Presale Report
Renew 2024-1

Morningstar DBRS
January 9, 2024

Contents

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Rating Summary

Class	Amount ($)	Coupon (%)	Rating*	Rating Action
A	145,930,000	TBD	AAA (sf)	New Rating – Provisional
M	4,513,000	TBD	AA (sf)	New Rating – Provisional
B	4,400,000	TBD	BBB (sf)	New Rating – Provisional
Total	154,843,000			

* See Appendix D for Scope and Meaning of Financial Obligations.

Executive Summary

DBRS, Inc. (Morningstar DBRS) assigned provisional ratings of AAA (sf) to the Class A Notes, AA (sf) to the Class M Notes and BBB (sf) to Class B Notes (collectively, the Notes) to be issued by Renew 2024-1 (the Transaction). The Transaction represents the ninth overall securitization secured by Renew Financial Group LLC (Renew or the Company) originated residential Property-Assessed Clean Energy (R-PACE) assets since 2014.

The Transaction collateral consists of (1) $112.8 million of PACE assets issued by two PACE Asset Issuers: California Statewide Communities Development Authority (CSCDA) and Florida Green Finance Authority (FGFA) collectively, the Initial PACE Assets and (2) up to $37.6 million of PACE assets to be acquired post-closing (Subsequent PACE Assets; together with the Initial PACE Assets, the PACE Asset Portfolio). The Transaction includes a prefunding account (see Transaction Structure section) sized at approximately 25% of the PACE Asset Portfolio amount, which will be used to finance the Subsequent PACE Assets. The prefunding period (Prefunding Period) begins on the closing date and ends no later than 90 days thereafter.

The Initial PACE Assets consist of (1) $13.0 million of limited obligation improvement bonds issued by CSCDA pursuant to the CSCDA PACE Master Indenture (the PACE Bonds) and (2) $99.8 million of debt obligations issued by FGFA pursuant to the Master PACE Debt Obligations Agreement (Debt Obligations).

The Initial PACE Assets are secured by 3,121 PACE Assessments (defined in the PACE Overview section) levied against residential properties in 51 counties; 20 in Florida and 31 in California (collectively, the Initial Assessments). Broward, Florida is the largest county, representing, by balance, 31.06% of the Initial Assessments. The Initial Assessments have an average balance of approximately $36,153, a weighted-average (WA) annual assessment rate of 7.82%, and a WA original term of 27.05 years. PACE Assessments securing the Subsequent PACE Assets (Subsequent PACE Assets; together with the Initial Assessments, the Assessment Portfolio) are anticipated to have characteristics similar to those of the Initial Assessments. The Assessment Portfolio is subject to eligibility criteria (see Appendix A), which will generally maintain the consistency of the Subsequent PACE Assets with the Initial Assessments.

PACE Assessments represent special voluntary assessments on real properties payable semiannually in California and annually in Florida, together with property taxes. Accordingly, a PACE Assessment has equal-lien priority with such property taxes secured by the same property under California and Florida law.

This transaction is being structured as a Rule 144A and Regulation S transaction under the Securities Act of 1933. Initial credit enhancement for the Class A Notes consists of 3.00% subordination in the form of Class M Notes. The Class A and Class M Notes also benefit from a liquidity reserve, partially funded at closing with an amount equal to 0.50% of the PACE Asset Portfolio Target Balance. The liquidity reserve will build up over time to a cap that shall equal the greater of (i) $500,000, and (ii) on the May 2024 Payment Date, 1.00%, (iii) on the November 2024 Payment Date, 1.50%, (iv) on the May 2025 Payment Date and on each Payment Date thereafter, 2.00% in each case as a percentage of the aggregate principal balance of the PACE Asset Portfolio on such Payment Date. The Class A Notes, the Class M Notes, and Class B Notes will also benefit from excess based on the collateral yield of 7.82% less the weighted average assumed Note rate of 6.62%.

In addition, the transaction will include a Representations and Warranties Reserve Account, not initially funded, but building to 0.50% of the PACE Asset Portfolio Target Balance. The Representations and Warranties Reserve Account will be available for 24 months from the Prefunding Termination Date to cover representation and warranty breaches for which the corresponding buyback obligation is not honored by Renew.

Transaction Parties and Relevant Dates

Issuer:	Renew 2024-1
Sellers:	Renew WCF LLC, RenewPace WH III LLC, RenewPace WH IV LLC
Depositor:	Renew Depositor III LLC
Program Administrator:	Renew Financial Group LLC
Administrator and Preferred Share Registrar:	Appleby Global Services (Cayman) Limited
Portfolio Administrator and Share Trustee:	Appleby Global Services (Cayman) Limited
Assessment Administrators:	David Taussig & Associates, Inc. Special District Services, Inc.
Backup Program Administrator:	Special District Services, Inc.
PACE Asset Issuers:	California Statewide Communities Development Authority Florida Green Finance Authority
ABS Note Trustee, Securities Administrator, Custodian and Preferred Share Paying Agent:	The Bank of New York Mellon Trust Company, N.A
PACE Bond Trustee Under PACE Bond Indentures and Florida Custodian under Aggregation Account Agreement:	Wilmington Trust, National Association
Expected Closing Date:	January 22, 2024
Semi-Annual Payment Date:	20th day of May and November
Interim Payment Date:	20th day of each month (other than a Semi-Annual Payment Date)
First Semi-Annual Payment Date:	May 20, 2024
First Interim Payment Date:	February 20, 2024
Legal Final Maturity:	November 20, 2059

Note: Various capitalized terms are used throughout this report. Please refer to the transaction documents for more information and/or definitions of those terms.

Rating Rationale

The provisional ratings are based on Morningstar DBRS's review of the following analytical considerations:

- The transaction assumptions consider Morningstar DBRS's baseline macroeconomic scenarios for rated sovereign economies, available in its commentary *Baseline Macroeconomic Scenarios for Rated Sovereigns: December 2023 Update*, published on December 19, 2023. These baseline macroeconomic scenarios replace Morningstar DBRS' moderate and adverse coronavirus pandemic scenarios, which were first published in April 2020.
- Transaction capital structure, proposed ratings, and form and sufficiency of available credit enhancement.
- Credit enhancement is in the form of subordination, a liquidity reserve, and excess spread. Credit enhancement levels are sufficient to support the Morningstar DBRS-expected default, prepayment and loss severity assumptions under various stress scenarios.
- Adequacy of additional reserve to support representation and warranty buyback obligations in the event that Renew does not/cannot honor its obligations.
- The ability of the Transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the ratings on the Class A and Class M Notes address the timely payment of interest on a semi-annual basis and the payment of principal by the Legal Final Maturity. The rating on the Class B Notes addresses the payment of interest and principal by the Legal Final Maturity.
- The capabilities of Renew with regard to originations and underwriting.

- Morningstar DBRS performed an operational review of Renew and considers the Company to be an acceptable originator of PACE Assessments.
- The presence of Special District Services Inc. (SDS) as backup program administrator.
- The legal structure and presence of legal opinions that address the true sale of the PACE Assets to the Issuer, the nonconsolidation of the Issuer with the Depositor, that the Issuer has a valid first-priority security interest in the PACE Asset Portfolio, and consistency with the Morningstar DBRS' *Legal Criteria for U.S. Structured Finance*.
- Review of legal considerations specific to PACE.
- CSCDA had validation judgments issued by the California Superior Court that confirm that the PACE Bonds and underlying PACE Assessments are valid and enforceable obligations that conform to all federal and state laws. In addition, the judgments also ruled that the PACE Assessments do not constitute a taking of private property without due process of law in violation of the fifth and 14th Amendments to the U.S. Constitution or the California Constitution.
- The FGFA had a validation judgment issued by Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, that confirms that the PACE Assessments are valid and enforceable obligations that conform to all federal and state laws. In addition, the judgment also ruled, similar to the California validations, that the PACE Assessments do not constitute a taking of private property without due process of law in violation of the fifth and 14th Amendments to the U.S. Constitution or the Florida Constitution.
- In its rating analysis, Morningstar DBRS considered recent legal actions in the State of Florida with respect to county tax collectors' declining to add certain PACE Assessments originated through Florida PACE Funding Agency (FPFA) to the tax rolls. The FPFA is actively defending these actions, and believes it will prevail on the merits and obtain a judgment ordering relevant tax collectors to assess and collect the relevant PACE Assessments. To date, FGFA PACE assessments, and specifically those in the Transactions, have not been affected.
- Servicing is performed by local county tax collection offices.
- Commingling risks associated with the servicing of PACE Assessments by local county tax collection offices in California and Florida are mitigated by the protections afforded special revenue collections under Chapter 9 of the U.S. Bankruptcy Code (the Code) and certain structural features, including a County Reserve Account.

PACE Overview

PACE programs are local or state government-sponsored programs that facilitate the financing of energy efficiency, renewable energy, and water conservation improvements on commercial and residential properties. PACE programs are based on legal precedents with a long-standing history in the United States that permit the government to facilitate a public purpose through special taxing authorities. Expenditures under PACE programs can be used to finance a wide variety of eligible improvements, including air and duct sealing; insulation; heating, ventilation, and air conditioning; efficient lighting; improved irrigation and water heating; renewable energy production (e.g., solar photovoltaic and solar thermal); and other eligible measures, such as water conservation, wind resistance, and storm hardening.

PACE financing is repaid from five years to 25 or 30 years (varies by originator) in the form of special taxes or voluntary special assessments invoiced and paid with property taxes collected by the relevant tax authority for the improved property (the Assessments or PACE Assessments). In California and Florida, PACE Assessments have equal-lien priority with property taxes and rank senior to first-lien mortgages on the property. Furthermore, in California and Florida, PACE Assessment ranking in liquidation relative to other prior existing PACE Assessments is based on chronological order of lien filing (i.e., first in time, first in line). If a property is refinanced or sold, the PACE Assessment obligation generally remains with the property (i.e., "runs with the land") unless prepaid to facilitate such refinancing or sale. There is no acceleration of PACE Assessments upon a default, as is the case with a mortgage or home equity line of credit. Only the installments in arrears are due and payable at the time of a foreclosure out of the foreclosure proceeds. The purchaser acquiring the property in the foreclosure sale will continue to make the PACE Assessment payments from that point forward. In Florida, if a property has delinquent taxes, the tax collector sells the tax certificate, including the PACE installment.

