



## **ECOBROKER International**

### **Green Topic Pages**

#### **ENERGY-EFFICIENT MORTGAGES**

##### ***Technology Snapshot & Benefits:***

Energy-efficient mortgages are one of the most beneficial and under-utilized programs the consumer can find and capitalize upon in today's real estate market. An energy-efficient mortgage can add an additional \$15,000 to the principal of a new loan or a refinance, often at no additional cost, no compromise in the loan-to-value ratio for the borrower, and sometimes at a better rate. Yes, one pays a bit more in principal and interest, at today's rates, roughly \$30-50 dollars per month, over the course of the loan. However, when this extra principal is used to install energy efficiency measures, it is not uncommon for the property owner to realize \$75-100 per month in energy cost savings. When working with a lender who offers and understands the energy-efficient mortgage programs available, the steps for the borrower are very straightforward.

##### ***Estimated Cost Savings:***

There are no additional costs associated with many energy efficient mortgage options, other than the cost of the additional \$15,000 in amortized principal and interest (PI). By definition, the savings created by the energy efficiency measures are greater than the additional PI. This provides the assurance lenders need to conclude loans of this nature are good business.

In fact, the attractiveness of the energy efficient mortgage options also extends to lenders. What happens is that as the borrowers make the stated energy efficiency improvements and create monthly utility bill and other savings, their monthly cash-flow improves. This improvement in monthly cash-flow makes the borrower an even more stable and reliable customer, less likely to present the prospect of default.

##### ***Issues:***

Most energy-efficient financing programs require that the borrower has an energy rating on their existing or new home. A rating typically involves an inspection by a professional energy rater who is certified under a nationally or state accredited home energy rating system (HERS). The Residential Energy Services Network (RESNET) provides a [database of Certified Home Energy Raters](http://www.natresnet.org/dir/raters/default.htm) (<http://www.natresnet.org/dir/raters/default.htm>) by state.

##### ***Regional Issues:***

Energy-efficient mortgages and other financing options for energy efficiency improvements are available throughout the U.S. and internationally.

##### ***Installation (Getting it Done):***

The first easy step is to talk to a few lenders, such as the affiliates here on the site, and then prepare to have a certified energy rater come and conduct the analysis of your property. Your lender will also have suggestions as to energy raters who work with them on energy efficient mortgages, just as your lender has an appraiser with whom he/she works to conduct appraisals.

For more information on energy efficient mortgages, see the links below and the Web sites of our ECOBROKER Affiliates in the lending industry.

##### ***More Information On This Topic:***

[Fannie Mae: Mortgage Products - Energy-Efficient Mortgage](http://www.efanniemae.com/hcd/single_family/mortgage_products/eem.html)

[http://www.efanniemae.com/hcd/single\\_family/mortgage\\_products/eem.html](http://www.efanniemae.com/hcd/single_family/mortgage_products/eem.html)

[U.S. Department of Energy's Energy Efficiency and Renewable Energy Clearinghouse: Financing an Energy-Efficient Home](http://www.nrel.gov/docs/fy00osti/28336.pdf)

<http://www.nrel.gov/docs/fy00osti/28336.pdf>

[U.S. Department of Energy's Energy Efficiency and Renewable Energy Clearinghouse: How an EEM Can Save You Money](http://www.eere.energy.gov/consumerinfo/factsheets/feehome_emm.html)

[http://www.eere.energy.gov/consumerinfo/factsheets/feehome\\_emm.html](http://www.eere.energy.gov/consumerinfo/factsheets/feehome_emm.html)

[U.S. Department of Energy's Consumer Energy Information: Elements of an Energy-Efficient House](http://www.nrel.gov/docs/fy00osti/27835.pdf)

<http://www.nrel.gov/docs/fy00osti/27835.pdf>

[U.S. Department of Energy's Consumer Energy Information: HERS Example](http://www.eere.energy.gov/consumerinfo/factsheets/feehome_hers.html)

[http://www.eere.energy.gov/consumerinfo/factsheets/feehome\\_hers.html](http://www.eere.energy.gov/consumerinfo/factsheets/feehome_hers.html)

[RESNET'S Home Energy Rating System and Energy-Efficient Mortgage Information](http://www.natresnet.org/herseems/default.htm)

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