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Established in 1978 by

DAVID PACKARD

March 15, 2012

Mr. Alfred Pollard
General Counsel
Federal Housing Finance Agency
400 7th St., N.W.
Washington, DC 20024

RE: RIN 2590-AA53 - Mortgage Assets Affected by PACE Programs

Dear Mr. Pollard,

The Silicon Valley Leadership Group (the Leadership Group) urges the FHFA to allow Fannie Mae and Freddie Mac to purchase mortgage assets with Property Assessed Clean Energy (PACE) assessments. If allowed to move forward, residential PACE programs have shown enormous promise to increase job growth, cost savings, and deployment of clean energy in California and across the country.

PACE was first developed in Berkeley, California in 2008, and by 2010 had expanded to 23 states. When the programs were halted, more than half of the counties in California were seeking to or had already established programs to emulate Berkeley. For example, Sonoma County's program has financed over 2800 residential upgrades and estimates that 4500 tons of carbon was saved by the 5.6 MW of solar installed through its PACE program. There is real demand as well as real success surrounding PACE.

To address the concerns raised by FHFA, the Leadership Group strongly supports the PACE Assessment Protection Act (H.R. 2599) to implement standards and safeguards for PACE programs. We ask that FHFA consider the text of H.R. 2599 as comments to this rulemaking.

The PACE Assessment Protection Act would require property owners to meet the following qualifications:

- Property must have 15% positive equity net of all mortgages
- Total project cost cannot exceed 10% of home value
- Energy audit must be performed by a qualified contractor
- Measures must show positive savings, net of costs, over the assumed life of the measures (not exceeding 20 years)
- Owner must show 3-year history of on-time property tax payments
- Owner must show there are no involuntary liens on the property (in excess of \$1,000)
- Owner must show history of on-time mortgage payment
- Owner must not have filed for bankruptcy for past 7 years
- Existing mortgage lenders must be notified of PACE assessment and property owner must receive consent of existing lender

With safeguards like these put into place, we can ensure that PACE programs move forward in a way that protects investors while enabling residents and businesses to finance energy technologies, reduce energy demand, and ultimately, save money. The Silicon Valley Leadership Group urges the FHFA to allow the lenders under its authority to purchase mortgage assets from PACE programs and express urgency the Legislature to pass H.R. 2599.

The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents more than 365 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment.

Sincerely,

A handwritten signature in black ink that reads "Anne Smart". The signature is written in a cursive, flowing style with a large initial "A" and a long, sweeping underline.

Anne Smart
Director of Energy
Silicon Valley Leadership Group
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asmart@svlg.org