



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

May 18, 2010

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 20552-0003

Dear Mr. DeMarco:

I am writing to seek clarification of the Lender Letters published on May 5, 2010 by Fannie Mae and Freddie Mac regarding Property Assessed Clean Energy (PACE) programs.

As you may be aware, PACE programs have been widely supported nationwide as a means of providing property owners with the upfront capital to make energy efficiency retrofits. These retrofits aim to create jobs, reduce energy costs for residents and businesses, and help cities achieve their emissions reduction targets. Our Administration has spent the last three years, alongside City Council Speaker Christine Quinn and others, crafting the comprehensive Greener, Greater Buildings Plan, the first large-scale effort by any major jurisdiction to reduce energy consumption in existing buildings. The plan – which proposes the first set of laws in the nation that address existing buildings at the urban level – is composed of four legislative components, a workforce development element, and a financing strategy.

As part of the financing strategy and using \$37.5 million in Recovery Act funds, we intend to establish a pilot PACE program that incorporates the best practice guidelines issued by Vice President Biden's Middle Class Task Force and the U.S. Department of Energy regarding existing mortgage lender and consumer protections and underwriting standards. However, the May 5th Lender Letters have created uncertainty regarding Fannie Mae's and Freddie Mac's own recommendations regarding such programs.

I respectfully request that the FHFA direct Fannie Mae and Freddie Mac to issue a clarification as soon as possible that planned PACE programs adhering to federal PACE guidelines will not be subject to adverse action by Fannie Mae and Freddie Mac.

I appreciate your attention to this matter. Once this clarification has been issued, I look forward to working with you, Fannie Mae and Freddie Mac, mortgage lenders, and other stakeholders on the design of our PACE pilot program.

Sincerely,

A handwritten signature in black ink that reads "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor