



**Eliminating the Small Print When Building  
Energy-Efficient Homes**

Roger Lange  
Chief Operating Officer



**Bonded Builders**  
Warranty Group

Builders are investing in building and marketing energy-efficient homes. Homes that give home buyers

More comfort

More enjoyment

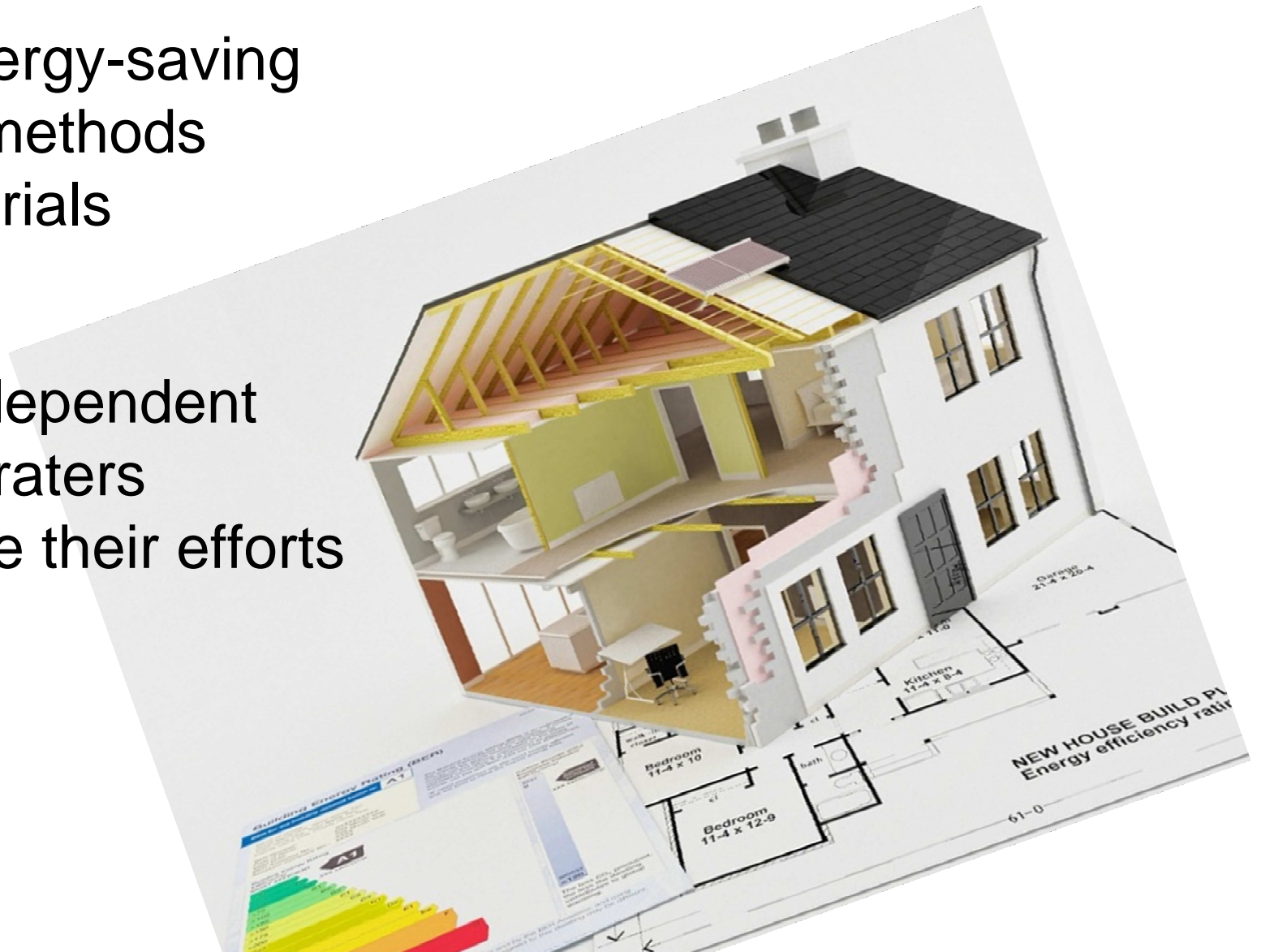
Lower operating cost



Builders are

Using energy-saving  
building methods  
and materials

Hiring independent  
qualified raters  
to validate their efforts



# Many Green Building programs...

- ❖ RESNET HERS Certified
- ❖ National Green Building Standards
- ❖ Energy Star
- ❖ Leeds
- ❖ Others



