

Transform Your Real Estate Market



Jeffrey Gephart, Vermontwise Energy Services, Inc.

8th Annual North American Passive House Conference

October 17, 2013

Pittsburgh, Pennsylvania



The Problem

The real estate market is ill-equipped to assess & value a Passive House.

Without a loan & a supporting appraisal, including the additional capital to build a Passive House, many projects will die on the vine.



We Can Fix This Problem

To expand the market for Passive Houses we must go beyond outreach & education of prospective owners, architects, & builders.

We must also reach out & assist buyers, realtors, property appraisers, & lenders to recognize & realistically value building energy performance benefits.

Real Estate Is Local (The MLS)



The Multiple Listing Service (MLS) is your area's real estate database. They are usually independent organizations owned & operated by local Boards of Realtors.

The MLS displays homes for sale & sold.

Users can search for many home features; however...

of the ~850 MLS across the country, only ~150 MLS have "Green Features" or energy performance data.

The MLS is also an important tool used by appraisers to find "comparable" value homes from actual sales data.

Achieving Market Transformation Locally

Transformation of the real estate market so that sellers & buyers can identify & accurately value energy-efficiency benefits.

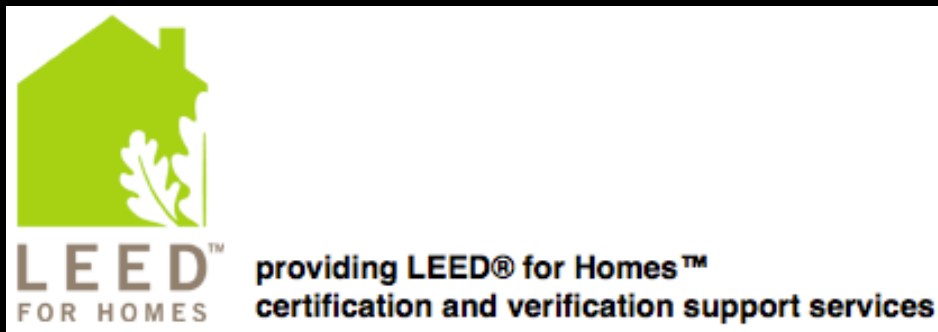
Based on my experience in this goal in your market:

- Create an alliance with
- Expand that alliance by
- Green your Multiple Listing Service (MLS)
- Be proactive in promoting education & in dealing with appraisers & lenders



Find Local Construction Allies

Who else is building energy-efficient homes or commercial buildings in your area & feels their properties are undervalued?



Raters & Agencies



Find Local Construction Allies



Outreach to Local Appraisal, Lending, & Real Estate Associations

- Expand your alliance by identifying & reaching out to your local:
 - Appraisal Institute Chapter (or other appraisal organizations)
 - National Association of REALTORS Chapter
 - Mortgage Bankers & Credit Union Associations
- Educate these critical market actors about the HERS Index & 3rd party verified building certifications, building science, & energy economics.
- Find & enlist any local NAR Green Designated Realtors & EcoBrokers & enlist their support prior to engaging your MLS

(maybe they're on your local MLS board of directors).

Appraisers & realtors are MLS subscribers; you're not.

