



Housing Policy Council  
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March 10, 2022

The Honorable Brad Sherman  
2181 Rayburn H.O.B.  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Sherman:

The Housing Policy Council (HPC) thanks you for introducing HR 7049, the “Mortgage Borrower Protection Act”. HPC is a trade association comprised of the leading national mortgage lenders and servicers, mortgage and title insurers, and technology and data companies. We focus on the safety and soundness of the housing finance system, advocating for fair and consistent regulatory treatment of market participants and lending practices that provide opportunities for sustainable homeownership that supports vibrant communities and long-term wealth-building for families. Your bill is consistent with these HPC goals. A requirement for Property Assessed Clean Energy (PACE) providers and beneficiaries to receive the consent of primary mortgage holders before closing a PACE transaction would protect both the consumer and the financial institution with a lien interest in the property.

While PACE loans were intended to help homeowners cover the cost of home improvements, they have proven to be risky for homeowners. PACE loans are secured by the home through a property tax assessment that places the lien in a higher priority position than the primary mortgage, which leaves the consumer vulnerable to excessive leverage that cannot be repaid by the value of the property. Additionally, interest rates for PACE loans are substantially higher than traditional mortgages, often by several multiples. And PACE loans are collateral-based, without underwriting to affirm the borrower’s ability to repay these loans and still satisfy their other household obligations. These factors, alone and in aggregate, increase the risk of foreclosure on the homeowner. For all these reasons, increasing the role of mortgage lenders in approving PACE loans is a very wise step to protect homeowners and their dreams of homeownership and, therefore, we are very supportive of your bill.

HPC has a particular interest in and deep expertise in mortgage lending and regulation and we are eager to continue to collaborate with you on this issue. Please contact Bernard Fulton at [Bernard.Fulton@housingpolicycouncil.org](mailto:Bernard.Fulton@housingpolicycouncil.org) or (202) 441-0022 if we can help you in this effort in any way.

Yours truly,

Edward J. DeMarco  
President  
Housing Policy Council