Consumer protection regulations continue to evolve in residential PACE. In May 2023, the Consumer Financial Protection Bureau initiated a rule-making process to establish a national ability-to-pay standard for residential PACE financing. Comments to the notice of proposed rulemaking were initially due in July 2023. This follows various consumer protection regulations that have been enacted at the state level over the years. To date, the most far reaching have been Senate Bill 242 (the Skinner Bill) and Assembly Bill 1284 in California (AB 1284). The Skinner Bill signed in October 2017 established the following:

- Requires a recorded confirmation of terms calls for 100% of applicants to confirm the homeowner understands the terms and conditions of the PACE assessment;
- Restricts PACE originators from paying compensation to the contractor beyond the cost of the project;
- Prevents PACE originators from advising a contractor the maximum amount of PACE financing for which a property owner is eligible; and
- Requires PACE originators to report data to local governments regarding the projected energy and water savings as well as local economic and job impacts.

AB 1284 was also signed into law in California in October 2017 and established the following (among others):

- Income verification and ability-to-pay underwriting standards, which became effective on April 1, 2018;
- Codifies into law the current underwriting standards widely used by the industry related to loan-to-value (LTV) and mortgage and property tax delinquencies; and
- A licensing and regulatory framework for the industry, whereby PACE originators will be regulated by the California Department of Business Oversight, which also regulates banks and finance companies in California.

Assembly Bill 2063 was passed in California on September 27, 2018, which, among other things, established the following:

- Confirmation of ability-to-pay prior to executing assessment contracts and beginning construction; and
- Modification of existing underwriting requirements concerning mortgage payments and bankruptcy. SB 1087, which also passed in California on September 27, 2018, tasks the Department of Business

Oversight as the regulator for PACE programs in California, including responsibility for creating the ability-to-pay criteria.

Company Description

Renew was founded in 2008 in Oakland, California, as the first company to offer PACE to residential property owners. In 2009, Renew and CSCDA initiated the first statewide PACE program but subsequently put the program on hold in light of statements by the Federal Housing Finance Agency (FHFA) in July 2010 (see FHFA Challenges to Residential PACE). In 2014, Renew and CSCDA entered into the CSCDA Services Agreement and relaunched the statewide program for residential PACE. The first PACE Assessments were entered into by CSCDA in the summer of 2014. Renew launched in Florida in July 2016 under an agreement with the FGFA. Renew originates PACE Assessments under its CaliforniaFIRST brand through CSCDA and its RenewPACE brand through FGFA.

The Company is responsible for processing applications for PACE funding. Since inception, Renew has arranged for the purchase of PACE comprising approximately 60,750 Assessments, generating more than $1.7 billion in PACE funding for residential property owners in California and Florida.

The Chief Risk Officer left the Company in 2021 and as a result the compliance department now reports directly to the CEO. The Company recently hired a general counsel who will manage the compliance department going forward. The current management team maintains a diverse background in financial services, consumer lending, capital markets, government relations, renewable energy and technology. As of January 2024, the Company was staffed at approximately 112 FTE including 19 Sales and Marketing representatives. Additionally, Renew uses offshore resources for staff augmentation in software development areas.

Morningstar DBRS has reviewed the consolidated financial statements of Renew Financial Holdings Inc., (Renew Financial) the corporate parent of Renew and its affiliates. It is evident that Renew Financial Holdings Inc. has suffered recurring losses from operations and expects to continue to suffer recurring losses from operations during 2023, which could affect its abilities to operate going forward. Following the closing date for the Renew 2023-1 securitization, Renew raised additional equity capital and secured additional debt commitments. Please see the Risk Factors section in the Confidential Preliminary Private Placement Memorandum (dated January 8, 2024) for further information.

Renew is named as a defendant on several litigation and disputes related to the CaliforniaFIRST PACE Programs. In each instance, Renew believes that it has strong consumer protections in place and intends to vigorously defend the allegations in such case.

On April 12, 2018, a putative class action complaint was filed in the Superior Court of the State of California for the County of Los Angeles, naming Renew Financial Holdings Inc., Renew Financial Corp. II, and LA County as defendants. The complaint asserts that Renew Financial Holdings Inc. and Renew Financial Corp. II failed to implement consumer protection measures and that the activities comprise financial elder abuse under California law. The plaintiffs are demanding restitution of all amounts paid in connection with the LA County Program, the extinguishment of the related liens, the cancellation of the PACE Assessments levied under the LA County Program, and damages. Renew Financial believes that it has strong consumer protections in place. Renew Financial has entered into a settlement agreement with the plaintiffs. The settlement agreement remains subject to court approval at this time. Renew's settlement cost is expected to be fully covered by insurance.

On November 8, 2019, a putative class action complaint was filed in the Superior Court of the State of California for the County of San Diego, naming Renew Financial, and the PACE Asset Trustee, and additional unknown persons as defendants. The complaint asserts, among other things, that the PACE Assessments imposed on the residential properties of certain property owners 65 years of age or older were improperly solicited. The plaintiffs request for the PACE Assessments to be invalidated and removed as encumbrances on their residential properties.

On January 24, 2020, a putative class action complaint was filed in the Superior Court of the State of California for the County of Contra Costa, naming Renew Financial and additional unknown persons as defendants. The complaint asserts, among other things, that the PACE Assessments imposed on the residential properties of certain property owners improperly solicited. The plaintiffs request for the PACE Assessments to be invalidated and removed as encumbrances on their residential properties.

Originations

Origination of PACE Assessments is primarily through contractor referrals. The Company currently has over 2,000 approved contractors in its network. In order to offer a Renew product, a contractor must meet eligibility criteria and complete a training agenda. Eligibility criteria include meeting required licensing, bonding, insurance, time in business, financial stability and reputational requirements. In addition, all California-based contractors must be licensed and bonded by the California Contractors State License Board, and Florida-based contractors must be licensed by the Florida Department of Business and Professional Regulation. Renew maintains a learning management system populated with various modules to provide contractors training on Renew products, processes, and systems. As required by CA, a testing component is tied to contractor training.

To manage its contractor network, Renew employs a sales team divided into Enterprise Sales Managers (ESMs), Regional Sales Managers (RSMs), Inside Sales Managers (ISMs) and other sales support roles. Assignments and responsibilities for each role are designated based on experience and skill level.

Contractors are regularly monitored and reviewed. Renew employs photo verification software provided by a 3rd party, TruePic, to confirm successful project completion on approximately 15% of funded projects. The technology ensures that the completion photos are from the subject property. In some cases, an experienced and licensed third party is dispatched to conduct a site field inspection. Renew requires proof of permitted work for all projects that require permits. As well, the first five projects for all new contractors are reviewed. Contractor performance metrics are monitored on a monthly basis, including, but not limited to, complaints against the contractor; suspicious activity, and failed inspections. Results are reviewed by a multidepartment team with set resolution timelines prior to disciplinary action. The Company does not release funds to the contractor until a certificate of completion is signed and the property owner is satisfied with the work.

Underwriting

Renew's PACE underwriting policy is a combination of rules that originated from internal standards, law, territory requirements, investor requirements, California Alternative Energy and Advanced Transportation Financing Authority requirements, and sponsor Requirements. The rules result in one of four different outcomes: Approve, Conditional Approval, Decline, or Manual Review (Exception). The order of execution of the rules is not critical as all rules are evaluated and then returned to the proprietary originations system from the decision system simultaneously. The system can decision multiple applications simultaneously submitted online or by a call center representative.

Renew manages and maintains a minimum eligibility criteria list. Prior to sending a notice to proceed (NTP) to the contractor, Renew requires specifics on each measure to be installed and confirms eligibility prior to providing the NTP. At funding, Renew matches the information provided to the final invoice. If the invoice does not match information provided at NTP, Renew verifies the eligibility and changes the system to reflect the accurate products or rejects the funding if the product has changed and is determined to be ineligible. In field inspection may be required to evaluate further. Additionally, prior to issuing an NTP, Renew completes a borrower confirmation call on a recorded line to review all financing terms of the contract.

While historically the Company does not use typical consumer credit metrics in its approval process, starting April 1, 2018, the Company began applying income verification and ability-to-pay underwriting standards in California as required by AB 1284. Key documents required to support a PACE Assessment include the income verification document (in California), financing documents, and the completion certificate. Renew does not allow nontraditional credit to offset underwriting requirements. In anticipation of AB 1284, the Company implemented certain income-based underwriting criteria into its PACE underwriting process beginning in April 2017.

The funding team is responsible for the closing and funding process. The process starts with a funding request by the contractor. This requires a copy of the pulled permit (where applicable), signed completion certificate by both contractor and property owner, and final invoice with cost and measure detail. The funder then approves the funding in the system. The financial operations team outside of lending operations obtains a report daily to prepare payment to the contractors for completed projects.

In California Renew makes a courtesy call to the customer prior to funding to confirm that installation is complete. Additionally, Renew has a third-party vendor in field inspections on a random basis on funded files to ensure not only installation but also that the equipment disclosed by the contractor matches documentation provided.

The Company also uses Automated Valuation Models that retrieve data from several real estate data providers to estimate property value. Properties that do not meet specific LTV ratios are automatically declined. Renew has a maximum 15% PACE LTV ratio in California (20% LTV in Florida), and 97% PACE plus mortgage combined LTV (CLTV) ratio in California (100% in Florida). The maximums associated with PACE LTV, mortgage LTV, and CLTV are programmed into the systems decision engine.

The eligibility criteria for PACE Assessments are fixed by the PACE Bond Issuers and their participating municipalities and include the following:

- Applicant(s) must be the property owner(s) of record;
- Property owner(s) must be current on their property taxes;
- The financing term cannot exceed the estimated useful life of the Eligible Product;
- The property title cannot be subject to power of attorney, easements or subordination agreements restricting the property owner(s) to a PACE lien;
- The property is not subject to a Home Equity Conversion Mortgage or other type of reverse mortgage;
- Under the CaliforniaFIRST PACE Program, for the majority of cities property owners must be current on all property-secured debt of the subject property at the time of application and must have no more than one 30-day late payment in the last six months. Under the Florida PACE Program, the property owner must be current on all mortgage debt on the property;
- Under the CaliforniaFIRST PACE Program, for the majority of cities property must not have any federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the property in excess of an aggregate amount of $1,000. per each occurrence. Under the Florida PACE Program, property must not have any federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the property. Notwithstanding the foregoing, prohibited liens do not include community facility district assessments or other financing district liens placed on all properties in that particular financing district;
- Under the CaliforniaFIRST PACE Program, property owner(s) have not been involved in a bankruptcy case during the past two (2) years, and the property may not currently be an asset in a bankruptcy case. If a bankruptcy has been released, discharged, or dismissed in the last two to four years, then the property owner(s) must have no payment more than 30 days past due in the last 12 months. Under the Florida PACE Program, property owners must not be involved in a bankruptcy proceedings (business or personal) and the property must not be an asset in any bankruptcy proceeding;
- Under the CaliforniaFIRST PACE Program, the amount to be financed under each PACE Assessment must be lesser of (a) $250,000 and (b) 15% of the value of the property on the first $700,000 of the value, and less than 10% of any remaining value of the property. Under the Florida PACE Program, the amount to be financed under each PACE Assessment must be less than 20% of the value of the property, subject to a maximum of $250,000 and minimum of $2,500.
- Under the CaliforniaFIRST PACE Program for, for the majority of cities the combined amount to be financed under each PACE Assessment plus any other debts or obligations secured by the property cannot exceed 97% of the value of the property;
- Under the Florida PACE Program, the combined amount to be financed under each PACE Assessment plus the mortgage related debt must not exceed 100% of the value of the property;
- The total annual property tax and assessments, including the PACE Assessment, on the property will not exceed 5% of the property's market value;

