



June 29, 2010

[SCEIP Applicant Name]
[SCEIP Applicant Address]
[City], CA [Zip Code]

Re: New FNMA/Freddie Mac Restrictions for Single Family Property Owners

Dear [SCEIP Applicant Name]:

In May, Fannie Mae and Freddie Mac issued new instruction letters to banks and credit unions on how to treat assessments under programs such as the Sonoma County Energy Independence Program (SCEIP). These letters imply that energy improvement assessments should be classified as “loans” instead of “assessments.” This lack of clarity may lead some banks to conclude the assessment should be paid off before the property transfers, and that participating in the program without lender consent could be a violation of mortgage provisions.

Copies of these letters can be viewed at the following websites:

- <https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2010/II1006.pdf>
- <http://www.freddiemac.com/sell/guide/bulletins/pdf/iltr050510.pdf>.

This new position is a reversal of Fannie Mae’s previous instructions to lenders, which advised lenders to treat energy improvement assessments the same as any other benefit assessment such as assessments to pay school bonds. Under that direction, the assessment would not interfere with transferability of property, and our Program participants were able to refinance their properties without difficulty. As Fannie Mae and Freddie Mac are the government sponsored enterprises that purchase the vast majority of conforming single family home mortgages, this policy change could have a significant effect in Sonoma County. So far, under the new policy, we are aware of one SCEIP property owner who has had to agree to pay off the assessment in full as part of the sale of his property.

Sonoma County vigorously disagrees with this interpretation. We have been working with Members of Congress, similarly impacted jurisdictions, and other interested parties to urge Fannie Mae, Freddie Mac, and the Federal Home Finance Agency to modify their new position. So far the agencies have been completely unresponsive. We are continuing our efforts to educate these agencies so that SCEIP can continue to move forward. Further, we are working with the Administration and key congressional leaders to add pressure. We are confident that the appeals from the Governors of California and several other states, 11 United States Senators, numerous members of the House of Representatives, the California Attorney General, and the United States Department of Energy will yield a change in the agencies’ ill informed interpretation.

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We regret any impact the change of policy by these agencies may have on you, and we will update you as the situation warrants. Your voice is an important part of this effort. Attached you will find a list of key decision makers who can support our efforts to reverse the decision. Congressman Thompson and Congresswoman Woolsey have been very supportive and have already written letters of support. If you are concerned about the impacts of this policy, you may wish to contact any of these parties and express the possible impacts on your situation.

Again, thank you for your participation in this innovative, effective program which is gaining ground through the County and across the country.

Very Truly Yours,

A handwritten signature in black ink that reads "Liz Yager". The signature is written in a cursive, flowing style.

Liz Yager
Program Manager
Sonoma County Energy Independence Program

Enclosure



Sonoma County Energy Independence Program

KEY DECISION MAKERS

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