

# **RESNET Policies and Procedures Manual**

**Policies Adopted by the RESNET Board of Directors**

Updated August 14, 2009

March 28, 2008

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**RESNET Policy 001**  
**Deposit Only Union Bank of California ATM Account**  
Adopted by the RESNET Board – December 12, 2002

The President, Vice President, the Secretary or Treasurer of RESNET Organization, acting alone, are authorized to enter into this Business ATM Card with Union Bank of California, and from time to time designate Authorized Users in addition or in place of those set forth above and to specify or change access type(s) of each such Authorized User, or to remove the same, and to designate other or additional of this Organization's accounts to be subject to this agreement.

Steve Baden, Executive Director was designated as the Authorized User for making ATM deposits to the RESNET savings account.

**RESNET Policy 002**  
**Submitting Proposals for Contracts and Grants**  
Adopted by the RESNET Board – May 16, 2003

The RESNET Executive Director is authorized to submit and enter into contracts and agreements that fit within the goals established by the RESNET Board.

## **RESNET Policy 003**

### **RESNET Rating Code of Ethics**

Adopted by the RESNET Board – June 6, 2003 (Amended November 17, 2007)

#### **Statement of Purpose**

The accredited home energy rating providers (Providers) and Accredited Rater Training Providers (Providers) of the Residential Energy Services Network (RESNET) are committed to providing quality and professional service to their customers and the public. This Code of Ethics sets forth principles and rules of conduct enforced by RESNET through specific procedures contained in its Accreditation Standards. This Code of Ethics is a national minimum standard applicable to all accredited RESNET Rater Training Providers, RESNET Rating Providers, their Raters and their representatives. The RESNET Code of Ethics represents minimum ethics requirements. As such, it may be augmented by additional ethics code requirements as required by an individual Rating Provider or Training Provider, or by any other authority under whose jurisdiction rating or training services are being provided.

#### **Principle 1: Professional Conduct**

- Raters/Providers shall at all times remain in good standing with the accreditation and certification requirements applicable to their business and professional activities in accordance with Chapter One of the Mortgage Industry National Home Energy Rating Standards.
- Raters/Providers shall at all times comply with the technical standards and procedural requirements applicable to their business and professional activities in accordance with the Mortgage Industry National Home Energy Rating Standards.
- Raters/Providers shall commit to objectivity and neutrality in conducting a rating and in making any recommendations.
- Raters/Providers shall commit to participate in a Quality Assurance program as required by RESNET.
- Raters/Providers shall not engage in any conduct that is detrimental to the reputation or the best interests of RESNET.
- Raters and rating or training organizations shall refrain from speaking of other Raters or rating or training organizations in a manner that will diminish the profession or service in the eyes of the public.
- Raters or a rating organization shall not disclose information concerning the rating for a specific home to parties other than the client or the client's agent without the written permission of the client or the client's agent except to report to the Rating Provider for the purposes of registration, certification or quality assurance.
- Raters/Providers shall commit to ongoing professional development and education as established by the Mortgage Industry National Home Energy Rating Standards to advance their knowledge, education, training, and experience, so

that customers and the public can be assured of receiving competent and reliable services from home energy raters.

### **Principle 2: Representations of Services and Fees**

- Raters/Providers shall make no representations regarding their services or qualifications that are false or misleading in any material respect.
- Raters/Providers shall fully disclose all applicable charges, as well as the general scope and deliverables of services, prior to conducting a home energy rating or providing other services.

### **Principle 3: Conflicts of Interest**

- Raters/Providers shall comply with the financial interest disclosure requirements contained in the Mortgage Industry National Home Energy Rating Standards.
- Raters/Providers shall not accept compensation, financial or otherwise, from more than one interested party for the same service without the consent of all interested parties.
- Raters/Providers shall inform their clients that they have the right to obtain competitive bids for any work recommended by the rating they provide.
- Raters/Providers shall not allow an interest in any business to affect the results of the rating.

### **Ethics Complaints**

Alleged violations of the Code of Ethics by a rater should be reported to the rater's rating provider according to the provider's complaint process. If the complaint is not satisfied with the result of that process, complaints may be filed against the accredited provider *for failing to enforce the ethics code with their certified raters* with RESNET's Executive Director.

Raters/Providers or other parties may report violations of this Code or other concerns regarding the professional conduct of a rating organization or training organization with respect to the Mortgage Industry National Home Energy Rating Standards, to the RESNET Executive Director for review and possible remedial action.

**RESNET Policy 004**  
**Home Energy Magazine Subscription as Benefit of Annual RESNET**  
**Rater Membership**

Adopted by the RESNET Board – July 18, 2003

RESNET will include a subscription to Home Energy Magazine as a membership benefit for being a RESNET rater member.

**RESNET Policy 005**  
**Administration of National Rater Test**  
Adopted by the RESNET Board – August 26, 2003

RESNET will administer the national rater test on its internet server. Accredited rater training providers will set up and proctor the test.

**RESNET Policy 006**

**RESNET Home Energy Rating Standard Disclosure**

Adopted by the RESNET Board – September 15, 2003 (amended - April 24, 2007)

**RESNET Home Energy Rating Standard Disclosure**

**For home(s) located at:**

City: \_\_\_\_\_

State: \_\_\_\_\_

*Check the applicable disclosure(s) in accordance with the instructions on the reverse of this page:*

1  The Rater or the Rater’s employer is receiving a fee for providing the rating on this home.

2.  In addition to the rating, the Rater or Rater’s employer has also provided the following consulting services for this home:

- A. Mechanical system design
- B. Moisture control or indoor air quality consulting
- C. Performance testing and/or commissioning other than required for the rating itself
- D. Training for sales or construction personnel  E. Other (specify)

3.  The Rater or Rater’s employer is:

- A. The seller of this home or their agent
- B. The mortgagor for some portion of the financed payments on this home
- C. An employee, contractor or consultant of the electric and/or natural gas utility serving this home

