



The Voice of Oregon Banking • Since 1905

From the Desk of
Representative
Mark Johnson

A handwritten signature in black ink, appearing to read "Mark", is written below the text box.

VOTE NO ON HOUSE BILL 3241A

- House Bill 3241A would allow local governments to make a loan for energy efficiency, water efficiency, or seismic improvements to a residential property (called a "PACE loan" or "Property Accessed Clean Energy loan") that would be secured by a lien that would jump ahead of existing mortgages on the property.
- Creating a lien that comes ahead of an existing mortgage, without the lenders permission, automatically puts a homeowner in default of the obligation to keep the property free and clear of those liens. Homeowners would be put at risk of foreclosure.
- These "priming liens" are not permitted for properties financed by Fannie Mae and Freddie Mac, who together own more than 45% of all home loans. Federal Housing Administration insured mortgages (over 40% of all home loans) prohibit these liens if the full amount of the lien can come ahead of an FHA mortgage.
- House Bill 3241A would allow "priming liens" to secure loans as much as 20% of a home's value. House Bill 3241A does not have any limits on fees or interest rates.
- These loans do not have the consumer protections applicable to regular mortgage loans, are not required to disclose fees and costs as required by the Truth in Lending Act, and have other attributes that have caused the National Consumer Law Center and the Consumer Federation of America to call them "risky" and to call for "stronger, enforceable protections ... to protect homeowners."

House Bill 3241A is the wrong solution for Oregon. Please vote No on House Bill 3241A.

If you have questions concerning the bill, please contact Paul Cosgrove 503.799.5679