



Governor's Energy Office



The Voice of Colorado's Cities and Towns

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March 26, 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 State of Colorado Governor's Energy Office and the Colorado Municipal League appreciate the opportunity to submit comments related to FHFA's Advance Notice of Proposed Rulemaking on RIN 2590-AA53 (Mortgage Assets Affected by PACE Programs). PACE programs provide an important option for homeowners to finance energy efficiency improvements, and Colorado has been a national leader in developing a legislative infrastructure that supports PACE. After the 2008 passage of House Bill (HB) 1350 provided Colorado counties the authority to create energy improvement districts, Boulder County received approval to launch a successful PACE program that resulted in 120 jobs and \$20M of statewide economic activity according to a 2011 National Renewable Energy Laboratory (NREL) study. In 2009, three more Colorado counties – Eagle, Pitkin, and Gunnison – received overwhelming voter approval to create similar programs, and Summit County created a PACE program using local funds.

Two additional pieces of legislation were passed in 2010 to provide opportunities for local communities to participate in PACE programs. Senate Bill 100 built upon HB 1350 to allow multiple counties to form a single PACE district, and HB 1328 created a new PACE district covering the entire state, allowing counties to opt in by resolution. Although these legislative advances opened up Colorado as a PACE innovation hub, all existing and proposed PACE programs in Colorado have been put on hold following FHFA's 2010 decision to impose restrictions on mortgages with PACE assessments that are owned or guaranteed by Fannie Mae and Freddie Mac.

Colorado understands FHFA's role as supervisory regulator to Fannie Mae and Freddie Mac, and appreciates the need to protect the investments of the Enterprises. However, in light of the myriad benefits already demonstrated by PACE programs in Colorado, we urge FHFA to adopt reasonable underwriting standards that will minimize investor risk while accommodating future PACE programs. We believe that these programs have significant economic development and job creation potential, while increasing energy security, reducing utility costs, and decreasing the pollution associated with energy generation. An "all-in, all-of-the-above" energy strategy needs to harness financing opportunities including PACE that will allow Colorado to unlock energy efficiency and renewable energy within existing buildings.

Sincerely,

Tanuj "TJ" Deora, Director
Governor's Energy Office, State of Colorado

Sam Mamet, Executive Director
Colorado Municipal League