainable Real Estate Solutions (SRS) is the Administrator and, in collaboration with AIRE, promotes and manages the Program. The Administrator enrolls Contractors and Lenders; determines the eligibility of individual Projects; helps Property Owners secure mortgage holder consent; provides third-party quality assurance and validation that projected energy savings, and financial projections were prepared using industry best practices; aggregates Program data; and produces periodic Program reports.
- c. Lender** Lenders must be qualified by the Program prior to offering Project financing. Lenders are responsible for underwriting each C-PACE financing transaction to determine whether to invest in the Project. If they choose to invest, the Lender will enter into a Financing Agreement with the Property Owner. The Financing Agreement provides the terms and conditions under which the investment will be made. The Lender controls disbursements of the financing to reimburse the Property Owner for costs incurred in the installation and construction of the Eligible Improvements on the Eligible Property. The Lender is also responsible to, among other things, (a) Record the C-PACE special assessment Lien in the land records of the county and (b) Record and receive an assignment of the Lien from the County. Moreover, the Lender is responsible for all billing, collection, and enforcement duties.
- d. Registered Contractor** A licensed Contractor registered with the Program that performs the work required for the installation and construction of Eligible Improvements. See section 5.3 regarding Contractor registration requirements.
- e. Energy Auditor** The entity that performs building energy audits that meet the requirements outlined in the Technical Standards section of this Program Guide.

1.6 KEY STEPS TO A C-PACE TRANSACTION²

a. Application/Eligibility Determination

An interested Property Owner or a representative of the Property Owner must submit an [application](#) to the Administrator.

The Administrator will review the material and determine whether the Property Owner and Project appear eligible for the Program and will then notify the applicant.

b. Energy Audit/Project Scoping

An energy audit for energy efficiency aspects or a renewable energy feasibility study that complies with the requirements outlined in the section 9.1 of this Program Guide are required for all transactions. Completing the audit or study and developing the scope of work will likely be an iterative process. Depending upon how the overall Project has been originated (*e.g.*, contractor-driven, owner-driven, developer-driven, or consultant-driven), applicants may need assistance navigating this process. In such cases, they may contact the Administrator for assistance.

c. Mortgage Holder Notice/Consent

The Program requires that all holders of existing mortgages or deed of trust Liens against the Eligible Property be notified of the proposed C-PACE transaction and consent to the Recording of the special assessment Lien. The formal written consent must be received by the Administrator and Program Manager before the Administrator may authorize the closing of the transaction.

d. Underwriting/Approval

Within the parameters of the Program Guide and County Code Chapter 68, Lenders establish the financing terms and conditions (including language required by County Code Chapter 68) and financial underwriting standards and make their own determination about whether to invest in a specific Project. Once the underwriting process is complete, the Lender will issue a conditional approval or financing commitment letter outlining the terms of the financing, including any conditions of closing.

A copy of the Lender's approval letter, the final scope of work, construction contracts, mortgage

² C-PACE transactions, including any Liens promulgated thereunder, conducted prior to the County's adoption of amendments to County Code Chapter 68 in 2024 and 2025 under a prior version of County Code Chapter 68 and these Program Guidelines (formerly known as the Arlington C-PACE User Guide) are not required to follow this process and not invalidated by a failure to follow this process.

holder consent letter, and any remaining application materials including any materials required by County Code Chapter 68 must be submitted to the Administrator and Program Manager for final review. Once the Administrator and the Program Manager have determined that all statutory and Program requirements have been met, it will issue a final determination of eligibility to the applicant with a copy to the Lender.

e. Closing

During the closing of a Project, the Lender will promptly provide notice to each of the Program Manager and the Administrator. This notice shall include:

