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Congress of the United States  
House of Representatives

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July 13, 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 follow up on recent actions by the Federal Housing Finance Agency (FHFA) on Property Assessed Clean Energy (PACE) programs. It is essential that you work with the Department of Energy, the Treasury, Fannie Mae, Freddie Mac, Federal Home Loan Banks and municipalities to come to a resolution. If you are unwilling to work cooperatively on this issue, we believe you must step down from your position as Acting Director of the FHFA.

Several successful PACE programs are in place now with additional PACE pilot programs set to launch a 24 month pilot period this summer supported by \$150 million in American Recovery and Reinvestment Act funding from the Department of Energy. This funding has been coupled with consumer and lender protections that were developed by a White House led interagency working group that consisted of HUD, NEC, OMB, CEQ and DOE. Those protections are important for PACE programs nationwide as the FHFA has mentioned in public statements. However, federal agencies, regulators and municipalities must work together on this issue so our country can move forward as opposed to resolving this through litigation.

In your agency's latest statement, the FHFA has indicated a "safety and soundness issue" with this financing. However, this model is currently used by municipalities around the country to finance sewers, sidewalks, and other projects that serve a public purpose. Beyond that, you have called for "a pause in PACE and PACE-like programs." This is after refusing to work cooperatively with the other agencies on retrofit financing that would catalyze energy savings and clean energy deployments.

Last week's statement gravely restricts Fannie and Freddie mortgage lending opportunities for homeowners who live in municipalities that offer PACE programs. This will surely have

negative impacts on our economy and the energy movement in this country. Every 100,000 homes that are retrofitted, with an average expenditure of \$10,000, create more than 10,000 jobs. That is what our nation's economy needs right now.

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. However, if you fail to do so, we ask for your immediate resignation.

Sincerely,



Steve Israel  
Member of Congress



Mike Thompson  
Member of Congress



John Sarbanes  
Member of Congress



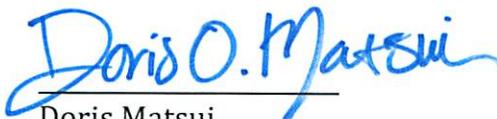
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Member of Congress



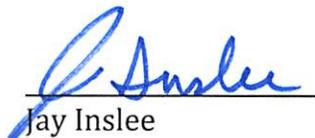
Doris Matsui  
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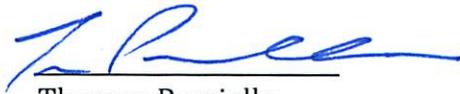
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Chellie Pingree, Jr.  
Member of Congress



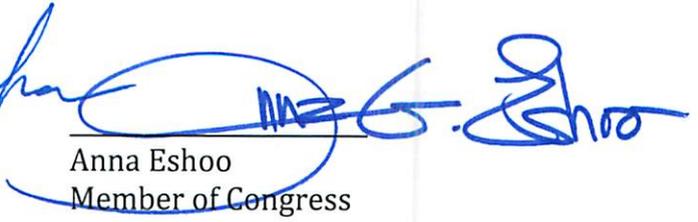
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Member of Congress



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Anna Eshoo  
Member of Congress