

1 A bill to be entitled
2 An act relating to Resiliency Energy Environment
3 Florida programs; amending s. 163.08, F.S.; defining
4 terms; providing that a property owner may apply to a
5 Resiliency Energy Environment Florida (REEF) program
6 for funding to finance a qualifying improvement and
7 may enter into an assessment financing agreement with
8 a local government; providing that REEF program costs
9 may be collected as non-ad valorem assessments;
10 authorizing a local government to enter into an
11 agreement with a program administrator to administer a
12 REEF program on the local government's behalf;
13 revising and specifying public recording requirements
14 for assessment financing agreements and notices of
15 lien; revising requirements that apply to local
16 governments or program administrators in determining
17 eligibility for assessment financing; revising
18 requirements for qualifying improvements; revising the
19 calculation of non-ad valorem assessment limits;
20 providing construction; specifying underwriting,
21 financing estimate, disclosure, and confirmation
22 requirements for program administrators relating to
23 residential real property; authorizing a residential
24 real property owner, under certain circumstances and
25 within a certain timeframe, to cancel an assessment

26 financing agreement without financial penalty;
 27 specifying limitations on assessment financing
 28 agreement terms for residential real property;
 29 prohibiting certain financing terms for residential
 30 real property; specifying requirements for, and
 31 certain prohibited acts by, program administrators
 32 relating to assessment financing agreements and
 33 contractors for qualifying improvements to residential
 34 real property; specifying additional annual reporting
 35 requirements for program administrators; providing
 36 construction and applicability; conforming provisions
 37 to changes made by the act; providing an effective
 38 date.

39
 40 Be It Enacted by the Legislature of the State of Florida:

41
 42 Section 1. Subsection (16) of section 163.08, Florida
 43 Statutes, is renumbered as subsection (32), subsections (1),
 44 (2), (4), (6) through (10), and (12) through (14) are amended,
 45 and a new subsection (16) and subsections (17) through (31) are
 46 added to that section, to read:

47 163.08 Supplemental authority for improvements to real
 48 property.—

49 (1) (a) In chapter 2008-227, Laws of Florida, the
 50 Legislature amended the energy goal of the state comprehensive

51 | plan to provide, in part, that the state shall reduce its energy
52 | requirements through enhanced conservation and efficiency
53 | measures in all end-use sectors and reduce atmospheric carbon
54 | dioxide by promoting an increased use of renewable energy
55 | resources. That act also declared it the public policy of the
56 | state to play a leading role in developing and instituting
57 | energy management programs that promote energy conservation,
58 | energy security, and the reduction of greenhouse gases. In
59 | addition to establishing policies to promote the use of
60 | renewable energy, the Legislature provided for a schedule of
61 | increases in energy performance of buildings subject to the
62 | Florida Energy Efficiency Code for Building Construction. In
63 | chapter 2008-191, Laws of Florida, the Legislature adopted new
64 | energy conservation and greenhouse gas reduction comprehensive
65 | planning requirements for local governments. In the 2008 general
66 | election, the voters of this state approved a constitutional
67 | amendment authorizing the Legislature, by general law, to
68 | prohibit consideration of any change or improvement made for the
69 | purpose of improving a property's resistance to wind damage or
70 | the installation of a renewable energy source device in the
71 | determination of the assessed value of residential real
72 | property.

73 | (b) The Legislature finds that all energy-consuming-
74 | improved properties that are not using energy conservation
75 | strategies contribute to the burden affecting all improved

76 | property resulting from fossil fuel energy production. Improved
77 | property that has been retrofitted with energy-related
78 | qualifying improvements receives the special benefit of
79 | alleviating the property's burden from energy consumption. All
80 | improved properties not protected from wind damage by wind
81 | resistance qualifying improvements contribute to the burden
82 | affecting all improved property resulting from potential wind
83 | damage. Improved property that has been retrofitted with wind
84 | resistance qualifying improvements receives the special benefit
85 | of reducing the property's burden from potential wind damage.
86 | Further, the installation and operation of qualifying
87 | improvements not only benefit the affected properties for which
88 | the improvements are made, but also assist in fulfilling the
89 | goals of the state's energy and hurricane mitigation policies.

90 | (c) In order to make qualifying improvements more
91 | affordable and assist property owners who wish to undertake such
92 | improvements, the Legislature finds that there is a compelling
93 | state interest in enabling property owners to voluntarily
94 | finance such improvements with local government assistance.

