

REALTORS & ENERGY EFFICIENCY

SEPTEMBER 1, 2004

INCREASE YOUR CLIENT'S PURCHASING POWER

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If you are selling NEW Homes

SWHER can help you:

- Increase the value of your services to the client.
- Increase your client's borrowing power.
- Save your client money.
- Assist your client through the EEM process.

The Power of an Energy Efficient Mortgage (EEM)

An EEM includes utility costs in the equation for qualifying and buying a home.

A new home qualifies for an EEM if it:

- Has a SWHER Rating of 80 or higher.
- Meets ENERGY STAR® criteria.

How Can It Help Me?

- Increase the size of your market using the 2% stretch.
- More effectively market the energy efficiency features of homes.
- Present energy efficiency information in an easily understandable manner.

Increase your market

Estimates from the Environmental Protection Agency indicate that the 2% debt-to-income ratio stretch means an increased market size of from 4 – 16% (estimates based on income and median home price in a geographic region). A 4% increase in Los Angeles/Riverside/Orange County amounts to 81,468 more potential buyers, and in San Francisco a 16% increase equates to 22,334 additional potential buyers.

"A home with a SWHER Rating may sell faster".

Effectively Market Energy Efficiency Features

For every \$1 decrease in the annual utility costs, a home's market value increases \$20. This is according to a study published in the Appraisal Journal.

The SWHER® Report is easy to read and translates the energy efficiency ratings into dollars. Using a SWHER Rating as proof of an already energy efficient home may enable you to sell the home faster and at a higher price. Having the rating allows easier qualification since the total cost of home ownership is lower when you factor in the utility costs.

"If your client qualifies for a loan, they also qualify for the increased buying power of an EEM."

The EEM is based on the simple premise that borrowers with lower monthly utility bills have more money available for a mortgage payment. EEMs allow buyers to qualify for a larger mortgage and finance energy efficiency improvements recommended by the SWHER Rating.

	\$3,000 monthly		\$5,000 monthly	
	Standard Mortgage	EEM	Standard Mortgage	EEM
Maximum allowable monthly mortgage payment	\$840	\$900	\$1,400	\$1,500
Maximum Mortgage*	\$132,900	\$142,400	\$221,400	\$237,300
Added Borrowing Power	--	\$9,500	--	\$15,800

*The maximum debt-to-income ratio for a standard mortgage (28%) stretches to 30% with an EEM (referred to as the 2% stretch).

Assumptions based on 30-year mortgage, 7.5% interest rate, 10% down payment, principal and interest only. Availability of EEMs is not limited by location, home price or utility company.

Save Your Client Money with an EEM!

Though they may start out with a higher price tag, an energy-efficient home costs less to own/operate than a less energy-efficient home. The increased comfort is a bonus that doesn't come with a price tag.

	Home without Improvements	Home with Energy Improvements
Home price (90% mortgage, 8% inter-	\$150,000	\$154,816
Loan amount	\$135,000	\$139,334
Monthly payment*	\$991	\$1,023
Energy bills	+\$186	+\$93
The true monthly cost of home ownership	\$1,177	\$1,116
Monthly savings	--	\$61

*Estimated mortgage payments do not include taxes and insurance.

Source: PG&E Energy Efficient Mortgage Homeowner Guide. Values indicated here are for example only, and will vary.

SPECIAL POINTS OF INTEREST:

- Energy Efficient Mortgages really work
- EEM's help reduce pollution thru energy efficient homes.
- Help make homes more comfortable and affordable for everyone

CONT...

You may ask yourself**“How Do I Sell It?”**

As a real estate agent, you can use EEMs to make the home even more appealing when you explain how the prospective homebuyer can...

- Enhance the year-round comfort of the home.
- Lower the monthly utility bills from 15% to 30% or more.
- Qualify for a larger mortgage.

What is an ENERGY STAR® Home?

ENERGY STAR® Homes are at least 30% more efficient than the Model Energy Code (a national energy code).

