National Association of State Energy Officials

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Director of Government and External Relations

Residential Labeling and Financing – Real Estate Market Perspectives

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Role of Appraisers in the United States
Basic Obligations of U.S. Appraisers

- Impartial and unbiased
- Required to be independent and objective
- No advocacy, no contingent compensation
- Loss of license or civil/criminal penalties
Common Services Provided

- Support for real estate lending decisions
- Litigation support
- Property tax appeals
- Corporate accounting/portfolio valuation
- Consulting and advisory services
Mortgage Lending 101 and the “Three C’s”

- Credit, Capacity, Collateral
- Appraiser is answering the question, “if everything goes bad with the loan, what do we have left?”

The thing about opinions

- You can have two differing opinions that are well supported
- Data and analysis is essential
Tools to the Profession

- The Appraisal profession has been a leader within the real estate sector in addressing green/high performance issues
  - Professional development program
  - Professional resources (guidance, articles, forums)
  - Forms
    - Residential Green and Energy Efficient Addendum
    - Commercial Green and Energy Efficient Addendum
<table>
<thead>
<tr>
<th>Client File #:</th>
<th>Appraisal File #:</th>
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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

Available to all appraisers for free through appraiser software programs and off the Appraisal Institute website at http://www.appraisalinstitute.org/assets/1/7/ai-residential-green-energy-effecient-addendum.pdf
### Green Features

The following items are considered within the appraised value of the subject property:

<table>
<thead>
<tr>
<th>Certification</th>
<th>Year Certified:</th>
<th>Certifying Organization:</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>☐ Home Innovation Research Labs (ICC-700)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☐ USGBC (LEED)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☐ Other:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating</th>
<th>Score:</th>
<th>□ LEED Certified:</th>
<th>□ LEED Silver</th>
<th>□ LEED Gold</th>
<th>□ LEED Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>☐ ICC-700 National Green Building Standard Certified:</td>
<td>☐ Bronze</td>
<td>☐ Silver</td>
<td>☐ Gold</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additions</th>
<th>Explain any additions or changes made to the structure since it was certified:</th>
</tr>
</thead>
</table>

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<thead>
<tr>
<th>Comments</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

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 and analysis of the features. Builders, contractors, homeowners, and third party verifiers are encouraged to complete this Addendum and present to appraisers, agents, lenders, and homeowners.
AI Addendums

• Goals
  • Research tool for appraisers
  • Communication tool between appraiser clients (mortgage lenders)

• Acceptance Issues
  • Engagement process
  • Mortgage lending process

• Other issues
  • Data availability
Labeling

- Can be beneficial in researching comparables and to the sales comparison approach
- Important to understand that appraisers value the property, not the paper
- Cost vs. value
- Label “mania” and standardization
THANKS!

Questions?

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