- All property owners must sign all required documentation, including but not limited to the Assessment Contract with all other required Financing Documents (as described in the applicable Program Handbook); provided that only one property owner is required to sign the certificate of completion;
- A qualified property must be located within a (a) CSCDA Participating Member Jurisdiction in the case of the CaliforniaFIRST PACE Program or (b) Florida Participating Community, in the case of the Florida PACE Program;
- Under the CaliforniaFIRST PACE Program, property owners' annual income impacts the Maximum Assessment amount. Under the CaliforniaFIRST PACE program, the ability to pay calculation is consistent with regulatory guidance to determine property owner eligibility.
- Under the Florida PACE Program, the Maximum Financed Amount depends on the property owner’s reported annual income. The Florida PACE Program uses a payment-to-income calculation for purposes of determination of the ability to pay as eligibility consideration;
- Under the Florida PACE Program there must be at least 10% equity in the Property (mortgage-related debt is no more than 90% of the property value);
- Under the Florida PACE Program property owner(s) must certify on the application that property taxes have not been paid late during the prior three years; and
- Under the Florida PACE Program there must be no notices of default or foreclosure filed against the property within the last three years.

Guidelines for improvements eligible to be financed in California include the following:

1. Renewable energy improvements, including installation of solar hot water heating and solar photovoltaic panels;
2. Modifications designed to reduce energy consumption, including air sealing; weatherization and improved ventilation; attic and wall insulation; installation or upgrades to insulated windows, doors, ducts, and pipes; and installation of programmable thermostats;
3. Energy-efficiency upgrades of existing interior lighting systems;
4. Energy-efficient gas, electric, or tankless water heaters or energy-efficient pool equipment;
5. Improved efficiency irrigation systems, and bathroom fixtures;
6. Cool or green roofs or walls or radiant heating and cooling systems, improved ceiling or attic fans and energy efficient fan motors, energy-efficient air conditioning units, as well as ground- and water-source heat pumps and evaporative coolers;
7. Installation of low-e window films;[1]
8. Installation of electric vehicle charging stations;
9. Artificial turf and hardscape features; and
10. Seismic retrofits;

1 A film applied to the inside of a window that reduces solar heat gain and radiant heat loss in the room.

Guidelines for improvements eligible to be financed in Florida include the following:

1. Renewable energy improvements that produce energy from renewable sources, including installation of solar hot water heating and solar photovoltaic panels;
2. Modifications to a property that are designed to reduce energy consumption, including air sealing, weatherization, wind resistance, and improved ventilation; attic and wall insulation; installation or upgrades to insulated windows, doors, ducts, and pipes; and installation of programmable thermostats;
3. Energy efficiency upgrades of existing interior lighting systems;
4. Installation of energy-efficient gas, electric, or tankless water heaters, or energy-efficient pool equipment;
5. Installation of or upgrades to cool roofs or walls or radiant heating and cooling systems, improved ceiling or attic fans and energy efficient fan motors, energy-efficient air conditioning units, and ground- and water-source heat pumps and evaporative coolers;
6. Installation of low-e window films; and
7. Installation of electric vehicle charging stations.

Portfolio Characteristics

Assessments

The Initial PACE Assets are secured by the Initial Assessments levied against residential properties in 51 counties (20 Florida counties and 31 California counties), of which Broward, Florida is the largest, representing 31.06% of the collateral balance. The Initial Assessments have an average balance of approximately $36,153, a WA annual interest rate of 7.82%, and a WA original term of 27.05 years. The following Initial Assessment characteristics are as of January 5, 2024 (rounded to the nearest dollar).

Renew Financial	2024-1	2023-1	2021-1	2018-1	2017-2
Number of Assessments	3,121	5,197	4,818	4,542	4,297
Total Balance	$112,832,991	$173,989,919	$124,652,592	$121,519,919	$116,687,342
Senior Assessments	$112,832,991	$173,989,919	$124,652,592	$116,207,104	$116,687,342
Subordinated Assessments	$0	$0	$0	$5,312,814	$0
Average Balance	$36,153	$33,479	$25,872	$26,755	$27,156
Low Balance	$2,617	$245	$562	$4,462	$2,548
High Balance	$248,602	$248,434	$213,944	$247,113	$216,004
WA Rate	7.82%	6.09%	6.17%	7.74%	8.20%
Low Rate	0.99%	0.99%	1.83%	2.49%	6.75%
High Rate	10.39%	9.99%	8.49%	8.49%	8.49%
WA Original Term (years)	27.05	27.04	24.3	20.3	21.0
Low Original Term (years)	5	5	5	5	5
High Original Term (years)	30	30	30	30	30
Average Property Value	$570,920	$557,507	$376,989	$521,959	$520,717
Low Property Value	$70,393	$58,400	$53,750	$30,500	$43,024
High Property Value	$8,547,000	$10,849,420	$8,484,800	$6,500,000	$6,600,000
WA Assessment LTV	8.21%	7.74%	8.70%	7.49%	7.72%
WA Mortgage LTV	43.12%	43.47%	52.95%	54.42%	54.22%
WA Combined LTV	51.33%	51.21%	61.66%	62.18%	62.19%
WA Mortgage Seasoning (years)*	5.35	6.91	4.77	4.83	5.12

*In the event of no mortgage origination date, seasoning is assumed to be from PACE Assessment origination date.

The top five counties account for approximately 82% of the Initial Assessments by balance as follows:

County	
Broward, FL	31.06%
Miami-Dade, FL	28.04%
Palm Beach, FL	20.05%
Sacramento, CA	1.73%
Los Angeles, CA	1.47%
Others	17.65%
Total	**100.00%**

Approximately 97% of the Initial Assessments by balance have an original term of 15 years or more as follows:

Original Term	
5	0.81%
10	2.27%
15	7.43%
20	7.55%
25	8.46%
30	73.49%
Total	**100.00%**

The WA CLTV is 51.33%. Approximately 73.23% of the Initial Assessments balance have a combined LTV less than 70%.

Combined LTV (%)	
0.01 to 5.00	2.63%
5.01 to 10.00	5.28%
10.01 to 15.00	3.64%
15.01 to 20.00	4.66%
20.01 to 25.00	2.65%
25.01 to 30.00	4.12%
30.01 to 35.00	5.53%
35.01 to 40.00	4.86%
40.01 to 45.00	6.29%
45.01 to 50.00	7.12%
50.01 to 55.00	5.88%
55.01 to 60.00	7.26%
60.01 to 65.00	6.08%
65.01 to 70.00	7.22%
70.01 to 75.00	6.62%
75.01 to 80.00	5.56%
80.01 to 85.00	4.44%
85.01 to 90.00	3.18%
90.01 to 95.00	3.86%
95.01 to 100.00	3.10%
Total	**100.00%**

Subsequent PACE Assets—Prefunding Account

During the Prefunding Period, the Issuer may use funds on deposit in the prefunding account to acquire Subsequent PACE Assets. The Subsequent PACE Assets together with the Initial Assessments are subject to the eligibility criteria set forth in Appendix A. Morningstar DBRS developed a stressed prefunding pool to evaluate the potential change in the composition of the Initial Assessments as a result of the addition of up to $37.6 million of assessments over the Prefunding Period.

Legal Considerations

There are several legal considerations related to PACE programs generally. The following are some of the key considerations:

Validation

Validation proceedings are a type of in rem proceeding that can be brought in some states to validate certain actions of public agencies, such as the PACE Bond Issuers in California and Florida. Once a validation proceeding is commenced, interested third parties have a limited time in which to bring an objection to the action of the public agency for which validation is being sought. If an objection is made, its merits are adjudicated by the court that is hearing the validation action. If none are made (and assuming any that are made are decided in favor of the public agency) then a judgment is issued validating the actions of the public agency. The effect of the validation proceeding is that once the validation judgment is issued, no further challenges can be brought to the actions that were the subject of the validation proceeding.

CSCDA had validation judgments issued by the California Superior Court that confirm that the PACE Bonds and underlying PACE Assessments are valid and enforceable obligations that conform to all federal and state laws. In addition, the judgments also ruled that the PACE Assessments do not constitute a taking of private property without due process of law in violation of the fifth and 14th Amendments to the U.S. Constitution or the California Constitution.

FGFA had a validation judgment issued by the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, which confirms that:

- The bonds or other debt obligations issued by the FGFA enable the FGFA to lawfully create and administer financing programs related to the provision of qualifying improvements (as defined in the PACE enabling legislation).
- The bonds or other debt obligations are secured by the proceeds derived from Florida PACE Assessments.

In order to pay the costs of Eligible Products, the Florida PACE Act expressly authorizes the imposition and collection of non-ad valorem assessments, which constitute liens against the affected properties..

All requirements of the Constitution and laws of the State of Florida pertaining to the issuance of the Bonds and the adoption of the proceedings of the Plaintiff have been complied with.

County Commingling and Insolvency Risk

Commingling risk relates to the PACE Assessment collections that could be lost or diverted in the event of the bankruptcy of any county that collects the PACE Assessments. County tax collectors and the PACE programs do not provide for segregation of receipts for PACE Assessments from property tax collections or other collections of funds (e.g., parking tickets, permits, or licenses). This commingling with general funds could expose the Transaction to temporary stay risk related to payments on PACE Assessments collected following a bankruptcy filing of the relevant county. However, Chapter 9 of the Code protects secured bondholders if they are secured by special revenues as defined in 11 USC Section 902(2). Section 928(a) states that creditors secured by a lien on special revenues retain their lien on special revenues post-petition. The PACE Assessments are considered special revenues under the bankruptcy code law; thus, the Issuer, as the holder of the PACE Bonds, is afforded such protection. Pursuant to the CSCDA PACE Bond Indenture, upon a Chapter 9 filing by a county, CSCDA covenants to seek post-petition relief to (1) obtain relief from the automatic stay relating to PACE Assessment collections received by the county prior to its filing and held by such county at the time of filing to enable such collections to be paid to the PACE Bond Trustee and (2) ensure that all PACE Assessment collections received by such county post-petition are paid to the PACE Bond Trustee in a timely manner. In the case of FGFA, since it is the county collecting PACE Assessments and would be the entity in Chapter 9, the PACE Bond Trustee or the ABS Note Trustee would be the party to seek such post-petition relief as described above.

