

## Energy Efficient Mortgage Helps With Rising Energy Costs!

Concerned about the rising energy costs, health, comfort and pollution, homebuyers and homeowners are utilizing the Energy Efficient Mortgage. The mortgage encourages the cost effective use of less energy for heating, cooling, and water. This means the savings benefits must exceed the installed costs over time. Homes cost less to operate. Saving money by lowering monthly utility payments helps with monthly mortgage payments and reduces the cost of homeownership.

When the summer and winter approach many people are more comfortable in their energy efficient homes during the hot and cold seasons. It is not only the future high costs of energy that concerns many people today, but the climate change.

Borrowers must first tell their lender they want an EEM. The process of getting an EEM starts with an energy rating, or acceptable documentation. Then the borrower decides what improvements they want and they apply for a loan.

In one mortgage, a borrower can finance cost effective energy saving measures and also stretch debt to income qualifying ratio increasing the borrowing power. The energy efficiency mortgage allows borrowers to include the costs of energy improvements into the mortgage. The value of the home is adjusted by the value of the energy efficient upgrades.

The Energy Efficient Mortgage (EEM) is typically used to buy a new home that is already energy efficient. Energy Star homes are qualified homes. Homes not rated typically require a certified energy star rater, an independent certified residential energy professional, to conduct a comprehensive evaluation of the home's energy use to produce a home energy rating. The energy rating is a measure of the homes energy efficiency using methodology that is uniform throughout the United States. The national guidelines are referred to as HERS guidelines - the Home Energy Rating System. This comes before the financing is approved. It provides the lender with the estimated monthly energy savings and the value of the energy efficiency measures – known as Energy Savings Value.

There are different types of EEM's. The Energy Improvement Mortgages (EIM) was developed so homebuyers of an existing home could finance more money to make their home more energy efficient. No need for more funds for down payment, the EIM is included in the purchase mortgage for existing homes that need energy efficient improvements without increasing the down payment. The savings in utilities finance the energy improvements. EIM's are available to homeowners wanting to refinance their energy improvements too.

EEMs are sponsored and nationally underwritten by FHA VA and Conventional secondary mortgage institutions market lenders Fannie Mae and Freddie Mac.

Thrift conscious consumers are applying for the EEM today; they are financing and spending more on housing expenses initially because they know they will spend less on their energy costs over time. It is the health of their families, and the future high costs of energy that concerns many people today.

EEM can be used on homes that are already energy efficient that have a HERS report. Also, some builders follow what is known as the Energy Star Builder Option Program (BOP). For more information <http://resnet.us/> and <http://www.energystar.gov>. Speak with your local Energy Efficiency Mortgage lender with any questions you might have about qualifying.

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