- (a) A statement of the Loan Amount.
- (b) A copy of the Financing Agreement executed by the Property Owner and the Lender.
- (c) A written subordination agreement with each holder of a prior mortgage or deed of trust Lien on the Eligible Property.
- (d) A Program Agreement executed by the Property Owner and Lender.
- (e) A Certificate of Levy and Lien of Special Assessment executed by the Property Owner and Lender.
- (f) An Assignment of Special Assessment Lien executed by Lender.
- (g) Evidence that:
 - (1) Property Owner is current on payments on loans secured by a mortgage or deed of trust Lien on the Property and on property tax payments to the County.
 - (2) Property Owner is not insolvent or subject to bankruptcy proceedings.
 - (3) Property Owner's title to the Eligible Property is not in dispute, as evidenced by a title report or title insurance commitment from a title insurance company acceptable to the Administrator and Lender, prior to Recording of the special assessment Lien.

f. Recording and Assignment

Upon the Program Manager's receipt of the notice described in section 1.6(e) (the subsection immediately above this subsection), and after the County Manager signs the Program Agreement and Certificate of Levy and Lien of Special Assessment on behalf of the County, the County Manager shall execute the Assignment of Special Assessment Lien on behalf of the County. After the County Manager executes the Program Agreement, Certificate of Levy and Lien of Special Assessment, and Assignment of Special Assessment Lien, the Lender shall first

Record the Certificate and then record the Assignment immediately thereafter. Immediately after the Lender Records the fully executed Certificate of Levy and Lien of Special Assessment and Assignment of Special Assessment Lien, the Lender shall notify the County that it Recorded the Certificate of Levy and Lien of Special Assessment and Assignment of Special Assessment Lien.

g. Construction/Disbursement

The Lender is responsible for managing the disbursements of the C-PACE financing during construction per the terms of the Financing Agreement. The Property Owner shall refer to the Financing Agreement to understand the Lender's requirements for periodic inspections, progress payments, and change orders.

h. Construction Closeout

The Property Owner shall review the Financing Agreement to determine the process the Lender shall require to close out the construction phase of the Project and move it to the permanent financing stage. This process may include an amendment to the special assessment to account for any adjustments to the principal amount of the special assessment associated with capitalization of construction interest or any other cost adjustments incurred during construction of the Project. If so, the Lender shall notify the Administrator, and Record in the land records of the county a Confirmation and Amendment of Special Assessment Lien and Payment Schedule. Any adjustments to the payment schedule must fully amortize the amount financed over the remaining terms of the Financing Agreement.

i. Servicing/Repayment

Loans granted under the C-PACE Program are repaid to the Lender by the Property Owner through periodic Assessment Payments as described in the Financing Agreement. The Lender is responsible for managing the ongoing billing, collections, and enforcement process.

1.7 Who to Contact

The County maintains current contact information on a County-operated webpage available at: [C-PACE Resources – Official Website of Arlington County Virginia Government](#)

2.0 Eligibility (Property and Project)

2.1 ELIGIBLE PROPERTIES

Properties eligible for Program financing must meet requirements including that they must:

- Be located in Arlington County.
- Be assessable commercial real estate located within the Commonwealth, with all buildings located or to be located thereon, whether vacant or occupied, whether improved or unimproved, and regardless of whether such real estate is currently subject to taxation by the locality. Eligible Properties are eligible for the Program and may include multifamily properties with no fewer than five units, common areas of real estate owned by a cooperative or property owners' association as defined in Virginia Code § 55.1-1800 that have a separate real property tax identification number, and commercial condominiums as defined in Virginia Code § 55.1-1900. Residential real estate with fewer than five units is not eligible for the Program.
- Be current on property taxes and County assessments.
- Be current on all loans secured by a mortgage or deed of trust.
- Not be insolvent or subject to bankruptcy proceedings.
- Not be in dispute of title to the property.

New construction is eligible. See requirements for new construction herein (section 4).

