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Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
400 7th Street, NW
Washington, DC 20024

Re: Attention: Comments/RIN 2590-AA53

Acting Director DeMarco:

Snugg Home, a residential energy efficiency technology and consulting firm, appreciates the opportunity to provide comments to the Federal Housing Finance Agency (FHFA) on the Advance Notice of Proposed Rulemaking concerning mortgage assets affected by Property Assessed Clean Energy (PACE) programs. Snugg Home provides broad technology support to utility, government, and private sector residential retrofit efforts and views financing as a critical component of achieving high uptake of upgrade measures. We further believe that increasing the investment in residential properties not only enhances the residential building stock, but also creates domestic jobs as well as a ripple effect that further benefits the economy of our communities and our nation.

As a result, Snugg Home encourages the FHFA to withdraw its July 6, 2010 Statement and February 28, 2011 Directive. We further urge FHFA to allow Fannie Mae and Freddie Mac to purchase mortgage loans secured by properties with outstanding first-lien PACE and PACE-like obligations (or by properties that could become subject to first-lien PACE obligations). We urge that these properties be treated in a manner consistent with similar properties with no PACE assessments.

Local governments developed innovative financing programs, such as PACE, to help achieve economic, environmental, and health and safety goals without burdening non-participating taxpayers. This was done in large part as a result of a lack of satisfactory or readily available private sector investment in this arena. Unfortunately, FHFA's July 6, 2010 Statement and February 28, 2011 Directive effectively close the door on an innovative and important strategy for financing improvements that revitalize our aging building stock, create jobs, and improve health and environmental matters.

We believe the practices and standards called for in the U.S. Department of Energy's "Guidelines for Pilot PACE Financing Programs" (Guidelines, May 7, 2010) are sufficient to minimize any potential risk posed by the PACE programs. If upon further research into the actual performance of existing programs, these potential risks seem likely to become real concerns, we urge the FHFA to establish underwriting standards consistent with these Guidelines in order to effect the rational consumer protections included in the Guidelines.

Snugg Home is in the business of providing technology support to energy efficiency programs, including their financing components. We track program impacts for a number of Department of Energy funded programs as well as others. As a result, we are well aware that there are solutions that allow for a cost-effective tracking, monitoring, and reporting of program impacts. We raise this point, due to FHFA's assertion that data is lacking. If we have programs that have been (or were) operating, the ability to track impacts, and the ability to evaluate if potential risks are realities and if perceived benefits are being realized why are we not taking advantage of this opportunity to meet a multitude of important public policy goals? In fact, two of our local government clients for which we already track a wide range of program data are actively running or attempting to launch PACE programs (Long Island Green Homes and Energize Northern Westchester).

As you determine next steps, we encourage you to commit to opening an open dialogue and initiating a fair process in order to work with the private sector entities (employers) who support responsible financing, local and state governments, Congress, and the Administration. In the interim, we encourage FHFA to adopt a solution that, at a minimum, allows existing PACE programs to resume operations and continue to support our mutual economic, environmental, and health and safety goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann Livingston, JD", written over a white background.

Ann Livingston, JD
Director of Market Development