

From: Girard Gurgick <ggurgick@gmail.com>
Sent: Wednesday, September 12, 2012 10:43 AM
To: !FHFA REG-COMMENTS
Cc: Lucy Norment
Subject: RIN 2590-AA53

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency,
Eighth Floor, 400 Seventh Street SW.,
Washington, DC 20024.

Dear Mr. Pollard,

G2EM strongly supports rulemaking to allow PACE programs to proceed.

The greatest hurdle faced by homeowners investing in energy upgrades is the risk of investing additional dollars only to eventually lose it all in a market downturn or a personal crisis. I am sure that FHFA recognizes this because the market risk to FHFA capital is just as real. However, in a PACE loan, the risk to FHFA is limited to payments in arrears after the borrower has lost all their equity. FHFA is not at risk for the entire project cost. In my own home, if I could have a PACE loan to convert my home heating and air conditioning to a geothermal I system I could reduce my carbon footprint by a one half and save myself about \$50 per month. (Detailed calculations are available!)

The restrictions on this program are costing energy users all throughout this country this kind of savings and the restrictions are also costing the environment about a 12 tons of carbon for every 2,500 square foot home in America that cannot take advantage of a PACE program. So in a very real sense, this makes this FHFA rule one of the biggest root causes of CO2 pollution in the United States.

Residential PACE programs offer protection of essentially home equity loans that can be designed to be net cash flow positive for terms that match the life cycle of the products installed. Therefore they are better than kitchen improvement loans that offer no cash flow benefits. Secondary markets for these loans will develop and at lower interest rates than current mortgages as they are more secure. Your concern is that the payments in arrears survive a sale at foreclosure. The unpaid tax could be insured over in a PMI type insurance program. This long-term, low-risk, market-driven financing will benefit millions of property owners, and it can help form the foundation of our country's new energy saving economy.

A PACE lending program enables building owners to reduce their energy costs - protecting themselves against rising fuel prices and increasing the value of their properties. In addition, the proceeds from PACE loans are repaid by the beneficiaries, so there is almost zero public financial burden. Lastly, PACE loans serve the public interest of reducing our country's dependence on fossil fuels, improving our environment, creating local jobs, and lowering the burden on our national energy grid.

Thank you for allowing us the opportunity to comment.

Yours Sincerely,

Girard J. Gurgick, P.E., BSCE, MBA, President
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Lucy Norment at Congressman Wolf's Office
Senator Jim Webb –Online Submission
Senator Wark Warner –Online Submission