



RESNET Conference

Scott Robinson, MAI, SRA, AI-GRS  
Sandy Adomatis, SRA, LEED Green Associate

Communicating HERS to Appraisers  
and Real Estate Sales Agents  
March 2, 2016  
10:30 am – 12:00 noon

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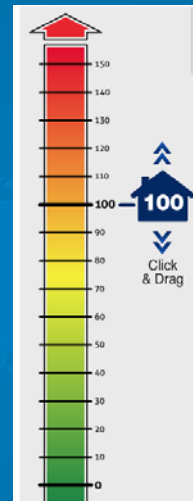
The slide features the Appraisal Institute logo in the top right corner. The background is a solid blue color with a faint world map pattern. The text is centered and presented in a clean, white font. A small number "2" is located in the bottom right corner of the slide.

Scott Robinson, MAI, SRA, AI-GRS

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The Number of HERS Ratings  
is Growing

Year	No. HERS Rating
2015	190,167
2014	170,178
2013	147,511
Source: RESNET	



<http://www.resnet.us/hers-index-large-scale>

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# The HERS Ratings is Lowering



Year	Lowest HERS Rating	Highest HERS Rating	Avg. HERS Rating
2015	36	76	60
2014	-3	87	71
2013	53	79	60

Source: RESNET

# 3-year HERS history showing states with more than 70 percent of building permits with HERS ratings



State	Lowest HERS	Avg. HERS	Highest HERS	# HERS 2013	# HERS 2014	# HERS 2015	Total # Building Permits 2013-2015	% of Permits w/HERS 2013-2015	% of Permits w/HERS 2013	% of Permits w/HERS 2014	% of Permits w/HERS 2015
NM	55	56	59	1093	1348	1622	11575	35.1%	30.6%	33.2%	41.0%
NV	65	62	62	2699	4317	5065	28278	42.7%	30.1%	48.6%	48.6%
CT	56	53	55	899	819	1194	8048	36.2%	31.5%	29.7%	49.1%
AZ	61	62	63	3049	9597	11244	57847	41.3%	16.6%	57.0%	49.7%
CO	60	59	57	7093	8382	10146	52698	48.6%	45.0%	49.0%	51.2%
OH	60	59	60	7325	5995	6894	38461	52.6%	57.6%	47.8%	52.2%
MD	60	59	57	6300	5741	5903	32182	55.8%	59.1%	54.5%	53.8%
DE	59	57	55	1764	1586	2332	12127	46.9%	46.9%	38.3%	55.2%
DC	66	65	67	129	112	166	876	46.5%	38.7%	38.9%	65.1%
IA	61	60	59	4099	4078	4871	21920	59.5%	54.1%	58.3%	66.2%
IN	68	67	66	8805	8364	9196	36555	72.1%	72.8%	68.9%	74.6%
MA	58	62	56	4879	5333	5692	21277	74.7%	68.7%	72.8%	83.1%

Source: RESNET and NAHB statistics on HERS Ratings compared to number of building permits

# Just two questions for you ...



- Are the HERS ratings lost in the transaction?

If they are lost in the transaction, how can they gain relevance in the market if they are hidden?



# Data Flow Possibilities



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HERS Ratings are only a measure of value if the market understands them and if the ratings are available for the market to use.

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Do market participants know that...

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36 MPG Miles per Gallon	0 HERS Energy Efficiency Rating
	

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# Building Energy Code



## International Energy Conservation Code (IECC) Changes from 2006 and forward

IECC Year	Percent of Change
2006	Base Year
2009	+15%
2012	+30%
2015	+31%

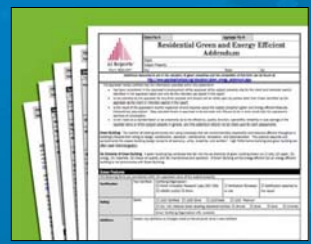
Seems there is a trend here that cannot be ignored.

- 2012 IECC Code requires a blower door test and a visual inspection.

