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Public Comments on Mortgage Assets Affected by PACE Programs:=====

Title: Mortgage Assets Affected by PACE Programs

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Comment: Recently, data was published in the National Association of REALTORS Green REsource Council January 2012 Newsletter as follows:

A 2011 study by the North Carolina Energy Efficiency Alliance indicates that ENERGY STAR? homes have a leg-up in the market.

The group looked at data in a five-county region around the North Carolina's greater Raleigh-Durham area. It compared a random sample of Energy Star Homes with home with no green certifications.

One key finding of the study: Energy Star Homes sold faster and for more money than those other properties.

The study showed that Energy Star rated homes sold in 98 days vs 187 and for \$337,000 vs \$331,000. This is great for the lending community.

Direct research (Nevin and Watson, 1998) from American Housing Survey data suggest that house values are \$20 higher for each \$1 reduction in utility costs. More recent articles (Black, 2003, 2004) have cited the 20:1 ratio, leading not only to fast pay back but also significant benefit to the lien holder as the building is much more valuable.

In a survey of recent and prospective home buyers conducted by the National Association of Home Builders in 2007, one of the questions was: "How much would you pay up front, in the purchase price of your next home, if it would save \$1,000 every year in utility costs?" The median response was \$5,000 (Ahluwalia, 2008), implying an after-tax required rate of return of 20 percent. While this is lower than the previously stated results it is of major significance to lenders.

The bottom line is that improvements under PACE programs do not harm the value of the property, rather increase value. y.

Further, real the data supports lower default rates by those who have utilized PACE as evidenced in the Sonoma County Energy Independence program.

FHFA needs to exam the real data that supports increased value for EE & RE improvements as cited by the Real Estate industry.

Larry Doody, REALTOR (R) GREEN

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