NATURAL RESOURCES DEFENSE COUNCIL

March 26, 2012

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street, S.W.
Washington, D.C. 20024
(Comments/RIN 2590-AA53)

RE: Comments of the Natural Resources Defense Council on the Federal Housing Finance
Agency's Advance Notice of Proposed Rulemaking re Property Assessed Clean Energy and EIS Scoping Comments (RIN 2590-AA53)

Dear Mr. Pollard:

The Natural Resources Defense Council (NRDC) respectfully submits these comments in response to the Advance Notice of Proposed Rulemaking (ANOPR) published by the Federal Housing Finance Agency (FHFA), "Mortgage Assets Affected by PACE Programs" (RIN 2590-AA53), 77 Fed. Reg. 3958 (Jan. 26, 2012).

Introduction

The Natural Resources Defense Council (NRDC) is an international nonprofit environmental organization with more than 1.3 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Livingston, Montana, and Beijing. NRDC's top institutional priority is curbing global warming and creating a clean energy future. Energy efficiency and renewable energy are the quickest, cleanest, cheapest solutions to global warming. Because access to financing is a key obstacle to achieving needed investments in cost-effective energy efficiency and renewable energy programs, NRDC has been a strong supporter of Property Assessed Clean Energy (PACE) initiatives, and has helped to develop and support PACE programs nationally.

As is discussed below, FHFA's past actions have frozen the development of PACE programs, depriving homeowners, local communities, and states of the consumer and environmental benefits of participation in these programs. NRDC urges FHFA to reconsider its rigid past categorical opposition to PACE programs, and to take a different approach than that signaled in the ANOPR. Moving forward, in fashioning a proposed rule, and then a final rule, FHFA should rescind its July 2010 and February 2011 Directives, described below, and should proceed with the issuance of a new rule that would allow the GSEs and Federal Home Loan Banks to participate in the mortgage market in jurisdictions that implement PACE programs that conform to reasonable guidelines, such as those included in guidelines prepared by the U.S. Department of Energy (DOE)[1] and in the PACE Assessment Protection Act of 2011, H.R. 2599, 112th Congress (2011). Simply put, PACE is the single best hope for providing financing for the critical task of greening our existing building stock in order to reduce our national dependence on fossil fuels and clean our air.

Background on PACE

PACE is a bipartisan, local government initiative that allows property owners to finance energy efficiency and renewable energy projects for their homes and commercial buildings with little to no government support. Since 2009, PACE enabling legislation has been passed in 27 states and the District of Columbia, indicating the strong degree of state and local interest in energy retrofit financing that provides 100% of the upfront cost of the improvements, can be passed on to subsequent owners, and can operate independent of government financial support.

PACE is a highly effective and viable option to help property owners to finance building retrofits: a critical function in light of the fact that existing buildings account for approximately 40% of energy consumption nationally and that the energy consumed in buildings is responsible for 40% of national greenhouse gas emissions. NRDC also recognizes that retrofitting our existing building stock can be a key driver of economic recovery in the United States through the proliferation of green jobs and by saving property owners (including NRDC's members) thousands of dollars annually on energy bills.

NRDC's activities in support of PACE include working with a wide range of states to pass PACE enabling legislation, work at the local level with the launch of municipal PACE programs, and helping to establish PACENow, the leading national force advocating and building capacity for PACE programs. Since the FHFA issued a Directive in July 2010 which froze the implementation of PACE programs, NRDC has also been working actively to help regulators and legislators understand the benefits of PACE and the risk-mitigating benefits that PACE can bring to existing mortgage holders. NRDC has also brought a legal action challenging FHFA's and the Office of the Comptroller of Currency's issuance of anti-PACE directives without allowing for

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[1] U.S. DEP'T OF ENERGY, GUIDELINES FOR PILOT PACE FINANCING PROGRAMS (May 7, 2010) (hereinafter, "DOE Guidelines"), *available at*: http://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf; WHITE HOUSE POLICY FRAMEWORK FOR PACE FINANCING PROGRAMS (October 18, 2009), *available at* http://www.whitehouse.gov/assets/documents/PACE_Principles.pdf.

public notice and comment under the Administrative Procedure Act (APA), or engaging in environmental review under the National Environmental Policy Act (NEPA).[2]

In its July 6, 2010 PACE Directive, the FHFA, engaging in de facto rulemaking, issued across-the-board, categorical instructions that prevented Fannie Mae, Freddie Mac and the twelve Federal Home Loan Banks from purchasing mortgages on properties participating in PACE programs and prohibited any Enterprise accommodation of PACE programs. FHFA reiterated this Directive in February 2011.