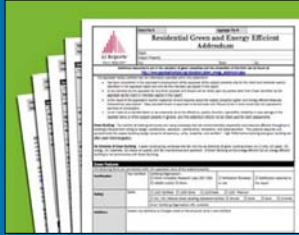
# Identify the Hidden Value



Tell me what is behind the walls



# Who can complete Addendum?



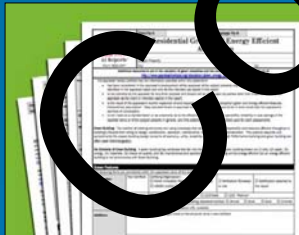
Energy Raters have first hand knowledge of what is behind the walls and are better equipped to complete than the owner, real estate agent, or appraiser.

- Rater
- Builder
- Architect
- Owner
- Developer

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# Who can complete Addendum?



Completed by: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute plays no role in completing the form and disclaims any responsibility for the data, analysis or any other work product provided by the individual appraiser(s).  
AI Reports® AI-820.04 Residential Green and Energy Efficient Addendum © Appraisal Institute 2013, All Rights Reserved January 2013

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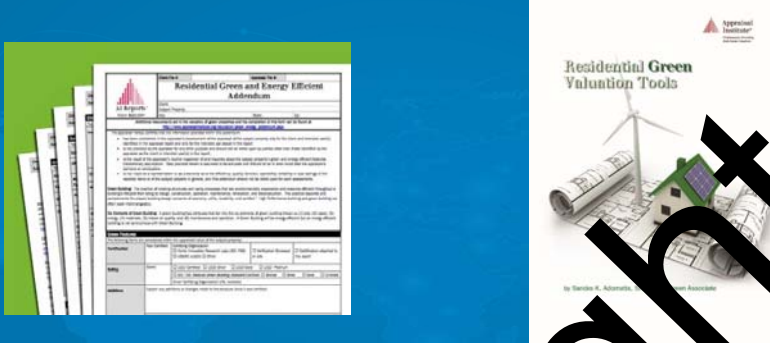


AI Residential Green and Energy  
Efficient Addendum and  
Residential Green Valuation Tools



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# Complementary Tools




<http://www.appraisalinstitute.org/education/education-resources/green-building-resources/greener-green-resources/>

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# Some define green differently than intended



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# Green Features Section



**Exhibit 6.4 Green Features Section**

Green Features			
The following items are considered within the appraised value of the subject property:			
<b>Certification</b>	Year Certified: 2006	Certifying Organization: <input type="checkbox"/> Home Innovation Research Labs (ICC-700) <input type="checkbox"/> USGBC (LEED) <input checked="" type="checkbox"/> Other: EarthCraft	<input type="checkbox"/> Verification Reviewed on site <input checked="" type="checkbox"/> Certification attached to this report
<b>Rating</b>	Score: Platinum	<input type="checkbox"/> LEED Certified: <input type="checkbox"/> LEED Silver <input type="checkbox"/> LEED Gold <input type="checkbox"/> LEED Platinum <input type="checkbox"/> ICC-700 National Green Building Standard Certified: <input type="checkbox"/> Bronze <input type="checkbox"/> Silver <input type="checkbox"/> Gold <input type="checkbox"/> Emerald Green Certifying Organization URL (website) <a href="http://www.earthcraft.org/house">http://www.earthcraft.org/house</a>	

From "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 19

# Sample Green Features Comments



**Exhibit 6.7 Sample Green Features Comments**

<b>Comments</b>	<p>If a property is built green but not formally certified, it still deserves proper description and analysis to value the features. The market analysis is of the structure's physical, economic, and locational attributes and not an analysis of its label alone.</p> <p>The green score is preliminary based on the plans and specifications and points system to achieve the Gold award. Upon completion of the project, the final score and certification will be finalized. The point's worksheet is attached to provide an understanding of the green features proposed for this project. If you have any questions regarding the green features, you may reach the green certifier at XXX-XXX-XXXX.</p>
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From "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 92

