



FHA Solar ECOSmart Program

Lender NMLS 21116 www.nmlsconsumeraccess.org Equity Prime Mortgage, LLC (EPM) is a wholesale residential mortgage lender and an approved lending institution. The company is GNMA issuer, FHLMC, FNMA seller/servicer, FHA Mortgagee, USDA National Lender, and VA Automatic Lender. This information is for Broker use only and is provided to assist business professionals.. This is not an advertisement extend to the consumer, as defined by Section 226.2 of Regulation Z – Equal Housing Lender. Equal Opportunity Employer. Corporate address: 5 Concourse Parkway, Suite 2250 Atlanta, GA 30328

Please visit our website for program guidelines and requirements: <https://epmwholesale.com>

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Program Summary



- FHA has made it easier than ever for families to finance a new solar energy system for their home
- The full cost of a new solar photovoltaic (PV) array can be added to a regular FHA insured mortgage at the time of the home purchase or refinance including batteries and roof repair/replacement as required for the PV system.
- Installation of the PV system takes place after closing

Program Benefits



- Solar Panels can reduce how much you pay for electricity
- The price of electricity purchase from local utilities increases annually at a rate of 6%/year nationwide. Many States like CA have seen rates increase double in the last 5 years.
- Interest on the full mortgage (with PV cost) can be deductible on tax return filing
- Passing of the Inflation Reduction Act Provides a 30% Federal tax CREDIT on the total system price (ex: \$40k system yields a \$12,000 tax credit)
- Payment on the energy system is spread out over the mortgage term over 30 year and locks in the rate



Items Not Required



- No Market value of system
 - *Appraisal only needs to match the purchase price or value of the home (refinance)*
- No Cost Effectiveness or Return on Investment (ROI) Evidence
- No Complicated loan amount formula
- No Contingency or HUD Consultant needed



Program Limits



- The new PV system must be owned by borrower, not leased
- 580 Minimum FICO requirement
- The amount financed for a new system must not exceed 20 percent of the property's appraised value (ex: \$500,000 purchase price cannot roll in more than \$100,000 for PV system (inc: battery, roof, etc))
- The energy system must be new, not existing (cannot be used to payoff an existing system)
- The borrower must qualify for the total loan amount with the solar system
- The full mortgage amount (with the PV system cost) must be scored through FHA's TOTAL Scorecard.
- Available in the following states: AZ, CA, CO, CT, DC, DE, FL, GA, ID, IL, IN, KS, KY, LA, MA, MI, MO, MS, NC, NJ, NM, NY, NV, OH, OK, PA, RI, SC, TX, UT, VA, WV
- No TBD properties
- Cannot be combined with DPA programs

PROGRAM SPECIFICATIONS

PARAMETERS	PROPERTY TYPES
<p>FICO</p> <ul style="list-style-type: none">• 580 minimum FICO <p>ELIGIBLE TERMS</p> <ul style="list-style-type: none">• 15, 20, 25 & 30 year fixed <p>TRANSACTION TYPES</p> <ul style="list-style-type: none">• Purchase & Rate/Term Refinance <p>LTV/CLTV/HCLTV</p> <ul style="list-style-type: none">• The maximum limit is 120% (including additional amount for solar system & upgrades) <p>DTI</p> <ul style="list-style-type: none">• Per AUS <p>AUS RECOMMENDATIONS</p> <ul style="list-style-type: none">• Approve/Eligible or Accept• Manual: 31/43%	<ul style="list-style-type: none">• 1-4 Unit Primary Residence• PUDs

PROGRAM SPECIFICATIONS

ELIGIBLE PROGRAMS	INELIGIBLE PROGRAMS
<p>The FHA Solar Program can be used in conjunction with:</p> <ul style="list-style-type: none">• FHA 203(b) Purchase• FHA 203(b) Rate/Term	<p>Program <u>cannot</u> be used in conjunction with:</p> <ul style="list-style-type: none">• Non-FHA Loan Types• DPA Programs• 203(h) Disaster Area• 203(k) Renovation• TBD



