

# DOCKET

09-OII-1

DATE 8/1/2009

RECD. 8/6/2009

August 1, 2009

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 09-OII-01  
1516 Ninth Street  
Sacramento, CA 95814-5512

Re: Docket Number 09-OII-01, **ARRA SEP Guidelines**

Dear Ms. Hall,

I applaud the CEC for focusing a portion of the SEP Stimulus funding on the residential retrofit segment. This is definitely the arena for decreasing the energy usage most effectively.

My only comments to the Preliminary SEP Guidelines concern the financing of these residential retrofits. As I stated in my public comments to the Commissioners on April 27<sup>th</sup> in Sacramento, the most cost effective financing tool available to the homeowners for energy retrofits today is the FHA 30 year fixed mortgage as demonstrated in the table below for a \$25,000 cost:

		Monthly cost:
- Line of credit	5.5% interest 10 year amortization	\$271
- Secured second loan	7.5% interest 20 year amortization	\$201
- <b>AB811</b>	7.5% interest 20 year amortization	\$201
- <b>FHA 203K &amp; EEM</b>	5.5% interest 30 year amortization	\$141

The FHA 203K provides up to \$35,000 in upgrades to the home or condo for the owner occupant borrower whether purchasing or refinancing. When combined with the UPDATED EEM significant energy improvements can be accomplished. The new EEM limit is 5% of the appraised value, thus for a \$300,000 home, up to \$40,000 of improvements can be made after close of escrow and included in the 30 year fixed rate.

The Energy Reduction Mortgage, as per earlier proposals to the CEC, provides the borrower with both energy savings and mortgage savings by reducing the interest rate with a SEP interest rate buydown when 30% energy reduction is verified. This is analogous to the EnergyStar Mortgage programs existent today in other states and soon in California. By the inclusion of either the Energy Reduction Mortgage or the EnergyStar Mortgage, there are two opportunities for SEP Stimulus funding:

1. Interest Rate buydown
2. Subsidy of Energy Audit (HERS or HPwES)

This use of Stimulus funding will be leveraged with the FHA Energy Improvement Incentive, budgeted to begin in October, 2009 and the broker's own discounted service to the borrower.

**Sincerely,**  
**Rick Williams**  
**[www.ecoenergyloan.com](http://www.ecoenergyloan.com)**