



Gunnison County Board of County Commissioners

Phone: (970) 641-0248 • Fax: (970) 641-3061

Email: bocc@gunnisoncounty.org • www.GunnisonCounty.org

September 11, 2012

Mr. Alfred Pollard, General Counsel
Attn: Comments/RIN 2590-AA53
Federal Housing Finance Agency, Eighth Floor
400 Seventh Street, SW.
Washington, DC 20024

RE: RIN 2590-AA53

Dear Mr. Pollard:

The Gunnison County Board of County Commissioners objects to the premise of the Notice of Proposed Rule (NPR) that Property Assessed Clean Energy (PACE) programs materially increase financial risks to Fannie Mae and Freddie Mac (the Enterprises), and to the Proposed Rule, which continues to block PACE. The Federal Housing Finance Agency (FHFA) must issue a final rule based on facts and consider the impacts of its actions and substantial public interest in PACE. As set out below, we support the proposed alternative that is consistent with the evidence and would allow PACE to proceed.

In Gunnison County PACE was passed by 61% of the voters. PACE has strong bi-partisan support at the local, state and federal levels. With over 11,000 Heating Degree Days and a winter season that endures from October through May, Gunnison County residents spend significant resources on heating costs. PACE promised to be a critical financial tool for our residents to access capital for home energy improvements.

In response to FHFA's Advance Notice of Proposed Rulemaking (ANPR) state and local governments, federal and state elected officials, banks, real estate developers, energy companies, and organizations representing millions of Americans submitted over 30,000 comment letters in support of PACE. Those comments cited numerous studies, articles, legal decisions and other sources providing evidence that PACE increases the value of homes, reduces homeowners' energy costs (thereby making mortgage repayment more likely), creates jobs and economic activity, and helps local governments meet greenhouse gas reduction and clean energy goals. FHFA must not ignore the substantial weight of the evidence in the record establishing that PACE does not pose material risks to the Enterprises.

FHFA should adopt a modified version of its Alternative 3 to the Proposed Rule (H.R. 2599 Underwriting Standards). Alternative 3 provides rigorous underwriting criteria and other protections to reduce the risk of default, ensure that PACE-financed improvements add to the value of homes and

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sufficiently protect the Enterprises from risk perceived by FHFA. As drafted in the NPR, Alternative 3 is not fully workable, because it still requires Enterprise consent to local government assessments for valid public purposes, and does not ensure that the Enterprises will indeed consent even if local governments comply with these rigorous underwriting standards. FHFA should therefore adopt a modified version of Alternative 3 as follows:

So long as all PACE liens are recorded and the Alternative 3 underwriting standards are satisfied, then the Enterprises shall:

1. *Not* take actions to make immediately due the full amount of any obligation secured by a mortgage that becomes subject to a first-lien PACE obligation;
2. *Be permitted* to purchase mortgages subject to first-lien PACE obligations; and
3. *If requested, consent* to the imposition of a first-lien PACE obligation.

This variation on Alternative 3 provides a solution that is supported by the evidence, can be implemented by local governments immediately and will allow PACE programs to move forward.

We welcome the opportunity to work with FHFA to further refine this modified alternative to the Proposed Rule if necessary.

We urge FHFA to adopt Alternative 3 to the Proposed Rule. This solution enables FHFA to enhance the value of the Enterprises' portfolio while respecting the rights of local governments to protect the public health and safety and allowing this extremely effective engine of job creation to move forward.

Sincerely,


Hap Channell, Chairperson


Paula Swenson, Commissioner


Phil Chamberland, Commissioner

cc: Office for Resource Efficiency