HOPER Borrower Assistance



- Only available in AZ, CA, FL, ID, IL, KS, MO, NV, TX & UT
- Assists new homeowners with little to no savings by providing 1099 income towards a savings account
- **Borrowers earn 3.5% of their home sales price (up to \$13,000)**
- **30% Federal Solar Tax Credit:** Homeowners are eligible to deduct 30% of the cost of the solar system from their federal taxes, reducing their overall tax burden.
- Funds in the **personal savings club** account are managed by **HOPER** and withdrawals are permitted at the time of closing to be used towards the down payment, closing costs, realtor fees, debt payoff or reserves. If the buyer does need the funds at the time of closing, they can withdraw the funds post closing as long as all requirements above are met as this is earned income.*
- Borrower is required to:
 - Complete a 6 to 8 hour online pre-closing education course (\$149)
 - Attend a post closing financial mentorship course (\$79.99) and commit to periodic surveys
 - Program eligibility is conditioned upon receipt of an acceptable solar energy assessment that the borrower will save money through solar installation

**Please review the Savings Club guidelines in the FHA 4000.1 Handbook*

HOPER Borrower Assistance




High-Level Process

- **Pre-Approval:** The Loan Officer identifies the property, initiates the loan process, and confirms property eligibility for solar installation using tools such as Energy Wizard.
- **Homebuyer Education:** The homeowner must complete a 6 hour homebuyer education course to learn about the process and expectations of the program.
- **Solar Proposal & Agreement:** The homeowner is introduced to a SOAR Energy Advisor, who provides a customized solar design proposal.
- **EcoSmart Loan Approval:** The Loan Officer submits the loan package for approval to EPM. The solar system is included in the total loan amount under the FHA EcoSmart Loan.
- **Solar Installation & Inspection:** Once the loan is approved, the solar panels are installed and inspected to ensure compliance.
- **Final Payments & Funds Released:** After the final inspection, EPM releases the funds for the solar installation, and the homeowner begins benefiting from energy savings.

HOPER Borrower Assistance



Sample Pre-Eligibility Letter


a new path home

Hope For Homeownership Green Project

Date: 9/6/2024
Participant(s): [REDACTED]

Program Details	
Lender	[REDACTED]
Estimated Research Compensation	\$13,000

**The final amount of participation compensation will depend on your final loan amount.*

Initial Solar Assessment	
<i>These are estimates only. A final assessment will be completed prior to closing</i>	
ESTIMATED NET SYSTEM COST	
Estimated total system cost:	\$39,600
Less Tax Credit:	\$12,815
Less Research Comp:	\$13,000
Equals:	\$13,785

6 EASY STEPS

- Step 1** – Register and complete your home buyer education (\$149 one-time enrollment fee)
- Step 2** – Register for your financial education course (\$80 on-time enrollment fee)
- Step 3** – Sign your solar installation agreement and close on your mortgage!
- Step 4** – Provide your utility account information
- Step 5** – Solar installer will schedule and complete a site survey and collect permits
- Step 6** – Solar installed, start saving money from the sun!

HOPER Borrower Assistance



Sample Homebuyer Education Cert



HOPER Borrower Assistance



Sample Income Documentation



EARNINGS STATEMENT

PAYEE NAME	SSN	PAYEE ID	PAY DATE	CHECK NO.
JANE DOE	XXX-XX-1235	XXXXXX	2/3/2023	DIRECT DEP
INCOME CATEGORY	CURRENT GROSS	DEDUCTIONS	CURRENT	YTD
RESEARCH PARTICIPATION - 1099	2,135.01	FICA MED TAX	0.00	0.00
		FICA SS TAX	0.00	0.00
		FED TAX	0.00	0.00
		OTHER	0.00	0.00
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT DEDUCTIONS	CURRENT NET
2,135.01	0.00	2,135.01	0.00	2,135.01



EARNINGS STATEMENT

PAYEE NAME	SSN	PAYEE ID	PAY DATE	CHECK NO.
JANE DOE	XXX-XX-1235	XXXXXX	2/10/2023	DIRECT DEP
INCOME CATEGORY	CURRENT GROSS	DEDUCTIONS	CURRENT	YTD
RESEARCH PARTICIPATION - 1099	2,135.01	FICA MED TAX	0.00	0.00
		FICA SS TAX	0.00	0.00
		FED TAX	0.00	0.00
		OTHER	0.00	0.00
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT DEDUCTIONS	CURRENT NET
4,270.02	0.00	4,270.02	0.00	2,135.01



