“From Listing to Closing: The Role of HERS in the Real Estate Transaction Process”
February 26, 2019
10:30 am to 12:00 pm
Bayside B
From Listing to Closing: The Role of HERS In the Real Estate Transaction Process.

Tuesday, February 26, 2019 - 10:30 AM-12:00 PM, Bayside B
Presenters: Ryan Meres, Sandra Adomatis
This session will walk attendees through the real estate transaction process from listing to closing and illustrate the key steps impacted by the HERS Index Score. Attendees will also hear about what RESNET is doing to drive HERS Index scores into the real estate transaction, including the newly launched API for MLS data aggregators and the Appraiser Portal. Builders, raters and real estate professionals will walk away from this session with a clear understanding of how the HERS Index fits into the real estate transaction and how they can work in their local market to drive change.
Today’s Speakers

Ryan Meres, Program Director, RESNET

Sandy Adomatis, SRA, LEED Green Associate, NAR
Green Designee
CEO - Adomatis Appraisal Services
Popularity of HERS

2,000,000
HERS-Rated Homes and Counting!
23% of all new homes in 2017 were HERS Rated!

Credit: Dave Roberts, NREL
Zillow Housing Trends Survey-2017

Wants and Needs

- 71% Neighborhood Safety
- 67% Initial Price Range
- 62% # of Bedrooms
- 62% Air Conditioning
- 53% # of Bathrooms
- 48% Preferred Kitchen Style
- 48% Energy Efficiency
- 47% Preferred Finishes
What Consumers are Wanting

Importance of Home Features to Clients

- Comfortable living space: 69% Very important, 26% Somewhat important, 4% Neutral, 1% Not very important, 1% Not at all important
- Proximity to frequently visited places (e.g., grocery store, school, highway, etc): 40% Very important, 47% Somewhat important, 9% Neutral, 2% Not very important, 1% Not at all important
- Windows/Doors/Siding (e.g., age, quality): 40% Very important, 48% Somewhat important, 9% Neutral, 2% Not very important, 11% Not at all important
- A home’s utility bills/operation costs: 28% Very important, 50% Somewhat important, 14% Neutral, 6% Not very important, 1% Not at all important
- Commuting costs: 17% Very important, 39% Somewhat important, 21% Neutral, 14% Not very important, 8% Not at all important
- A home’s efficient use of lighting (e.g., Energy Star fixtures, LED bulbs): 11% Very important, 36% Somewhat important, 33% Neutral, 15% Not very important, 4% Not at all important
- Smart/connected home: 7% Very important, 32% Somewhat important, 38% Neutral, 16% Not very important, 6% Not at all important
- Green community features (e.g., bike lanes, green spaces, placemaking, etc): 7% Very important, 29% Somewhat important, 33% Neutral, 21% Not very important, 9% Not at all important
- Landscaping for water conservation: 7% Very important, 24% Somewhat important, 35% Neutral, 23% Not very important, 11% Not at all important
- Renewable energy systems (e.g., solar, geothermal, etc): 3% Very important, 22% Somewhat important, 42% Neutral, 23% Not very important, 10% Not at all important

2018 REALTORS® and Sustainability Report – Residential
realestate.com is working with UtilityScore to provide a score and estimated energy costs for homes listed on its site.

Redfin is working with Tendril to provide an Energy Score for all homes on its platform, not just those listed for sale.

Up to 110 million homes are now covered on these two platforms.

Automated Energy Models: Not Third Party Verified!
Energy Scores in Real Estate Listings

Utilities Estimate

Score: Good
This Property Scored 56/100
Lower costs than most in the area
Total Cost: $172 / Monthly

- Gas: $38
- Water: $52
- Electric: $82

Estimate accounts for:
- Home size,
- Home age,
- Heating type,
- Cooling type,
- Local climate,
- Other home characteristics (if known), including: renewable energy, insulation levels, pool or spa
HERS Data in the Real Estate Transaction

**Real Estate Agents**
- Need access to data to include in the listing
- Market a home’s EE and green features

**Lenders/Underwriters**
- Need data to support potentially higher loan value

**Appraisers**
- Need data to identify comparables and justify value.
- Need more data in the MLS to more easily compare EE features
Getting HERS Data into Real Estate Listings
API= Application Programming Interface

Summer-2018: API Fields Finalized for compatibility with RESO

Fall-2018: API development completed

Winter-2018: API testing completed

January-2019: few programming tweaks to improve speed of API

SOON: full roll-out to data providers
Auto-populate HERS Index scores into real estate listings!

