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TODAY'S WEBINAR TOPIC

Fixing PACE — Efforts in Congress and the Courts to Enable Property Assessed Clean Energy Programs

Speakers:

PACENOW

David Gabrielson
Executive Director
PACENow



Upcoming Webinars

Aug. 25
Using Social Media to Build Awareness and Promote Involvement in Clean Energy Initiatives

August 18, 2011

For more information: www.climatecommunities.us



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Aug. 25: Using Social Media to Build Awareness and Promote Involvement in Clean Energy Initiatives

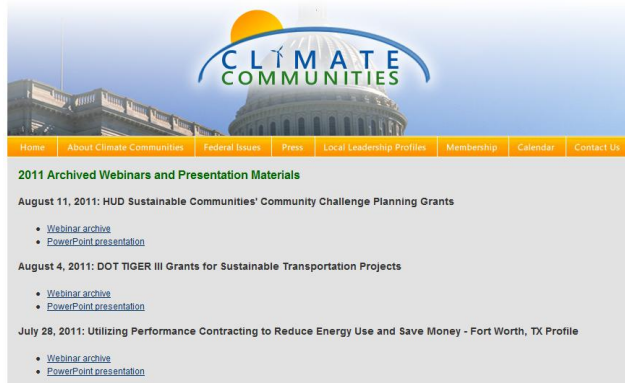


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Recorded Webinar and PowerPoint Archive

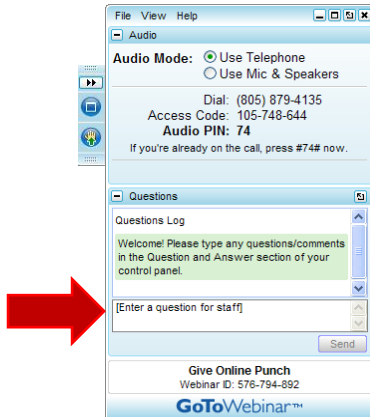
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Asking questions



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Overview of Presentation

- Background on PACE
- Description of FHFA Decision
- Overview of Current Congressional & Court Action
- Questions and answers

PACE

PROPERTY ASSESSED CLEAN ENERGY

Update, New Federal Legislation

David Gabrielson (david.pacenow@gmail.com)

August 18, 2011

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JULY 2010: FHFA BLOCKS OUR NATION'S PACE PROGRAMS

Regulatory Overreach – Programs Blocked in 27 States

FHFA, OCC, Fannie Mae and Freddie Mac block PACE, claiming:

- ✓ **PACE is risky:** Senior lien status creates “safety and soundness” concerns for the mortgage industry
- ✓ **Assessments ruled invalid:** PACE is “different” from other public assessments

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PACE COMMUNITY RESPONDS

2010 legislation

Legislation introduced in the House and Senate by Democratic sponsors

- Outcome:
- ✓ Flurry of activity
 - ✓ No meaningful bipartisan support
 - ✓ Fall elections / politics kill hope of passage

Litigation is ongoing

Federal District Courts in NY, CA, and FL hear suits filed by State of California, local governments, and NGO's charging unwarranted and illegal regulatory over-reach

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PACE IN 2011: A NEW BIPARTISAN MESSAGE WITH BROAD APPEAL

Congress must stop illegal and unwarranted federal over-reach by FHFA, OCC, Fannie Mae and Freddie Mac:

- ✓ **States' rights:** PACE is similar to 37,000 other special assessment districts in the U.S.
- ✓ **No evidence PACE presents safety and soundness concerns:** PACE program data show limited risk

PACE creates local jobs:

- ✓ **RE and EE work is done by local workers in the hard-hit construction industry**

PACE PROGRAM DATA SHOW PACE HAS LIMITED LENDER RISK

Mortgage default rate with PACE is .1%

- Only 2 Defaults in 2,565 PACE homes vs 82 on same number of non-PACE homes ⁽¹⁾

PACE Program Data			Defaults		
Program ⁽²⁾	Homes	\$ Mil	Program ⁽²⁾		Countywide ⁽³⁾
			Homes	%	%
Babylon	403	3.6	0	0.0	5.4
Boulder	632	10.1	1	0.2	1.3
Palm Desert	240	5.5	0	0.0	3.8
Sonoma	1,290	34.5	1	0.1	3.3
Total	2,565	\$53.8	2	0.1%	3.2%

Footnote: ⁽¹⁾ Countywide Default Rate (3.2% x 2,565 PACE Program Homes = 82 Expected Defaults)