4  The Rater or Rater’s employer is a supplier or installer of products, which may include:

**Installed in this home by: OR Is in the business of:**

- HVAC systems.....  Rater  Employer  Rater  Employer
- Thermal insulation systems .....  Rater  Employer  Rater  Employer
- Air sealing of envelope or duct systems . Rater  Employer  Rater  Employer
- Windows or window shading systems.....  Rater  Employer  Rater  Employer
- Energy efficient appliances.....  Rater  Employer  Rater  Employer
- Construction (builder, developer,  Rater  Employer  Rater  Employer  
construction contractor, etc)
- Other (specify):\_\_\_\_\_  Rater  Employer  Rater  Employer

This home may have been verified under the provisions of Chapter 6, Section 603 “Technical Requirements for Sampling” of the Mortgage Industry National Home Energy Rating Standard as set forth by the Residential Energy Services Network (RESNET).  
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Rater's Printed Name

Certification #

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Rater's Signature

Date

## **RESNET HOME ENERGY RATING Standard Disclosure Instructions**

The "Home Energy Rating Standard Disclosure" form shall be completed for each home that receives a Home Energy Rating and shall be provided to the rating client who is responsible to provide a copy to the home owner/buyer.

In the case of "sampling," sufficient copies shall be distributed to cover all homes in a batch.

Each form must include, at a minimum, the name of the community/subdivision and city and state where the home is located.

Each form must accurately reflect the proper disclosure for the home that it is rated (i.e. it should reflect the Rater's involvement with the home at the time the final rating is issued).

For the purposes of completing this Disclosure, "Rater's employer" is defined as including any affiliate entities.

Disclosures:

1 Check this selection if you (the Rater) or your employer is receiving a fee for completing the rating on this home, regardless of whether the fee is paid directly or by a third party (ie, a utility program).

2 Check #2 and all that apply under this selection if you or your employer received a fee for providing design and/or consulting services for this home, or training for the builder or subcontractors who worked on the home. Specify any other "consulting" services not listed that may also apply (i.e. services that do not involve the supply or installation of products, as covered in #4).

3A. Check this selection if you work for a firm that will be the seller of the home (i.e. the builder/contractor, real estate broker, or real estate agent).

3B. Check this selection if you work for a firm that will provide some portion of financing for the home (including for upgrade measures and improvements where equipment is financed) regardless whether it is secured financing or unsecured financing.

3C. Check this selection if you are performing this rating or providing other services for or on behalf of the electric and/or natural gas utility serving this home, including but not limited to an investor owned utility or local municipality.

4. Check #4 and all that apply under “installed in this home” if you and/or your employer is supplying or installing products in this home. Check all that apply under “is in the business of” if you or your employer is in the business of supplying or installing products in homes in the general marketplace, but not for the home covered by this disclosure. Specify any other product category not listed which may also apply.

5. Check # 5 if performing this verification under Chapter 6 of the HERS Standards.

**RESNET Policy 007**  
**Amendment of RESNET Annual Budget**  
Adopted by the RESNET Board – February 29, 2004

The RESNET Executive Director, President, and Treasurer may modify the annual RESNET by a maximum of 5%. Any increases or modifications of over 5% would require full board approval.

**RESNET Policy 008**  
**Memorandums of Agreement**

Adopted by the RESNET Board – April 16, 2004

The RESNET Executive Director is authorized to negotiate memorandums of agreement between RESNET and affinity organizations. Once a memorandum of agreement with an organization is drafted, the RESNET Board must vote to authorize the executive to sign the agreement.

**RESNET Policy 009**  
**RESNET Board Rating Industry Awards**  
Adopted by the RESNET Board – September 3, 2004

To recognize leadership in the rating industry RESNET has established the Rating Industry Achievement Awards. There are three categories in which you can nominate yourself or another organization:

- **RESNET Market Transformation Award**  
This award will be presented to the organization/rater that has made the most significant contribution to penetrating their housing market with rating services while maintaining the quality of the services. Applicants must clearly document the measurable and the significance of the impact of their program in the defined housing market. The criteria for the award would be the organization's quantifiable impact on the defined housing market, the significance of the housing market, support of national programs such as ENERGY STAR, and the transferability of the effort.
- **RESNET Industry Innovation Award**  
This award will be presented to the organization that has developed and implemented the most innovative program or policy. Applicants must clearly document why the program, idea, effort and its impact is unique. The criteria for the award would be originality, creativity, and impact on the rating industry.
- **RESNET Program Leadership Award**  
This award will recognize the outstanding contribution in residential energy efficiency, building performance, or financing initiative has made to the rating industry. Such programs as Fannie Mae Energy Efficient Mortgage Program, Building America, ENERGY STAR, Home Performance with ENERGY STAR, or a government agency, lending institution or local building department would qualify. Applicants must clearly document that significance of the contribution they made to the rating industry on a local, state, regional, or national level.

Annually RESNET staff will solicit applications for the awards. A subcommittee of the board will evaluate the applications according to criteria developed by RESNET staff and make a recommendation to the board. The board will vote on who will receive the annual awards. The RESNET Board President will present the awards at the annual RESNET Building Performance Conference.

## **RESNET Policy 010**

### **Establishment of RESNET Standing Committees**

Revised by the RESNET Board – August 18, 2008

All standing Committee chairs shall be appointed by and be current members of the RESNET Board of Directors, all Committee members shall be members in good standing of RESNET, all Committee members shall be appointed by their respective Committee chair and approved by the RESNET Board of Directors.

The RESNET subcommittees authorized by the RESNET Board are:

#### **Quality Assurance Committee**

Scope: The scope of the Quality Assurance Committee shall be to provide disposition or recommend disposition to the Board on all matters of quality and ethics coming before RESNET.

Charge: Chapter 1 of RESNET Standards; oversight of RESNET quality assurance program; adjudication recommendations on ethics, disciplinary, and challenge issues.

#### **Training & Certification Committee**

Scope: The scope of the Training & Certification Committee shall be to provide disposition or recommend disposition to the Board on all matters of education, training and certification coming before RESNET.

Charge: Chapter 2 of RESNET Standards; maintenance of RESNET core exam, including annual cycle of exam questions; approval of all RESNET education programs; and maintenance of RESNET certification categories.

