

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

Dear Mr. Pollard:

I write on behalf of the members of the California Energy Efficiency Industry Council (Efficiency Council) to strongly urge the Federal Housing Finance Agency (FHFA) to reconsider its opposition to Property Assessed Clean Energy (PACE) programs and to revise the Statement and the Directive that halted local government PACE programs when issued on July 6, 2010. PACE has enormous potential to save homeowners money, create local jobs and dramatically reduce energy use. PACE enabling legislation was passed by 28 states under Republican and Democratic control in the last three years because PACE boosts local job creation, promotes energy savings, and helps get our economy back on track without federal tax subsidies, mandates, or expansion of any federal programs.

The member companies of the Efficiency Council are energy efficiency product and service providers that know first-hand the value of PACE and other efficiency programs in helping families and businesses save energy, reduce their utility bills, and finance the cost of making these improvements. This local government-based solution to energy independence and clean energy job creator should be encouraged by the FHFA. We recommend that FHFA's proposed rule provide that Fannie Mae, Freddie Mac, and any other mortgage lenders regulated by FHFA be allowed to buy residential mortgages with PACE assessments that are originated by programs that conform to standards and guidelines to protect the interests of local governments, homeowners, mortgage lenders and Government Sponsored Enterprises (GSEs).

The Efficiency Council is a statewide trade association of non-utility companies that provide efficiency products and services in California. Our member businesses, now numbering over 65, directly employ over 4,000 Californians and many thousands more throughout the county. Our membership includes energy service companies, engineering and architecture firms, contractors, implementation and evaluation experts, financing experts, workforce training entities, and manufacturers of energy efficiency products and equipment. Because our work also creates work in the construction, retrofit, and facilities management sectors, the work that we do

is leverage for many more jobs in the commercial, residential and industrial markets. The Efficiency Council's mission is to support appropriate energy efficiency policies, programs, and technologies that create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

PACE assessments present minimal risks to lenders, investors, homeowners and Government Sponsored Enterprises (GSEs) as energy efficiency and renewable energy improvements reduce homeowners' energy bills and increase their property's value. The cash flow position of homeowners is improved through PACE programs that finance energy efficiency and renewable energy improvements, as they are designed to have annual energy cost savings that exceed the annual assessment payments. PACE financed improvements allow homeowners to hedge themselves against fuel price spikes and rising fuel costs over time. In fact, early results of PACE pilot programs in Boulder County, CO; Sonoma County and Palm Desert, CA; and Babylon, NY; have shown 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-PACE property-owners in the same districts.

State and local governments have embraced PACE because of its tremendous potential to cut energy bills, increase homeowner cash flow for mortgage payments, reduce mortgage default risk, create tens of thousands of local jobs and dramatically reduce greenhouse gas emissions by spurring investment in clean energy improvements. We urge the FHFA to act quickly and progressively to guarantee the right of state and local governments to form special assessment districts to promote clean energy programs and restore the promise of PACE. If PACE is fully implemented, tens of thousands of much-needed green jobs will be created, and the financial health of our residential mortgage portfolio will be improved.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Schiller', with a long horizontal flourish extending to the right.

Steven R. Schiller  
Board Chair  
California Energy Efficiency Industry Council