



February 24, 2012

Reports Liaison Officer  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW., Room 9120  
Washington, DC 20410

**Re: Comments: Builder's Certification of Plans, Specifications, and Site Docket No. FR-5484-N-37**

Dear Reports Liaison Officer:

Thank you for this opportunity to submit comments to the Department of Housing and Urban Development (HUD) on the Notice of Proposed Information Collection: Comment Request; Builder's Certification of Plans, Specifications, and Site, published in the Federal Register, Vol. 76, no. 248, Tuesday, December 27, 2011 (FR-5484-N-37).

We support HUD's proposal to implement the revised builder certification form as described in the notice, and urge HUD to act quickly to implement the revised form. Among other changes, the revised form will now correctly state the model energy code required by statute (the 2006 IECC model energy code) as the minimum acceptable standard. Not only is this change required by federal statute, it is also an important revision for prudential risk management, and it should be implemented as quickly as possible.

Federal law (42 U.S.C. §12709) requires FHA to insure mortgages on new single-family houses only if the house complies with certain minimum model energy codes.<sup>1</sup> It is essential for FHA to obtain the builder's certification that the house is built in compliance with the required energy code in order to comply with the statute, and it is important to inform builders, lenders, and borrowers of the correct requirement. This

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<sup>1</sup> The Energy Policy Act of 1992 requires that certain energy efficiency standards must be met by any "new construction of single family housing (other than manufactured homes) subject to mortgages insured, guaranteed, or made . . . under title V of the Housing Act of 1949." Energy Policy Act of 1992, Pub. L. No. 102-486 §§ 109(a) (1) (B), 109(g), 106 Stat. 2776 (Oct. 24, 1992). The Energy Policy Act of 2005 further expanded the classes of homes that must meet efficiency standards. Energy Policy Act of 2005, Pub. L. No. 109-58 § 153, 119 Stat. 594 (Aug. 8, 2005). Congress affirmed and expanded the obligations of the Secretary in the Energy Independence and Security Act of 2007 ("EISA"), Pub. L. No. 110-140 § 481, 121 Stat. 1648 (Dec. 19, 2007).

revision of the builder certification form is one essential step in the process of HUD coming into compliance with § 12709.

FHA should also implement this form as quickly as possible to manage risk on insured mortgages. Houses built in accordance with the model energy code produce cost-effective energy savings for the homeowner or occupant. FHA borrowers who buy homes not in compliance with the required energy code will end-up paying higher energy bills every month and will therefore have less income for the loan payment and other essential expenses.

Moreover, implementing measures such as needed levels of insulation are considerably less expensive at the time the house is built, thereby saving homeowners from costly home improvements during occupancy. Ensuring compliance with modern energy codes is therefore important to manage credit risk and property values of the FHA-insured loan portfolio. Each additional day HUD fails to implement the correct minimum energy code requirement means our nation misses out on a low-cost opportunity to save energy, protect our energy security and our environment, and empower homeowners by saving money on utility bills.

With regard to any questions you might have about the time or effort required for home builders to determine whether a house is in compliance, we note that any house built in compliance with a state-adopted building energy code that meets or exceeds the 2006 IECC, such as the 2009 or 2012 IECC, will meet the requirement.<sup>2</sup>

The builder's certification is still important as a number of states do not require homes to meet even the 2006 IECC and studies have shown weak compliance in many states that do.

We appreciate your thoughtful consideration of this matter and look forward to the revised certification form being quickly implemented.

Sincerely,

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<sup>2</sup> We note that more than half of the states already require compliance with an energy code that meets or exceeds the 2009 IECC, consistent with obligations under Section 410 of the American Recovery and Reinvestment Act. In addition some states have adopted or are considering the 2012 IECC. These codes have both been recognized by the U.S. Department of Energy as being more energy efficient than the 2006 IECC. *See* 76 Fed. Reg. 42688 (Jul. 19, 2011) (Final Determination on 2009 IECC), *and* 76 Fed. Reg. 64924 (Oct. 19, 2011) (Preliminary Determination on 2012 IECC).

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