

# ***Time Has Come Today – A New Look at Energy Efficient Mortgages***

**2007 RESNET Building Performance Conference  
February 20, 2007  
San Diego, California**

**Steve Baden - RESNET  
[www.resnet.us](http://www.resnet.us)**

## **Energy Mortgages**

**Increases the Home Buying Power of Consumers  
and Their Home's Equity**

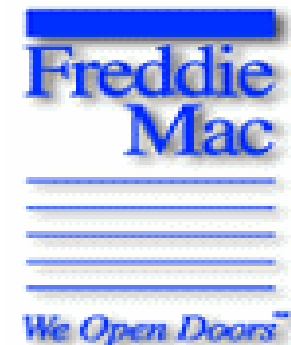
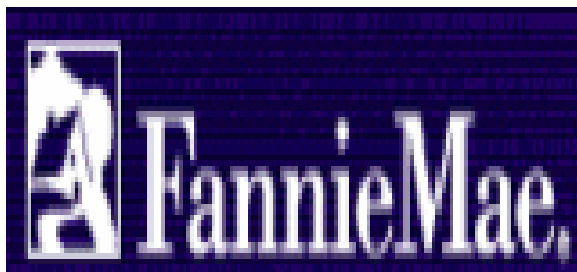
### **Energy Improvement Mortgage**

- + 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**

# Energy Mortgages Offered By Secondary Mortgage Market



# Energy Mortgages

**RESNET Web Site**

**[www.resnet.us/resources/lender](http://www.resnet.us/resources/lender)**

## **Complete Information on Energy Mortgages**

- + Fannie Mae**
- + Freddie Mac**
- + FHA**
- + VA**

# How Does a Home Qualify

**Every home must be rated by a certified energy rater**

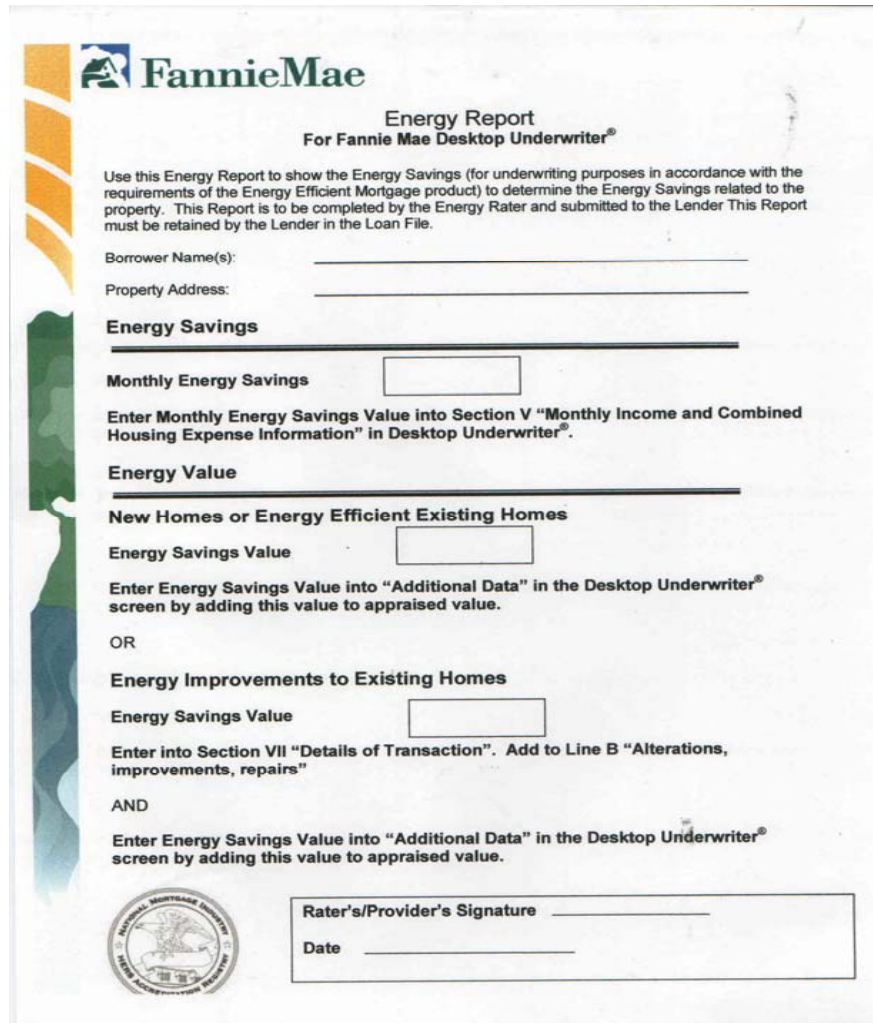
**Home can be energy efficient as-is or need efficiency upgrades – which can be financed**

