



What is an Energy Efficient Mortgage?

“Energy Efficient Mortgages,” also known as EEMs, make it easier for borrowers to qualify for loans to purchase homes with specific energy-efficiency improvements. Lenders can offer conventional EEMs, FHA EEMs, or VA EEMs.

Conventional Energy Efficient Mortgages

Conventional EEMs can be offered by lenders who sell their loans to Fannie Mae and Freddie Mac. Conventional EEMs increase the purchasing power of buying an energy efficient home by allowing the lender to increase the borrower’s income by a dollar amount equal to the estimated energy savings. The Fannie Mae loan also adjusts the value of the home to reflect the value of the energy efficiency measures.

FHA Energy Efficient Mortgages

FHA EEMs allow lenders to add 100 percent of the additional cost of cost-effective energy efficiency improvements to an already approved mortgage loan (as long as the additional costs do not exceed \$4000 or 5 percent of the value of the home, up to a maximum of \$8000, whichever is greater). No additional down payment is required, and the FHA loan limits won’t interfere with the process of obtaining the EEM.

VA Energy Efficient Mortgages

The Veteran’s Administration (VA) EEM is available to qualified military personnel, reservists and veterans for energy improvements when purchasing an existing home. The VA EEM caps energy improvements at \$3,000–\$6,000.

To learn more about EEMs contact Fannie Mae, Freddie Mac, the FHA or the VA. Additional information about writing energy-efficient mortgages can be found on the Web sites for the [U.S. Department of Housing and Urban Development \(HUD\)](#) [EXIT ↗](#) and the [Residential Energy Services Network \(RESNET\)](#) [EXIT ↗](#).

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