

A Program Changing the Way We Buy Homes

Many consumers looking to purchase a home are unaware of a new solar program that allows them to bundle solar into their mortgage during their home purchase. The program, "Solar Ready Homes", allows qualified borrowers to exceed their loan limit by up to 20 percent for the purpose of including energy efficient improvements like solar into their loan.

One of the best ways that Solar Ready Homes can work for you is to increase your purchasing power and allow you to qualify for a larger mortgage. According to the HUD website, on an FHA, you can qualify for up to 33% of your debt to income ratio with energy efficient improvements, but only 29% without these upgrades. This is because a larger percentage of your income can be applied to your mortgage thanks to the reduction in your household living expenses.

Here's an example of how this works from the HUD website:

If the buyer's total monthly income is \$5,000, then their maximum allowable monthly payment at 29% is \$1,450, and the maximum mortgage they can qualify for is \$313,100.

However, through the Solar Ready Homes Program:

The maximum allowable monthly payment for the same person at 33% is \$1,650, and the maximum mortgage that they can get is \$356,300. That amount makes a huge difference in the kind of house that you can afford! At the same time, your monthly bills will be lower, thus saving you money every month and creating a budget to allow for the higher payment.

Solar Ready Homes is a concrete way for families to both save money and make a large scale change in the way they live their lives in regard to the environment. Solar Ready Homes, when added to a mortgage, is a smart way to pay for energy efficient improvements to a house that you plan to buy, or add during a refinance. In addition, buyers are eligible to apply for state and federal incentives.

Comparing the Solar Ready Homes program to leasing solar or power purchase agreements, the homeowner misses out on these state and federal incentives. In most cases, homeowners are hit with hidden fees or escalators for early termination. These alternative programs are impractical in today's market by creating unnecessary difficulties for both buyers and sellers.

For example, a Fresno, Calif., couple trying to sell their house told The Los Angeles Times that it attracted multiple offers, but two sets of buyers backed out of the contracts due to the leased solar panels on their roof. The buyers felt the long-term cost of the lease agreement was too high or they were concerned about the credit qualifications they had to meet in order to take over the lease. Ultimately, the couple had to pay \$22,000 to break the lease with the solar company so that they could sell the house.

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Making your house more energy efficient isn't just about helping the environment and saving you money. Energy efficient homes are cooler in the summer and warmer in the winter, cost less to maintain, have lower monthly utilities costs, and generally last longer. Overall, an upgraded home is more comfortable all around. This means not having to deal with drafts in the winter, not worrying about the cost of cranking the AC when company comes over, and having peace of mind that your children, pets, and older visitors will always be in a comfortable, healthy environment.

Solar Ready Homes is not a second trust deed. It is something that you get in addition to your regular mortgage or mortgage refinance. That means that you only make one mortgage payment every month and there's no additional lien on your property or increase to your property taxes.

How Solar Ready Homes works:

If you are purchasing or building a home that you want to add energy efficient features to, you would first get approved for a regular mortgage for the purchase. Then, you would contact Solar Ready Homes—to be bundled into that mortgage—to pay for energy efficient improvements.

If you are refinancing a mortgage for a home that you already own and you want to add some energy efficient renovations, you would again contact Solar Ready Homes to be rolled into the new mortgage.

Solar Ready Homes can be applied to most home mortgages and to make things even easier, you don't have to do anything to qualify for the program. In fact, if you already qualify for your main mortgage, you will (in most cases) also qualify for energy efficient improvements. You can get the process started by contacting Solar Read Homes at (877) 230-4535 or by visiting them online at www.solarreadyhomes.com.

Whatever your reason for wanting to pursue this type of mortgage, the results are the same: a more comfortable, energy efficient, environmentally sound home that is cheaper to maintain and has lower monthly utility costs.

Source: "[Leased Solar Panels Can Complicate – or Kill – a Home Sale](#)," The Los Angeles Times (March 22, 2015)

Source: "[Solar Panels Can be a Deal Killer](#)" Realtor Magazine (March 23, 2015)

Source: "[Green Mortgages – Energy Efficient Mortgages Guide](#)" MortgageLoan.com (November 13, 2015)