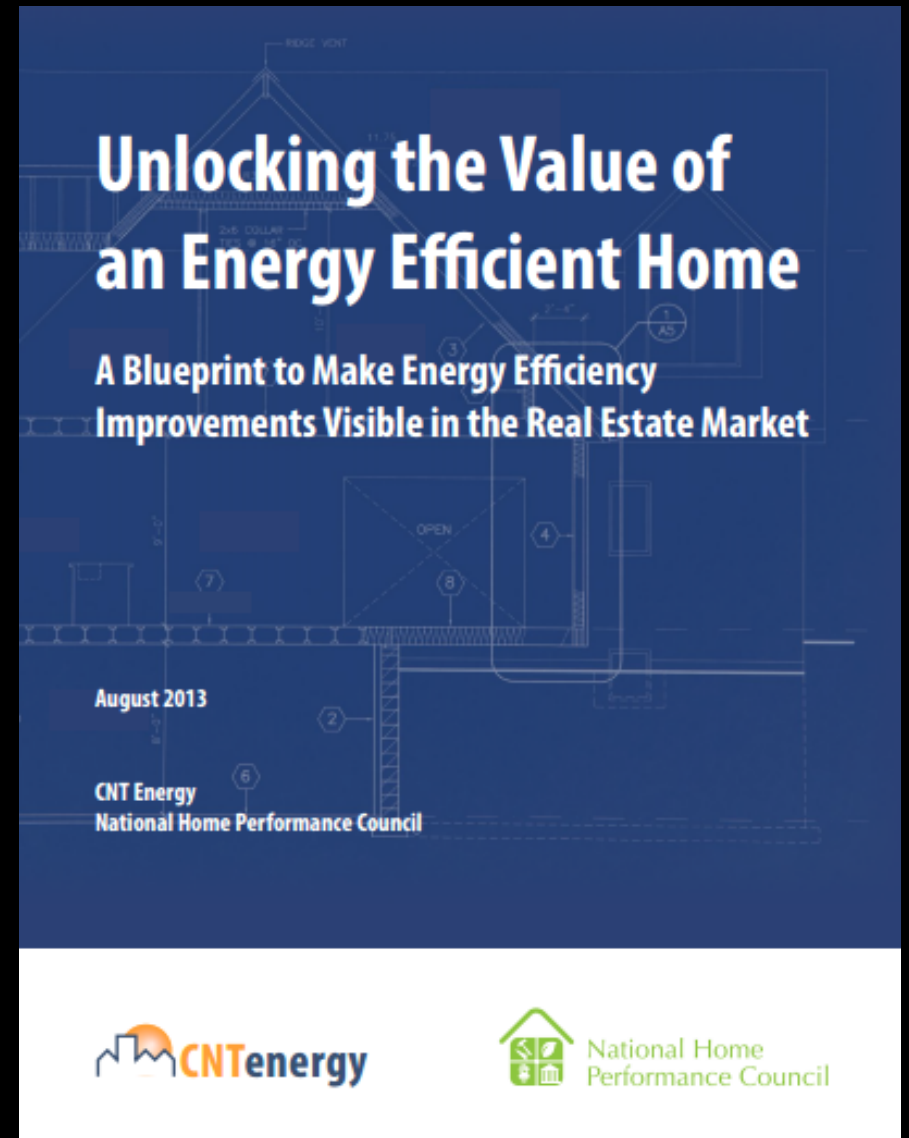
Nation Efforts

Become familiar with supporting national efforts.

Recommended reading:

Explains national efforts to coordinate communications between the building & energy-efficiency community & the real estate, lending, & appraisal industries utilizing the “Greened” MLS as a common data repository.

www.cntenergy.org/media/Unlocking_Value_2013.pdf



Determine Your Goals & Approach your MLS

- Determine if your alliance & your MLS is committed to a significant “greening” as described in *The Green MLS Toolkit & Green MLS Implementation Guide* or whether a more minimalist “KISS” approach is more appropriate.
- Request MLS inclusion of specific, objective & recognized energy performance metrics.
- At a minimum, request that the MLS include:
 - HERS Index Score
 - 3rd party verified building certifications appropriate to your region



WESTON Earns LEED®-Gold Certification for Concord Office Building

CONCORD, NH — June 3, 2010 – Weston Solutions, Inc. (WESTON®) today celebrated the dedication of its new regional headquarters at 45 Constitution Avenue, in the Horseshoe Pond Redevelopment corridor. The facility is the first LEED®-Gold certified professional office building in Concord, demonstrating WESTON's commitment to sustainable green building and redevelopment practices.



**Our MLS covers all of Vermont
& New Hampshire, some of
Maine & a tiny bit of
Massachusetts.**

Detailed Search ▶ Open House Search ▶ Sold Properties Search ▶ **Back To Results** ▶

Condominium

20 Thorn Bush Rd Hinesburg, Vermont 05461 \$259,900

Printer Friendly



◀ Photo 1 of 12 ▶

MLS #: 3063781
Price: \$259,900
Total Rooms: 5
BedRooms: 2
Total Baths: 2
Acres: 0.00
Square Feet: 1348
Sq Ft Above GRD: 1348
Sq Ft Below GRD: 0
Taxes: \$0
Tax Year: 2009
Year Built: 2010
Condo Fees: \$175
Community:

Listing Agent
Melissa Allen
Lang McLaughry Spera
RE/ S. Burlington
550 Hinesburg Rd
South
Burlington, VT 05403
8028640541
Contact Agent

ShareThis Map it

Remarks:

Great Hinesburg "Smart Growth" neighborhood to be built by Sterling Construction in Thistle Hill. Home is Energy Star and National Green Building Standards rated. Garden homes with maintenance-free living in a village setting: lawn mowing, snow removal, trash, and landscaping handled by association. Home near 14 acres of wooded common land with walking trails. This home features 9 foot ceilings, GE appliances, and first floor master bedroom and laundry. Ground-level is awaiting your custom design touch! Other plans available.

Features:

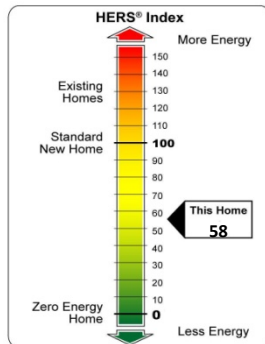
Style: Townhouse
Color: Sand
Amenities: Garden Space, Snow Removal, Trash, Other
Full Baths: 2
3 / 4 Baths: 0
1 / 2 Baths: 0
Roads: Association, Private
Water Heater: Gas-Natural
Basement: Unfinished, Walk Out, Other
Construction: Wood Frame
Driveway: Paved
Electric: 100 Amp, Circuit Breaker(s)
Exterior: Vinyl
Foundation: Concrete
Garage / Parking: Attached, Auto Open, Off Premises
Heating / Cooling: Baseboard, Multi Zone
Heat Fuel: Gas-Natural
Lot Description: Common Acreage, Subdivision, Trail/Near Trail, Village
Roof: Shingle-Architectural

