

**INFORMATION PROVIDED BY THE MONTGOMERY COUNTY
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Background:

HELP is a *Property Assessed Clean Energy* (PACE) program. Although there are a number of variations of PACE programs, most operate under a key fundamental principle – the PACE loan has “first lien” priority equivalent to property taxes. This means that in the event that a property owner defaults on the payment of a mortgage and a property is sold at tax sale, any unpaid payments on a PACE loan would be paid off before the mortgage holder recovers any funds. This is critical to ensuring that local governments that sponsor PACE programs can offer cost effective programs.

FHFA regulates Fannie Mae, Freddie Mac and the Federal Home Loan Banks, which are collectively associated in some way with a significant number of mortgages held in the United States. According to FHFA, PACE loans would violate the principles governing loans regulated by the Agency (the complete FHFA statement can be found at www.fhfa.gov/webfiles/15884/PACESTMT7610.pdf). As a result, residents holding an FHFA regulated mortgage could be in default of their mortgage agreement if they obtain a HELP loan, the consequences of this could include acceleration of payments if the lenders enforce the terms of the mortgage agreement. Similarly, anyone with a HELP loan may be prohibited from refinancing under an FHFA regulated loan, and buyers assuming HELP loans may have to pay them off in full if they were financing using an FHFA regulated loan. The County does not want to jeopardize the status of any resident’s mortgage by issuing HELP loan and will not implement the program until a solution has been found.

Advocating for HELP:

Federal leadership is needed to implement a permanent solution that will enable Montgomery County, and other communities, to clearly proceed with HELP. We will continue to advocate for PACE programs, like HELP, as a key tool to overcoming the initial costs of energy efficiency and renewable energy retrofits.

If you would like to support a federal solution to this issue, you can obtain information on the national campaign to support PACE programs at <http://pacenow.org/blog/>, including advocacy toolkits and key federal contacts. Additional advocacy tools can be found at ICLEI’s “*Save PACE Now*” site <http://www.icleiusa.org/blog/archive/2010/07/15/take-action-now-with-icleis-save-pace-action-kit> .

Next Steps:

We are not giving up on HELP and will continue to advocate for options to allow us to move forward. Should an option arise, the regulation we passed last week puts Montgomery County in a position to move quickly towards implementing the program. Similarly, we are evaluating a number of alternative program designs to deliver

incentives or financing to consumers seeking to apply the whole house approach that is the foundation of HELP.

We appreciate your interest and efforts to move this program forward and will be updating the HELP website shortly to reflect the situation and adding new information as it becomes available. You can monitor the website at <http://www.montgomerycountymd.gov/dectmpl.asp?url=/Content/dep/energy/EnergyLoans.asp>