Source: ⁽²⁾ Program Administrators

⁽³⁾ McDash Analytics, LLC

SAFE & SOUND ECONOMICS: TAX & ECONOMIC GAINS

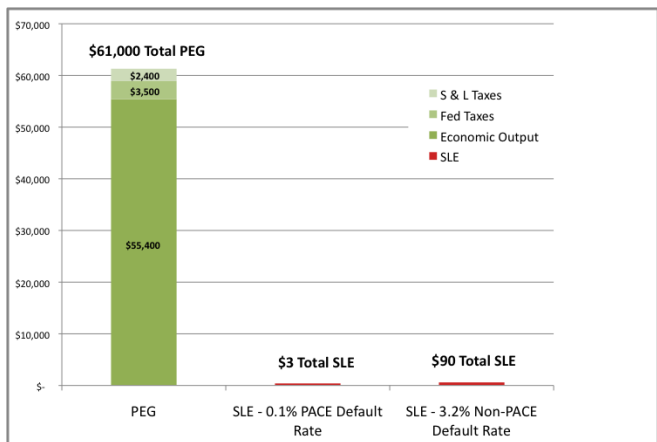
PACE creates jobs and \$61,000 in economic gains per PACE home

Gains from PACE	Four Existing PACE Programs ⁽¹⁾	Potential for 1% US Homes
Project Scope		
Homes	2,565	750,000
Average Project Cost	\$21,000	\$21,000
Total Spending	\$54 Million	\$16 Billion
Econometric Forecast ⁽²⁾		
Jobs	806	236,000
Economic Output	\$142 Million	\$42 Billion
Federal Taxes	\$9 Million	\$2.6 Billion
State & Local Taxes	\$6 Million	\$1.6 Billion
Total Economic Gain & Taxes	\$157 Million	\$46 Billion
Economic Gain/PACE Home ⁽²⁾	\$61,000	\$61,000

Source: ⁽¹⁾ Sonoma County, Palm Desert, Boulder County, Babylon program administrators
⁽²⁾ ECONorthwest Study "Economic Impact Analysis of PACE", May 2011

SAFE & SOUND ECONOMICS: TAX REVENUE & ECONOMIC GAINS DWARF SENIOR LIEN EXPOSURE

\$61,000 in Gains per PACE Home vs <\$100 in Senior Lien Exposure



Source: ECON Northwest Study "Economic Impact Analysis of PACE", May 2011

BI-PARTISAN LEGISLATION TO RESTORE PACE: HR 2599

PACE Assessment Protection Act of 2011 – HR 2599

Primary Sponsors:

Hayworth (NY-19), Thompson (D-CA1), Lungren (R-CA3)

- 1) **Undoes the damage:** Rescinds 2010 guidance from FHFA, OCC, Fannie, Freddie and affirms validity of assessments. Prohibits discrimination against homeowners and communities with PACE.
- 2) **Resolves the legal question:** Defines a PACE assessment as an “assessment,” not a “loan.”
- 3) **Limits (eliminates) risk to Fannie/Freddie:** Establishes national program standards: underwriting criteria, consumer protections, qualifying improvements, qualifying contractors

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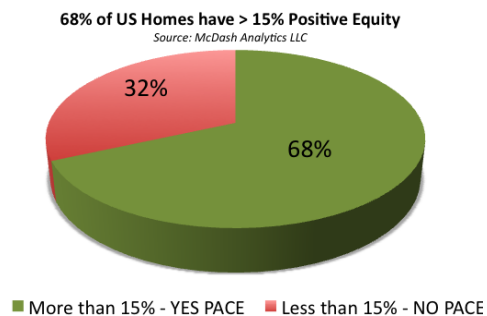
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UNDERWRITING CRITERIA LIMIT (ELIMINATE) RISK TO F/F

PACE Legislation Requirements

- Homeowner must have at least 15% positive equity.
- Projects capped at 10% of home value.
- Homeowner must have solid property tax payment history.
- PACE lien does not accelerate in event of default.
- Energy assessment must demonstrate projects pay for themselves.



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CURRENT LEGISLATIVE STATUS

- H.R. 2599 introduced July 20 by Rep. Nan Hayworth (R-NY19), Rep. Mike Thompson (D-CA1), Rep. Dan Lungren (R-CA3)
- 25 House Sponsors/Co-Sponsors (14 Republicans, 11 Democrats)
- Endorsing Organizations: National League of Cities; National Association of Counties; Florida Chamber of Commerce; Dow; Johnson Controls; Johns Manville; Owens Corning; North American Insulation Manufacturers Association ; Solar Energy Industries Association ; Natural Resources Defense Council; Vote Solar; many more.
- Goal: recruit additional co-sponsors, focusing on Reps. on House Financial Services Committee and Reps. from PACE states.

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Questions?

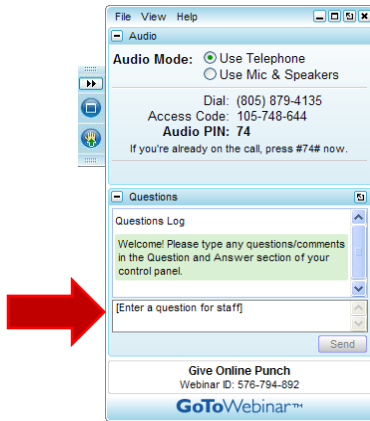
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ACTION ALERT: Urge Your Member of Congress to Co-Sponsor PACE Legislation

**Contact your Member of Congress
(202.224.3121)**

and

urge them to co-sponsor the bill (H.R. 2599).



