

# Property Assessed Clean Energy (PACE) Loans

## ***HOT TOPICS***

- Issue Brief: Property Assessed Clean Energy (PACE) Loans: State and Local Consumer Protection Recommendations, Nov. 2019
- Press Release: Advocates Applaud CFPB's Intention to Deal with PACE Loan Program Abuses, March 4, 2019
- Group letter from consumer advocates and industry groups urging the CFPB to initiate PACE rulemaking, Oct. 15, 2018
- Issue brief: Residential Property Assessed Clean Energy (PACE) Loans: The Perils of Easy Money for Clean Energy Improvements, Sept. 2017
- Press Release: PACE Mortgages Still Risky Despite New Dept. of Energy Guidelines, Nov. 18, 2016
- Supplemental Comments on Best Practice Guidelines for Residential PACE Financing, Oct. 18, 2016

The National Consumer Law Center monitors and comments on the potential benefits and risks to consumers regarding various ways to finance home energy efficiency improvements, including Property Assessed Clean Energy (PACE) loans, where the local city or town finances the improvements.

## **Policy Analysis**

### **Press Releases, Reports & Issue Briefs**

- Press Release: Los Angeles County Ends PACE Program Marred by Fraud, Abuse, and Unaffordable Loans, May 20, 2020
- Issue Brief: Property Assessed Clean Energy (PACE) Loans: State and Local Consumer Protection Recommendations, Nov. 2019
- Issue Brief: Ohio's New Residential PACE Programs Need Strong Consumer Protections to Prevent Homeowner Abuses, Oct. 2019
- Press Release: Advocates Applaud CFPB's Intention to Deal with PACE Loan Program Abuses, March 4, 2019
- Issue brief: Residential Property Assessed Clean Energy (PACE) Loans: The Perils of Easy Money for Clean Energy Improvements, Sept. 2017  
There has been a sharp increase in homeowner problems with PACE loans. The laudable goal of improving home energy efficiency is being overshadowed by the lack of adequate consumer protections for these loans. This brief catalogs consumer stories and summarizes some of the abuses and challenges of PACE financing.
- Press Release: PACE Mortgages Still Risky Despite New Dept. of Energy Guidelines, Nov. 18, 2016
- Policy brief: PACE Energy Efficiency Loans: Good Intentions, Big Risks for Consumers, Sept. 2016

### **Comments & Letters**

- Comments by the National Consumer Law Center, National Housing Law Project, Consumer Federation of America, Americans for Financial Reform Education Fund and National Fair Housing Alliance to the Federal Housing Finance Agency in response to a Request for Input

- for Property Assessed Clean Energy (PACE) loans(No. 2020-N-1), March 13, 2020
- Group letter from consumer advocates to CFPB on importance of applying TILA to PACE, Jan. 8, 2020
- Comments by the National Consumer Law Center and the National Housing Law Project to the Consumer Financial Protection Bureau in response to the Advance Notice of Proposed Rulemaking for Property Assessed Clean Energy (PACE) loans (Docket No. CFPB-2019-0011), May 7, 2019
- Group letter from consumer advocates urging the CFPB to begin accepting consumer complaints about PACE loans, April 8, 2019
- Group letter from consumer advocates and industry groups urging the CFPB to initiate PACE rulemaking, Oct. 15, 2018
- Comments submitted by National Consumer Law Center, California Low-Income Consumer Coalition, and the National Housing Law Project to the California Contractor’s State Licensing Board regarding proposed consumer disclosures for solar panel installations, August 17, 2018
- Comments in response to the Consumer Financial Protection Bureau (“CFPB”)’s Request for Information (“RFI”) regarding its inherited regulations and rulemaking authorities with focus on incorporating Property Assessed Clean Energy (PACE) loans into the Truth in Lending Act’s (TILA) Regulation Z mortgage protections., June 25, 2018
- Comments submitted by the National Consumer Law Center and the National Housing Law Project to the California Dept. of Business Oversight in response to proposed rules implementing the consumer protection provisions of AB 1284 for Property Assessed Clean Energy (PACE) loans, June 8, 2018
- Organizations representing the interests of low-income households, seniors, and other economically vulnerable Pennsylvanians oppose efforts to expand a bill authorizing commercial PACE to include residential PACE, April 11, 2018
- Comments submitted by the National Consumer Law Center and the National Housing Law Project to the California Dept. of Business Oversight on the proposed rulemaking implementation of AB 1284 for Property Assessed Clean Energy (PACE) loans, Jan. 5, 2018
- Supplemental Comments on Best Practice Guidelines for Residential PACE Financing, Oct. 18, 2016
- Coalition comments on Draft Best Practice Guidelines for Residential PACE Financing, Aug. 18, 2016 || Press release
- Comments of the National Consumer Law Center and Consumer Federation of America regarding “Mortgage Assets Affected by PACE Programs”, March 2012

