

SMARTMHSM KY

Making Energy Efficiency Affordable for Single-Family Homes:
Financing Energy Improvements

Next Step is a social enterprise with the mission to put sustainable homeownership within reach of everyone, while transforming the manufactured housing industry one home at a time.



**At Next Step, the elements of
Manufactured Housing Done Right™ come together.**



Our belief is that when **prepared and supported homebuyers** purchase **quality, energy efficient homes on permanent foundations** financed with **fair loans**, they will be more successful.

In addition to building a nonprofit network, we engage with the industry to instill these principles in a wider market.

One of our industry pilot programs launching this week: SmartMHSM KY



Manufactured homes are an important source of affordable housing for Kentuckians.

- 13.6% of the state's overall residential stock
- 85,000 built before 1976 (HUD Code enacted)
- Families pay \$200-400 for utility bills in the summer and \$400-800 for utility bills in the winter
- Over the last 5 years, about 2,000 manufactured homes sold with less than 1% ENERGY STAR



Residents of manufactured homes spend nearly twice as much on energy per square foot of living space as residents of site built homes.





Manufactured homes can be more energy efficient than site-built homes at a lower cost by using high-efficiency building techniques and by maximizing economies of scale and volume purchase.

SmartMHSM KY Alliance

The SmartMH KY Alliance is a partnership of the manufactured housing industry, lenders, retailers, nonprofits and public stakeholders.

We are committed to increasing access to ENERGY STAR homes with better loans across the Commonwealth.

We aim to achieve this through outreach, marketing, branding, training, program evaluation and financing.

SmartMHSM KY Alliance

The Alliance supports an ENERGY STAR upgrade program administered by the Systems Building Research Alliance.



SmartMHSM KY Alliance

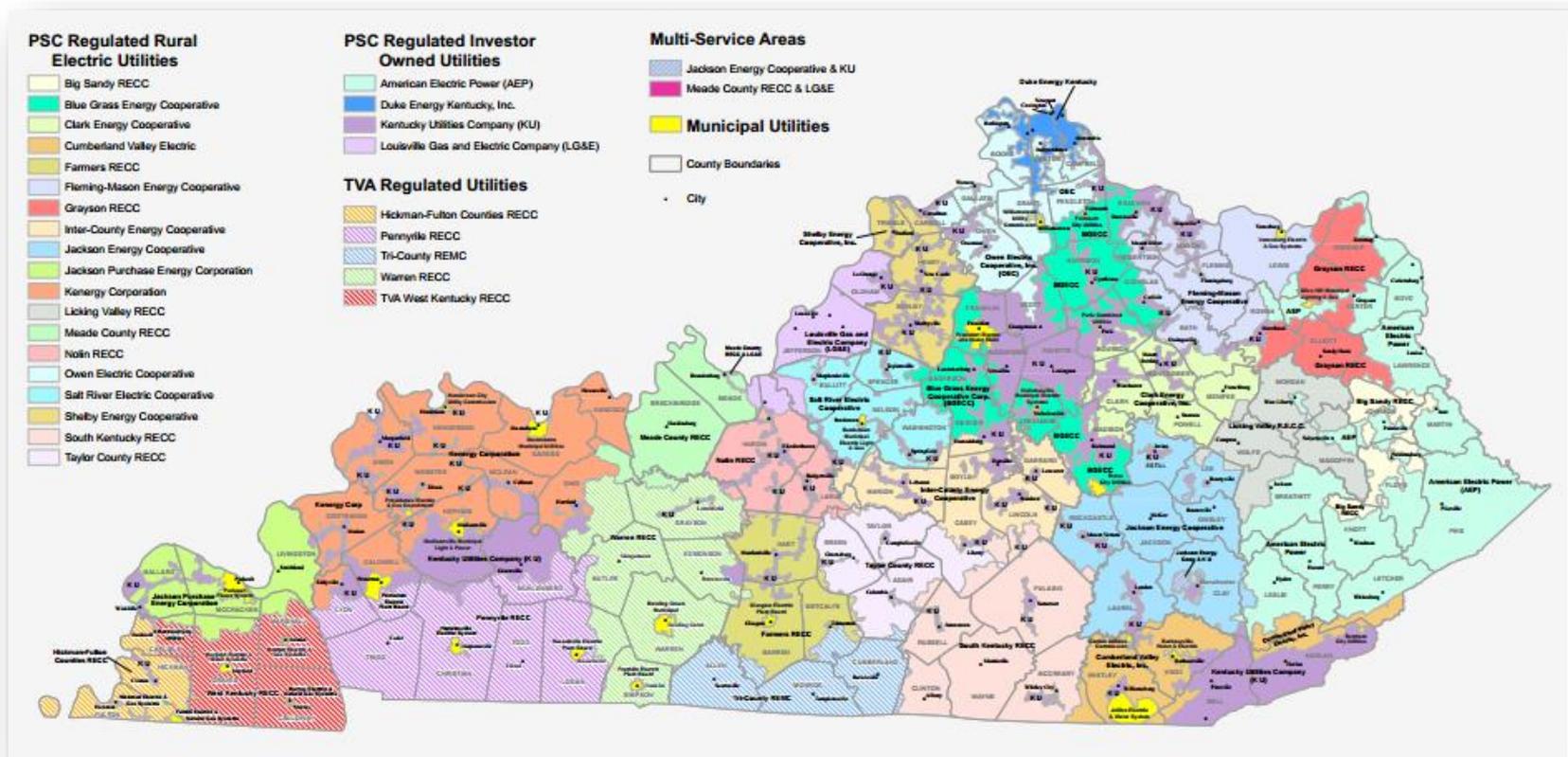
- [Next Step[®] Network](#)
- [Kentucky Housing Corporation](#)
- [Systems Building Research Alliance](#)
- [CU Factory Built Lending](#)
- [KMHI](#)