2.2 ELIGIBLE IMPROVEMENTS

Improvements eligible for C-PACE financing include:

- Energy efficiency improvements that lower the building's energy consumption. Examples include:
 - Automated building controls (BMS, EMS)
 - Boilers, chillers, and furnaces
 - Building envelope (insulation, glazing, windows, etc.)
 - High-efficiency lighting
 - HVAC upgrades
 - Roof replacement that improves energy efficiency (*e.g.*, reflective or cool roof, enhanced insulation, etc.)
 - Variable speed drives on motors, pumps, and fans
- Water efficiency and safe drinking water improvements. Examples include:
 - Hot water systems
 - Irrigation systems that improve water efficiency
 - Water efficient fixtures (*e.g.*, low-flow faucets, toilets, etc.)
- Renewable energy improvements that generate renewable energy. Examples include:
 - Combined heat and power (CHP) systems

- Fuel cells
- Geothermal systems
- Hydroelectric systems
- Small wind systems
- Solar PV (roof upgrade or replacement for rooftop systems is also eligible)
- Solar thermal
- Resiliency Improvements that increase the capacity of a structure to withstand or recover from natural disasters, the effects of climate change, and attacks and accidents, including but not limited to flood mitigation, inundation adaptation, natural or nature-based features and living shorelines, as defined in Virginia Code § 28.2-104.1, enhancement of fire or wind resistance, microgrids, energy storage, and enhancement of the resilience capacity of a natural system, structure, or infrastructure.
- Stormwater management improvements, including those that mitigate flood risks.
- Environmental remediation improvements.
- Electric vehicle infrastructure improvements.
- Any other improvement authorized by the Clean Energy Financing Law or other applicable law.

2.3 NEW CONSTRUCTION

In addition to existing building retrofits, C-PACE provides a compelling financing opportunity for new construction Projects in Arlington County. The C-PACE financing structure may unlock capital to enable a Property Owner or developer to achieve higher building performance (*i.e.*, improvements that are often “value engineered” out of a Project). The C-PACE financing structure may also reduce the developer’s equity contribution or other types of financing such as high-cost mezzanine financing, thereby reducing the weighted average cost of capital.

Applicants are required to provide total Project construction cost by trade component so the Administrator can evaluate the total eligible construction cost (TECC). Applicants are also required to confirm that the Eligible Building will be designed to exceed the current energy code, 2021 Virginia Energy Conservation Code (VECC) or its successor, by at least five percent using energy modeling software such as EnergyPlus™ or eQUEST. 2021 VECC is based on the 2021 International Energy Conservation Code® (IECC) with State amendments.

If the Eligible Property’s energy performance is designed to exceed 2021 VECC (or successor) by five percent or more then the Project will be eligible for C-PACE financing up to 30 percent of the TECC. The maximum C-PACE finance amount will not exceed 30 percent of the TECC.

Once an application is received, the Administrator will coordinate with the Project developer, Property Owner, utility, engineering or construction firm, or energy modeling firm, depending on how the Project will proceed. The purpose of this coordination is to understand the Project, review requirements (particularly with respect to building energy simulation modeling), and ensure consistency with potential utility incentives.

If the design is to include a renewable energy system such as solar PV, the solar PV system's impact on building energy performance is excluded from the energy savings analysis and TECC maximum. Such systems will be evaluated separately by the Administrator and the total installed cost added to the eligible C-PACE financing amount.

The Administrator will determine the maximum C-PACE finance amount for each project.

3.0 PROPERTY OWNER PARTICIPATION AND PROCESS

The Program is an innovative financing Program that provides owners of Eligible Properties with financing for the installation of Eligible Improvements. By providing up to 100 percent, affordable, long-term financing for Eligible Improvements, the Program may help Property Owners lower their operating costs and improve the value of their asset. Because it is strictly property-based, C-PACE requires no money down and no personal guarantee.

3.1 BENEFITS

Property Owners often lack the capital they need to pay for energy improvements, which means many beneficial Projects never get off the ground. The Program benefits Property Owners by allowing them to access affordable, long-term capital at competitive rates. Program financing:

- Requires no upfront, out-of-pocket costs.
- Provides long-term financing.
- Requires no personal guarantees.
- May lower energy or water costs or improves resiliency.
- May generate positive cash flow and improve net operating income.
- May increase the value of the property.
- Repayment obligation transfers to the next owner if the building is sold.