Pursuant to a Northern California District Court preliminary injunction[3], the FHFA must now remedy its prior failure to follow the APA in issuing its July 6, 2010 Directive. In response to and in compliance with the California District Court's order, FHFA is seeking comment on its Advance Notice of Proposed Rulemaking, and specifically whether the restrictions and conditions set forth in its Directives should be maintained, changed, or eliminated.

In the ANOPR, FHFA proposes to continue to "direct the Enterprises not to purchase any mortgage that is subject to a first-lien PACE obligation or that could become subject to first-lien PACE obligations without the consent of the mortgage holder." 77 Fed. Reg. at 3963. FHFA's continued insistence on prohibiting the Enterprises from purchasing mortgages for properties that are or "could become" financed by PACE is unsupportable. We urge FHFA to drop this approach.

Instead, we urge FHFA to rescind the July 2010 and February 2011 Directives, which were issued without public notice and comment and without environmental review, and instead proceed to propose and finalize regulations that would permit Fannie Mae, Freddie Mac and the federal home loan banks to participate in mortgage markets for properties participating in PACE programs, so long as the PACE programs provide for compliance with reasonable underwriting standards, such as those promulgated by the White House, the Department of Energy, and now encompassed in H.R. 2599.[4] These actions would revive PACE programs while also ensuring that prudent oversight guidelines are in place to address any possible concerns about potential risk.[5]

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[2] *Natural Res. Def. Counsel, Inc. v. Fed. Hous. Fin. Agency*, 815 F. Supp.2d 630 (S.D.N.Y. 2011) (complaint dismissed), *appeal docketed*, No. 11-3285 (2d Cir., Aug. 12, 2011).
[3] *California ex rel*. Harris v. Fed. Hous. Fin. Agency, Nos. C10–03084, C10–03270, C10–03317, C10–04482, 2011 WL 3794942, at *1 (N.D. Cal. Aug. 26, 2011) (order granting preliminary injunction). FHFA is appealing the preliminary injunction that requires this rulemaking.
[4] DOE Guidelines, *supra* note 1; WHITE HOUSE POLICY FRAMEWORK FOR PACE FINANCING PROGRAMS (October 18, 2009), *supra* note 1.
[5] Oddly, FHFA states that "no uniform national standards exist" for PACE programs. 77 Fed. Reg. at 3960. Given the existence of the published and widely available White House and Department of Energy guidelines, as well as the guidelines incorporated into H.R. 2599, this is a clear misstatement that FHFA should correct.

1. **Economic and environmental benefits of PACE**

Property Assessed Clean Energy (PACE) programs are a key tool for America to improve our existing building stock in order to reduce our national dependence on coal and other fossil fuels and clean our air. PACE rests on firm legal precedent provided by historical and current existence of voluntary public-purpose tax liens, and PACE can be structured with underwriting requirements such that it will provide substantial benefit and minimal risk to existing mortgage holders. Compared to other available energy efficiency and renewable energy financing mechanisms, PACE is attractive to homeowners because it provides for 100% of the upfront costs for home energy improvements and PACE liens are transferable to subsequent owners in the event of sale or transfer of the property. PACE has strong bi-partisan support because, in addition to its environmental benefits, PACE is locally-administered, requires little to no public financial support, and creates local jobs which, as President Obama has pointed out, "cannot be outsourced."[6] According to a recent independent study, $4 million of total PACE-financed energy project spending, spread evenly across four cities, would generate: $10 million in gross economic output; $1 million in combined Federal, State and Local tax revenue; and 60 jobs.[7]

PACE is highly attractive to the capital markets owing to PACE's senior lien status. This can be critically important at a time when private capital flow into building retrofits is urgently needed, as the traditional federal, state, and local government financing sources for such public purpose projects have been depleted with little hope of near-term recovery. While leveraging private capital to reduce our dependence on fossil fuels, creating jobs and boosting local economies, PACE-financed energy retrofit projects add collateral value to existing homes while the improvements more than pay for themselves over time through avoided energy costs.

