



The Honorable Ron DeSantis

Governor of Florida

The Capitol

Tallahassee, Florida 32399

Dear Governor DeSantis,

As President of the Mortgage Bankers Association of Florida, the statewide association for real estate finance professionals living in Florida and serving Florida homebuyers, I urge you to veto SB-770. This bill would add weak and insufficient consumer protections to rein-in the well-documented abuses by the residential Property Assessed Clean Energy (PACE) industry in exchange for significantly expanding the types of projects eligible for PACE financing. This is not a fair trade off for Florida homeowners and homebuyers.

PACE programs put Florida families' access to federally backed mortgages at risk because the PACE lien is granted priority lien status ahead of previously recorded first mortgages. Because of this "superlien" status, all the federal housing finance programs – FHA, VA, Rural Housing Service and Fannie Mae and Freddie Mac – preclude lenders from originating loans on homes with outstanding PACE liens.

With this bill, the Legislature has failed to address the core issue with residential PACE loans: they sit in a priority lien position to home loans. This creates two significant problems for Florida homeowners, home buyers, and home sellers:

1. First, when interest rates fall (as expected later this year), Florida homeowners that have a PACE lien will be locked out from refinancing their first mortgage with a loan backed by FHA, VA, Fannie Mae, or Freddie Mac.
2. Second, buyers of homes with an outstanding PACE lien cannot obtain federally-backed financing for their purchase unless the PACE lien is first paid off in its entirety – an

unwelcome surprise for both buyers and sellers that will scuttle many home purchase transactions.

These federally-insured and government-sponsored programs are the primary source of mortgage credit for Florida's first-time, low- and moderate-income, and veteran homebuyers. This bill would further the elimination of those mortgage programs from any consideration when a PACE loan is in place on the property.

As Governor, you should not sign any legislation that would limit availability of credit – especially in a high interest rate environment – while impacting our neighbors who seek to sell their homes.

Moreover, the residential PACE industry's broadly publicized abuse of consumers and deceptive tactics have been well documented over the last decade – so much so that in 2018 the U.S. Congress passed language signed into law by President Trump that requires the Consumer Financial Protection Bureau to promulgate national standards to subject PACE vendors to Truth in Lending Act requirements. Those rules are still being written, and no state should expand these programs before those regulations are finalized.

Signing this bill would diminish your remarkable work in enacting the landmark 2023 Live Local law. Instead, you should instruct the Legislature to further strengthen consumer protections and follow the lead of Ohio and Minnesota who have enacted statutes to subordinate PACE liens to home loans and protect our neighbors.

Again, on behalf of our Association, I respectfully ask that you veto SB-770.

Sincerely,

*Yvette Clermont*

Yvette Clermont

2023 – 2024 President

Mortgage Bankers Association of Florida