95 | (d)-(e) The Legislature determines that the actions
96 | authorized under this section, including, but not limited to,
97 | the financing of qualifying improvements through the execution
98 | of assessment financing agreements and the related imposition of
99 | voluntary assessments, are reasonable and necessary to serve and
100 | achieve a compelling state interest and are necessary for the

101 prosperity and welfare of the state and its property owners and
 102 inhabitants.

103 (2) As used in this section, the term:

104 (a) "Assessment financing agreement" means the financing
 105 agreement, under a REEF program, between a local government and
 106 a property owner for the acquisition or installation of
 107 qualifying improvements.

108 (b)-(a) "Local government" means a county, a municipality,
 109 a dependent special district as defined in s. 189.012, or a
 110 separate legal entity created pursuant to s. 163.01(7).

111 (c) "Non-ad valorem assessment" or "assessment" has the
 112 same meaning as the term "non-ad valorem assessment" as defined
 113 in s. 197.3632(1).

114 (d) "Nonresidential real property" means any property not
 115 defined as residential real property and which will be or has
 116 been improved by a qualifying improvement. The term includes
 117 multifamily residential property composed of five or more
 118 dwelling units.

119 (e) "Program administrator" means an entity, including,
 120 but not limited to, a for-profit or not-for-profit entity, with
 121 which a local government may contract to administer a REEF
 122 program.

123 (f)-(b) "Qualifying improvement" includes any:

124 1. Energy conservation and efficiency improvement, which
 125 is a measure to reduce consumption through conservation or a

126 | more efficient use of electricity, natural gas, propane, or
 127 | other forms of energy on the property, including, but not
 128 | limited to, air sealing; installation of insulation;
 129 | installation of energy-efficient heating, cooling, or
 130 | ventilation systems; building modifications to increase the use
 131 | of daylight; replacement of windows; installation of energy
 132 | controls or energy recovery systems; installation of electric
 133 | vehicle charging equipment; and installation of efficient
 134 | lighting equipment.

135 | 2. Renewable energy improvement, which is the installation
 136 | of any system in which the electrical, mechanical, or thermal
 137 | energy is produced from a method that uses one or more of the
 138 | following fuels or energy sources: hydrogen, solar energy,
 139 | geothermal energy, bioenergy, and wind energy.

140 | 3. Wind resistance improvement, which includes, but is not
 141 | limited to:

- 142 | a. Improving the strength of the roof deck attachment;
- 143 | b. Creating a secondary water barrier to prevent water
- 144 | intrusion;
- 145 | c. Installing wind-resistant shingles;
- 146 | d. Installing gable-end bracing;
- 147 | e. Reinforcing roof-to-wall connections;
- 148 | f. Installing storm shutters; or
- 149 | g. Installing opening protections.

150 | (g) "Residential real property" means a residential real

151 property composed of four or fewer dwelling units which has been
 152 or will be improved by a qualifying improvement.

153 (h) "Resiliency Energy Environment Florida (REEF) program"
 154 means a program established by a local government, alone or in
 155 partnership with other local governments or a program
 156 administrator, to finance qualifying improvements on
 157 nonresidential real property or residential real property.

158 (4) Subject to local government ordinance or resolution, a
 159 property owner may apply to the REEF program ~~local government~~
 160 for funding to finance a qualifying improvement and enter into
 161 an assessment ~~a~~ financing agreement with the local government.
 162 Costs incurred by the REEF program ~~local government~~ for such
 163 purpose may be collected as a non-ad valorem assessment. A non-
 164 ad valorem assessment shall be collected pursuant to s. 197.3632
 165 and, notwithstanding s. 197.3632 (8) (a), shall not be subject to
 166 discount for early payment. However, the notice and adoption
 167 requirements of s. 197.3632 (4) do not apply if this section is
 168 used and complied with, and the intent resolution, publication
 169 of notice, and mailed notices to the property appraiser, tax
 170 collector, and Department of Revenue required by s.
 171 197.3632(3) (a) may be provided on or before August 15 in
 172 conjunction with any non-ad valorem assessment authorized by
 173 this section, if the property appraiser, tax collector, and
 174 local government agree.

