



PRESS RELEASE

July 15, 2010

On May 5th 2010, Fannie Mae and Freddie Mac issued guidance letters to lenders on how to treat assessments under programs such as the Yucaipa Energy Independence Program (EIP). These letters implied that energy improvement assessments should be classified as “loans” instead of “assessments”. Because of this, the two mortgage backers stated that they would seek to challenge the higher lien priority of the assessments.

On July 6, 2010, the Federal Housing and Finance Agency (FHFA), the governing agency of both Fannie Mae and Freddie Mac issued a guidance statement to lenders affirming the position that both the mortgage backers had taken. That statement offers protection for EIP participants with assessments established and liens placed prior to July 6, 2010, but also includes new, constrictive restrictions that could affect lending standards applied to all participants if the EIP were to continue.

Due to these unforeseen circumstances, the Yucaipa Energy Independence Program is temporarily halting the review of existing applications. In addition, the city will not accept any new applications nor sign new contracts until further direction is received from the FHFA.