Interior Features: Cable, Eat-in Kitchen, Living Room, Living/Dining, Master BR with BA, Smoke Det-Hdwired w/Batt, Vaulted Ceiling, Walk-in Closet
Water: Public
Sewer: Public
School District:
Elementary: Hinesburg Elementary School
Junior High: Hinesburg Elementary School
High School: Champlain Valley UHSD #15
Foot Print:
Seasonal: No
Surveyed: Yes
Zoning: Res
Flood Zone: No
Book: 197
Page: 128
Map: 167B&C
Lot: 20

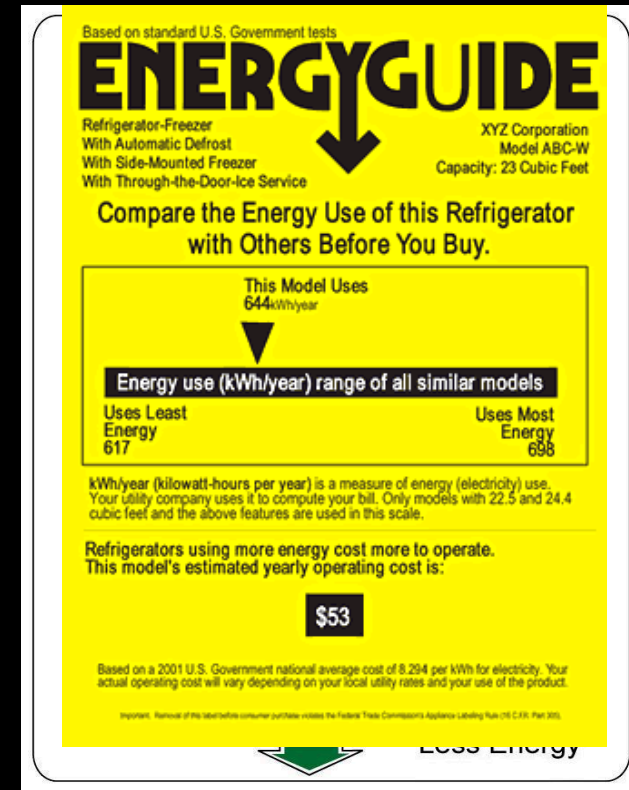
HERS Index: 58

Room Dimensions:

Master Bedroom: 12x14
Bedroom 2: 12x13
Kitchen: 9x10
Living Room: 16x14
Dining Room: 9x10



A graphic display of the HERS Index score in the MLS will function more like the EnergyGuide label & provide context.





Third-party verified
building certifications
added to NNEREN MLS
(subscriber input fields)

Passive House was added
recently

BUILDING CERTIFICATIONS (max 99)

- Energy Star Cert. Home
- HERS Rated
- LEED for Homes-Platinum
- LEED for Homes-Gold
- LEED for Homes-Silver
- LEED for Homes-Certified
- Ntl Grn Bldg Stnd-Emerald
- Ntl Grn Bldg Stand-Gold
- Ntl Grn Bldg Stand-Silver
- Ntl Grn Bldg Stand-Bronze
- Passive House**
- VT Blds Greener Certified
- Other



Tip of the Week

A Home Energy Rating Score (HERS) is a nationally recognized energy performance certification, measuring the overall energy efficiency of a home. Homes are rated using the National Residential Energy Services Network "Index" Rating scale, with 0 points being the most efficient.

NNEREN has a field to add this information in Listing Maintenance.

Home Energy Rated Index Score	 <input data-bbox="1070 1135 1261 1228" type="text"/>
--------------------------------------	--



Subscriber View

Provide your MLS & subscribers with educational support.

Greening Our MLS

Northern New England Real Estate Network



Subscriber View

*Using Home Energy Ratings & Building Certifications
to Document & Market Energy-Efficient & Green
Certified Homes at NNEREN.COM*

Webinar by

Jeffrey Gephart

Trade Ally Outreach Contractor

Efficiency Vermont/Vermont Energy Investment Corp.

800-893-1997

vtwise@together.net

Tap Utility Program Sponsors for More MLS Data

Many of the most energy-efficient & green-certified homes being built are custom homes that are never listed on the MLS.

- Ask local energy-efficiency program sponsors and/or 3rd-party verifiers to create a database to append to the MLS (to accelerate market awareness of the efficient homes being built).
 - List all homes that get HERS Ratings & earn 3rd party verified building certifications to help appraisers & realtors with local comparable sales data.

www.nnerenmls.com/nne/main.php

Dropbox Joe Google Maps Amazon TWC Weather NNEREN.com InnoVia Allworx Admin Allworx Stats All Conf SafeMLS Admin JMazeEmail Scottrade Other bookmarks

InnoVia Welcome Joseph Ryan

NNEREN MLS: 800.849.4039
InnoVia Support: 800.334.0831

Search | Hotsheet | Maintenance | Reports | Admin | Misc | Financials | NNEREN | Log Out | Home

- Residential
- Land
- Commercial/Industrial
- Multi-Family
- Rental
- Boat-Facility
- By MLS Number
- Cross Property Search
- VT Grand List**
- HERS Database**
- Open House 2.0
- Data Co-Op
- Data Co-Op Admin
- Get Saved CMA
- Comprehensive CMA
- Display Preferences
- Custom Displays
- Custom Search Forms

