



The Green Resource

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ENERGY-EFFICIENT MORTGAGES



What Are They?

Energy-efficient mortgages (EEM) are loans that can be used to finance energy-efficient home upgrades or to purchase or refinance an energy-efficient home.

The aim of these programs is to promote more energy-efficient homes and reduce homeowners' utility bills.



What EEM Programs Are Available?

Homeowners and buyers may need assistance in their search for EEM programs and understanding how they may benefit from them.

Below is a list of options and resources that may help your clients find the right fit for their needs.

[Federal Housing Administration \(FHA\)](#)

For existing homes and new construction

[Veterans Affairs \(VA\)](#)

For existing homes and new construction

[Fannie Mae HomeStyle® Energy Mortgage](#)

Can be used for renovations and upgrades

[Freddie Mac GreenCHOICE Mortgages®](#)

Provides discounted interest rates

[USDA's Energy Efficiency and Conservation Loan Program \(EECLP\)](#)

For commercial, industrial and residential owners to increase energy efficiency

[Private Lenders](#)

Research your local lenders to find the most up-to-date and reliable information

Eligibility Requirements

Homeowners must meet requirements to qualify for an EEM. Here are some examples; however, though be sure to tell your clients to check with their specific lenders.



CREDIT
SCORE



DOWN
PAYMENT



DEBT TO INCOME
RATIO



STEADY
INCOME



HOME ENERGY
ASSESSMENT

ENERGY-EFFICIENT FEATURES & UPGRADES



Many EEM loans are flexible in terms of what you choose to upgrade or install. Homeowners should always check their loan terms to ensure their renovations qualify. Here's a sample of what homeowners can add or improve in their homes to make them more energy efficient.

- Energy-Efficient Appliances
- Energy-Efficient Windows and Doors
- Furnaces and Heat Pumps
- Smart Thermostats
- HVAC System Upgrades
- Solar Panels
- Weatherization Treatments
- Caulking and Weather Stripping
- Duct System Repairs and Installations
- Home Insulation
- Select Roofing Improvements

How homeowners benefit from energy-efficient upgrades



Verify your local PACE program availability, as this is an evolving landscape.



Between 2015 – 2023,
371,000 HOMES
were upgraded
using PACE
programs¹

¹pacenation.org/pace-market-data/

What is Property Assessed Clean Energy (PACE)?

PACE programs allow a property owner to finance the up-front cost of energy-efficient improvements and then pay the costs back over time via property tax assessments.

Key Features:

- Loan repayment through property tax bill
- Tied to the property, not the individual
- Transferable if the property is sold

Availability:

- Implemented in over 36 states
- Varies by local jurisdiction

Cons:

- Not available for use with most government and conventional programs
- Carries a higher interest rate
- Not subject to typical consumer protections in the mortgage finance process
- The remaining PACE loan balance may make selling difficult

EEM Credits and Incentives

Upgrading your home to be more eco-friendly can pay off. Encourage clients to think from the top down—federal to their local utility companies—to explore what credits they may be eligible for. Here's a quick look at what savings could be theirs:



FEDERAL TAX LEVEL

Inflation Reduction Act (2022) tax credits

- Tax credits for heat pumps and solar panels
- Up to \$1,600 for home energy efficiency improvements

Residential Clean Energy Credit

STATE-LEVEL INCENTIVE EXAMPLES

California:

Solar incentives, rebates for energy-efficient appliances

New York:

EmPower+ Program

Massachusetts:

HEAT Loan Program for energy upgrades

UTILITY COMPANY REBATES

- Energy-efficient appliances
- Home insulation
- HVAC upgrades
- Smart thermostats

TIPS

ENERGY STAR Rating

ENERGY STAR ratings are found on lots of products and buildings. So, what exactly is ENERGY STAR?

- A government-backed standard that indicates a product or building is energy efficient.
- Is developed and maintained by the U.S. Environmental Protection Agency (EPA).
- Products must meet strict energy efficiency criteria and be independently evaluated.

Find available
ENERGY STAR
rebates in your
local area
with the online
rebate finder.



GREEN AGENTS CAN HELP

Position yourself as a knowledgeable resource on sustainable home financing.



QUICK GUIDE RESOURCES

Energy-efficient mortgages can be complex, and information can be found in multiple sources. Here are some key government resources for staying updated on energy-efficient and green mortgages:

[Department of Housing and Urban Development \(HUD\)](#)

[EPA's ENERGY STAR website](#)

[Tax Resources](#)

[Fannie Mae Green Financing Page](#)

[Freddie Mac GreenCHOICE Mortgages®](#)

[Energy.gov's Homeowner Resources](#)

[National Renewable Energy Laboratory \(NREL\)](#)

[Database of State Incentives for Renewables & Efficiency \(DSIRE\)](#)

How can you help your clients with green mortgages?

