

Tips Sheet: Solar and Wind Technologies (SWT)

Ctrl-F “wind”: <http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf>

CALCULATING THE LOAN AMOUNT

1. **FHA’s base loan amount** is calculated normally, for purchase or refinance.
Example: for most purchase transactions, the base loan amount is 96.5% of the lesser of appraised value or purchase price.
2. For calculating the base loan amount, the property **appraised value must not include value for the new energy system**. (Cost of solar is not financed into the base loan amount; the solar system is an add-on to the base loan amount)
3. **Add solar cost to the base** loan amount. Add the lesser of:
 - **New** solar or wind energy system cost, or
 - 20 percent of property value
4. The **Upfront MIP** is calculated on the total of the base loan amount and the amount financed for SWT.
5. The Mortgagee must **exclude any rebates** identified in the contract and assigned to the contractor in determining the cost and installation of the solar or wind technology system.
6. **Borrower must qualify** on total loan (w/system cost)
7. The total loan amount (w/ energy system) is submitted to the AUS and TOTAL)
8. SWT can be used with **new construction**. Just be sure the appraised value does not include value for PV array/energy system.
9. **Borrower must own** system (not lease)

NOT REQUIRED

- ✓ Home energy assessment
- ✓ Market value of system
- ✓ Evidence that improvements pay for itself with energy savings (cost-effective)
- ✓ Complicated loan amount formula

ESCROW

- ✓ The mortgagee must establish an escrow account in for the remaining cost of the energy improvements if installation of solar or wind energy system is not completed by the time of closing.
- ✓ Any funds remaining in the escrow account at the end of the improvement period must be applied to pay down the mortgage principal.

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- ✓ Escrows may not include costs for labor or work performed by the borrower (sweat equity)
- ✓ When funds to complete the solar or wind energy systems are escrowed, the Mortgagee must execute form ([HUD-92300](#)) *Mortgagee’s Assurance of Completion*, to indicate that the escrow for the solar or wind improvements has been established.

INSPECTION

- ✓ The Mortgagee or their agent must inspect the solar and wind improvement, or obtain evidence from a local authority that the system was installed in accordance with local code.

ESCROW CLOSE OUT

- ✓ After the repair or rehabilitation escrow account is closed, the Mortgagee must complete the Escrow closeout Certification screen in FHA Connection within 30 days after the escrow account is closed.

FHA Connection

If the escrow is only for SWT, please check “Yes” for SWT” in FHA Connection, and “No” for EEM. Borrowers are permitted a higher loan amount on the SWT than on the EEM.

If you find system issues, please let me know and I will see if resolution is possible.

Loan Purpose:	Existing Occupied	Construction Code:	Existing Constructi
203k Type:	N/A	HUD Approved Secondary Residence:	No
Cash-out:	No	Construction to Permanent:	No
Refinance Type:	Not a Refinance	Building on Own Land:	No
Credit Qualifying Streamline:	N/A	Manufactured Housing:	<input type="radio"/> Yes <input checked="" type="radio"/> No ?
\$100 REO Down Payment Program:	<input type="radio"/> Yes <input type="radio"/> No	PUD:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Solar/Wind:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Solar/Wind Amount:	22025.00
Weatherization:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Weatherization Amount:	.00
Escrow Data		HUD REO Repair Amount:	.00
Escrow:		Escrow Complete Date:	09/16
(203k/EEM/Repair/Solar/Wind/Weatherization)	<input checked="" type="radio"/> Yes <input type="radio"/> No	Escrow Amount:	22025.00

Check “NO” for EEM. If you check “Yes’ for EEM in error, then FHAC will allow a lesser loan amount than what would be permitted for SWT.

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Secondary Financing					
Secondary Financing Exists:	<input type="radio"/> Yes	<input checked="" type="radio"/> No			
Energy Efficient Mortgage:	<input checked="" type="radio"/> Yes	<input type="radio"/> No		Home Energy Score:	<input type="text"/>
EEM Improvement Amount:	22025	.00		Manual Underwrite Stretch Ratios (EEH):	<input type="radio"/> Yes <input type="radio"/> No
Back to Work:	No				
Underwriters					
Underwriter Approval Date:	04	/	14	/	16
Underwriter ID:	ZFHA			Name:	TOTAL SCORECARD