

# MEMORANDUM

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**To:** Senate Committee on Banking, Housing, and Urban Affairs

**From:** Toby Rittner, President & CEO  
Council of Development Finance Agencies  
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**Re:** Opposition to S. 838, the "PACE" Act of 2017

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Senators Cotton (R-AR), Rubio (R-FL), and Boozman (R-AR) have introduced a bill in the U.S. Senate that would kill one of America's most successful forms of financing for clean energy and energy efficiency: Property Assessed Clean Energy (PACE). The bill, known as the PACE Act of 2017, would define PACE as a mortgage loan by making it subject to the Truth in Lending Act (TILA) rules that regulate mortgage lenders. The imposition of TILA regulations on PACE would:

- Require local governments to alter the way they collect property taxes and assessments,
- Require local governments and contractors to become licensed as mortgage brokers,
- Impose what could be lengthy delays in funding projects.

Under the guise of consumer protections, and at the behest of the banking lobby, this new bill would destroy PACE. Municipalities and contractors will not, and likely cannot, comply with the requirements outlined in the bill. As a result, PACE programs will find it nearly impossible to operate. CDFA and others in the PACE industry have long supported additional consumer protections at the federal level to safeguard homeowners making energy efficiency or renewable energy improvements to their homes. Unfortunately, rather than improving consumer protections in a constructive way, S. 838 is a thinly disguised effort to strangle innovative PACE programs by subjecting them to extraneous federal regulations.

CDFA supports PACE because it is an innovative public-private partnership model that mobilizes private capital to help homeowners invest in energy-saving measures, reduce emissions, and create jobs in local communities – all at no cost to public budgets. CDFA is prepared to contribute to this legislative discussion, and offer recommendations to policymakers on ways to strengthen consumer protections while protecting the innovative model at the heart of PACE financing.

## **About CDFA**

The Council of Development Finance Agencies (CDFA) is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private, and non-profit development finance agencies. Members are state, county and municipal development finance agencies that provide or otherwise support economic development financing programs. The Council was formed in 1982 with the mission to strengthen the efforts of state and local development finance agencies fostering job creation and economic growth. Today, CDFA is the strongest voice in the development finance industry. CDFA is a non-partisan, non-political institution that supports sound public policy and the leadership involved in making important decisions affecting the development finance industry.