cfpb Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

August   , 2020

RE: <u>Voluntary Request for Information to Inform the Consumer Financial Protection Bureau's PACE Rulemaking</u>

Dear,

Section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) mandates that the Consumer Financial Protection Bureau (Bureau) prescribe certain regulations relating to Property Assessed Clean Energy (PACE) financing. In order to better understand the PACE financing market and the unique nature of PACE financing, the Bureau issued an Advance Notice of Proposed Rulemaking on March 4, 2019.[1] To further inform the development of the Bureau's proposed PACE rulemaking, we respectfully request that you respond to the attached voluntary request for information relating to PACE applications and assessments.

Responding to this request is voluntary. The Bureau does not intend to unduly burden respondents with any information request and asks only for data that is reasonably accessible. Even partial responses would be useful. If it is possible to respond to a question that is similar, but not identical, to one asked below, we welcome such responses, and ask that you clarify you are responding to a similar question.

Information provided in response to this request will be treated as confidential information in accordance with the Bureau's confidentiality rules, as described in 12 CFR part 1070. Where appropriate, you may wish to designate responses as confidential business information.

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[1] ANPR is available at 84 FR 8479 (Mar. 8, 2019), https://www.federalregister.gov/documents/2019/03/08/2019-04177/advance-notice-of-proposed-rulemaking-on-residential-property-assessed-clean-energy-financing.

Your participation in this request will contribute to the Bureau's efforts to ensure that the proposed regulations are evidence-based. Similar to the information the Bureau received in response to the ANPR, the information you provide in response to this information request will help the Bureau formulate a proposed PACE rule that would not only achieve statutory objectives but also would reflect a careful consideration of costs and benefits.

If you have any questions about this request, please contact Tricia Kerney-Willis, Assistant Director, Office of Financial Institutions and Business Liaison, at Tricia.Kerney-Willis@cfpb.gov and copy Ryan Sandler at Ryan.Sandler@CFPB.gov.

Sincerely,

Dan Sokolov
Acting Associate Director
Division of Research, Markets and Regulations

![Consumer Financial Protection Bureau logo]

1700 G Street NW, Washington, DC 20552

April XX, 2020

UNITED STATES OF AMERICA
BUREAU OF CONSUMER FINANCIAL PROTECTION

<u>VOLUNTARY REQUEST FOR INFORMATION TO SUPPORT THE BUREAU'S RULEMAKING TO IMPLEMENT SECTION 307 OF THE ECONOMIC GROWTH, REGULATORY RELIEF, AND CONSUMER PROTECTION ACT</u>

The Bureau of Consumer Financial Protection (Bureau) hereby requests that [Provider Name] voluntarily provide information to assist with the Bureau's issuance of proposed regulations regarding Property Assessed Clean Energy (PACE) financing that the Bureau is developing pursuant to section 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), codified at 15 U.S.C. 1639c(b)(3).

<u>Purpose</u>

Section 307 of EGRRCPA directs the Bureau to issue regulations with respect to PACE financing that (1) "carry out the purposes of" the Truth In Lending Act's (TILA's) Ability-to-Repay (ATR) requirements currently in place for to residential mortgage loans, and (2) "apply" TILA's general civil liability provision for violations of those requirements. The regulations must "account for the unique nature" of PACE financing.

Section 307 of EGRRCPA further authorizes the Bureau, in prescribing the regulations, to "collect such information and data that the Bureau determines is necessary." To that end, the Bureau seeks the information requested herein to support the Bureau's proposed rulemaking regarding PACE financing.

The Bureau requests that you submit responses on or before [DATE].

Instructions

Please note the following in regards to the questions below:

1. Please answer all questions using only information or data that are reasonably accessible, such as data that are already in electronic format.

2. *Coverage and Time Period*: Please provide the data on all PACE applications received and PACE assessments placed (as defined below) on or after July 1, 2014, or the earliest date that the information is reasonably accessible, whichever is later, and before January 1, 2020.

3. *Data Dictionary*: Please provide a data dictionary that describes the format and expected content of each data field you provide. You may wish to use the tables below as a basis for this data dictionary.

4. *Partial Responses*: The Bureau welcomes partial responses when a more complete response is not feasible. For instance, the Bureau recognizes that you may not have collected certain information in some years, or may not have stored it in reasonably accessible electronic form. As noted above, we request only information that is reasonably accessible. Please leave fields blank for particular records if the information for those fields is not reasonably accessible.

