HOW THE PROGRAM WAS DEVELOPED

- Proposed rules, request for public comment and solicitation of lenders: November 9, 2010.
- Lenders were required to describe how they were working with well established state and local home energy performance programs.
- Final rules released: March 31, 2011.
- Lenders announced: April 21, 2011.
**PARTICIPATING LENDERS**

- **Lender**
  - Admirals Bank
  - AFC First Financial Corp.
  - Bank of CO
  - City of Boise
  - Energy Finance Solutions
  - Enterprise Cascadia
  - HomeStreet Bank
  - Neighbors Financial Corp
  - Paramount Equity

- **Target Markets**
  - DOE Better Buildings locations
  - PA, ME
  - CO
  - Boise, ID
  - NY state
  - OR, WA
  - OR, WA, HI
  - CA, MI, TX
  - AZ, CA, OR, UT, WA, CO, TN
**PARTICIPATING LENDERS**

- **Lender**
  - Quicken Loans
  - SOFCU Community Credit Union
  - Stonegate Mortgage Corp.
  - Sun West Mortgage Co.
  - The Bank at Braodmoor
  - University of Virginia Credit Union
  - Viewtech Financial Services, Inc.
  - WinTrust Mortgage
  - WJ Bradley Mortgage Capital Co.

- **Target Markets**
  - DOE Better Buildings locations
  - Southern Oregon
  - DOE Better Buildings locations
  - DOE Better Buildings locations
  - Pikes Peak region (CO)
  - Central VA
  - CA
  - Chicago region
  - DOE Better Buildings locations
Co-insurance Feature
- Federal insurance covers up to 90% of loan against default.
- Lender is accountable for the remaining 10% balance of each loan.

Portfolio Cap (Reserve Account)
- Maximum federal insurance coverage of 10% in aggregate of the total amount of a lender’s Title I loan portfolio.
Use of Loan Proceeds
Proceeds generally must be spent on eligible energy improvements
+ No cash out
+ No partial insurance (i.e., $20,000 of $40,000 loan)
+ No debt consolidation
+ Up to 25% of the loan may be used for unrelated measures
Security Requirements

- Lien required if loan over $7,500.00
- Mortgage or Deed of Trust
- Lien position must be 1st or 2nd (with a few exceptions)

Written Description of Work

- Must have a detailed description of the work to be done by the contractor including a breakdown of materials and labor
- Lender must use judgment regarding the reasonableness of the description of the work
Eligible Properties

- Single family (principal) residences only. Can include detached, semi-detached and attached single family residences.

- Condominiums that meet the criteria for eligible single family properties are also eligible.
Loan Maturities

- Loan terms will generally be limited to 15 years to align them with the useful life of most energy improvements.
- Loan terms of 20 years can be used but only for certain improvements.
“Direct Loans” Only

- The borrower must make application directly to an approved lender.
- No retail sales installment contracts etc.
- Contractors can market PowerSaver loans.
Property Valuation

- Combined Loan to Value (CLTV) cannot exceed 100%.
- Lenders may use Fannie Mae or Freddie Mac Form 2055 Exterior-Only Inspection Report to establish property value.
- Other valuation methods – e.g. AVMs – as approved by HUD.
Conditions for Disbursement

- Loan proceeds shall be disbursed in two increments.
  - Up to 50% of the proceeds disbursed at loan funding/closing.
  - The remaining proceeds disbursed after completion of improvements (and inspection if over $7,500.00).
Underwriting Requirements

- 45% debt to income limit
- Borrower must be solvent and an acceptable credit risk
- 45% debt to income limit
- Credit report (decision credit score of at least 660 for all borrowers)
- Employment and income verification (2 year history)
RESOURCES

On the Title I Home Page
http://www.hud.gov/offices/hsg/sfh/title/ti_home.cfm
  • Industry Fact Sheet
  • FAQ for Lenders
  • FAQ for Consumers
  • Federal Register Notice containing all program details

HUD Forms
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudcli ps/forms