EARNINGS STATEMENT

PAYEE NAME	SSN	PAYEE ID	PAY DATE	CHECK NO.
JANE DOE	XXX-XX-1235	XXXXXX	2/17/2023	DIRECT DEP
INCOME CATEGORY	CURRENT GROSS	DEDUCTIONS	CURRENT	YTD
RESEARCH PARTICIPATION - 1099	2,135.01	FICA MED TAX	0.00	0.00
		FICA SS TAX	0.00	0.00
		FED TAX	0.00	0.00
		OTHER	0.00	0.00
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT DEDUCTIONS	CURRENT NET
6,405.03	0.00	6,405.03	0.00	2,135.01



HOPE 4 HOMEOWNERSHIP
SAVINGS CLUB
1423 S. Higley Road #127
Mesa, AZ 85206

Your personal savings club account statement

Statement End Date: 2/28/2023

JANE DOE
1234 ANY STREET
MESA, AZ 85206

Your account number: XXXXXXXXXX
How to reach us: (855) 647-4300

Summary of your account for this period

Your opening balance	\$	0.00
Total deposits into your account		6,405.03
Total withdrawals from your account		0.00
Your closing balance	\$	6,405.03

Your Participation Makes a Difference

Thank you for joining the H4H Savings Club and for participating in HOPER's Hope for Homeownership research program.

HOPER is dedicated to helping solve the affordable home crisis by promoting education, research, and proper consumer representation for underserved home buyers. We appreciate your involvement in this important project, and we look forward to continuing to work with you!

Details from your account ledger

Date	Description	Deposits (\$)	Withdrawals (\$)	Balance (\$)
	Opening balance			0.00
2/3/2023	HOPER.org Research - Dir Dep	2,135.01		2,135.01
2/10/2023	HOPER.org Research - Dir Dep	2,135.01		4,270.02
2/17/2023	HOPER.org Research - Dir Dep	2,135.01		6,405.03

HOPER in AUS



Desktop Underwriter (DU) Findings

Assets

39 The following assets were counted towards available funds:

Borrower Name	Account Type	Institution Name	Amount
	Checking	EARNEST DEALER	9500.00
	Checking	HOPER	10346.00