# Sample Green Features Comments



<p><b>Comments</b></p> <p>Attach the rating worksheet that provides the ratings for each element to provide a better understanding of the features. The worksheet will assist in comparing the subject to sales rated by different organizations.</p>	<p>If a property is built green but not formally certified, it still deserves proper description and analysis to value the features. The market analysis is of the structure's physical, economic, and locational attributes and not an analysis of its label alone. See attached worksheet, it's recapped as follows:</p> <ul style="list-style-type: none"> <li>Site Planning 10 pts</li> <li>Construction Waste Management 4 pts</li> <li>Resource Efficiency 36 pts</li> <li>Durability and Moisture Management 48 pts</li> <li>Indoor Air Quality 29 pts</li> <li>High Performance Building Envelope 55 pts</li> <li>Energy Efficient Systems 92 pts</li> <li>Water Efficiency 35 pts</li> <li>Education and Operation 25 pts</li> <li>Innovation 5 pts</li> <li>TOTAL 339 pts - min required 100 pts</li> <li>Other Designations: Energy Star, Indoor Air Quality, WaterSense</li> </ul>
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Source: Actual AI Residential Green and EE Addendum completed by a HERS Rater

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## Here is your chance to shine!

# Energy Efficient Section of the Addendum Form



ENERGY EFFICIENT ITEMS			
The following items are considered within the appraised value of the subject property:			
<b>Insulation</b>	<input type="checkbox"/> Fiberglass Blown-In <input checked="" type="checkbox"/> Foam Insulation <input type="checkbox"/> Cellulose <input type="checkbox"/> Fiberglass Batt Insulation <input checked="" type="checkbox"/> Other (Describe): <b>Slab Edge Insulation R-7</b> <input type="checkbox"/> Basement Insulation (Describe): <input checked="" type="checkbox"/> HERS Insulation Installed Rating: <input checked="" type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 (See Glossary)	R-Value: <input checked="" type="radio"/> Walls R - 27 <input type="radio"/> Ceiling R - 37 <input type="radio"/> Floor	
<b>Envelope</b>	Envelope Tightness: 0.21 ACH50   Unit: <input type="radio"/> CFM25 <input type="radio"/> CFM50 <input checked="" type="radio"/> ACH50 <input type="radio"/> Natural <input checked="" type="checkbox"/> Envelope Tightness based on Blower Door Test		
<b>Water Efficiency</b>	<input checked="" type="checkbox"/> Reclaimed Water System (Explain): Community System <input checked="" type="checkbox"/> Greywater reuse system <input checked="" type="checkbox"/> WaterSense® fixtures	<input type="checkbox"/> Cistern - Size:   Gallons   Location of cistern: <input type="checkbox"/> Rain Barrels Provide Irrigation	
<b>Windows</b>	<input checked="" type="checkbox"/> ENERGY STAR® <input type="checkbox"/> Skylights - #:	<input checked="" type="checkbox"/> Low E <input type="checkbox"/> High Impact <input type="checkbox"/> Storm <input type="checkbox"/> Solar Tubes - #: 3	<input checked="" type="checkbox"/> Double Pane <input type="checkbox"/> Tinted <input checked="" type="checkbox"/> Solar Shades <input type="checkbox"/> Triple Pane
<b>Day Lighting</b>	<input type="checkbox"/> Other (Explain): <b>63% LED Bulbs 82% CFL</b> ENERGY STAR Light Fixtures		

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 112.

# Energy Efficient Section of the Addendum Form



<b>Appliances</b>	ENERGY STAR® Appliances: <input checked="" type="checkbox"/> Dishwasher <input checked="" type="checkbox"/> Refrigerator <input type="checkbox"/> Other:	<b>Water Heater:</b> <input type="checkbox"/> Solar <input type="checkbox"/> Heat Pump <input checked="" type="checkbox"/> Tankless <input type="checkbox"/> Coil Size:   Gal.	<b>Appliance Energy Source:</b> <input type="radio"/> Propane <input checked="" type="radio"/> Electric <input type="radio"/> Natural Gas <input type="checkbox"/> Other (Describe):
<b>HVAC (List in Comments)</b>	<input checked="" type="checkbox"/> High Efficiency HVAC SEER:   % Efficiency Rating:   % AFUE*   % * Annual Fuel-Utilization Efficiency	<input checked="" type="checkbox"/> Heat Pump Efficiency Rating Mini Splits <input checked="" type="checkbox"/> Thermostat/Controllers COP:   HSPF: 8.2 SEER: 14.2   EER:	<input checked="" type="checkbox"/> Passive Solar (Defined in Glossary) <input type="checkbox"/> Geothermal
<b>Energy Rating</b>	<input checked="" type="checkbox"/> Programmable Thermostat <input type="checkbox"/> Radiant Floor Heat		
	<input checked="" type="checkbox"/> ENERGY STAR® Home - Version:   Version 3.0 <input checked="" type="checkbox"/> Other (Describe): DOE Challenge Home Zero Energy Ready/EPA Indoor AirPlus, EPA Watersense Home Energy Score (HES) (Score range 1-10): Score <input type="text" value=""/>		
	<input checked="" type="checkbox"/> Certification Attached		

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 112.

