



State of New Mexico
Office of the Governor

Bill Richardson
Governor

May 17, 2010

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

RE: Fannie Mae and Freddie Mac Policy on Property Assessed Clean Energy Programs

Dear Mr. DeMarco:

I am writing to express my serious concern with the policies recently issued by Fannie Mae and Freddie Mac that could effectively put on hold our Nation's Property Assessed Clean Energy (PACE) programs. PACE programs are innovative and promise new financing mechanisms that make homes more energy efficient, reduce homeowner energy costs, and increase borrower strength.

While it has been the policy of the Obama Administration and the Congress to encourage retrofits for increased efficiency and clean energy usage, the recently issued Fannie Mae and Freddie Mac Lender letters are contrary to this policy. In particular, the National PACE effort has strong support throughout government. PACE programs were highlighted by the Vice President's Office and the Middle-Class Task Force in the Retrofit Ramp-Up Plan, which included best practice safeguards for homeowners, mortgage lenders, and other key stakeholders. The Department of Energy announced grants to fund PACE programs in many states where support for these programs is strong.

I signed two bills in 2009 to establish the creation of PACE programs in New Mexico. The passage of these bills has resulted in the development of a PACE program in Santa Fe, *Renew SantaFe*, which will kick-off in mid-June, and the strong interest from several other counties in New Mexico wanting to take advantage of this financing opportunity. In 2010, I placed an emphasis on promoting PACE by including it within my *Clean Energy Economy Action* Executive Order.

The PACE program will spur green job growth and promote economic development as it expands throughout the State of New Mexico. Therefore, we hope you will work with us to;

- 1) **Immediately clarify that all currently planned PACE programs that are direct recipients of *American Recovery and Reinvestment Act (ARRA) funds* are not subject to adverse action;**
- 2) **Provide new PACE programs that are not recipients of ARRA funds with clear guidelines that will permit them to proceed without adverse action.**

To date, 19 states and the District of Columbia have passed PACE enabling legislation. Many are using federal funding from ARRA and have designed their program using Best Practices contained in the White House Policy Framework for PACE programs. Federal, state, and local governments have engaged in a dialogue with lenders and other stakeholders over the past year to eliminate undue risk. The net result is that these programs are designed to increase borrower strength and reduce risk for mortgage holders. The recently issued GSE policy on PACE programs threatens to undermine this progress.

New Mexico stands 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.

Sincerely,

A handwritten signature in cursive script that reads "Bill Richardson". The signature is written in black ink and is positioned above the printed name and title.

Bill Richardson
Governor of New Mexico

BR/fl