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Current Sponsors/Co-Sponsors of H.R. 2599

- Rep. Capps, Lois [CA-23]
- Rep. Cole, Tom [OK-4]
- Rep. Davis, Susan A. [CA-53]
- Rep. Dold, Robert J. [IL-10]
- Rep. Flores, Bill [TX-17]
- Rep. Hanna, Richard L. [NY-24]
- Rep. Hayworth, Nan A. S. [NY-19]
- Rep. Hinchey, Maurice D. [NY-22]
- Rep. King, Peter T. [NY-3]
- Rep. Lofgren, Zoe [CA-16]
- Rep. Lowey, Nita M. [NY-18]
- Rep. Lungren, Daniel E. [CA-3]
- Rep. Manzullo, Donald A. [IL-16]
- Rep. Matsui, Doris O. [CA-5]
- Rep. Perlmutter, Ed [CO-7]
- Rep. Polis, Jared [CO-2]
- Rep. Ros-Lehtinen, Ileana [FL-18]
- Rep. Sensenbrenner, F. James, Jr. [WI-5]
- Rep. Sessions, Pete [TX-32]
- Rep. Smith, Lamar [TX-21]
- Rep. Southerland, Steve [FL-2]
- Rep. Speier, Jackie [CA-12]
- Rep. Thompson, Mike [CA-1]
- Rep. West, Allen B. [FL-22]
- Rep. Woolsey, Lynn C. [CA-6]



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House Financial Services Committee - Republicans

- Rep. Bachus, Spencer [AL-6], Chairman
- Rep. Hensarling, Jeb [TX-5], Vice Chairman
- Rep. King, Peter T. [NY-3]
- Rep. Royce, Edward R. [CA-40]
- Rep. Lucas, Frank D. [OK-3]
- Rep. Paul, Ron [TX-14]
- Rep. Manzullo, Donald A. [IL-16]
- Rep. Jones, Walter B. [NC-3]
- Rep. Biggert, Judy [IL-13]
- Rep. Miller, Gary G. [CA-42]
- Rep. Capito, Shelley Moore [WV-2]
- Rep. Garrett, Scott [NJ-5]
- Rep. Neugebauer, Randy [TX-19]
- Rep. McHenry, Patrick T. [NC-10]
- Rep. Campbell, John [CA-48]
- Rep. Bachmann, Michele [MN-6]
- Rep. McCotter, Thaddeus G. [MI-11]
- Rep. McCarthy, Kevin [CA-22]
- Rep. Pearce, Stevan [NM-2]
- Rep. Posey, Bill [FL-15]
- Rep. Fitzpatrick, Michael G. [PA-8]
- Rep. Westmoreland, Lynn A. [GA-3]
- Rep. Luetkemeyer, Blaine [MO-9]
- Rep. Huizenga, Bill [MI-2]
- Rep. Duffy, Sean P. [WI-7]
- Rep. Hayworth, Nan A. S. [NY-19]
- Rep. Renacci, James B. [OH-16]
- Rep. Hurt, Robert [VA-5]
- Rep. Dold, Robert J. [IL-10]
- Rep. Schweikert, David [AZ-5]
- Rep. Grimm, Michael G. [NY-13]
- Rep. Canseco, Francisco "Quico" [TX-23]
- Rep. Stivers, Steve [OH-15]
- Rep. Fincher, Stephen Lee [TN-8]



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House Financial Services Committee – Democrats

- Rep. Frank, Barney [MA-4], Ranking Member
- Rep. Waters, Maxine [CA-35]
- Rep. Maloney, Carolyn B. [NY-]
- Rep. Gutierrez, Luis V. [IL-4]
- Rep. Velázquez, Nydia M. [NY-12]
- Rep. Watt, Melvin L. [NC-12]
- Rep. Ackerman, Gary L. [NY-5]
- Rep. Sherman, Brad [CA-27]
- Rep. Meeks, Gregory W. [NY-6]
- Rep. Capuano, Michael E. [MA-8]
- Rep. Hinojosa, Rubén [TX-15]
- Rep. Clay, Wm. Lacy [MO-1]
- Rep. McCarthy, Carolyn [NY-4]
- Rep. Baca, Joe [CA-43]
- Rep. Lynch, Stephen F. [MA-9]
- Rep. Miller, Brad [NC-13]
- Rep. Scott, David [GA-13]
- Rep. Green, Al [TX-9]
- Rep. Cleaver, Emanuel [MO-5]
- Rep. Moore, Gwen [WI-4]
- Rep. Ellison, Keith [MN-5]
- Rep. Perlmutter, Ed [CO-7]
- Rep. Donnelly, Joe [IN-2]
- Rep. Carson, André [IN-7]
- Rep. Himes, James A. [CT-4]
- Rep. Peters, Gary C. [MI-9]
- Rep. Carney, Jr., John C. [DE-At Large]



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