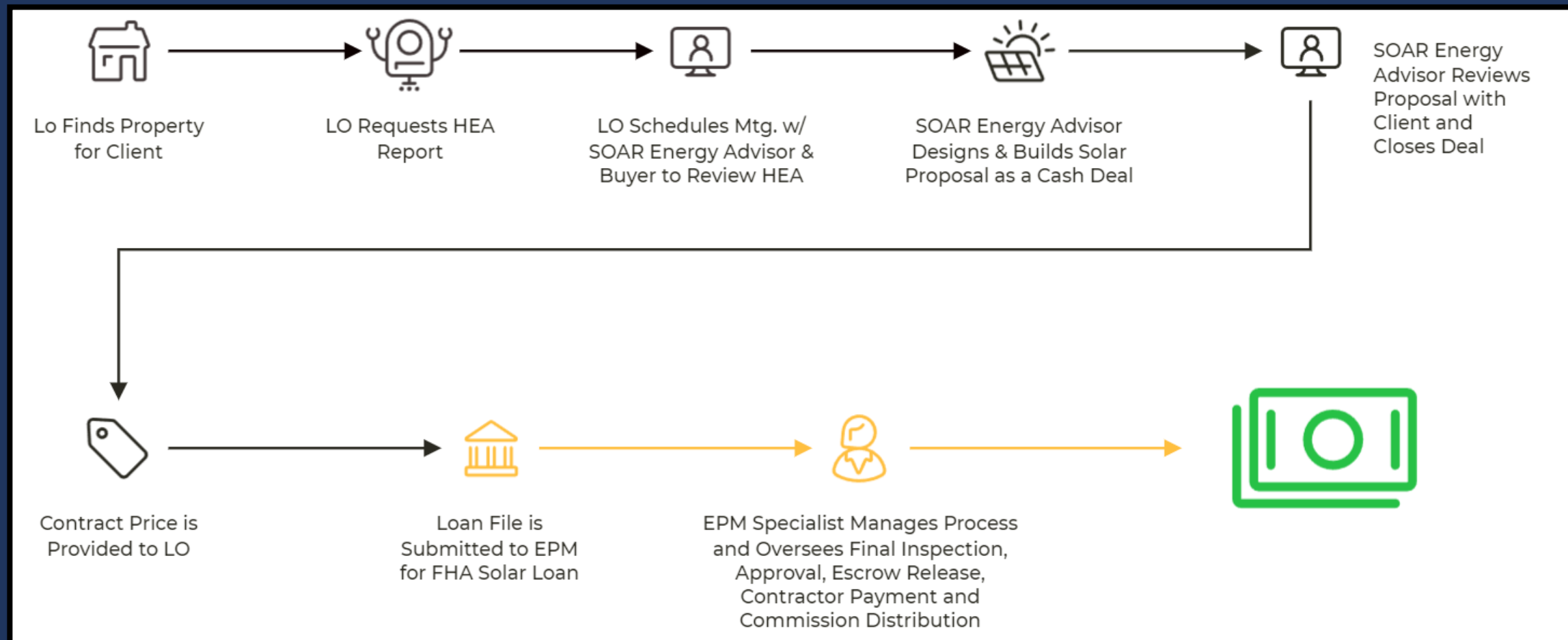
HOPER Borrower Assistance



Category	Standard FHA	H4H + FHA EcoSmart
Home Purchase Price	\$500,000	\$500,000
Solar System Cost (est.)	-	\$40,329
Mortgage Payment (est.)	\$2,893	\$3,108
Taxes	\$400	\$400
Insurance	\$100	\$100
PMI	\$150	\$160
Electric Bill	\$379	\$25
Total Monthly Payment	\$3,921.83	\$3,793
Down Payment Assistance	-	\$13,000
Cash Due at Signing	\$17,500	\$4,500
Bonus Tax Credit	-	\$12,099
Net Cash Out of Pocket	\$17,500	-\$7,599



Process Flow






Proposal

Amount to Add to Loan Amount

\$15,855.40

Your Solar Design

Modules	Cash Price	\$15,855.40
QCell Q.PEAK DUO BLK ML-G10+ 405 (x14)	Federal Tax Credit	(\$4,756.62)
<hr/>		
Inverter		
Enphase IQ8+(x14)		
<hr/>		
System Size		
5.67 kW		
<hr/>		
Estimated Yearly Production		
7,573 kWh		
<hr/>		
SYSTEM DETAILS		





Scope of Work

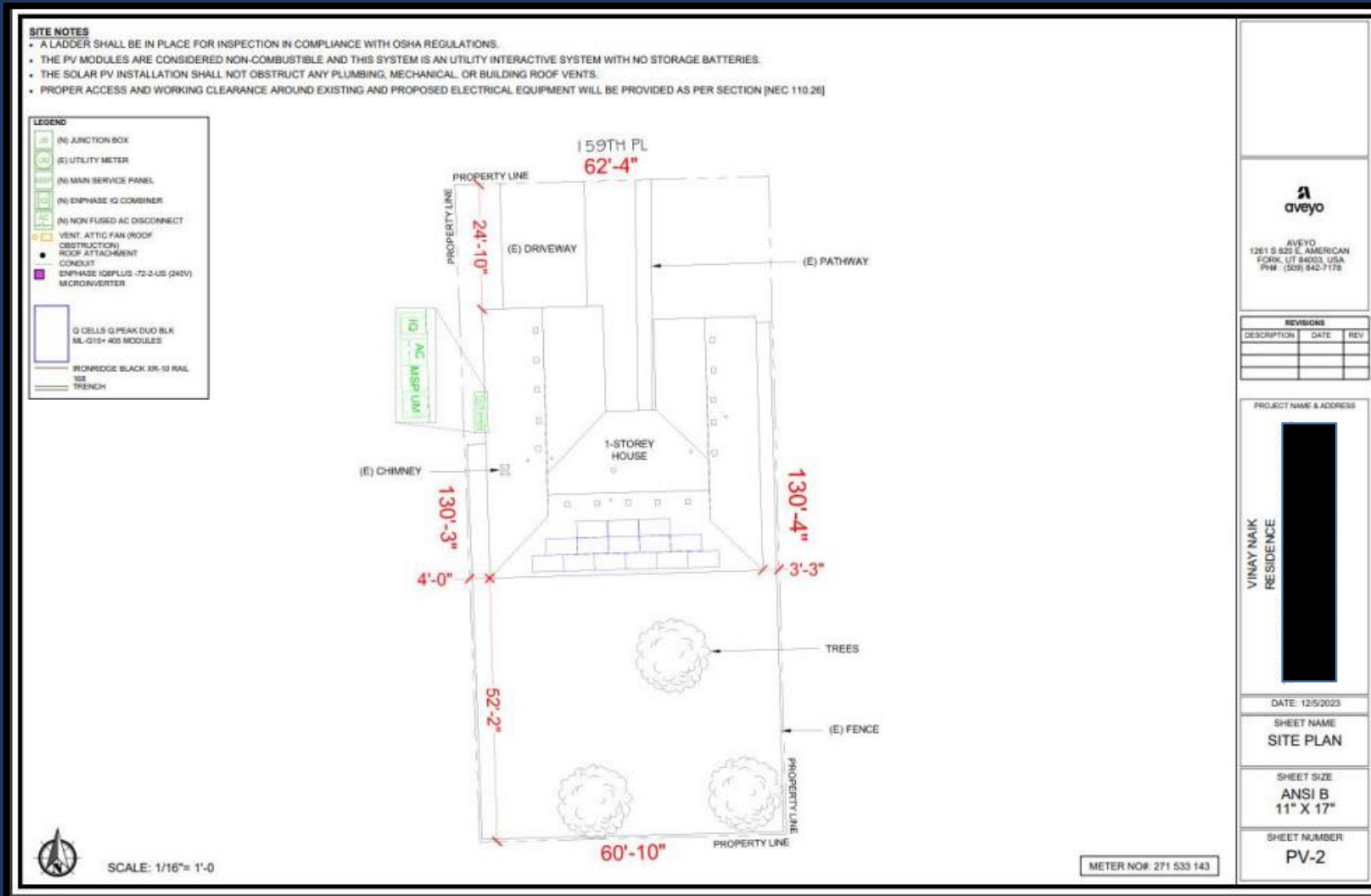
Unique Case where Site inspection determined where roof work was needed and rolled into price

