



Dan Acton, Director of Government Affairs
Ohio Real Estate Investors Association
Proponent Testimony – House Bill 646
House Civil Justice Committee
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Chairman Hillyer, Vice Chair Grendell, Ranking Member Galonski, and members of the House Civil Justice Committee, my name is Dan Acton, and I am the Director of Government Affairs for the Ohio Real Estate Investors Association (OREIA). OREIA represents 14 local associations with over 3,000 members across Ohio. My background includes more than 40 years in the property management and ownership industry. Thank you for allowing me to testify in support of House Bill 646.

We appreciate Representatives Cutrona and Roemer for introducing HB 646 and taking the initiative to ensure that Ohio homeowners have proper protections in place should they choose to accept Residential Property Assessed Clean Energy (R-PACE) loans.

While noble in concept, the R-PACE program has serious flaws which present homeowners with serious liability concerns. This has been demonstrated in numerous other states which have implemented the program. R-PACE loans allow homeowners to fund, with no money down, energy-efficient home improvement projects such as rooftop solar panels or attic insulation. The loans are added to the borrower's property tax bill which are added to an escrow payment if they have a mortgage on the property. This puts homeowners at risk of losing their home to foreclosure if they are unable to pay their taxes or increased mortgage payment.

As a property tax assessment, R-PACE liens have a legally ambiguous status concerning lending regulations that apply to other property-secured debt. Homeowners who finance improvements through R-PACE lack the consumer protections that apply to conventional home improvement loans or mortgages.

Because R-PACE financing does not involve the same underwriting process as a traditional mortgage, there are significant concerns for housing providers and investors seeking to expand the number of affordable housing options for renters. It is difficult to sell a home with a R-PACE loan attached because it stays with the property and transfers over to the next owner. Additionally, these assessments are typically implemented over a long period of time. An investor or potential buyer might not see the same value in a R-PACE investment as the seller did at the time the assessment was added. The same is true for homeowners seeking to refinance their mortgages—the lien must be paid in full before a lender would allow refinancing to take place.

OREIA believes that HB 646 creates a sufficient regulatory framework that offers Ohio homeowners and housing providers with the consumer protections they deserve. While we certainly believe that individuals have the absolute right to make these types of financial decisions for themselves, there should be rules and regulations in place to ensure Ohio homeowners have safeguards in place should they choose to accept these loans. OREIA urges you to support this important consumer protection legislation.

Mr. Chairman and members of the committee, thank you for allowing me to testify in support of HB 646. I would be happy to answer any questions at this time.