

Rep. Allen: Submits budget amendment aimed at protecting consumers from shady loan program

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Contact: Rep. Scott Allen
(608) 266-8580

Representative Scott Allen (R-Waukesha) has proposed a budget amendment designed to protect consumers by limiting Property Assessed Clean Energy (PACE) loans. The proposal limits PACE loans to commercial properties or residential properties with five or more units.

PACE loans are used to finance energy efficiency or renewable energy installations on residential or commercial property. Examples might include solar panels, the installation of LED lights, insulation, or other fixtures. The loans are unique in that they are repaid to local governments through tax assessments or utility bills. Incredibly, loans are made regardless of the property owner's ability to repay the loan. Issues arise because the investors rely on the contractors to sell improvement loans to individual consumers and have sold improvements for more than the consumers' equity.

PACE loan programs are funded by private investors but must be facilitated by local government, as the payments are guaranteed through local property taxes.

"PACE loans are not subject to truth-in-lending statements, they usually have higher interest rates than home equity loans, and the liens take precedence over all other liens, including the mortgage," said Rep. Allen. "Wisconsin needs to step up and take preventative measures against the problems we're seeing around the country,"

The amendment now goes to the Joint Finance Committee, which will decide whether to insert the provisions into the state budget.