**Rater provides report that includes all the information the lender needs**

**Estimated monthly “Energy Savings”**

**The “Energy Value” of the energy efficiency measures**

# Fannie Mae Energy Report



**FannieMae**

**Energy Report**  
For Fannie Mae Desktop Underwriter®

Use this Energy Report to show the Energy Savings (for underwriting purposes in accordance with the requirements of the Energy Efficient Mortgage product) to determine the Energy Savings related to the property. This Report is to be completed by the Energy Rater and submitted to the Lender. This Report must be retained by the Lender in the Loan File.

Borrower Name(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

**Energy Savings**

Monthly Energy Savings

Enter Monthly Energy Savings Value into Section V "Monthly Income and Combined Housing Expense Information" in Desktop Underwriter®.

**Energy Value**

**New Homes or Energy Efficient Existing Homes**

Energy Savings Value

Enter Energy Savings Value into "Additional Data" in the Desktop Underwriter® screen by adding this value to appraised value.

OR


**Energy Improvements to Existing Homes**

Energy Savings Value

Enter into Section VII "Details of Transaction". Add to Line B "Alterations, improvements, repairs"

AND

Enter Energy Savings Value into "Additional Data" in the Desktop Underwriter® screen by adding this value to appraised value.



Rater's/Provider's Signature \_\_\_\_\_

Date \_\_\_\_\_



## Section V -- Add Energy Savings to "Other Income"

1003 AppTaker - Section V. Monthly Income and Combined Housing Expense Information

File View Actions Window Help

**V Section V. Monthly Income and Combined Housing Expense Information**

Active Borrower:  Associated Co-Borrower:

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Propo
Base Income*	\$3,380.00	\$1,100.00	\$4,480.00	Rent	\$500.00	
Overtime		\$0.00	\$0.00	First Mortgage(P & I)		\$5
Bonuses				Other Financing(P & I)		
Commissions				Hazard Insurance		\$
Dividends/Interest				Real Estate Taxes		\$2
Other	\$0.00	\$400.00	\$400.00	Mortgage Insurance		
Subtotal	\$3,380.00	\$1,500.00	\$4,880.00	Homeowners Assn. Due:		
Net Rental Income	\$0.00	\$0.00	\$0.00	Other:		
Subj Net Cash Flow	\$0.00	\$0.00	\$0.00	Total	\$500.00	\$8
Total	\$3,380.00	\$1,500.00	\$4,880.00			

B/C	Description of other income	Month Amount
C	Alimony/Child Support Income	\$4
	Other Income	

For Help, press F1

NUM



## **Energy Mortgages**

**Although Seamless to Underwrite – Not  
Very Widely Used – Why?**

- + Lenders and the Housing Industry Not Aware of the Products and Their Benefits**
- + The value of the Product is Limited Because Aimed at Boosting Applicant's Income for Loan Qualification**



# Energy Mortgages

## RESNET New Policy

**Congress Adopt as Federal Policy That by 2020  
Homes be 50% More Efficient Than They are  
Today**

**That Federal Sponsored Secondary Mortgage  
Market Has Responsibility to Meet Goal and Must  
Prepare a Plan to Congress on How They will  
Assist in Meeting This Goal and Report Annually  
to Congress**

## **Energy Mortgages**

### **RESNET New Policy**

**The Secondary Mortgage Market Change  
Calculation of Housing Costs to “Principal.  
Interest, Taxes, Insurance Minus Monthly  
Energy Savings”**

## **Energy Mortgages**

### **RESNET New Policy**

**Would Provide an Important Boost to Mainstreaming Energy Efficiency in that in the Mortgage Loan Would Reduce the Cost of Housing Dollar for Dollar in Calculating a Consumer's Loan Qualification**

## **RESNET New Policy**

### **Why Feasible:**

- + Fannie Mae Already Has Incorporated Monthly Energy Savings in Desk Top Underwriter**
- + The Rating Already Calculates the Energy Savings and Produces Mortgage Report**
- + Secondary Mortgage Already Recognize RESNET Standards in Mortgage Underwriting**
- + Certified Raters in Every State and Number is Growing**

# Plug Into the RESNET Network

## Join RESNET

- + Associate Member - \$100
- + Rater - \$200

[www.resnet.us/membership/become](http://www.resnet.us/membership/become)