



# STOPPING PACE LOANS IN MN

## MNR-BACKED BILL PREVENTED HARMFUL CONSUMER PACE LOANS

### Law protects homeowners from costly assessments, liens, and property transfer issues

The irony of working for the Minnesota Realtors® Governmental Affairs team is that when you do your job well, no one notices.

**T**ake the case of Residential PACE (Property Assessed Clean Energy) loans. Designed to help homeowners invest in environmentally friendly technology like solar panels, PACE loans are offered by private companies, secured by special assessments from local governments, and repaid through property-tax hikes. Many homeowners in other states signed up for the loans without fully understanding the financial impact. The Wall Street Journal reports that one California homeowner saw her property taxes soar from \$1,215 to \$6,500 after taking out a \$42,000 PACE loan. Unable to meet the burden, she was in danger of foreclosure.

Because the PACE loan is attached to the property, buyers

are often wary about assuming responsibility for the unpaid debt. For many homeowners, this has meant delayed or even canceled sales.

“The news has been riddled with the problems California homeowners encountered, and we did not want to repeat that experience in Minnesota,” said Paul Eger, vice president of Governmental Affairs at Minnesota Realtors®.

Taking action during the 2017 legislative session, Eger’s advocacy team worked with a diverse group of stakeholder groups and convinced lawmakers to pass a bill that suspended PACE loans in Minnesota until consumer protections are implemented. After that, Minnesota Realtors® participated on the task force, also created by the 2017 legislation, that recommended robust consumer protections. Acting on these, the 2018 Legislature enacted numerous policies that shield Minnesota homeowners from the perils of PACE loans.

**“The news has been riddled with the problems California homeowners encountered, and we did not want to repeat that experience in Minnesota”**

“Now, if residential PACE loans are eventually made available in Minnesota, consumers will be safeguarded from the financial nightmares faced by homeowners in California and other states,” Eger said.