FHFA and FHA Challenges to Residential PACE

The FHFA has voiced concern that Residential PACE Assessments have a lien status superior to that of existing mortgages underwritten by Fannie Mae and Freddie Mac. On July 6, 2010, the FHFA issued a Statement on Certain Energy Retrofit Loan Programs stating that PACE programs presented significant safety and soundness concerns as well as urging state and local governments to reconsider these programs and ultimately directing Fannie Mae, Freddie Mac, and the Federal Home Loan Banks to take "prudential actions to assure no adverse impact by PACE programs." Citing the Directive, Fannie Mae and Freddie Mac announced to lenders on August 31, 2010, that they would not purchase mortgage loans originated on or after July 6, 2010, which were secured by properties encumbered by PACE obligations. It is possible that the FHFA's position will make sales of properties that are subject to PACE Assessments or the refinancing of mortgages on such properties more difficult. As a result, owners of such properties may need to prepay their PACE Assessments to complete a sale or to refinance their properties. Morningstar DBRS notes that neither the July 2010 statement nor any subsequent statements have challenged the validity of a PACE Assessment as a valid special assessment under California law. In addition, PACE Assessments benefit from the certainty provided by the related legislation, county resolutions, and judicial validation. Consequently, Morningstar DBRS has not made an adjustment to the loss severity for PACE Assessments on properties with Fannie Mae and Freddie Mac mortgages. On December 7, 2017, the Federal Housing Administration (FHA) issued Mortgagee Letter 2017-18, which accompanied certain updates to the FHA Single Family Housing Policy Handbook. Mortgagee Letter 2017-18, which became effective 30 days after the date of issuance, supersedes prior guidance from the FHA (including Mortgagee Letter 2016-11) and provides that properties that are encumbered by PACE obligations will no longer be eligible for subsequent FHA-insured mortgage financing (including any refinancing). Previously, such properties were eligible for FHA-insured mortgage financing if specified conditions were met. In revising its policy, the FHA identified its concerns with the potential for greater losses on the related mortgage loans, consumer protections associated with the origination of PACE assets that are less comprehensive than those applicable to traditional mortgage products, potential consumer abuses related to PACE assets, and potential risk to property owners associated with the potential for property overvaluation because of the effect of a PACE lien on a property. The Fannie Mae Selling Guide, published December 2023, provides that Fannie Mae will not purchase mortgage loans secured by properties subject to PACE unless the PACE asset is structured as a subordinate lien or an unsecured loan, and does not provide for lien priority over first mortgage liens. It is possible that the FHA's position will make sales of properties that are subject to tax liens or assessments, or the refinancing of mortgages on such properties, more difficult because the FHA is requiring that PACE obligations be paid off prior to a property owner obtaining FHA-insured financing.

Prepayments of the related PACE obligations are expected to increase as a result of this new policy because owners of such properties must prepay their tax liens or assessments in order to complete a sale or a refinancing of their properties.

For more information on the various legal considerations regarding PACE programs, please see the Morningstar DBRS *Rating U.S. Property Assessed Clean Energy (PACE) Securitizations* methodology.

Historical Performance

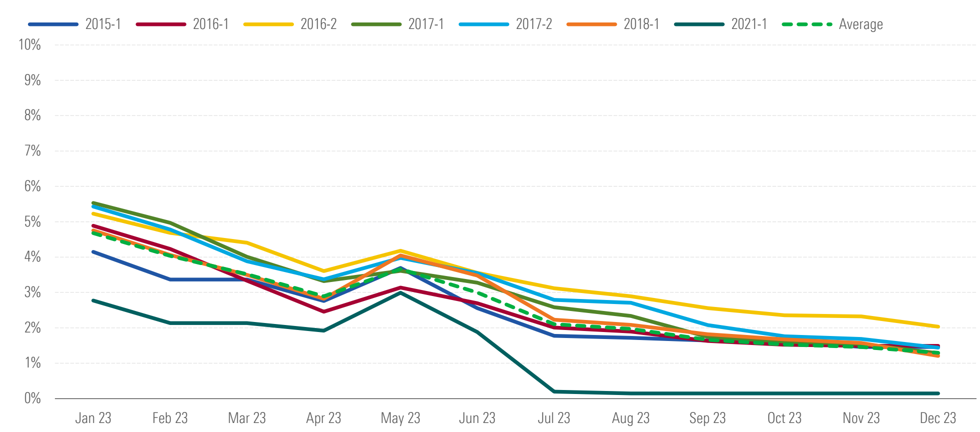
Delinquency

In California, the delinquency rate following the first installment due date (December to March) is equal to the delinquent amount divided by half the annual levy because only half of the levy is due at the first installment. The delinquency rate following the second installment (April and beyond) is equal to the delinquent amount divided by the entire annual levy as the full amount of the annual levy is considered past due on April 10.

In Florida, taxes and PACE assessments are due in one installment on March 31. Thus, the delinquency rate is simply the amount past due at any point in time divided by the annual levy amount. Throughout this report, Morningstar DBRS refers to Delinquency Rates using these calculations.

The charts below plot the delinquency experience for existing Renew trusts for the 2022–23 Tax Year.

Exhibit 1 Delinquency Rates for the 2022–23 Tax Year



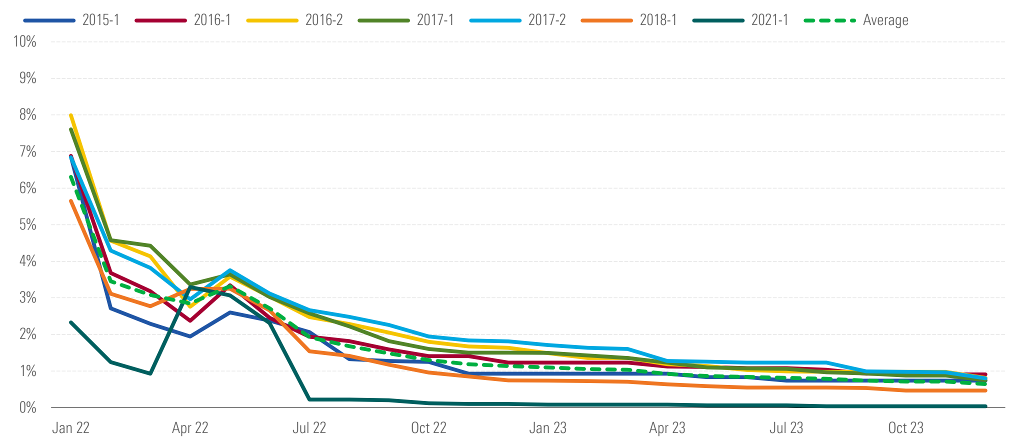
Source: Morningstar DBRS.

There are generally two delinquency spikes over the course of the tax year. The first spike occurs in December, when the first installment is considered past due, and the second in April, when the second (and full year) installment is considered past due. Because of reporting cut-off dates, these lags are evident in the January and May trustee reports.

In general, the Delinquency Rates noted in the charts below are within Morningstar DBRS's expectations.

As seen below, for tax year 2021–22, Delinquency Rates peaked following the first installment due date and declined gradually thereafter.

Exhibit 2 Delinquency Rates for the 2021–22 Tax Year



Source: Morningstar DBRS.

Collections

In both California and Florida, property owners remit assessment payments with standard property tax payments to the County tax collector in which the property is located. The Transaction includes 51 counties collecting PACE Assessments (see Portfolio Characteristics section above). The counties remit PACE Assessment collections to the PACE Bond Trustee (in the case of CSCDA) or the Florida Custodian (in the case of FGFA) periodically throughout the year. Such funds remain in the PACE Asset collection account held with the PACE Bond Trustee or Florida Custodian until distributed to the ABS Note Trustee on behalf of the Issuer on March 2 and September 2 of each year in California and no later than May 1 and November 1 of each year in Florida. Any amounts received by the ABS Note Trustee in respect of PACE Asset principal and interest payments are available for distribution to the Noteholders.

In between remittances, counties commingle PACE Assessment collections with property taxes, other special assessments, and miscellaneous receipts (e.g., parking tickets, permits, or licenses). This commingling of receipts with general funds could expose the Transaction to temporary stay risk following a bankruptcy filing of the relevant county. See the County Commingling and Insolvency Risk section for further discussion of commingling risk.

California

In California, PACE Assessments funded during each period from July 1 to June 30 are placed on each county's tax roll on or before the following August 10, and the first installment is due on November 1. If, by December 10, the first installment is not paid together with property taxes, the first installment becomes delinquent and accrues a 10.0% penalty. The second installment is due on February 1. Similarly if, by April 10, the second installment is not paid together with the property taxes, the second installment becomes delinquent and accrues a 10.0% penalty. Amounts still unpaid as of June 30 are considered to be defaulted and accrue an additional 1.5% per month default interest charge until paid. The related PACE Bond Issuer may initiate foreclosure proceedings on December 1.

Florida

The Florida PACE enabling legislation requires that PACE Assessments be collected utilizing the uniform method for the levy, collection, and enforcement of special assessments in accordance with Section 197.3632, Florida Statutes (the Uniform Collection Act). Under the Uniform Collection Act, such Assessments are required to be placed on the property owner's tax bill. PACE Assessments (along with property taxes) in Florida are paid in one annual installment due on March 31. Property taxes paid prior to March 31 are eligible for an early pay discount up to 4%; however, PACE Assessments are not eligible for this discount.

If not paid by April 1, a minimum charge of 3% interest and advertising costs is added to the balance due and payable. As discussed below, the sale of a tax certificate and a tax deed are the remedies for failure to pay PACE Assessments under Florida law, and the proceeds of such sale will be remitted to FGFA for payment of the delinquent installments of PACE Assessments.

