



CALIFORNIA STATE TREASURER BILL LOCKYER

# NEWS RELEASE

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## **Governor Brown, Treasurer Lockyer Kick-Start California PACE Program**

*Reserve Fund to Ease Federal Concerns, Help Program Flourish*

SACRAMENTO – Governor Edmund G. Brown Jr. and State Treasurer Bill Lockyer today announced key actions to help revive and expand the popular Property Assessed Clean Energy (PACE) program, which makes residential energy and water efficiency projects more affordable and accessible for California homeowners by enabling them to pay-off these investments on their property tax bills.

“PACE enables homeowners to buy solar panels, install low-flow toilets and make other smart investments that save energy and water without breaking the bank,” said Governor Brown. “As California confronts a severe drought and a rapidly changing climate, this program gives homeowners another opportunity to do their part.”

Yesterday’s action creates a \$10 million mortgage loss reserve program, administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), which Treasurer Lockyer chairs.

“PACE financing gives homeowners a practical and affordable way to save energy, reduce global warming and improve our air quality while adding to the value of their property,” said Lockyer. “The loss reserve program should allow PACE financing to flourish.”

The loss reserve program, approved late yesterday by the Office of Administrative Law (OAL), is intended to ease concerns expressed by the Federal Housing Finance Agency (FHFA) by providing funds to reimburse the first mortgage lender for the PACE payments it paid while in possession of the property in a foreclosure. In addition, the reserve can cover overdue PACE payments in the event the county sells the property for unpaid taxes.

PACE allows local government agencies to sell bonds to finance energy and water efficiency, and renewable energy generation projects on residential property. Participating homeowners have a lien placed on their homes, and pay off the lien with monthly payments on their property tax bills. Projects such as purchase and installation of low-flow toilets, home insulation, solar panels or Energy Star Qualified light fixtures may be eligible for financing.

In 2010, residential PACE financing programs had been largely halted because the FHFA determined

that PACE financing put first mortgage lenders at risk, including those backed by the federal government, in cases of foreclosure or forced sale for unpaid property taxes.

Over the last four years, Governor Brown has been working to establish PACE as a viable solution for homeowners. As Attorney General, he [sued FHFA](#) to prevent them from promulgating rules that would have stymied the program and asked President Obama to [intervene](#). Along with the Obama Administration and bipartisan support in Congress, Governor Brown has continued to [support PACE financing](#) for clean energy and energy and water efficient upgrades for California homeowners.

Lockyer has long been supportive of PACE financing. In 2012, he urged the FHFA to adopt loan risk mitigation rules that would protect lenders, while allowing communities and homeowners to benefit from the availability of PACE financing.

Local PACE programs can apply directly to CAEATFA to participate in the program.

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