#### **Technical Committee**

Scope: The scope of the Technical Committee shall be to provide disposition or recommend disposition to the Board on all technical matters coming before RESNET.

Charge: Chapter 3 of RESNET Standards; interpretation of technical standards, procedures and guidelines; technical evaluation of issues and programs; and continuing maintenance of technical standards.

#### **Standards Committee**

Scope: The committee will be responsible for oversight of the process for amending the RESNET Standards to ensure that ANSI and ISO protocols are followed. The committee will review proposals submitted by the RESNET standing committees to ensure that they are in the proper format, consider public comments and recommend to the board the adoption of amendments. The committee will be

also responsible for the maintenance of the standards.  
The committee composition, term limits, and caps will be established, and the committee will have members representing “general”, users of the standards, and related industry and government.

**RESNET Policy 011**  
**RESNET Rating Standards of Practice**  
Adopted by the RESNET Board – October 15, 2004

# **RESNET Home Energy Rating Standards of Practice**

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## 1. PURPOSE AND SCOPE

1.1 The purposes of these standards of practice are to ensure that accurate and consistent home energy ratings are performed by accredited home energy rating systems nationwide, to increase the credibility of the rating systems with the mortgage finance industry, and to promote voluntary participation in an objective, cost effective, sustainable home energy rating process. This document is intended to be a summary for information purposes only.

The Residential Energy Services Network (RESNET) Home Energy Rating Standards of Practice establish minimum and uniform standards for home energy raters who are certified by RESNET accredited rating providers. Home energy ratings performed to these standards of practice are intended to provide the home owner/builder with a certified rating according to the RESNET's Mortgage Industry National Home Energy Rating Standard. These standards are posted at [www.natresnet.org/accred/standards.pdf](http://www.natresnet.org/accred/standards.pdf). The rater reports to a provider, who is responsible for quality control of the rating.

1.2 Raters will follow the provisions set forth in the national home energy rating standard. The standard specifically recognizes the authority of each state through legislation or regulation that governs rater licensing or certification.

1.3 The national home energy rating standard applies to existing and proposed, site-constructed or manufactured, one- and two-family residential structures, or other residential buildings three stories or less in height, excluding hotels and motels.

1.4 The rater shall be responsible for:

- 1.4.1 Inspecting and testing the home's minimum rated features listed in B of the standards of practice.
- 1.4.2 Entering the data collected into the RESNET-accredited rating software tool.
- 1.4.3 Providing the client with the home's rating reports, including RESNET's rating financial standard disclosure form, generated by the rating software tool.

1.5 The standards of practice are not intended to limit raters from:

- 1.5.1 Including other inspection services, systems, or components in addition to those required in the standards of practice.
- 1.5.2 Providing consulting services to the client on how to improve the energy performance of the rated home.
- 1.5.3 Undertaking the energy improvements of the home as long as the rater provides the RESNET rating financial standard disclosure form to the client and the accredited rating provider.

## 2. OVERVIEW

*2.1 Residential Energy Services Network* – RESNET's mission is to improve the energy efficiency of the nation's housing stock and to qualify more families for home ownership by expanding the national availability of mortgage financing options and home energy ratings. RESNET is a membership 501(c)(3) non-profit organization.

RESNET's activities focus on:

- 2.1.1 Adopting and maintaining the national standards for home energy ratings.
- 2.1.2 Accrediting home energy rating providers, energy rating training providers, and home energy rating software programs.
- 2.1.3 Working with the mortgage industry in developing innovative residential energy efficiency financing products.
- 2.1.4 Educating the public and the housing industry on the benefits of residential energy efficiency.

*2.2 Overview of Home Energy Ratings* – Home energy ratings provide a standard measurement of a home's energy efficiency. Ratings are used for both new and existing homes. In new homes, ratings often verify energy performance for the ENERGY STAR® homes program, energy efficient mortgages, and energy code compliance. Homeowners who want to upgrade their home's energy efficiency can use the energy rating to evaluate and pinpoint specific, cost-effective improvements. In existing homes, homeowners receive a report listing cost-effective options for improving the home's energy rating. An energy rating allows a home buyer to easily compare the energy costs for homes being considered.

There are two types of ratings:

*Projected ratings* – Ratings performed prior to the construction of a home or prior to the installation of energy improvements to an existing home

*Confirmed ratings* – Ratings completed using data gathered from an on-site inspection, which could include a performance testing of the home

Confirmed home energy ratings involve an on-site inspection of a home by a residential energy efficiency professional: a home energy rater. Home energy raters are trained and certified by a RESNET-accredited home energy rating provider.

The home energy rater reviews the home to identify its energy characteristics, such as insulation levels, window efficiency, wall-to-window ratios, the heating and cooling system efficiency, the solar orientation of the home, and the water heating system. Performance testing, such as the blower door test for air leakage and duct leakage testing, is usually part of the assessment. The data gathered by the home energy rater is entered into an accredited rating software program and translated into rating

scoring points. The home receives a point score between 0 and 100, depending on its relative efficiency. An estimate of the home's energy costs is also provided. The home's energy rating is then equated to a star rating ranging from one star for a very inefficient home to five stars for a highly efficient home.

Unlike an energy audit or a weatherization assessment, a home energy rating is a recognized tool in the mortgage industry. Home energy ratings can be used in a variety of ways in the housing industry. The star and rating score provides an easily understandable means to compare more efficient homes by their relative energy efficiency, since a rating quantifies the energy performance of the home.

The mortgage industry and the states recognize the necessity of this accreditation process for home energy rating programs. The mortgage industry, government, and residential energy efficiency programs use this accreditation process to measure and label a home's energy performance in a uniform and consistent manner.

*2.3 Rater Certification Overview* – A rater must successfully complete training by a RESNET-accredited rater training provider and must be certified by a RESNET-accredited rating provider.

2.3.1 *Rater Training* – A rater completes training by an accredited rater training organization prior to performing rating tasks without supervision. The training shall be conducted in accordance with a syllabus developed by RESNET. The syllabus must specify subjects applicable to each position and must include classroom training. The minimum knowledge base and skill sets that a rater must have are posted at [www.natresnet.org/accred/standards.pdf](http://www.natresnet.org/accred/standards.pdf).

2.3.2 *Field Training* – Each rater must perform five ratings including software operations, two of which shall be in the presence of trainers.

2.3.3 *Continuing Education* – Each rater must complete a minimum of 12 hours of approved continuing education during each three-year period of certification.

2.3.4 *Minimum Rater Competencies* – Certified raters must pass examinations that demonstrate a practical, working ability to effectively use the knowledge and skills contained in Section 5.3 of Chapter 2 of the national home energy rating standard to produce accurate and fair home energy ratings, including the following:

2.3.4.1 The ability to accurately gather information from building drawings, field inspections, product specification and nameplate information, and/or field performance testing. The rater must be able to input such gathered data into a home energy rating system software tool to produce accurate and fair home energy ratings in accordance with the National Home

Energy Rating Technical Guidelines.

- 2.3.4.2 Knowledge of the purposes and benefits of home energy ratings, and the ability to communicate these items to existing and potential customers.
- 2.3.4.3 Knowledge of the basics of energy-efficient mortgages, energy improvement mortgages, and similarly related products, and the ability to communicate these products' benefits to existing and potential customers.
- 2.3.5 *Written Exam* – Prospective home energy raters, to become certified, shall demonstrate through a nationally administered written examination, a practical working knowledge of these materials sufficient to produce accurate and fair home energy ratings.

### 3. MINIMUM RATED FEATURES

The rater shall be responsible for a whole house inspection and for testing the energy features of a home. Appendix A of RESNET's Mortgage Industry National Home Energy Rating Standard contains the specific onsite protocols for inspecting or testing the home's energy features. The appendix can be downloaded at [www.natresnet.org/accred/standards.pdf](http://www.natresnet.org/accred/standards.pdf). The rater shall account for the following minimum rated features:

#### 3.1 Foundation

- 3.1.1 *Conditioning of Space* – The rater shall determine whether a crawl space or basement is unconditioned, indirectly conditioned, or directly conditioned.
- 3.1.2 *Construction Type*
  - 3.1.2.1 The rater shall identify floor area over crawl space basement, exterior space, or unconditioned garage.
  - 3.1.2.2 The rater shall identify slab-on-grade foundation or walkout basement.
- 3.1.3 *Interior Surface Condition* – The rater shall determine the inside surface condition of floor.
- 3.1.4 *Surface Area* – The rater shall measure floor dimensions.
- 3.1.5 *Thermal Mass* – The rater shall determine the presence of thermal mass.
- 3.1.6 Walls of Basement or Crawl Space
  - 3.1.6.1 *Insulation* – The rater shall determine the type, thickness, and R-value of insulation in walls of conditioned basement or crawl space.
- 3.1.7 Slab-on-Grade
  - 3.1.7.1 *Perimeter* – The rater shall determine the perimeter of slab foundation.
  - 3.1.7.2 *Insulation* – The rater shall determine if slab perimeter

insulation exists.

### 3.2 Walls

- 3.2.1 *Color* – The rater shall determine the color of the outside wall.
- 3.2.2 *Construction Type* – The rater shall determine the structural system of walls.
- 3.2.3 *Framing Members* – The rater shall determine framing member size for all framed walls exposed to unconditioned space.
- 3.2.4 *Insulation Value* – The rater shall determine the type, thickness, and R-value of insulation in the wall assembly.
- 3.2.5 *Location* – The rater shall determine whether walls border exterior space, attic, garage, or crawl space.
- 3.2.6 *Thermal Mass* – The rater shall determine the type and thickness of all mass walls.

### 3.3 Roof/Ceiling

- 3.3.1 *Ceiling Areas Between Conditioned and Unconditioned Space*
  - 3.3.1.1 The rater shall obtain measurements of all accessible ceiling areas.
  - 3.3.1.2 The rater shall determine construction type.
  - 3.3.1.3 The rater shall determine the size of the framing members for framed ceiling.
- 3.3.2 *Color* – The rater shall determine the color of the roof.
- 3.3.3 *Construction Type* – The rater shall determine the roof's construction type.
- 3.3.4 *Insulation Value* – The rater shall determine the type, thickness, and R-value in the attic and framed ceiling.

### 3.4 Rim Joist

- 3.4.1 *Insulation Value* – The rater shall determine the type, thickness, and R-value of the rim joist's insulation.

### 3.5 Doors

- 3.5.1 *Construction Type* – The rater shall determine the construction type of all exterior doors.
- 3.5.2 *Insulation Value* – The rater shall determine whether the doors are insulated.
- 3.5.3 *Surface Area* – The rater shall calculate the surface area of exterior doors.

### 3.6 Windows

- 3.6.1 *Area* – The rater shall calculate the area of windows.
- 3.6.2 *Construction Type* – The rater shall determine the window framing and glazing characteristics.
- 3.6.3 *Orientation* – The rater shall determine the orientation of all windows.
- 3.6.4 *Shading* – The rater shall determine the shading of windows.
- 3.6.5 *Solar Heat Gain Coefficient* – The rater shall determine the

solar heat gain coefficient for all glazing.

3.6.6 *U-factor* – The rater shall determine the U-factor of each window.

### 3.7 Skylights

3.7.1 *Area* – The rater shall calculate the area of the skylights.

3.7.2 *Construction Type* – The rater shall determine the framing and glazing characteristics of the skylights.

3.7.3 *Orientation* – The rater shall determine the orientation of the skylights.

3.7.4 *Shading* – The rater shall determine the shading of the skylights.

3.7.5 *Solar Heat Gain Coefficient* – The rater shall determine the solar heat gain coefficient of the skylights.

3.7.6 *Tilt* – The rater shall calculate the tilt of each of the skylights.

3.7.7 *U-factor* – The rater shall determine the skylight U-factors.

### 3.8 Air Leakage

3.8.1 *Conditioned Volume of the Space of the Home* – The rater shall calculate the conditioned volume space of the home.