**RESO fields and corresponding RESNET Registry fields:**
- Green Verification Type: *(HERS Rating)*
- Green Verification Year: *(Date of Rating)*
- Green Verification Metric: *(HERS Index Score)*
- Green Verification Status: *(Confirmed/Sampled/Threshold Rating)*
- Green Verification Source: *(RESNET Registry)*
- Green Verification URL: *(Direct link to the home’s rating info on RESNET’s Public Access to the Registry: [http://www.resnet.us/public-access-to-resnet-national-registry](http://www.resnet.us/public-access-to-resnet-national-registry)).*
Getting HERS Data to MLS and RE Platforms

National Registry

Data Provider

MLS

MLS

RE Platforms?

RE Platforms?

RE Platforms?
Zillow Listing Provided by MLS

Similar Homes for Sale

- **$139,900** 3 bds · 1.0 ba · 1044 sqft
  16 Castro Rd, Pine Bush, NY 12566
- **$175,000** 4 bds · 2.0 ba · 1464 sqft
  13 Castro Rd, Pine Bush, NY 12566

See all similar listings

Listing Provided by


Report problem with listing
Getting HERS Scores into MLSs

**GOAL:** Auto-populate HERS Index Scores in MLSs

- MLS Needs to Have Green Fields and Want HERS Scores
- Work Through MLS’s Data Provider or a Third Party Provider
- Get Data Sharing Agreements in Place
- Connect RESNET Registry with the Data Provider
- Need to Educate REALTORS and Real Estate Agents

Up to the Real Estate Agent to choose to include the HERS data.
Getting Appraisers to Use HERS Data
The Appraiser Portal

Over 3,500 appraisers with access to the portal!

Welcome to the RESNET Appraisers HERS Index Portal

High energy performance homes present home buyers with high value homes that are more comfortable, and have lower operating costs.

Search for a home's HERS Index Score and calculated monthly energy savings.

HERS Index Search Tool for Appraisers

The RESNET HERS Index is the national label of a home's energy performance. It involves a trained and certified professional that inspects and tests the energy performance of a home and issues a HERS Index score.

Homes with low HERS Index scores are more secure. The University of North Carolina found that homes with low HERS Index Scores had a 32% lower mortgage default rate.
Infographic - Using the Portal

Online Appraisal Portal

The HERS Index is the key to unlocking the value of green homes and the HERS Index Score, developed and introduced by RESNET in 2006, is the industry standard by which a home’s energy efficiency is measured. It has since grown to be regarded as a home’s MPG for energy efficiency.

The Appraisal Institute and RESNET have partnered to provide appraisers with access to RESNET’s National Registry of HERS Rated Homes through the new Appraiser Portal.

Accessing the Portal allows appraisers to begin to understand and value the energy efficiency of HERS-rated homes in their market including:

- HERS Index scores
- Estimated annual energy costs
- Energy cost savings

Appraisers can search for HERS-rated homes in their area by city and state, zip code or address. Search results can be filtered by:

- HERS Index score range
- Builder
- Year of construction
- HERS rating company

And best of all, the results can be downloaded as an Excel file so appraisers can print the results and access them offline.
Infographic: Unlocking the Value of Green

THE HERS INDEX: The Key to Unlocking the Value of Green Homes

The Appraisal Institute and RESNET have partnered to provide appraisers with access to RESNET’s National Registry of HERS Rated Homes through the new Appraiser Portal.

By accessing the portal, appraisers can now begin to understand and value the energy efficiency of HERS-rated homes in their market including:

- HERS Index scores
- Estimated annual energy costs
- Energy cost savings

The Appraisal Institute sees RESNET as the gold standard for measuring and communicating the energy performance of a home.

Appraisal Institute Board President Jim Amoin, 2017 RESNET Annual Conference

To date over 2 MILLION homes across the nation have been HERS-rated.

Every step of the home building and buying process relies on the HERS Index

- A HERS Index Score can only be provided by certified RESNET HERS Raters
- There are over 1,900 certified RESNET HERS Raters across the USA
- Certification is based on rigorous training and testing, professional development and adherence to quality assurance standards

The HERS Index Score:

- Was created by RESNET in 2006
- Is the industry standard for measuring a home’s energy efficiency
- Is now regarded as a home’s MPG for energy efficiency

Nearly 1 in 4 new homes built today receive a HERS Index Score
Updated Website

Appraiser Resource Page:

- Infographics
- Portal Launch Webinar
- Access the Portal
- Videos
- Verify HERS Rater Cert.
Sandy Adomatis, SRA, LEED Green Associate, NAR Green

The RESNET Appraiser Portal and Marketing

Secured Portal URL: https://portal.resnet.us/
The RESNET Appraiser Portal is a BIG Deal!
RESNET’s Appraisal Portal Includes Confirmed Ratings Only

<table>
<thead>
<tr>
<th>Client File #:</th>
<th>Appraisal File #:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Residential Green and Energy Efficient Addendum**

- **Client:**
- **Subject Property:**
- **City:**
- **State:**
- **Zip:**

Additional resources to aid in the valuation of green properties and the completion of this form can be found at [http://www.appraisalinstitute.org/education/green_energy_addendum.aspx](http://www.appraisalinstitute.org/education/green_energy_addendum.aspx)

**Energy Label**

Labels disclose the state of the home’s energy assets.

<table>
<thead>
<tr>
<th>RESNET’s HERS Rating (0 to 150):</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Sampling Rating</td>
</tr>
<tr>
<td>□ Projected Rating</td>
</tr>
<tr>
<td>□ Confirmed Rating</td>
</tr>
</tbody>
</table>

Estimated energy savings for this home: $____/year ____ckWh rate dated __/__/____

Energy Savings Includes electricity, heating & Cooling. Score below 100 indicates energy costs are expected to be lower than average code-built home. HERS Index Report occupancy estimates energy cost based on number of bedrooms plus one. Only a “confirmed rating” is diagnostically tested.
## Differences in HERS Ratings

<table>
<thead>
<tr>
<th></th>
<th>Sampling</th>
<th>Projected</th>
<th>Confirmed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random Testing of a number of houses built by same builder.</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating based on plans and specifications – preliminary – not tested</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Diagnostically tested with blower door and duct blaster</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

A Sampling or Projected rating requires an extraordinary assumption in an appraisal report. Builders should provide a Projected Rating for mortgage lending work to allow appraisers to understand the energy efficiency. A Confirmed Rating cannot be done until the house is completed.
Projected or Sample HERS deserves an “Extraordinary Assumption”
### Home Energy Rating Certificate

**Projected Rating:** Based on Plan, Field Confirmation Required

**Energy Efficient:**
- **Energy Residence Rating:** 2 Stars
- **Efficiency Rating:** 75
- **Efficiency Comparison:** 20% Better

**Mechanical Systems Features:**
- **Air source Heat Pump:** Electric, Hg-6.2 HP, CF: 14.6 EER, SR: 12.9
- **Water Heater:** Conventional, Natural gas
- **Duct Leakage to Outside:** No
- **Ventilation System:** None
- **Insulation Minimum:** R-30, C-Rating: No, O-Rating: No

**Building Shell Features:**
- **Ceiling:** R-30 w/RR
- **Stairs:** R-12.2.5, R-30 under
- **Exterior Doors:** NA
- **Windows:** Single pane, u-value: U=0.390
- **Alcove Sill seals:** NA
- **Foundation:** NA, Method: R-11.5

**Lights and Appliances Features:**
- **Total Electric Lighting:** 750 W
- **Total Electric Appliances:** 1500 W
- **Total Electric Heating:** 8510 W
- **Total Electric Cooling:** 255 W
- **Total Electric Water Heater:** 225 W

**Estimated Annual Energy Cost:**
- **Projected Rating:** 75
- **Use:** kWh/yr
- **Electricity:** 25.1 kWh/yr
- **Natural Gas:** 0.0 MBtu/yr
- **Fuel Oil:** 0.0 gal/yr
- **On-Site Power:** 0.0 kW/yr
- **Total Annual Energy Cost:** $758

**HERS Index:**
- **HERS Rating:** 47
- **More Energy:** 150
- **Less Energy:** 0

**HERS and RESNET are Trademarks of Residential Energy Services Network, Inc. (www.erness.net)**

**EnergyGauge is a Trademark of the Florida Solar Energy Center (www.flse.org)**

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**Home Energy Rating Guide**

**Confirmed Rating**
- **Registration No.: 923200473**

**Habitat For Humanity**
- **4162 Mermel Circle**
- **North Port, FL 34291**

**Design: Sarasota, FL**
- **TY: SARASOTA, BRADENTON, FL**

**Title: 4162 Mermel Circle Final**

**Price:**
- **Base Price:** $539
- **Model Price:** $500
- **Total Price:** $1039

**Energy Use:**
- **Electricity:** 752 kWh/yr
- **Natural Gas:** 0.0 MBtu/yr
- **Fuel Oil:** 0.0 gal/yr
- **On-Site Power:** 0.0 kW/yr

**Savings:**
- **Electricity:** $626
- **Natural Gas:** $0
- **Fuel Oil:** $0
- **On-Site Power:** $0

**Total Savings:** $626

**Reference Home: 14267**

**HERS Rating:** 69

**CO2 Emissions:**
- **CO2 Emissions:** 4464 lb/yr
- **NOx Emissions:** 4 lb/yr
- **SO2 Emissions:** 15 lb/yr
- **Energy Gauging:** 47

**Signature:**
- **Jeremy Gary**
- **RESNET Standard 2014**

**Date:**
- **6/29/2017**

**EnergyGauge v5.1 [RESNET Standard 2014] Page 1/1**
ERI is on Building Permit.
Energy Efficient Items

The appraiser must enter any energy efficient items for the subject property and each comparable property. If there are no energy efficient items, enter ‘None’.

Reporting Format:
Energy Efficient Items – Text
Energy Efficient Improvements

An energy-efficient property is one that uses resource-effective design, materials, building systems, and site orientation to conserve nonrenewable fuels.

Special energy-saving items must be recognized in the appraisal process and noted on the appraisal report form. For example, when completing the appraisal report (Form 1004), special energy-efficient items are to be addressed in the Improvements section in the Additional features field. The nature of these items and their contribution to value will vary throughout the country because of climatic conditions, differences in utility costs, and overall market reaction to the cost of the feature. Some examples of special energy-efficient features may include, but are not limited to, energy efficient ratings or certifications, programmable thermostats, solar photovoltaic systems, low-e windows, insulated ducts, and tank-less water heaters.

Appraisers must compare energy-efficient features of the subject property to those of comparable properties in the Sales Comparison Approach adjustment grid. If the appraiser’s analysis determines that an adjustment is warranted based on the market reaction to such item(s), the adjustment must be included in the adjustment grid.

Solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement are to be considered personal property items and are not included in the appraised value of the property. See B2-3-04, Special Property Eligibility Considerations (02/23/2016), for additional eligibility requirements for properties with solar panels.

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.
RESNET Portal Login

- Enter username: adomatis@hotmail.com
- Enter password
- Remember me
- Forgot password?

Login

https://portal.resnet.us/
Comparable Sales Search

RESNET HERS Index Search Tool

The tool allows appraisers to search for home HERS Index scores by state, city, zip code or address. Simply start your search below.

