- Don’t sign any paperwork certifying the contractor’s work until it is completed. You must certify that the work was complete before the contractor can get paid from a PACE loan. Be sure that the work is actually finished and the improvements work before signing any certification. Make sure you receive copies of any document you sign.

- PACE lenders will be regulated by the California Department of Business Oversight (DBO). Additional consumer protections take effect on January 1, 2019, including requirements that PACE lenders consider a homeowner’s ability to repay the loan, provide additional disclosures about the loan, and translate the loan documents if it was negotiated in the borrower’s primary language (for Spanish, Chinese, Tagalog, Vietnamese, and Korean speakers). On or after that date, DBO will investigate complaints and can be contacted at 1-866-275-2677.

PROTECTING ALL PEOPLE FROM DISCRIMINATION AND ECONOMIC ABUSES, ESPECIALLY IN THE REALM OF HOUSING

We explain your options and rights.
We help you defend your rights and fight abusive practices through advocacy.
We teach you how to build a safe financial future for you and your family.

HERA
housing and economic rights advocates

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Learn about home energy loans such as PACE or HERO home loans and what to watch out for.
**Home Energy Improvement Loans and PACE Loans**

Property-Assessed Clean Energy (PACE) loans are intended to help homeowners finance energy-efficient improvements to their homes, like solar panels and air conditioners. PACE loans are offered by HERO, Ygrene, California First, WRCOG and other lenders. Widespread issues related to how the loans are marketed and structured have caused serious problems for many California homeowners. They are secured through a lien and are added to a homeowner’s property tax payments. A PACE loan takes priority over any existing lien, so if you do not pay, you risk losing your home.

**What to keep in mind when you are considering a PACE loan:**

- **There are often cheaper and less risky options than PACE loans**

PACE loans generally have higher interest rates than loans with a comparably low risk of default. You should investigate options that do not put your home at risk like traditional home improvement loans or state weatherization programs before proceeding with a PACE loan. Your property may be eligible for a Residential Energy Efficiency Loan (REEL) that does not put a lien on your property. You can find out more at www.gogreenfinancing.com/residential.

- **Beware of misleading sales pitches.**

Door-to-door salespeople and telemarketers may try to lure you in with promises of a tax refund and may not disclose that the work will be financed by a PACE loan. Before signing any paperwork be sure to ask for full written disclosure of the terms of the financing in your primary language.

- **Failing to pay back your PACE loan can result in foreclosure.**

PACE loans can increase your annual property taxes by thousands of dollars. Failure to pay your taxes can lead to the forced sale of your house after five years.

Some borrowers pay their property taxes as part of their monthly mortgage payment. A PACE loan can increase your monthly mortgage by hundreds of dollars. If you are unable to pay and fall behind, your lender may foreclose.

- **PACE loans can interfere with home sales and refinancing.**

Many lenders will not allow you to sell or refinance unless you pay off the entire PACE loan.

- **You are NOT required to hire the contractor who told you about the PACE program.**

PACE programs use home improvement contractors as the salespeople for the loan. A contractor who tells you about PACE loans may not tell you that you can hire someone else to install the energy-efficient equipment. You should check with neighbors, family and friends for referrals to reputable contractors, or ask for references and review work they have performed on other homes. Remember that you have options and can choose the contractor.

- **Always make sure that the contractor you hire is licensed and legitimate.**

Use the Contractor State Licensing Board’s website to verify that the contractor you hire to install your pace improvements is following state law. You can check the status of a contractor’s license at www.cslb.ca.gov.

Housing and Economic Rights Advocates (HERA) is a non-profit legal services organization dedicated to helping individuals and families with their consumer debt and credit issues.

HERA is available to help you review and understand your home improvement financing options. Feel free to contact HERA about any issues related to financing and PACE loans at (510) 271-8443 extension 300.