ENERGY STAR® Homes is a program designed to:

- Increase energy efficiency.
- Increase customer satisfaction.
- Contribute to a cleaner environment.

The U.S. Environmental Protection Agency (EPA) and U.S. Department of Energy (DOE) work together to promote ENERGY STAR® Homes as a smart consumer choice—saving money while preventing pollution

Increase the Value of Your Services

Your clients want and need energy efficiency, but they may not know how to get it. That is where you come in.

You can help the client understand that they will enjoy a quieter, cleaner and more comfortable home while also benefiting from utility bill savings.

INCREASE THE SALES OF EXISTING HOMES WITH A SWHER REPORT**SWHER Can Help You:**

- Increase the value of your services to the client.
- Increase your client's borrowing power.
- Save your client money.
- Assist your client through the EEM process.

The Power of an Energy Efficient Mortgage (EEM)

An EEM includes utility costs in the equation for qualifying and buying a home.

- A home qualifies for an EEM if it has a SWHER Rating.
- A buyer qualifies for an EEM if they qualify for a home loan.

EEMs can be used: To finance the improvements in older homes that need energy efficiency

How Can It Help YOU the REALTOR?

- Increase the size of your market using the 2% stretch.
- More effectively market the existing or potential energy efficiency features of homes.
- Present energy efficiency information in an easily understandable manner.
- Offset a lower selling price of a home that could benefit from energy efficiency improvements.
- More up-front work will pay off with more satisfied clients, higher appraisals, and more referrals.

“ Differentiate your company from the competition by helping your clients to save money every month”.

EFFECTIVELY MARKET ENERGY EFFICIENCY FEATURES

Did you know that for every \$1 decrease in the annual utility costs, a home's market value increases \$20. This is according to a study published in the Appraisal Journal.

The SWHER Report is easy to read and translates the energy efficiency ratings into dollars. Using a SWHER Rating as proof of an already energy efficient home may enable you to sell the home faster and at a higher price. Having the rating allows easier qualification since the total cost of home ownership is lower when you factor in the utility costs.

Easy to Understand

The SWHER Report is easy to understand. Each potential improvement includes an estimated cost to make the improvement and the resulting energy savings for a net benefit to the buyer. This empowers them to make informed decisions about which combination of improvements they will make to their new home.

“If your client qualifies for a loan, they also qualify for the increased buying power of an EEM.”

Offset a Lower Selling Price

When you show homes that need energy efficiency improvements, using the EEM to finance the energy efficiency improvements increases the loan amount of a house with a low selling price.

Once you establish a working relationship with a SWHER® Rater you will be way ahead of other agents, and the results will be an increased service to your clients and the potential for more clients through referrals and the 2% stretch.

SWHER recommends getting the Rating done as early in the loan process as possible, so that other aspects of the loan can be processed in a timely manner.



“Close more deals, increase your earnings”.

THE SWHER RATING – A WEALTH OF INFORMATION!

A SWHER Report is similar to a miles-per-gallon rating on a car. A SWHER Report is prepared by a trained and certified HERS Rater. Factors such as insulation, appliance efficiencies, window types, local climate, and utility rates are used in a computer model to rate the home and calculate energy costs.

A SWHER Report includes:

- Overall Rating Score of the house, as is.
- Recommended cost-effective energy upgrades.
- Estimates of the cost, annual savings, and useful life of upgrades.
- Improved Rating Score after the installation of recommended upgrades.
- Estimated annual total energy cost for the existing home before and after upgrades.

Rating scores are between 1 and 100. Higher scores indicate greater efficiency. Cost-effective upgrades are those that will save more money through energy savings than they cost to install. Upgrades typically recommended in the SWHER Report are energy efficient heating and air-conditioning systems, duct sealing and repair,

insulation, air sealing and/or energy efficient windows.