2. **Legal precedent of PACE as a land-secured assessment district**

As of 2007, there were more than 37,000 special assessment districts in the United States.[8] For decades, municipalities have utilized these districts to create financing mechanisms for voluntary improvements to private property that serve a public purpose. In 1988, the City of Torrance, California, created a special assessment district which allowed private property owners to voluntarily apply to receive funding for seismic retrofits on their buildings. Assessments were levied only on parcels where the property owner applied to become a part of the district, and the

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[6] Press Release, The White House Office of the Press Secretary, President Obama Calls Energy Bill Passage Critical to Stronger American Economy, Weekly Address, (June 27, 2009. Available), *available at* http://www.whitehouse.gov/the_press_office/UPDATED-and-FINAL-WEEKLY-ADDRESS-President-Obama-Calls-Energy-Bill-Passage-Critical-to-Stronger-American-Economy**.**

[7] ECONORTHWEST, Economic Impact Analysis of Property Assessed Clean Energy Programs (PACE), (2011,), *available at* http://pacenow.org/blog/wp-content/uploads/PACE-Econometric-Study-by-ECONorthwest-for-PACENow-5-4-11.pdf,.

[8] *See* U.S. Census Bureau, Local Governments and Public School Systems by State: 2007, *available at* http://www.census.gov/govs/cog/GovOrgTab03ss.html. NRDC also incorporates by reference the list of assessment districts provided in the comments of Sonoma County, California, filed on March 23, 2012.

property owners individually contracted for the seismic work on their parcels.[9] Similarly, under the Massachusetts "Community Septic Management Program," the purpose of which is to prevent water pollution, property owners can voluntarily undertake upgrades to their septic systems and receive financing from the local government. The assessments in the Massachusetts program are secured by a municipal lien placed on the participating owners' parcels.[10] These programs also result in priority liens for the local government with respect to the special assessment. But, to our knowledge, FHFA has never prohibited or limited Fannie Mae's and Freddie Mac's participation in mortgage markets for properties in these special assessment districts.

Given this long-standing existence of special assessment districts which mirror the intent and structure of PACE, the legality of PACE programs rests on firm legal and historical precedent. FHFA's effort to single out PACE programs for disapproval, alone out of all the other special assessment programs that exist across the country, is illogical and unsupportable.

3. **PACE reduces rather than augments risk to existing mortgage holders because it is correlated with lower existing default rates and improves home loan-to-value ratios**

Response to issue B, Question 3: How does the lien-priming feature of first-lien PACE obligations affect any financial risk that is borne by holders of mortgages affected by PACE obligations or investors in mortgage-backed securities based on such mortgages?77 Fed. Reg. at 3961.

a) PACE is correlated with lower existing lender default rates

Early data from existing PACE programs appears to support the proposition that energy improvements made through a PACE program will improve the position of the first-mortgage holder. PACE administrators from residential PACE programs in Babylon, New York, Palm Desert, California, Sonoma, California, and Boulder, Colorado, report that of 2,723 properties with PACE liens there have been 24 known defaults, translating to a default rate of 0.88%. In comparison, the national percentage of mortgage loans in foreclosure at the end of the fourth quarter 2011 was 4.38%.[11]

FHFA's expressed interest in whether the lien-priming feature of first-lien PACE obligations increases any financial risk borne by holders of mortgages affected by PACE obligations implies that, prior to making a determination on PACE, FHFA should gather and analyze the empirical data it needs as a basis for decision-making. In relation to individual towns and cities

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[9] California Office of Emergency Services, Bay Area Regional Earthquake Preparedness Project, Seismic Retrofit Incentive Programs: A Handbook for Local Governments 47 (1992), *available at* http://www.abag.ca.gov/bayarea/eqmaps/incentives/; *see also* Cal. Str. & Hwy Code § 10100.2 (assessment districts for seismic retrofits on private property, in which no parcel may be included without the consent of the property owner).

[10] Massachusetts Department of Environmental Protection, Community Septic Management Program (2005), *available at* http://www.mass.gov/dep/water/proman.pdf; *see also* http://www.mass.gov/dep/water/wastewater/onsite.htm#comm.

