From: Elizabeth Sheppard <bethshep@comcast.net>
Sent: Sunday, March 25, 2012 11:47 PM
To: !FHFA REG-COMMENTS
Subject: RIN 2590-AA53 - Please restore PACE programs

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:

PACE is a win-win program that enables local communities to promote energy security and electric grid reliability while creating jobs and reducing emissions of greenhouse gases and other pollutants. It provides an affordable mechanism for homeowners to make energy efficiency or renewable energy improvements.

PACE enables local communities to finance energy efficiency and renewable energy improvements with little or no upfront cost, at competitive interest rates and over a time period that matches the period over which energy savings associated with such improvements are realized. What's not to like?

Because of its unique ability to spur homeowner investment in energy efficiency and clean, on-site renewable energy, PACE legislation was passed by 27 states in just two and a half years. It has strong bi-partisan support at the local, state and Federal levels.

We believe that FHFA’s action to unilaterally halt local government PACE programs on July 6, 2010 was unwarranted. This rulemaking provides an opportunity to establish a fact-based record and correct misinformation and misunderstandings, to the benefit of all stakeholders: local governments, mortgage lenders, homeowners, and our nation. We appreciate the opportunity, and urge FHFA to look for ways to accommodate these broadly beneficial programs. To this end, we recommend that the FHFA adopt reasonable underwriting standards that ensure local PACE programs are designed to maximize benefit and minimize risk.

1) PACE assessments are valid - and are not “loans” as asserted by FHFA

2) PACE assessments present minimal risks to lenders, investors, homeowners and GSEs

3) Home energy improvements financed with PACE achieve important economic and environmental benefits.

4) Proposed Rule:
We strongly urge FHFA to reconsider its blanket opposition to PACE programs and to revise the Statement and the Directive. We recommend that FHFA’s proposed rule provide that Fannie Mae, Freddie Mac, and any other mortgage lenders regulated by

FHFA (Enterprises) be allowed to buy residential mortgages with PACE assessments that are originated by programs that conform to standards and guidelines such as those established in the Department of Energy's "Guidelines for Pilot PACE Financing Programs" (May 7, 2010) (DOE Guidelines) or HR 2599 (The PACE Assessment Protection Act) to protect the interests of local governments, homeowners, mortgage lenders and the Enterprises.

5) EIS Scoping Comments
The Proposed Action in FHFA's Environmental Impact Statement (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 HR 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, 2010 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 HR 2599 or the DOE Guidelines.

Sincerely,

Elizabeth Sheppard
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