# Energy Efficient Section of the Addendum Form



<b>Indoor Air Quality</b>	<input checked="" type="checkbox"/> Indoor Air PLUS Package	<input checked="" type="checkbox"/> Energy Recovery Ventilator Unit or Whole Building Ventilation System	<input checked="" type="checkbox"/> Non Toxic Pest Control
<b>HERS Information</b>	Rating: <b>-2</b>	Monthly Energy Savings on Rating: \$ <b>150</b>	Date Rated: <b>8/1/2015</b>
<b>Utility Costs</b>	Average Annual Utility Cost: \$ <b>225</b> per month based on: <b>HERS Report</b>		# of Occupants: <b>4</b>
<b>Energy Audit</b>	<input type="checkbox"/> Infrared Photograph Attached Has an energy audit/rating been performed on the subject property? <input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Unknown If yes, comment on work completed as result of audit.		

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 112.


# Energy Efficient Section



<p><b>Comments</b> (Include source for information provided in this section) Attach documents and reference them in your workfile The energy element is the most measurable element of green or high performance housing.</p>	<p>Information was provided by:</p> <p>The envelope tightness is 0.50 ACH50 and indicates a tighter seal than the current building code requirement. The insulation provides additional sound proofing, envelope sealing, and good energy efficiency results. The insulation rating of 1 indicates it was installed to meet manufacturer's specifications.</p> <p>Attached is the completed HERS Index Report and the basis for the ratings on this Addendum. The HERS Index of -2 compared to the 2015 state average of 60 indicates this structure exceeds the state average energy rating. This is a net zero energy ready home that produces as much energy as it uses.</p>
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For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 113.

## Energy Efficient Section




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<p><b>Comments</b> (Include source for information provided in this section)</p> <p>Attach documents or reference them in your workfile</p> <p>The energy element is the most measurable element of green or high performance housing.</p>	<p>Information was provided by:</p> <p>The HERS Index Rating is a <b>preliminary rating</b> based on the plans and specifications provided by the builder. This rating is subject to a field test upon completion of the structure.</p> <p>The HERS Index Rating is based on a <b>sample rating</b> of the model home that is the same floor plan but on a different lot. An actual field inspection and final testing has not been completed.</p> <p>The HERS Rating is based on a <b>field test completed</b> by a <b>certified HERS Rater</b>.</p>
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LIABILITY CONCERN

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 113. 27

## Solar Panel Section of the Addendum Form




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Solar Panels						
The following items are considered when appraising value of the subject property:						
Description	Array #1	<input type="radio"/> Leased <input checked="" type="radio"/> Owned	Array #2	<input type="radio"/> Leased <input checked="" type="radio"/> Owned	Description	Solar Thermal Water Heating System
kW (est)	10				If Active System - type	<input checked="" type="radio"/> Direct <input type="radio"/> Indirect
Manufacturer Panels	LifeGood LG 2555SK-G3				If Passive System - type	<input type="radio"/> Integral collector <input type="radio"/> Thermosyphon
Warranty on Panels	25 yrs				Storage Tank Size	# Gallons: 80
Age of Panels	New-2015				Collector Type	<input checked="" type="radio"/> Flat-Plat Collector <input type="radio"/> Integral Collector <input type="radio"/> Evacuated-Tube Solar
Energy Production kWh per Array	14,000 kWh est					
Source for Energy Production Estimate	Manufacturer				Back-Up System	<input type="radio"/> Conventional Water Htr <input checked="" type="radio"/> Tankless On Demand <input type="radio"/> Tankless Heat Pump

