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May 20, 2010

The Honorable Jared Polis  
U.S. House of Representatives  
501 Cannon House Office Building  
Washington, D.C. 20515-0001

Dear Jared,

I appreciate your talking to me on the floor about the PACE loan situation. I looked into it when you told me about it, and based on what I know, I agree with you that Fannie Mae is being too restrictive. Henry Waxman has also gotten involved because of his role as chair of the committee that has jurisdiction over energy, and I have designated one of my top staffers in the housing area, who does the most work with Fannie Mae, to participate in an effort to get them to resolve the situation in a way that will allow these loans to go forward, helping to advance our energy goal.

Thanks for calling it to my attention.



BARNEY FRANK

BF/la

U. S. House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

May 27, 2010

The Honorable Jared Polis  
501 Cannon House Office Building  
Washington, DC 20515

Dear Jared:

As a follow-up to our previous conversations on the issue of PACE energy loans and recent actions by Fannie Mae and Freddie Mac related to such loans, I wanted to make sure you were aware of a recent letter sent by Assistant Secretary Zoi with the Department of Energy to Edward DeMarco, the Acting Director of the FHFA (Fannie Mae and Freddie Mac's regulator). The letter highlights the purposes of PACE loans and seeks clarification on Fannie Mae and Freddie Mac's lender letters from May 5<sup>th</sup> on this subject.

Sincerely,



BARNEY FRANK  
Chairman



## Department of Energy

Washington, DC 20585

May 24, 2010

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

Dear Mr. DeMarco:

As the Administration's implementing agency of pilot Property Assessed Clean Energy (PACE) financing programs being funded through the American Reinvestment and Recovery Act (ARRA), the Department of Energy (DOE) is writing to seek clarification on recent letters from Fannie Mae and Freddie Mac that have caused significant confusion in the marketplace. In particular, it would be helpful if you would articulate as soon as practicable guidelines and parameters that experimental pilot PACE financing programs should follow so that their operations can proceed without encountering adverse action by the Government Sponsored Entities (GSEs) under your conservatorship.

As you know, the Administration is committed to supporting the development of energy efficiency and renewable energy finance programs that protect homeowners and lenders while reducing energy consumption and increasing our economic competitiveness. PACE financing is one such financing mechanism among many promising options currently being piloted at the State and local level with the support of the Administration. Last fall the Administration developed a Policy Framework for PACE Financing Programs. Subsequently, we issued detailed Guidelines for Pilot PACE Financing Programs earlier this May. In connection with these efforts, we have met with you, bank regulators, and other stakeholders in order to understand and incorporate lender and other perspectives on PACE programs.

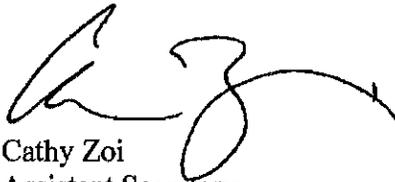
ARRA provides States and local governments with the opportunity to access grant funding to pilot PACE financing programs, provided these efforts conform to guidance from the Federal Government, along with applicable State law. The goal of these DOE-overseen pilot PACE programs is to facilitate the collection of a significant dataset to help inform future policy.

As you are aware, the May 5, 2010, lender letters from Fannie Mae and Freddie Mac have created confusion for DOE's grantees and stakeholders. This confusion is encumbering efficient execution of critical-path ARRA programs. To address these concerns expeditiously, we are seeking clarity on the specific criteria the financial regulatory community believes is necessary to enable these experimental pilot PACE financing programs to proceed. Additionally, we ask for written confirmation that property owners with existing PACE assessments will not be considered in violation of Fannie Mae and Freddie Mac Uniform Securities Instrument prohibitions against loans taking a senior position to the mortgage.



We appreciate the efforts that FHFA and the GSEs have put forth in working with the Administration and PACE stakeholders on these issues. We look forward to receiving clarity as soon as practicable on the conditions you believe are needed to assure that our grantees and stakeholders can proceed with piloting PACE financing programs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cathy Zoi', with a long horizontal flourish extending to the right.

Cathy Zoi  
Assistant Secretary  
Energy Efficiency and Renewable Energy

cc: Alfred Pollard, General Counsel, Federal Housing Finance Agency  
Susan Eckert, Director, Retail Credit Policy, Office of the Comptroller of the Currency  
Suzy Gardner, Senior Examination Specialist, Federal Deposit Insurance Corporation  
Virginia Gibbs, Senior Supervisory Financial Analyst, Federal Reserve Board  
Marvin Shaw, Senior Attorney, Office of Thrift Supervision