



## HomeStyle® Energy Mortgage

# Help borrowers get a comfortable, efficient and resilient home.

Whether they're purchasing a home or refinancing their current one, borrowers can now make upgrades to reduce utility costs and improve the comfort and safety of their homes with Fannie Mae's HomeStyle Energy mortgage.



### Flexible

May be used for upgrades to energy and water systems including solar, property improvements for better resilience to natural disasters, new windows and doors, and to pay off other energy-related debt.



### Affordable

Borrowers save money now with possible tax credits and rebates, potentially lower interest rates compared to other forms of financing, and save on utility and repair costs in the future.



### Simple

Basic weatherization, renewable energy and resiliency upgrades and improvements do not require a home energy report.

## Bundle mortgage products for more flexibility and savings

Both HomeStyle Renovation and HomeStyle Energy mortgages may be combined with a HomeReady® mortgage, so your low-income borrowers can take advantage of the following features:

- Low down payment and cancellable mortgage insurance (restrictions apply)
- Potentially lower rates compared with other forms of financing such as home equity line of credit or credit cards



**Get a \$500 loan level pricing adjustment (LLPA) credit,** on top of standard Fannie Mae pricing

We've simplified and expanded eligibility for HomeStyle Energy for purchase and refinance transactions.

HomeStyle Energy	
Maximum LTV (1-unit owner-occupied)	Up to 97% (See Fannie Mae's Eligibility Matrix for specific details based on the loan transaction)
Financing energy-related improvements	Up to 15% of "as completed" appraised property value
Occupancy and property eligibility	All one- to four-unit existing properties Manufactured housing, provided no structural changes All occupancy types permitted
Covers improvements to the home's resiliency to natural disasters	Upgrades include: Storm surge barriers Foundation retrofitting for earthquakes Hazardous brush and tree removal in fire zones Retaining walls to address mud or water flows
Radon remediation	Covers installation, no energy report required
Energy report waivers available	No energy report required for: Basic weatherization and water efficient items up to \$3,500 Water efficiency devices Renewable energy sources including solar panels, wind power devices, geothermal systems Environmental hazard damage repairs or resiliency improvements
Can be used to pay off other energy-related financing	Entire PACE lien amounts (with purchase or refinance) Financing for prior-energy related improvements: up to 15% of property value (with refinance)
Maximum DTI ratio	Per Desktop Underwriter®, or 45% for manually underwritten loans May go to maximum of 38% DTI if DOE Home Energy Report scores 6 or higher (when requirements for 45% DTI are not met)

## FAQs

### When do I use HomeStyle Energy?

HomeStyle Energy is a good choice for your borrower if they are:

- buying an older home
- looking to improve the comfort and safety of their current home
- refi customers paying too much on energy costs
- refi customers having existing energy improvement debt to pay off

### How does the borrower or lender find a qualified assessor to complete an energy report?

The borrower or lender may visit the [DOE Home Energy Score website](#) or the [HERS website](#) to locate a local qualified energy assessor. Additionally, there may be a local or state home energy certification or audit program that provides a report comparable to the DOE Home Energy Score or HERS report. In such cases, the energy report can be completed by an independent home energy consultant or auditor certified by such a local or state program.

### What types of improvements would be covered under the \$3,500 allowance for weatherization?

Basic weatherization items may include, but are not limited to:

- air sealing (including weather-stripping doors, caulking windows and plumbing penetrations)
- insulation (attic, floors, walls, basement)
- duct sealing and insulation
- smart thermostats and equipment controls
- replacement of windows and doors

### How does the lender and borrower determine the amount that can be financed?

The lender reviews the energy report, when required, and works with the borrower to determine the cost of the improvements to be included in the mortgage. The lender must determine that the LTV ratio does not exceed the allowable LTV per the Eligibility Matrix by dividing the loan amount (including the cost of the energy improvements) by the lesser of the "as completed" appraised value of the property or the sum of the purchase price of the property and the cost of the energy-related improvements. For a refinance transaction, the LTV ratio is determined using the "as completed" appraised value when the mortgage is being delivered prior to completion of the improvements or using the appraised value of the property if the appraisal was completed after completion of the improvements.

### Can the lender combine financing of other home renovations with the HomeStyle Energy program?

Yes, only if those improvements are done through HomeStyle Renovation and the lender is qualified to deliver such loans to Fannie Mae.

Refer to [Selling Guide section B5-3.3-01](#), HomeStyle Energy for Energy Improvements on Existing Properties for further details.