[11] Steven Schipper, *Mortgage Delinquency Rates Fell to 7.58%*, LENDTRADE.COM (Feb. 21, 2012), http://www.lendtrade.com/2012/02/mortgage-delinquency-rates-fell-to-7-58/.

implementing PACE programs, which often lack resources or access to the needed data for the robust empirical analysis, FHFA has detailed home loan data for nearly every municipality in the country and therefore is particularly well-positioned to gather the data needed to make an informed decision regarding PACE.

Even if we assume, against the weight of existing evidence, that the existence of a PACE lien on a property does create an incremental risk to mortgage holders, it can be shown that this risk is de minimis. If a property owner whose home is valued at $300,000 with a $250,000 mortgage is seeking $20,000 in PACE financing, at an interest rate of 7% and a 20-year assessment period, the annual PACE assessment would be $1,960.[12] In the event of foreclosure, under the law of California and most states, and under the DOE Guidelines, only the amount of the PACE payment in arrears would be due and take priority over the first mortgage. Thus, if the owner had failed to pay their property taxes for a year, only $1,960 would be owed, and the new owner would be responsible for the remaining stream of assessments.[13] Assuming an extremely high foreclosure rate of 10% across the Enterprises' portfolio of mortgages on properties with PACE financings and one year of delinquency on the assessment, the risk of loss to existing lenders from PACE liens would average $196 per home across the portfolio of PACE-financed properties. Assuming a more reasonable foreclosure rate of 5%, the risk to existing lenders from PACE liens across the PACE-financed portfolio would average less than $100 per home. This de minimis risk, if it exists at all, is overwhelmed by the widespread economic output of stemming from the PACE financed work: extrapolating from the ECONorthwest study discussed above, each such $20,000 PACE-financed energy improvement would create $50,000 of total economic output, including $5,000 in federal, state and local taxes.

b) PACE improves loan-to-value ratios because installation of efficiency and renewable measures increase home values

Studies have shown that loan-to-value ratio (LTV) is one of the strongest predictors of loan performance.[14] Lenders following GSE guidelines carefully identify LTV at origination using a professional appraisal – a requirement for a loan to be eligible for Fannie Mae or Freddie Mac backing. Today, the GSEs hold vast amounts of loans that were originated assuming at least 10% to 20% equity yet, because of declining property values in certain locations, now may have much less equity or are "underwater" in many cases.

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[12] Complaint at Ex. C, *People ex rel. Brown v. Fed. Hous. Fin. Agency*, No. C10-03084 (N.D. Cal., filed July 14, 2010).
[13] *Id*.
[14] John Krainer & Elizabeth Laderman, Federal Reserve Bank of San Francisco Mortgage Loan Securitization and Relative Loan Performance, 21. (2011) *available at* http://www.frbsf.org/publications/economics/papers/2009/wp09-22bk.pdf.; T. Gregory Morton, American Real Estate and Urban Economics Association A Discriminant Function Analysis of Residential Mortgage Delinquency and Foreclosure, 3 (1975).

Under these circumstances, one of the more strategic approaches to reduce credit risk for existing holders of mortgage loans would be to increase the LTV of the mortgage loan by improving the value of the property, thereby improving the credit risk for the mortgage holder. This is precisely the value that can be added through home efficiency and renewable energy programs such as PACE.

Numerous studies show that energy efficiency and renewable energy measures increase a home's value. For example, an April 2011 study of 72,000 homes by the Lawrence Berkeley National Laboratory showed an average $17,000 sales price premium for homes with solar photovoltaic systems.[15] Another 2011 study indicated that homes with EnergyStar ratings showed purchase prices to be nearly $9.00 per square foot higher than market rates.[16] These studies confirm the work of an earlier study which showed that residential selling prices are positively correlated with lower energy bills, most often attributed to energy efficiency improvements.[17]

Because of these factors, FHFA should be a strong advocate in favor of PACE programs with reasonable guidelines in place. Especially with FHFA support and assistance, carefully implemented PACE programs would add value to the GSEs' loan portfolios and the portfolios of the Federal Home Loan Banks.

4. FHFA can ensure that eligibility requirements for homeowners participating in PACE programs conform to standards that further protect existing mortgage lenders

Response to Issue A, Question 1: Are conditions and restrictions relating to FHFA-regulated entities' dealings in mortgages on properties participating in PACE programs necessary? If so, what specific conditions and/or restrictions may be appropriate?77 Fed. Reg. at 3961.