HERS Database

NNEREN NEWS

- Supra Maintenance Notice
Posted on 10/16/2012
- Previsite Virtual Tour Single Sign-On
Posted on 10/12/2012
- Upload a Custom Header to Prospect Carts
Posted on 10/09/2012
- InnoVia and iOS6 Update
Posted on 09/28/2012
- Attention Brokers - Q4 12 Invoices Due by October 1st
Posted on 09/28/2012

QUICK LOOKUP

on **MLS Number**

on **List Price**

Go

★ My Favorite Searches

ACTIVE LISTINGS

18304	Residential
3670	Condo
903	Mfg/Mobile
7940	Land
2993	Commercial/Industrial
1197	Multi-Family
1014	Rental
59	Boat Facility

LINKS OF INTEREST

- Data Co-Op Admin Link
- NNEREN Rules Summary July, 2012
- Previsite.net - Agent Login
- Previsite.com - Info & Training
- Remove or submit new/transferring agent
- Login to NNEREN.COM/Training Calendar
- My Listing Cart
- My RES Saved Searches
- Listings Not Printing on One Page?
- TrueForms Login
- Required InnoVia Settings
- Association Feedback Form
- NNEREN
- NNEREN Contact and Suggestion Email

BUYER MATCH

COMPREHENSIVE CMA

DATA CO-OP

RESOURCE

OPEN

© 2012 MarketLinx Inc. Messages: Refresh Session New Tab

This MLS subscriber view shows the VT Grand List (listing home values per town property tax assessors).



Home Energy Rating & Building Certification Appraiser Database

Subscribers Only

State	County	City	Postal Code	Development Name	StreetNr	Address1	Address2	HERS Index Score	ENERGY STAR Home	LEED for Homes	NAHB - Nat Green Bldg Std	Passive House	Vermont Builds Greener	Claimed Complete Date
VT	Addison	Addison	05491					55						05/31/12
VT	Addison	Ferrisburg	05456					63	TRUE					01/11/12
VT	Addison	Ferrisburg	05456					1	TRUE					9/6/2012
VT	Addison	Lincoln	05443					57	TRUE					01/20/12
VT	Addison	Lincoln	05443					53	TRUE					06/12/12
VT	Addison	Lincoln	05443					16	TRUE					8/6/2012
VT	Addison	Lincoln	05443					52	TRUE					9/6/2012
VT	Addison	Middlebury	05753					58						12/6/2012
VT	Addison	Middlebury	05753					55						12/11/2012
VT	Addison	Middlebury	05753					54						12/14/2012
VT	Addison	Middlebury	05753					55	TRUE					11/04/11
VT	Addison	Middlebury	05753					55	TRUE					11/04/11
VT	Addison	Middlebury	05753					56	TRUE					11/04/11
VT	Addison	Middlebury	05753					58	TRUE					11/08/11
VT	Addison	Middlebury	05753					53	TRUE					11/08/11
VT	Addison	Middlebury	05753					57	TRUE					11/08/11
VT	Addison	Middlebury	05753					56	TRUE					11/08/11
VT	Addison	Middlebury	05753					54	TRUE					11/11/11
VT	Addison	Middlebury	05753					56	TRUE					11/11/11
VT	Addison	Middlebury	05753					54	TRUE					11/11/11
VT	Addison	Middlebury	05753					54	TRUE					11/16/11
VT	Addison	Middlebury	05753					53	TRUE					01/06/12
VT	Addison	Middlebury	05753					50	TRUE					01/09/12
VT	Addison	Middlebury	05753					55	TRUE					01/09/12
VT	Addison	Middlebury	05753					55	TRUE					01/10/12
VT	Addison	Middlebury	05753					55	TRUE					01/10/12
VT	Addison	Middlebury	05753					51	TRUE					01/11/12
VT	Addison	Middlebury	05753					52	TRUE					01/11/12

Why Is There An Appraisal Problem?

Appraisers want strong market evidence that energy-efficiency is valued but, as their work helps establish market value & they are mostly under trained & have lacked the tools & data to assign value for energy-efficiency, we encounter a classic conundrum.



Which comes
first?





THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

“Through a 5-year Memorandum of Understanding with the US Department of Energy, The Appraisal Foundation is very much incorporating the valuation of green buildings in the work of our three independent Boards”:

- Appraisal Practices Board (APB),
- Appraisal Standards Board (ASB), &
- Appraiser Qualifications Board (AQB).

John S. Brennan, Director of Appraisal Issues, The Appraisal Foundation



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

“The Appraisal Practices Board (APB) has begun the process of providing guidance on recognized valuation methods and techniques of green buildings with the creation of its first Subject Matter Expert (SME) panel on the topic, *Background Competence*.”

The APB intends to create two additional panels:

- *Valuation of Residential Green Buildings*, and
- *Valuation of Non-Residential Green Buildings*.

John S. Brennan, Director of Appraisal Issues, The Appraisal Foundation

Jeffrey Gephart, Vermontwise Energy Services, Inc.



