



**Testimony of Sarah White
In Opposition to Senate Bill 973**

Members of the Committee: thank you for giving me the opportunity to submit this testimony in opposition to Senate Bill 973, An Act Concerning a Residential Sustainable Energy Program. My name is Sarah White, and I am a staff attorney focusing on fair lending, foreclosure prevention, and homeowner rights at the Connecticut Fair Housing Center.¹

We oppose SB 973 because of the problems similar bills have caused in other states for homeowners, especially low-income, elderly, immigrant, and other vulnerable consumers, and because the bill lacks necessary consumer protections.

The benefit assessment contemplated by SB 973 bypasses federal lending laws that provide substantive protections to consumers offered home improvement loans or high-cost loans. The experience of other states supports that these benefit assessments would likely be high-cost, with interest rates above 9%, significant closing costs, and large principal balances, often of \$50,000 or more. SB 973's language purporting to protect consumers is vague and no substitute for these more robust federal protections, particularly given the amount of financing homeowners may be offered. Because the benefit assessment is a priority lien, like a tax lien, a mortgage company may also treat it as a default under the mortgage or require repayment prior to refinancing, creating additional problems for homeowners.

California's experience with a similar PACE loan program is cautionary. I've spoken with homeowner advocates there, who report that seniors, immigrants, and low-income homeowners are aggressively targeted by door-to-door energy improvement contractors, who use tablets to electronically sign them up for financing (as much as \$100,000). The electronic contracts often contain provisions waiving homeowner's rights and may be in English, even if the homeowner isn't fluent. Some contractors appear to inflate their pricing based on the availability of credit, sometimes to double market price, and their work may be shoddy or provide limited energy efficiency improvement. Sadly, many of the California homeowners who receive PACE loans are actually eligible for free or low-cost energy improvement assistance.

We work closely with our peers in other states on consumer issues. They have seen little positive effect from the introduction of these loans into their state; on the contrary, these loans have put their clients at risk of foreclosure and homelessness.

Thank you again for this opportunity to submit this written testimony.

¹ The Connecticut Fair Housing Center is the only statewide nonprofit that represents homeowners facing foreclosure. We have reached constituents in every single town in Connecticut through materials to help homeowners represent themselves and in-person or individualized advice for homeowners facing foreclosure. We provided in-person or individualized assistance more than 1,500 homeowners facing foreclosure in 2016 alone.