Proposal: \$15,855.40

Final Cost: \$19,422.40

Panel Type	Sold SOW		Current SOW	
System Specs				
System Size (kW)	5.67		5.67	
Panel Type	Q.PEAK DUO BLK ML-G10+ 405		Q.PEAK DUO BLK ML-G10+ 405	
Inverter	IQ8PLUS-72-2-US		IQ8PLUS-72-2-US	
Estimated Production	7573		7573	
% Offset	98.36		98.36	
Mount Type	Roof		Roof	
Notes				
Financial Breakdown	PPW		Owner	PPW
Gross Price	\$2.80	\$15,855.40		\$3.43 \$19,422.40
Adder Price	\$0.00	\$0.00		\$0.71 \$4,000.00
Net Price	\$2.80	\$15,855.40		\$2.72 \$15,422.40
Adder(s)				
Dealer Fee	\$0.00	\$0.00	Customer	\$0.00 \$0.00
MPU			Customer	\$0.53 \$3,000.00
Distance Adder			Customer	\$0.18 \$1,000.00
Net PPW	\$2.80			\$2.72

Site Plan: provided in SOW



FHA Connection



- For SWT, please check “Yes” for SWT in FHA Connection, and “No” for EEM. Borrowers are permitted a higher loan amount on the SWT than on EEM.

Loan Purpose:	Existing Occupied	Construction Code:	Existing Constructi
203k Type:	N/A	HUD Approved Secondary Residence:	No
Cash-out:	No	Construction to Permanent:	No
Refinance Type:	Not a Refinance	Building on Own Land:	No
Credit Qualifying Streamline:	N/A	Manufactured Housing:	<input type="radio"/> Yes <input checked="" type="radio"/> No ?
\$100 REO Down	<input type="radio"/> Yes <input type="radio"/> No	PUD:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Payment Program:		Solar/Wind Amount:	22025 .00
Solar/Wind:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Weatherization Amount:	.00
Weatherization:	<input type="radio"/> Yes <input checked="" type="radio"/> No	HUD REO Repair Amount:	.00
Escrow Data		Escrow Complete Date:	09 / 16
Escrow:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Escrow Amount:	22025 .00
(203k/EEM/Repair/Solar/Wind/Weatherization)			

FHA Connection



- Check “NO” for EEM. If you check “Yes” for EEM in error, then FHAC will allow a lesser loan amount than what would be permitted for SWT.

