



Green Mortgages: Buy a Home, Save the World

“Green” or Energy Efficient Mortgages (EEMs) allow buyers to qualify for a better house, homeowners to increase the value of their properties, and both to save on energy costs; and, in the long-term, creates a new culture of environmentalism.

Low interest rates and high property inventories make now a great time to buy a home. But if you’re looking to really maximize your buying power, a “green” mortgage may be the way to go*.

What is a green mortgage?

A “green” or energy efficient mortgage (EEM) takes into account the savings a buyer can expect from an energy efficient home, and that amount is applied to the applicant’s income, thereby helping them to qualify for a larger loan.

New mortgages and refinances are both eligible for this green treatment. The idea is that energy efficient homes cost less to operate on a monthly basis, so the amount and potential amount saved from buying an energy efficient home or one that needs energy saving improvements goes into the buyer’s income column.

- For a home that is already energy efficient, it means the buyer now can “afford” a better or bigger home.
- For a home that needs energy upgrade, an EEM gives the buyer the money he needs to make those improvements. 100% of the costs of energy improvements are included in the total mortgage amount and can be paid off over the lifetime of the loan.
- For both scenarios, the homeowner enjoys decreased energy costs and in most cases, a higher property value.

How does the loan process work?

The first step in any loan process is of course, to talk to your bank, savings and loan, or mortgage company. Lenders can provide an array of green mortgage products including conventional EEMs, FHA EEMs, and VA EEMs. Each has its own specific requirements and criteria. Your lender can best describe them all to you in detail.

One thing that you will need is a “home energy rating”.

The Parlante Group Real Estate | Coldwell Banker Residential Real Estate, Inc.

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Getting a Home Energy Rating

A home's energy rating is a standard measurement of the home's energy efficiency. Rating a home entails an on-site inspection by a residential energy efficiency professional – or – a "home energy rater".

The rater will measure such energy characteristics as:

- Insulation levels
- Heating and cooling system efficiency
- Window efficiency
- Solar orientation of home
- Wall to wall ratios

The rater will also run performance tests, such as a blower door test, measuring door and duct leakage.

Getting A Report

- New Construction Homes – buyers of newly built homes can usually get a report of the home's energy rating from the builder.
- Existing homes – need to be rated by a "home rater." The rater will inspect and evaluate the home's current state of energy efficiency, and also identify opportunities for energy improvements and upgrades.

In both cases, the rater will score the home on a point scale of 1 to 100 and generate your report. The report will estimate the monthly energy savings (or potential savings for homes needing improvements), and the value of the energy efficient measures or "Energy Savings Value."

The homebuyer can then use this rating and information to determine what cost-effective improvements can be made. Keep in mind that the benefits of any improvements made cannot exceed the costs to make them. If the costs are greater than the benefits, the home will not qualify for an EEM.

It's not a huge expense to have your home – or a home you're thinking of buying – inspected and rated. You can easily find a qualified home rater on line.

Green mortgages are an idea whose time has certainly come. It's "win-win" – for the buyer and for the environment.

For more information on green mortgages or EEMs, consult your lending professional and visit these websites:

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U.S. Department of Housing & Urban Development (HUD) – www.HUD.gov, or

Energy Star, a division of the U.S. Environmental Protection Agency (EPA) –
www.EnergyStar.gov

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Ready to buy your Florida dream home? Vibrant and beautiful Naples is an ideal spot. Our economy grows each year, attracting new businesses, higher education institutions and more. Our resort atmosphere will always be popular with vacationers, retirees, and second home buyers. It's easy to see why buying property in Naples, Florida is always a good idea.

With its elegant architecture and European charm, Naples boasts some of the most beautiful and pristine neighborhoods, from multi-million dollar homes on the beach, and luxury golf course and country club homes, to quaint tin-roofed cottages in family neighborhood communities. Visit our website at www.NoSnowNaples.com to find your ideal dream home.

Or call us for a personal consultation and to arrange a home showing or community tour, we're always easy to reach at **(239) 261-9050 or toll-free at (800) 562-0233.**

**The information contained herein is intended only as general reference. To find out exactly what is required to qualify for an EEM, please contact your lending professional.*

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