RESNET Executive Director Report

2014 SPRAYFOAM Convention & Expo

Steve Baden, RESNET Executive Director
www.resnet.us
What is RESNET

• An industry-based, not for profit organization

• A national standards making body for building energy efficiency rating and certification systems in the USA (ANSI Accredited Standards Development Organization)
  – Consensus based standard development and amendment process
  – Transparent review and adoption process – Formal public review and comment process
Who Recognizes RESNET

• Builders for marketing the energy performance of their homes

• Building Energy Codes compliance option

• Federal government agencies
  – IRS for tax credit qualification
  – U.S. EPA for ENERGY STAR labeled homes
  – U.S. Department of Energy for Building America and Building Challenge programs
What Are Home Energy Ratings

A home energy rating is a whole house analysis of a home’s energy efficiency by a trained and certified RESNET Home Energy Rater.

The rating produces a HERS Index Score. The HERS Index is the nationally recognized scoring system for measuring a home’s energy performance.

The HERS Index can be described as a sort of miles-per-gallon (MPG) sticker for houses.
The RESNET HERS Index
Trend to HERS Index in Housing Market

In 2013 218,000 Homes Energy Rated and Issued HERS Index Score

To date over 1.5 million homes rated in US.
National Builders Committing to Marketing HERS Index of Homes

Pulte Homes

KB HOME

LENNAR

Perry Homes

Centex Homes

Beazer Homes

Drees Homes

ASHTON WOODS Homes

Meritage Homes

Del Webb

M/I Homes

McGueyer Homebuilders, Inc.

The Mark of Integrity

David Weekley Homes

Ryan Homes

RYLAND HOMES® Live Life. Even Better.®

With us, it’s personal.™
Builders Marketing HERS Index Scores of Homes

RESNET HERS Index Certificate

812 Kingsbrook Rd
Gainesville, VA 20171
Renter: R. Henderson
Registry ID:
* This information is presented for educational purposes only.

Standard Home* is based on the RESNET Reference Home definition with a HERS Index of 100 (based on the 2006 International Energy Conservation Code). RESNET has developed the HERS Index to indicate the comparative efficiencies of homes. It is not our guarantee that energy efficiencies will be achieved. Refer to the Energy Star program home disclosure addendum to the Purchase Agreement for additional information.

HERS Provider: EnergyLogic
www.energylogic.com
HERS Rater: Kate Henderson
Efficient Home, LLC
3905 National Drive, Suite 105

This home has been inspected and performance tested in accordance with Chapter 3 of the RESNET standards.

YES, IT’S INCLUDED!

HOME ENERGY RATING SCALE

Community Name • Plan Name

ANNUAL SAVINGS $500
Media Coverage of HERS Index

National and Local Media Coverage

- FOX NEWS
- USA TODAY
- THE WALL STREET JOURNAL (WSJ)
- Associated Press (AP)
- CNN
- The Washington Post
- Los Angeles Times
- THE ARIZONA REPUBLIC
- GreenBuilder
GreenBuilder Coverage

The HERS® Index Score – More Than Just a Number

It’s what homebuyers want when purchasing a home...

Demand for HERS rated homes is skyrocketing

Recent studies show that homes with lower HERS Index scores, cost less to run and provide a better quality of life for their owners. And, when you take into account the fact that mortgage default risks are 32 percent lower for homes with low HERS Index scores, it’s no wonder homebuyers are asking for a home’s HERS Index Score before buying.

A HERS RATED HOME WITH A SCORE OF 65 COULD:
• Save its owner up to 50% in energy costs over the 2000 international energy conservation code.
• Reduce their carbon footprint.
• Improve home health and safety.

Homebuyers understand the value of a HERS Index Score. It tells them where homes stand in terms of energy efficiency and affordability, which helps for making informed buying decisions.

• Multiple Listing Services (MLS) are now showing HERS index scores for their listings.
• Increasing numbers of builders across the nation are committing to having their homes HERS rated.