Secondary Financing

Secondary Financing Exists: ☐ Yes ☒ No

Energy Efficient Mortgage: ☒ Yes ☐ No

EEM Improvement Amount:

Back to Work:

Underwriters

Underwriter Approval Date: / /

Underwriter ID:

Home Energy Score:

Manual Underwrite Stretch Ratios (EEH): ☐ Yes ☐ No

Incorrect

TOTAL SCORECARD

- Code 50 for Veteran
- Code 51 for Non-Veteran

Calculating the Loan Amount



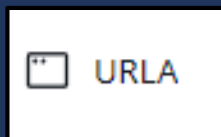
1. FHA's base loan amount is calculated normally, for purchase or rate/term
 - Purchase transactions, the base loan amount is 96.5% of the lesser of appraised value or purchase price
 - Rate/Term, the base loan amount is 97.75%
2. For calculating the base loan amount, the property appraised value must **not** include value for the new energy system (Cost of solar is not financed into the base loan amount; the solar system is an add-on to the base loan amount)
3. Add solar cost to the base loan amount. Add the lesser of:
 - New solar energy system cost, or
 - 20 percent of property value
4. The Upfront MIP is calculated on the total of the base loan amount and the amount financed for SWT
5. The Mortgagee must **exclude** any rebates identified in the contract and assigned to the contractor in determining the cost and installation of the solar technology system, tax credits not defined as rebate.
6. Borrower must qualify on total loan (w/system cost)
7. The total loan amount (w/energy system) is submitted to AUS
8. Borrower must own system (not lease)

Ex: \$500,000 purchase price
Required Min Appraised Value: \$500,000
Base Loan Amount: \$482,500
Cost of PV System: \$20,000 < 20%
Upfront MIP: 1.75% of \$502,500
Final Loan Amount: \$511,293.75



Setup in EPMX

- Log into **EPMX** – www.epmexperience.com
- Upload your 3.4 file and register the loan
- Once the loan is registered, go to **URLA** on the left Toolbar



- Go to **Section 2. Property and Loan Information**





Setup in EPMX

- Select – **Mortgage Loan will finance energy-related improvements** under the **Energy Improvement** section

Energy Improvement
☒ Mortgage Loan will finance energy-related improvements
*unsaved changes

- Click the **Save** button



- Go to **Section 5. Qualifying the Borrower**

< 5. Qualifying the Borrower-Minimum Required Funds or Cash Back >

Setup in EPMX



- Enter the **Sales Contract Price** in **Section A**
- Enter the **Solar Cost** into **Section B – Improvements, Renovations and Repairs**

A. Sales Contract Price

*unsaved changes

B. Improvements, Renovations and Repairs

*unsaved changes

- Click **Save**



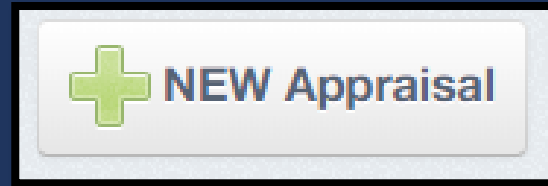
Setup in EPMX



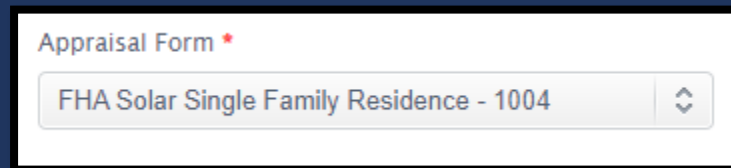
- Total Loan Amount will be Base Loan Amount plus the Solar Cost.
- Upfront MIP is based on the total loan amount.
- When AUS is run, the findings will come back as Approve/Ineligible due to the higher LTV.
- Approve/Ineligible is acceptable to proceed on this program.



- Go to **Appraisal Nation** and **Create a New Order**-
<https://appraisalnation.appraisalscope.com/signin/>
- Select **New Appraisal**