3.2 ELIGIBILITY

A person may apply to participate in the Program if he or she is the fee simple owner of Eligible Property or the lessee under a long-term ground lease of Eligible Property, including a property that is owned by a public or private entity. To be eligible for a Loan (i) the term of the Loan shall not exceed the remaining term of the ground lease, (ii) there shall be no ground lease provisions or other circumstances that would prevent the property owner from participating in the Program, (iii) the fee simple owner shall consent to the Loan, and (iv) the fee simple owner and the lessee under a long-term ground lease shall comply with the requirements of the Loan, including the Program Guide.

Note that a Lender may request the following information to support their underwriting efforts:

- A copy of the most recent mortgage statement and appraisal.
- The current year (year-to-date) income and expense statement for the Eligible Property.

- The previous two years' income and operating statements, statements of cash flows, and balance sheets for the Eligible Property.
- The previous two years' audited (if available) income and operating statements, statements of cash flows, and balance sheets (audited or reviewed, if available) for the tenants' businesses.
- A table listing all tenants, their monthly (or annual) lease payments, the percentage of the building they occupy, and the end date of their existing leases.
- The previous year's federal tax returns if the property is planning to claim the value of the federal Investment Tax Credit or MACRS depreciation.

3.3 PROCESS

To get started, Property Owners work with the Contractor or Project developer of their choice, who must be registered with the Program, to discuss the Eligible Improvements that would benefit their building. Next, the Property Owner or the Property Owner's agent submits a Project [application](#) to the administrator. Once the Project application has been reviewed for eligibility by the Administrator, the Property Owner collaborates with the Lender of their choice to prepare C-PACE financing documents.

[View a list](#) of frequently asked questions.

4.0 NEW CONSTRUCTION DEVELOPER PARTICIPATION AND PROCESS

4.1 NEW CONSTRUCTION PROJECTS

New construction Projects present another opportunity for C-PACE financing in Arlington County. The C-PACE financing structure may unlock capital to enable a Property Owner or developer to achieve higher building performance (Eligible Improvements are often value-engineered out of a Project).

4.2 BENEFITS

Property Owners and developers in Arlington County may use the Program to reduce either their owner equity contribution, the construction loan, or a portion of each that does not, in total, exceed 30 percent of the total eligible construction cost **provided** the new building is designed to exceed the current energy code, 2021 Virginia Energy Conservation Code (VECC) or its successor, by at least five percent.

4.3 ELIGIBILITY

Owners planning new Eligible Improvements may take advantage of the Program for new construction. Such new construction Projects must be designed to exceed the current energy code (*i.e.*, the 2021 Virginia Energy Conservation Code or its successor) by at least five percent.

4.4 PROCESS

Once the Administrator receives an [application](#), the Administrator will coordinate as needed with the Project developer, Property Owner, engineering or construction firm, or energy modeling firm. The purpose of this coordination is to understand the Project, review C-PACE requirements (particularly with respect to building energy simulation modeling), and ensure consistency with potential utility incentives.

Applicants are required to provide total Project construction cost by trade component to allow the Administrator to evaluate the total eligible construction cost (TECC). The applicant will also be required to confirm that the building will be designed to exceed the current energy code by at least five percent. The current energy code serves as the baseline, and the maximum C-PACE finance amount will depend upon the percentage the building energy consumption as designed exceeds this baseline. The maximum C-PACE finance amount shall not exceed 30 percent of the TECC.

[View a list](#) of frequently asked questions.

5.0 CONTRACTOR PARTICIPATION AND PROCESS

The Program is an innovative financing program that provides owners of Eligible Properties with financing for the installation of Eligible Improvements. By providing up to 100 percent, affordable, long-term financing for eligible upgrades, the Program helps Property Owners lower their operating costs and improve the value of their asset. Because it is strictly property-based, C-PACE requires no money down and no personal guarantee.

5.1 BENEFITS

Many Property Owners lack the capital they need to pay for beneficial energy improvements, which means many of the Projects that Contractors propose never get off the ground. The Program may benefit Contractors by helping them close more deals, including multi-measure Projects that, without C-PACE, the Property-Owner would likely not be able to self-fund.

5.2 ELIGIBILITY

Any energy efficiency or renewable energy contracting firm that holds all applicable state and

local licenses or is otherwise permitted is eligible to become Program-registered Contractor. By establishing Contractor enrollment criteria, the Program is not recommending or endorsing any specific Contractor or warranting the reliability of any such Contractor.