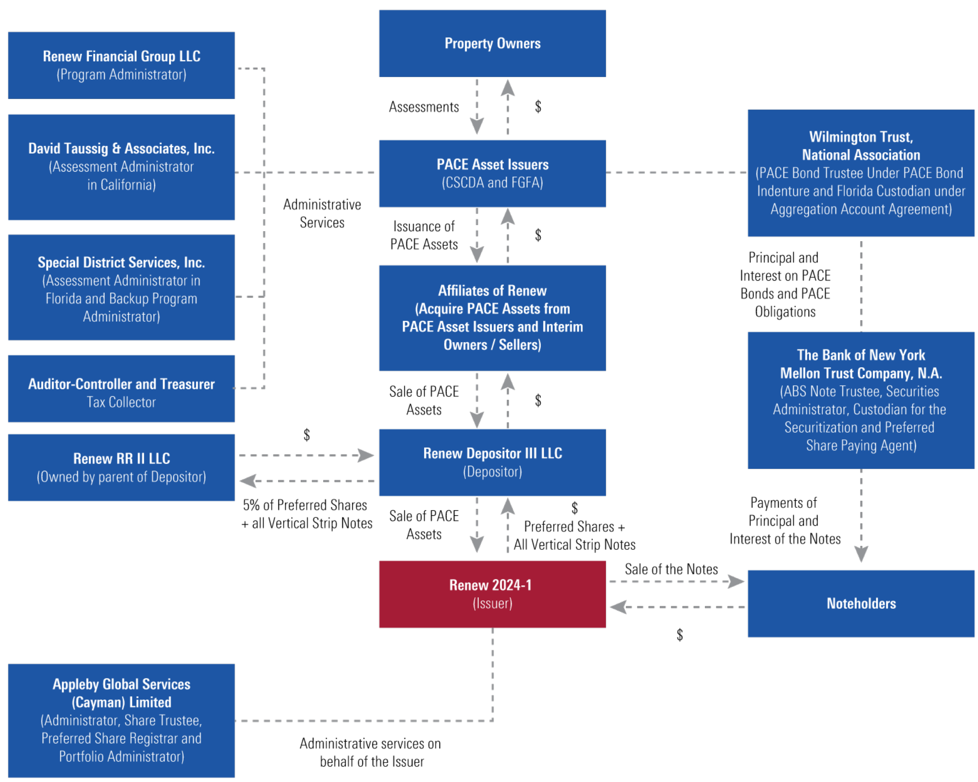
If the property owner does not pay the delinquent amounts owed (plus penalties and interest) prior to the sale of a tax certificate, the tax collector is required to auction for sale a tax certificate for such property to the person who pays the full amount of delinquent taxes and assessments, plus penalties and interest and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Under Florida law, tax certificates are to be sold at public auction by June 1 of the year in which the delinquencies occur. Proceeds from the sales of tax certificates are expected to be distributed by the applicable county tax collector to the FGFA no later than August of the year in which the delinquencies occur. The demand for purchasing tax certificates is dependent upon various factors, including the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates. For this reason, Morningstar DBRS has not assumed Florida delinquencies would be recovered early through the sale of tax certificates.

In the event there are no bidders for a particular tax certificate representing a delinquent installment of a PACE Assessment, the tax certificate is issued to the applicable county. The county is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The tax collector does not collect any money if tax certificates are "struck off' (issued) to the county. Thus, there would be no payments to FGFA and the Noteholders in this circumstance. The county may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Legal proceedings under Federal bankruptcy law brought by or against a participating property owner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of a tax certificate on such property.

If the county holds a tax certificate on property valued at $5,000 or more and has not succeeded in selling it, the county must apply for a tax deed two years after April 1 of the year of issuance of the certificate. The county pays costs and fees to the tax collector but not any amount to redeem any other outstanding certificates covering the land. Thereafter, the property is advertised for public sale.

Transaction Structure

The following diagram summarizes the Transaction structure.



Pursuant to the Indenture, the Issuer will issue three classes of notes designated as Renew A Notes, Series 2024-1, Renew M Notes, Series 2024-1 and Renew B Notes, Series 2024-1 and Preferred Shares pursuant to the Preferred Share Paying Agency Agreement (the Preferred Shares). As partial consideration for the Issuer's purchase of the Initial PACE Assets, the Issuer intends to issue 100% of the Preferred Shares to the Depositor on the Closing Date pursuant to the Closing Date Asset Purchase Agreement.

Prefunding Account

The ABS Note Trustee will establish and maintain in the name of the Issuer, in trust for the benefit of the Noteholders, a prefunding account (the Prefunding Account).

Amounts on deposit in the Prefunding Account may be used by the Issuer during the Prefunding Period commencing on the Closing Date and ending on the earliest of (1) the date that is 90 days after the Closing Date, (2) the date on which an Event of Default occurs, (3) the date when all funds in the Prefunding Account have been spent in connection with the acquisition of Subsequent PACE Assets, or (4) the date on which the Issuer notifies the Depositor and the ABS Note Trustee that it does not intend to purchase any more Subsequent PACE Assets. The PACE Assessments securing the Initial PACE Assets and the Subsequent PACE Assets, in aggregate, are subject to eligibility criteria (see Appendix A).

Subsequent PACE Assets, if and when acquired by the Issuer during the Prefunding Period, will be acquired pursuant to one or more substantially similar, but separate Asset Purchase Agreements (the Subsequent Asset Purchase Agreements and, together with the Closing Date Asset Purchase Agreement, the Asset Purchase Agreements), dated as of the relevant transfer date, between the Depositor, Renew and the Issuer.

If some or all of the amounts on deposit in the Prefunding Account are not used to acquire Subsequent PACE Assets prior to the expiry of the Prefunding Period, then such amounts will be distributed to the Noteholders as an additional distribution of principal on the first payment date following the expiration of the Prefunding Period. Amounts remaining on deposit in the Prefunding Account after making the distribution described in the preceding sentence will be remitted to Collection Account.

Transaction Parties

Program Administrator: Renew Financial Group LLC

Pursuant to a Program Administration Agreement with each PACE Asset Issuer, as Program Administrator, Renew markets the CaliforniaFIRST and RenewPACE programs to property owners and contractors, manages the application process, and coordinates the origination of PACE Assessments.

PACE Asset Issuer: CSCDA

The CSCDA was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects. In early 2010, the CSCDA board voted to formally create the CaliforniaFIRST Residential Program to assist property owners seeking to improve the energy and/or water usage of their home or building while lowering utility bills and greenhouse gas emissions. The first originations were funded in July 2014 and statewide validation was complete by the end of 2014.

PACE Asset Issuer: FGFA

The FGFA was created in 2016 through an Interlocal Agency Agreement between the Towns of Lantana and Mangonia Park, with the support of Ecocity Partners, LLC. In September 2015, Renew acquired

Ecocity Partners, LLC and assumed all administrative duties. Renew launched the residential PACE program in July 2016.

Tax Administrator: David Taussig & Associates, Inc. (DTA)

DTA is a national public finance consulting firm founded in 1985 and headquartered in Newport Beach, California. DTA acts as assessment administrator for CSCDA. Generally, DTA submits the tax roll, including the annual assessment levy, to each county on or before August 10 of every year, reviews records to determine which parcels are delinquent, and responds to property owner questions. DTA will also perform any work related to delinquencies or foreclosure proceedings and prepare prepayment calculations, as requested.

Backup Program Administrator and Tax Administrator: SDS

SDS creates and manages special taxing districts throughout the state of Florida and provides certain services to the Company (on behalf of FGFA) in connection with the administration of PACE Assessments that secure the Debt Obligations issued by FGFA. SDS provides counties with billing information, delinquency data, property parcel details, and works to reconcile assessment collections data and determine property cash applications for each Debt Obligation. SDS was founded in the mid-1990s and employs approximately 35 employees, seven of which are dedicated to PACE administration services across approximately 20,000 active PACE assessments.

SDS also serves as Backup Program Administrator pursuant to the Backup Program Administrator Agreement. In this capacity, SDS agrees to perform the responsibilities of the Program Administrator in the event that such responsibilities are no longer performed by Renew.

Transaction Documents

Portfolio Administration Agreement

In the Portfolio Administration Agreement between the Portfolio Administrator and the Issuer, the Portfolio Administrator agrees to take certain actions on behalf of the Issuer in its capacity as owner of the PACE Asset Portfolio. These tasks include but are not limited to the following:

- Upon receipt of notice with respect to any request from a PACE Asset Issuer, the PACE Asset Trustee, or the ABS Note Trustee seeking waivers or modifications in relation to PACE Assets or PACE Assessments, give or withhold the consent of the Issuer;
- Monitor the ratings of each county, on a monthly basis, to determine whether a County Reserve Period (see Credit Enhancement section) is in effect and provide notice to applicable parties;
- Make written requests on behalf of the Issuer to assign the causes of action in respect of certain foreclosure proceedings to a trustee;
- Prepare any information, reports, release, or other documentation that is reasonably required to facilitate the liquidation of the PACE Asset Portfolio by the ABS Note Trustee in accordance with the terms of the Indenture.

On the closing date, pursuant to the Closing Date Asset Purchase Agreement, the Depositor sells and the Issuer acquires the Initial PACE Assets for a purchase price equal to the outstanding principal amount thereof plus accrued interest plus the amount of any prepayments received with respect to the Initial PACE Assets on or after the Initial Measurement Cut-off Date. Renew Financial gives limited representations and warranties regarding the Initial PACE Assets under the Closing Date Asset Purchase Agreement.

Renew Financial gives limited representations and warranties regarding the PACE Assets and agrees to indemnify the Issuer against any loss or liability related to any inaccuracy or breach by Renew Financial of any of such representations or warranties.

The Subsequent PACE Assets will be acquired by the Issuer from the Depositor pursuant to one or more Subsequent Asset Purchase Agreements. The Subsequent Asset Purchase Agreements will contain terms and provisions, including representations and warranties, substantially similar to those contained in the Closing Date Asset Purchase Agreement.

Administration Agreement

Pursuant to the terms of the Administration Agreement, the office of the Administrator will serve as the general business office of the Issuer, and the Administrator will perform various corporate management, registered office and tax compliance functions on behalf of the Issuer, including communications with shareholders and the general public and the provision of certain clerical, administrative, and other corporate services in Cayman until termination of the Administration Agreement.

Preferred Shares

The Preferred Shares represents a 100% ownership interest in residual cash flow from the trust estate. Preferred Shareholders will be entitled to residual payments of available funds after payments of principal and interest on the Class A, Class M, and Class B Notes and certain transaction expenses.

Indenture

The Indenture details certain aspects of the Transaction customary for securitization transactions including covenants, events of default, priority of payments, resignation, and removal of the ABS Note Trustee, indemnifications, modifications of the Indenture, as well as satisfaction and discharge of the Indenture.

Advance Funding Agreement

Pursuant to the Advance Funding Agreement, if an underlying PACE Assessment securing a PACE Asset acquired by the Issuer is a Non-Conforming Assessment at the time it was initially created and such non-compliance has a material and adverse effect on such PACE Assessment or the interests of the Noteholders, Renew will be required within 60 days of notice to (i) Cure such non-compliance or (ii) Make a RF Advance to the issuer equal to outstanding principal and accrued interest for such Non-Conforming Assessment. In the event that Renew does not or cannot honor its obligation, amounts available (if any) in the Representations and Warranties Account will be used to make the RF Advance.

In consideration of its advance funding obligation, the Company will be paid a fee equal to 1.5 basis points times the outstanding principal balance of the PACE Asset Portfolio as of January 1 of each year, and payable in two equal installments on each Semi-Annual Payment Date (the RF Advance Fee). The RF Advance Fee is subordinate to principal and interest payments on the Class A Notes, the Class M Notes and certain other payments.

