



Understanding and Marketing Energy Mortgages

Why Energy Efficiency?

- ✍ **Lowers Home Ownership Costs**
- ✍ **Increases Comfort & Quality of the Home**
- ✍ **Puts More Families Into Homes**
- ✍ **Fosters Affordable Housing**

High Energy Bills = Increased Delinquencies

“There is a likely correlation between higher energy bills and a recently reported increase in delinquencies.”

Real Estate Finance Today
April 2, 2001

An Emerging Market Opportunity

“Across the nation more mortgage lenders are offering energy efficient mortgages which will allow home buyers of energy efficient homes to borrow more money because the homes will have lower monthly utility bills.”

Better Homes & Gardens Magazine

“Residential energy efficiency is increasingly being seen as a wise investment by a home owner. This market value is being increasingly recognized by the mortgage industry.”

Worth Magazine

Energy Mortgages

Increases the Home Buying Power of Consumers Using Energy Savings

Energy Improvement Mortgage

- ✧ Finances the Energy Upgrade of an Existing Home in the Mortgage Loan Using the Monthly Energy Savings

Energy Efficient Mortgage

- ✧ Uses Energy Savings of Efficient Home to Increase the Consumer's Buying Power
- ✧ Capitalizes Energy Savings in the Appraisal

Mortgage Industry Leaders on Energy Mortgages

***“Energy Mortgages are the best kept secret in the mortgage industry.
Energy Mortgages will help qualify more families for
homeownership and improve the nation’s housing stock”***

Donald Lange, 1999 President Mortgage Bankers Assn. of America

***“Freddie Mac sees energy mortgages as an important factor for
consumers because it puts more people in homes.”***

John Hemschoot, Director of Mortgage Standards, Freddie Mac

***“Energy efficient mortgages are good for consumers, good for the
environment, and good for affordable housing.”***

Secondary Marketing Executive Magazine



24 hour/7 day Lender Help Desk
www.natresnet.org

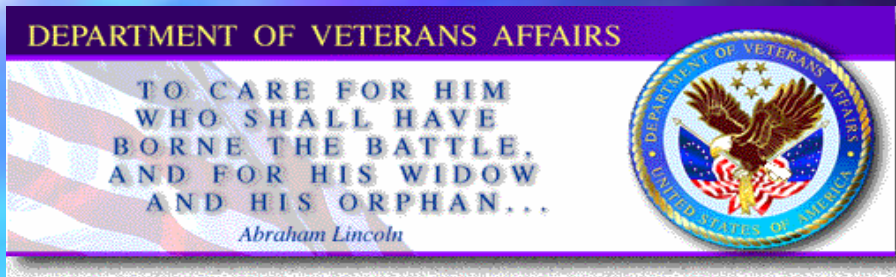
Complete Energy Mortgage details - guidelines and mortgagee letters from VA, FHA, Freddie Mac & Fannie Mae in the Lender's Corner.

ALSO - Directories of Rating Organizations, Member News, Accreditation Guidelines and more



FHA Energy Mortgage Program

- ✍ Financing Limit: \$4,000 or 5% of the appraised value, up to \$8,000
- ✍ Down Payment: No additional down, if energy savings have a present value \geq than the cost of installation
- ✍ Loan Limits: Maximum limits can be exceeded by the cost of energy improvements
- ✍ LTV: Final LTV may exceed 100% of appraised value
- ✍ Eligible Improvements: Any identified by home energy rating which have combined present value \geq to cost of installation
- ✍ Documentation: Home energy rating, contractor bids, HUD Attachment B (EEM Worksheet), HUD 92900-PUR (EEM notes), HUD 92300, & HUD 54111 (EEM note)



VA Energy Mortgage Program Features

- ✍ Financing Limits: Up to \$3,000 - based solely on documented costs
Up to \$6,000 with documented positive cash flow
- ✍ Down Payment: No additional down payment
- ✍ Loan Limits: Cannot exceed VA loan limit
- ✍ LTV: Can exceed 100% of appraised value
- ✍ Eligible Improvements: Any which increase efficiency and create positive cash flow
- ✍ Documentation: Home energy rating, contractor bids, VA 26-1842 (EEM Note), VA 26-6393 (EEM notes), VA 26-1820, Notification of Completion



Freddie Mac Energy Mortgage Program

- ✍ Financing Limits: No limit if supported by value
- ✍ Loan Limits: Cannot exceed maximum loan limits
- ✍ Down Payment: Use LTV of base loan calculated on lower of improvement costs plus purchase price, or appraised value
- ✍ LTV: Entire loan amount cannot exceed 95%
- ✍ Appraised Value: Energy improvement amount added to appraised value (Energy Efficiency Value Increment)
- ✍ Eligible Improvements: Any which increase efficiency and have present value
- ✍ Documentation: Home Energy Rating

Marketing Opportunities for Raters

- ✍ **Opportunity to Create Business Relationships with Lenders**
- ✍ **Opportunity to Create Business Relationship with Builder Marketing Staff**
- ✍ **Joint Marketing Opportunities**
- ✍ **Fannie Mae Partnership Offices**

Marketing Opportunities for Raters

**Most Loan Officers Not Aware of the
Availability, Benefits, and Ease of
Energy Mortgages**

**Opportunity to Create Business
Relationships by Bringing Added
Value to the Lender**

Marketing Opportunities for Raters

Joint Marketing Opportunities:

**Training of Firm's Loan Officer/Real
Estate Agents and Joint
Presentations to Housing Industry
Groups**

Marketing Opportunities for Raters

Opportunity to Create Business Relationship with Builder Marketing Staff:

**Educate on the ease and benefits of energy
mortgages (higher LTV and increased consumer
buying power).**

**Leads for signing up your rating services (Added
Value Service).**

Marketing Opportunities for Raters

**Fannie Mae Partnership Offices:
51 Offices Across the Nation.**

Directory of Partnership Offices at:

www.fanniemae.com/partnershipoffices/index.jhtml