- By State/City
  - State: California
  - City: El Dorado Hills

- By Zip Code
  - Zip Code: Enter zipcode

- By Address
  - Address: Enter Address

Search
## Sales Comparison Approach that meets Fannie Mae Guidelines and Appraisal Standards

<table>
<thead>
<tr>
<th>View</th>
<th>Residential/vacant</th>
<th>Residential/vacant</th>
<th>Residential/vacant</th>
<th>Residential/vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design (Style)</td>
<td>Ranch</td>
<td>Ranch</td>
<td>Ranch</td>
<td>Ranch</td>
</tr>
<tr>
<td>Actual Age</td>
<td>0 +/- Years</td>
<td>0 +/- Years</td>
<td>0 +/- Years</td>
<td>0 +/- Years</td>
</tr>
<tr>
<td>Condition</td>
<td>New</td>
<td>New</td>
<td>New</td>
<td>New</td>
</tr>
<tr>
<td>Gross Living Area</td>
<td>1,437 sq. ft.</td>
<td>1,437 sq. ft.</td>
<td>1,437 sq. ft.</td>
<td>1,437 sq. ft.</td>
</tr>
<tr>
<td>Basement &amp; Finished Rooms Below Grade</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Functional Utility</td>
<td>Average</td>
<td>Average</td>
<td>Average</td>
<td>Average</td>
</tr>
<tr>
<td>Heating/Cooling</td>
<td>FWA C/Air</td>
<td>FWA C/Air</td>
<td>FWA C/Air</td>
<td>FWA C/Air</td>
</tr>
<tr>
<td>Energy Efficient Items</td>
<td>HERS 47</td>
<td>No HERS, Inf</td>
<td>9,595</td>
<td>No HERS, Inf</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9,595</td>
<td></td>
</tr>
<tr>
<td>Garage/Carport</td>
<td>One Car Garage</td>
<td>Two Car Garage</td>
<td>-5,000</td>
<td>Two Car Garage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Porch/Patio/Deck</td>
<td>Cov Entry, Lanai</td>
<td>Cov Entry, Lanai</td>
<td>-5,000</td>
<td>Cov Entry, Lanai</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>Well/Septic</td>
<td>City Wtr/Septic</td>
<td>City Wtr/Septic</td>
<td>Well/Septic</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days on market</td>
<td>22</td>
<td>8</td>
<td>8</td>
<td>6</td>
</tr>
</tbody>
</table>
Comparable Sales Search

- By State
- By City
- By Zip Code
- By Address

Do lower ratings produce higher value?
Filter Results

FILTERS

Use the filters below to refine your search results lorem ipsum dolor sit amet.

HERS Index Score Range

Builder Name
Select One

HERS Rating Company Name
Select One

Estimated amount for annual energy costs ($)

Annual savings over reference home ($)

Year of Construction Range
From Date to To Date

Update

©Copyright Adomatis Appraisal Service 2018
### Results – Market Reaction?

<table>
<thead>
<tr>
<th>Home Address</th>
<th>HERS Score</th>
<th>Builder Name</th>
<th>HERS Rating Company Name</th>
<th>Annual Energy Costs</th>
<th>Annual Savings</th>
<th>Year of Constr.</th>
<th>Energy Star Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>102 Rd</td>
<td>52</td>
<td></td>
<td></td>
<td>$3273</td>
<td>$2327</td>
<td>2015</td>
<td>No</td>
</tr>
<tr>
<td>46</td>
<td>46</td>
<td></td>
<td></td>
<td>$2576</td>
<td>$1230</td>
<td>2014</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>$3760</td>
<td>$3250</td>
<td>2014</td>
<td>Yes</td>
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<tr>
<td>44</td>
<td>44</td>
<td></td>
<td></td>
<td>$4703</td>
<td>$4605</td>
<td>2015</td>
<td>Yes</td>
</tr>
<tr>
<td>45</td>
<td>45</td>
<td></td>
<td></td>
<td>$2900</td>
<td>$1400</td>
<td>2014</td>
<td>Yes</td>
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<tr>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>$395</td>
<td>$5313</td>
<td>2017</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td>$592</td>
<td>$5834</td>
<td>2018</td>
<td>Yes</td>
</tr>
<tr>
<td>49</td>
<td>49</td>
<td></td>
<td></td>
<td>$3290</td>
<td>$2424</td>
<td>2015</td>
<td>Yes</td>
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<tr>
<td>-11</td>
<td></td>
<td></td>
<td></td>
<td>$322</td>
<td>$5392</td>
<td>2016</td>
<td>Yes</td>
</tr>
<tr>
<td>46</td>
<td></td>
<td></td>
<td></td>
<td>$3400</td>
<td>$2250</td>
<td>2014</td>
<td>Yes</td>
</tr>
</tbody>
</table>
10085 Winding River Rd, Punta Gorda, FL 33950

