



resolutions to participate in multiple statewide PACE programs, subject to execution of a PACE Administrator Agreement, for a two-year pilot period, including:

- California Statewide Communities Development Authority Open PACE (CSCDA)
- Golden State Finance Authority Ygrene Energy Fund PACE (GSFA Ygrene)
- California Economic Development Authority Figtree PACE (CEDA Figtree)

Finally, the Board directed staff to return to the Board within 12 months and again at the end of the two-year pilot program to review program implementation and determine next steps.

On June 17, 2021, the Pioneer Board voted to wind down the mPOWER program, citing recent legislative, regulatory, and market changes that reduced the demand for this type of financing option. As of August 31, 2021, the mPOWER program is no longer accepting applications for financing. While the program is closed to new applications, customers are still able to make payoffs and paydowns, and they will continue to have access to customer service support.

## **DISCUSSION**

Since the Board's action in December 2020, two statewide PACE Administrators have executed the PACE Administrator Agreement and are currently authorized to provide PACE financing in unincorporated Placer County: Renew Financial Group, LLC, and PACE Funding Group, LLC, which has since filed a Fictitious Business Name to conduct business as Home Run Financing. Both of these PACE Administrators operate statewide under the CSCDA Open PACE platform.

### Overview of Program Implementation to Date

Renew Financial Group informed staff that they began offering PACE financing in unincorporated Placer County on August 25, 2021. Staff met with Renew Financial Group representatives in October 2021 to discuss implementation to date, and as of that time they had received one application but had not completed any PACE assessments.

Home Run Financing informed staff that they began offering PACE financing in unincorporated Placer County on August 16, 2021. Staff met with Home Run Financing representatives in October 2021 to discuss implementation to date, and as of that time they have received approximately 25 applications for PACE financing from across the County but had not completed any PACE assessments.

Since both PACE Administrators just recently launched their programs in Placer, there is little data available for County review. Staff will return to your Board at the end of the two-year pilot program in December 2022 to review program implementation in depth and determine next steps, including potential changes to the PACE Administrator Agreement.

### Regulatory and Legislative Update

#### *Department of Financial Protection and Innovation*

The Department of Financial Protection and Innovation (DFPI) (formerly the Department of Business Oversight) began licensing PACE Administrators and implementing regulations for the PACE industry in 2019. DFPI reviews Program Administrators' compliance with applicable laws during the licensing process, during regulatory examinations, and as part of investigations and enforcement actions, where applicable. DFPI also assists consumers with issues involving PACE financing or Program Administrators.

Effective October 1, 2021, DFPI's new final regulations under the California Financing Law (CFL) became operative. In general, the regulations provide as follows:

- All new license applications under the CFL must be submitted through the Nationwide Multistate Licensing System (NMLS) on and after October 1, 2021.
- All licensees not yet on NMLS must transition onto NMLS by December 31, 2021.
- Implements AB 1284, which was signed into law in 2017 and, among other things, requires a private entity that administers a PACE program on behalf of a public agency to be licensed under the CFL.
- PACE Administrators must comply with new regulatory provisions, including those related to advertising standards and disclosures.

More information about these regulations can be found here: <https://dfpi.ca.gov/pace-program-administrators/>.

Finally, in June 2021, DFPI announced it had moved to revoke the PACE Administrator license of Renovate America, Inc. (Renovate) following DFPI's findings regarding Renovate's conduct in San Diego County. It is the first time that DFPI has moved to revoke the license of a PACE administrator. Renovate filed for bankruptcy in December 2020 and has never been authorized to operate in Placer County.

#### *Legislation*

As part of the December 15, 2020 Board hearing staff report, staff provided a summary of state laws that have been passed since 2016 which place significant new requirements on PACE Administrators and have required fundamental changes to the way such programs do business in California. Additional laws that have been passed or gone into effect since that time include:

- **AB 1551.** Prohibits PACE assessment contracts from including penalties for early repayment, prohibits PACE financing on properties with reverse mortgage, and requires the PACE financing estimate and disclosure document to be provided to the property owner as a printed copy in no smaller than 12-point type, unless the homeowner opts out of receiving a paper copy.
- **AB 2471.** Extends the right to cancel home improvement contracts, including PACE assessments, for persons 65 years of age or older from three business days to five business days.
- **AB 790.** Extend laws regulating unfair methods of competition and unfair or deceptive acts or practices with regard to the home solicitation of a senior citizens for home improvements funded by PACE.

#### **FISCAL IMPACT**

Costs incurred from approving private PACE financing can vary based on the level of staff involvement desired by the Board and required of the Auditor-Controller and Treasurer-Tax Collector but are not expected to result in a significant cost increase to the County. However, since no PACE levies have been added to the property tax roll, it may be too early to determine the actual cost impact. The Auditor-Controller charges an administrative fee for each PACE assessment added to the tax roll which will be charged at time of service. There are no provisions to recover costs of the Treasurer-Tax Collector for property tax billing PACE inquiries or for current or delinquent collection costs.

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**ATTACHMENTS**

None.