After payment of the RF Advance, whether directly from Renew's own funds or the Representations and Warranties Account, in the event the Issuer receives payment in respect of the Non-Conforming Assessment, such receipts received will be excluded from Available Funds and paid over to Renew or Depositor, as designee of Renew.

A Non-Conforming Assessment is a PACE Assessment that did not comply with the following guidelines at the time of approval:

1. The applicant was the property owner of record,
2. The applicant’s property was located within the boundaries of the applicable PACE Program,
3. The property owner was current on its property taxes,
4. The property owner was current on all property secured-debt,
5. The property was not subject to any federal or state income tax liens, judgment liens, mechanic’s liens, or similar involuntary liens on the property (with respect to the CaliforniaFIRST PACE Programs, in excess $1,000 per occurrence).
6. The property owner was not a debtor in a bankruptcy proceeding, and the property was not at such time an asset in a bankruptcy proceeding,
7. Based on valuation methods used by Renew to calculate a property’s market value (A) the total annual property tax and assessment payments on the property, including the annual payments on the PACE Assessment, did not exceed 5% of the property’s market value, (B) under the CaliforniaFIRST PACE Programs, the amount to be financed under the PACE Assessment was less than less than the lesser of (y) $250,000 and (z) 15% of the property’s market value on the first $700,000 of the value, and less than 10% of any remaining value, (C) under the Florida PACE Program, the amount to be financed under the PACE Assessment was less than the lesser of $250,000 and 20% of the property’s market value, and (D) the combined amount financed under the PACE Assessment plus the principal amount of the mortgage-related debt on the property did not exceed 100% of the property’s market value for the Florida PACE Program and 97% of the property’s market value for the CaliforniaFIRST PACE Programs.

Funds in the Representations and Warranties Account will be used, in the event that Renew fails to make an RF Advance, as a second source of payment of the RF Advances until two years following the prefunding termination date, so that RF Advances will be withdrawn by the ABS Note Trustee from the Representations and Warranties Reserve Account.

Priority of Payments

On each Annual Payment Date, distributions will be made from available funds in the following order of priority:

1. First, to the Administrator, for payment to the appropriate governmental authority in the Cayman Islands, the amount of any governmental fees due and owing by the Issuer to such governmental authority and, second, to the ABS Note Trustee (including as Preferred Share Paying Agent, Bank, and Securities Administrator) the ABS Note Trustee fee any accrued and unpaid ABS Note Trustee with respect to prior Semi-Annual payment dates plus any administrative and extraordinary expenses payable to the ABS Note Trustee;[5]
2. To the Administrator (including as Preferred Share Registrar and Portfolio Administrator), the Administration fee and any accrued and unpaid Administration fees with respect to prior Semi-Annual payment dates plus any administrative and extraordinary expenses;
3. To the Custodian, the Custodial fee and any accrued and unpaid fees plus any administrative and extraordinary expenses payable.
4. To the Class A Noteholders, the Class A Note Interest for such Payment Date;
5. To the Class M Noteholders, the Class M Note Interest for such Payment Date;
6. (A) So long as no County Reserve Period or County Bankruptcy Period has occurred and is continuing to the Class A Noteholders, as payment of principal on the Class A Notes (and solely to the extent that the funds provided in clauses (i) and (ii) below are or remain available):
   - i. Solely from the Principal Remittance Amount, the Class A Note Principal Payment[6] for such Payment Date; and
     ii. From first, the Principal Remittance Amount and second, from any remaining Interest Remittance Amount, and third, from any Liquidity Reserve Excess Amount, the Class A Principal Excess for such Payment Date; and

   (B) if a County Reserve Period or County Bankruptcy Period has occurred and is continuing, to the Class A Noteholders, as payment of principal on the Class A Notes (and solely to the extent that the funds provided in clauses (i), (ii), and (iii) below are or remain available):
   i. Solely from the Principal Remittance Amount (but excluding any amount of County Principal Shortfall Recoveries) the Class A Note Principal Payment for such Payment Date;
   ii. From first, the Principal Remittance Amount (but excluding any amount of County Principal Shortfall Recoveries) and second, from any remaining Interest Remittance Amount, the Class A Principal Excess[27] for such Payment Date; and

5 Extraordinary expenses are limited to $150,000 per year, in no event shall the amount of the Administrative Expenses of the Issuer payable to the ABS Note Trustee (including as Preferred Share Paying Agent, Bank and Securities Administrator) or the Custodian exceed an aggregate annual maximum with respect to out of pocket expenses only of $2,500 and in no event shall the amount of the Administrative Expenses of the Issuer payable to the Administrator (including as Preferred Share Registrar and Portfolio Administrator) exceed an aggregate annual maximum with respect to out of pocket expenses only of $1,000 (which includes auditing and accounting expenses payable to the Administrator) as long as the Notes have not been accelerated as a result of an Event of Default or a Redemption has not occurred.

6 The Class A Note Principal Payment means on any payment date other than a payment date (1) as of which the Notes have been accelerated in relation to an Event of Default, (2) on which an optional redemption or mandatory redemption is occurring or (3) that is the Legal Final Maturity, an amount equal to 97.0% of principal collections (including recoveries and prepayments).

7 The Class A Principal Excess means the excess, if any, of the Class A outstanding principal balance over the Class A Target Balances (i.e., an amount equal to the product of 97.0% and the end of period pool balance).

iii. From first, the amount of any County Principal Shortfall Recoveries, second, from the County Reserve Account, third, from the Liquidity Reserve Account, and fourth, from any other remaining Available Funds, the aggregate amount of any County Principal Shortfalls, if any (except to the extent previously paid pursuant to this clause (6)(B)(iii) on prior Payment Dates);

7. Solely from the Principal Remittance Amount to the Class M Noteholders, the Class M Note Principal Payment for such Payment Date;
8. From first, the Principal Remittance Amount, second from any remaining Interest Remittance Amount, and third from any Liquidity Reserve Excess Amount to the Class M Noteholders, the Class M Principal Excess for such Payment Date;
9. (A) So long as no County Reserve Period or County Bankruptcy Period has occurred and is continuing, to the Liquidity Reserve Account:

   i. Solely from the amount of any remaining Principal Remittance Amount, the amount necessary to cause the balance in the Liquidity Reserve Account to equal the Liquidity Reserve Account Cap; and

   ii. Solely from any remaining Interest Remittance Amount, the amount necessary to cause the balance in the Liquidity Reserve Account to equal the Liquidity Reserve Account Cap;

   (B) If a County Reserve Period or County Bankruptcy Period has occurred and is continuing, to the Liquidity Reserve Account:

   i. Solely from the amount of any remaining County Principal Shortfall Recoveries, the lesser of (x) the aggregate amount of any previous withdrawals from the Liquidity Reserve Account pursuant to clause (6)(B)(iii) above on any prior Payment Dates that have not previously been repaid to the Liquidity Reserve Account pursuant to this clause (9)(B)(i), and (y) the amount necessary to cause the balance in the Liquidity Reserve Account to equal the Liquidity Reserve Account Cap;

   ii. Solely from any remaining Principal Remittance Amount (but excluding any amount of County Principal Shortfall Recoveries), the amount necessary to cause the balance in the Liquidity Reserve Amount to equal the Liquidity Reserve Account Cap; and

   iii. Solely from any remaining Interest Remittance Amount, on the Semi-Annual Payment Date, the amount necessary to cause the balance in the Liquidity Reserve Account to equal the Liquidity Reserve Account Cap; and
10. If a County Reserve Period is in effect with respect to any County as of five Business Days prior to such Payment Date, to the County Reserve Account, in an amount equal to the product of (x) any remaining Available Funds plus any Liquidity Reserve Excess Amount then on deposit in the Liquidity Reserve Account, multiplied by (y) the County Percentage for such County;
11. To the Representations and Warranties Reserve Account, the Representations and Warranties Account Deposit or, if the entire Representations and Warranties Account Deposit was not deposited on any prior Semi-Annual Payment Date, the amount of any such shortfall;
12. To Renew, the RF Advance Fee;
13. To the Class B Noteholders, the Class B Note Interest for such Payment Date;
14. To the Class B Noteholders, payments of principal on the Class B Notes until the Class B Outstanding Principal Balance is Zero;

15. First, to the ABS Note Trustee (including as Preferred Share Paying Agent, Bank and Securities Administrator), second, to the Administrator (including as Preferred Share Registrar, and Portfolio Administrator) and third, to the Custodian, any remaining Available Funds necessary to fund unreimbursed amounts set forth in the definitions of Administrative Expenses and Extraordinary Expenses but not previously paid because of the application of the annual funding limit specified in such definitions; and
16. To the Preferred Share Paying Agent, any remaining available funds plus any Liquidity Reserve Excess Amount then on deposit in the Liquidity Reserve Account.

Priority of Payments After an Event of Default (Redemption Priority of Payments)

On each Payment Date (1) as of which the Notes have been accelerated as a result of an Event of Default, (2) on which an Optional Redemption or Mandatory Redemption is occurring, or (3) that is the Legal Final Maturity, Available Funds, and all amounts in the Liquidity Reserve Account and County Reserve Account shall be distributed in the following order and priority of payments:

1. All payments required and in the order required by clauses (1), (2), and (3) of the Priority of Payments together, with respect to clauses (1) and (2) above, with any unreimbursed Administrative Expenses and Extraordinary Expenses not previously paid because of the application of the annual funding limit specified in such definitions and, with respect to clause (3) above, with any unreimbursed Administrative Expenses and Extraordinary Expenses not previously paid because of the application of the annual funding limit specified in such definitions to the ABS Note Trustee and the Preferred Share Paying Agent;
2. To the Class A Noteholders, the Class A Note Interest;
3. To the Class A Noteholders, payments of principal on the Class A Notes until the Class A outstanding principal balance is reduced to zero;
4. To the Class M Noteholders, the Class M Note Interest;
5. To the Class M Noteholders, payments of principal on the Class M Notes until the Class M outstanding principal balance is reduced to zero;
6. To Renew, the RF Advance Fee;
7. To the Class B Noteholders, the Class B Note Interest for such Payment Date;
8. To the Class B Noteholders, payments of principal on the Class B Notes until the Class B Outstanding Principal Balance is Zero;
9. With respect to clause (1) above, first, to the Administrator (including as Preferred Share Registrar and Portfolio Administrator), second, to the Custodian, any remaining Available Funds necessary to fund unreimbursed amounts set forth in the definitions of Administrative Expenses and Extraordinary Expenses but not previously paid because of the application of the annual funding limit specified in such definitions; and
10. All remaining amounts on deposit in the Collection Account to the Preferred Share Paying Agent for distribution to the holders of the Preferred Shares.

