



Representative Bill Roemer
38th House District
HB 646 Sponsor Testimony

Chairman Hillyer, Vice Chair Grendell, Ranking Member Galonski, and members of the House Civil Justice Committee, thank you for the opportunity to testify today on House Bill 646. As my joint sponsor alluded to, House Bill 646 is a common-sense attempt to protect vulnerable homeowners from risky and unstable financing practices on clean energy home improvement loans known as Residential Property Assessed Clean Energy (R-PACE) models. While we understand that these programs can help homeowners with clean energy improvements, we also have deep concerns that they may have unintended consequences that could put Ohioans in dire straits.

Our bill makes several important improvements to the PACE process. First, it prohibits PACE contractors from entering into a financing agreement with homeowners who are delinquent on their mortgages or property tax payments, and prohibits more than one PACE loan from being approved on a home at one time. Additionally, the bill would prevent a homeowner's combined debt from exceeding 90% of the value of the home. This assures that any approved PACE participant does not overextend themselves and reduces risk of default.

Further guardrails in the bill include requiring that local governments must ensure that financing under their programs do not exceed the useful life of the product and do not exceed 20 years. Additionally, principal amounts are capped at 10 percent if including only energy efficiency improvements, and 20 percent if including energy efficiency improvements and renewable energy systems. PACE administrators would be prohibited from lending to vulnerable adults, and they must verify the homeowner's ability to meet their financing obligations. Transparency provisions are also included in the legislation to ensure all terms, conditions, and rights are disclosed to homeowners in their PACE contracts.

Finally, PACE lenders would be required to obtain a license from the Department of Commerce's Division of Financial Institutions, who would be responsible for enforcing violations. Lenders would also be required to hold a surety bond.

This legislation is supported by a diverse coalition of stakeholders, including the Coalition on Homelessness and Housing in Ohio, Ohio Realtors, the Ohio Mortgage Bankers Association, the Ohio Bankers League, and the Ohio Credit Union League. All are in agreement that Residential PACE lending is in need of this oversight.

Chairman Hillyer and members of the Civil Justice Committee, thank you again for the opportunity to testify today. I would be happy to answer any questions you may have.