



# Loan Guaranty Conference 2023

## Energy Efficiency & VA Home Loans

Tery Rouch – Assistant Director, Policy & Valuation

James Heaslet – Chief, Valuation

Heather Sborz – Chief, Policy

For VA Internal Use Only



VA



U.S. Department  
of Veterans Affairs

# Introductions

**Terry Rouch – Assistant Director, Policy & Valuation**

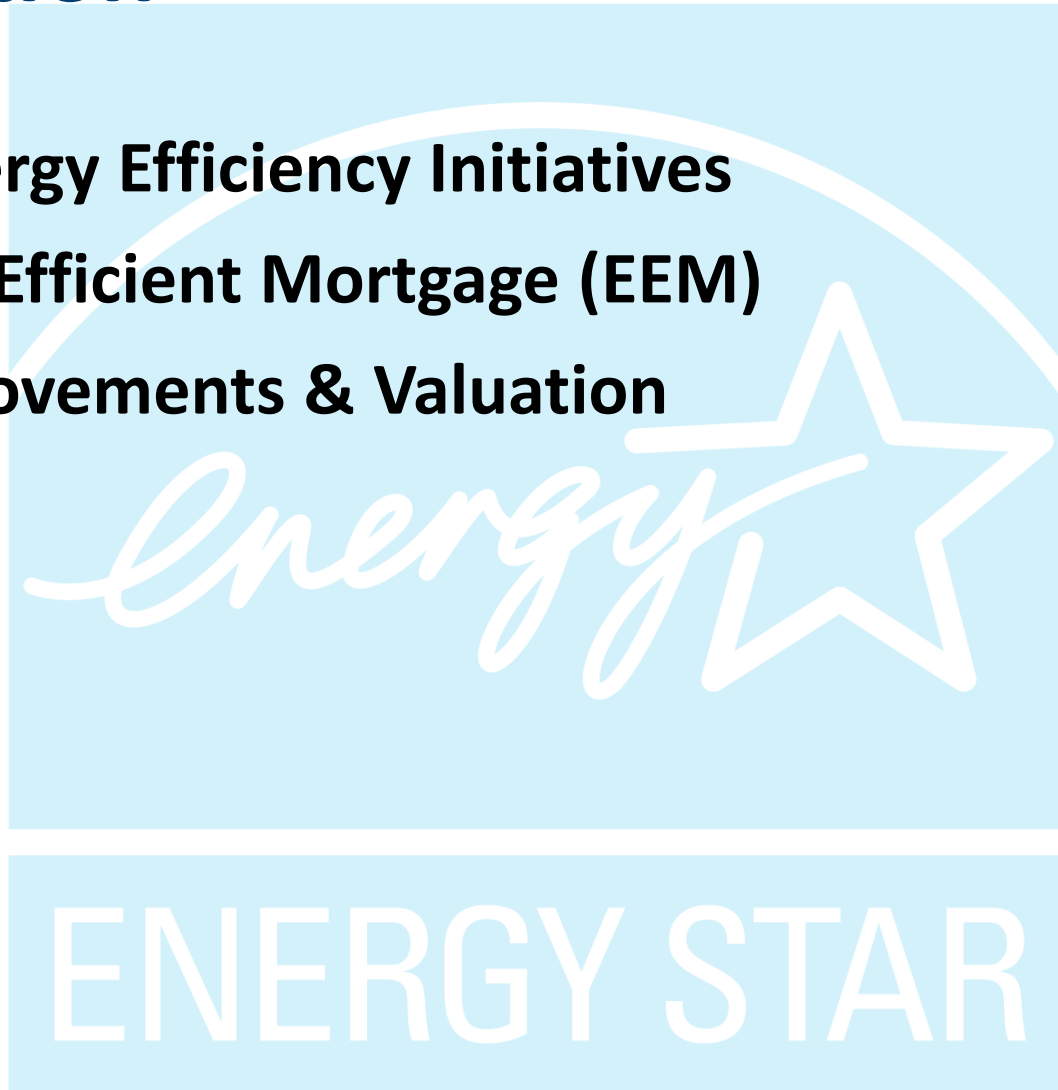
**James Heaslet – Chief, Valuation**

**Heather Sborz – Chief, Policy**

“VA encourages home improvements that conserve energy, reduce water usage, enhance safety or strengthen disaster preparedness.”  
(Chapter 12, Topic 43 b)