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 120. 28

## Solar Panel Section of the Addendum Form




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<b>Source for Energy Production Estimate</b>	Manufacturer		<b>Back-Up System</b>	<input type="radio"/> Conventional Water Htr <input checked="" type="radio"/> Tankless On Demand <input type="radio"/> Tankless Heat Pump
<b>Location (Roof, Ground, Etc.)</b>	Roof Mount		<b>Age of System</b>	New-2015
<b>Tilt/Slope for Array</b>	35 degrees		<b>Warranty Term</b>	10 Years
<b>Azimuth per Array</b>	180 degrees		<b>Manufacturer</b>	AET
<b>Age of Inverter(s)</b>	New-2015		<b>Solar Energy Factor (SEF)</b>	0.9
<b>Manufacturer</b>	Micro-Inverters		(Rating range 1 to 11 - higher number more efficient)	
<b>Warranty Term</b>	15			
Name of Utility Company: GreyStone Power		Cost per kWh charged by Company: \$0.12 /kWh		

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 120. 29

## Solar Panel Section of the Addendum Form



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<p><b>Comments</b> (Discuss incentives available for new panels, condition of current panels, and any maintenance issues. If leased, provide lease terms.)</p> <p>A free online tool and manual for valuing the energy production of the Solar PV System is available at <a href="http://www.pvvalue.com">www.pvvalue.com</a></p> <p>Download the PV Value™ Manual for explanation of the solar terms on this form and inputs used in the PV Value Tool.</p>	<p>Discuss solar production and define other renewable energy sources, such as wind, hydropower, biomass power, etc.</p> <p><b>This is a net zero energy home that produces as much energy as it consumes. The estimated annual energy production is based on the manufacturer's estimated for this geographical location.</b></p> <p>A sticker inside the electrical box identifies the solar PV system features.</p>
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For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 120. 30



# Location Section of the Addendum Form



Location - Site		
The following items are considered within the appraised value of the subject property:		
<b>Walk Score</b>	Score: 60	Source: (Example: <a href="http://www.walkscore.com">http://www.walkscore.com</a> )
<b>Public Transportation</b>	<input type="checkbox"/> Bus - Distance:      Blocks	<input type="checkbox"/> Train - Distance:      Blocks <input type="checkbox"/> Subway - Distance:      Blocks
<b>Site</b>	Orientation - front faces: <input type="radio"/> East/West <input checked="" type="radio"/> North/South	Landscaping <input checked="" type="checkbox"/> Water Efficient <input type="checkbox"/> Natural
<b>Comments</b>	<p>The Walkscore indicates an automobile is necessary for some services.</p> <p>The front of the house faces the north with a true south orientation at the rear where the solar photovoltaic system will be located. The placement of doors and windows will maximize the energy efficiency of the structure's orientation.</p> <p>Landscaping includes indigenous plants that require minimal watering.</p>	

For more information: "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 124.

# Energy Star Certificate



From "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014, p. 105.

# Infrared Photographs



**Exhibit 6.22 Infrared Photographs**

Source: Photographs appear courtesy of the EFA.

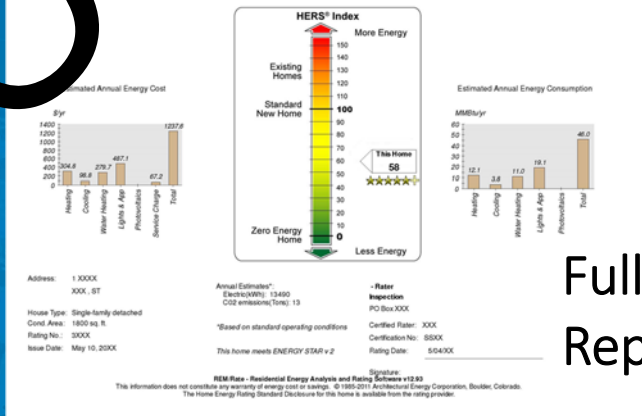
From "Residential Green Valuation Tools," by Sandra K. Adomatis, SRA, Appraisal Institute, 2014.