Benefit from the increased marketing power of a HERS Index Score

Join the growing ranks of RESNET EnergySmart Builders!
resnet.us/energysmart-builder

RESNET EnergySmart Builder
Every Home is a HERS Rated Home
New Trends for HERS Index

• Incorporation of HERS Index Scores as Compliance Option to Building Energy Codes
  – Arkansas, Colorado, Idaho, Kansas, Massachusetts, New Mexico and New York

• Incorporation of HERS Index Scores in MLS
  – Colorado, Florida, Illinois, Maine, Minnesota, Nebraska, New Hampshire, Oklahoma, Texas, Vermont, Wisconsin

• Evidence that Low HERS Index Scores Reduces Risk in Mortgage Loan
Code Jurisdictions Recognizing HERS Index in Energy Codes

• Over 150 state and local code jurisdictions adopt HERS Index Score compliance option

• 2015 IECC to Include Energy Rating Option
The rating scores that were adopted by the IECC are:

Regions 1 and 2 52
Region 3 51
Region 4 54
Region 5 55
Region 6 54
Region 7 and 8 53

The HERS path also requires that a builder must meet the mandatory envelope requirements of the 2009 IECC
Jurisdictions Adopting HERS Index Score Option to Energy Code

- Acton, Massachusetts
- Amherst, Massachusetts
- Andover, Massachusetts
- Arlington, Massachusetts
- Ashfield, Massachusetts
- Ashland, Massachusetts
- Athol, Massachusetts
- Auburn, Massachusetts
- Ayer, Massachusetts
- Barre, Massachusetts
- Becket, Massachusetts
- Bedford, Massachusetts
- Belmont, Massachusetts
- Berlin, Massachusetts
- Beverly, Massachusetts
- Bishop, Massachusetts
- Bolton, Massachusetts
- Brookline, Massachusetts
- Buckland, Massachusetts
- Cambridge, Massachusetts
- Carliole, Massachusetts
- Hatfield, Massachusetts
- Holliston, Massachusetts
- Holyoke, Massachusetts
- Hopkinton, Massachusetts
- Huntington, Massachusetts
- Johnson County, Kansas
- Kingstown, Massachusetts
- Lakeville, Massachusetts
- Lancaster, Massachusetts
- Lawrence, Kansas
- Leominster, Massachusetts
- Lenox, Massachusetts
- Lowell, Massachusetts
- Marlborough, Massachusetts
- Medfield, Massachusetts
- Medway, Massachusetts
- Methuen, Massachusetts
- Mendon, Massachusetts
- Rockland, Massachusetts
- Rowe, Massachusetts
- Salem, Massachusetts
- State of New Mexico
- Schuylkill, Massachusetts
- Shawnee, Kansas
- Sherborn, Massachusetts
- Shirley, Massachusetts
- Shutesbury, Massachusetts
- Somerville, Massachusetts
- Springfield, Massachusetts
- Stockbridge, Massachusetts
- Sudbury, Massachusetts
- Sunderland, Massachusetts
- Sutton, Massachusetts
- Swampscott, Massachusetts
- Tewksbury, Massachusetts
- Tisbury, Massachusetts
- Topsfield, Massachusetts
- Town of Babylon, New York
- Town of Hempstead, New York
- Town of Huntington, New York
- Town of Islip, New York
- Town of North Hempstead, New York
- Chelmsford, Massachusetts
- Chesterfield, Massachusetts
- City of Boulder, Colorado
- City of Santa Fe, New Mexico
- Concord, Massachusetts
- Common, Massachusetts
- County of Boulder, Colorado
- Dedham, Massachusetts
- Deerfield, Massachusetts
- Desoto, Kansas
- Dudley, Massachusetts
- Easthampton, Massachusetts
- Easton, Massachusetts
- Fayetteville, Arkansas
- Gardner, Kansas
- Gardner, Massachusetts
- Gill, Massachusetts
- Groton, Massachusetts
- Granby, Massachusetts
- Great Barrington, Massachusetts
- Greenfield, Massachusetts
- Hamilton, Massachusetts
- Hanover, Massachusetts
- Hanson, Massachusetts
- Middlefield, Massachusetts
- Millburg, Massachusetts
- Millville, Massachusetts
- Milton, Massachusetts
- Mission, Kansas
- Monroe, Massachusetts
- Montague, Massachusetts
- Natick, Massachusetts
- New Salem, Massachusetts
- Newburyport, Massachusetts
- Newton, Massachusetts
- North Adams, Massachusetts
- Northampton, Massachusetts
- Northfield, Massachusetts
- Gladie, Kansas
- Palmer, Massachusetts
- Pelham, Massachusetts
- Pembroke, Massachusetts
- Peterborough, Massachusetts
- Pittsfield, Massachusetts
- Plainfield, Massachusetts
- Ptown, Massachusetts
- Quincy, Massachusetts
- Revere, Massachusetts
- Town of Oyster Bay, New York
- Town of Riverhead, New York
- Town of Southampton, New York
- Town of Taos, New Mexico
- Townsend, Massachusetts
- Tuoro, Massachusetts
- Turnersville, Massachusetts
- Watertown, Massachusetts
- Wayland, Massachusetts
- Wellesley, Massachusetts
- Wenham, Massachusetts
- West Tisbury, Massachusetts
- Westminster, Massachusetts
- Weston, Massachusetts
- Westwood, Massachusetts
- Whately, Massachusetts
- Winchendon, Massachusetts
- Williamsburg, Massachusetts
- Williamstown, Massachusetts
- Winthrop, Massachusetts
- Woburn, Massachusetts
- Worcester, Massachusetts
Incorporation of HERS Index in MLS

