

April 5, 2017

The Honorable Tom Cotton
124 Russell Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Cotton:

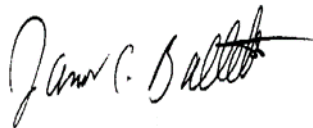
On behalf of the members of the American Bankers Association, I am writing to offer our support for your legislation to require that property assessed clean energy (PACE) loans meet Truth in Lending Act (TILA) standards.

While PACE loans serve a laudable purpose, allowing borrowers to finance energy efficiency improvements to their homes, they are all too often abused by those who do not have the borrowers' best interests at heart. Unlike home equity or other bank loans, PACE loans are not subject to the robust underwriting standards, including Ability to Repay requirements, promulgated under the Truth in Lending Act. As a result, all too often, the loans are made to borrowers without basic consumer protections that ensure they understand and are able to meet the obligations they are taking on. Further exacerbating the problem is the fact that PACE repayments are usually made through state or local government tax assessments giving the loans the appearance of having governmental endorsement.

Your legislation provides important consumer protections for PACE borrowers by requiring that the loans comply with the Truth in Lending Act.

We strongly support providing PACE borrowers with the important protections required under TILA. We applaud your introduction of this legislation and urge its swift consideration and passage.

Sincerely,



James C. Ballentine