

Finance New Orleans

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Finance New Orleans Green Mortgage Program

PROGRAM HIGHLIGHTS

Green Mortgage Homeowner Assistance Program

Green Mortgage Program

Highlights



FNO's Green Mortgage Homebuyer Assistance Program



First Mortgage	Second Mortgage	Whole Home Assessment
<ul style="list-style-type: none">• FHA and VA• Fannie Mae HFA Preferred Mortgages• Freddie Mac HFA Advantage Mortgage	<p>Up to \$25,000 of homebuyer assistance</p> <p><u>Borrowers <80% AMI</u></p> <p>0% Interest, 5- Year forgivable loan</p> <p><u>Borrowers 81-140% AMI</u></p> <p>0% interest, 30-year non-forgivable loan with option to defer repayment</p>	<ul style="list-style-type: none">• Free energy efficiency assessment and minor upgrades to reduce energy use <p>\$2,500 Green Home Improvement Stipend</p> <ul style="list-style-type: none">• Grant from FNO to implement improvements increasing energy efficiency and resilience

Borrower Eligibility

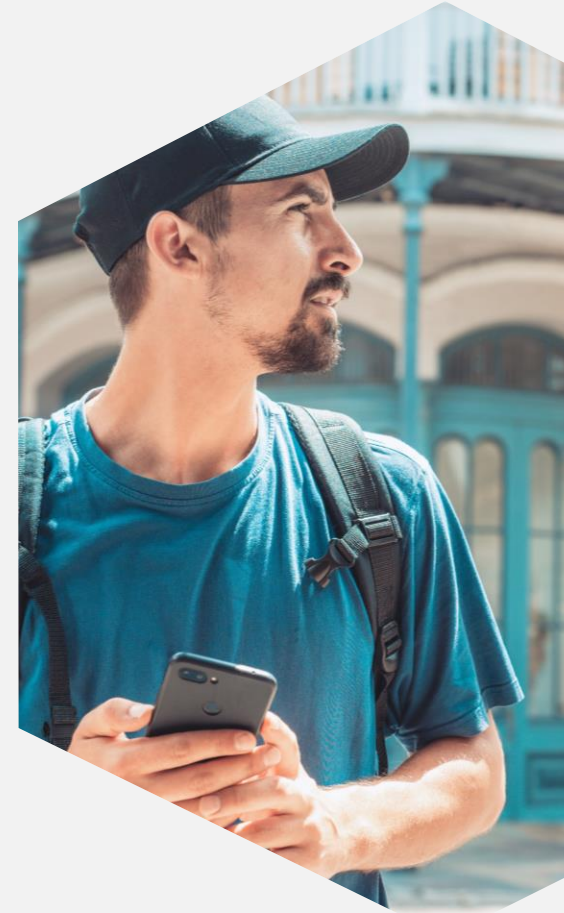
- No first-time homebuyer requirement
- At the time of loan closing, the borrower is not allowed to have more than one financed residential property, including the subject property
- Borrowers must permanently reside in the U.S. and must occupy the property within 60 days
- Non-occupant Borrowers or co-signers are not permitted
- Financial Fitness Training is strongly encouraged, but not required
- Homebuyer Education is required
- Whole Home Assessment with Energy Smart is required when offer to purchase accepted
- **Borrowers must work with a FNO approved lender to apply for their loan**



Income Limits – As of May 2025

80% AMI and lower = \$71,840
Above 80% AMI = \$125,720

Source: <https://sf.freddiemac.com/working-with-us/affordable-lending/home-possible-eligibility-map>



FICO/ Maximum DTI

- Front end DTI ratio cannot exceed 35%.
- Borrowers with credit scores 640-679: Back-end debt to income ratios (DTI) limited to 45% *
- Borrowers with 680 credit score or above: Back-end debt to income (DTI) ratios limited to 50%

*US Bank Loan Conventional AU standards allow up to 50% DTI for Borrowers with 640 Credit Scores



Eligible Loan Area and Qualifying Properties

- Property must be located within the City limits of New Orleans
- Properties with up to four housing units (attached or detached) are eligible if permitted by first mortgage product.

Maximum Purchase Price:

Single Family Home: Up to \$400,000

2-4 Unit Home: Up to \$450,000

- At least one unit must be occupied as Borrower's principal residence for the duration of the loan period.



How Can Borrowers Use the FNO Green Mortgage?

Qualifying borrowers are eligible for up to \$27,500 of assistance through FNO.

- Up to \$25,000 to cover closing costs, prepaids, or to contribute to down payment on the home.
- Up to \$2,500 of direct assistance will be available to homeowners who elect to implement energy efficiency and resilience improvements recommended by an industry professional.





Forgivable Second Mortgage Loan

Borrowers earning 80% AMI* or below are eligible for a 0% interest, five-year forgivable subordinate mortgage up to \$25,000.

- Twenty percent (20%) of the loan shall be forgiven 365 days (1 year) from the date of the second note
- One-forty-eighth shall be forgiven per month should the loan become repayable as described below. **After five years of occupancy, one hundred percent of the second mortgage is forgiven.**

*According to Program Guidelines



Layering with other Assistance Programs

- FNO forgivable loans may be layered with other homebuyer assistance programs made available to Louisiana residents in the form of **grants and forgivable loans**.
- FNO assistance can take third position to forgivable grants and loans provided by other housing agencies restricted to buyers earning under 80% AMI.
- If a buyer does not qualify for a forgivable mortgage, FNO assistance must be in second position.





Non-Forgivable Second Mortgage Loan

Borrowers earning between 81-140% AMI* will have two options regarding repayment of their second mortgage:

Option 1: 0% Interest, second mortgage which shall be repaid over a period of 30 years (360 months).

Option 2: 0% Interest, 30-year deferred, second mortgage up to \$25,000 which shall be repaid in full at month 360.

*According to Program Guidelines



Repayment Triggers

- The entire remaining principal shall be due upon sale, cash-out refinancing, transfer of title, or if borrower no longer occupies the property at any time while there is an outstanding principal.
- Borrowers may elect to do a rate-and-term refinance with a FNO and US Bank approved lender.



Resilience and Energy Efficiency Component

Highlights



What makes the Green Mortgage Program “Green”



1. Required Energy Efficiency Whole Home Assessment

Prior to closing on selected home, the Borrower and/or Borrower’s agent must coordinate with FNO, the Seller and/or Seller’s Agent to have a whole home energy efficiency assessment completed through EnergySmart program

- Borrower will notify FNO of selected realtor and lender when they qualify for a loan and begin shopping for home
- FNO will provide Seller Consent form for Whole Home Inspection and remind Borrower and their agent they are responsible for coordinating Whole Home Energy Efficiency Assessment
- Proof of Whole Home Inspection appointment must be provided when house is under contract
- Energy Assessment should be included in Compliance File

What makes the Green Mortgage Program “Green”



2. Recommended Energy Efficiency and Resilience Improvements

The property will get upgraded energy efficiency products following energy efficiency assessment. **After move in**, the Buyer will have the option to make recommended improvements on their homes, based on Energy Smart report and consultation from industry partners.

Borrowers may utilize the \$2,500 stipend provided by FNO to contribute to the costs of selected improvements. These may include:

- Weatherization upgrades
- Energy Star products through Energy Smart
- Other green and resilient upgrades, such as water management, recommended by an industry professional

Green Mortgage Road Map