- ✓ Research and understand energy efficiency rating systems
- ✓ Connect clients with specialized lenders
- ✓ Highlight energy savings in property listings
- ✓ Identify opportunities for energy-efficient upgrades in listings
- ✓ Create educational content about green mortgages
- ✓ Develop a network of green mortgage specialists
- ✓ Track current federal/state incentive programs
- ✓ Join professional sustainability networks

Don't forget your local resources!

- Subscribe to local government newsletters
- Follow relevant social media accounts
- Check local utility company websites
- Consult with green mortgage specialists and keep in touch



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Steps to Making Your Solar Listing Shine

By Heather Elias
Vice President of Real Estate
at Pearl Certification



Solar installations have become increasingly more common over the past decade, with the cost of PV modules plummeting by nearly 90 percent since 2010. Yet, despite their low cost and undeniable benefits, misinformation leaves many listing agents struggling to effectively value and showcase these cost-saving assets.

The truth: If the solar panels are owned and contribute to energy cost reductions, they add value to the home. Don't take my word for it—the Appraisal Institute, [Fannie Mae](#) and [Freddie Mac](#) guidelines instruct appraisers to consider solar panels as part of the property's overall worth. So, ensuring you properly value and document that solar system when you take the listing is critical!

Here's our list
of 4 easy steps
to make your
solar listing
stand out:

1

Gather all the information on the panels, the installation and the financials involved.

- Ask your clients for documentation from the time of installation. This will likely include installation manuals, system specifications and compliance certificates. Also, get the contact information for the solar company that they used.
- Determine if the system is owned free and clear or if there is a loan or lease involved. Gather the specific information on how those panels will be transferred to the buyers—and what financial considerations will be part of that transfer. Ask your sellers if there is a UCC-1 Lien on the property associated with the solar system. Transparency about loan terms, lease agreements and payoff processes ensures a smooth transaction without unexpected financial surprises at the closing table.
- Is there a warranty that will come with the solar system? If your sellers are unsure, their solar company will have the details.
- If your listing includes a whole Home Battery System, make sure you get these details as well. Highlight this feature. Batteries enhance the system's efficiency and appeal, offering additional benefits like energy independence.

2

If it's owned rather than leased, calculate the equity of the solar array.

- You can accomplish this manually by using a tool like [PV Value](#), or you can get a [Solar Certification](#) from Pearl.

3

Use the solar provisions that appear in your listing agreement.

- If you have solar-specific clauses available, ensure that you include all of the relevant information. If there aren't specific clauses, utilize addendums or tailored language in the conveyances section to document all of the obligations and information relevant to the listing.

4

Include it in your marketing

- **Use the MLS to showcase the power of the power production:** If your MLS has solar fields available, use them. Look for categories like "power production" or "green energy generation." Additionally, use the public remarks section to highlight the benefits of having solar. Your clients can help you tell that story!
- **Green Appraisal Addendum:** Protect the value of the solar system by completing the Green Appraisal Addendum. This document should highlight the system's current value, providing appraisers and lenders with the necessary information to accurately assess its worth.
- **Appraiser Qualifications:** Advocate for appraisers who understand and value energy-efficient features. Including a clause in the purchase contract to select qualified appraisers ensures that the solar system is evaluated fairly, reflecting its true market value.



Turning Sunshine into Profit

Embracing solar isn't just about keeping up with trends; it's about protecting the value of that investment on behalf of your clients. Your ability to effectively communicate the benefits and logistics of a solar system can significantly influence a property's market value and performance. By following this checklist, you will ensure that your clients' investment in solar has a positive impact on their home sale process.

As the push for green energy intensifies, proficiency in solar real estate transactions isn't just a nice-to-have—it's becoming a necessity. Your expertise in navigating solar complexities can be the key differentiator that transforms a standard listing into a standout opportunity.



Pearl Solar Certification: Ensuring Quality and Trust

To further enhance the credibility and marketability of solar installations, consider obtaining the Pearl Solar Certification. This certification validates the quality and reliability of your clients' solar systems, providing an additional layer of assurance to potential buyers. Certified solar systems meet rigorous standards, ensuring optimal performance and longevity. By highlighting Pearl Solar Certification in your listings, you demonstrate a commitment to excellence and transparency, fostering greater trust and confidence among buyers. Partnering with Pearl not only strengthens your listings but also positions you as a trusted expert in the sustainable real estate market.

Join the
Pearl
Real Estate
Network

Upcoming Events

REALTOR® Broker Summit

Registration is now open for the 2025 REALTOR® Broker Summit in Louisville, Kentucky! This two-day event is packed with networking opportunities and educational sessions designed to enhance your recruitment strategies, retention efforts, and overall business success.

The early bird special ends on January 15!

Register before then for extra savings.



APRIL 8-9, 2025
LOUISVILLE MARRIOTT DOWNTOWN

Secure Your Spot

Green Knowledge Exchange

Join us for a virtual learning session featuring a guided conversation and knowledge sharing with your Green-designated peers! Listen in to learn more about topics selected to benefit green living advocates most.

APRIL 10, 2025 | 10 AM CST | VIRTUAL

Register Now

Renew your Green membership to experience these events and more in 2025!

Renew Today