

United States Senate

WASHINGTON, DC 20510

June 16, 2010

The Honorable Chris Dodd
Chairman
Senate Committee on Banking,
Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Dodd:

We are writing to bring to your attention an urgent issue regarding Property Assessed Clean Energy (PACE) financing programs over which the Senate Banking, Housing and Urban Affairs Committee has jurisdiction.

On May 5, 2010, Fannie Mae and Freddie Mac issued Lender Letters regarding PACE financing programs. These letters appear to issue guidance in direct opposition to key Congressional and Administration initiatives and risk curtailing local government authority to levy taxes for public purposes.


PACE programs create jobs, lower homeowner utility bills, reduce carbon emissions and help our country become more energy independent. PACE is a national policy priority with strong support from Congress, the Vice President, Governors, and others. PACE is authorized in 22 states and hundreds of local governments are developing programs, supported by over \$100 million in federal funds.

Fannie Mae and Freddie Mac must immediately clarify the intent of the May 5 Lender Letters. Fannie and Freddie need to state that PACE programs that are active, and/or have received DOE American Recovery and Reinvestment Act funding, and are in conformity with the Department of Energy's May 7, 2010 Guidelines for PACE programs, are not in violation of the terms of Fannie Mae and Freddie Mac mortgages or otherwise subject to adverse action.

We ask that you intervene to help secure a clarification letter and achieve a long-term solution in this matter. Time is of the essence; PACE programs around the country have come to a standstill. Your intervention with Freddie and Fannie to secure a clarification letter is a critical first step to developing a path forward that will allow all parties to work together and let other municipalities and states launch PACE programs in the future. The attached materials provide additional background on this issue.

Should Fannie and Freddie fail to help resolve this issue, we would encourage you to proceed expeditiously with oversight hearings in the Senate Committee on Banking, Housing and Urban Affairs.

Sincerely,



Ann Finken

Bob Sanders

Paul Udell

Alvin

Paul Bezek

Mary Landrum

Bob Kelly

Kirsten E. Gillibrand

Jeffrey A. Merkley

Enclosure

cc: Cathy Zoi, Assistant Secretary, Department of Energy, Energy Efficiency and Renewable Energy