

To whom it may concern:

CleanFund Commercial PACE Capital is the leading provider of commercial Property Assessed Clean Energy (“C-PACE”) financing in the United States, having funded more than \$100 million in projects across eight states. CleanFund finances better buildings by allowing property owners to invest in alternative energy systems, water/energy efficiency measures, and seismic retrofits. We’ve facilitated more than \$80 million in PACE financings in California alone, which allowed revitalization of hospitals, community centers and shopping malls.

CleanFund has reviewed the draft guidelines created by the DBO, and respectively notes the following two items:

1. Automated Valuation Model

AB 1284 calls for property value to be determined using an Automated Valuation Model. While this methodology is very common in residential real estate, such a model doesn’t currently exist for commercial real estate.

Instead, CleanFund would propose that for C-PACE transactions, Program Administrators should use a commercially reasonable method of valuation. For example, CleanFund generally obtains appraisals that comply with the Financial Institutions Reform, Recovery And Enforcement Act (“FIRREA”) and the Uniform Standards of Professional Appraisal Practice (“USPAP”). These are best-in-class standards followed by regulated banks and lending institutions across the Country. Our stringent underwriting standards ensure that property values are not inflated, and reflect market-informed estimates.

2. C-PACE Program Administrator Exemption

Under AB 1284, the definition of “Program Administrator” excludes entities who provide financing to the owners of commercial real estate where the property value exceeds \$1 million. Among other things, this exempts these entities from registration from the DBO. We urge the DBO to clarify how PACE administrators verify their exemption under this standard.

In conclusion, CleanFund commends the DBO for their open and transparent rule making processes. Ultimately, we believe the new regulatory scheme will strengthen the PACE industry and continue the trend of California leading the way with the highest standards of consumer protections.

Very truly yours,

~Joshua T. Smith

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