

CSCDA Applauds Landmark Regulatory and Consumer Protection Framework for Property Assessed Clean Energy (PACE) Financing

Governor Jerry Brown signs two bills that significantly strengthen PACE for homeowners and communities

SACRAMENTO, Calif., Oct. 5, 2017 – The California Statewide Communities Development Authority (CSCDA) warmly welcomed [Governor Jerry Brown's signing of two bills](#) that provide a landmark regulatory and consumer protection framework for PACE financing.

The companion pieces of legislation – AB 1284, co-authored by Assembly Member Matt Dababneh, Senator Nancy Skinner, and Assembly Member Ian Calderon, and SB 242, co-authored by Senator Skinner and Assembly Member Dababneh – are the result of a year of development and negotiations among CSCDA, low-income consumer advocates, environmental and clean-energy groups, the banking industry, and PACE program administrators aimed at improving PACE by strengthening consumer protections.

Amisha Rai, Senior Director of California Policy at Advanced Energy Economy, said: “The PACE program is helping consumers and communities throughout California achieve greater energy savings while expanding access to advanced energy products and services. AB 1284 and SB 242 establish a clear, enforceable statewide consumer protection and regulatory framework for PACE that will serve as a model for other states. We are pleased to see California lead the way in passing this critical package.”

Born in California a decade ago, PACE is an innovative financing mechanism that empowers homeowners to make energy, efficiency and water conservation upgrades to their properties and pay back the financing over time through an additional, voluntary line item on their property taxes.

AB 1284 would significantly enhance PACE underwriting, regulate PACE at the State level, and enforce compliance with all PACE laws by PACE administrators and individual contractors. Specifically, the bill would:

- Strengthen and standardize the current underwriting standards in PACE based on home equity and on-time mortgage and tax payment history; and require that the most accurate Automated Valuation Models are used for establishing the value of the home;
- Establish new underwriting standards predicated on income verification and ability-to-pay to determine that property owners can meet their annual PACE obligation in addition to their current debt obligations and basic household expenses; and
- Establish a licensing and regulatory framework for the PACE industry in California, which will be subject to oversight by the California Department of Business Oversight (DBO).

SB 242 would establish state-of-the-art consumer protections, further setting PACE apart from other forms of financing. Key among these is the requirement that PACE providers conduct a recorded, live, confirmation of terms call with property owner before they sign their assessment contract, as a reinforcement to written disclosures modeled on the federal Know Before You Owe mortgage form. The bill also establishes data reporting requirements to local government partners, including data that speaks to the projected energy and water savings and local economic and job impacts, as well as on categories of products installed and homeowners served.