



Freddie Mac Energy Efficient Mortgages

Manually Underwritten loans:

- Freddie Mac permits the use of higher housing expense to income and debt to income ratios if the home is energy efficient or contains energy efficient items.
- The lender may document the mortgage file with:
 - Appraisal report indicating the energy efficiency of the home
 - Form 70A, energy addendum
 - An established home energy rating system (HERS)
- There is no maximum amount the income to expense ratios may be extended due to energy efficiency, however all mortgages are now subject to a maximum 45% Debt to Income ratio.
- There is no special energy efficient provisions for loans assessed in Loan Prospector (LP). Maximum debt to income limits are assessed by LP.



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- Freddie Mac permits the purchase of a property that is to be retro fitted, refurbished or improved with energy efficient components. The purchase price may include the cost of the property plus the actual cost of energy efficient improvements.
 - The cost of the energy efficient improvements may be included in the mortgage delivered to Freddie Mac prior to completion of the improvements. An escrow of up to 10% of value may be established to complete the upgrades.
- For new or existing properties that include energy efficient items, these should be noted on the appraisal in the comments section and included in the value as appropriate for the property and location.