FHFA's rulemaking should not rest on conclusions based simply on the priority of the respective liens. In order to collect real data on benefits and potential risks, FHFA should put in place regulations that allow PACE programs to proceed when they conform to reasonable guidelines that protect existing mortgage lenders from potential risk, such as the requirements set forth in H.R. 2599. These eligibility requirements for a homeowner to qualify for a PACE financing address many of the concerns that FHFA has been raising. For example, H.R. 2599 includes the following PACE eligibility criteria:

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[15] Ben Hoen et al, An Analysis of the Effects of Residential Photovoltaic Energy Systems on Home Sales Prices in California, Lawrence Berkeley National Laboratory (2011), *available at* http://eetd.lbl.gov/ea/emp/reports/lbnl-4476e.pdf

[16] Bryan Bloom, et al., *Valuing Green Home Designs: A Study of Energy Star Homes*, 3 JOURNAL OF SUSTAINABLE REAL ESTATE,no. 1, 2011), at 109, *available at* http://www.costar.com/uploadedFiles/JOSRE/JournalPdfs/06.109_126.pdf.

[17] Rick Neven & Gregory Watson, *Evidence of Rational Market Valuations for Home Energy Efficiency*, THE APPRAISAL JOURNAL,Oct. 1998, 109, *available at* http://pacenow.org/documents/EnergyEfficiency%282%29_appraisal%20J.PDF.

- No notices of default on property-based agreements, and all property taxes and any other public assessments are current and have been current for 3 years or the property owner's period of ownership, whichever period is shorter.
- The property owner must be current on all mortgage payments.
- A home energy audit must be conducted by an analyst certified by the Building Performance Institute or as a Home Energy Rating System (HERS) Rater who will estimate the potential energy cost savings of each improvement.
- The PACE-financed improvements must be made by contractors determined by the local government to be qualified to make the PACE improvements.
- PACE improvements shall be financed on terms such that the total energy and water cost savings realized as a result of the improvement are estimated to exceed the total cost of the PACE assessments.
- The total amount of PACE assessments for a property shall not exceed 10 percent of the estimated value of the property.
- The property owner shall have equity in the property of not less than 15 percent of the estimated value of the property.

PACE programs complying with the savings-to-investment ratio requirements set forth in H.R. 2599, by definition, would further ensure that homeowners are put in a stronger position to pay existing mortgage debt than they would otherwise be, because the incremental cost of paying the PACE assessments is required to be lower than the amount of energy savings which would accrue from the improvements during the corresponding period.

While these requirements can substantially alleviate any potential risks to existing mortgage holders, it is also important to note that the guidelines encompassed in H.R. 2599 should not be seen as the final word on the structure of PACE programs. Rather, they are meant to indicate minimum criteria for participation in PACE programs across jurisdictions, while also allowing localities autonomy in further tailoring PACE programs to local circumstances. Local governments are in the best position to frame PACE programs best suited to their communities and should be given the ability to experiment and innovate.

5. PACE is uniquely scalable and attractive relative to other means of financing home energy improvements

Response to Issue A, Question 5: What alternatives to first lien PACE loans (e.g., self-financing, bank financing, leasing, contractor financing, utility company ''on-bill'' financing, grants, and other government benefits) are available for financing home-improvement projects relating to energy efficiency? 77 Fed. Reg. at 3962.

The scalability of PACE will come from both local and national levels. At a local level, PACE will be marketed to local homeowners and tailored to local audiences through community programs. At the national level, PACE is financially scalable in a way that many other financing strategies are not. Because PACE bond documents are likely to be standardized, a national and liquid PACE market is achievable—and because of the senior lien feature of PACE, the cost of capital for PACE programs will be low relative to other energy financing mechanisms.

In contrast to many energy retrofit financing strategies, PACE relies on private investor dollars to fund home improvements, rather than federal, state, or utility funds. Also in contrast to other energy financing programs, the financial returns from PACE-related projects are projected in advance and tied directly into assessment schedules, helping to ensure that homeowners remain "cash positive" for the useful life of the home energy improvements.