# Attach to the Appraisal Green & Energy Efficient Addendum



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## HOME PERFORMANCE WITH ENERGY STAR ENERGY RATING CERTIFICATE



Full Report

# Home Energy Rating Certificate



**Home Energy Rating Certificate**

00000, BT 00000

**5 Stars Plus**  
Confirmed Rating (Energy Efficient)

HERS Index: 50

General Information:  
 Conditioned Area: 1800 sq. ft.  
 Conditioned Volume: 21264 cubic ft.  
 Bedrooms: 3

Mechanical Systems Features:  
 All outside fresh air intake: Yes, via AHRU, cap, 15.0 BEER  
 Water Heating: Conventional, Electric, 0.91 EF, 50.0 Gal.  
 Duct Leakage to Outside: 0.50 CFM  
 Ventilation System: Exhaust Only, 63 cfm, 20.0 wath.  
 Programmable Thermostat: Heating: Yes Cooling: Yes

Building Shell Features:  
 Ceiling Flat: NA Exposed Floor: NA  
 Vaulted Ceiling: U-0.047 Window Type: Double/LoE - W4"  
 Above Grade Walls: R-13 Insulation: None  
 Foundation Walls: NA Floor: Htg 289 Cq, 289 CFM50  
 Slab: R-5.0 Edge, R-0.0 Under Method: Blower door test

Lights and Appliance Features:  
 Pendant Fluorescent Fixtures: 6.00 Chimes/Other Fuel: Electric  
 Percent Fluorescent CFL: 100.00 Range/Oven Fuel: Electric  
 Refrigerator (Whirl): 506.00 Ceiling Fan (John/Watt): 6.50  
 Dishwasher Energy Factor: 6.67

Estimated Annual Energy Cost:  
 Confirmed Rating  
 Use MBtu Cost Percent  
 Heating 12.1 \$155 29%  
 Cooling 3.8 \$59 8%  
 Hot Water 11.0 \$280 23%  
 Lights/Appliances 19.1 \$487 39%  
 Photo/Videos -0.0 \$0.0 0%  
 Service Charges -0.0 \$0.0 0%  
**Total \$1238 100%**

This home meets or exceeds the minimum criteria for all of the following:

MO - Rater: PO Box 0000, 0000, BT Rating: mation

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## What do YOU put in the electrical box?



- HERS Index and/or Green Rating
- Envelope Rating
- Duct Rating
- Insulation Installation Rating
- Date Rated
- Name of Rater

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# What do YOU put in the electrical box?



## EarthCents® New Home

- HERS Index
- Envelope Rating
- Duct Rating
- Insulation Installation Rating
- Date Rated
- Name of Rater



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# Four Labels, One Common Platform



- Whole-house solutions based on building science
- Government-backed and managed
- Leverages RESNET infrastructure & Home Energy Raters

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Real estate agents love certificates. Are you completing them and leaving them on site?

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Documents that must be provided to the appraiser

- Complete HERS Report that provides input for income approach method. (Present Value)
- Green Rating and worksheets
- Complete cost breakdown
- **Highlight the cost of additional energy or green features.**
- Provide sales of similar properties that are arm's-length transfers
- AI Residential Green and Energy Efficient Addendum - Completed


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## Lenders have responsibilities in choosing appraiser



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## Lender's Responsibility Confirmed by Fannie Mae

**Selection of the Appraiser**

The lender:

- is responsible for the selection of appraisers and for the qualifications and quality of work provided by the appraisers that are selected;
- may not use appraisals ordered or received by borrowers or other parties with an interest in the transaction, such as the property seller or real estate broker. Fannie Mae does allow lenders to use third-party vendors (for example, appraisal management companies) to manage the appraiser selection process. However, it should be noted that if a lender enters into a contract with any vendor, contractor, or third-party service provider, the lender is accountable for the quality of the work performed as if it was performed by an employee of the lender.

The lender (or its authorized agent)

- must establish policies and procedures to ensure that qualified individuals are being selected in accordance with Fannie Mae requirements, including the *Appraiser Independence Requirements*.

Printed copies may not be the most current version. For the most current version, go to the online version at <https://www.fanniemae.com/singlefamily/originating-underwriting>. 541

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# High Performance-Competency



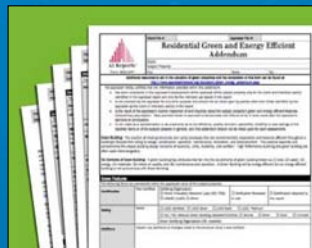
## Residential Appraiser Competency Requirements

Competency Requirement	USPAP	Fannie Mae	Freddie Mac	FHA	VA
Before Completing Assignment	X				X
Before Accepting Assignment		X	X	X	

# Appraisal Ordering Process Unveiled



If borrower does not clearly identify the property as a "high performance" property, chances are the appraisal choice will not be appropriate.