Events of Default

The following events constitute an Event of Default under the Indenture:

1. Failure of the Issuer to pay all Note Interest and the outstanding principal balance in full by the Legal Final Maturity;
2. (a) Failure of the Issuer on any Semi-Annual Payment Date to pay the Class A Note Interest on any Class A Note or Class M Note Interest on any Class M Note or (b) Failure of the Issuer to pay any accrued and unpaid Class B Note Interest on any Class B Note at Legal Final Maturity;
3. Certain unremedied defaults of covenants or agreements of the Issuer under the Indenture that continue unremedied for 60 days after written notice thereof;
4. Certain events of bankruptcy or insolvency of the Issuer;
5. Failure of the Indenture, the other Transaction documents, and related financing statements to create, attach, and perfect a valid first-priority security interest in any material Collateral that, if curable, is not cured within 30 days after notice to the Issuer;
6. Certain breaches of representations or warranties of the Issuer under the Indenture that, if curable, are not cured within 30 days after notice to the Issuer;
7. The Issuer becoming subject to U.S. federal or state income tax purposes on a net income basis;
8. Final nonappealable judgment in the amount of $500,000 or more against the Issuer not discharged, satisfied, or stayed within 30 days and not promptly funded by insurance coverage;
9. A statute, rule, or regulation of a competent legislative or governmental rule-making body is adopted in final form and becomes effective following the Closing Date, or there is a final, nonappealable judgment of a court of competent jurisdiction that is rendered following the Closing Date, which has a material adverse effect on (a) (i) the validity or enforceability of the PACE Assets, (ii) the ability of any PACE Asset Issuer to perform its payment obligations under any PACE Asset Indenture or Debt Obligations Agreement, as applicable, or (iii) any PACE Asset Issuer's rights to receive payments in respect of the PACE Assessments or its liens on the participating parcels, and (b) the ability of the Issuer to make payments (excluding the effect of a County Principal Shortfall) on the Notes;
10. Failure of the Issuer to pay to the Noteholders in full the amount of any County Principal Shortfall by the second Semi-Annual Payment Date following the Semi-Annual Payment Date on which such shortfall occurred;
11. Certain breaches of representations, warranties or covenants of the Depositor, Renew Financial or Issuer under the Basic Documents that have a Material Adverse Effect which continues unremedied for 60 days after notice to the Issuer;
12. An ERISA or tax lien securing the payment of money in excess of $5,000,000 is rendered against the Issuer;
13. The Portfolio Administrator is terminated or resigns, and a replacement satisfactory to the Majority Noteholders is not appointed within 90 days; or
14. The Issuer shall be subject to registration as an investment company under the Investment Company Act.

County Principal Shortfall means for any Payment Date during a County Bankruptcy Period in respect of a particular County, (i) the amount of principal that the Noteholders would have received pursuant to clause (6)(A) of the Priority of Payments if all collections in respect of the PACE Assessments received by such County and due to have been paid by such County to the applicable PACE Asset Trustee prior to the most recent PACE Asset Payment Date had been so paid, less (ii) the amount of principal paid to the Noteholders pursuant to clauses (6)(B)(I) and (6)(B)(II) of the Priority of Payments on such Payment Date.

County Bankruptcy Period means, in respect of a particular County, a period (i) commencing on the date when such County becomes a debtor in a case under Chapter 9 of the U.S. Bankruptcy Code and (ii) ending when both (A) such case is completed and (B) all County Principal Shortfalls with respect to such County have been paid in full.

Credit Enhancement

Class A

Class A credit enhancement will consist of subordination of Class M, a Liquidity Reserve Account, and excess spread. In addition, a County Reserve Account will mitigate any payment shortfalls attributable to a county bankruptcy filing.

Class M

Credit enhancement for the Class M includes Liquidity Reserve and excess spread.

Subordination

Subordination for the Class A Notes is in the form of the Class M Notes and will be equal to 3.00% of the PACE Asset Portfolio Target Balance.

Liquidity Reserve Account

The Liquidity Reserve Account will be funded at closing and will build to the Liquidity Reserve Account Cap. The Liquidity Reserve Account Cap shall equal (A) as of the Closing Date, 0.50% of the PACE Asset Portfolio Target Balance, and (B) greater of (i) on the May 2024 Payment Date, 1.00%, (C) on the November 2024 Payment Date, 1.50%, (D) on the May 2025 Payment Date and on each Payment Date thereafter 2.00%, in each case as a percentage of the aggregate principal balance of the PACE Asset Portfolio on such Payment Date, and (ii) $500,000.

Representations and Warranties Reserve Account

On the Closing Date, no deposit will be made into the Representations and Warranties Reserve Account. Subsequent to the closing date, via the Priority of Payments, the Representations and Warranties Account Deposit will be deposited into the Representations and Warranties Reserve Account in an amount equal to 0.50% of the PACE Asset Portfolio Target Balance. The account will terminate 24 months from Prefunding Termination Date.

County Reserve Account

The County Reserve Account will be funded out of available funds after payment of transaction expenses, Class A interest, Class A principal, Class M interest, Class M principal, and funding of the Liquidity Reserve Account during a County Reserve Period or a County Bankruptcy Period. Funds in the account will be used to cover any County Principal Shortfall during a County Reserve Period or a County Bankruptcy Period.

County Reserve Period means in respect of a particular county with a credit rating, the period that (1) commences when the general obligation indebtedness of such county is rated below investment grade and (2) ends when both (a) all County Principal Shortfalls with respect to such county have been paid in full and (b) the first of the following occurs: (i) such county is rated investment grade, (ii) the end of the County Bankruptcy Period with respect to such county, and (iii) an order is issued by the bankruptcy court in a Chapter 9 proceeding requiring such county to remit on a timely basis to the PACE Bond Trustee collections received in respect of the PACE Assessments.

Excess Spread

Available excess spread for the Notes is estimated to equal approximately 1.20% per annum based on the stressed collateral yield of 7.82% less an assumed blended Note rate of 6.62%.

Cash Flow Analysis

Morningstar DBRS used the following cash flow assumptions to model the Transaction:

Class A Default Frequency	33.01%
Class A Loss Severity	5.00%
Delinquent 180 Days to Foreclosure (CA)	25 months (or five semiannual periods)
Delinquent 180 Days to Foreclosure (FL)	30 months (or three annual periods)
Class A Conditional Prepayment Rate	5%/10%/15%
Reperforming Term (CA)	Three semiannual periods
Reperforming Term (FL)	Two annual periods
Class M Default Frequency	30.89%
Class M Loss Severity	5.00%
Delinquent 180 Days to Foreclosure (CA)	23 months (or four semiannual periods)
Delinquent 180 Days to Foreclosure (FL)	28 months (or two annual periods)
Class M Conditional Prepayment Rate	5%/10%/15%
Reperforming Term (CA)	Three semiannual periods
Reperforming Term (FL)	Two annual periods
Class B Default Frequency	23.78%
Class B Loss Severity	5.00%
Delinquent 180 Days to Foreclosure (CA)	19 months (or four semiannual periods)
Delinquent 180 Days to Foreclosure (FL)	24 months (or two annual periods)
Class B Conditional Prepayment Rate	5%/10%/30% for the first 24 months and 22% thereafter
Reperforming Term (CA)	Three semiannual periods
Reperforming Term (FL)	Two annual periods

Default Frequency

Morningstar DBRS used its RMBS Insight Model to arrive at the default frequency stress assumptions noted above for the Notes. The RMBS Insight Model determined this default frequency stress assumption by analyzing the following PACE Assessment and homeowner characteristics:

- Combined LTV;
- Homeowner FICO;
- Homeowner's prior mortgage delinquency experience, if applicable;
- Mortgage seasoning; and
- Property location.

The RMBS Insight Model also incorporates regional economic characteristics such as housing price index, unemployment rate, per-capita income, and growth rate in civilian labor force in determining the default frequency stress assumption.

Morningstar DBRS considers mortgage seasoning since a substantial portion of the Initial Assessments has a first-lien mortgage on the property as well. In Morningstar DBRS' view, it is a remote possibility that a homeowner will become delinquent on a PACE Assessment while remaining current on the mortgage. This supports Morningstar DBRS' assumption that PACE Assessments will benefit from mortgage seasoning in determining the default frequency stress assumption.

Loss Severity

Morningstar DBRS assumed a loss severity of 5% for potential abandonment and geographic concentration natural disaster risk for all senior assessments.

Delinquent and Foreclosure Period

Once an assessment becomes delinquent and is foreclosed upon, Morningstar DBRS assumes that no collections are realized during the delinquency and foreclosure period. The foreclosure period will vary by state and requested rating.

For the State of California, Morningstar DBRS assumes a nine-month timeline from 180 days delinquent to foreclosure as a base case. Morningstar DBRS assumed an additional 10 months, eight months, and four months for the foreclosure timelines in the AAA (sf), AA (sf) and BBB (sf) stresses, respectively. Morningstar DBRS also includes an additional six months to account for the 180-day delinquency period that precedes the foreclosure process. This sums to total delinquency/nonpayment periods of 25 months, 23 months, and 19 months in the AAA (sf), AA (sf), and BBB (sf) stresses, respectively. Morningstar DBRS rounded up to five semiannual periods for the AAA (sf) and four semiannual periods for the AA (sf) and BBB (sf) stress. At the conclusion of the foreclosure process, only the missed payments may be recovered out of foreclosure proceeds and the loss severity is applied to such missed payments.

For the State of Florida, Morningstar DBRS assumes a 14-month timeline from 180 days delinquent to foreclosure as a base case. Morningstar DBRS assumed an additional 10 months, eight months, and four months for the foreclosure timelines for the AAA (sf), AA (sf), and BBB (sf) stresses, respectively. Morningstar DBRS also includes an additional six months to account for the 180-day delinquency period that precedes the foreclosure process. This sums to a total delinquency/nonpayment period of 30 months, 28 months, and 24 months in the AAA (sf), AA (sf), and BBB (sf) stresses, respectively. Morningstar DBRS rounded up to three annual periods for the AAA (sf) and two annual periods for the AA (sf) and BBB (sf) stress. At the conclusion of the foreclosure process, only the missed payments may be recovered out of foreclosure proceeds and the loss severity is applied to such missed payments.

Conditional Prepayment Rate

In order to capture the effects of prepayments, Morningstar DBRS assumed three prepayment speeds to test the resilience of each class as follows.

Class A: 5%, 10%, 15%

Class M: 5%, 10%, 15%

Class B: 5% throughout. 10% throughout, 30% for the first 24 months, and 22% then thereafter.

Default Timing

Morningstar DBRS assumed both front- and back-loaded 120-month timing curves for applying defaults.