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
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“The Appraiser Qualifications Board (AQB) adopted revisions to the *Real Property Appraiser Qualification Criteria* that will become effective on January 1, 2015,”

“which will require individuals wishing to obtain an appraiser's license or certification to complete qualifying education in the valuation of green buildings,”

“and for those who already possess an appraiser credential, continuing education related to the same topic.”

John S. Brennan, Director of Appraisal Issues, The Appraisal Foundation



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

“Lastly, the Appraisal Standards Board (ASB) will issue guidance related to complying with the *Uniform Standards of Professional Appraisal Practice* (USPAP) when valuing green buildings.”

John S. Brennan, Director of Appraisal Issues, The Appraisal Foundation



Appraisal Institute®

Professionals Providing Real Estate Solutions

The Appraisal Institute (AI) is a membership organization whose *“mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide.”*

The Appraisal Institute has acknowledged that appraisers need more education about energy efficiency & green building.



In this Section

Find Education Programs

- View All Programs
- AI Annual Meeting

State Approvals

Professional Development Programs

Frequently Requested Student Resources

Appraisal Forms and Resources

Using a Financial Calculator

Starting Your Career

State Certification Education

Designation Education

Continuing Education

Webinars

Online Education

Green Building Resources

Education for Lenders

Government Training

Appraisal Training

Scholarships

Universities and Colleges

Education



Analyze the Value of Going Green with Appraisal Institute Resources

Welcome

Classroom Education

Online Education

Publications & Podcasts

Webinars



All Things "Green"

Appraisal Institute offers a variety of resources centered around the valuation of sustainable properties.

DOWNLOADS

[Residential Green and Energy Efficient Addendum](#) Assists appraisers in analyzing "Green" features and properties.

[FAQs: Valuation of Sustainable Buildings Professional Development Program](#)

Additional Resources: Only available to "green" course participants. Click below on the course/s you have taken to access these resources.

- [Introduction to Green Buildings: Principles &](#)

FIND AN APPRAISER

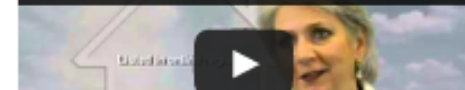
Search for a designated member who has completed the *Valuation of Sustainable Buildings* Professional Development Program:

[Residential](#)

[Commercial](#)

Sandra K. Adomatis, SRA, Provides Information about AI's Internal "Green" Initiatives


Appraisal Institute's Green Valuation



Per the Appraisal Institute:

- The objective of this Addendum is to standardize the communication of the high performing features of residential properties.
- Identifying the features not found on the 1004 form provides a basis for comparable selection & analysis of the features.
- Builders, contractors, homeowners, and third party verifiers are encouraged to complete this Addendum and present to appraisers, agents, lenders, & homeowners.

Jeffrey Gephart, Vermontwise Energy Services, Inc.

 AI Reports [®] Form 820.04*	Client File #:	Appraisal File #:
	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/learn_more_about_green_buildings.asp		
<p>The appraiser hereby certifies that the information provided within this addendum:</p> <ul style="list-style-type: none"> • has been considered in the appraiser's development of the appraisal of the subject property only for the client and intended user(s) identified in the appraisal report and only for the intended use stated in the report. • is not provided by the appraiser for any other purpose and should not be relied upon by parties other than those identified by the appraiser as the client or intended user(s) in the report. • is the result of the appraiser's routine inspection of and inquiries about the subject property's green and energy efficient features. Extraordinary assumption: Data provided herein is assumed to be accurate and if found to be in error could alter the appraiser's opinions or conclusions. • is not made as a representation or as a warranty as to the efficiency, quality, function, operability, reliability or cost savings of the reported items or of the subject property in general, and this addendum should not be relied upon for such assessments. 		
<p>Green Building: The practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle from siting to design, construction, operation, maintenance, renovation, and deconstruction. This practice expands and complements the classic building design concerns of economy, utility, durability, and comfort.¹ High Performance building and green building are often used interchangeably.</p>		
<p>Six Elements of Green Building: A green building has attributes that fall into the six elements of green building known as (1) site, (2) water, (3) energy, (4) materials, (5) indoor air quality, and (6) maintenance and operation. A Green Building will be energy efficient but an energy efficient building is not synonymous with Green Building.</p>		
<p>Green Features The following items are considered within the appraised value of the subject property:</p>		
Certification	Year Certified:	Certifying Organization: <input type="checkbox"/> Home Innovation Research Labs (ICC-700) <input type="checkbox"/> Verification Reviewed on site <input type="checkbox"/> Certification attached to this report <input type="checkbox"/> USGBC (LEED) <input type="checkbox"/> Other:
Rating	Score:	<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):
Additions	Explain any additions or changes made to the structure since it was certified: Do changes require recertification to verify rating is still applicable? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Comments	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 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.	