HERS Index Score

58

- Builder's Name: KB Home
- HERS Rating Company: -
- Year of Construction: 2016
- Date submitted to Registry: 2017
- Annual Energy Costs: $1415
- Annual Energy Savings: $893
- Energy Star Certified: No
So, what does the MLS show in this market?
Market Reaction Supported

Punta Gorda, FL HERS Ratings 2013-April 2018 - Avg Rating Per Street

- Acorn Trl: 58
- Andora Dr: 10
- Bishop Creek Way: 61
- Bridle Trl: 60
- Bullhorn Cir: 63
- Cypress: 58
- Brandt Ct: 61
- Fall Harvest Ln: 57
- Lake: 69
- Timber Dr: 69
- Lipizzan Trl: 57
- Napoli Ln: 58
- Oak Hammock Dr: 59
- Treadway Dr: 59
- Tropicana: 68
- Tuscan Isles Dr: 64
- W Marion Ave: 51
- Wayside Blvd: 61
- Wild Pine Trl N: 64
- Winding River Rd: 61
Market Reaction Supported

Avg HERS Rating 2013-April 2018

Year | Avg HERS Rating
--- | ---
2013 | 60
2014 | 59
2015 | 61
2016 | 62
2017 | 60
2018 | 62
Market Reaction Supported?

Importance of Home Features to Clients

<table>
<thead>
<tr>
<th>Feature</th>
<th>Very Important</th>
<th>Somewhat Important</th>
<th>Not Very Important</th>
<th>Neutral</th>
<th>Not at all Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfortable living space</td>
<td>69%</td>
<td>26%</td>
<td>4%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Proximity to frequently visited places (e.g. grocery store, school, highway, etc)</td>
<td>40%</td>
<td>47%</td>
<td>9%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Windows/Doors/Siding (e.g. age, quality)</td>
<td>40%</td>
<td>48%</td>
<td>9%</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>A home's utility bills/operation costs</td>
<td>28%</td>
<td>50%</td>
<td>14%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Commuting costs</td>
<td>17%</td>
<td>39%</td>
<td>21%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>A home's efficient use of lighting (e.g. Energy Star fixtures, LED bulbs)</td>
<td>11%</td>
<td>36%</td>
<td>33%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Smart/connected home</td>
<td>7%</td>
<td>32%</td>
<td>38%</td>
<td>16%</td>
<td>6%</td>
</tr>
<tr>
<td>Green community features (e.g. bike lanes, green spaces, placemaking, etc)</td>
<td>7%</td>
<td>29%</td>
<td>33%</td>
<td>21%</td>
<td>9%</td>
</tr>
<tr>
<td>Landscaping for water conservation</td>
<td>7%</td>
<td>24%</td>
<td>35%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Renewable energy systems (e.g. solar, geothermal, etc)</td>
<td>3%</td>
<td>22%</td>
<td>42%</td>
<td>23%</td>
<td>10%</td>
</tr>
</tbody>
</table>

2018 REALTORS® and Sustainability Report – Residential
<table>
<thead>
<tr>
<th>Year</th>
<th>Avg HERS Rating</th>
<th># of Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>60</td>
<td>9</td>
</tr>
<tr>
<td>2014</td>
<td>59</td>
<td>19</td>
</tr>
<tr>
<td>2015</td>
<td>61</td>
<td>55</td>
</tr>
<tr>
<td>2016</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>2017</td>
<td>60</td>
<td>55</td>
</tr>
<tr>
<td>Apr-18</td>
<td>62</td>
<td>3</td>
</tr>
<tr>
<td>Avg.</td>
<td>61</td>
<td>40</td>
</tr>
</tbody>
</table>

MLS shows no HERS??????

