

CalHFA Energy Efficient Mortgage (EEM)



CalHFA EEM + Grant

- The CalHFA EEM + Grant will assist low to moderate income homebuyers fund energy efficient home repairs as part of their FHA-insured first-mortgage
- CalHFA's EEM grant will enable the borrower to complete more improvements
 - Lower energy bills
 - Improve home comfort
 - Improve home value



CalHFA's EEM "Specialty" Product

- CalHFA Energy Efficient Mortgage (EEM) plus Grant
 - Premium priced interest rate on the first-mortgage allows the loan to be sold at a premium to fund the grant
 - Grant will be for the lesser of 4% of the first-mortgage loan amount or the maximum allowed under the Home Energy Rating System (HERS)
 - Can be combined with CHDAP or ECTP and MCC; cannot be combined with ZIP



Compliance Underwriting

- CalHFA Conventional and EEM + Grant loan programs will:
 - Continue to follow the program and compliance underwriting standards approved by the Board in Resolution 13-09. (e.g. Homebuyer Ed., 43 DTI, etc.)
 - Except CalHFA EEM + Grant program may exceed 103% CLTV when combined with CalHFA subordinate financing (FHA allows the final loan amount to exceed the maximum FHA mortgage limits by the amount of the energy-efficient improvements
 - Home warranty requirement excludes new construction properties and items covered by a manufactured warranty on EEM.
 - Requiring a one-year warranty which is renewable for an additional one-year

Recommendation:

- **Proceed with the development, infrastructure and implementation to launch the Phase II Conventional loan products**
- **Proceed with the development, infrastructure and implementation to launch the Phase II EEM “Specialty” first mortgage product**