5.3 HOW TO REGISTER

To register as a Program Contractor, simply fill out and submit the Contractor registration application, which the Administrator will use to verify that the Contractor meets the Program's requirements.

Once the Administrator confirms that the Contractor is eligible to participate in the Program, the Administrator will notify the contractor and list the Contractor on the Program's website. Note that Property Owners may select the Contractor of their choice, provided the Contractor meets the Program requirements.

Contractors who are not yet registered but who have Projects they wish to propose for C-PACE financing should contact the Administrator and submit the Project for pre-screening to ensure that there are no delays to the Project.

5.4 PROCESS

Once Contractors are registered, they work with the Administrator to:

- Select and prequalify buildings.
- Perform preliminary Project scoping.
- Prepare proposals and review them with the Property Owner.
- Develop and optimize Project scenarios.
- Conduct Project technical reviews.
- Install energy improvements.

Note that the methodology used to develop the Project's technical and financial projections is based on the [Investor Confidence Project \(ICP\)](#) best practices protocol. No commitment is required until the Property Owner is satisfied with the projections.

5.5 TECHNICAL SUPPORT

Closing a C-PACE deal is often complex, because it requires the use of sophisticated technical and financial projections that require the participation of multiple stakeholders. For this reason, the Program-registered Contractors receive technical support at no cost from the Administrator. Services include:

- Identifying Projects that are suitable for C-PACE financing
- Prioritizing Projects
- Preparing financial and savings calculations

- Attending meetings with Property Owner to explain Program benefits and technical calculations.

[View a list](#) of frequently asked questions. [View a directory](#) of Program-registered Contractors.

6.0 LENDER PARTICIPATION AND PROCESS

The Program is a voluntary financing Program that enables Property Owners to modernize their Eligible Properties by installing Eligible Improvements. Funding is provided by qualified private Lenders.

6.1 BENEFITS

C-PACE is a secure investment. The investment is secured by a special assessment Lien, which has the same priority status as a real property tax Lien, except that the Lien has priority over any previously Recorded mortgage or deed of trust Lien on the Eligible Property (a written consent agreement must be executed by the holder of each such previously Recorded Lien). As a result, Lenders who work with the C-PACE Program may receive attractive, finance-ready Projects.

6.2 ELIGIBILITY

The Program seeks to stimulate the market through an open-access-to-capital model. For this reason, the Program is open to all Lenders that meet the Program's eligibility criteria, as described in the [Lender Application](#).

6.3 HOW TO QUALIFY

To qualify as a Lender for the Program, download, complete, and submit the [Lender Application](#). The approval process may take ten business days or more. Once a Lender is approved, the firm may choose to have its name and logo displayed on the Program website for marketing purposes.

6.4 WAYS TO PARTICIPATE

Qualified Lenders may participate in the Program in two ways:

1. Work with Property Owners to underwrite Projects and help them prepare their application for financing approval. **We encourage Lenders to become "qualified" with the Program *prior* to submitting a Project application.**
2. Collaborate with the Administrator to evaluate funding opportunities. In some instances, Property Owners may apply for the Program without a pre-selected Lender. In this case, the Administrator will review pre-approved Projects with Lenders to determine your funding interest.

The Program reserves the right to revoke the eligibility of any Lender for any reason that the Administrator finds to be in violation of the Program's requirements.

View a list of [frequently asked questions](#) or the [Lender Directory](#).

7.0 MORTGAGE AND DEED OF TRUST LIEN HOLDER PARTICIPATION AND PROCESS

The Program is an innovative, voluntary financing Program that enables borrowers to modernize their Eligible Property by installing Eligible Improvements funded with affordable, long-term financing.

7.1 BENEFITS

Building upgrades designed to conform with Program standards may generate cost savings that may, over the finance term, equal or exceed the total finance cost. Owners of buildings that have been improved via a Project may experience improved net operating income, increased asset value, and a positive return on their investment.

