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Residential Energy Services Network (RESNET)



March 27, 2013 10:00 ET

Energy Efficient Homes Are Lower Mortgage Risks Says New Study

OCEANSIDE, CALIFORNIA--(Marketwire - March 27, 2013) - It's a well-known fact that energy efficient homes save their owners money but now a new study shows that they're also better mortgage investments. The report, titled, "Home Energy Efficiency and Mortgage Risks" found that homes with [lower HERS Index Scores](#) were deemed as low mortgage default risks, and that on average, mortgage default risks were 32 per cent lower on ENERGY STAR labeled homes that were rated by a [certified RESNET Home Energy Rater](#). The University of North Carolina's Center for Community Capital, and the Institute for Market Transformation (IMT) officially released the report on March 19, 2013.

The report is based on a study using a sample of 71,000 mortgage loans, compiled from across 38 states and the District of Columbia. CoreLogic, the lending industry's leading source for such information, provided the data and the sample was restricted to single-family, owner-occupied homes whose mortgages were contracted during 2002-2012. RESNET supplied both the addresses and the homes' HERS Index Scores to the University of North Carolina for the purposes of this study.

The impact of the report promises to be far-reaching, especially to consumers, with recommendations such as:

- The lower risks related with energy efficient homes should be taken into consideration when underwriting mortgage loans.
- Fannie Mae, Freddie Mac and FHA should:
 - Encourage underwriting flexibility for [mortgages on energy efficient homes](#).
 - Promote energy efficiency to consumers and their lenders.
- Congress should take into account the report's findings when deliberating on legislation to improve the accuracy of mortgage underwriting used by federal mortgage agencies.
- Congress should ensure that energy costs are considered during the underwriting process.

RESNET Executive Director Steve Baden, who took part at the news conference and congressional briefing in Washington, D.C. when the report was released, said of the study, "This is a real game changer. The finding that the lower the HERS Score, the lower the mortgage risk should increase consumer, builder, lender, real estate agent and appraiser confidence in the HERS Index Score. In light of these findings, RESNET calls on the mortgage industry to rationalize the underwriting process to take in consideration energy savings in the mortgage loan."

To read the complete report, go to [Home Energy Efficiency and Mortgage Risks](#) to download a copy. To read the executive summary, go to [Home Energy Efficiency and Mortgage Risks Executive Report](#).

About RESNET

The Residential Energy Services Network (RESNET) is the independent, national nonprofit organization that homeowners trust to improve home energy efficiency and realize substantial savings on their utility bills. RESNET's industry-leading standards are recognized by the U.S. Department of Energy and the U.S. Environmental Protection Agency, among others.

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