



National Association of
State Energy Officials

Kathy Kraninger, Director
Consumer Financial Protection Bureau
Comment Intake
1700 G Street NW
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Via email: PACEFinancingANPR@cfpb.gov

Director Kraninger:

The National Association of State Energy Officials (NASEO) appreciates the opportunity to submit comments in response to the Consumer Financial Protection Bureau (CFPB) Advance Notice of Proposed Rulemaking on Residential Property Assessed Clean Energy (R-PACE) Financing; Docket No. CFPB-2019-0011; RIN 3170-AA84. As the membership association representing the 56 governor-designated state and territory energy directors and their offices, NASEO welcomes the opportunity to work directly with CFPB as you consider this important matter.

State governments enable PACE programs and local governments implement PACE by leveraging a longstanding structure—municipal bond and property tax collection systems—to access private capital to finance these improvements. PACE is not a mortgage or consumer loan. It is a special assessment, a financing structure that is more than 200 years old, authorized by every state in the nation, and utilized by thousands of local governments to fund public purpose improvements as permitted by state statute. Most importantly, R-PACE is a financing option that requires the ***voluntary, informed*** participation of homeowners. In addition to helping homeowners save energy, water, and money, R-PACE has created hundreds of local jobs that cannot be automated or moved off-shore and injected billions of dollars into local economies.¹

Despite its benefits, R-PACE has raised concerns pertaining to consumer fraud, contractor misrepresentation, and project fees and costs, particularly those incurred by income-constrained and disadvantaged homeowners. In response, several states across the country have begun developing policy and program frameworks to ensure PACE programs follow key consumer protection protocols, such as written and oral disclosures, cancellation rights, contractor licensing requirements, strengthened reporting, dispute resolution procedures, and expanded underwriting.

These state and locally-driven processes have highlighted the need for unique and tailored solutions, as well as continuous regulation, oversight, and enforcement by state and local bodies that are familiar with their constituents’ needs and priorities. Imposing federal consumer protections such as Truth in Lending Act (TILA) regulations on R-PACE assessments would not only override state and local responsibilities in property assessment financing and policymaking, but also limit the ability of state and local governments to design and tailor consumer protection practices most appropriate to their unique local markets. **For these reasons, we believe the CFPB should issue no rulemaking or policy documents on R-PACE.**

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We suggest reviewing the following documents pertaining to your request for information. These materials illustrate the ways states can integrate strong consumer protections in their clean energy and resiliency financing efforts, based on evolving needs, priorities, and challenges specific to their constituents and communities.

- [California AB 1284 \(October, 2017\)](#)
- [California SB 242 \(October, 2017\)](#)
- [NASEO Issue Brief: Residential Property Assessed Clean Energy \(R-PACE\): Key Considerations for State Energy Officials \(March, 2018\)](#)

Thank you for your consideration and for inviting NASEO to provide comments as you consider this rulemaking. If you would like to discuss our position in further detail, please contact me at dterry@naseo.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David Terry', with a stylized flourish at the end.

David Terry
Executive Director
National Association of State Energy Officials

ⁱ Rose, Adam, Ph.D. and Wei, Dan, Ph.D. *Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida*. Los Angeles: University of Southern California Sol Price School of Public Policy, 2019. Accessed April, 2019.
http://www.schwarzeneggerinstitute.com/images/files/SI_White_Paper%20PACE_Economic_Impacts_FINAL_3_6_19.pdf.