As a result of the Property Owner's increased cash flow, the mortgage holder's Loan may be more secure, and the property may be more attractive to current and potential tenants and buyers. In addition, the assessment does not accelerate.

Across the country, C-PACE has been embraced by more than 140 national, regional, and local mortgage holders. [View a list](#) of consenting mortgage holders.

7.2 PARTICIPATION

The Program provides up to 100 percent financing to owners of Eligible Properties located in Arlington County who are looking to modernize and improve the value of their Eligible Properties. The financing, which is based on the estimated Useful Life of the Eligible Improvements, is secured by a special assessment Lien. The Program requires a written subordination agreement with each holder of a prior mortgage or deed of trust lien on the Eligible Property.

7.3 PROCESS

A borrower who wishes to pursue C-PACE financing shall, in collaboration with the Administrator, seek a meeting with each holder of a prior mortgage or deed of trust lien on the Eligible Property. At the meeting, the Property Owner and the Administrator will describe the Program's requirements and answer the mortgage or deed of trust lien holder's questions. In

addition, they will discuss the role of the Administrator’s independent quality assurance technical review, which is used to validate the projected energy cost savings designed to finance the Project over time.

If parties agree that a Project is worth pursuing, the Project will move to development and underwriting. [View a list](#) of frequently asked questions.

8.0 PROGRAM ADMINISTRATION

8.1 PROGRAM ADMINISTRATOR

[Sustainable Real Estate Solutions](#) (SRS) administers the Program and is the Administrator pursuant to County Code Chapter 68. SRS is a technology-enabled services company and was selected by the County through a competitive bid process based on SRS’ C-PACE-related experience in programs nationwide.

8.2 PROGRAM REQUIREMENTS

Along with the other guidelines in this document, this section outlines additional guidelines that govern all participants in the Program. All participants agree to adhere to the terms and conditions of the Program requirements including the following:

- a. Service Area** Arlington County, Virginia.
- b. Eligible Property** Eligible Properties located within the county as defined in the County Code Chapter 68.
- c. Size Thresholds** The minimum Loan amount is \$60,000. There is no maximum aggregate amount that may be financed, except as stipulated in this Program Guide.
- d. Eligible Applicant** A fee simple owner of Eligible Property or the lessee under a long-term ground lease of Eligible Property, including a property that is owned by a public or private entity. To be eligible for a Loan (i) the term of the Loan shall not exceed the remaining term of the ground lease, (ii) there shall be no ground lease provisions or other circumstances that would prevent the property owner from participating in the Program, (iii) the fee simple owner shall consent to the Loan, and (iv) the fee simple owner and the lessee under a long-term ground lease shall comply with the requirements of the Loan, including the Program Guide.

- e. Security**

The financing is evidenced by a Financing Agreement and is secured by a special assessment Lien Recorded in the county land records against the Eligible Property. The Lien has the same priority status as a real property tax Lien, except that such Lien shall have priority over any previously Recorded mortgage or deed of trust Lien on the property only if a written consent agreement is executed by the holder of each such previously Recorded lien.
- f. Credit Standards**

The Property Owner must: be current and in good standing on all debt owed to Arlington County; current on all real property taxes; have no outstanding involuntary Liens, collections, or charge-offs; be current on existing mortgages; and not be insolvent or subject to bankruptcy proceedings. In addition, the Property Owner's title to the Eligible Property must not be in dispute.
- g. Eligible Uses**

Eligible uses include payment of the cost of energy audits and feasibility studies, the cost of Eligible Improvements to Eligible Properties, the cost of non-energy improvements that are directly related to the installation of energy improvements (for example, the cost of a roof replacement to support a roof-mounted solar PV installation), commissioning, closing fees, and other Program costs.
- h. Maximum Term**

The maximum finance term is based on the weighted average Useful Life of Eligible Improvements as approved by the Administrator after review of the energy audit and feasibility study.
- i. Amortization**

The C-PACE financing is fully amortized over its term.
- j. Payment and Servicing**

Ongoing billing and collections process management is the responsibility of the Lender.
- k. Evidence of Ownership**

A title report is required prior to closing to show evidence of ownership and all encumbrances Recorded against the property.
- l. Mortgage Holder Consent**

Where there is an existing mortgage or deed of trust lien Recorded against the Eligible Property, the mortgage or deed of trust lien holder must be given written notification that the Property Owner intends to enter into a C-PACE Financing Agreement, which cannot proceed without the written consent of the mortgage or deed of trust lien holder. The subordination agreement confirms that the proposed C-PACE financing does not constitute an event of default under the terms of existing

agreements between the Property Owner and the mortgage or deed of trust lien holder.

