

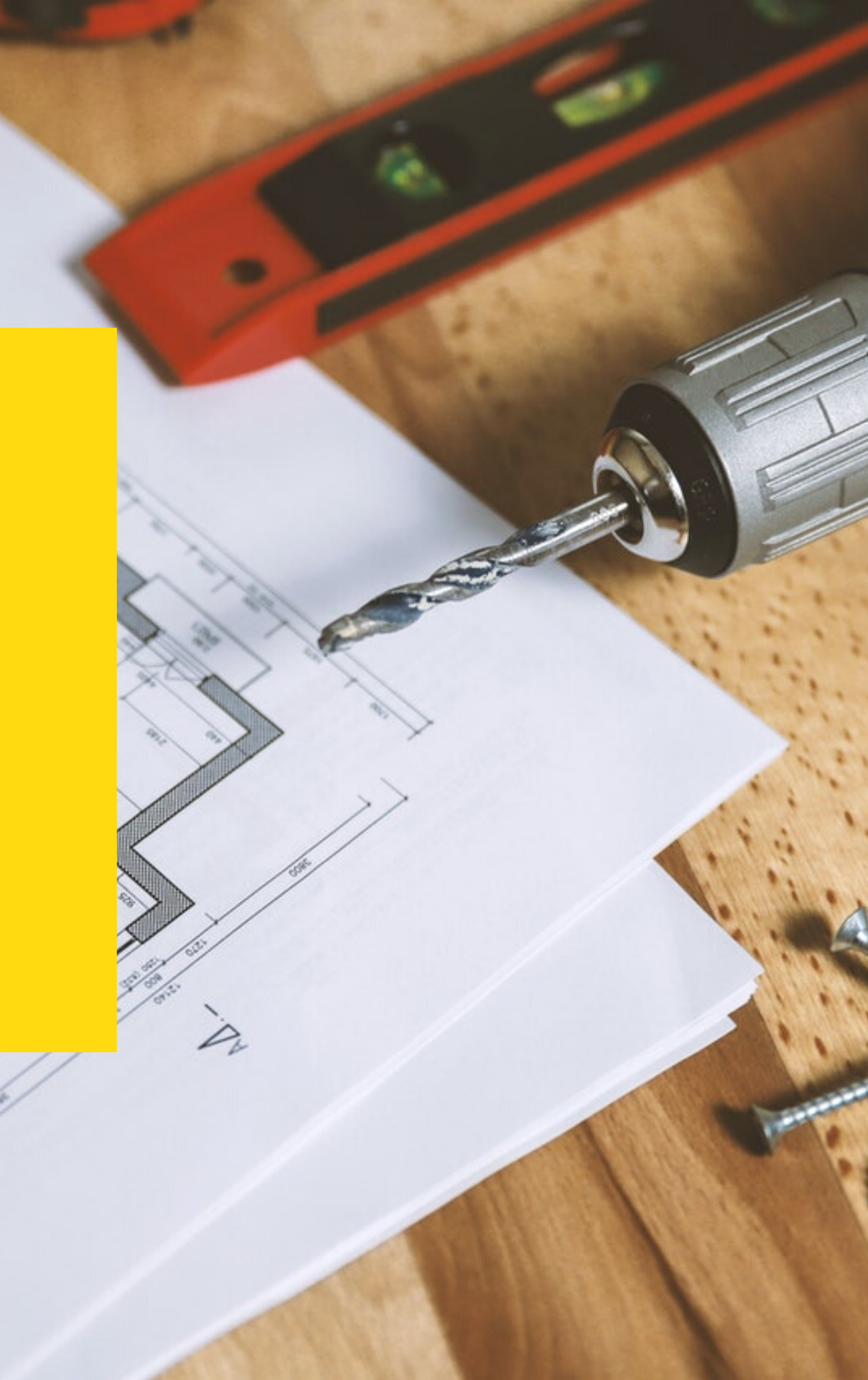


# ENERGY EFFICIENT UPGRADES

RISE

FINANCING






## Makes perfect economic sense

As sustainable home building becomes ever more mainstream, thousands of homeowners are considering energy-efficient and sustainable homes to be a better investment of their money. Sustainable homes are more durable and resilient. They can save you money in the long run by reducing the amount of water and energy utilized by the home. However, these new homes and retrofits will often cost you more money upfront, depending on how you place your priorities.

Many banks and major mortgage lenders continue to make loan decisions based on the false assumption that better-built homes are an expensive luxury. While FSC-certified tropical lumber might be a costly addition for a new hardwood floor in your kitchen, other sustainable building elements make perfect economic sense.



For example, while opting for ENERGY Star certified triple pane windows, or even Passive House grade windows, will add a few thousand dollars to the price tag of your home, these types of windows would also help lower the heating requirements of the home. In addition to the apparent cost savings resulting from lower energy consumption, the savings in duct installation would help offset a significant portion of the added cost of the windows. As for new home construction, a more energy-efficient home, resulting from these windows, may also allow you to opt for a smaller furnace, further reducing the overall cost.

Unfortunately, many mortgage lenders are not prepared or trained to take into consideration these immediate savings. Banks will tend to focus only on the upfront, initial costs that are associated with home building or retrofits instead of looking at the larger picture of life-cycle costs. Sustainable homes are also usually durably built, meaning that homeowners will most likely spend less on replacements and repairs over the lifetime of the mortgage.



PHOTO: ALPEN





# ENERGY EFFICIENCY SAVINGS

## to Offset Higher Mortgages

Perhaps most disappointing, is the fact that banks and mortgage lenders do not account for the savings that come with energy-efficient homes. Costs that can substantially offset the higher monthly mortgage payment that comes with a more expensive home. Assuming that these sustainable upgrades increased the home construction cost by as much as 20 percent, though 5 to 8 percent is what we usually see, these upgrades would increase your mortgage from \$250,000 to \$300,000. For a 30-year mortgage at a 5 percent interest rate, with a 15 percent down payment, the monthly payment would increase by \$240 a month, or \$2,880 each year. This example demonstrates that the monthly cost savings on your utility bills would offset most of the additional home construction cost, as reflected on your monthly mortgage payment.

# HOW TO CONVINCE THE BANKS

Mortgage lenders tend not to be the most flexible institutions in the financial world. However, some strategies can be taken by homeowners to demonstrate to the bank the financial sturdiness of your plans to build or retrofit a sustainable home. Firstly, make an effort to show the bank the potential savings associated with your building plan. You might even consider hiring a certified energy auditor or advisor to document the expected energy savings associated with the blueprint for your new home construction or sustainable retrofit. Your energy advisor will also be able to identify certain rebates and incentives that are available to you. These rebates and incentives will further increase your expected monthly savings.

Secondly, consider utilizing a simple mortgage calculator to experiment with increased mortgage costs and how these costs compare to your expected savings through energy-efficient upgrades to your building plan. You may also be able to convince your bank to offer a lower interest rate if you can demonstrate that the savings offset the higher monthly payments.

Lastly, show your bank how sustainable upgrades to your home will increase the value of your home, and help it maintain its premium price into the future.



# Rise

A cup of coffee with latte art on a saucer next to a laptop keyboard. The background is a dark, moody photograph of a wooden desk with a laptop and a cup of coffee. The coffee has a heart-shaped latte art design on top. The laptop keyboard is visible on the left side of the image.

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**Turn any home improvement  
project into a sustainable one.**

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