5. *Responses to Similar Questions or to Different Questions*: The Bureau welcomes responses to questions similar, but not identical, to those asked below when it is not feasible or practical to respond to the precise question asked. Please annotate all such responses accordingly in the included data dictionary.

    The Bureau also welcomes information not directly responsive to any question below that you nonetheless believe would assist the Bureau in its efforts to develop a proposed rule regarding PACE. Please annotate all such submissions accordingly in the included data dictionary.

6. The Bureau may follow up with you and request additional information in connection with your responses.

7. Except as noted in the section below titled "Identifiers for Matching", do not include any personally identifiable or other information that directly identifies any consumer, such as a consumer's name, address, telephone number, Social Security number, or account number.

8. Please contact Usama Kamran via email at Usama.Kamran@CFPB.gov or by phone at 202-297-5190 to discuss data output formats and how to transmit data via secure file transfer protocol (SFTP). If helpful, the Bureau can provide a spreadsheet template to be used for data output.

If you have any questions about the information specified in or requested by the request, please contact Ryan Sandler via email at Ryan.Sandler@CFPB.gov.

Specifications

Please note the Coverage and Time Period as described in the Instructions (item #2).

Note that we have asked for separate tables for assessments and applications because we assumed this would be less burdensome—if this is assumption is incorrect, you should feel free to provide both sets of data in one table, leaving fields related to placed assessments blank for applications that did not lead to placed assessments.

Identifiers for Matching:

As noted above, please do not include any personally identifiable or other information that directly identifies any consumer in the tables described below. However, the Bureau intends to link the information you provide to data from other sources, and the Bureau requests that you create a hashed unique identifier for each consumer in your data in order to enable that linking without including direct identifiers in the tables below. Specifically, please follow the following steps:

1. Create a string field containing the first name, last name, and street address of the consumer associated with the record. The exact format of the address is not important. For instance: "Joe|Consumer| 123MainStreet" or "Joe Consumer, 123 Main Street" are acceptable.
2. Convert the field to a hexadecimal string using the SHA-256 hashing algorithm. The first example in step 1 would then be "f4bf6b6484e07a23f43c05d0af898fd219ed9e698921023395030a0bd9 2be5b3". This is the *hashed unique identifier*.
3. Please attached the hashed unique identifier to every record related to the consumer in question.

In addition, please provide, *in a separate file*, a table containing the first name, last name, street address, and hashed unique identifier for each consumer ("key file"). The Bureau will provide this separate key file to a separate entity ("Contractor") who will link the information you provide to

data from other sources. The Contractor will not retain any information you provide after its work is complete, and will only return data to the Bureau that has been stripped of name and address information, leaving only the hashed unique identifier. Before uploading this file, please encrypt the key file using a PGP encryption key that the Bureau will provide. This public key corresponds to a private key belonging to the Contractor, which you can use to encrypt the key file. This means that the Bureau will not be able to read the names and addresses you provide, and would only be able to forward the encrypted file for matching.

The Bureau can also provide instructions to upload the key file directly to the Contractor. Please contact Ryan Sandler at Ryan.Sandler@CFPB.gov if you would like to utilize this option. The Bureau will not mingle name and address information with any information you provide in the tables described below, and will not provide any of your information to the Contractor except for the key file. Once the matching is complete, the Bureau will destroy its copy of the key file as well.

Privacy Act Statement

5 U.S.C. 552a(e)(3)

The information you provide will assist the study sponsor, the Consumer Financial Protection Bureau ("Bureau"), to assess the state of the market and PACE's impact on consumers.

The Bureau will collect Personally Identifiable Information (PII), including full names and addresses, in encrypted form, that will only be utilized for data matching purposes. The Bureau will forward the names and addresses, to a contractor for data matching purposes, and the contractor will only return data to the Bureau that has been de-identified. The Bureau will not combine name and address information with any other information obtained in this collection, and both the Bureau and the contractor will destroy the name and address information after the matching is complete. Participants have the option of encrypting the names and addresses such that only the contractor can open it or submit a file of names and addresses directly to the contractor. The Bureau will not have un-encrypted name and address information in its possession at any time.

