



WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

[Guidelines](#)

[Bolt Training](#)

[Wholesale Website](#)

[Previous Bulletins](#)

17W-028

Attention: Business Development Managers & Mortgage Brokers

April 3, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: Fannie Mae HomeStyle Energy Mortgage for New Improvements

Effective April 1, 2017 Mountain West is expanding the Fannie Mae HomeStyle Energy Mortgage to include purchases as well as the existing refinance option. Effective April 1, Borrowers can look to Mountain West for purchasing or refinancing a home while making important energy upgrades to increase home energy efficiency and reduce utility costs.

MWF HomeStyle Program Overview

Borrowers can finance up to 15% of the “as completed” appraised value of the home for energy-efficient upgrades when purchasing a home. This option may be a more affordable financing solution than a subordinate lien, home equity line of credit, Property Assessed Clean Energy (PACE) loan, or unsecured loan. An energy report showing the cost-effectiveness is required for this financing with the exception of weatherization or water-efficient improvements of \$3,500 or less.

Homeowner Benefits

1. Choose the home of their dreams: Buyers no longer have to overlook charming older homes or those that are simply dated just because they need energy and water system upgrades
2. Save on energy costs: Homeowners looking to save on energy costs can quickly make basic weatherization improvements, such as installing insulation, a programmable thermostat, and weather stripping. Your clients can finance energy and water improvements now and save on energy costs in the long term
3. Make the home more comfortable: Buyers can enhance the comfort of the home with upgrades that improve temperature regulation and guard against mold and other environmental hazards

MWF HomeStyle Energy Features

Up to 95% LTV/CLTV for single family residence

1 - 4 unit existing properties (lower LTV limitations for 2-4 units)

No manufactured homes

All occupancy types

Minimum credit score: 620

Energy Improvement Examples

Help the borrowers make the home efficient and comfortable with:

- Replace window and doors
- Improve insulation – attic and wall
- Install water-efficient toilet and shower
- Seal cracks and weather-strip around doors and windows
- Replace and reseal air ducts
- Replace HVAC and/or hot water heater
- Duct sealing and Replacement
- Solar panels
- Smart thermostats and equipment controls
- Installation of low flow or on demand water devices such as low flow showerheads

Contingency

A 20% contingency of the cost of the energy improvements must be financed into the loan amount. The loan amount including the cost of the improvements plus the contingency CANNOT exceed the applicable LTV. The contingency is also included in the total 15% financed. Once the work is completed, ALL excess funds must be applied to the principal balance of the loan. No additional work can be completed with the remaining contingency funds. A contingency is not required if the contractor provides a fixed price contract.

Maximum Amount

Finance up to 15% of the “as completed” appraised value, however, the maximum LTV is 95%.

Example (For illustration purposes only):

- Purchase Price: \$250,000
- Cost of Energy Improvements: \$30,000
- Contingency: \$6,000 (20%)
- As Completed Value: \$277,000 (assumption)
- Purchase Price + Cost of Energy Improvements: \$286,000
- Max Loan Amount: \$263,150 (95% of \$277,000)
- Borrower Contribution:
 - With Energy Improvements: \$22,850 (\$286,000 - \$263,150)
 - Without Energy Improvements: \$12,500 (5% of \$250,000)
 - Difference: \$10,350

Technically, the borrower could finance up to \$41,550 in energy improvements which is 15% of “As Completed” Value, however, because the LTV would exceed 95%, the borrower would

have to contribute even more into the transaction to reduce the LTV within the eligible threshold.

Energy Reports

Fannie Mae requires that the energy improvements have a cost-effective component therefore an energy report is required.

New MWF Improvement Product Codes (Direct Pricing Only)

CF30DHSEI: CONF FIXED 30YR DIRECT HOMESTYLE ENERGY IMPROVEMENTS

CF15DHSEI: CONF FIXED 15YR DIRECT HOMESTYLE ENERGY IMPROVEMENTS

CF30JDHSEI: CONF FIXED 30YR HB DIRECT HOMESTYLE ENERGY IMPROVEMENTS

Resources

[Fannie Mae HomeStyle Energy Website](#)

[MWF Fannie Mae HomeStyle Energy Matrix](#)

MWF HomeStyle Energy Payoff Option (Available since June 10,2016)

Pay off existing energy related debt with this limited cash-out refinance option. The existing product codes have been updated to include “P” to indicate the Payoff option is being utilized.

See [Program Matrix](#)

MWF Payoff Product Codes (Direct Pricing Only)

CF30DHSEP: CONF FIXED 30YR DIRECT HOMESTYLE ENERGY PAYOFF

CF15DHSEP: CONF FIXED 15YR DIRECT HOMESTYLE ENERGY PAYOFF

CF30JDHSEP: CONF FIXED 30YR HB DIRECT HOMESTYLE ENERGY PAYOFF

Author: Strategic Products