

From: Lenore Suttle <lsuttle2@mac.com>
Sent: Friday, March 23, 2012 12:53 PM
To: !FHFA REG-COMMENTS
Subject: RIN 2590-AA53 - Please restore PACE programs

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; Comments on
Advanced Notice of Proposed Rulemaking and EIS Scoping Comments

Dear Mr. Pollard:

As a owner in the largest condominium association in Sarasota County, "Pelican Cove"
I, and my neighbors are extremely interested in furthering PACE.

PACE enables local communities like ours to finance energy efficiency and renewable
energy improvements with little or no upfront cost, at competitive interest rates and over
a time period that matches the period over which energy savings associated with such
improvements are realized. With PACE, assessments are made against property that
benefits from energy efficiency or renewable energy improvements financed by a local
government, tying the repayment obligation with the beneficiary of the financing.

Because of its unique ability to spur homeowner investment in energy efficiency and
clean, on-site renewable energy, PACE legislation was passed by 27 states in just two
and a half years. It has strong bi-partisan support at the local, state and Federal levels.
PACE programs have been received with such overwhelming public support because
they address one of the most important problems facing America, and offer an ability to
scale that is unmatched by other alternatives.

We believe that FHFA's action to unilaterally halt local government PACE programs on
July 6, 2010 was unwarranted. This rulemaking provides an opportunity to establish a
fact-based record and correct misinformation and misunderstandings, to the benefit of
all stakeholders: local governments, mortgage lenders, homeowners, and our nation.
We appreciate the opportunity, and urge FHFA to look for ways to accommodate these
broadly beneficial programs.

PACE assessments present minimal risks to lenders, investors, homeowners and
GSEs FHFA asserts that PACE presents "significant safety and soundness" concerns,
but there is no evidence that this is true. There is long-standing experience, borne out
by studies, that energy efficiency and renewable energy improvements reduce
homeowners' energy bills and increase their property's value, strengthening their
financial position and increasing the value of a lender's collateral. PACE financed
improvements allow homeowners to hedge themselves against fuel price spikes and
rising fuel costs over time. These factors lessen, if not eliminate, the safety and
soundness risk than the FHFA has asserted. Local governments that established
PACE programs prior to the July 6, 2010 action by FHFA developed program standards
to protect lenders and consumers. The White House (October 18, 2009) and the
Department of Energy (May 7, 2010) both published national PACE guidelines with

clear, strong underwriting standards to ensure that homeowners are able to afford the improvements. A bi-partisan bill in the House of Representatives (HR 2599 – Hayworth R-NY19) further delineates national standards to minimize risk to lenders and consumers. Finally, the early results of PACE pilot programs in Boulder County, CO; Sonoma County and Palm Desert, CA; and Babylon, NY; show that PACE presents minimal risk: there are only a handful of known defaults out of nearly 3,200 upgraded properties, substantially fewer than the rate of default for non-PAVE property-owners in the same districts.

We would like to see the following Proposed Rule, adopted.

Proposed Rule:

We strongly urge FHFA to reconsider its blanket opposition to PACE programs and to revise the Statement and the Directive. We recommend that FHFA’s proposed rule provide that Fannie Mae, Freddie Mac, and any other mortgage lenders regulated by FHFA (Enterprises) be allowed to buy residential mortgages with PACE assessments that are originated by programs that conform to standards and guidelines such as those established in the Department of Energy’s “Guidelines for Pilot PACE Financing Programs” (May 7, 2010) (DOE Guidelines) or HR 2599 (The PACE Assessment Protection Act) to protect the interests of local governments, homeowners, mortgage lenders and the Enterprises.

Please consider the comments of communities like ours and restore PACE programs.

Kindest regards,

Lenore Suttle
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