Valuation of Sustainable Buildings Professional Development Program & Registry

While AI should be praised for pioneering knowledge, these valuers by appraisers is

- Introduction to Green Buildings: Principles & Concepts
- Case Studies in Appraising Green Residential Buildings
- Case Studies in Appraising Green Commercial Buildings
- Residential and Commercial Valuation of Solar

Welcome

Classroom Education

Online Education

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Webinars

All Things "Green"

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Search for a designated member who has completed the *Valuation of Sustainable Buildings* Professional Development Program:

Residential

Commercial

Sandra K. Adomatis, SRA, Provides Information about AI's Internal "Green" Initiatives



GBCI
CMP

The Appraisal Institute is an Education Provider with the US Green Building Council (USGBC). All programs listed here are approved with GBCI for the LEED Credential Maintenance Program.

Educate Yourself About Appraisal Methods

- Sales Comparison Approach
- Cost Approach
- Income Capitalization Approach

Support use of the Income Capitalization Approach:

- Request local efficiency program sponsors & HERS Rating Agencies calculate the net present value (NPV) of the energy savings for the HERS Rated home versus a home built to your minimum state energy code criteria.
 - Include the NPV on the *AI Addendum* provided to the appraiser.
 - These savings are especially significant with a Passive House.

Communication Allowed under Lending Guidelines – Dodd-Frank Bill

- Appraisers can talk with builders, brokers, agents, and sellers.
- Builders, brokers, agents, and sellers can provide the appraiser with documents.
- Builders, brokers, agents, and sellers can accompany appraiser on the inspection.
- Appraisers cannot be pressured by loan officer or others involved in the process to arrive at a value conclusion or to omit important facts.

Source: *High-Performance Appraisals: Steps for Success* – August 7, 2013

Sandra Adomatis

The Competency Rule Applies to Your Project

An appraiser must:

- 1) be competent to perform the assignment,
- 2) acquire the necessary competency to perform the assignment, or
- 3) decline or withdraw from the assignment.

Competency requires:

- 1) The ability to properly identify the problem to be addressed, and
- 2) The knowledge & experience to complete the assignment competently, and
- 3) Recognition of, and compliance with laws and regulations that apply to the appraiser or to the assignment...includes familiarity with a specific type of property.

Source: *Appraising ENERGY STAR Qualified Homes* - June 30, 2010
Brian Ng, Karen Argeris, Donald Briggs, Sandra Adomatis

Improving the Appraisal & Lending Process

- Reach out to appraisers about these national & local efforts through their local trade associations.
- Contribute newsletter articles & web postings for association publication.
- Explore outreach to appraisers through state appraisal regulatory boards as not all are likely to be association members.
- Explore ways to increase continuing education for appraisers.
 - Colorado Energy Office recently offered incentives for appraisal training.

Page 2 VT Chapter Newsletter

New MLS Resources Available to Appraisers

For the last few years the Vermont Chapter of the Appraisal Institute (AI-VT) has been working with a group of associations and businesses called the Vermont Green Home Alliance (VGHA), seeking to disseminate information about energy-efficient and green building methods. The VGHA includes:

Appraisal Institute - Vermont Chapter	Vermont Association of REALTORS®
Building for Social Responsibility	Vermont Energy Investment Corp
Efficiency Vermont	Vermont Green Building Network
Home Builders & Remodelers Assoc. of Northern VT	Vermont Housing Finance Agency
Passive House Alliance - Vermont Chapter	Vermont Mortgage Bankers Association

Officers of the Vermont Chapter of the Appraisal Institute have worked to educate group members about appraisal practices and the appraisal industry. In turn, the Association has also learned about new resources available to appraisers. Through this process one of the points AI-VT has consistently made to VGHA members is that appraisers need more data on energy-efficient and green homes and the market's response to them.

The VGHA responded to the call for more data and approached the Multiple Listing Service (MLS) that covers all of Vermont, the Northern New England Real Estate Network (NNEREN). With NNEREN's support and cooperation, the following features are now included in the MLS:

- [Home Energy Rating Index Scores](#)
NNEREN now has a data field for recording Home Energy Rating Index Scores. A [Home Energy Rating](#) provides a nationally recognized, standard for measuring a home's energy-efficiency & projecting its energy use.
 - NNEREN intends to improve the display of this data by providing it as a graphic which will provide context for the Home Energy Rating Index Score
- [Third-party Verified Building Certifications](#)
NNEREN now has third-party verified *Building Certifications* in its *Coded Features* section including the following:
 - [Energy Star Certified Home](#)
 - HERS Rated
 - [LEED for Homes](#)-Platinum
 - LEED for Homes-Gold
 - LEED for Homes-Silver

