

INDUSTRY FACT SHEET: FHA PowerSaver Pilot Program	
Effective Date	<ul style="list-style-type: none"> FHA is seeking lenders to participate: nonbinding Expressions of Interest by January 31, 2011. Participating lenders are expected to be announced early in 2011. For additional information, refer to the Federal Register Notice posted in the Federal Register at http://www.federalregister.gov/.
Purpose	<ul style="list-style-type: none"> Enable homeowners to finance energy saving improvements to their current home. Loan proceeds must be used for home energy improvements; borrowers choose from a list of proven, energy saving measures. The list of eligible improvements is available in Appendix B of the Federal Register Notice posted in the Federal Register at http://www.federalregister.gov/.
Who can originate	<ul style="list-style-type: none"> FHA approved Title I lenders. FHA approved Title II lenders may obtain Title I eligibility under an expedited process. Non approved lenders may apply to become an FHA proved lender through the current process.
Eligible Properties	<ul style="list-style-type: none"> Existing 1-unit, owner-occupied, detached, principal residence properties only.
Lien Position	<ul style="list-style-type: none"> The lien, if any, securing the loan must hold no less than second lien position. The lien must be in second lien position unless there is no first lien.
Loan Features	<ul style="list-style-type: none"> Maximum loan amount is \$25,000. Term is 15-years (20 years for renewable energy improvements). Regular amortization.
Discount points	<ul style="list-style-type: none"> Third parties may pay discount points – must deliver bona fide benefit to the borrower.
Loan Disbursement	<ul style="list-style-type: none"> 50% at time of closing, 50% after completion of improvements. Inspection by lender prior to final disbursement of funds.
Credit and Underwriting	<ul style="list-style-type: none"> Maximum CLTV of 100%. Minimum 660 credit score. Borrowers may not have a prior bankruptcy or foreclosure in their credit history. No more than 1x30 on any senior mortgage in past 12 months. Maximum 45% debt-to-income ratio.
Property Valuation	<ul style="list-style-type: none"> Exterior-Only inspection (Form 2055) or other approved valuation method.
FHA Insurance	<ul style="list-style-type: none"> Generally 90% loan-level coverage. Capped at 10% of all Title I-insured loans in each lender's portfolio.
Claims Procedures	<ul style="list-style-type: none"> Servicer is accountable for servicing errors. Note originator is accountable for origination/underwriting errors.
Premium	<ul style="list-style-type: none"> 1.0% of loan amount x the loan term, billed annually.
Lender Incentives	<ul style="list-style-type: none"> Streamlined claims payment procedures. Grant funds to lower transaction costs/interest rates – must deliver bona fide benefit to the borrower. Liquidity options may be available for lenders that do not wish to hold loans they originate.