

HUD Mortgagee Letter 97-10

U. S. Department of Housing and Urban Development  
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY FOR HOUSING-FEDERAL HOUSING  
COMMISSIONER

April 1, 1997

MORTGAGEE LETTER 97-10

TO: ALL APPROVED MORTGAGEES

SUBJECT: Single Family Loan Production -  
Energy Efficient Mortgages on Section 203(h) Mortgages for  
Disaster Victims Areas

With Mortgagee Letter 93-13 (ML 93-13) , FHA announced a pilot program for insuring mortgages on energy efficient properties in five states. ML 95-46 expanded the Energy Efficient Mortgage (EEM) program nationwide and modified it to also include Section 203(k) rehabilitation mortgages as well as to permit the use of adjustable rate mortgages.

Effective immediately, the EEM program may now also be used in conjunction with Section 203(h) mortgages made to victims of presidentially-declared disasters. The mortgage must comply with both Section 203(h) requirements as well as those for the EEM program, both of which are described in chapter two of HUD Handbook 4155.1 REV-4 , Change 1. However, the program is limited to one-unit detached houses only. Two-, three-, and four- unit properties are not eligible, nor are condominium units. Adjustable rate mortgages may be used on Section 203(h) mortgages.

Lenders are responsible for submitting in the endorsement binder the documents used to calculate the maximum loan amount for the EEM, as well as providing documentation attesting to the eligibility of the borrower to obtain Section 203(h) financing, i.e., evidence of destruction of the previous residence.

If you have any questions regarding this issue, please contact your local FHA office.

Sincerely yours,

Nicolas P. Retsinas  
Assistant Secretary for Housing-  
Federal Housing Commissioner