

RESNET

Residential Energy Services Network

**“Opportunities Offered by Energy
Efficient Mortgages”**

Steve Baden

**Building Bridges for Energy Code
Partnerships**

Wednesday

July 17, 2002



- **National Accrediting Organization For Energy Rating Systems**
- **Network of Lenders, Builders, Rating Systems, Utilities and Gov't Agencies**
- **Mortgage Industry Steering Committee**

Steering Committee Co-Chairs:

- **Leland C. Brendsel, CEO, Freddie Mac**
- **Donald E. Lange, 1999 President MBA**

Members are CEO's of:

- **Fannie Mae**
- **Chase Manhattan Mortgage**
- **Countrywide Home Loans**
- **Bank of America Mortgage**
- **GMAC Mortgage**

Why Energy Efficiency?

 **Lowers Home Ownership Costs**

 **Increases Comfort & Quality of the Home**

 **Puts More Families Into Homes**

 **Fosters Affordable Housing**

The Potential of Energy Efficiency

*“An energy efficient house can save 30% on
annual energy bills.”*

Fannie Mae

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**

New Homes Are Not Always Energy Efficient

*Without performance testing no assurance
the home meets the minimal requirements
of energy code.*

Many Builders Build Beyond Standard Set in Energy Code

ENERGY STAR

Building America



An ENERGY STAR® Labeled Home

Address

Built by:

Verified by:

Date:

Optional information:

This home has been individually verified by an independent professional to meet Energy Star guidelines for energy efficiency. Energy Star labeled homes protect the environment by using less energy.
www.energystar.gov



Energy Mortgages

Increases the Home Buying Power of Consumers Using Energy Savings

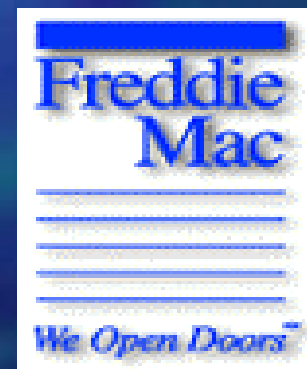
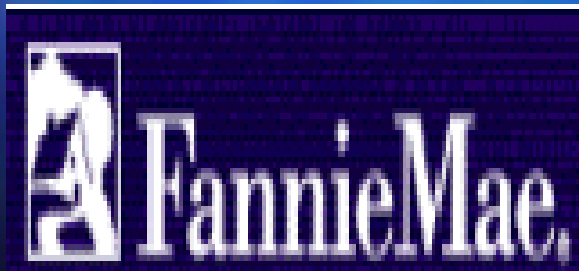
Energy Improvement Mortgage

- 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

Energy Mortgages Offered By Secondary Mortgage Market





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

Fannie Mae

Energy Efficient Mortgages

- Qualify for larger mortgage
- Finance up to 100% of energy improvements
- Can require only 3% borrower contribution
- Improvements paid over the life of the mortgage
- Electronically underwritten
- Energy savings must be documented through RESNET accredited rating provider



Fannie Mae

Energy Efficient Mortgage

Energy Savings

- Projected energy savings from rating added to borrower's income for qualification purposes

Energy Value (Adjusts LTV)

- Present value of energy savings calculated from energy rating added to house's appraised value.

Fannie Mae Energy Report



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 _____

Fannie Mae

“MyCommunity EEM”

**Minimum of \$500 down payment from
borrower's own funds**

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

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



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Home Energy Ratings and Energy Codes

