

# Energy-Efficient Mortgages Fact Sheet

Property Address : \_\_\_\_\_ File No.: \_\_\_\_\_  
\_\_\_\_\_

## Purpose

Provides mortgage insurance for a person to purchase or refinance a principal residence and incorporate the cost of energy efficient improvements into the mortgage. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan association and the mortgage is insured by HUD.

## Eligibility Requirements

- \* Borrower must meet standard FHA credit qualifications.
- \* Borrower is able to finance closing costs and the up-front mortgage insurance premium into the mortgage. The borrower will also be responsible for paying an annual premium.
- \* Existing or newly constructed one to four unit properties are eligible.
- \* The cost of the energy-efficient improvements that may be eligible for financing into the mortgage is the *greater of* 5 percent of the property's value (not to exceed \$8,000) or \$4,000.
- \* To be eligible for inclusion in the mortgage, the energy-efficient improvements must be cost effective, meaning that the total cost of the improvements is less than the total present value of the energy saved over the useful life of the energy improvement.
- \* FHA does not set the fees for the Home Energy Rating, including the physical inspection, the HERS Report, and any post-installation tests. The fees charged to the borrower for the Home Energy Rating must be customary and reasonable for the area. These fees may be included and financed as part of the energy package if the entire package, including those fees, is cost-effective. If not, such fees are considered allowable closing costs. With a Section 203(k), the rating fee and inspections would be in addition to the consultant's fee.
- \* Maximum mortgage amount for a single-family unit is \$ \_\_\_\_\_ *plus* the cost of the eligible energy-efficient improvements. Lesser limits may be applicable in other areas.

## For More Information

- \* Contact your local HUD office.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date