Information collected will be treated in accordance with the System of Records Notice ("SORN"), CFPB.022, Market and Consumer Research Records,

https://www.federalregister.gov/articles/2012/11/14/2012-27582/privacy-act-of-1974-as-amended. Although the Bureau does not anticipate further disclosing the information provided, it may be disclosed as indicated in the Routine Uses described in the SORN. Direct identifying information will be kept private except as required by law.

This collection of information is authorized by §§ 1013 and 1022 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, codified at 12 U.S.C. §§ 5493 and 5512; and § 307 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub L. No. 115-174, codified at 15 U.S.C. § 1639c(b)(3)(C).

Participation is voluntary. However, if you do not include the requested information, you may not participate in the study.

Paperwork Reduction Act

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The OMB control number for this collection is 3170-0032. It expires on 01/31/2023. The time required to complete this information collection is estimated to average approximately 40 hours per response. Comments regarding this collection of information, including the estimated response time, suggestions for improving the usefulness of the information, or suggestions for reducing the burden to respond to this collection should be submitted to Bureau at the Consumer Financial Protection Bureau (Attention: PRA Office), 1700 G Street NW, Washington, DC 20552, or by email to PRA_Comments@cfpb.gov.

Application Data:

We are interested in obtaining information on applications that you received for PACE financing. Please provide a table where a row corresponds to an individual PACE application. The first column of the table should contain a unique identifier for the application, created as described above. The remaining columns of the table should include the following fields:

#	Field name	Field description	Notes
[1]	apn	Assessor's parcel number, hashed using the SHA-256 algorithm	Please remove any non-numeric characters such as spaces or hyphens before applying the hashing algorithm.
[2]	county_fips	The 5-digit FIPS code for the county where the applicant is located	
[3]	sponsor	String field giving the name of the program or local government sponsor that this application was made through (e.g. WRCOG).	
[4]	date_rec	Date the application was received in "MM/DD/YYYY" format.	If it would be less burdensome to use a different date format, please do so and note the format used in the included data dictionary
[5]	date_complete	Date the application was considered complete in your system, in "MM/DD/YYYY" format.	If it would be less burdensome to use a different date format, please do so and note the format used in the included data dictionary
[6]	type_solar	Equal to 1 if the home improvement project in the application included solar panel installation, and zero otherwise	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.

[7]	type_windows	Equal to 1 if the home improvement project in the application included installation of new windows or doors, and zero otherwise	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.
[8]	type_hvac	Equal to 1 if the home improvement project in the application included HVAC equipment, and zero otherwise	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.
[9]	type_disaster	Equal to 1 if the home improvement project in the application included disaster hardening measures (e.g. wind resistance improvements, wildfire protection, seismic strengthening improvements), and zero otherwise	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.
[10]	type_roofing	Equal to 1 if the home improvement project in the application included repair or replacement of the home's roof, and zero otherwise.	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.
[11]	type_other	Equal to 1 if the home improvement project in the application included items other than solar, windows, HVAC or disaster hardening, and zero otherwise	If this information is not recorded for applications that are not approved, please omit this field, but if possible include fields 12-17 in the assessment data section.
[12]	requested_amt	The dollar amount initially requested in the application	If the dollar amount eventually approved changed during the application process, please use the initial value requested, if reasonably available on your system

[13]	income	Monthly income as of the date of the application, as used in your underwriting process	We understand this field may not be available for applications outside of California or for applications in California that were received before April 2018. If it is easier to provide annual income, please do so. Either way, please indicate what approach you take in the included data dictionary.
[14]	resid_income	Monthly residual income, as calculated and used in your underwriting process	We understand this field may not be available for applications outside of California or for applications in California that were received before April 2018. If it is easier to provide annual income, please do so. Either way, please indicate what approach you take in the included data dictionary.
[15]	assessed_value	Assessed value of the property as of the date of application, as used in your underwriting process	If your system stores multiple assessed values, you can either provide multiple columns, a single column with an average, or a single column choosing one source, as you prefer— please indicate what approach you take in the included data dictionary.
[16]	cltv	Combined loan-to-value ratio, calculated as the total of the primary mortgage amount, plus the PACE assessment principal balance applied for, divided by the assessed value (this should then be a decimal value between 0 and 1, such as 0.5)	If your system stores multiple assessed values, please use the assessed value reported in the assessed value field above
[17]	credit_score	The credit score(s) of the applicant(s) at the time of application	Please indicate in the included data dictionary what credit score version you are using