Reperforming Term

Following a foreclosure, the remaining PACE Assessment balance is assumed by the new owner. Morningstar DBRS assumes that the new owner is subject to default risk after a reperforming term of three semiannual periods for California and two annual periods for Florida; thus, any given property is subject to redefault risk after foreclosure. For subsequent defaults on the same property by the new owners, Morningstar DBRS assumed 33.01%, 30.89%, and 23.78% default frequency stress assumption for the Class A Notes, Class M Notes, and Class B Notes, respectively, but only on the subset of previously defaulted properties. Morningstar DBRS continued this default and reperforming cycle until the PACE Assessment was fully amortized or defaulted. As a result of the subsequent defaults, the aggregate default rates for the Class A Notes, Class M Notes, and Class B Notes are greater than the default frequencies noted above (see Cash Flow Results section).

Cash Flow Results

Defaulted principal represents the aggregate missed principal payments due and payable at the time of foreclosure. Principal loss represents the lost principal after applying the 5% loss severity. In all scenarios, Class A and Class M interest was paid on time and ultimate payment of Class B Note interest on the Class B Notes at Legal Final Maturity date and principal was paid prior to Scheduled Maturity. Results for each scenario are as follows:

Class A Cash Flow Results Summary

Scenario #	CPR	Default Timing Curve	Default	Defaulted Principal	Principal Loss	Residual Released ($)	WAL	Final Semi-Annual Repayment Period	Total Collateral Flows ($)
1	5%	Back	48.24%	3.71%	0.19%	20,148,623	12.0	11/1/2054	291,779,957
2	10	Back	48.23%	3.70%	0.19%	12,514,094	8.4	11/1/2052	249,531,451
3	15	Back	48.14%	3.63%	0.18%	8,011,776	6.4	5/1/2049	225,936,801
4	5%	Front	48.39%	3.25%	0.16%	19,408,208	12.1	11/1/2054	292,169,663
5	10	Front	48.39%	3.25%	0.16%	11,949,503	8.5	11/1/2052	249,959,555
6	15	Front	48.37%	3.23%	0.16%	7,549,849	6.5	11/1/2048	226,328,540

Class M Cash Flow Results Summary

Scenario #	CPR	Default Timing Curve	Default	Defaulted Principal	Principal Loss	Residual Released ($)	WAL	Final Semi-Annual Repayment Period	Total Collateral Flows ($)
1	5%	Back	43.94%	3.22%	0.16%	20,140,955	12.0	11/1/2054	291,304,494
2	10%	Back	43.93%	3.22%	0.16%	12,597,738	8.4	10/1/2052	248,759,305
3	15%	Back	43.87%	3.17%	0.16%	8,106,952	6.3	2/1/2049	225,002,892
4	5%	Front	44.06%	2.82%	0.14%	19,415,366	12.0	11/1/2054	291,649,738
5	10%	Front	44.06%	2.82%	0.14%	11,940,529	8.4	11/1/2052	249,136,273
6	15%	Front	44.05%	2.81%	0.14%	7,559,995	6.4	11/1/2048	225,345,690

Class B Cash Flow Results Summary

Scenario #	CPR	Default Timing Curve	Default	Defaulted Principal	Principal Loss	Residual Released ($)	WAL	Final Semi-Annual Repayment Period	Total Collateral Flows ($)
1	5%	Back	30.93%	1.76%	0.09%	19,897,399	11.8	5/1/2029	289,512,887
2	10%	Back	30.93%	1.75%	0.09%	12,319,080	8.1	5/1/2030	245,907,554
3	30/ 22%	Back	27.68%	1.44%	0.07%	2,393,167	3.7	11/1/2037	195,071,116
4	5%	Front	31.00%	1.53%	0.08%	19,432,057	11.8	11/1/2029	289,707,483
5	10%	Front	31.00%	1.53%	0.08%	11,859,313	8.1	5/1/2030	246,115,525
6	30/ 22%	Front	30.97%	1.50%	0.07%	1,728,302	3.8	7/1/2044	195,743,511

Please see Appendix B for additional Morningstar DBRS cash flow modeling assumptions and results.

Legal Opinions

The Issuer's counsel is expected to deliver a reasoned opinion that the transfer of the PACE Assets by the Depositor to the Issuer pursuant to the Asset Purchase Agreements would constitute a true sale and, therefore, (1) the PACE Assets would not be the property of Depositor's bankruptcy estate, and (2) the Bankruptcy Code would not operate to stay payments on or proceeds from the PACE Assets.

Counsel to the Issuer is also expected to deliver a reasoned opinion to the effect that, in a bankruptcy proceeding of the Depositor, a court would not disregard the separate existence of the Depositor with the Issuer and require substantive consolidation of the assets of the Issuer with those of the Depositor.

Counsel to the Issuer is also expected to render an opinion stating that the Indenture and the pledges and grants thereunder create a valid and perfected security interest in the PACE Assets securing payment of the obligations of the Issuer, and the Notes constitute the valid and binding obligation of the Issuer.

Special tax counsel to the Issuer will also deliver legal opinions to the effect that (1) assuming compliance with all provisions of the Issuer's organizational documents and the satisfaction of certain other assumptions specified in the opinion, the Issuer will not be engaged in a U.S. trade or business within the United States for U.S. federal income tax purposes under current law and (2) the Notes will be treated as indebtedness for U.S. federal income tax purposes.

Cayman counsel to the Issuer will also deliver legal opinions regarding corporate matters, enforceability, security interests, and bankruptcy remoteness relating to Cayman law.

In addition, the Transaction's structure, representations and warranties, as well as documentation were reviewed for consistency with the Morningstar DBRS *Legal Criteria for U.S. Structured Finance*.

Appendix A: Eligibility Criteria

FICO®:[9]
The non-zero WA FICO score of all of the Subsequent PACE Assets that have related FICO scores will be greater than or equal to 670.

ASSESSMENT LTV:
The WA Assessment LTV of all the Subsequent PACE Assets will be less than or equal to 10.00%.

MORTGAGE LTV:
The WA Mortgage LTV of all the Subsequent PACE Assets will be less than or equal to 50.00%.

COMBINED LTV:
The WA Combined LTV of all the Subsequent PACE Assets will be less than or equal to 60.00%.

MORTGAGE SEASONING:
The WA mortgage seasoning for all of the PACE Assets, after giving effect to the addition of the Subsequent PACE Assets, will be greater than or equal to four years.

COUPON:
The weighted average interest rate for all of the Initial PACE Assets will be greater than or equal to 7.82%.

PROPERTY TYPE:
The WA Single Family Homes property type for all of the Subsequent PACE Assets will be greater than or equal to 90.00%.

GSE:
The percentage of Subsequent PACE Assets secured by properties subject to a mortgage loan either owned by Fannie Mae or owned or insured by Freddie Mac will be less than or equal to 37.00%.

TERM:
The WA initial term to maturity for all of the Subsequent PACE Assets will be greater than or equal to 26 years and less than or equal to 29 years.
The minimum initial term to maturity for any Subsequent PACE Asset will be five years.
The maximum initial term to maturity for any Subsequent PACE Asset will be 30 years.

STATE:
All Subsequent PACE Assets must be secured by properties located in the State of California or the State of Florida.

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9 FICO® calculated by taking average FICO® of all borrowers with a non-zero FICO® score.

Appendix B: Cash Flow Details

Capital Structure

Class	Size ($)	Percent of Collateral	Initial Credit Enhancement	Morningstar DBRS Assumed Coupon	Rating
A	145,930,000	97.00%	3.00%	TBD	AAA (sf)
M	4,513,000	3.00%	0.00%	TBD	AA (sf)
B	4,400,000	0.00%	N/A	TBD	BBB (sf)
	154,843,000				

Credit Enhancement

Class A	Initial	Target	Floor
Liquidity Reserve	0.50%	2.00%	$500,000

	Class A	Class M	Class B
Default Rate	33.01%	30.89%	23.78%
Loss Severity	5.00%	5.00%	5.00%
CPR	5%/10%/15%	5%/10%/15%	5%/10%/variable 30/22
Default Term - CA/FL	5 semiannual/3 annual	4 semiannual/2 annual	4 semiannual/2 annual
Reperforming Term	3 semiannual/2 annual	3 semiannual/2 annual	2 semiannual/2 annual

Collateral Replines

Repline	Principal Balance	Term (years)	APR
CA	46,218	5	8.24
CA	697,404	10	9.45
CA	1,731,657	15	9.88
CA	1,665,068	20	9.12
CA	2,207,955	25	8.41
CA	6,695,533	30	7.06
FL	865,140	5	9.42
FL	1,860,566	10	9.33
FL	6,647,960	15	9.44
FL	6,856,647	20	9.22
FL	7,332,326	25	8.86
FL	76,226,515	30	7.97

Cumulative Default Timing Curves		
Curve	**Front-Loaded Curve**	**Back-Loaded Curve**
Year 1	8.43%	0.90%
Year 2	23.14%	3.81%
Year 3	27.30%	15.64%
Year 4	21.19%	26.13%
Year 5	12.18%	24.95%
Year 6	5.12%	16.75%
Year 7	1.64%	8.51%
Year 8	0.77%	3.00%
Year 9	0.24%	0.30%
Year 10	0.00%	0.00%

Transaction Fees & Expenses		
ABS Note Trustee	$5,000 until year 15; $1,000 thereafter	per period
Custodial	0.0037% Floor $3,000 for 15 years; $1,000 thereafter	per period
Administration	$15,006 for 14 years: $5,000 thereafter	per annum
RF Advance Fee	0.015%	per annum
Extraordinary Expenses Cap	$150,000	Year One
Administrative Expenses Cap	$3,500	annually

Appendix C—Environmental, Social, and Governance (ESG) Considerations

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	**N**	**N**
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG-efficient assets on affordability, financeability, or future values (recoveries)?	N	N
		Carbon and GHG Costs:	N	N
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries?	N	N
Social		**Overall:**	**N**	**N**
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services:	N	N
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights:	N	N
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in the risk of financial penalties or losses to the issuer?	N	N
Governance		**Overall:**	**N**	**N**
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
	* A **Relevant Effect** mean:	Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Consolidated ESG Criteria Output:	**N**	**N**

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit analysis, please refer to the checklist above.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could affect the issuer's credit profile and, therefore, the rating(s) of the notes. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at *https://dbrs.morningstar.com/research/416784*.

Appendix D — Scope and Meaning of Financial Obligations

Morningstar DBRS credit rating on Class A, Class M and Class B Notes addresses the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For Information on the financial obligations, please refer to the corresponding Press Release published for this credit rating action.

Morningstar DBRS credit rating does not address nonpayment risk associated with contractual payment obligations contemplated in the applicable transaction documents that are not financial obligations.

Morningstar DBRS long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of default to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued. The DBRS Morningstar short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of January 8, 2024. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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