



NOTICE

In May 2010, 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 implied that energy improvement assessments should be classified as “loans” instead of “assessments.”

Sonoma County vigorously disagreed with this interpretation. We immediately began working with Members of Congress, similarly impacted jurisdictions and other interested parties to urge Fannie Mae, Freddie Mac and the Federal Home Finance Agency (“the regulators”) to modify their new position.

On Friday, July 2, 2010, the Department of Energy and the White House withdrew their support for property assessed clean energy (PACE) programs like SCEIP. On July 6, 2010, FHFA issued a guidance statement to lenders. That statement offers protection for SCEIP participants with assessments established and liens placed before July 6, 2010, but also includes new restrictions that could affect lending standards applied to all residents of Sonoma County if the SCEIP program continues.

In an effort to protect our participants, the Sonoma County Energy Independence Program is temporarily suspending the processing of all applications and will not be accepting new applications or signing new contracts pending direction from the Board of Supervisors on July 13, 2010.

We remain hopeful and will continue our endeavors toward a positive resolution that will allow SCEIP to again offer financing to all segments of the community.

Please visit our website at www.sonomacountyenergy.org for up-to-date information.

July 7, 2010