## ... And their use is growing



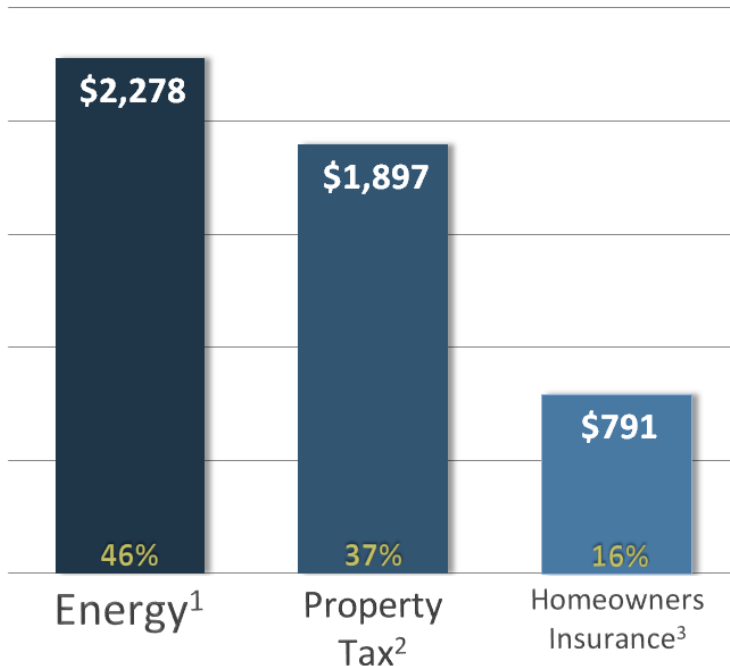
Energy Star – Rated nearly 100,000 homes in 2012 – Over 1.4m since inception



RESNET estimates 35% of new homes carried the HERS Index in 2012 and recently passed 1.3m certified homes

# ... And their reach expanding

Average U.S. Homeowner Costs  
2008



**SAVE Act – to value energy savings**

**MLS Listings – reflect HERS Index**

**Appraisers – to add value for energy saving features**

**Mortgage Lenders – to add energy costs to the traditional P+I+T+I+E**

## ... And their impact is evolving



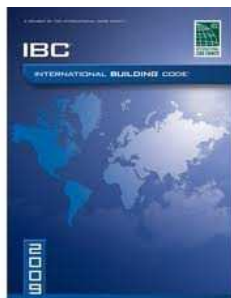
**Energy Policy Act of 2005 – Federal tax credit for Builders up to \$2,000 for meeting energy efficiency requirements, extended to 12/31/2013**



Cities and states are providing incentives for energy efficient new construction including:

- \*Expedited permitting
- \*Tax incentives
- \*Rebates

*Check out [www.dsireusa.org](http://www.dsireusa.org)*



City and state Building Codes are growing in number requiring energy efficiency ratings – and raising the qualifying level

# Programs include some or all of:

- ❖ Air Tight Construction
- ❖ Right Size & Energy Efficient HVAC
- ❖ Enhanced Insulation
- ❖ Low E Windows
- ❖ Low VOC Paint & Other Coverings
- ❖ Energy Efficient Lighting
- ❖ Energy Efficient Appliances
- ❖ Efficient Water Systems



