

What veterans and active military personnel must know before a purchase or refinance

By Dave Porter, November 2015

US buildings are wasteful. According to the US DOE buildings account for 40% of total energy use, 71% of electricity consumption, 38% of CO2 emissions, 36% of greenhouse gas emissions, among other sins. Among those energy-hogging buildings are a large number of existing homes. The average home is 35 years old—eighty-three percent of US homes (95 million) were built before 1990—and needs energy improvements. Not only are energy-bleeding homes bad for the environment but they are expensive to run, placing more burden on the already maxed out budgets of many homeowners.

According to the Institute for Market Transformation the average property taxes for a home equal \$1782, hazard insurance equals \$822 and yearly utility costs \$2340. Lenders qualify buyers based principal, interest, taxes and insurance costs, but not utilities which can be a large part of home affordability

There are so many active military personnel and veterans that have obtained VA loans but the odds are virtually no one was offered and took advantage of added energy conservation improvements to their home purchase or refinance.

On existing homes (the home has to be at least one year or older) VA offers a \$3000 energy improvement upgrade with no additional qualifying of the borrower, and the appraisal (NOV: Notification of Value) does not need to support the \$3000 in energy improvements. This is not a second mortgage, it's part of a new loan--a purchase or refinance. The improvements can include anything that saves money on utilities: insulation, new ENERGY STAR dishwasher, new tankless water heater (or some other efficient system), etc. Here are a few categories from VA:

- Caulking and weather-stripping
- Heating and cooling systems
- Solar heating and cooling systems, including solar systems for heating water for domestic use
- Clock thermostats
- New or additional ceiling, attic, wall and floor insulation
- Water heater insulation
- Storm windows and/or doors, including thermal windows and/or doors
- Heat pumps
- Vapor barriers

In fact, you can go higher than \$3000 as well with some conditions. The secondary level goes from \$3001 dollars to \$6000 and like the lower amount option the value of the improvements do not need to be justified on the appraisal. that means you could buy a home, say for \$200,000 and put zero down and the loan would be \$206,000 (in fact a bit more since the VA funding fee is

also added) but again the appraisal does not need to support the higher loan amount. The lender must insure that the energy savings will more than pay for the cost of the improvements.

Say for example that an active military or veteran buyer is purchasing or refinancing a home, and the improvements identified total \$5800 (over the \$3000 but under the \$6000). The appraisal does not need to be higher to cover the \$5800. However the cost of the improvements on a monthly basis must outweigh the monthly increase on the mortgage. So using our example the monthly increase in mortgage payments on the \$5800 equals \$27 a month. The lender must document that the energy improvements being installed (i.e. insulation, weatherproofing, fixing leaky ducts, a new furnace, windows, dishwasher, etc) create a monthly savings that exceeds the \$27. This is usually not an issue at all. The documentation can come from the manufacture or the local utility or a professional energy rater.

With the VA energy improvement program energy improvements can exceed \$6000 , however the appraisal must support the improvements and again, the monthly costs of the improvements must be offset by the estimated energy savings.

When choosing your lender look for one that is knowledgeable about these programs. Ask lots of questions and be sure they have experience in doing VA loans with the energy improvements. Adding energy improvements to your VA loan (purchase or refinance) is a no brainer. The benefits include lower overall costs to operate the home, better resale value, and more disposable income. Besides that you'll give someone a job to do the improvements and help move the US toward less dependence on foreign oil and our natural resources.

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Energy Solutions Network and Zenn Valve

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So good catching up with you!

Nov Professional Builder Mag has an interesting article The Green Line (how far builders will go).

2 articles you can use if you want are attached.

here are the links, if there is any way to link my contact info below - that would be nifty!

www.energysolutionsnetwork.net

www.zennvalve.com

In addition to lighting and helping find competitive electricity and natural gas prices (in deregulated states), we have partnered with a company called Zennvalve, (zennvalve.com) who has a Flow Management Device (FMD) that reduces water consumption and bill costs by 10-15%.

The technology:

As water flows through the pipes it creates turbulence. As the turbulent water flow past the meter they are read as water, meaning the meter is reading the water as well as separated air volume as readable water. By

installing this valve on the property side of the meter it breaks down the air pockets and reduces the turbulence and calms the water thus creating a Laminar field before the meter. *A 5% savings on your billable consumption is guaranteed, but the actual savings companies are seeing average between 10 -15%. This is proven technology.*

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