200 shown in RESNET Appraisal Portal
Now I have addresses to research

These addresses give appraisers a place to start the sales search for not only comparable data but for...

Paired-data analysis. Pairing sales with differing HERS Ratings may provide direct market support for the value of the energy efficient features.
# Paired-Data Analysis

<table>
<thead>
<tr>
<th></th>
<th>Sale A</th>
<th>Sale B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Date</td>
<td>02/05/2018</td>
<td>12/25/2017</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$225,000</td>
<td>$235,000</td>
</tr>
<tr>
<td>Living Area</td>
<td>2,100</td>
<td>2,125</td>
</tr>
<tr>
<td>Bedrooms/baths</td>
<td>3/2.5</td>
<td>3/2.5</td>
</tr>
<tr>
<td>HERS Rating</td>
<td>65</td>
<td>45</td>
</tr>
<tr>
<td>Location</td>
<td>Sunny Side</td>
<td>Sunny Side</td>
</tr>
<tr>
<td>Sale Price Difference</td>
<td>$235,000-$225,000=$10,000 for 20 points difference in HERS Rating</td>
<td></td>
</tr>
</tbody>
</table>

Note: For educational purposes only, not actual sales
RESNET HERS Registry is only place to identify ENERGY STAR® Certified Homes to answer:

1. Do they sell for more?
2. Do they experience fewer days on market?
3. Is new construction in your market seeing more ENERGY STAR® homes?
A Full HERS Report Provides Valuable Valuation Data like these:

- Details of construction and energy features
- Basis for comparing sales
- Data to develop an income approach to value using energy savings
- A third-party report that gives credibility to the term “energy-efficient” home.
MLS Listings and Builders Must Change the Advertising

BRAND NEW CONSTRUCTION HOME MOVE IN READY!!!
4 bedrooms 2 ½ baths, Flooring Vinyl downstairs, Carpet upstairs, Kitchen island bar-top height, includes Range /oven, Fan Hood, Dishwasher, 2nd floor Laundry room, Extended vanity in Master Bath, standard tub shower in both baths. Covered porch in front, cul-de-sac lot , 2 car garage with door opener Home is complete and ready!

Sample from MLS Listing
Attaching this to the MLS without populating HERS searchable field does not help.
## Marketing May Influence Sales Price

The MLS included Pearl Home Certification documents including the AI Residential Green and Energy Efficient Addendum. The photograph gallery had the Pearl Certificate. The second sentence of the comments said, “Gold certified efficiency rating from Pearl.”

<table>
<thead>
<tr>
<th>Pearl Gold</th>
<th>Contract Date</th>
<th>Days on Market</th>
<th>Sold Price</th>
<th>Adjusted Sale Price</th>
<th>Living Area</th>
<th>Sales Price Premium</th>
<th>Premium as % of Sale Price</th>
<th>Age Yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Unit Detached</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearl</td>
<td>2/26/2017</td>
<td>29</td>
<td>$477,000</td>
<td></td>
<td>2,170</td>
<td>$46,234</td>
<td>9.69%</td>
<td>15</td>
</tr>
<tr>
<td>Pair 13</td>
<td>7/8/2016</td>
<td>63</td>
<td>$445,000</td>
<td>$430,766</td>
<td>2,535</td>
<td>$46,234</td>
<td>9.69%</td>
<td>9</td>
</tr>
<tr>
<td>Pair 14</td>
<td>7/30/2016</td>
<td>1</td>
<td>$449,900</td>
<td>$435,792</td>
<td>2,518</td>
<td>$41,208</td>
<td>8.64%</td>
<td>19</td>
</tr>
</tbody>
</table>
MLS Listing that maximizes the energy features

NOW COMPLETE! Walking distance to the town center w/a variety of shops & restaurants. This new, energy efficient home features an open floor plan, family room and 4th bedroom plus bath in basement, and 3 bedrooms and 2 full baths upstairs. This section allows rental income over the garage and this home features an 1BR apartment in the oversized 22'x24' garage. Beautiful hardwood flooring throughout main level, granite, stainless appliances and custom trim work. This home achieved a HERS score of 48 and includes high SEER mini-split HVAC as well as foam insulation and tankless water heater. Cost of ownership will be much lower than the average home. PEARL Certified Platinum Level.

