



PRESS RELEASE

COUNTY OF SONOMA

575 Administration Drive · Santa Rosa, CA 95403
Phone (707) 565-2431 · Fax (707) 565-3778

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Contact: Jim Leddy · (707) 565-2190
jleddy@sonoma-county.org

County Files Suit In Federal Court To Save Innovative Energy Program

Santa Rosa, Calif. - Taking bold action to ensure the survival of its local innovative energy efficiency program, the County of Sonoma filed suit in federal court on July 26th against Fannie Mae, Freddie Mac, and the Federal Housing Finance Agency (FHFA). The federal court action is an effort to reverse recent federal regulatory actions which have jeopardized the future of the groundbreaking Sonoma County Energy Independence Program (SCEIP). The SCEIP is the nation's largest property assessed clean energy program and, to date, has helped over 1,044 property owners fund energy and water efficiency improvements on their homes and businesses through property assessments.

The County's suit charges the FHFA, Fannie, and Freddie with violating state and federal law by classifying clean energy assessments as loans instead of as local government assessments. Loans are subject to regulation under Fannie and Freddie's uniform mortgage documents while assessments are a standard tool used by local governments to fund improvements for community benefit for over 100 years.

"This federal action is crippling an innovative, secure and effective means for property owners to create energy and water efficiency programs in their community." commented Rod Dole, Auditor-Controller, Treasurer, and Tax Collector for Sonoma County who also serves as the program's lead administrator.

The County's suit states that the energy improvement assessments are equivalent to any other local assessment for a public purpose, such as a street improvement project or a sewer or water project, and the FHFA, Fannie and Freddie are threatening the basic right of state and local government to determine what public purposes can be addressed using local government's constitutional authority.

Jose Obregon, General Services Director and SCEIP Project Manager said, "At the heart of the regulators' position is their unsubstantiated claim that energy assessments risk the safety and security of home mortgages. The County's experience in running SCEIP for over a year has demonstrated that these fears are groundless."

Fannie Mae and Freddie Mac's actions in the form of recent instruction letters to lenders have completely interrupted property owners' ability to seek refinancing or have their home loan purchased by Fannie Mae or Freddie Mac. In addition, FHFA's recent statement, to treat energy improvement assessments differently from all other assessments, was issued without providing an opportunity for public comment as required by federal law, claims the County's lawsuit.

The FHFA has also threatened to alter the lending standards for any community which has started an energy assessment programs, such as the SCEIP. County maintains that doing so is arbitrary and capricious, since there are no grounds for treating these assessments different from other local taxes and assessments.

The County is confident the lawsuit will resolve these challenges and allow County residents to move forward with energy saving projects without being under threat from the federal banking regulators.

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The County of Sonoma is comprised of 26 departments and agencies that provide a full range of services to the community. It encompasses over 1,600 square miles and is home to more than 475,000 residents. Sonoma County government has a history of providing excellent and responsive public service while operating under sound fiscal principles. Sonoma County is located less than one hour north of San Francisco and combines in one location the beautiful Pacific coastline, award-winning wineries, majestic redwoods, historic towns, fine dining, and a wide variety of entertainment and cultural activities.