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## **DOE and HUD Announce Lenders to Participate in New Pilot Program to Help Homeowners Pay for Energy Improvements to their Homes**

### **FHA PowerSaver Program to offer low-cost financing to credit-worthy borrowers**

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Eighteen national, regional and local lenders will participate in a new two-year pilot program that will offer qualified borrowers living in certain parts of the country low-cost loans to make energy-saving improvements to their homes. Backed by the Federal Housing Administration (FHA), these new PowerSaver loans will offer homeowners up to \$25,000 to make energy-efficient improvements of their choice, including the installation of insulation, duct sealing, replacement doors and windows, HVAC systems, water heaters, solar panels, and geothermal systems.

U.S. Housing and Urban Development (HUD) Secretary Shaun Donovan and U.S. Department of Energy Secretary Steven Chu announced the participating lenders (see attached list) during a tour of a family-run company that offers home energy audits and upgrades in Long Island, New York.

"We believe the market is right for a low-cost financing option for families who want energy-saving technologies in their home," said Secretary Donovan. "PowerSaver hits on all cylinders by helping credit-worthy homeowners finance these upgrades, cut their energy bills and boost the local job market in the process. While FHA and these lenders are jumpstarting this pilot, we hope its success will lead to a growing private sector interest in making these types of loans."

Secretary Chu said, "Today, we are breaking down barriers and making energy efficiency more accessible and more affordable. It's the right thing to do for our environment, for our economy, and for the pocketbooks of American families."

The remodeling industry cites surveys that point to a growing demand among homeowners interested in making their homes energy efficient. Yet options are still limited for financing home energy improvements, especially for the many homeowners who are unable to take out a home equity loan or access an affordable consumer loan. Initially, the PowerSaver pilot program is estimated to assist approximately 30,000 homeowners to finance energy-efficient upgrades though higher market demand may increase this impact. According to HUD projections, more than 3,000 jobs will be created through this pilot program and the impact may be larger if market demand for the loan program increases over time.

Participating lenders are largely selected based on their commitment to work in partnership with established home energy retrofit programs provided by states, cities, utilities, and home performance contractors. These markets include, but are not limited to, areas of the country participating in the Energy Department's [Better Buildings Program](#).

PowerSaver loans will be backed by the FHA but require these lenders to have significant "skin in the game." FHA mortgage insurance will cover up to 90 % of the loan amount in the event of default. Lenders will retain the remaining risk on each loan, incentivizing responsible underwriting and lending standards.

PowerSaver has been carefully designed to meet a need in the marketplace for borrowers who have the ability and motivation to take on modest additional debt to realize the savings over time from home energy improvements. PowerSaver loans are only available to borrowers with good credit, manageable debt and at least some equity in their home (maximum 100 % combined loan-to-value).

HUD developed PowerSaver as part of the Recovery Through Retrofit initiative launched in May 2009 by Vice President Biden's Middle Class Task Force to develop federal actions that would expand green job opportunities in the United States and boost energy savings by improving home energy efficiency. The announcement is part of an interagency effort including 11 departments and agencies and 6 White House offices.

#### **FHA PowerSaver Approved Lenders**

1. Admirals Bank
2. AFC First Financial Corporation
3. Bank of Colorado
4. City of Boise, Idaho
5. Energy Finance Solutions
6. Enterprise Cascadia
7. HomeStreet Bank
8. Neighbor's Financial Corporation
9. Paramount Equity Mortgage, Inc.
10. Quicken Loans
11. SOFCU Community Credit Union
12. Stonegate Mortgage Corporation
13. Sun West Mortgage Company, Inc.
14. The Bank at Broadmoor
15. University of Virginia Community Credit Union, Inc.
16. Viewtech Financial Services, Inc.
17. WinTrust Mortgage
18. W. J. Bradley Mortgage Capital Corporation