



As part of new California PACE industry regulation, all PACE financing providers will be required to consider the customers' ability to pay as part of the financing approval process. **This means that effective March 30, 2018 Ygrene will begin inquiring about property owners' income and expenses.** We will refer to this new rule as **Ability To Pay**.

## Frequently Asked Questions

### Q. What's changing?

- A: This new regulation will impact certain steps on the Ygrene application and will impact our underwriting process for residential properties only:
- New fields will be added to the application that ask about the property owners' declared monthly income and expenses.
    - Verifiable liquid assets can be substituted for income or supplement income.
  - Ygrene will run an approval calculation comparing verified income and assets against household expenses.
  - Property owners will be required to upload income verification documents through a secure link sent to their e-mail address. **This secure link will be the only acceptable method for Ygrene to receive income verification documents.**
  - Each property owner will be required to authorize their individual credit pull.
  - The amount of a property owner's final approval will correspond with their ability to pay. In some cases, this may result in lower approval amounts from what is initially presented.

### Q. How strict are the income requirements?

A: The law requires that we determine that property owner(s) have a "reasonable ability to pay" the PACE assessment. Ygrene will measure this standard by establishing that there is enough income to pay the PACE obligation after taking expenses into account.

### Q. What types of income and verification will be accepted?

| Income Type  | Verified By   |
|--|---|
| Wages  | Pay stubs for past 30 days or bank account statement showing regular deposits for 60 days, W2, most recent tax return*  |
| Self-Employment Income from a Business   | W2, most recent tax return*, accountant's statement of income from a business   |
| Rental Income  | Most recent tax return* or executed lease   |
| Fixed Income, Pensions   | Benefit verification letter, pension letter   |
| Other Income   | Most recent tax return*   |
| Liquid Assets (including but not limited to): <ul style="list-style-type: none"> <li>• Checking Account</li> <li>• Savings Account</li> <li>• CD</li> <li>• Money Market Account</li> <li>• IRA</li> </ul> | Most recent account statement. The first page of the statement showing the total account balance is acceptable.<br><br>Liquid assets must be able to sustain 10 years' worth of PACE-related tax payments, or 5 years if a 5-year term is chosen. |
|  | * Tax return summary pages are acceptable.  |
| Nothing on any submitted document can be blacked out.  |   |

### Q. What can I do to make my sales calls easier?

A: The single best thing you can do is to encourage property owners to have their current income verification documents handy at the time of your visit. This will speed up underwriting decisions and give you clarity on the scope of project the property owners can afford.

### Q. How will these changes impact my existing projects?

A: Any project with an approval on file by end-of-day March 29 will **not** be affected by Ability To Pay criteria. All new or unapproved projects as of March 30 will be subject to the new Ability To Pay rule.

- ***Did you know that Ygrene approvals expire?*** For any approvals that would expire due to either of the reasons below, those projects will have to reapply under the new criteria as of March 30. *Act fast to avoid losing an existing underwriting approval.*
- ***Ygrene approvals expire when:***
  - Projects have not reached NTP within 60 days of the original credit pull;
  - Projects that have reached NTP are not funded within 270 days of the original approval date.

### Q. When will these changes go into effect?

A: Ygrene will introduce Ability To Pay changes effective Friday **March 30, 2018**.