

CaliforniaFIRST

Energy Saving Financing

Frequently Asked Questions

1. What is CaliforniaFIRST?

[CaliforniaFIRST](#) is a Property Assessed Clean Energy (PACE) financing program for residential and commercial properties. CaliforniaFIRST allows property owners to finance the installation of energy and water improvements on homes or businesses without putting any money down. Property owners pay back the funds that were used to implement their home improvement project as a line item on their property tax bill.

[CaliforniaFIRST](#) is a program of the California Statewide Communities Development Authority (CSCDA), a joint powers authority co-sponsored by the California State Association of Counties and the League of California Cities. Renewable Funding administers CaliforniaFIRST.

2. Who are the members of CSCDA?

In order to “opt-in” to CaliforniaFIRST, a city or county must be a member of CSCDA (the vast majority of California cities and counties are already members – over 500 cities, counties and special districts in the state are [CSCDA members](#)). Becoming a member is easy and does not cost anything. The documents needed to join CSCDA are available on the [CaliforniaFIRST web site](#). Activation by CSCDA of a membership application typically takes two weeks.

3. How do I know if my city or county is participating in CaliforniaFIRST?

[CaliforniaFIRST](#) is currently available in 30+ counties, with 200+ participating local governments (cities and unincorporated county areas) located throughout California. See the CaliforniaFIRST web site for a [list of all participating jurisdictions](#).

CaliforniaFIRST may only accept financing applications from property owners located in jurisdictions that have opted-in to the program. Local governments around the state can join CaliforniaFIRST by passing a simple “opt-in” resolution, which is available on the [CaliforniaFIRST web site](#). CaliforniaFIRST financing becomes available to property owners within the local government’s jurisdiction only one or two days after passage of the opt-in resolution.

4. Does CaliforniaFIRST use taxpayer dollars to fund projects or administer the program?

No. CaliforniaFIRST uses private capital to fund every project. Costs to administer the program are paid by program participants, through fees that are rolled into each project’s financing. County tax assessors and tax collectors incur small costs to place each PACE assessment on the tax rolls, and to collect and distribute the PACE assessment payments. Counties are reimbursed for these costs through the above-

mentioned fees. Cities do not incur any costs as a result of opting-in to the program. Some cities and counties may *voluntarily* expend resources to increase public awareness among property owners of PACE as a financing option.

5. What are the benefits?

[CaliforniaFIRST](#) solves many of the financial hurdles facing property owners wanting to install energy and water improvements.

- Competitive, fixed interest rates (which are effectively even more competitive when homeowners are eligible to deduct the interest portion of the PACE payments from their taxes¹)
- Up to a 25 year payback term
- Decreased utility bills from reduced electricity and water usage
- Qualifying for financing is not based on personal credit scores
- The PACE lien payment obligation usually transfers to the new owner if the property is sold

6. Is this a voluntary program?

Yes. Utilizing CaliforniaFIRST financing is completely voluntary. Properties and property owners that don't participate remain unaffected.

7. How is CaliforniaFIRST different from traditional financing?

CaliforniaFIRST is financed through assessments collected on the property tax bill, and the assessment obligation may be assumed by the new owner when the property is sold.

8. How do I qualify for financing?

Qualifying for CaliforniaFIRST financing is based on:

1. The property's estimated market value;
2. The amount of the property owner's equity in the property;
3. The property owner's recent mortgage and property tax payment history; and
4. The dollar value of the proposed renewable energy and energy and water saving improvements.

Qualifying is not based on personal credit scores.

9. How much money can I borrow?

The minimum amount that can be financed is \$5,000. The maximum financing amount is 15% the property value, but may not exceed \$200,000.

¹ Homeowners are advised to consult with their tax preparers to receive guidance on whether or not they can take advantage of the tax deductibility of the interest portion of PACE payments.

10. What are the interest rates?

As of November 12, 2014, our interest rates are:

Years to Repay	Interest Rates
5	6.75%
10	7.59%
15	7.99%
20	8.29%
25	8.39%

Homeowners should consult with their contractor to confirm if interest rates have changed.

11. How is the length of the repayment period determined?

Repayment periods will range from 5, 10, 15, 20, or 25² years, depending on the homeowner's preference, and limited by the expected useful life of the most costly product of the project's CaliforniaFIRST-financed improvements.

12. How does repayment work?

A property owner applying to [CaliforniaFIRST](#) will agree to the levy by CSCDA of a "contractual assessment" on its property. The property owner will receive funds to pay the up-front costs of installing the approved improvements. The PACE assessment will appear as a new line item on the property owner's property tax bill.

13. Are there any penalties for prepayment of the PACE assessment?

There are no penalties for paying all or a portion of the PACE assessment early.³ Please see Question #18 below for additional information.

14. What happens when I sell my property?

As part of the property record, the assessment will be disclosed at the time of property sale, and the remaining unpaid balance of the financed amount will be transferred to the new property owner.

15. Can CaliforniaFIRST finance solar leases or Power Purchase Agreements (PPAs)?

Yes, pre-paid solar leases and PPAs can be financed through CaliforniaFIRST.

16. Do I need to complete an energy audit of my home?

² 25 year terms are only available for certain solar systems. Homeowners are advised to consult with their solar installer.

³ Partial repayments must be for a minimum of \$2,500.

No, but it is encouraged. In certain cases a property owner may want to have a qualified auditor evaluate her home to determine the most cost-effective measures to reduce the home's energy use. The costs of an energy assessment can be financed with [CaliforniaFIRST](#) financing.

17. Is there an application fee?

No, there is no fee to apply for [CaliforniaFIRST](#) financing.

18. Can I use any contractor?

In order to participate, contractors must be registered with [CaliforniaFIRST](#). As long as contractors meet Program requirements, they can quickly and easily register by visiting californiafirst.org/contractor. All participating contractors must have a valid and active contractor's license with CSLB. The same web page provides a list of participating contractors.

19. How are tax credits, rebates, and other incentives incorporated into CaliforniaFIRST financing?

Property owners are encouraged to pursue available Federal Investment Tax Credits (ITCs), utility rebates and any other incentives. All or a portion of total incentives may be subtracted from the amount financed under the Program; however, it is not required that the financed amount be reduced by the estimated value of the incentives. Once property owners receive their rebates and tax credits, those funds may be used to pay down the PACE assessment balance; the balance would then be re-amortized, resulting in lower annual PACE assessment payments.

20. Is the interest on the PACE assessment payment tax deductible?

The interest portion of payments made under the [CaliforniaFIRST](#) Assessment Contract may be deductible for income tax purposes. The interest portion will vary from year to year, and any tax savings will depend on the property owner's tax bracket and other variables. The property owner should consult with his tax advisor to determine if, and to what extent, he may deduct the interest component of payments made under the Assessment Contract.

21. Who do I contact with additional questions?

[CaliforniaFIRST](#) staff are available to answer additional questions via email at info@CaliforniaFIRST.org or by phone at (844) 589-7953.