

WFG Underwriting Bulletin



To: All WFG Policy Issuing Agents; All WFG Title Examiners and Officers
From: WFG Underwriting Department
Date: May 16, 2019
Bulletin No. NB 2019-03
Subject: Property Assessed Clean Energy (PACE) Liens Home Energy Renovation Opportunity (HERO)
CAUTION – WATCH FOR SPLIT PAYOFFS

Property Assessed Clean Energy (PACE) Loans, also referred to as Home Energy Renovation Opportunity (HERO) loans, are a state or local government loan program made to finance residential and commercial energy-related improvements. These loans are generally repaid as special assessments through the property owner's real estate tax bill and typically have automatic first lien priority over PREVIOUSLY AND SUBSEQUENTLY recorded mortgages.

Laws are in place to enable Commercial PACE programs in 36 states and Washington DC. Twenty-two states and Washington DC have approved residential PACE legislation as of April 2019.¹

Although most of the residential funding, to date, has been in California, Florida and Missouri, these are major programs affecting many properties. Through April 2019, PACE has funded over \$883 million on 1,934 commercial projects, and over \$5.1 Billion for energy improvements on more than 220,000 homes.¹

As pointed out in [Bulletin NB-2018-03](#), many lenders require PACE and HERO loans to be paid off before they will make a new loan.

As some of our agents have painfully discovered, the payoff statements received from PACE/HERO lenders DO NOT ALWAYS INCLUDE the portion of the PACE/HERO loan that has already been submitted to the tax collector. Unless both portions of the PACE/HERO loan are paid in full, the buyer of the property or the lender may have a claim.

So whenever your search reveals a PACE or HERO loan, it is important to carefully review both the PACE payoff statement AND the tax records to confirm that the entire loan is being paid off.

NOTE: This Bulletin is for the sole purpose of establishing underwriting positions and policies reflecting WFG National Title Insurance Company's best business judgment. The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.

¹ <http://pacenation.us/pace-market-data/> as of 4/23/19