



General Assembly

**Substitute Bill No. 427**

February Session, 2008

\* SB00427APP\_\_041408\_\_ \*

**AN ACT CONCERNING GREEN MORTGAGES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) As used in this  
2 section:

3 (1) "Green mortgage loan" means any loan made to fund: (A) The  
4 purchase or construction of a new energy efficient residential property  
5 where the loan permits the lender to increase the residential property's  
6 appraised value by the amount of the estimated energy savings and  
7 allows the buyer to finance energy efficient upgrades and pay for them  
8 as part of the mortgage cost; or (B) the purchase of a residential  
9 property and the making of energy efficient renovations or  
10 improvements thereto, or the making of energy efficient renovations or  
11 improvements to an already purchased residential property, where the  
12 loan permits the homeowner to finance the energy-efficient upgrades  
13 up to a certain percentage of the value of the home.

14 (2) "Energy efficient residential property" means those residential  
15 properties that meet the qualifications and eligibility requirements for  
16 energy efficient mortgages offered by federal mortgage finance lenders  
17 such as the Federal National Mortgage Association, the Federal Home  
18 Loan Mortgage Corporation, the Federal Housing Administration, the  
19 Department of Housing and Urban Development or the Department of

20 Veterans' Affairs.

21 (3) "Energy efficient renovation or improvements" or "energy  
22 efficient upgrades" means those renovations, upgrades or  
23 improvements that meet the qualifications and eligibility requirements  
24 for energy improvement mortgages offered by federal mortgage  
25 finance lenders such as the Federal National Mortgage Association, the  
26 Federal Home Loan Mortgage Corporation, the Federal Housing  
27 Administration, the Department of Housing and Urban Development  
28 or the Department of Veterans' Affairs.

29 (4) "Lender" means any person who originates a loan to fund the  
30 purchase or construction of a new residential property, or to fund the  
31 purchase of a residential property and the making of renovations or  
32 improvements thereto, or to fund renovations or improvements to a  
33 residential property.

34 (5) "Commissioner" means the Banking Commissioner.

35 (b) By July 1, 2009, a lender shall establish and implement a policy  
36 and program designed to provide incentives for the construction and  
37 purchase of energy efficient residential properties, and for energy  
38 efficient renovations, improvements or upgrades to residential  
39 properties.

40 (c) By July 1, 2010: (1) No less than ten per cent of all loans made by  
41 lenders to fund the purchase or construction of a new residential  
42 property shall be green mortgage loans; (2) no less than ten per cent of  
43 all loans made by lenders to fund the purchase of a residential  
44 property and the making of renovations or improvements thereto shall  
45 be green mortgage loans; and (3) no less than ten per cent of all loans  
46 made by lenders to fund renovations or improvements to a residential  
47 property shall be green mortgage loans.

48 (d) The commissioner may raise the percentages set forth in  
49 subsection (c) of this section from time to time as the commissioner  
50 deems necessary.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2008</i>	New section
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**APP**      *Joint Favorable Subst.*