175 (6) A local government may enter into an agreement with a

176 program administrator to administer a REEF program on behalf of
177 the local government ~~A qualifying improvement program may be~~
178 ~~administered by a for-profit entity or a not-for-profit~~
179 ~~organization on behalf of and at the discretion of the local~~
180 ~~government.~~

181 (7) A local government may incur debt for the purpose of
182 providing financing for qualifying ~~such~~ improvements, which debt
183 is payable from revenues received from the improved property, or
184 from any other available revenue source authorized under this
185 section or by other law.

186 (8) A local government may enter into an assessment a
187 financing agreement to finance or refinance a qualifying
188 improvement only with the record owner of the affected property.
189 Any assessment financing agreement entered into pursuant to this
190 section or a summary memorandum of such agreement shall be
191 submitted for recording ~~recorded~~ in the public records of the
192 county within which the property is located by the ~~sponsoring~~
193 ~~unit of~~ local government within 5 days after execution of the
194 agreement. The recorded agreement shall provide constructive
195 notice that the assessment to be levied on the property
196 constitutes a lien of equal dignity to county taxes and
197 assessments from the date of recordation. A notice of lien for
198 the full amount of the financing may be recorded in the public
199 records of the county where the property is located. Such lien
200 shall not be enforceable in a manner that results in the

201 acceleration of the remaining nondelinquent unpaid balance under
 202 the assessment financing agreement.

203 (9) Before entering into an assessment a financing
 204 agreement, the local government, or the program administrator
 205 acting on its behalf, shall reasonably determine that all of the
 206 following conditions are met:

207 (a) All property taxes and any other assessments levied on
 208 the same bill as property taxes are current paid and have not
 209 been delinquent for more than 30 days for the preceding 3 years
 210 or the property owner's period of ownership, whichever is less.†

211 (b) ~~that~~ There are no involuntary liens greater than
 212 \$1,000, including, but not limited to, construction liens on the
 213 property.†

214 (c) ~~that~~ No notices of default or other evidence of
 215 property-based debt delinquency have been recorded and not
 216 released during the preceding 3 years or the property owner's
 217 period of ownership, whichever is less.†

218 (d) The local government or program administrator has
 219 asked the property owner whether any other assessments under
 220 this section have been recorded or have been funded and not yet
 221 recorded on the property. The failure of a property owner to
 222 disclose information set forth in this paragraph does not
 223 invalidate an assessment financing agreement or any obligation
 224 thereunder, even if the total financed amount of the qualifying
 225 improvements exceeds the amount that would otherwise be

226 authorized under paragraph (12) (a).

227 (e) ~~and that~~ The property owner is current on all mortgage
228 debt on the property.

229 (f) The residential property is not subject to an existing
230 home equity conversion mortgage or reverse mortgage product.

231 This paragraph does not apply to nonresidential real property.

232 (g) The property is not currently a residential property
233 gifted to a homeowner for free by a nonprofit entity as may be
234 disclosed by the property owner. The failure of a property owner
235 to disclose information set forth in this paragraph does not
236 invalidate an assessment financing agreement or any obligation
237 thereunder. This paragraph does not apply to nonresidential real
238 property.

239 (10) Before final funding may be provided, a qualifying
240 improvement must ~~shall~~ be affixed or planned to be affixed to a
241 nonresidential real property or residential real building or
242 facility that is part of the property and constitutes ~~shall~~
243 ~~constitute~~ an improvement to that property ~~the building or~~
244 ~~facility or a fixture attached to the building or facility.~~ An
245 assessment financing agreement may ~~between a local government~~
246 ~~and a qualifying property owner may not~~ cover qualifying wind-
247 resistance improvements on nonresidential real property under
248 new construction or residential real property in buildings or
249 facilities under new construction or construction for which a
250 certificate of occupancy or similar evidence of substantial

251 ~~completion of new construction or improvement has not been~~
252 ~~issued.~~

253 (12) (a) Without the consent of the holders or loan
254 servicers of any mortgage encumbering or otherwise secured by
255 the property, the total amount of any non-ad valorem assessment
256 for a property under this section may not exceed 20 percent of
257 the fair market ~~just~~ value of the real property ~~as determined by~~
258 ~~the county property appraiser.~~ The combined mortgage-related
259 debt and total amount of any non-ad valorem assessments funded
260 under this section for residential real property may not exceed
261 100 percent of the fair market value of the residential real
262 property. However, the failure of a property owner to disclose
263 information set forth in paragraph (9) (d) does not invalidate an
264 assessment financing agreement or any obligation thereunder,
265 even if the total financed amount of the qualifying improvements
266 exceeds the amount that would otherwise be authorized under this
267 paragraph. For purposes of this paragraph, fair market value may
268 be determined using reputable third parties.