## **State Legislation**

- Letter re: California Senate Bill 1087 from National Housing Law Project, Housing and Economic Rights Advocates, and National Consumer Law Center recommending further changes to PACE legislation, April 11, 2018
- Letter: Housing and consumer groups urge the Council of State Governments to refrain from approving a proposed resolution supporting residential Property Assessed Clean Energy (PACE), Dec. 11, 2017
- Press Release: Housing and Consumer Groups Statement on California A.B. 1284’s PACE Loan Ability-to-Repay Provisions, Sept. 15, 2017
- Analysis by NCLC of Montana Draft PACE Bill, Feb. 2, 2017

## **Additional Resources**

- California District Attorneys Settlement with PACE program administrator Renovate America and News Release, August 9, 2019
- NASUCA resolution urging the adoption state laws and regulations to protect consumers from

abuses in the marketing of Property Assessed Clean Energy (PACE) loans for energy efficiency upgrades. June 5, 2017

- Federal Housing Finance Agency (FHFA) testimony: Statement of Alfred M. Pollard, General Counsel, FHFA, before the California Legislature, Keeping Up with PACE, June 2016

## Homeowner Stories

- San Diego, CA (Elder Law & Advocacy)
- The Department of Energy: Best Practice Guidelines for Residential PACE Financing: Consumer Protections, Dec. 15, 2016 (PowerPoint)

## PACE Loans in the News

- 6/25/19 Naples (FL) Daily News “Collier commissioners vote to keep ban on residential PACE program.”
- 6/4/17 Los Angeles Times “These loans were created to help homeowners but for some they did the opposite” by Andrew Khouri with quotes by John Rao. Part 1 of 2.  
6/4/17 Los Angeles Times “With some borrowers struggling with a new kind of home-improvement loan, reforms are on the table” by Andrew Khouri with quote by John Rao. Part 2 of 2.
- April 18, 2017, North Bay Business Journal “PACE green home-upgrade loans could get bigger legal leash”
- April 11, 2017, Florida Sun Sentinel “Federal suit says PACE home improvement loan program fails to disclose risks, costs”
- April 5, 2017, Wall Street Journal, Green-Energy PACE Home Loans Catch Congress’s Ire
- Jan. 10, 2017 America’s Fastest-Growing Loan Category Has Eerie Echoes of Subprime Crisis (WSJ)
- April 30, 2016 CBS Los Angeles “Goldstein Investigation: How Going Green Might Have You Seeing Red In The End” || Summary and quotes
- Oct 10, 2016 MarketWatch “These government-approved high-interest green loans are turning mortgage lending upside down” || Summary
- June 2, 2016 San Gabriel Valley Tribune “Watch out for these green-energy improvement loans that put homeowners at financial risk” || Summary
- November 14, 2016 The San Diego Reader “Solar-power financing could spell trouble: “I hate to see people lose their homes over something I was involved with” || Summary
- February 23, 2016 Comstock’s Business Insight for the Capital Region “A Growing Green Debt? As PACE takes off, realtors warn that unwary homeowners are complicating their finances” || Summary
- September 27, 2016 The Sacramento Bee “Is rooftop solar worth it? Californians consider the questions as use, complaints rise” || Summary and quotes
- May 3, 2016 The Sacramento Bee “Solar panel loans have spun out of control” || Summary
- BiggerPockets.com “Southern California Hero Program - Renovate America - Scam” || Summary
- July 19, 2016 California Association of Realtors “C.A.R. Statement on HUD Insuring FHA Mortgages with PACE Loans” || Summary
- March 28, 2015 Pedersen Real Estate “Some Big Problems with HERO PACE program - Homeowners Beware!” || Summary
- June 12, 2015 The Press Enterprise “MORENO VALLEY: Homebuyer files lawsuit over HERO-financed transaction” || Summary
- Oct. 5, 2015 The National Real Estate Post “Run From PACE Loans... Run” || Summary
- July 17, 2015 The Sacramento Bee “Energy Improvement program can hobble home sales” || Summary

- April 9, 2016 Ventura County Star “Opinion: Mark Chacon: Energy-efficiency loans could cause homeowner headaches” || Summary