

Legislative and Legal Developments Regarding PACE

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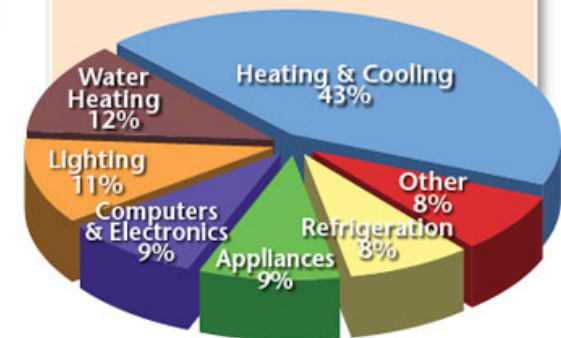
PACE Background

Advantages

- Effective financing tool for local governments
- Reduces major barriers in up-front costs for clean energy
- Large projects, long repayment: \$5K - \$15K, over 15-20 years

Process

- Municipality issues bonds to fund projects
- Property owners repay the debt on the bond in fixed payments as a “special assessment” that is part of the property tax bill



(The heating or cooling numbers will change based on how far north or south you are.)

PACE Background



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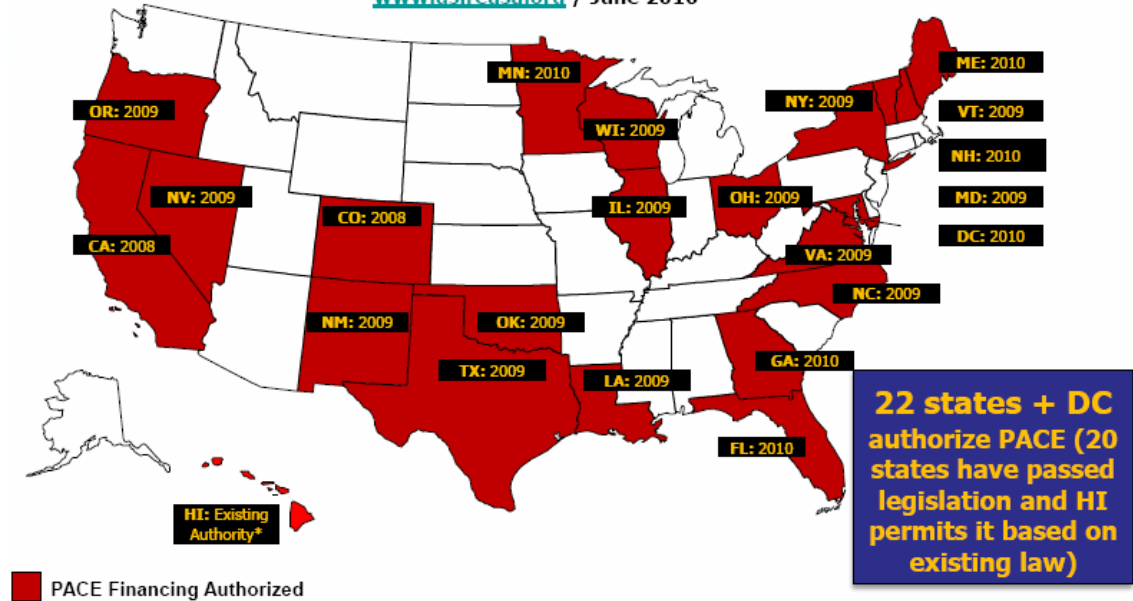
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Current Status

- More than 22 states have already passed PACE-enabling legislation
- Federal government can guarantee PACE bonds and help bring the interest rate down.

PACE Gains Nationwide Bipartisan Acceptance

www.dsireusa.org / June 2010



Source: pacenow.org

PACE Background

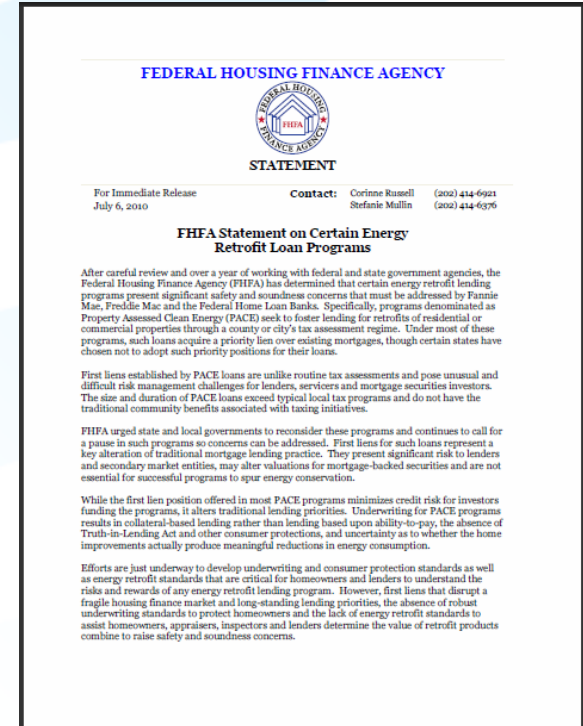


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What happened with Fannie and Freddie?

- Fannie and Freddie issued a statement on May 5th reminding lenders that PACE programs place a superior lien in the property, a practice they do not allow.
- Federal Housing Finance Agency supported the position in a July 6th statement.
- On August 31st, Fannie Mae and Freddie Mac issued additional lender requirements:
 - PACE loans issued prior to July 6th would need to be paid off prior to refinancing.
 - The lenders would not accept PACE senior liens issued after July 6th.



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What are the effects?

- Limited credit in entire PACE jurisdictions, even for those not participating in PACE.
- Existing PACE participants and PACE programs that do not place superior liens on property are exempt.
- Municipalities suspending existing programs and recommitting Recovery Act funding to other activities.



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What can be done to save PACE bonds?

- **Legislation** in House ([H.R. 5766](#)) and Senate ([S. 3642](#)) would override objections of Fannie, Freddie and FHFA.
- **Litigation** filed by California Attorney General, Babylon, New York, the Sierra Club and others would oppose the authority of the agencies in municipal tax assessments.
- **Efforts are ongoing.** Rep. Steve Israel (D-NY) proposed a pilot program for 300,000 homes for PACE projects. This exceeds the number of homes currently participating.



Thank You!



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