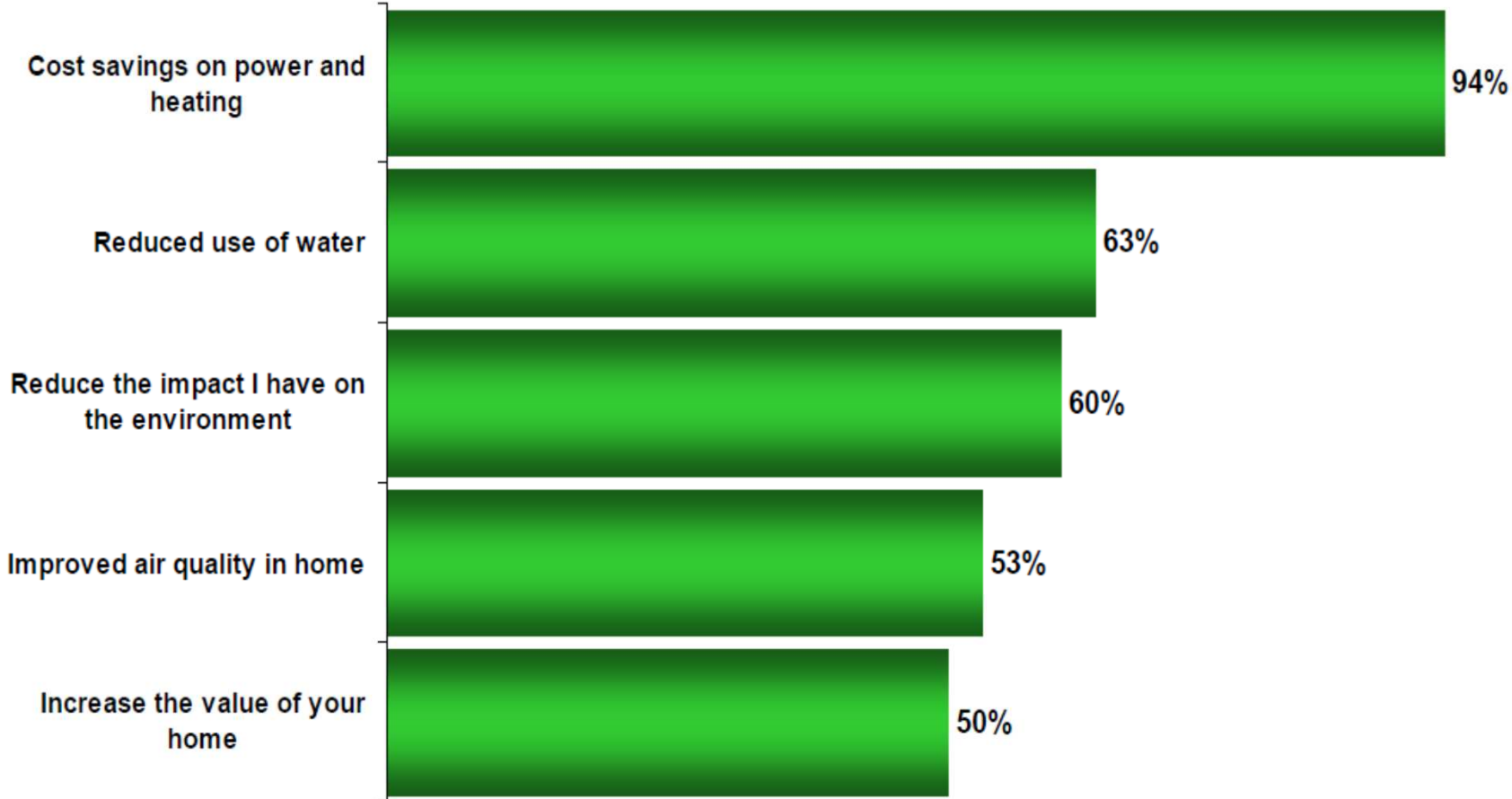


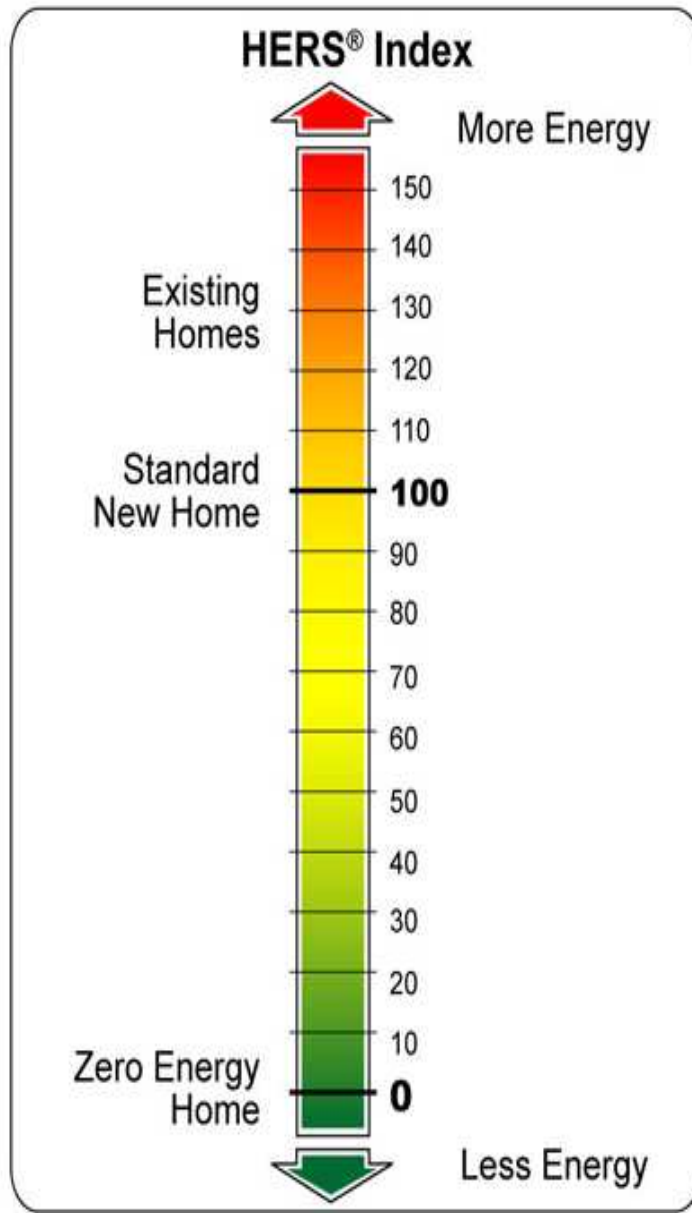
**What common element in all Green Building programs is most important to home buyers?**



