

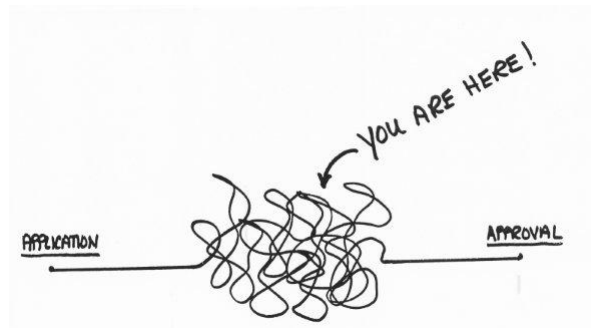
REAL ESTATE PROFESSIONALS & ENERGY RATERS: THE NEW PARTNERSHIP

NAR 2009

Session co-presenter: Dave Porter

The Green Mortgage Process

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FHA EEM/EIM

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- 1-4 units
- Can be included in streamline refinances
- Up to \$200 of HERS inspection can be financed
- The cost of the energy efficient improvements that may be eligible for financing into the mortgage is the lesser of A or B as follows:
- The dollar amount of cost-effective energy improvements, plus cost of report and inspections, or
- The lesser of 5% of:
 - ▣ The value of the property, or
 - ▣ 115% of the median area price of a single family dwelling, or
 - ▣ 150% of the conforming Freddie Mac limit.

Source: www.hud.gov/offices/hsg/sfh/eem/eem_prog.cfm

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FHA Cont.

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- The HERS report & the FHA Energy Efficient. Mortgage worksheet calculates the dollar amount of the cost effective energy package that may be added to the base loan.
- The appraisal does not need to reflect the value of the energy added package for either new or existing construction.
- Stretched ratios to 33/45

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VA EEM/EIM Program

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- The mortgage amount may be increased as a result of making energy. Other energy related improvements may also be considered. The mortgage may be increased by:
 - Up to \$3,000 based solely on the documented costs; or
 - Up to \$6,000 provided the increase in monthly mortgage payment does not exceed the likely reduction in monthly utility costs; or,
 - More than \$6,000 subject to a value determination by VA."
 - A loan for existing property may be increased by up to \$6,000 at the option of the lender and veteran at any time up to loan closing without VA's prior approval

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Fannie Mae EEM/EIM--Today

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- Tied to My Community Program
- Up to 105% LTV (if you can get MI)
- Energy Savings as defined on HERS can be added to income
- Up to 15% of sales price can be added (with no appraisal support requirements)
- Can be approved using Delegated Underwriting
- Smart Commute not listed on eFannieMae.com but is still "supported"



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Fannie Mae Energy Report

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How can we justify more add-ons to value like this one for energy savings?

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): Anybody

Property Address: 123 Home Street, Your Town, WA 12345-6789

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 to add to

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Freddie Mac EEM/EIM

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- Permits the lender to add the cost of energy conservation improvements to the purchase price of the house when setting the terms of the mortgage.
- The appraisal must state the estimated market value after completion of the improvements and be supported by a satisfactory completion certificate.
- Now has eliminated form 70A



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Smart Commute Program

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The Smart Commute Initiative assumes that borrowers will be more likely to use public transit if their homes are located near it.

- \$200.00 per month where only one borrower's income is used to qualify for the mortgage.
- \$250.00 per month where the income of more than one borrower is used to qualify for the mortgage.
- Requires that the borrower submit an affidavit
- Use the GeoCoder on the Fannie website
<http://www.efanniemae.com>
- This program is not available in all metro areas.



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Trends

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- PITIUM
- HUD Charge to Streamline
- Clean Energy and Security Act HR 2454
- Green Act
- X14
- Incentives
- Other Programs
- Catching Up with the Expectations



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HUD Mandate

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- **To address that issue, Section 2902 of the new act requires the Secretary of Housing and Urban Development (HUD) to develop recommendations to eliminate the barriers to the use of EEMs...**
- **...The act also calls for HUD to carry out an education and outreach campaign for consumers, home builders, residential lenders, and other real estate professionals on EEMs and on the benefits of energy efficiency in housing.**

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Resources

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- http://www.energyprograms.org/briefs/081121-ENERGY_STAR_Mortgage_Brief_Overview.pdf
- <http://energyprograms.org/energystar/index.html>
- <http://www.dsireusa.org/>
- http://www1.eere.energy.gov/buildings/tax_residential.html
- <http://www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm>
- <http://www.homeloans.va.gov/elig2.htm>
- www.natresnet.org www.energystar.gov www.nahb.org
- www.efanniemae.com
- <https://entp.hud.gov/clas/index.cfm>

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