

**Lender Letter LL-2010-06****May 5, 2010****TO: All Fannie Mae Single-Family Sellers and Servicers****Property Assessed Clean Energy Loans**

Fannie Mae has received a number of questions from seller-servicers regarding government-sponsored energy loans, sometimes referred to as Property Assessed Clean Energy (PACE) loans. PACE loans generally have automatic first lien priority over previously recorded mortgages. The terms of the Fannie Mae/Freddie Mac Uniform Security Instruments prohibit loans that have senior lien status to a mortgage. As PACE programs progress through the experimental phase and beyond, Fannie Mae will issue additional guidance to lenders as may be needed from time to time.

Fannie Mae supports energy-efficiency initiatives, and is willing to engage with federal and state agencies as they consider sustainable programs to facilitate lending for energy-efficiency home retrofits, while preserving the status of mortgage loans originated as first liens.

Questions should be directed to [Resource\\_Center@fanniemae.com](mailto:Resource_Center@fanniemae.com) with the subject line "PACE." Lenders may also wish to consult with their federal regulators, who share concerns about PACE programs.

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