3.8.2 *Performance Testing* – To receive credit for air tightness, the home must undergo a performance test such as a blower door test.

3.8.3 *Estimating Air Leakage* – If performance equipment, such as a blower door, is not used in the rating, the rater shall use the default value contained in Chapter 3 Section 5.e. of the National Home Energy Rating Standard.

### 3.9 Heating and Cooling

3.9.1 *Fuel Type* – The rater shall determine the energy source for the heating and air conditioning systems.

3.9.2 *Types of Heating and Cooling Equipment* – The rater shall identify the types of heating and/or cooling equipment.

#### 3.9.3 *Control System*

3.9.3.1 The rater shall identify the control system (thermostat) for the heating and cooling systems.

3.9.3.2 The rater shall determine if programmable thermostats are present.

3.9.4 *Efficiency of Systems* – The rater shall determine the efficiency of the heating and cooling equipment.

3.9.5 *Location* – The rater shall determine the location of the heating and cooling equipment.

#### 3.9.6 *Distribution System*

3.9.6.1 *Type* – The rater shall identify the type of distribution system.

3.9.6.2 *Location of Distribution System* – The rater shall determine the location of the distribution system.

#### 3.9.6.3 *Duct Air Leakage*

3.9.6.3.1 To receive credit for the tightness of the

ducts, a performance test must be performed in accordance with ASHREA Standard 152-04.

3.9.6.3.4 If performance equipment is not used, the rater must consider the location and characteristics of the distribution system and select a standard default value from Table 6 of Chapter 3 of the National Home Energy Rating Standards.

3.9.6.5 *Insulation* – The rater shall determine the value of the insulation of the distribution system.

### 3.10 Hot Water Heating

3.10.1 *Fuel Type* – The rater shall determine the energy source for the water heating system.

3.10.2 *Location* – The rater shall determine the location of the water heater.

3.10.3 *Water Heater Type* – The rater shall determine the type and energy source of the water heater.

3.10.4 *Efficiency of Water Heating Appliance* – The rater shall determine the energy factor or seasonal efficiency of the water heater.

3.10.5 *Extra Tank Insulation* – The rater shall determine the presence and insulation value of any extra insulation extra wrap.

### 3.11 Solar Water System (if present)

3.11.1 *Solar Collector Type* – The rater shall identify the type of solar water heating collector.

3.11.2 *Solar Collector Details* – The rater shall determine the area, orientation, and tilt of collector.

3.11.3 *Efficiency of System* – The rater shall determine the efficiency of the solar water heating system.

3.11.4 *Water Storage Tank Size and Location* – The rater shall determine the capacity of the storage tank and its location.

3.11.5 *Extra Tank Insulation* – The rater shall determine the presence and insulation value of any extra insulation wrap.

3.11.6 *Water Pipe Insulation* – The rater shall determine the presence and insulation value of any water pipe insulation.

### 3.12 Passive Solar System (if system is present)

3.12.1 *Direct Gain System* – The rater shall identify the type of passive solar system type and identify the solar orientation and aperture area.

3.12.2 *Greenhouse or Solarium* – The rater shall identify solar type, solar orientation, and aperture opening, and shall calculate thermal mass.

3.12.3 *Thermal Mass* – The rater shall collect information about the thermal mass.

3.12.4 *Thermosiphon Air Panel* – The rater shall identify the system type and its location.

## 4. RATING REPORT

The rater or the rater's provider shall generate a report for each confirmed rating that contains the following information:

4.1 The numeric rating score calculated by the rating software tool with the information on the home's energy features as calculated by the rater.

4.1.1 The rating software tool uses the national rating method adopted by RESNET to calculate the rating score.

4.1.2 A score of 80 is the definition of the minimum energy efficiency of new homes.

4.1.3 Nationally, for a home to be labeled as ENERGY STAR®, it must achieve a minimum score of 86 or be at least 15% more efficient than the local minimum energy code.

4.2 The star rating based on the rating numeric score.

4.3 The estimated annual purchased energy consumption for space heating, space cooling, water heating, and all other energy use, and an estimate of the total purchased energy consumed in the home.

4.4 The estimated annual energy cost for space heating, space cooling, water heating, and all other energy use and the total of these estimates.

4.5 The street address or recorded real property identifier of the rated home.

4.6 The name of the rater.

4.7 The date that the rating was completed.

4.8 The rating software program and its version number used to calculate the rating.

4.9 If improvements are being planned for the home, the rater may produce an energy improvement report, which contains:

4.9.1 A listing of recommended improvements.

4.9.2 Estimated annual savings from each measure.

4.9.3 Typical installed costs for each measure.

4.9.4 Estimated useful life of for each improvement.

4.9.5 Estimated economic return from each measure.

4.9.6 Estimated total savings resulting from the recommendations.

4.9.7 Improved rating score resulting from the recommendations.

4.9.8 Estimated annual savings resulting from the recommendations.

4.10 If the homebuyer plans on applying for an energy mortgage, the rater can produce an Energy Mortgage Report (if an energy mortgage will be applied for). The energy mortgage report contains information needed by a lender to underwrite an energy mortgage, including the monthly energy savings and the added energy value to the home's appraisal. There are specific reports for:

Fannie Mae.

Freddie Mac.

Federal Housing Administration.

Veterans Administration.

## **5. RATER FINANCIAL INTEREST STANDARD DISCLOSURE**

The rater shall prepare and present to the client the RESNET rating standard financial disclosure form that indicates any financial interest the rater may have in the home being rated. The financial disclosure form can be viewed on RESNET's web site at [www.natresnet.org/disclosure](http://www.natresnet.org/disclosure).

## **6. GENERAL LIMITATIONS AND EXCLUSIONS**

6.1 General limitations:

6.1.1 The energy use information contained in the rating report does not constitute any warranty of energy cost or savings.

6.1.2 Inspections performed in accordance with these standards of practice:

6.1.2.1 Are not technically exhaustive.

6.1.2.2 Will not identify concealed conditions or latent defects.

6.1.3 The home energy rating is not intended to be an inspection of the structural soundness of the home or any other attributes of the home other than the home's energy features.

