



Congress of the United States
House of Representatives
Washington, DC 20515

May 20, 2010

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
4th Floor
Washington, DC 20552

Dear Director DeMarco:

We are writing to express our serious concern that Fannie Mae and Freddie Mac have issued policies that could effectively put on hold our nation's Property Assessed Clean Energy (PACE) programs. PACE programs are an innovative and promising new financing mechanism that makes homes more energy efficient, reduces homeowners energy costs and increases borrower strength.

It has been the policy of the Administration and the Congress to encourage retrofits for increased efficiency and clean energy usage. The recently issued GSE Lender Letters are contrary to this policy. In particular, the national PACE effort has strong support throughout government. PACE programs were highlighted by the Vice President's Office and the Middle Class Task Force in the Retrofit Ramp-Up Plan, which included best practice safeguards for homeowners, mortgage lenders and other key stakeholders. On April 21st, the Department of Energy announced grants to fund PACE programs in many states and the support for these programs is strong. Therefore, we hope you will work with us to:

- 1) Immediately clarify that all currently planned PACE programs that are direct recipients of Department of Energy funds and existing PACE recipients are not subject to adverse action**
- 2) Provide New PACE programs with clear guidelines that will permit them to proceed without adverse action**

The fact that PACE programs utilize tax assessments, not loans, must be clarified within the Administration and GSEs. 19 states and the District of Columbia have now passed PACE enabling legislation. Many are using federal funding from the American Recovery and Reinvestment Act and have designed their program using best practices contained in the White House Policy Framework for PACE programs. Federal, state, and local governments have

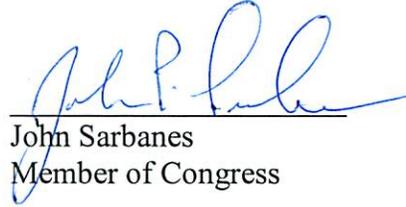
engaged in a dialogue with lenders and other stakeholders over the past year to eliminate undue risk. The net result is that these programs are designed to increase borrower strength and reduce risk for mortgage holders. The recently issued GSE policy on PACE programs threatens to undermine this progress.

We stand ready to work with you to help fulfill the promise of PACE financing and to do so in a manner that helps our nation, homeowners and that provides the proper safeguards for mortgage lenders.

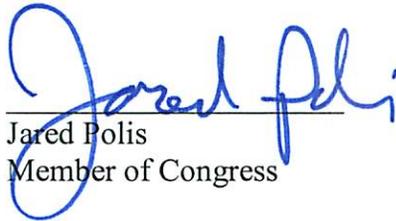
Sincerely,



Steve Israel
Member of Congress



John Sarbanes
Member of Congress



Jared Polis
Member of Congress



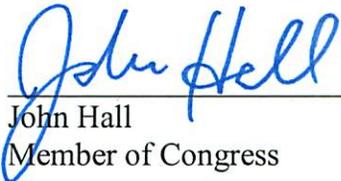
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Member of Congress



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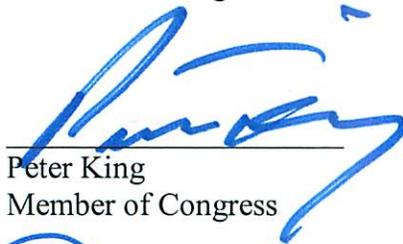
Earl Blumenauer
Member of Congress



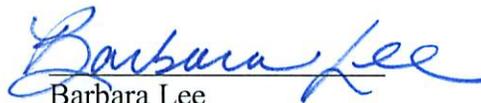
Mike Honda
Member of Congress



Russ Carnahan
Member of Congress



Peter King
Member of Congress



Barbara Lee
Member of Congress



Paul Tonko
Member of Congress



Gabrielle Giffords
Member of Congress



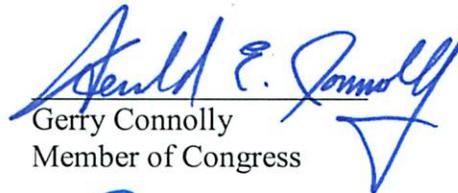
Timothy Bishop
Member of Congress



Tammy Baldwin
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Ben Ray Lujan
Member of Congress



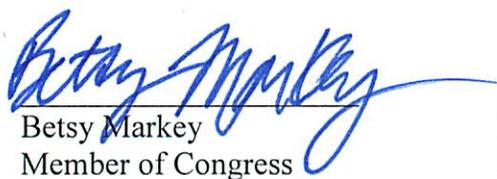
Gerry Connolly
Member of Congress



Bob Filner
Member of Congress



Zoe Lofgren
Member of Congress



Betsy Markey
Member of Congress



Tim Ryan
Member of Congress