CONCERNING THE PROPERTY AT: ________________________________

AUSTIN/CENTRAL TEXAS REALTY INFORMATION SERVICE
ENERGY, ENVIRONMENT AND SUSTAINABILITY ATTACHMENT

This information is intended to provide a potential Purchaser(s) with information directly from the Seller(s). The following are representations made by the Seller(s) and are not the representations of ACTRIS or the REALTOR®(s). ACTRIS and the REALTOR®(s) play no role in completing this form and disclaim any responsibility for the data, analysis, or any other documentation provided by the Seller(s). It is not a warranty of any kind by the Seller(s) and should not substitute for any inspection or test(s) the Purchaser(s) may wish to obtain. Sellers are encouraged to provide all available documentation.

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<td>☐ Home Performance w/ ENERGY STAR®</td>
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Home Energy Efficiency and Mortgage Risks

32% LOWER Mortgage Default Risks

Low HERS Score = Low Mortgage Risk!

A new study found that mortgage default risks were 32% lower on HERS rated homes.
Home Energy Efficiency and Mortgage Risks

Institute for Market Transformation/University of North Carolina Study

- Energy efficient homes HERS rated had 32% less risk of mortgage loan foreclosure
- Risk is reduced correspondingly to lower HERS Index Scores
Bonded Builders Warranty Group
Energy Guarantee Program

RESIDENTIAL ENERGY GUARANTEE
An exclusive new program for energy-efficient homes.
Bonded Builders Warranty Group
Energy Guarantee Program

• Third largest home warranty carrier in U.S.

• Offering policy that guarantees home energy bills based on the homes HERS rating
Housing/Energy Policy Proposal

• Residential buildings represents largest primary energy use in U.S. (20%)  

• Common in current market place of having new homes 30% more efficient than 2004 IECC (HERS Index Score of 70) 

• U.S. Department of Energy estimates cost effective to reduce existing homes energy consumption by 30%
Background

• US households spend around $230 billion annually on energy (not including transportation)

• Energy is a significant and growing cost of homeownership (~15%)

• Accelerating market adoption of energy-efficient homes

• Mortgage lending can play an important role in promoting or inhibiting investments in energy efficiency
Transparency in Other Consumer Decisions

Appliances

Energy Guide

Based on standard U.S. Government tests.

Refrigerator-Freezer
With Automatic Defrost
With Side-Mounted Freezer
With Through-the-Door-Ice Service

Compare the Energy Use of this Refrigerator with Others Before You Buy.

This Model Uses
Energy Star
A symbol of energy efficiency

Uses Least Energy
617 kWh/year

Uses Most Energy
698 kWh/year

Energy use (kWh/year) is a measure of energy (electricity) use. Your utility company uses it to calculate your bill. Only models with 22.5 and 24.4 cubic feet and the above features are used in this scale.

Refrigerators using more energy cost more to operate. This model's estimated yearly operating cost is:

$53

Automobiles

Toyota Prius

Standard Features:
- Keyless entry and security system
- Variable ratio power steering
- Power moonroof
- 16-inch alloy wheels
- Front wheel drive
- All-wheel drive
- 4-Cylinder, 1.5 L engine
- Automatic variable gear
- Ratio transmission
- CVT

Mechanical & Performance:
- 4-Cyl. 1.5 L engine
- 100 HP, 95 lb-ft torque
- CVT transmission
- Front wheel drive
- 4-door sedan
- Automatic variable gear
- Ratio transmission
- CVT

Manufacturer's suggested retail price:
$29,520.00

Information NOT available at time of vehicle production.