6.1.4 The home energy rating is not applicable to building design and construction features except those specified in the minimum rated features listed in section 3.

6.2 General exclusions

6.2.1 Raters are NOT required to perform any action or make any determination unless specifically stated in the standards of practice.

6.2.2 Raters are NOT required to determine:

6.2.2.1 The condition of systems or components that are not readily available.

6.2.2.2 The remaining life of any system or component.

- 6.2.2.3 Compliance with regulatory requirements (codes, regulations, laws, ordinances, etc.).
- 6.2.2.4 Future conditions, including but not limited to failure of systems and components.
- 6.2.2.5 The market value of the home or its marketability.
- 6.2.2.6 The presence of environmental hazards, including but not limited to mold, indoor air quality, toxins, carcinogens, and contaminants in soil, water, and air.
- 6.2.2.7 The effectiveness of any system installed or methods used to control or remove suspected hazardous substances.
- 6.2.2.8 The presence of potentially hazardous plants or animals, including but not limited to wood destroying organisms, or diseases harmful to humans.
- 6.2.2.9 The acoustical properties of any system or component.
- 6.2.3 Raters are NOT required to offer or perform:
  - 6.2.3.1 Any act or service contrary to law.
  - 6.2.3.2 Engineering or design services.
  - 6.2.3.3 Heating or cooling system design or sizing consulting.
  - 6.2.3.4 Indoor air quality consulting.
  - 6.2.3.5 Work in any trade or any professional service other than home energy rating.
  - 6.2.3.6 Warranties or guarantees of any kind.
- 6.2.4 Raters are NOT required to operate:
  - 6.2.4.1 Any system or component that is shut down or otherwise inoperable.
  - 6.2.4.2 Any system or component that does not respond to normal operating conditions.
  - 6.2.4.3 Shut-off valves.
- 6.2.5 Raters are NOT required to inspect or test:
  - 6.2.5.1 Systems or components that are not installed.
  - 6.2.5.2 Systems or components located in areas that are not entered in accordance with these standards of practice.
  - 6.2.5.3 Detached structures.
- 6.2.6 Raters are NOT required to:
  - 6.2.6.1 Enter any area that will, in the opinion of the rater, likely be dangerous to the rater or other persons or damage the property or its systems or components.
  - 6.2.6.2 Perform any procedure or operation that will, in the opinion of the rater, likely be dangerous to the rater or other persons or may damage the property or its systems or components.
  - 6.2.6.3 Move suspended ceiling tiles, personal property, furniture, equipment, plants, soil, snow, ice, or debris.
  - 6.2.6.4 Dismantle any system or component, except as

explicitly required by the standards of practice.

6.3 If, in determining that some of the minimum rated features of the home are not present or available for inspection according to the exclusions above, the rater may, at his or her discretion, choose to use default values for those features, or conclude that a legitimate rating is not possible under the circumstances. In no case may the rater be required to use defaults that are not allowed by RESNET's Mortgage Industry National Home Energy Rating Standard to produce a rating.

**RESNET Policy 012**  
**RESNET Financial Compilations**

Adopted by the RESNET Board – February 25, 2005

Until formally requested by the RESNET Board of Directors, RESNET will annually contract with an accounting firm to complete a financial compilation.

**RESNET Policy 013**  
**Evaluation of RESNET Executive Director**  
Adopted by the RESNET Board – February 25, 2005

The RESNET Board of Directors' Executive Committee will annually conduct an evaluation of the RESNET Executive Director.

The RESNET Executive Committee will adopt a calculation method used to evaluate the bonus for the executive director position. The bonus shall be between 5%-15% based on the evaluations performed by the executive committee.

At its annual board meeting, the RESNET Board will vote to approve the executive committee's recommendation.

**RESNET Policy 014**  
**Authorization of Payments**

Adopted by the RESNET Board – February 27, 2005

The Board of Directors' President, Vice President, Treasurer and the RESNET Executive Director are authorized to approve payments in the amount of less than \$5,000.00. Payment authorizations in the amount above \$5,000 must be signed by two of the board directors.

**RESNET Policy 015**  
**RESNET Board of Directors Anti Trust Policy**  
Adopted by the RESNET Board – August 12, 2005

## **Residential Energy Services Network (RESNET) Anti Trust Policy**

The Residential Energy Services Network (RESNET) has two primary responsibilities:

- Setting the standards for the quality of rating services
- Support the growth of rating services infrastructure nationally

It is the policy of RESNET that in carrying out these activities, the organization will not restrict fair and open competition and will not violate the provisions of antitrust laws.

RESNET, conscious of the potential antitrust problems, inherent in setting the standards for the quality of rating services, adopts a policy that RESNET "shall not directly or indirectly restrict free and lawful competition." To ensure strict compliance with the antitrust laws, the RESNET Board of Directors has adopted a RESNET Antitrust Policy for staff, directors, committees and its membership. These clearly defined statements of conduct must always be kept in mind, and all organization meetings and other activities shall be conducted in accordance therewith.

Section 1 of the Sherman Antitrust Act and Section 5 of the Federal Trade Commission Act prohibit "contracts, combinations or conspiracies in restraint of trade and unfair methods of competition in commerce...."

One of the clearest antitrust violations an organization can commit is an agreement by its members to set prices at a fixed level. Such an agreement is a per se violation of the antitrust laws, even if the prices set are reasonable or the ends sought are worthy. Similarly, terms and conditions of sale which affect the buyer should not be discussed. These include discounts, terms of service warranties and other individual policies followed in dealing with customers. Informal understandings and planned courses of action on these subjects by competitors also clearly are forbidden.

Administrative or disciplinary action against member companies or organizations, or the expulsion of members companies, may result in economic injury to the affected members and, thus, may constitute an illegal boycott or restraint of trade. Therefore, these sensitive areas must be discussed in accordance with strictly defined guidelines and only in the presence of the executive director.

Frequently, an organization engages in the voluntary development of industry standards. Antitrust problems will arise if the standard developed is designed to advance the economic interests or operates as a marketing advantage for some members to the detriment of others.

