

Frequently Asked Questions about ENERGY STAR® and Energy Efficient Mortgages



What is ENERGY STAR?

ENERGY STAR is the government-backed symbol for energy efficiency. It identifies new homes, commercial buildings and more than 40 types of products that are energy efficient and offer the features, quality and personal comfort that today's consumers expect. Products that can earn the ENERGY STAR include appliances, lighting, home office equipment, consumer electronics, and heating and cooling equipment.

ENERGY STAR is a voluntary partnership between the Environmental Protection Agency, the Department of Energy and more than 9,000 organizations, including more than 2,500 of the nation's home builders. Together with home buyers, we are working to achieve a common goal – protecting the environment for future generations by changing to more energy efficient practices today.

What are ENERGY STAR qualified homes?

Homes that earn the ENERGY STAR are significantly more efficient than standard homes. ENERGY STAR qualified homes can save homeowners hundreds of dollars annually on their energy bills while delivering more comfort and helping protect the environment.

Look for homes that have earned the ENERGY STAR to perform better thanks to a number of energy efficient features including:

- Effective insulation
- High performance windows
- Tight construction and ducts
- More efficient heating and cooling equipment
- More efficient water heater
- ENERGY STAR qualified lighting, appliances, and programmable thermostats
- Third-party inspection and testing

How do borrowers benefit by buying ENERGY STAR qualified homes?

By purchasing an ENERGY STAR qualified home, borrowers will be joining millions of consumers who are helping our nation reduce our energy needs and build a cleaner environment for the future.

The benefits of owning an ENERGY STAR qualified home include:

- Lower ownership costs – Compared with standard homes, ENERGY STAR qualified homes use substantially less energy for heating, cooling, and water heating – delivering hundreds of dollars of annual utility bill savings to each home.
- Better performance – An energy efficient home helps ensure consistent temperatures between and across rooms, improved indoor air quality, and greater durability.
- Higher resale values – By the end of this decade, more than two million homes are expected to earn the ENERGY STAR while utility and fuel costs continue to increase. By choosing a home with the ENERGY STAR label, borrowers can be confident that it will have an increasingly valued feature when the time comes to sell.

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- Preferred financing – With an ENERGY STAR home, borrowers may be eligible for an energy efficient mortgage (EEM). EEMs are mortgages with special underwriting guidelines that can make it easier for borrowers to qualify for a loan to purchase a home that features cost-effective energy efficient improvements.
- Environmental protection – Did you know that your home can be a greater source of pollution than your car? Energy used in our homes comes from the burning of fossil fuels on site or at power plants, which contributes to smog, acid rain, and global warming. Simply put, the less energy we use in our homes, the less air pollution we generate.

How does an ENERGY STAR qualified home save money?

Unless borrowers pay cash for their home, each and every month they will make a mortgage payment. Each month they will also pay the utility bills based on their homes' monthly energy usage. Together, these expenses are typically the largest monthly operating costs of a home. The energy efficient features of ENERGY STAR qualified homes result in lower operating costs (mortgage + utility bills) than comparable homes. Additionally, most energy efficient homes are more durable than standard homes and therefore benefit from lower maintenance costs.

How does a home qualify for ENERGY STAR?

A home that earns the ENERGY STAR must first receive a third-party verification by a qualified home energy rater that certifies compliance with the Environmental Protection Agency's strict guidelines for energy efficiency. To learn more about these guidelines or to identify a rater near you, please visit www.energystar.gov/homes.

What are Energy Efficient Mortgages (EEMs)?

Energy efficient mortgages (EEMs) are mortgages with special underwriting guidelines that can make it easier for borrowers to qualify for a loan to purchase a home that features cost-effective energy efficient improvements. For example, one common EEM allows the lender to increase the borrower's annual income by a dollar amount equal to the estimated energy savings.

Who underwrites Energy Efficient Mortgages?

Fannie Mae, Freddie Mac, FHA and VA each offer energy efficient mortgages. For more detailed information, contact your Fannie Mae, Freddie Mac, FHA or VA customer service agent.

Who are my contacts at ENERGY STAR?

Should you have any questions about your partnership with ENERGY STAR, please contact:

Brian Ng, EPA, at 202-343-9162 and ng.brian@epa.gov, or
Jennifer Finnigan, ICF Consulting, at 703-218-2594 and jfinnigan@icfconsulting.com.