



41 S. High Street, Suite 3550 | Columbus, OH 43215
1-866-389-5653 | Fax: 614-224-9801 | TTY: 1-877-434-7598
aarp.org/oh | ohaarp@aarp.org | twitter: @AARPOhio
facebook.com/ AARPOH

**Written Testimony on House Bill 646
House Civil Justice Committee
November 15, 2022
Holly Holtzen, State Director, AARP Ohio**

Good Afternoon Chairman Hillyer, Vice Chair Grendell, Ranking Member Galonski and distinguished members of the House Civil Justice Committee.

My name is Holly Holtzen, and I serve as the State Director for AARP, Ohio. AARP, with 1.5 million members in Ohio, is a nonpartisan, nonprofit, nationwide organization that helps empower people to choose how they live as they age, strengthens communities, and fights for the issues that matter most to families, such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

AARP is here today to express our support for House Bill 646, which would provide safeguards to consumers seeking loans to repair or replace their home, ventilation and air condition systems. HVAC systems can be expensive to repair and replace for older adults living on fixed incomes. PACE loans can be a viable option for those who cannot obtain a traditional loan. Unfortunately, there are lenders who have targeted seniors for unnecessary and unaffordable PACE loans. This legislation offers meaningful safeguards for borrowers who need to make these important repairs or upgrades. The provisions include: 1) ensuring borrowers are up-to-date on their property taxes; 2) not allowing borrowers to have multiple PACE loans at once; 3) prohibiting a loan that costs more than the value of the energy savings it will offer; and 4) requiring PACE Loan administrators to be licensed by the Ohio Department of Commerce.

While HB 646 has important consumer protections, we have two recommendations to strengthen the legislation that we hope you will consider. These include: 1) requiring a pre-construction audit and 2) ensuring the actual PACE Loan is included in the ability to repay provision. First, many PACE programs do not determine if the recommended improvements provide any energy savings. A free or low-cost pre-construction energy audit by a financially disinterested party should occur before the loan agreement is signed. This will ensure borrowers do not encumber themselves with unnecessary loans. Second, the current bill language identified 43% as the expense-to-income threshold for determining a borrower's ability to repay the loan. Unfortunately, it is unclear if the threshold includes the pending loan. Borrowers should have to demonstrate they can pay all their expenses, including the loan expenses. If they cannot, they are at risk of, potentially, losing their home.



A house is not only an important asset, it also provides a basic need. The protections offered in HB 646 will help prevent older adults from being exploited. Thank you for the opportunity to testify in support of House Bill 646.