269 (b) Notwithstanding paragraph (a), a non-ad valorem
270 assessment for a qualifying improvement defined in subparagraph
271 (2) (f)1. ~~(2) (b)1.~~ or subparagraph (2) (f)2. ~~(2) (b)2.~~ that
272 is supported by an energy audit is not subject to the limits in
273 this subsection if the audit demonstrates that the annual energy
274 savings from the qualified improvement equals or exceeds the
275 annual repayment amount of the non-ad valorem assessment.

276 (13) At least 30 days before entering into an assessment a
 277 financing agreement, the property owner shall provide to the
 278 holders or loan servicers of any existing mortgages encumbering
 279 or otherwise secured by the property a notice of the owner's
 280 intent to enter into an assessment a financing agreement
 281 together with the maximum principal amount to be financed and
 282 the maximum annual assessment necessary to repay that amount. A
 283 verified copy or other proof of such notice shall be provided to
 284 the local government. A provision in any agreement between a
 285 mortgagee or other lienholder and a property owner, or otherwise
 286 now or hereafter binding upon a property owner, which allows for
 287 acceleration of payment of the mortgage, note, or lien or other
 288 unilateral modification solely as a result of entering into an
 289 assessment a financing agreement as provided for in this section
 290 is not enforceable. This subsection does not limit the authority
 291 of the holder or loan servicer to increase the required monthly
 292 escrow by an amount necessary to ~~annually~~ pay the annual
 293 ~~qualifying improvement~~ assessment.

294 (14) At or before the time a seller ~~purchaser~~ executes a
 295 contract for the sale ~~and purchase~~ of any property for which a
 296 non-ad valorem assessment has been levied under this section and
 297 has an unpaid balance due, the seller must ~~shall~~ give the
 298 prospective purchaser a written disclosure statement in the
 299 following form, which shall be set forth in the contract or in a
 300 separate writing:

301
 302 QUALIFYING IMPROVEMENTS FOR ENERGY EFFICIENCY,
 303 RENEWABLE ENERGY, OR WIND RESISTANCE.—The property
 304 being purchased is located within the jurisdiction of
 305 a local government that has placed an assessment on
 306 the property pursuant to s. 163.08, Florida Statutes.
 307 The assessment is for a qualifying improvement to the
 308 property relating to energy efficiency, renewable
 309 energy, or wind resistance, and is not based on the
 310 value of property. You are encouraged to contact the
 311 county property appraiser's office to learn more about
 312 this and other assessments that may be provided by
 313 law.

314
 315 (16) Before final approval of an assessment financing
 316 agreement for a qualifying improvement on a residential real
 317 property, a program administrator shall reasonably determine
 318 that the property owner has the ability to pay the estimated
 319 annual assessment. To do so, the program administrator shall, at
 320 a minimum, use the underwriting requirements in subsection (9),
 321 confirm that the property owner is not in bankruptcy, and
 322 determine that the total estimated annual payment amount for all
 323 assessment financing agreements funded under this section on the
 324 property does not exceed 10 percent of the property owner's
 325 annual household income. Income may be confirmed using

326 information gathered from reputable third parties that provide
327 reasonably reliable evidence of the property owner's household
328 income. Income may not be confirmed solely by a property owner's
329 statement. The failure of a property owner to disclose
330 information set forth in paragraph (9) (d) does not invalidate an
331 assessment financing agreement or any obligation thereunder,
332 even if the total estimated annual payment amount exceeds the
333 amount that would otherwise be authorized under this subsection.

334 (17) Before or contemporaneously with a property owner
335 signing an assessment financing agreement on a residential real
336 property, the program administrator shall provide a financing
337 estimate and disclosure to the residential real property owner
338 which includes all of the following:

339 (a) The total amount estimated to be funded, including the
340 cost of the qualifying improvements, program fees, and
341 capitalized interest, if any.

342 (b) The estimated annual assessment.

343 (c) The term of the assessment.

344 (d) The interest charged and estimated annual percentage
345 rate.

346 (e) A description of the qualifying improvement.

347 (f) A disclosure that if the property owner sells or
348 refinances the property, the property owner, as a condition of
349 the sale or the refinance, may be required by a mortgage lender
350 to pay off the full amount owed under each assessment financing

351 agreement.