Statistical reporting is another common organization sponsored activity. However, since some associations and their members have used these activities in the past to further price-fixing and monopolistic schemes, statistical reporting projects must be conducted with great care in order to conform with clearly defined rules regarding the collection and dispersal of confidential product information.

Antitrust problems also may arise when organizations become involved in industry-wide research and development programs. When pooling of results exists, organization sponsored joint research and development activities may injure competition by diluting the competitive pressures to innovate.

Another area of potential antitrust infraction involves organization sponsored efforts to petition government agencies for action which may have an adverse economic impact on some competing companies. A delicate balance always must be maintained between the First Amendment right to petition government and the antitrust laws' prohibition against restraint of trade. The First Amendment does not protect parties which seek to prod government agencies into imposing trade restrictions by misleading them or by engaging in other dishonest activities. Any effort designed to injure industry competitors clearly is prohibited.

The proper conduct of RESNET meetings requires an understanding and conscious awareness by all of antitrust implications. Your non-participation in the discussions' pro and con may not protect you if, out of such discussions at a meeting you attend, any agreement in restraint of trade originates. However, no imputed unlawful purpose can arise if conscious independent and individual judgment is exercised and no illegal common course of action is pursued.

To assist in avoiding antitrust problems at RESNET meetings, a list of four DON'TS has been prepared. You should read and remember these four basic rules. BE ALERT AND KEEP INFORMED. Antitrust laws are wide ranging, complex, and subject to changing interpretation. Consult your company's lawyer or the RESNET executive director immediately if you have any questions about the legality of any proposed organization action.

## **RESNET ANTITRUST DON'TS**

- 1. DON'T discuss the prices your company will charge customers.**
- 2. DON'T discuss discounts, terms, or conditions of sale, warranty terms, profits or profit margins, shares of the market, bids or the intent to bid, rejection or termination of customers, sales territories or markets.**
- 3. DON'T discuss administrative or disciplinary action by RESNET against a particular member, or enforcement of RESNET's Code of Ethics, in the absence of specific guidance.**

**4. DON'T propose or discuss any proposal or engage in any activity, which is intended to have the effect of producing an adverse economic impact on some competing companies.**

**RESNET Policy 016**  
**RESNET Executive Director Contract for Professional Services**

Adopted by the RESNET Board – August 12, 2005

The RESNET Board of Director's Executive Committee is authorized to negotiate and the Board President sign a bi-annual professional services contract for the organization's executive director. The executive committee is also authorized to include a compensation increase of up to the cost of living index increase from the previous contract. Compensation increases over 6% must approved by the RESNET Board.

**RESNET Policy 017**  
**RESNET Staff Quality Assurance Non-Disclosure Agreement**

Adopted by the RESNET Board – February 26, 2006

RESNET staff must sign the following non-disclosure agreement prior to a quality assurance monitoring of an accredited rating provider:

**Residential Energy Services Network Staff Quality Assurance Monitoring Nondisclosure Agreement**

I agree to use the information revealed during the rating provider quality assurance monitoring reviews only for RESNET assessment purposes and to treat the information which is confidential in nature in confidence.

If, in the course of a quality assurance review of a rating provider, I do acquire or have access to any information, data, or material which the rating provider identifies as confidential, proprietary, or otherwise privileged (collectively, "Information"), I agree that such Information will not be divulged to any person or any organization or utilized for my own private purposes or in any manner whatsoever, other than in the performance of a quality assurance review without the prior written permission of the disclosing rating provider, unless the Information:

1. is or becomes known to the public from a source other than me, or
2. is already known to me or my employer as shown by prior records, whichever event shall first occur, or
3. is required to be disclosed through a subpoena or other court ordered disclosure.

I agree to report any disclosure (authorized or inadvertent) to the Rating Provider where the information disclosed was discovered.

I recognize that an unauthorized disclosure of above information may lead to termination of my position as a Staff Quality Assurance Monitor.

(Signature)

\_\_\_\_\_  
(Name) Printed or Typed

\_\_\_\_\_  
(Date)

(Signature)

\_\_\_\_\_  
Board President

\_\_\_\_\_  
(Date)

**RESNET Policy 018**  
**RESNET Board Policy on Rating Quality Assurance**

Adopted by the RESNET Board – June 1, 2006

It is the policy of RESNET that each rating provider shall institute a systematic approach to field inspections. This approach shall ensure that in new construction ratings, complete information regarding all the rated features, as projected from plans and specifications, flows from the plan evaluators to the field inspection and testing personnel, to ensure that the home as-built completely corresponds to the projected rating. This approach shall also ensure the flow of information from the field back to the plan evaluators (and ultimately to the responsible certified rater) whenever a discrepancy or anomaly is found.

Further, it is the policy of RESNET that each rating provider's quality assurance process shall include a review of this process, and documentation that this information exchange takes place.

Finally, it is the policy of RESNET that the field component of the Quality Assurance process shall include a complete review of all the rated features in a home, including verification of surface areas and dimensions as well as all the rated features, as documented by an independent inspection.”

The policy statement along with background information shall be posted on the RESNET web site.

**RESNET Policy 019**  
**Investment of RESNET Funds**

Adopted by the RESNET Board – February 20, 2007

The RESNET Executive Director is authorized to enter into a short term money market fund as part of RESNET's Union Bank of California accounts where excess funds in the RESNET checking account would be swept. The RESNET Executive Committee would vote on which money market funds be directed to. After approval of the Executive Committee the Executive Director could set up the account.

**RESNET Policy 020**  
**2008 Rating Provider Accreditation Fees**  
 Adopted by the RESNET Board – March 18, 2008

As has been the case since 2006, the accreditation fee would be based upon the number of ratings completed. For 2006, RESNET will use the number of ENERGY STAR Homes labeled by the provider as the proxy for the number of ratings.

