



Representative Al Cutrona
59th Ohio House District

Chair Hillyer, Vice Chair Grendell, Ranking Member Galonski, and members of the House Civil Justice Committee, thank you for the opportunity to provide sponsor testimony on House Bill 646.

Residential PACE Loans are designed to fund energy efficient home improvements. They are added to the borrower's property tax bill and are paid through tax installments, which are added to a borrower's escrow payment if they have a mortgage. Despite lack of consumer protections, R-PACE loans are set to be offered to Ohioans starting this August.

The purpose of this bill is to put in place robust regulations on how these loans are issued. Because R-PACE loans rest in a senior lien position to a mortgage, borrowers who receive unaffordable loans are put at risk of losing their homes to foreclosure if they are unable to pay their taxes or increased mortgage payment.

This bill is about protecting Ohio's property-owners from the currently unregulated nature of R-PACE loans. It is clear that the risks involved in taking on these loans do not justify many of the oftentimes needless energy-saving home improvements they are used for. The negative consequences of accepting R-PACE loans need to be made clear to Ohioan consumers and homeowners before they decide to apply for these loans. House Bill 646 will create numerous rules and regulations regarding R-PACE loans to ensure Ohio Homeowners have protections in place, should they choose to accept such loans.

Thank you once more for the opportunity to testify here today. I welcome any questions the committee may have.