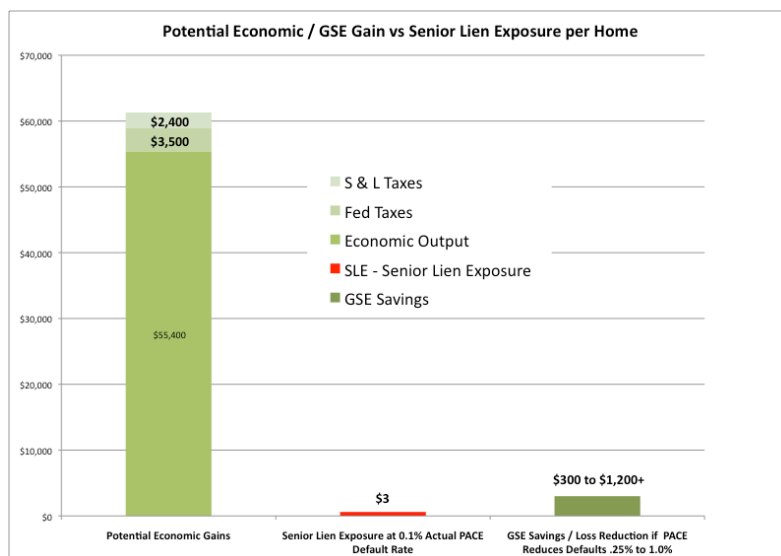




# PACE - Property Assessed Clean Energy

Safe & Sound – Good for Property Owners – Good for Lenders – Good for the Economy



## Legislation Needed to Restore PACE for Homes

Proposed Legislation will allow PACE residential programs to fulfill their promise.

1. The FHFA, OCC, Fannie Mae and Freddie Mac would be required to:
  - Adopt underwriting standards for mortgages with PACE assessments
  - Rescind earlier statements that halted PACE programs
  - Not penalize communities with PACE programs
2. PACE programs will operate safely with mandated underwriting standards:
  - Homes must have at least 15% positive equity
  - Projects can be no more than 10% of a home's value
  - Only homeowners who pay their taxes on time qualify
  - An energy audit by a qualified professional must demonstrate projects produce savings

## How PACE Works

- Ben Franklin said to have created the first assessment district in 1736 for Philadelphia
- PACE districts rest on centuries of precedent
- Our nation currently has 37,000+ assessment districts
- PACE is the only type of assessment district that increases a homeowner's cash flow...
- Steps to set up a PACE program mirror those used to create districts for parks, sidewalks, water systems, and earthquake strengthening:
  1. **State legislature** defines public purpose and passes enabling law for PACE
  2. **Local government** passes ordinance establishing benefit district and program guidelines
  3. **Property owners** who can benefit complete projects with private sector funding arranged by the program
  4. **Assessment** on annual property tax bill repays project cost

## Why PACE Works

PACE programs overcome three key barriers to implementing energy efficiency:

1. **Term Financing:** Large up-front payments are eliminated – owners pay PACE assessments over the life of the improvements
2. **Immediate Cash Savings:** Energy savings are greater than assessment payments = improved property owner cash flow & more money for mortgage payments
3. **Cost Transfer:** Assessments transfer to a new owner (who continues to benefit) on sale of the property

### Footnotes:

1. [Letter from FHFA General Counsel Alfred Pollard](#) (to Members of Congress Hayworth, Lungren, and Thompson, 6-10-11 [responding to their 4-20-11 letter](#).)
2. Performance data supplied by PACE Program Administrators and PACENow calculations based on data supplied by PACE Program Administrators
3. Assumes prime agency loans, average mortgage size \$240,000, average severity in default 50%, Source: Core Logic, Amherst Securities
4. ["Economic Impact Analysis of Property Assessed Clean Energy \(PACE\)." ECONorthwest study for PACENow, April 2011.](#)