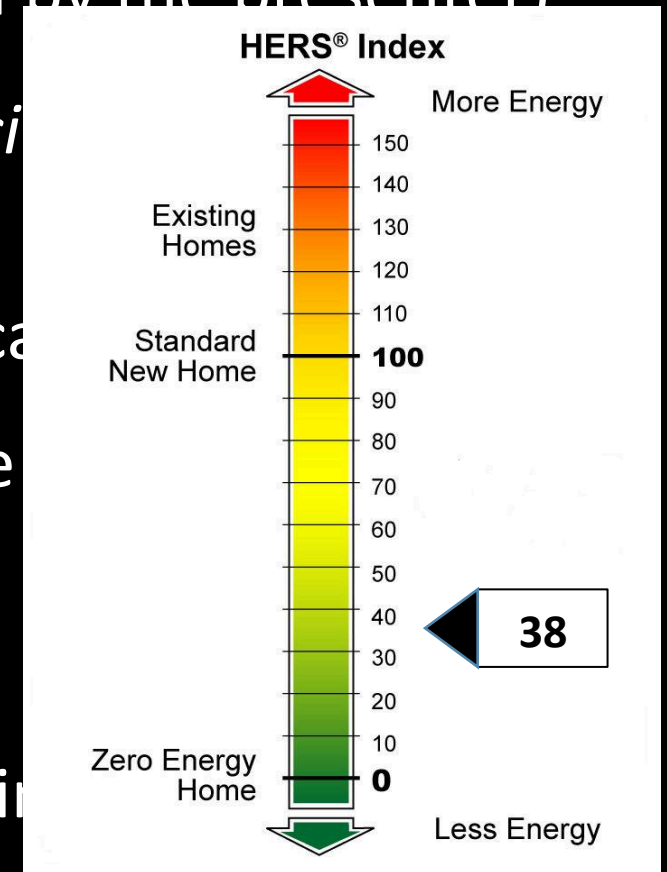
A Leading Appraiser's Advice

Sandra Adomatis, the appraiser credited with developing the AI *Addendum*, provides the following advice (augmented by the presenter):

- Complete the AI's Res
- attach a copy of:
 - any state or local e
 - the full Home Ener
 - Rating Certificate)
 - a graphic display o
 - 3rd party verified e



Energy Efficiency
ance certificate
including the
ng Index
green building



A Leading Appraiser's Advice

Ask questions about the appraiser's qualifications before the appraisal begins,

or your client could face the cost of two appraisals.

- How many hours of energy-efficiency & green building education has the appraiser completed?

Adomatis feels that 14 hours is appropriate based on AI's "green" courses. Unfortunately, it is unlikely that many appraisers have that many hours yet, as these courses are so new.

- What is their actual experience appraising green homes?

A Leading Appraiser's Advice

- Is the appraiser familiar with the *AI Addendum*?
- How will the appraiser assign value to the *AI Addendum* defined green categories: “(1) site, (2) water, (3) energy, (4) materials, (5) indoor air quality, & (6) maintenance and operation?”
- Ask if the appraiser uses net present value to calculate annual energy performance savings, what are the assumptions, methodology & duration for the savings?
- Does the appraiser subscribe to the local MLS?

If no, this causes concerns about competency above & beyond energy efficiency and green building.

A Leading Appraiser's Advice

- Provide the *AI Addendum* & attachments to the appraiser before beginning the site visit of the subject property.
- Someone knowledgeable about the efficiency & green features in the home should accompany the appraiser to clarify, elaborate, & answer the appraiser's questions.
- If you are selling the home, have your listing agent attach to the MLS listing the *AI Addendum* & other documents previously itemized.

Outreach to Mortgage Lenders

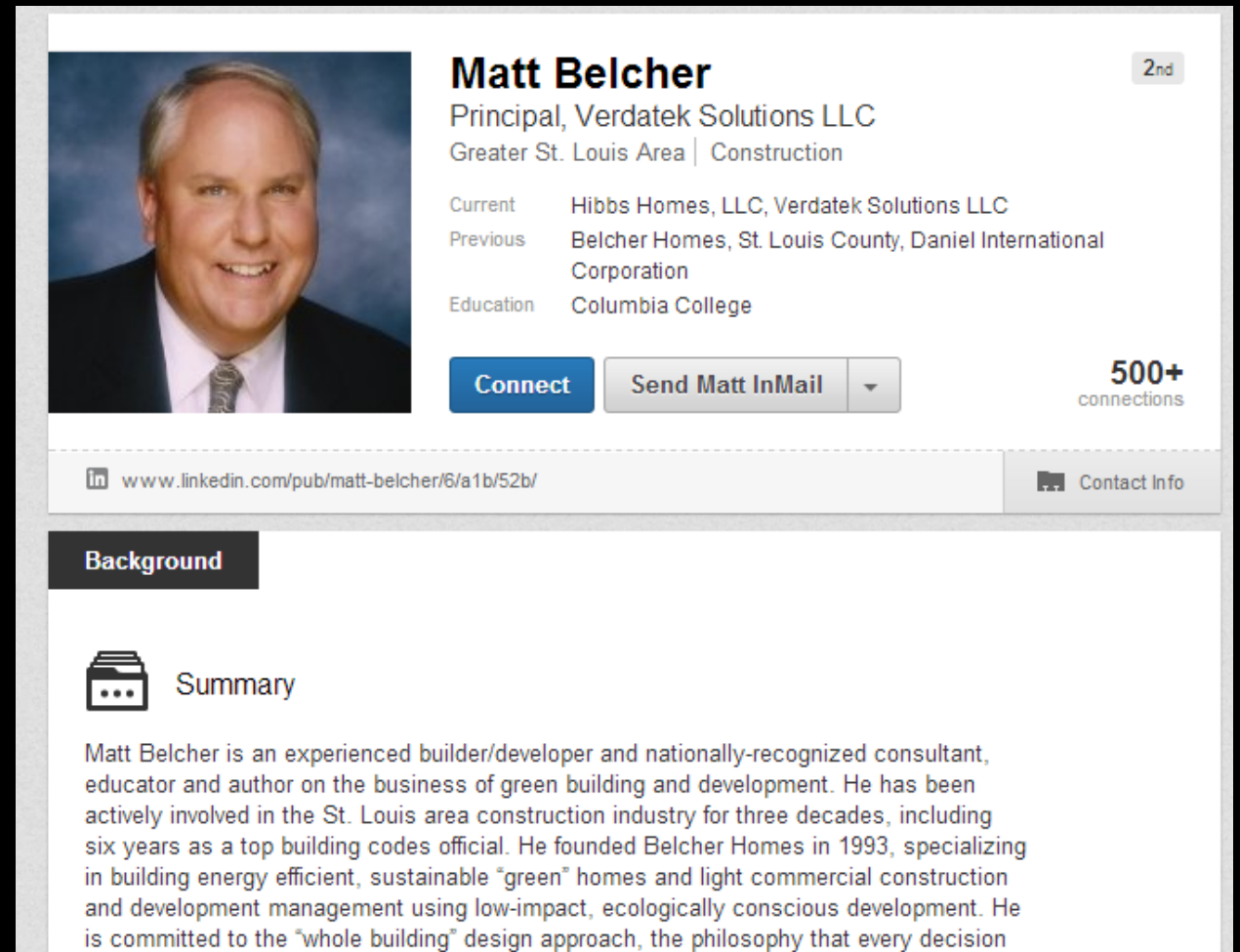
- Reach out to lenders on these national & local efforts through their trade associations.
- Contribute newsletter articles & web postings for association publication.
- Make sure lenders know that you will be counseling your clients to insist on appraiser competency & that you will be utilizing the AI *Addendum* to assist appraisers in understanding the specialized homes you are building.