# Appraisal Institute Courses



## Valuation of Sustainable Buildings

Title	Hours	State Approval
<a href="#">Introduction to Green Buildings</a>	8	<a href="#">State Approval</a>
<a href="#">Case Studies in Appraising Green Residential Buildings</a>	8	<a href="#">State Approval</a>
<a href="#">Residential and Commercial Valuation of Solar</a>	15	<a href="#">State Approval</a>
<a href="#">Case Studies in Appraising Green Commercial Buildings</a>	15	<a href="#">State Approval</a>

[FAQs](#)  
[Program Registry – Residential](#)  
[Program Registry – Commercial](#)



<http://www.appraisalinstitute.org/education/your-career/professional-development-programs/>



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**Appraised Value & Energy Efficiency: Getting it Right**

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NAHB



Handout – Tool with Power Tips

[http://bcap-energy.org/wp-content/uploads/2015/11/Appraisal\\_Guidance\\_2pager\\_2016.pdf](http://bcap-energy.org/wp-content/uploads/2015/11/Appraisal_Guidance_2pager_2016.pdf)

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**Point Out the Solution to Builders Problems**

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**A ready-made solution exists**

Fannie Mae, Freddie Mac and other guidelines require lenders to choose competent appraisers who have the requisite knowledge required to perform a professional quality appraisal for the specific geographic location and particular property type.

Appraisers who are specially trained on energy efficient / high-performing homes will analyze market trends relating to energy-efficiency features. You can access a list of qualified appraisers at the [Valuation of Sustainable Buildings Professional Development Program Registry](#).

**What can builders do?**


Builders can help the buyer assure a competent appraiser is selected by doing these things:

1. Complete and provide buyers with the [Residential Green and Energy Efficient Addendum form](#).
2. Provide a copy of a complete Home Energy Rating System (HERS) report (if available).
3. Prepare the buyer to notify the lender that they require a competent appraiser for this special type of construction; add your logo and provide a copy of the directions on the next page.
4. Add your logo, the property address, and contact info to the attached letter. Direct your buyer to give the letter (along with 1 and 2 above) to their lender.

[http://bcap-energy.org/wp-content/uploads/2015/11/Appraisal\\_Guidance\\_2pager\\_2016.pdf](http://bcap-energy.org/wp-content/uploads/2015/11/Appraisal_Guidance_2pager_2016.pdf)

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**Appraisal Institute®**  
*Professionals Providing Real Estate Solutions*

**For Buyers: Assuring a Competent Appraiser for Your New Home**  
*Congratulations on choosing an energy efficient, high-performing home!*

Your new home was built to higher energy efficiency standards that will improve your quality of life. Your home will be more comfortable to live in and have lower monthly energy bills than other newer homes on the market. According to the U.S. Department of Energy, homes built to the 2012 or 2015 International Energy Conservation Code (IECC) are 15-16% more efficient than those built to the 2009 IECC or earlier. Some of your home features may include:

- More ceiling and wall insulation to keep conditioned air inside your home
- Windows that keep the heat out in the summer months to improve comfort
- Fewer drafts and air leaks, which improves indoor comfort

**What You Need to Know**

As part of the typical loan process, lenders randomly assign an appraiser to determine the appraised value of a new home. However, yours is not a typical new home – it is a high-performing building with unique features. Fannie Mae, Freddie Mac and FHA guidelines require appraisers to be competent in the property type they are appraising. If you do not clearly identify the property as a special property type requiring a competent appraiser trained in energy efficient, high-performance homes, a typical appraiser will be assigned, and these features may not be taken into account, which will put your appraisal at risk of not being competently appraised.

