

PACE NOW

June 10, 2010

The Honorable Christopher Dodd
Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Barney Frank
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Dodd and Chairman Frank:

As the stakeholders to Property Assessed Clean Energy (PACE) financing, we are writing to request your assistance in addressing the threat posed to PACE programs around the country by the actions of the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac.

Specifically, we request that your offices:

- Engage with the GSEs, the Federal Housing Finance Agency (FHFA) and other relevant regulatory agencies to compel them to issue immediate clarification of the Fannie Mae and Freddie Mac May 5, 2010 Lender Letters, which clarification states that retrofit financing obtained through Phase 1¹ PACE programs will not constitute a violation of the terms of the Fannie Mae or Freddie Mac uniform mortgage instruments, or otherwise subject the applicable property owners to adverse action by the GSEs; and
- Convene a meeting among your offices, the GSEs, FHFA, other interested regulatory agencies, and PACE stakeholders to chart a course forward toward resolution of the parties' concerns.

PACE programs use a traditional municipal financing tool to allow property owners to install permanent energy efficiency and renewable energy improvements and repay the costs through their property tax bill. With strong support from Congress and the White House, 22 states have authorized PACE and over \$100 million in federal funds have been allocated to implement PACE programs around the country.

Over the past year, the federal government developed strict guidelines for PACE programs that are designed to protect consumers and eliminate the risk to mortgage lenders. However, despite efforts to work collaboratively with the FHFA and the GSEs, Fannie Mae and Freddie Mac

¹ Phase 1 PACE Programs are defined as PACE programs that are active and/or have received Department of Energy (DOE) American Recovery and Reinvestment Act funding and will conform to the Department of Energy's May 7, 2010 Guidelines for PACE Programs.

issued Lender Letters on May 5, 2010 that have resulted in the suspension of PACE programs around the country. Your leadership is needed to resolve this impasse.

We look forward to working with both of your offices on this important issue. We believe that the stakeholder meeting outlined above is a critical step toward developing a set of solutions that enhance PACE's significant safeguards for existing mortgage lenders while fulfilling the promise PACE finance holds to achieve clearly defined national objectives: savings for homeowners, meaningful reductions in harmful greenhouse gasses, and jobs in our communities.

Sincerely,

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Anthony Eggert, Chair of Efficiency Committee

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