Source: MLS Listing

Certification Attached and a JPG in MLS Photograph Gallery

5.4% Sales Price Premium
Maximizing Marketing

- Include HERS in searchable MLS field
- Attach HERS Report to MLS
- Insert HERS Certificate as a JPG in MLS photograph gallery
- Attach completed AI Residential Green & Energy Efficient Addendum
- Attach completed lender letter from “Appraised Value & Energy Efficiency: Getting it Right” brochure
A Guide to the Residential Green and Energy Efficient Addendum

By Sandra K. Adomatis, SRA, LEED Green Associate, NAR GREEN
May 2018

Reviewed by Ben Hoen of Lawrence Berkeley National Laboratory
### PART II. ENERGY LABEL

<table>
<thead>
<tr>
<th>Energy Label</th>
<th>RESNET’s HERS Rating (0 to 150): _____</th>
<th>Estimated energy savings for this home: $_____ / year _____ckWh rate dated / / /</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labels disclose the state of the home’s energy assets.</td>
<td>□ Sampling Rating □ Projected Rating □ Confirmed Rating</td>
<td>Energy Savings includes electricity, heating &amp; Cooling. Score below 100 indicates energy costs are expected to be lower than average code-built home. HERS Index Report occupancy estimates energy cost based on number of bedrooms plus one. Only a “confirmed rating” is diagnostically tested.</td>
</tr>
<tr>
<td></td>
<td>DOE’s Home Energy Score</td>
<td>Estimated energy savings for this home: $_____ / year _____ckWh rate dated / / /</td>
</tr>
<tr>
<td></td>
<td>Score (1 to 10): ______</td>
<td>Energy Savings includes electricity, heating &amp; Cooling. Score above five indicates energy costs are expected to be lower than average local home. Home Energy Score estimates energy cost based on state average energy rates and the home’s energy features.</td>
</tr>
<tr>
<td></td>
<td>□ Official Score □ Unofficial Score</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Energy Score: Range ( _____ to _____ ):</td>
<td>Estimated energy savings: $_____ / year _____ckWh rate dated / / /</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Describe energy label system:</td>
</tr>
<tr>
<td>Date</td>
<td>Score or Rating Version: _____</td>
<td>ABOVE VALID ONLY IF CHECKED:</td>
</tr>
<tr>
<td>Verified:</td>
<td>Organization URL: □ <a href="http://www.resnet.us/">www.resnet.us/</a> □ <a href="http://www.homeenergyscore.gov">www.homeenergyscore.gov</a> □ Other: ________________</td>
<td>□ Verification reviewed on site □ Verification attached to this report</td>
</tr>
<tr>
<td>/ / /</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The HERS Rating can be below 0.
Guide Addresses Appraiser, Listing, & Lender Relevance for each section.

- Where does it go on the 1004?
- Why is it important?
- How can it be used in marketing?
- How can lender use in underwriting?
## Valuation of Sustainable Buildings

<table>
<thead>
<tr>
<th>Title</th>
<th>Hours</th>
<th>State Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Green Buildings</td>
<td>8</td>
<td>State Approval</td>
</tr>
<tr>
<td>Case Studies in Appraising Green Residential Buildings</td>
<td>8</td>
<td>State Approval</td>
</tr>
<tr>
<td>Residential and Commercial Valuation of Solar</td>
<td>15</td>
<td>State Approval</td>
</tr>
<tr>
<td>Case Studies in Appraising Green Commercial Buildings</td>
<td>15</td>
<td>State Approval</td>
</tr>
<tr>
<td>Practical Applications in Appraising Green Commercial Properties</td>
<td>15</td>
<td>State Approval</td>
</tr>
</tbody>
</table>

**FAQs**
- Program Registry – Residential
- Program Registry – Commercial

https://www.appraisalinstitute.org/education/your-career/professional-development-programs/#Valuation%20of%20Sustainable%20Buildings
Thank you!

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Ryan Meres
RESNET

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Adomatis@Hotmail.com