

**IN THE SENATE OF THE UNITED STATES—117th Cong., 2d Sess.
H.R. 2617**

SEC. 203. ENHANCED LOAN UNDERWRITING METHODS.

(a) IN GENERAL.—Section 3710 of title 38, United States Code, is amended by adding at the end the following new subsection:

(i)(1) The Secretary, in consultation with the advisory group established under paragraph (3)(A), shall prescribe regulations and issue guidance to assist lenders in evaluating the sufficiency of the residual income of a veteran pursuant to paragraph (2).

“(2)(A) Pursuant to the regulations and guidance prescribed under paragraph (1), in the case of a loan to a veteran to be guaranteed under this chapter, if the veteran provides to the lender an energy efficiency report described in subparagraph (B) —

“(i) the evaluation by the lender of the sufficiency of the residual income of the veteran shall include a consideration of the estimate of the expected energy cost savings contained in the report; and

“(ii) the lender may apply the underwriting expertise of the lender in adjusting the residual income of the veteran in accordance with the information in the report.

“(B) An energy efficiency report described in this subparagraph is a report made with respect to a home for which a loan is to be guaranteed under this chapter that includes each of the following:

“(i) An estimate of the expected energy cost savings specific to the home, based on specific information about the home, including savings relating to electricity or natural gas, oil, and any other fuel regularly used to supply energy to the home.

“(ii) Any information required to be included pursuant to the regulations and guidance and regulations prescribed by the Secretary under paragraph (1).

“(iii) Information with respect to the energy efficiency of the home as determined pursuant to—

“(I) the Residential Energy Service Network’s Home Energy Rating System (commonly known as ‘HERS’) by an individual certified by such Network; or

“(II) another method determined appropriate by the Secretary, in consultation with the advisory group under paragraph (3), including with respect to third-party quality assurance procedures.

“(3)(A) To assist the Secretary in carrying out this subsection, the Secretary shall establish an advisory group consisting of individuals representing the interests of—

“(i) mortgage lenders;

“(ii) appraisers;

“(iii) energy raters and residential energy consumption experts;

“(iv) energy efficiency organizations;

“(v) real estate agents;

- “(vi) home builders and remodelers;
- “(vii) consumer advocates;
- “(viii) veterans’ service organizations; and
- “(ix) other persons determined appropriate by the Secretary.

“(B) The advisory group established under subparagraph (A) shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

“(4) The Secretary shall ensure that marketing materials that the Secretary provides to veterans with respect to loans guaranteed under this chapter include information regarding the use of energy efficiency reports under this subsection.

“(5) Not later than one year after the date on which the Secretary issues the regulations and guidance pursuant to paragraph (2), and every year thereafter, the Secretary shall submit to Congress and make publicly available a report that includes the following information for the year covered by the report:

“(A) An enumeration of the number of loans guaranteed under this chapter for which a veteran provided to the Secretary an energy efficiency report under this subsection, including the number of such loans for which cost savings were taken into account pursuant to paragraph (1).

“(B) Of the number of loans enumerated under subparagraph (A), an enumeration of the default rates and rates of foreclosure, including how such enumeration compares with the default rates and rates of foreclosure for guaranteed loans for which no energy efficiency report is provided.”.

(b) CLARIFICATION OF REQUIREMENTS REGARDING 22 ENERGY EFFICIENCY STANDARDS. —Section 3704(f) of such title is amended by striking “such standards” and inserting the following: “the standards established under such section 109, as in effect on the date of such construction”.