

Residential PACE Consumer Protection Task Force

DRAFT Minutes

Thursday, November 30, 2017

Present: Megan Verdeja (delegate of Anne O'Connor, Chair), Paul Eger (MN Realtors), Chris Duffrin (Center for Energy & Environment), Tess Rice (delegate of Janet Johnson, MN Bankers Assn), Ron Elwood (Legal Aid), Ryan Smith (MN Credit Union Network), John Kearney (MnSEIA), Peter Klein (St. Paul Port Authority), Craig Johnson (League of MN Cities), Emily Murray (Assn of MN Counties), Mary Jo George (AARP), Dylan Sievers (delegate of Will Nissen, Fresh Energy), Annie Levenson-Falk (Citizens Utility Board of MN), Logan O'Grady (Clean Energy Economy), Sue Basiago (MN Land Title Assn), Julie Padilla (Renovate America)

Megan Verdeja called the meeting of the Task Force to order at 9:05 AM

AGENDA:

- Welcome
- Introductions
- Draft Report Walk-thru
- Public Comment
- Adjourn

Draft Report Walk-thru

Commerce Department staff (Matt Boyer, Jessica Burdette, and Mark Hastie) walked through the Draft PACE Report section-by-section.

A few Task Force members indicated they had redlined versions of their edits that they would send to Commerce staff for incorporation.

Additional comments and edits discussed include:

- Addition of an executive summary, including pulling the main issues up front
- There is not a need to reflect every comment discussed. The document could be streamlined a bit
- Keep to plain language

- Whether to use “equity-based” in addition to land-secured when describing the financing mechanism of PACE (page 8)
- Over thirty states (not twenty) have passed enabling legislation (page 8)
- A member commented that the discussion around the Federal Housing Administration’s (FHA) guidance was incorrect. The member will submit suggested corrections (page 9)
- Include a disclaimer stating the Department of Energy (DOE) guidelines are recommendations/best practices and do not have the force of law (page 9)
- In regards to property tax assessment payments, is it correct to state: “Homeowners repay the loans via a line item on their property tax bill...”(page 9)
- Adding in detail regarding what may happen to a PACE lien if the home is sold, either in the Current Pace Law in Minnesota section (page 9) or Selling a PACE Encumbered Property (page 18)
- Add “Commercial” to the sentence discussing what program requirements a PACE program must meet (page 9)
- Need a more comprehensive look at PACE Law in other States (page 11-12)
 - Include a sentence on additional states being in various stages of implementation
 - Include CA’s passage of disclosure language in 2016 (page 11)
 - Clarify that Vermont no longer practices Residential PACE (page 12)
 - Add Missouri (page 12)
- A Member asked for a statement under the PACE Liens section stating that a PACE assessment is like every other type of special assessment (page 12)
 - There is disagreement on this issue. Another Task Force member will draft a counter point to this sentence if included.
- Current draft refers to FHFA hoping to have a resolution on their decision to not support first-lien PACE prior to the end of the year. Since the Report is not due until after the new year, this status will need to be updated (page 14)
 - A Member offered to provide comments to help update
- Members would like more detail around delinquencies adding in the Panel Discussion on Liens section (page 15)
- Agreement to strike the sentence “To date, there have been no foreclosures due to the existence of a PACE assessment.” (page 15)
- Clarify the last bullet under Sue Basiago, Minnesota Land Title Association, should not be credited to Sue as this was a comment made by Renovate America (page 16)
- Many edits to the last bullet under Group Discussion & Public Comment needed (page 17)
 - Should be parsed out and not credited solely to “Residential PACE advocates”
 - Both sides of the argument should be presented with “some members” terminology used versus pointing out members directly
 - Remove sentence: “It was pointed out that local governments do not charge interest on other assessments, so PACE has a financing piece that is not in line with the typical definition of a special assessment.” This statement is untrue
- Disclosure forms, both traditional mortgage and Renovate America’s form, should be included as an appendix
- A Member will submit via email additional detail regarding what the underwriting process is based on for most creditors to be included in the Ability to Repay section (page 19)

- A Member would like detail on the current bipartisan Senate Banking bill provisions related to PACE included in the dialogue
- Members want the section on Protections for Elderly, Low-Income, and Financially Vulnerable Homeowners flushed out more (page 22-25)
 - Should reflect the Task Force’s discussion on how to ensure these programs are made available to homeowners/how homeowners receive the information on them
 - The Task Force’s additional discussions with national consumer protection groups should be reflected
- The narrative following the PACE timeline should stick to general points versus a laundry list (page 26-28)
- Chris Duffrin, Center for Energy and Environment, will submit corrections to the section overviews his Energy Audit Presentation (page 34)
- Need to include both viewpoints under Emergencies section (page 38)
 - A Member will submit a more comprehensive statement to include the counterpoint
- Items under the Other Issues the Task Force Discussed are not necessarily “other issues” and could fit with other items earlier in the draft (page 38)

Task Force members agreed to submit redlined versions of their edits to Commerce staff for incorporation.

Public Comment

There was no public comment.