



FINANCE NEW ORLEANS

**Green Mortgage Down Payment Assistance Program
(Energy Efficient Mortgage (EEM))**

Loan Addendum to HFA Guidelines (as amended June 14, 2021)

After reviewing the affordable homebuyer market with local lenders, FNO is pleased to introduce an additional option that provides an increased level of down payment assistance. In order to participate, Lenders must execute three (3) copies of the Addendum to the Origination Agreement with the Finance New Orleans (FNO) and be approved and in good standing as an Approved Participating Lender with U.S. Bank as the Master Servicer.

Sponsor	FNO is an “instrumentality of government” in accordance with HUD policy with respect to the Borrower Assistance provided.
Available Funding	Funds are available to Lenders on a first-come, first-served basis.
Master Servicer	Qualified Second Mortgage Loans will be serviced by U.S. Bank. All Loans must be delivered to U.S. Bank within the time periods specified herein.
Program Administrator	Finance New Orleans

FHA’s Energy Efficient Mortgage (EEM)

Purpose	To help borrowers save money by assisting them in purchasing new energy-efficient heating and cooling systems or making other energy-saving home improvements. The goal is to assist borrowers with reducing their utility bills.
EEM Loan Term	30-year fixed-rate mortgage from an FHA-approved lender.
Home Energy Assessment	Assessment must be conducted by a qualified energy rater, assessor, or auditor using whole-home assessment standards, protocols and procedures. There will be a fee of \$500.00 charged at closing for the Home Energy Rating Assessment.
Maximum Loan Amount	The maximum amount of the EEM Loan that can be added to the borrower’s regular FHA first lien loan amount is the lesser of: Cost-effective improvements to be made based on the home energy assessment; or the lesser of 5 percent of: <ul style="list-style-type: none"> o the Adjusted Value; follow FHA guidelines. o 115% of the median area price of a Single-Family dwelling; or o 150% of the national conforming mortgage limit. Final loan amount can exceed the maximum FHA mortgage limit by the amount of the energy-efficient improvements.
Requirements	Work must be completed within six months; Work must be professional; If the work requires a permit, borrowers must procure a permit and a sign-off; Work must commence within 30 days from closing. Lenders must ensure HUD requirements are met. All improvements to existing structures must comply with HUD’s Minimum Property Requirements (MPR) and meet local building codes.
Borrower Requirements	Borrowers must occupy the property. Borrowers with satisfactory credit, sufficient cash to close the loan, and sufficient steady income to make monthly mortgage payments can be approved. There is no upper age limit and no certain income level required.
Min Loan Balance	No minimum loan balance required

Eligible properties	Detached houses, townhouses and condominiums (certain restrictions apply). Includes new construction or existing one- to two-unit single-family residences.
Improvement requirements	Lenders must ensure HUD requirements are met. The improvements can include energy-saving equipment, and active and passive solar and wind technologies. The energy package can include materials, labor, inspections, and the home energy assessment by a qualified energy assessor. Energy Efficient Improvements Must Be Cost-Effective (the cost of making them is equal to or less than the money saved on energy from those improvements). Examples: Replacing a furnace/cooling system, fixing or replacing a chimney, insulating an attic, crawl space, and/or pipes and air ducts, replacing doors or windows, installing active and passive solar technologies.
Repairs Not Permitted	Landscaping or yard work; Major remodeling; Moving a load-bearing wall; Room additions or add-ons to the home; Fixing structural damage; New swimming pools; hot tub, spa, whirlpool bath, or sauna; Barbecue pits, outdoor fireplaces or hearths; Bathhouses; Tennis courts; Satellite dishes; Tree surgery (except when eliminating an endangerment to existing improvements); Photo murals; Gazebos. Refer to the HUD Guidelines for additional information. https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4155.1
Applying for an EEM	You may apply with any participating HUD-approved lender, such as a bank, credit union, or mortgage company. You can find a list of approved lenders at www.financenola.org
Information Resources	www.hud.gov or espanol.hud.gov : More details about the Energy Efficient Mortgages Program are on the HUD website, including a list of HUD-approved lenders. HUD-Approved Housing Counseling Agency Locator: HUD supports a network of approved housing counseling agencies that provide counseling services across the nation. For a complete list of HUD-approved agencies in your area, call the HUD housing counseling referral line toll-free at 1-800-569-4287

Second Loan Terms and Guidelines

Second Loan Due on Sale	The borrower can add the DPA second lien in addition to the EEM improvements added to the first lien. The second lien for 5% assistance is zero percent interest rate, non-forgivable, due upon sale or refinance.
Transaction Type	Purchase transactions only for owner-occupied principal residences. Rate term refinancings are not permitted. Second Mortgage Loan must be closed simultaneously with a new FNO first mortgage loan program.
Second Loan Due on Sale	No forgiveness. Full repayment required upon sale or refinance of the property or if homeowner no longer occupies as their primary residence. Other loan types and terms may be added with approval of both FNO and U.S. Bank. Second loan must be used with a simultaneous closing of a FNO first mortgage loan program.
Mortgage Loan Rates	Zero percent annual interest rate.
Second Loan Limits	5% of the first lien mortgage amount. Lender is required to use the FNO second mortgage and note documents.

FNO Borrower Assistance (Second Lien)

Size and Use of Proceeds for Due on Sale Option	Sized at 5% of the final first mortgage loan amount as shown on the Mortgage Note for Due on Sale Option. FNO has the flexibility to offer more than one loan rate and Second Lien option to serve a wider variety of homebuyer needs. Funds must be requested by completing the Second Lien Reservation Form.
	May be applied against the Borrower's down payment, closing costs, prepaid items, upfront private mortgage insurance premium and other related program and mortgage loan fees and expenses. In the event there are surplus funds remaining, the Borrower may be reimbursed for any earnest money, advances, or to reduce the Mortgage Loan principal, but there cannot be any cash back to the Borrower.
Disclosures	Lender is required to disclose all appropriate initial loan disclosures on second mortgage loan.
Program Fees	There is no second mortgage fee charged by US Bank.