

March 16, 2012

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

Dear Mr. Pollard:

I am submitting this on behalf of the Residential Energy Services Network (RESNET) in response to the request for public comments regarding the Federal Housing Finance Agency's (FHFA) proposal to direct entities it regulates not to purchase mortgages in locations offering Property Assessed Clean Energy (PACE) programs. Specifically, in response to question 17 of the Advanced Notice of Proposed Rulemaking,

RESNET believes strongly that the FHFA should not move forward with this particular regulatory process. Instead, RESNET encourages FHFA to coordinate with the Department of Energy and other federal agencies to develop appropriate nation-wide standards for the PACE program so that it may be effectively continued.

RESNET is a national member based non-profit organization whose members include home energy efficiency raters and auditors. These technicians, many of whom are small business owners in all fifty states, use a scale, which RESNET developed, called the HERS Index. This Index is used exclusively to determine the extent to which a home is energy efficient. The HERS Index and the RESNET-certified EnergySmart contractors who use this scale are considered the standard-bearers of third party verification and quality assurance in the energy efficiency field.

Again and again, when RESNET-members perform a home energy efficiency audit, they are told by consumers that would like to make certain "green" upgrades to save significant amounts on future utility bills, that the upfront financing costs are prohibitive. The PACE program is valuable for precisely this reason in that it provides the necessary capital to enable a homeowner to make a long-term investment in increased energy efficiency. Such a strategy has been successfully implemented in local communities in more than twenty states.

It has been my experience as someone who has worked in the energy efficiency field for several decades, that while there is an intrinsic value to encouraging

consumers to retrofit their homes with energy efficient appliances and products for the sake of energy efficiency, there is also an argument to be made in favor of doing so for the sake of the homeowner's own financial well-being. I understand that FHFA is concerned with the overall stability of the housing market as well as the stability of those entities it regulates. However, without access to the financing PACE provides, mortgage-holders may not be able to make energy efficiency improvements, and will likewise not be able to reap the benefits of decreased utility bills. The savings that these improvements render, paid over a fixed duration, more than covers the cost of the initial loan.

The benefit of PACE transcends specific homeowners who find they owe less to their utility provider. PACE is essentially a stimulus for American manufacturers and small-business owners, such as the majority of RESNET's membership. In addition to providing jobs for contractors in these communities to perform the work necessary, over 90% of the products and materials used for energy efficiency retrofits are made domestically. Therefore, PACE contributes to the revitalization of the economy in areas that are still struggling.

It is my sincere hope that FHFA chooses not to move forward with its proposed rulemaking. Instead, given the overwhelmingly positive impacts of PACE, I hope FHFA can find a way to continue to assist homeowners access capital for energy efficiency improvements in a fiscally responsible manner. I appreciate your consideration of RESNET's comments.

Sincerely,



Steve Baden  
Executive Director