Find a Supportive Mortgage Lender

- Include the *AI Addendum* with the bank's loan application...

(it's the trigger with regard to the Competency Rule, PULL IT)!

- Work with the lender to find an appraiser competent to inspect a high-performance home.
- Consider an agreement with a local lender such as the one used by Missouri builder and green building educator Matt Belcher.



The image shows a screenshot of a LinkedIn profile for Matt Belcher. On the left is a professional headshot of a middle-aged man with short, light-colored hair, wearing a dark suit, white shirt, and patterned tie. To the right of the photo, the name "Matt Belcher" is displayed in bold black text, with a "2nd" connection level indicator in a small grey box. Below the name, his current role is listed as "Principal, Verdatek Solutions LLC" in the "Greater St. Louis Area | Construction" industry. A table lists his work history: "Current" at "Hibbs Homes, LLC, Verdatek Solutions LLC" and "Previous" at "Belcher Homes, St. Louis County, Daniel International Corporation". His education is listed as "Columbia College". Below the profile information are two buttons: a blue "Connect" button and a grey "Send Matt InMail" button with a dropdown arrow. To the right of these buttons, it says "500+ connections". Below the profile section is a URL: "www.linkedin.com/pub/matt-belcher/6/a1b/52b/" and a "Contact Info" link. A "Background" section is visible, featuring a "Summary" icon (a document with three dots) and a paragraph of text describing Matt Belcher as an experienced builder/developer and nationally-recognized consultant, educator, and author on green building and development. The text mentions his involvement in the St. Louis area construction industry for three decades, including six years as a top building codes official, and his founding of Belcher Homes in 1993, specializing in building energy efficient, sustainable "green" homes and light commercial construction and development management using low-impact, ecologically conscious development. He is committed to the "whole building" design approach.

Builder, Matt Belcher's Agreement with Lenders:

This Home is being built/renovated/updated to nationally recognized standards above prevailing code.

It is designed and constructed with unique features and materials and with highly efficient equipment and in accordance with high efficiency standards.

The Lender shall choose an Appraiser educated and knowledgeable in this type of valuation of these specialized Homes, preferably an appraiser who holds a professional appraisal designation that requires advanced education on such issues as the valuation of sustainable buildings (e.g., MAI or SRA designations from the Appraisal Institute).

The appraiser shall provide verification of green valuation education of 14 hours or more from a qualified and knowledgeable educational provider and knowledge to be permitted to conduct the appraisal for this project.

It Is Up To Us

- Some individuals will be motivated to build to the Passive House standard due to environmental ethics & global warming concerns.
- More would be reached if our real estate market made visible the compelling, & quantifiable, economic benefits of building to the Passive House Standard.
- We must convince lenders & appraisers that proper valuation of high energy performance buildings is a low risk, good business decision that also provides environmental benefits.
- It is up to us – architects, builders, CPHCs, homeowners, efficiency program sponsors, HERS agencies - who seek to significantly & rapidly transform our built environment, to recognize the additional task we face in building a more rational real estate market & to get this job done where we live.

APPROVED

Mortgage Application Form



**Thank You!
Questions?**

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