352 (g) A disclosure that the assessment will be collected
353 along with the property owner's property taxes and will result
354 in a lien on the property from the date the assessment financing
355 agreement is recorded.

356 (h) A disclosure that failure to pay the assessment may
357 result in penalties and fees, along with the issuance of a tax
358 certificate that could result in the property owner losing the
359 real property.

360 (18) Before a notice to proceed is issued on residential
361 real property, the program administrator shall conduct with the
362 residential real property owner or an authorized representative
363 an oral, recorded telephone call. The program administrator
364 shall ask the residential real property owner if he or she would
365 like to communicate primarily in a language other than English.
366 A program administrator may not leave a voicemail on the
367 residential real property owner's or authorized representative's
368 telephone to satisfy this requirement. A program administrator,
369 as part of such telephone call, shall confirm all of the
370 following with the residential real property owner:

371 (a) That at least one residential real property owner has
372 access to a copy of the assessment financing agreement and
373 financing estimates and disclosures.

374 (b) The qualifying improvements being financed.

375 (c) The total estimated annual costs that the residential

376 real property owner will have to pay under the assessment
377 financing agreement, including applicable fees.

378 (d) The total estimated average monthly equivalent amount
379 of funds the residential real property owner would have to save
380 in order to pay the annual costs of the assessment, including
381 applicable fees.

382 (e) The estimated date the residential real property
383 owner's first property tax payment that includes the assessment
384 will be due.

385 (f) The term of the assessment financing agreement.

386 (g) That payments for the assessment financing agreement
387 will cause the residential real property owner's annual property
388 tax bill to increase, and that payments will be made through an
389 additional annual assessment on the property and either will be
390 paid directly to the county tax collector's office as part of
391 the total annual secured property tax bill or may be paid
392 through the residential real property owner's mortgage escrow
393 account.

394 (h) That the residential real property owner has disclosed
395 whether the property has received, or the owner is seeking,
396 additional assessments funded under this section and that the
397 owner has disclosed all other assessments funded under this
398 section which are or are about to be placed on the property.

399 (i) That the property will be subject to a lien during the
400 term of the assessment financing agreement and that the

401 obligations under the agreement may be required to be paid in
402 full before the residential real property owner sells or
403 refinances the property.

404 (j) That any potential utility or insurance savings are
405 not guaranteed and will not reduce the assessment or total
406 assessment amount.

407 (k) That the program administrator does not provide tax
408 advice, and the residential real property owner should seek
409 professional tax advice if he or she has questions regarding tax
410 credits, tax deductibility, or other tax impacts of the
411 qualifying improvement or the assessment financing agreement.

412 (19) A residential real property owner may cancel an
413 assessment financing agreement within 3 business days after
414 signing the assessment financing agreement without any financial
415 penalty from the program administrator for doing so.

416 (20) The term of an assessment financing agreement on
417 residential real property may not exceed the lesser of:

418 (a) Thirty years; or

419 (b) The greater of either the weighted average estimated
420 useful life of all qualifying improvements being financed or the
421 estimated useful life of the qualifying improvements to which
422 the greatest portion of funds is disbursed.

423 (21) An assessment financing agreement authorized under
424 this section on residential real property may not include any of
425 the following financing terms:

426 (a) A negative amortization schedule. Capitalized interest
427 included in the original balance of the assessment financing
428 agreement does not constitute negative amortization.

429 (b) A balloon payment.

430 (c) Prepayment fees, other than nominal administrative
431 costs.

432 (22) For residential real property, a program
433 administrator:

434 (a) May not enroll a contractor who contracts with
435 residential real property owners to install qualifying
436 improvements unless:

437 1. The program administrator makes a reasonable effort to
438 review that the contractor maintains in good standing an
439 appropriate license from the state, if applicable, as well as
440 any other permit, license, or registration required for engaging
441 in business in the jurisdiction in which he or she operates and
442 that the contractor maintains all state-required bond and
443 insurance coverage; and

444 2. The program administrator obtains the contractor's
445 written agreement that the contractor will act in accordance
446 with all applicable laws, including applicable advertising and
447 marketing laws and regulations.

448 (b) Shall maintain a process to enroll new contractors
449 which includes reasonable review of the following for each
450 contractor:

- 451 1. Relevant work or project history.
 452 2. Financial and reputational background checks.
 453 3. A criminal background check.
 454 4. Status on the Better Business Bureau online platform or
 455 another online platform that tracks contractor reviews.

