

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ENERGY EFFICIENT MORTGAGE PILOT PROGRAM

Section 513 of the Housing and Community Development Act of 1992 requires the U.S. Department of Housing and Urban Development (HUD) through the Federal Housing Administration (FHA) to establish a pilot program to provide mortgage insurance for energy efficient mortgages. The property you are purchasing or refinancing may be eligible for this pilot program. The law requires that you be informed of this program and that you acknowledge by signing this statement that you understand the benefits of the program.

WHAT IS AN ENERGY EFFICIENT MORTGAGE?

An energy efficient mortgage, or EEM, recognizes the energy savings of a home. It allows the homebuyer (or homeowner if it is a refinance) to qualify for a larger mortgage to finance the construction or installation of improvements to a home that will increase the home's energy efficiency. Because the home will be more energy efficient after installation of the energy savings improvements, the family can devote more of its income toward the mortgage payments.

HOW DO I APPLY FOR AN EEM?

When you apply for your mortgage loan, tell your lender that you are interested in an EEM. You or the lender must then have the home inspected and rated by a home energy rating organization. Many utility companies and other organizations perform these energy inspections and ratings. The home energy rating organization will determine the energy use of the home and recommend the improvements that may save energy. For example, the inspection may show that adding additional insulation, replacing an old furnace or other similar improvements will increase the energy efficiency of the home. If these improvements will save you more money than it costs to install them, then the costs of the improvements (up to certain dollar limits) may be financed into your mortgage.

WHERE CAN I GET MORE INFORMATION ABOUT AN EEM?

Ask your real estate broker, mortgage lender, utility company or state energy office for more information about an EEM.

Borrower

Date

Borrower

Date