The following is the accreditation fee structure:

<b>2008 ENERGY STAR Homes Accreditation Fee</b>	
0 - 500	\$1,750.00 minimum
501 - 1,500	\$1,750.00 plus \$1.75 per rating > 500
1,501 - 4,000	\$3,500 plus \$1.50 per rating >1500
4,001 - 7,500	\$7,250 plus \$1.00 per rating > 4000
7,501 - up	\$10,750 plus \$0.50 per rating > 7,500

The annual accreditation fees for rating software and rater training providers will also be \$1,750, with a \$250 annual discount for entities who are accredited in two categories and a \$500 annual discount for entities who are accredited in three categories.

There will be an initial \$500 application fee for new rating sampling providers.

**RESNET Policy 021**  
**RESNET Document Retention and Destruction Policy**  
January 2008

**I. Purpose**

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by RESNET in connection with the transaction of corporation business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents shall be kept and how records shall be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate RESNET's operations by promoting efficiency and freeing up valuable storage space.

**II. Document Retention**

RESNET follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

**III. Corporate Records**

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years
Accounting and Corporate Tax Records	7 years
Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 & State Information Tax Returns	Permanent
Business Expense Records	7 years
IRS 1099s	7 years
Journal Entries	7 years
Invoices	7 years

Sales Records (box office, concessions, gift shop)	7 years
Petty Cash Vouchers	5 years
Cash Receipts	5 years
Credit Card Receipts	5 years
Bank Records (Statements & Reconciliations)	7 years
Check Registers	Permanent
Bank Deposit Slips	7 years
Electronic Fund Transfer Documents	7 years
Payroll and Employment Tax Records	
Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax returns	7 years
W-2 Statements	7 years
Employee Records	
Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination
Time Cards	2 years
Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	5 years after completion
Legal, Insurance and Safety Records	
Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years

General Contracts

3 years after  
termination

#### **IV. Electronic Documents and Records**

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

#### **V. Emergency Planning**

RESNET’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping RESNET operating in an emergency will be duplicated or backed up at least every week and maintained off site.

#### **VI. Document Destruction**

RESNET’s chief financial officer is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

#### **VII. Compliance**

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against RESNET and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.

**RESNET Policy 022**  
**RESNET Conflict of Interest Policy**

January 2008

**SECTION 1. PURPOSE:**

The Residential Energy Services Network, Inc. (RESNET) is a 501(c)(3) nonprofit, tax-exempt organization. Maintenance of its tax-exempt status is important both for its continued financial stability and for public support. Therefore, the IRS as well as state regulatory and tax officials view the operations of RESNET as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the public.

Consequently, there exists between RESNET and its board, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The board, officers, and management employees have the responsibility of administering the affairs of RESNET honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of RESNET. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with RESNET or knowledge gained there from for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

**SECTION 2. PERSONS CONCERNED:**

This statement is directed not only to directors and officers, but to all employees and contractors who can influence the actions of RESNET. For example, this would include all who make purchasing decisions, all persons who might be described as "management personnel," and anyone who has proprietary information concerning RESNET.

**SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:**

Conflicts of interest may arise in the relations of directors, officers, and management employees with any of the following third parties:

1. Persons and firms supplying goods and services to RESNET.
2. Persons and firms from whom RESNET leases property and equipment.
3. Persons and firms with whom RESNET is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affinity organizations.
5. Donors and others supporting RESNET.
6. Agencies, organizations and associations which affect the operations of RESNET.
7. Family members, friends, and other employees.

#### **SECTION 4. NATURE OF CONFLICTING INTEREST:**

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with RESNET.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with RESNET.
3. Receiving remuneration for services with respect to individual transactions involving RESNET.
4. Using RESNET's time, personnel, equipment, supplies, or good will for other than RESNET-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with RESNET. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

#### **SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:**

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that the directors, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of RESNET.

However, it is the policy of the board that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, and management employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

#### **SECTION 6. DISCLOSURE POLICY AND PROCEDURE:**

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;

3. A competitive bid or comparable valuation exists; and
4. The board has determined that the transaction is in the best interest of the organization.

Disclosure in the organization should be made to the Executive Director (or if she or he is the one with the conflict, then to the board president), who shall bring the matter to the attention of the board. Disclosure involving directors should be made to the board president, (or if she or he is the one with the conflict, then to the board vice president) who shall bring these matters to the board.

The board shall determine whether a conflict exists and in the case of an existing conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to RESNET. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of RESNET and the advancement of its purpose.

**RESNET Policy 023**  
**RESNET Whistleblower Policy**  
January 2008

RESNET is committed to operating in furtherance of its tax-exempt purposes and in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its board members, officers, employees, contractors, or volunteers. This policy outlines a procedure for a director, officers, employee, contractor or volunteer to report actions that he or she reasonably believes violates a law, or regulation or that constitutes fraudulent accounting or other practices. This policy applies to any matter which is related to RESNET's business and does not relate to private acts of an individual not connected with the business of RESNET.

If a director, officer, employee, or volunteer (for simplification, herein referred to as employee) has a reasonable belief that an employee or contractor of RESNET has engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, the individual is expected to immediately report such information to the Executive Director. If the individual does not feel comfortable reporting the information to the Executive Director, he or she is expected to report the information to the President of the RESNET Board of Directors.

All reports will be followed up promptly, and an investigation conducted. In conducting its investigations, RESNET will strive to keep the identity of the complaining individual as confidential as possible, while conducting an adequate review and investigation.

RESNET will not retaliate against an individual in the terms and conditions of employment because that employee: (a) reports to a supervisor, to the Executive Director, the Board of Directors or to a federal, state or local agency what the employee believes in good faith to be a violation of the law; or (b) participates in good faith in any resulting investigation or proceeding, or (c) exercises his or her rights under any state or federal law(s) or regulation(s) to pursue a claim or take legal action to protect the employee's rights.

RESNET may take disciplinary action (up to and including termination) against an employee who in management's assessment has engaged in retaliatory conduct in violation of this policy.

In addition, RESNET will not, with the intent to retaliate, take any action harmful to any employee who has provided, to law enforcement personnel or the court truthful information relating to the commission or possible commission by RESNET or any of its employees, a violation of any applicable law or regulation.

Supervisors will be trained on this policy and RESNET'S prohibition against retaliation in accordance with this policy.