8.3 PARTICIPATION IN REBATE/INCENTIVE PROGRAMS

Although not required, the Program encourages Property Owners to pursue all available federal investment tax credits, utility rebates, and incentive programs. Rebates and incentive programs may provide participants with cash payments or tax credits for implementing energy and water improvements, thereby reducing overall Project costs and the total amount the Property Owner will need to finance. Rebate and incentive programs may also act as a third-party check on the validity of the proposed energy improvements and the projected energy savings, thus reducing additional Project review costs.

8.4 PROGRAM FEES

The Program is self-financed through Program Fees charged to participating Property Owners. These fees cover the start-up and recurring costs of designing and administering the Program.

A one-time Program administration fee, equal to 2.5 percent of the Project finance amount, not to exceed \$95,000 per Project, is applied to each financed Project. This fee is collected by the Lender at Loan closing and remitted to the Administrator within 10 days of closing.

9.0 Project Technical Standards and Review

9.1 AUDIT REQUIREMENTS

As a condition of financing energy and water efficiency Projects, the Program encourages the performance of an energy audit, water audit, or other analysis that assesses the expected energy or water cost savings of the Eligible Improvements over their Useful Life.

The Program encourages, at a minimum, an ASHRAE Level I audit or comparable analysis. Audits may be waived for single-measure Projects involving like-for-like equipment replacements, in which the focus of the analysis can be performed solely on the equipment or systems involved in the retrofit (a lighting retrofit, for example), rather than a comprehensive audit of the entire building and its systems.

For all renewable energy improvements, the applicant must submit a Renewable Energy Feasibility Study (REFS). The REFS provides technology and financing recommendations that a Property Owner or Project developer should pursue. Ultimately, the REFS must provide enough information for the Property Owner or Project developer and design team to make informed decisions about the types of technologies to include in the final Project design. Note that the REFS should be performed by an experienced renewable energy professional with detailed knowledge of the renewable energy system under consideration, including technical and design

issues, resource assessment, relevant policies and incentives, utility tariffs, net metering and interconnections issues, other evaluations (where necessary), and Project funding mechanisms.

For resiliency Projects, the Project must be determined to be appropriate by the Administrator through a resiliency feasibility study conducted by a licensed professional in the relevant field of the resiliency Project.

Project applicants are responsible for all costs and fees incurred to complete the Program application, including costs associated with an audit or a feasibility study. While such costs are typically included in the Project financing, in cases where the Project does not move forward, the Property Owner shall be responsible for any payments due to Contractors or other third parties engaged by the Property Owner, where applicable.

9.2 ENERGY SAVINGS ESTIMATION

In the Program, energy and water improvements may be financed provided they generate utility cost savings. Unlike some other C-PACE programs, there is no statutory requirement that the Projects generate positive cash flow based on energy savings. While the Clean Energy Financing Law does not require any demonstration of the Savings -to-Investment Ratio (SIR), the County encourages Property Owners to bring forward Projects with SIRs greater than 1.0 because:

- Lenders look favorably on Projects that show positive cash flow over their lifetime.
- Mortgage holders are more likely to consent to the imposition of the senior C-PACE Lien for Projects that show positive cash flow.
- In general, the higher the SIR, the greater the demonstrated environmental benefits of the Project, which helps to promote the goals of the C-PACE Program as established by County Code Chapter 68.

The SIR is calculated as the ratio of the total projected energy and water utility cost savings over the effective Useful Life of each Eligible Improvement, divided by the total cost of those Eligible Improvements, including all fees and interest charges. While no specific energy modeling software is prescribed, Section 2.3 includes examples of software types to consider.