One customer had this to say about his EEM:

"The EEM was the second best thing that ever happened to me. The first best was actually being able to buy a home. This is our first home, and the EEM saved us a lot of headaches because we knew what we needed to do to the house. It's nice and comfortable now. Even my dogs are happy. I am very impressed."
 –P. Theard

Does It Work?

Utility bills are one of the largest homeowner expenses after the monthly mortgage payment.

A SWHER Rating gives the buyer the information they need to lower their energy bills. It evaluates such details as the level of insulation, types of lighting, windows in the home, heating and cooling systems, and water heaters. Recommended improve-

ments are accompanied with cost estimates as well as projected annual energy savings.

The Theard family (mentioned earlier) were first-time homebuyers who purchased a \$150,000 home built in 1940. They got an FHA loan for 95% of the value of the property. A SWHER Rating recommended \$2,300 in energy improvements including insulating the ceiling, floor, furnace ducts, and a setback thermostat for their HVAC system. The lender included an extra \$2,300 for the improvements, bringing the total loan amount from \$142,500 to \$144,800. The loan closed, the family moved in, and the improvements were installed. Their monthly mortgage payment increased \$17, but they are saving \$45 each month on their utility bills.

HOW TO SELL ENERGY EFFICIENCY

As a real estate agent, you can use EEMs and HERS Reports to make the home even more appealing by explaining how the buyer can...

- Enhance the year-round comfort of the home.
- Lower monthly utility bills from 15% up to 50%.
- Add to a home's resale value.
- Qualify for a larger mortgage.
- Finance needed energy efficiency improvements.
- Have more cash up-front for other move-in costs.

Is important to know that the only reasonable means of accurately determining the relative energy efficiency and the total costs for a home is through a Home Energy Rating done by a certified Home Energy Rater using a special computer program and diagnostics equipment.

A small investment in a Home Energy Rating can save your clients thousands of dollars in **costs** for operating and maintaining their new home.

SWHER can help you and your clients for a one-stop-shop approach by scheduling a SWHER Rating, finding qualified contractors, getting bids, obtaining assistance with submitting additional EEM loan documents, and tracking the project through completion and the release of the EEM funds.

Contact SWHER for assistance in understanding and utilizing the programs available. SWHER offers information, and education services to coordinate and provide the documentation required to submit the EEM to the lender for additional funding in order to make energy efficient upgrades/improvements.

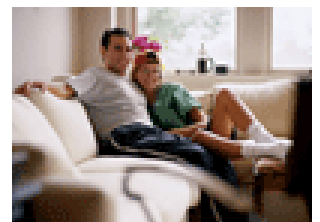
REALTOR BENEFITS

- Increase your market
- Increase your clients buying power
- Save your clients MONEY
- Increase the value of your services
- Sell better homes
- More satisfied customer
- Potential to increase your earnings
- Differentiate from competition
- Make homes more comfortable & affordable

*** EVERYBODY WINS WITH AN ENERGY EFFICIENT HOME**

"The true cost of a home is what it costs to own *and* operate, not just the sticker price.

Energy use is typically a home's greatest operating cost. Reduce energy costs and you reduce the cost of the home".



Help protect our environment for future generation thru Energy Efficient Homes"

We are on the web www.swher.com

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SWHER Services:

- Home Energy Ratings (HERS Reports)
- Blower Door Tests (Home Air Infiltration Test)
- Duct Leakage Test
- ENERGY STAR® Home Qualification
- Energy Efficiency Cost-effective analysis
- Assistance with Energy Efficient Mortgages
- Plan Review for Energy Efficiency
- 3rd. Party Building Inspections / Code Compliance

WHEN YOU SEAL YOUR HOME THE WHOLE
WORLD FEELS THE DIFFERENCE



To find out how ENERGY STAR®
Home Sealing can make your home
more comfortable and energy efficient
contact www.swher.com

**ENERGY STAR® HOME SEALING CAN
CUT HEATING AND COOLING COSTS
BY UP TO 20 PERCENT**



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