Next Step is leading an effort to expand the SmartMH KY Alliance with new partners.

SmartMHSM KY Alliance: Goals

- Increase manufactured home shipments in Kentucky from less than 1% of ENERGY STAR manufactured homes to 50% in two years by upgrading 1,000 homes
- Save Kentuckians an estimated \$66 monthly and \$792 annually on energy costs
- Leverage \$75 million in housing investments
- Reduce carbon emissions by 2.25 tons/home each year
- Replace pre-HUD Code mobile homes with ENERGY STAR homes

SmartMHSM KY Alliance Roles: Outreach



SmartMHSM KY Alliance Roles: Branding



SmartMHSM KY Alliance Roles: Training



SmartMHSM KY Alliance Roles: Evaluation

- Document and share key findings
- Review KY tax policy
- Write homebuyer stories
- Collect & analyze data
- Publish a case study



SmartMHSM KY Alliance Roles: Financing

Identify loan products to finance homes that meet the SmartMH KY mission purchased through the program.

- Current SmartMH KY Lenders include Kentucky Housing Corporation and CU Factory Built Lending.



KHC Mortgage Product

- **Down payment assistance**
- **Low cost loan**
- **Allows higher debt given lower utilities so easier for homebuyers to qualify**
- **FHA insured, requires permanent foundation**
- **Available through banks and mortgage lenders**
- **Marketed through retailers**

CU Lending Loans

- **Third largest manufactured housing lender**
- **Home only, land/home, and land in lieu loans**
- **Product for homebuyers with higher credit scores**
- **Offering loan concessions, lower fees, better rates**
- **Trade-in credit of old mobile homes toward down payment**
- **\$500 for 1st year of utility bills**
- **Marketed through retailers**

KHC Mortgage

- **Loan Amount** \$100,000
- **Downpayment** \$0
- **Interest Rate** 3.75%
- **Term** 30 years
- **PI** \$463
- **TI** \$187
- **Total Payment** \$650

**Saved monthly
interest \$332**

Typical MH Mortgage

- **Loan Amount** \$90,000
- **Downpayment** \$10,000
- **Interest Rate** 8.75%
- **Term** 20 years
- **PI** \$795
- **TI** \$187
- **Total Payment** \$982

CU Factory Built Lending

- Loan Amount \$47,500
- Downpayment \$2,500
- Interest Rate 6.5%
- Term 20 years
- PI \$354
- TI \$100
- Total Payment \$454

**Saved monthly interest \$66 +
\$500 for energy bills**

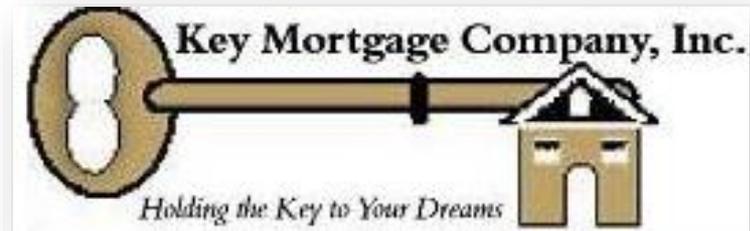
Typical MH Home Only Loan

- Loan Amount \$47,500
- Downpayment \$2,500
- Interest Rate 8.75%
- Term 20 years
- PI \$420
- TI \$100
- Total Payment \$520

SmartMHSM KY Alliance Roles: Financing



Pilot with First Homebuyer



SmartMHSM KY Alliance: Join Us

Become a SmartMH KY lender and offer loan products for ENERGY STAR manufactured homes while gaining access to new customers and expanding your reach.

Become a SmartMH KY retailer and offer customers SmartMH financing for manufactured homes that come with ENERGY STAR upgrades at a small cost or no cost to the homebuyer.

Thank you for your interest and participation!

Visit our website to learn more: www.SmartMH.org

- Next Step website: www.NextStepUS.org

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