In contrast to "home equity" financing or traditional asset-backed debt, PACE financings provide full upfront costs for the energy improvements and, by design, in the event of sale or transfer of the property, the remaining balance on the PACE lien can be transferred to subsequent owners or paid off in full. This will be attractive to some property owners who would otherwise be concerned that they would be responsible for paying off the full PACE lien when subsequent owners will be the beneficiaries of the energy improvements. Moreover, equity and traditional debt both require some financial outlay from property owners (such as down payments), but neither of those options nor are necessarily or automatically transferable to subsequent owners.

On-bill financing programs can be attractive in that they can provide a large percentage or even 100% upfront financing for retrofits. It is possible to structure On-Bill programs such that the costs of re-paying the On-Bill financing can be assumed by subsequent owners. However, On-Bill financing is available only to a handful of jurisdictions for single family residences today (whereas 27 states and the District of Columbia have passed PACE enabling legislation). To implement an On Bill program, the utility is required to participate in a substantial way, including undertaking billing system changes and, in most cases, funding the loans at closing. Because of the challenges that On-Bill presents to utilities, and the differential terms of On-Bill programs nationwide, On-Bill is unlikely to be a substitute for PACE to serve the retrofit financing needs of a substantial segment of the single family market.

While grants and government programs can be useful to buy down high interest rates offered through traditional lending, they are not sustainable in the long-term because of their high cost to the federal or state governments. As such, grants and government programs can be useful on a short-term basis or can be useful to target a strategic homeowner population that otherwise might not have access to capital, but grants and government programs are inherently unlikely to provide a national-scale solution to home energy improvements.

In comparison with the other primary residential energy retrofit financing mechanisms available today, the features of PACE are particularly scalable on a local and national level, attractive to existing lenders, capital markets, and homeowners who want lower energy bills as well as the comfort that, together with the financial benefits of a more energy-efficient home, they can transfer on to subsequent homeowners any remaining PACE assessments as well.

6. EIS Scoping Comments, RIN 2590-AA53

FHFA states that it "intends to prepare" an environmental impact statement (EIS) "to address the potential environmental impacts of any proposed rule that FHFA may issue" and has initiated a scoping process for this EIS. NRDC agrees that preparation of an EIS is necessary for compliance with NEPA and joins in the EIS scoping comments submitted by Vote Solar (March

26, 2012). In particular, NRDC stresses that the Proposed Action in FHFA's EIS should be changed to provide that the Enterprises *may* purchase mortgages subject to a first-lien PACE obligation, or that could become subject to first-lien PACE obligations, so long as the applicable PACE program conforms to standards and guidelines such as those established in H.R. 2599 or the DOE Guidelines.

If FHFA does not alter the Proposed Action, one of the alternatives analyzed in the EIS should be revisions to the FHFA's July 6, 2010 Statement and February 28, 2011 Directive to provide that the Enterprises are permitted to purchase mortgages subject to a first-lien PACE obligation, or that could become subject to first-lien PACE obligations, so long as the applicable PACE program conforms to standards and guidelines such as those established in H.R. 2599 or the DOE Guidelines.

Conclusion

For decades, NRDC has been a strong advocate at the national level for energy efficiency and, more recently, renewable energy improvements. We have intervened in utility rate cases nationwide, we have helped set standards for appliances and for building codes, and we have helped states and cities nationwide develop approaches for financing energy improvements. PACE is the single best hope we have seen for financing the critical task of greening our existing building stock in order to reduce our national dependence on coal and other fossil fuels and clean our air.

PACE offers a unique opportunity for significantly improving penetration rates of efficiency retrofits because it leverages the advantage of local, municipal marketing, awareness raising and contractor supervision, while providing a bridge to low cost capital from the capital markets due to the standardization of PACE bond documents, and the attractiveness of the senior lien. Furthermore, by accomplishing this penetration PACE will provide a substantial boost to the broader economy, all the while minimizing default risk to existing lenders.

In fashioning a proposed rule based on the ANOPR, FHFA should take a different approach than that signaled in the ANOPR. FHFA's proposed rule should include the rescission of the July 2010 and February 2011 Directives and the issuance of a new rule that would allow the GSEs and Federal Home Loan Banks to participate in the mortgage market for jurisdictions with PACE programs that conform to reasonable guidelines such as those provided by the White House and the Department of Energy, and included in H.R. 2599.

Thank you for your attention to these comments. Please contact us if you would like further information or if you have any questions.

Respectfully Submitted,

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