For consumer benefits, all vehicles classified in compact size have been tested under federal test procedures.

14,360 lbs.

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Current Transparency in Home Buying

Energy labelling

Energy labelling of the following building:
Address: Storgade 27 A og B
Postal code/city: 9990 Storstedten
BBR-no.: 12345-1
Energy labelling no.: 122780
Valid 5 years from: 8. August 2006
Energy consultant: Jens Pedersen
Company: Aktuel Energiudvikling

The energy labelling informs about the building's energy consumption, the possibility for obtaining energy savings, the break-down of the building's energy costs and the average energy consumption of individual apartments. The energy labelling is prepared by certified energy consultants for apartment buildings and is required by law.

Reported energy consumption for heating:
- Costs including VAT: 293,000 DKK/year and duties:
- Consumption: 526 MWh/year
- Reported for the period: January 1st 2005 – December 31st 2005

The reported energy consumption and costs are climate corrected by the energy consultant. Thus, the figures express an average year temperature-wise.

Energy label
- Low consumption: A1, A2, B1, B2, C1, C2, D1, D2, E1, E2, F1, F2, G1, G2
- High consumption

Cost-effective savings:
Here are the energy consultant’s proposals to reduce the energy and water consumption in the building. There may be more proposals on the next page. The proposals below are elaborated in the building inspection section.
Growing Transparency in Home Buying

Arkansas Home Energy Performance Label

Address: 1234 Main Street
Anytown, AR 72000

Home Size: 2,400 SF

HERS Index

Total Estimated Annual Energy Cost:

$X,XXX.XX

Estimated Monthly Cost: $XXX.XX
Estimated Annual Energy Use: XXXX MMbtu
Estimated Five Year Savings: $XXXX.XX

This label confirms that this home meets the 2013 Arkansas Energy Code. These estimates are intended for comparison purposes only. Actual energy is dependent on your utility rates and use. Estimates are based on HERS (Home Energy Rating System) calculations. Estimated based on information provided by Energy Information Agency. Savings based on comparison with standard reference home.

Builder License #: XXXXXXXX
Rater Identification #: XXXXXXXX
Date of Rating: XX/XX/XXXX

State law prohibits removal of this label before consumer purchase.
Transparency in Home Buying

From Fayetteville, Arkansas to Boston, Massachusetts codes require new homes post HERS Index Score. (State of Arkansas voting this week to make requirement statewide)

Transcends current red state/blue state divide
Proposed Policy

Require HERS Index Score on all homes financed through federal mortgage programs (Fannie Mae, Freddie Mac, FHA & VA)
Home Performance Labeling In Europe
Home Listings In France
Transparency in Housing Market

Does Not Require Legislation

Lenders Required Home Inspections and Termite Testing in the 1990s
Rationality in Mortgage Underwriting

With findings that default and prepayment risks are lower in energy efficient homes by as much as 1/3

Proposed New Formula for Determining Housing Affordability:

Principal, Interest, Taxes, Insurance Minus Monthly Energy Savings (PITI-ES)
Transparency & Rationality

Reflected in SAVE Act

Introduced in 2012 by Senator Bennet (D-CO) & Isakson (R-GA)

Could be achieved in administrative action
Benefits of Housing/Energy Policy Proposal

• Cut U.S. Energy Consumption & Ensuing Environmental Pollution

• Pump hundreds of millions of dollar into economy by reduced energy waste

• Create needed jobs in hard hit construction section

• Homeowners having more affordable and comfortable homes

• More secure mortgages
Benefits of Housing/Energy Policy Proposal

All without outlay of federal funds

An economic, national security, environmental, industry & consumer proposal that is fiscally conservative and relies on the market place
Clinton Global Initiative Adopts RESNET Initiative

Commitment to Action

WE COMMIT TO TAKE ACTION TO include the energy performance of a home in the housing market and mortgage financing. Through this commitment, we will advocate for making the energy performance of a home in the housing market more transparent, and underscore the rationality of considering the energy savings of a home in the mortgage underwriting process.

August 1, 2013

Steve Baden
RESNET

President Bill Clinton