

BEST PRACTICES FOR HOMEBUILDERS TO IMPACT "GREEN" MLS EFFORTS

To support homebuilder efforts to participate in MLS “greening” efforts, NCBPA has developed the following best practices to follow. Additional information and resources are listed in the “Supportive Resources” section below.

STEP 1: Establish internal business procedures and vendor/partner relationships that support improved valuation.

- ▶ Obtain a HERS® Index Score on all homes to establish a baseline of available electronic data on green features.
 - » *Additional benefits include streamlined participation in certification and verification programs, marketing benefits of third party verification and more.*

- ▶ Hire a green-certified realtor on all home sales.
 - » *Seek out green-certified realtors with national designations such as EcoBroker or NAR’s Green Designation. If not available, encourage your realtor to become certified.*

- ▶ Request a green-certified appraiser on all home sales.
 - » *Lenders cannot choose an appraiser by name due to federal regulations but can select one by ability, competency, or expertise.*
 - » *The builder’s role in this process is to communicate to the lender (either directly or through the homebuyer and/or their realtor) that a qualified or green-certified appraiser is needed for the appraisal. Doing so will help ensure that only qualified appraisers accept the job request. This will also encourage non-qualified appraisers to learn more about high performance homes and perhaps become certified to earn this business in the future.*
 - » *Do not be overly concerned about the lack of a green-certified appraiser in your market. It is acceptable for lenders to cast a wide geographic net for an appraiser due to the limited quantity of professional appraisers who specialize in green construction.*
 - » *If the appraiser selected is unqualified, the builder or consumer can raise this issue with the lender and request another appraiser be selected. Consult with state and federal appraisal guidelines for more information on when and how to pursue this activity.*

- ▶ Use nationally and locally-recognized certification and verification programs and rating systems on all homes.

- ▶ Establish a process whereby all new homes are listed in the MLS at least overnight in order to make them available for future comparables searches by realtors and appraisers.

- ▶ Request homeowner permission to obtain and share utility data as evidence of the energy and water saving features of the home.

STEP 2: Document and market green features to promote their value.

- ▶ List green features including certification and verification programs, rating systems and detailed measures (attic insulation, high-efficiency HVAC, etc.) to promote the home's added benefits and reduce the liability of the appraiser and the lender in assigning a higher value.
- ▶ Use sample letter templates in the Green Real Estate Toolkit that any homebuyer, seller, builder, or realtor can use to communicate the green features of your home.
 - » *Prepare the buyer to notify their lender that a qualified green appraiser is needed for the home.*
- ▶ Ensure that your realtor makes available in the sales process hard and soft copies of rating and program data, as well as specific green feature data such as invoices for high performance and green products or specialty services.
 - » *Appraisers can incorporate builder cost data in their valuation but must have the proper documentation to account for their value.*
- ▶ Fill out the Green Appraisal Addendum on all homes and provide it to prospective buyers and their realtors, appraisers and lenders.
 - » *The Addendum should be completed in part by a HERS® Rater who has much of the needed data on energy efficiency, renewable energy and green features.*
 - » *In some cases, "greened" MLS directories can receive an auto-populated Addendum using data from HERS® Index Scores and other sources.*
- ▶ Attach program and rating labels to homes – physically – and make sure that verification documentation is provided in the homeowner's guide for use in future sales and appraisals of the home.

STEP 3: Local homebuilders associations should support pilot programs to gain local support and growth.

- ▶ Local homebuilders associations and green/high performance building councils should undertake local pilot program efforts to test out the recommendations provided in this report.
 - » *Local builders that are already committed to energy efficient, green and high performance construction can further promote their own homes while encouraging other builders, realtors, appraisers, lenders and consumers in the local market to participate.*

- ▶ Local associations and councils can fund, support and/or perform needed market studies to obtain valuable data to support MLS “greening” efforts.
- ▶ These organizations can also sponsor educational workshops for realtors, appraisers, lenders and other builders as well.
- ▶ Green/high performance home tours are excellent, albeit resource intensive, opportunities to make a large push for improved market transparency and value of better homes.
- ▶ Test out locally whether or not using a private market appraisal – one ordered and paid for by the builder directly – from a green-certified appraiser that is provided to the appraiser hired by the lender helps educate the non-certified appraiser and results in a higher appraised value.
- ▶ Where needed, local associations and councils can use their expertise to address local market barriers to MLS “greening” efforts that may arise, such as how best to list new construction homes in MLS directories.
- ▶ Request that member builders commit to 100% participation in these efforts to help grow their use in the local market. Examples include:
 - » *100% HERS® Index Scores.*
 - » *100% appraisal addendums.*
 - » *100% lender request of a green-certified appraiser.*

SUPPORTIVE RESOURCES

Provided below are links to websites that contain helpful information on the “Green” MLS topic:

- ▶ NAR’s Green Designation: GreenResourceCouncil.org
- ▶ NAR’s Sustainability Website: nar.realtor/topics/sustainability
- ▶ Appraisal Institute’s Green Building Resources: AppraisalInstitute.org – “green building resources”
- ▶ NAHB’s Green Buildings Program: NAHBgreen.org
- ▶ EcoBroker: EcoBroker.com
- ▶ Elevate Energy: ElevateEnergy.org
- ▶ Green the MLS Tool Kit: GreenTheMLS.org
- ▶ Green Real Estate Toolkit: ecoachievers.com/resources/green-real-estate-toolkit/