- Select **FHA Solar Single Family Residence – 1004** under **Appraisal Form**



- Be sure to include your FHA case number and borrower information in the order

Submission

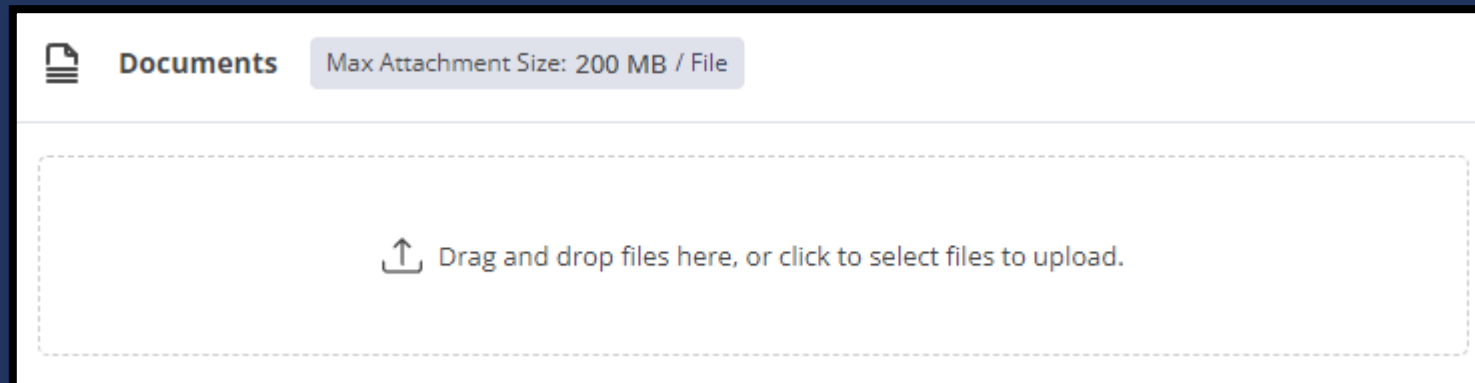


Work Proposal & Contractor Agreement required at initial submission

EPM Setup team will assign the loan to a Renovation Draw Specialist

Broker/Correspondent is responsible for working with contractor on any revision requests for contractor related documents

All documents need to be uploaded to EPMX for underwriter review



Underwriting



- There will be two different 92900-LT forms completed
- Underwriter will complete a 92900-LT **without** Solar included to achieve an Approve/Eligible
- A second 92900-LT will be done **with** Solar included
 - This may result in Approve/Ineligible findings
- HUD will accept Approve/Ineligible findings on second run and reference the SWT in the FHA case number

Escrow & Closing



- EPM will establish an escrow account for the cost of the energy improvements (not the escrow company)
- Any funds remaining in the escrow account must be applied as a principal reduction
- On Refinance, the borrower may not receive cash back from the mortgage transaction. If an excess exists, the Mortgagee must apply these funds as a principal reduction
- Escrows may not include cost for labor or work performed by the borrower (*borrower cannot decide to buy their own parts or use an outside vendor for the work*)
- \$300 escrowed for final inspection (*included in the EPM loan disclosures at LE*)
- 50% of funds will be disbursed at closing to contractor
- Installation of solar system will be done post closing (*no escrow delays*)
- Must be completed within 120 days of closing (*installation of PV system, battery, roof, etc*)
- HUD form 92300 will be executed once solar improvements have been established



CLOSING/RENOVATION PERIOD

- When all of the work is complete; The Contractor sends an email to the Renovation Draw Specialist at EPM
- Renovation Draw Specialist will send final documents to the Borrower and Contractor once work is completed.
- EPM will order the final inspection from the AMC to confirm all work has been completed post closing
- Upon the receipt of the acceptable final inspection and forms, a final 50% disbursement will be made to contractor for the remaining balance of the estimate.
- Draw will be facilitated by way of ACH Transfer to Solar Company/Contractor
- All remaining funds in escrow will be made as a principal reduction to the mortgage.

EPM Department Contacts



Wholesale Sales:

- Kenny Phillips – SVP of Lending
 - Kphillips@epm.net / 401-593-3276

Wholesale Operations:

- Ashley Payton– VP of Production
 - apayton@epm.net / 401-593-3275 x1169

Disclosures:

- Stewart Chapman – Disclosure Desk Director
 - schapman@epm.net / 615-439-7781

Wholesale Underwriting:

- Joe Davis – Underwriter Team Lead
 - jdavis@epm.net / 877-255-3554 (ext. 1052)

Closing:

- Closing@epm.net

Servicing:

- Servicing@epm.net

Appraisals:

- AppraisalDesk@epm.net



SOAR Contacts

Account Executive: Your POC

- Austin Roberts
 - Austin.roberts@soarenergy.com / 801-618-6867

Onboarding Questions:

- Jessica Sadler
 - Jessica.sadler@soarenergy.com

EVP: Strategic Partnerships

- Tobi Roberts
 - Tobi.roberts@soarenergy.com

CEO:

- Brian Decker
 - brian@soarenergy.com



www.soarenergy.com/join





Equal Housing Opportunity Lender.

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THANK YOU

Equity Prime Mortgage, LLC