

United States Senate

WASHINGTON, DC 20510

May 18, 2010

The Honorable Joseph Biden
Vice President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20501

Dear Mr. Vice President:

We write to you in support of Property Assessed Clean Energy (PACE) programs, and to urge the administration to coordinate support for PACE across all federal agencies, including the Federal Housing Finance Agency (FHFA). There is a sense of urgency in our communication as recent letters sent by Freddie Mac and Fannie Mae could have the effect of freezing these important tools, resulting in homeowners being unable to afford energy efficiency building renovations.

Offering an innovative way to finance energy efficiency and renewable energy improvements, PACE programs allow homeowners to finance these improvements, paying back the capital financed over time on their property tax bill; thereby overcoming the traditional barrier of lack of upfront capital. Both the financing obligation and the improvements stay with the property, offering long-term benefits and utility bill savings for the homeowner, and helping to lower energy consumption and greenhouse gas emissions in our communities.

As you know, the administration has been very clear about its support for PACE. In your Middle Class Task Force report issued in October 2009, "Recovery Through Retrofit," PACE financing was listed as a key policy to scale up energy efficiency building renovations. This Task Force also published specific best practice guidelines focused on existing mortgage lender and consumer protections that are now being implemented by the Department of Energy. The result is that programs following the White House best practices are good for homeowners and existing lenders.

In addition, the administration has invested hundreds of millions in energy renovation programs, including PACE programs, through Energy Efficiency and Conservation Block Grants and other American Recovery and Reinvestment Act programs. To date, 17 states are already running successful PACE programs or starting such programs and several others are actively pursuing initiating this critical legislation.

The May 5, 2010, letters from Freddie Mac and Fannie Mae appear to contradict the administration's support of PACE. Moreover, based on the response from states and local

governments, these letters could cause PACE programs to cease to be viable due to their treatment of PACE programs as "energy loans" as opposed to tax assessments. This will prevent PACE assessments from being considered senior to mortgage obligations, as other municipal assessments are, and will severely limit or eliminate interest in PACE bonds. Municipal governments have long had the authority to institute tax assessments for common services, such as sewer service. PACE builds on that tradition to include energy efficiency and renewable energy services that benefit homeowners, create jobs, lower energy consumption, stabilize energy prices, and offer a myriad of environmental benefits to communities.

We respectfully request your assistance in ensuring that the administration and FHFA coordinate to support PACE programs, and clarify the guidance letters from Freddie Mac and Fannie Mae to reassure local and state governments that PACE programs are not in jeopardy. Thank you for your efforts to build a clean energy economy and for including PACE programs as part of the administration's job creation strategy.

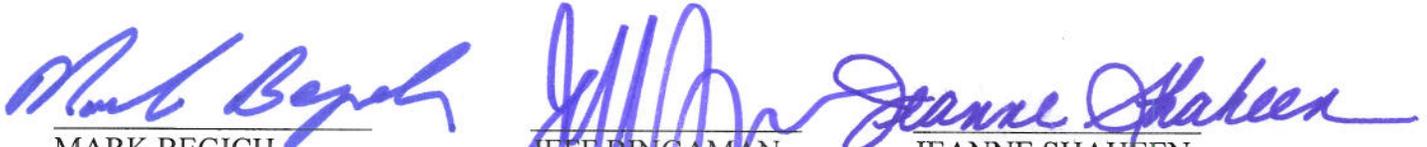
Sincerely



BERNARD SANDERS
United States Senator

JEFF MERKLEY
United States Senator

MICHAEL BENNET
United States Senator



MARK BEGICH
United States Senator

JEFF BINGAMAN
United States Senator

JEANNE SHAHEEN
United States Senator



KIRSTEN GILLIBRAND
United States Senator

cc: The Honorable Steven Chu, Secretary of Energy
The Honorable Shaun Donovan, Secretary of Housing and Urban Development