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FortiFi Financial

Assessment-Based Financing

Situation

FortiFi Financial is a fintech company that has helped pioneer **assessment-based financing**, sometimes referred to as property-assessed clean energy. This innovative product uses the equity in a particular property to provide no-money-down, non-FICO based financing for projects ranging from solar installation and lead-pipe replacement to storm hardening. The loan is then repaid through the individual's property tax bill over the life of the improvement, via a public-private partnership between the local government body and the private lender. It is, in effect, a secure method of mezzanine financing for physical improvements that enhance the nation's housing stock while supporting environmental objectives.

Assessment-based financing offers a variety of benefits, including:

- Enabling secure financing of comprehensive projects over a longer term.
- Spreading repayment over several years while seldom requiring an upfront payment.
- Potentially providing a lower interest rate.
- Helping some property owners reduce income taxes.
- Helping municipalities promote renewable energy and energy efficiency without requiring taxpayer funding.

In response, the legacy banking industry, which views assessment-based financing as a disruptive competitive threat, launched a well-funded communications campaign designed to brand this innovative offering as “predatory,” while promoting regulations and legislation designed to ban the product and put the innovators out of business. The industry's multi-billion-dollar annual lobbying investment affords it considerable influence in Washington, D.C. and state capitals.

Objectives

- Protect the assessment-based lending industry from regulations and/or legislation that could severely disadvantage it.
- Seek the enactment of legislation that protects consumers, borrowers and assessment-based lenders.
- Defeat public policy resolutions proposed by a national state legislator association that argued for the prohibition of assessment-based financing.

Activities

- Modified the public-opinion narrative to explain how the benefits of assessment-based financing go well beyond solar installation to include such improvements as structure hardening, the replacement of lead pipelines and sewer laterals (the pipes that connect a home or business to a city's sanitation system).
- Educated regulators at the Consumer Financial Protection Bureau on relevant issues and the potential negative impact of proposed rules.
- Advocated on behalf of the industry before the U.S. Congress and the state legislatures of Ohio and Texas.

Results

- Helped draft — and persuaded legislators to enact — advantageous consumer protection legislation in California and Ohio.
- Twice defeated public policy resolutions from a national state legislator association calling for prohibition of assessment-based financing.
- Helped significantly expand the assessment-based financing industry's market share in California and Ohio.
- Helped modify significant regulation before the Consumer Financial Protection Bureau.

Summary

By effectively educating and persuading policymakers in the U.S. Congress, multiple states and the Consumer Financial Protection Bureau, Capitol Core Group helped shape industry regulations to achieve the client's goals – while protecting the company (and industry) from harmful legislation or regulations that would have placed them at a competitive disadvantage to traditional lenders. **Our successful advocacy benefitted a burgeoning fintech sector, protected consumers and provided property owners a new financing option.**