456 (c) A program administrator may pay or reimburse
 457 contractors for any expense allowable under applicable state law
 458 and not otherwise prohibited under this section, including, but
 459 not limited to, marketing, training, and promotions.

460 (23) (a) Before disbursing funds to a contractor for a
 461 qualifying improvement on residential real property, a program
 462 administrator must first confirm that the applicable work or
 463 service has been completed through any of the following:

- 464 1. A written certification from the property owner;
 465 2. A recorded telephone call with the property owner;
 466 3. A review of geotagged and time-stamped photographs;
 467 4. A review of a final permit; or
 468 5. A site inspection through third-party means.

469 (b) A program administrator may not disclose to a
 470 contractor or to a third party engaged in soliciting an
 471 assessment financing agreement the maximum financing amount for
 472 which a residential real property owner is eligible.

473 (24) A program administrator shall comply with the
 474 following marketing and communications guidelines when
 475 communicating with residential real property owners:

476 (a) A program administrator may not represent:
477 1. That the REEF program or assessment financing is a
478 government assistance program;
479 2. That qualifying improvements are free or that
480 assessment financing is a free program; or
481 3. That the financing of a qualifying improvement using
482 the REEF program does not require the property owner to repay
483 the financial obligation.

484 (b) A program administrator may not make any
485 representation as to the tax deductibility of an assessment
486 authorized under this section. A program administrator may
487 encourage a property owner to seek the advice of a tax
488 professional regarding tax matters related to assessments.

489 (25) A contractor may not present a higher price for a
490 qualifying improvement on residential real property financed by
491 an assessment financing agreement than the contractor would
492 otherwise reasonably present if the qualifying improvement was
493 not being financed through an assessment financing agreement.

494 (26) A program administrator shall use appropriate
495 methodologies or technologies to identify and verify the
496 identity of the residential real property owner who executes an
497 assessment financing agreement.

498 (27) A program administrator may not provide a contractor
499 with any payment, fee, or kickback in exchange for referring
500 assessment financing business relating to a specific assessment

501 financing agreement on residential real property.

502 (28) A program administrator shall develop and implement
503 policies and procedures for responding to, tracking, and helping
504 to resolve questions and property owner complaints as soon as
505 reasonably practicable.

506 (29) A program administrator shall maintain a process for
507 monitoring enrolled contractors that contract with residential
508 real property owners to install qualifying improvements with
509 regard to performance and compliance with program policies and
510 shall implement policies for suspending and terminating enrolled
511 contractors based on violations of program policies or
512 unscrupulous behavior. A program administrator shall maintain a
513 policy for determining the conditions on which a contractor may
514 be reinstated to the program.

515 (30) A program administrator shall provide, at a
516 reasonable time following the end of the prior calendar year, an
517 annual report to the dependent special district as defined in s.
518 189.012 or a separate legal entity created pursuant to s.
519 163.01(7) which it has contracted with to administer a REEF
520 program and shall include information and data related to the
521 following:

522 (a) The total number of property owner complaints received
523 which are associated with project funding in the report year.

524 (b) Of the total number of property owner complaints
525 received which are associated with project funding in the report

526 year:

527 1. The number and percentage of complaints that relate to
528 the assessment financing.

529 2. The number and percentage of complaints that relate to
530 a contractor or the workmanship of a contractor and are not
531 related to assessment financing.

532 3. The number and percentage of complaints that relate to
533 both a contractor and the assessment financing.

534 4. The number and percentage of complaints received
535 pursuant to subparagraphs 1., 2., and 3. which were resolved and
536 the number and percentage of complaints received pursuant to
537 subparagraphs 1., 2., and 3. which were not resolved.

538 (c) The percentage of property owner complaints received
539 pursuant to subparagraphs (b)1., 2., and 3. expressed as a total
540 of all projects funded in the report year.

541 (31)(a) Subsections (16) through (30) do not apply to
542 residential real property if the program administrator
543 reasonably determines that:

544 1. The residential real property is owned by a business
545 entity that owns more than four residential real properties; and

546 2. The business entity's managing member, partner, or
547 beneficial owner does not reside in the residential real
548 property.

549 (b) Subsections (16) through (30) apply to a program
550 administrator only when administering a REEF program for

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551 qualifying improvements on residential real property.
552 Subsections (16) through (30) do not apply with respect to a
553 local government, to residential property owned by a local
554 government, or to nonresidential real property.

555 Section 2. This act shall take effect July 1, 2023.