For new construction, the energy savings is calculated as the incremental energy savings gained above the determined minimum requirement (energy consumption at current building energy code) as specified in section 4.

9.3 RETROACTIVE FINANCING

The Administrator may approve a Project application submitted within two years of the County's issuance of a certificate of occupancy or other evidence that the Eligible Improvements comply substantially with the plans and specifications previously approved by the County and that such Loan may refinance or reimburse the Property Owner for the total costs of such Eligible Improvements.

These retroactively financed Projects are subject to the same processes and requirements associated with other C-PACE financed Projects, including the same improvement eligibility requirements, Program-related fees.

9.4 POST-CONSTRUCTION COMMISSIONING

Although not required, the Program recommends that a post-construction commissioning report be provided by the Contractor upon Project completion. The post-construction commissioning report may be performed by either a third party or the party performing the original installation of funded measures. The report should contain, at a minimum:

- A statement that systems have been completed in accordance with the contract documents, and that the systems are performing as expected.
- Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents, and as-built conditions.
- A description of the components and systems that exceed the Property Owner's Project requirements and those which do not meet the requirements and why.
- A summary of all issues resolved and unresolved and any recommendations for resolution.

10.0 General Terms and Provisions

10.1 TAXES

Property Owners are solely responsible for any local, state, or federal tax consequences of their participation in the Program.

10.2 CHANGES IN THE PROGRAM TERMS

The County and the Administrator reserve the right to change this Program Guide and the terms and provisions set forth within at any time without notice.

10.3 DISCLOSURE OF PROPERTY OWNER INFORMATION

All Property Owner information is treated with care to protect the Property Owner's privacy and security. In addition to any disclosure requirements necessitated by applicable records law, including the Virginia Freedom of Information Act, Virginia Code § 2.2-3700 *et seq.* Property Owners must agree to allow the Program to disclose personal or corporate information that it submits to third parties when such disclosure is essential to the conduct of the Program business or to provide services to the Property Owner.

10.4 RELEASES

By submitting an application, the Property Owner acknowledges that the Program was formed to help Property Owners in Arlington County finance Eligible Improvements. The Program is a financing Program, and the County is not responsible for the installed C-PACE-Eligible Improvements or their performance. Property Owners are responsible for payment of the special assessment regardless of whether the products are properly installed or operate as expected.

10.5 COUNTY CODE § 68-8(F) REQUIRED LANGUAGE

The following language is included in this Program Guide pursuant to County Code § 68-8(F):

"This Program Guide (this "Guide") has been prepared pursuant to Chapter 68 of the Arlington County Code (the "Ordinance"), for purposes of providing a more detailed description of the requirements applicable to the Arlington County Commercial Property Assessed Clean Energy (C-PACE) Financing Program (the "Program"). This Guide and all provisions hereof are subject to the Ordinance in all respects, including, without limitation, the provisions of the Ordinance governing the amendment of this Guide. In the case of any conflict between the provisions of this Guide and the provisions of the Ordinance, the provisions of the Ordinance shall control."

"THIS GUIDE IS ONLY A REFERENCE DOCUMENT AND CREATES NO LEGAL RIGHTS IN FAVOR OF ANY PROPERTY OWNER, LENDER, LENDER, CONTRACTOR OR ANY OTHER PERSON, NOR DOES IT IMPOSE ANY LEGAL DUTY OR OBLIGATION ON THE COUNTY OF ARLINGTON, VIRGINIA."

10.6 EFFECTIVE DATE

This Program Guide is effective as of July 22, 2025.

11.0 County Manager Signature

By signing this document, I hereby approve its use for the Program:

County Manager: _____

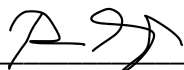
Signed by:

3B97A255DD9741E...

Date: _____

8/6/2025

Approved as to Form: _____



Appendix

Ordinance

[View](#) the codified Arlington County C-PACE Ordinance.

APPLICATION FORMS AND OTHER DOCUMENTS

All applicable Program documents and forms can be found in the [resources section](#) of the [Program website](#).