# Introduction

- ▶ **Recent Energy Efficiency Initiatives**
- ▶ **VA Energy Efficient Mortgage (EEM)**
- ▶ **Solar Improvements & Valuation**
- ▶ **Questions**



# Recent Energy Efficiency Initiatives

For VA Internal Use Only



# Cleland-Dole Act Overview

- ▶ Public Law 117-328
- ▶ Enhanced Underwriting Standards for certain Energy Efficient Homes
- ▶ Regulatory Requirement
- ▶ HERS report

# Task Forces

- ▶ Manufactured Housing Task Force
  - Energy Star
- ▶ Climate 5c Task Force
  - Climate Related Financial Risk
  - Decarbonization
  - Significant Climate Events
- ▶ Building Code Task Force
- ▶ Justice40 Initiative

# VA Energy Efficient Mortgages (EEM)

For VA Internal Use Only





# EEM Basics

- ▶ Purchase, Interest Rate Reduction Refinancing Loan (IRRRL)
- ▶ Up to \$3,000 – cost of improvements
  - Bid or Itemization of costs
- ▶ \$3,000 to \$6,000 – cost vs. savings
  - bid(s)/contract itemizing improvements and cost
  - Documentation to show the lenders determination the increase in cost does not exceed monthly energy efficiency savings



# EEM Improvements

- ▶ Solar heating systems
- ▶ Weather stripping or caulking
- ▶ Storm windows
- ▶ Water barriers
- ▶ Insulation (new or additional)
- ▶ Vapor barriers

VA Lenders Handbook 26-7 Chapter 7

# EEM Statistics

Fiscal Year	Total EEM	Average Amt	Total Amt
2018	360	\$4,179.83	\$1,504,740.00
2019	265	\$4,366.51	\$1,157,125.00
2020	179	\$4,559.14	\$816,086.00
2021	114	\$4,595.22	\$523,855.00
2022	76	\$4,435.47	\$337,096.00
<b>TOTAL</b>	<b>994</b>	<b>\$4,365.09</b>	<b>\$4,338,902.00</b>

For VA Internal Use Only





# Solar Improvements & Valuation

For VA Internal Use Only



# Solar Improvements

- ▶ Solar systems and equipment that are not valued.
  - Leased or
  - Uniform Commercial Code (UCC) filings allow creditors to notify other creditors about a debtor's assets used as collateral for a secured transaction. UCC liens filed with Secretary of State offices act as a public notice by the "creditor" of the creditor's interest in the property.
- ▶ Solar systems and equipment that have a personal loan **may** have market value.

# Sufficient Information to be Credible

- ▶ Does the appraisal report contain sufficient information describing the features?
  - Size, type, cost, documents provided, analysis.
- ▶ Does the appraisal explain the process of any or a lack of adjustment?
- ▶ When should you contact the appraiser?
  - How did you gain competency? Classes taken?
  - Access to RESNET?
  - Does the appraiser know the cost of power?

# PV Value Tool

<https://www.pvvalue.com/>

Select a tab to view or edit data

**Property Address Data**

**Address**  
14762 S Luna Cir

**City**  
Litchfield Park

**State**  
AZ

**Zipcode**  
85340

**Latitude**  
33.4997913

**Longitude**  
-112.3756415

Edit Data

**Subject Property Data**

**Installation Cost Data**  
*Cost Approach*

**Solar Resource Data**  
*Income Approach*

### PV System Estimated Value

**Cost Approach**  
Estimated Cost: \$0.00 | \$0.00/watt  
No user installation cost provided.

**Income Approach**

6.10% DR | High Value: \$12,054.07 | \$2.01/watt

6.85% DR | Avg Value: \$11,227.57 | \$1.87/watt

7.60% DR | Low Value: \$10,483.05 | \$1.75/watt

**Estimate of Accumulated Energy Production**

Year	Annual kWh	Annual Value	Accumulated Value
1	8,889	0.00	0.00
2	8,845	0.00	0.00
3	8,800	0.00	0.00
4	8,755	0.00	0.00
5	8,711	0.00	0.00
6	8,666	1,036.45	1,036.45
7	8,621	975.71	2,012.17
8	8,577	918.51	2,930.68

For VA Internal Use Only



# Questions ?

For VA Internal Use Only