**What You Need to Do**

Provide your lender with three things provided to you by your builder:


- The lender letter regarding this special property type and the need for a trained, competent appraiser for energy efficient, high-performing homes
- The Appraisal Institute's Residential Green and Energy Efficiency Addendum, completed by your builder
- The Home Energy Rating System (HERS) report (if available)

**For buyers:  
Assuring a  
competent  
appraiser for your  
new home**

<http://bcap-energy.org/appraised-value-and-energy-efficiency-getting-it-right/>

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**For Lenders**

Dear lender,

The new home located at \_\_\_\_\_ is a special property type: an energy efficient, high-performing home that meets the stringent energy efficiency requirements of the code checked below: \_\_\_\_\_

2012 International Energy Conservation Code  
2015 International Energy Conservation Code

A copy of the Green and Energy Efficient Addendum form, and the HERS report (if available) should be included with the appraisal engagement letter. Fannie Mae, Freddie Mac and FHA guidelines require lenders to employ competent appraisers who have the requisite knowledge and experience to perform a professional quality appraisal for the specific geographic location and similar property type. For a high-performing, energy efficient home, it requires an appraiser that is competent to assess the value of the green and/or energy efficiency features in the local real estate market.

You can access a list of qualified appraisers at the Valuation of Sustainable Buildings Professional Development Program Registry, available [here](#). These specially trained appraisers have completed 26 hours of education and passed three exams. If the appraisers on your panel are not on this list, they can complete 14 education hours online to get started. Appraisers on this list are not required to be Appraisal Institute members but must take the required courses and pass the exams to be listed.

If you have questions, please contact our representative at:  
Name: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**2<sup>nd</sup> page of  
handout**


**Encourage builder  
to use this lender  
letter with every  
loan application**

<http://bcap-energy.org/appraised-value-and-energy-efficiency-getting-it-right/>

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**RESNET Releases Consumer Video Explaining the HERS Index**



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YouTube <https://www.youtube.com/watch?v=YjX8RKuKy3s>



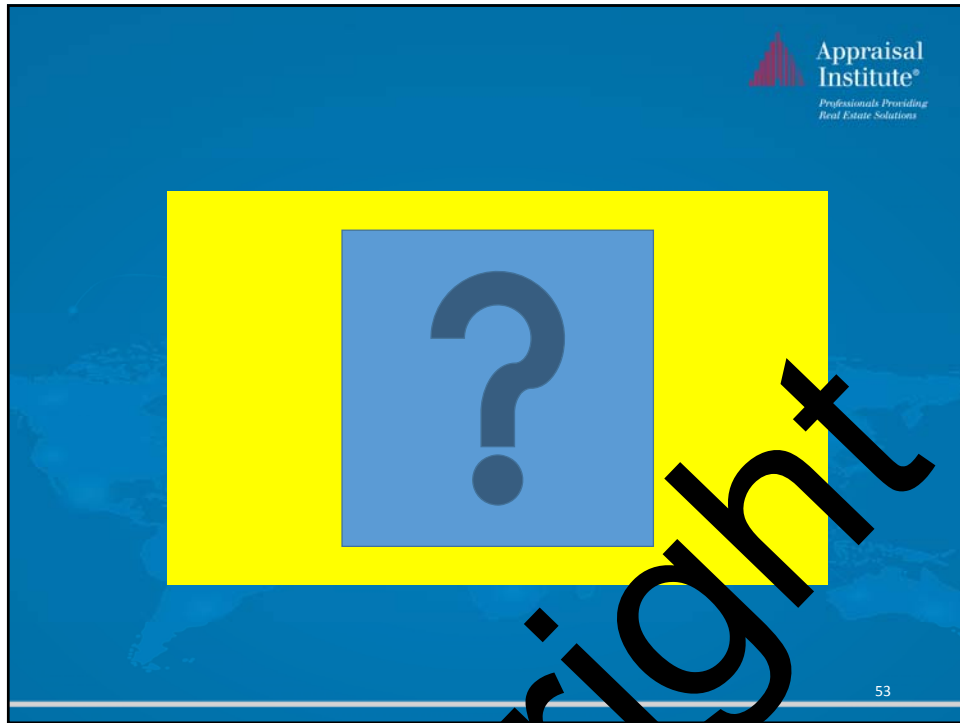
**John Bell**  
Director, Sustainable Housing Foundation

0:03 / 2:31

Looking for a Home? Ask for the HERS Index Score

RESNET  57

818 views





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