[18]	prior_mortgage_del	A field equal to 1 if the applicant had a mortgage delinquency in the 12 months preceding the PACE application, and 0 otherwise, as captured in your underwriting system.	If your system records the presence or absence of a mortgage delinquency during a different time period (e.g. as of the date of the application), as may be required by the relevant state law, use a value of 1 for that condition instead, and 0 otherwise. Please leave blank if unknown
[19]	prior_bankrupt	A field equal to 1 if the applicant had a bankruptcy in the seven years preceding the PACE application, and 0 otherwise, as captured in your underwriting system.	If your system records the presence or absence of a bankruptcy during a different time period (e.g. as of the date of the application), as may be required by the relevant state law, use a value of 1 for that condition instead, and 0 otherwise. Please leave blank if unknown
[20]	prior_tax_del	A field equal to 1 if the applicant had a property tax delinquency in the 12 months preceding the PACE application, and 0 otherwise, as captured in your underwriting system.	If your system records the presence or absence of a tax delinquency during a different time period (e.g. as of the date of the application), as may be required by the relevant state law, use a value of 1 for that condition instead, and 0 otherwise. Please leave blank if unknown
[21]	application_outcome	A field equal to 1 if the application was approved, and 0 otherwise.	

Assessment Data:

We are interested in obtaining information on PACE assessments that were funded and placed. Please provide a table where a row corresponds to an individual PACE assessment. The first column of the table should contain a unique identifier for the assessment, created as described above. The remaining columns of the table should include the following fields:

#	Field name	Field description	Notes
[1]	apn	Assessor's parcel number, hashed using the SHA-256 algorithm	Please remove any non-numeric characters such as spaces or hyphens before applying the hashing algorithm.
[2]	county_fips	The 5-digit FIPS code for the county where the assessed property is located	
[3]	sponsor	String field giving the name of the program or local government sponsor that this assessment was made through (e.g. WRCOG).	
[4]	date_complete	Date a completion certification was signed by the consumer or, if such certification is not required, the date the work was completed, or similar date, in "MM/DD/YYYY" format.	If it would be less burdensome to use a different date format, please do so and note the format used in the included data dictionary
[5]	date_funded	Date funding was made and payment provided to the home improvement contractor, in "MM/DD/YYYY" format.	If it would be less burdensome to use a different date format, please do so and note the format used in the included data dictionary
[6]	date_recorded	Date the assessment was recorded or otherwise transmitted to the special assessment administrator for placement on county tax rolls, in "MM/DD/YYYY" format.	If it would be less burdensome to use a different date format, please do so and note the format used in the included data dictionary
[7]	original_balance	Original principal balance	
[8]	interest_rate	Annual interest rate in percentage points (e.g. 7.25% interest expressed as the number 7.25, and not 0.0725)	Please specify values out to 2 decimal places (e.g. 7.25%) if possible.
[9]	fees	Aggregate dollar amount of any fees at origination, including those capitalized into the principal	If you do not track capitalized fees separate from the original balance, leave this field blank

[10]	cap_interest	Aggregate dollar amount of interest capitalized into the original principal balance	If you do not track capitalized interest separate from the original balance, leave this field blank
[11]	term	The original term of the financing, in years	If it would be less burdensome to provide this information in months, please do so, but please note this in the included data dictionary.
[12]	type_solar	Equal to 1 if the home improvement project in the application included solar panel installation, and zero otherwise	If this information is already provided in the application data above, you may omit this field.
[13]	type_windows	Equal to 1 if the home improvement project in the application included installation of new windows or doors, and zero otherwise	If this information is already provided in the application data above, you may omit this field.
[14]	type_hvac	Equal to 1 if the home improvement project in the application included HVAC equipment, and zero otherwise	If this information is already provided in the application data above, you may omit this field.
[15]	type_disaster	Equal to 1 if the home improvement project in the application included disaster hardening measures (e.g. wind resistance improvements, wildfire protection, seismic strengthening improvements), and zero otherwise	If this information is already provided in the application data above, you may omit this field.
[16]	type_roofing	Equal to 1 if the home improvement project in the application included repair or replacement of the home's roof, and zero otherwise.	If this information is already provided in the application data above, you may omit this field.
[17]	type_other	Equal to 1 if the home improvement project in the application included items other than solar, windows, HVAC or disaster hardening, and zero otherwise	If this information is already provided in the application data above, you may omit this field.