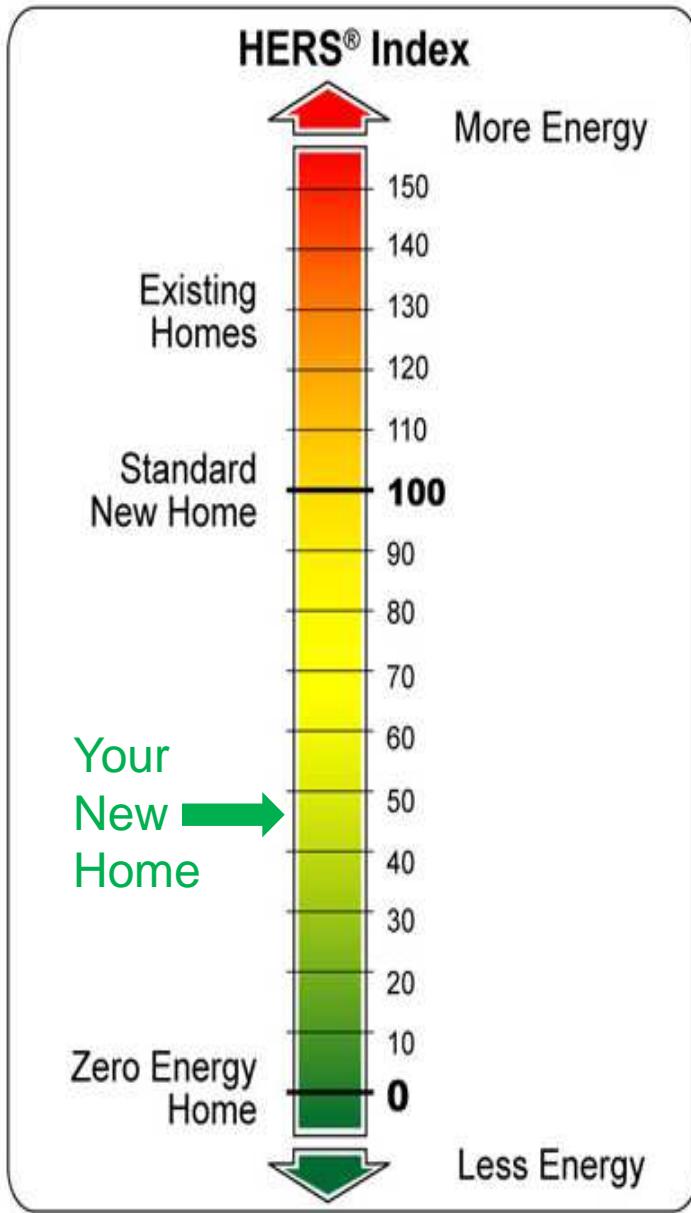
**Efficiency:**  
*lowering the cost of  
operating the home*

**TOP 5 REASONS TO BUY GREEN HOME / MAKE GREEN IMPROVEMENTS TO HOME**





**Builders are advertising their HERS Index to differentiate their homes from others**



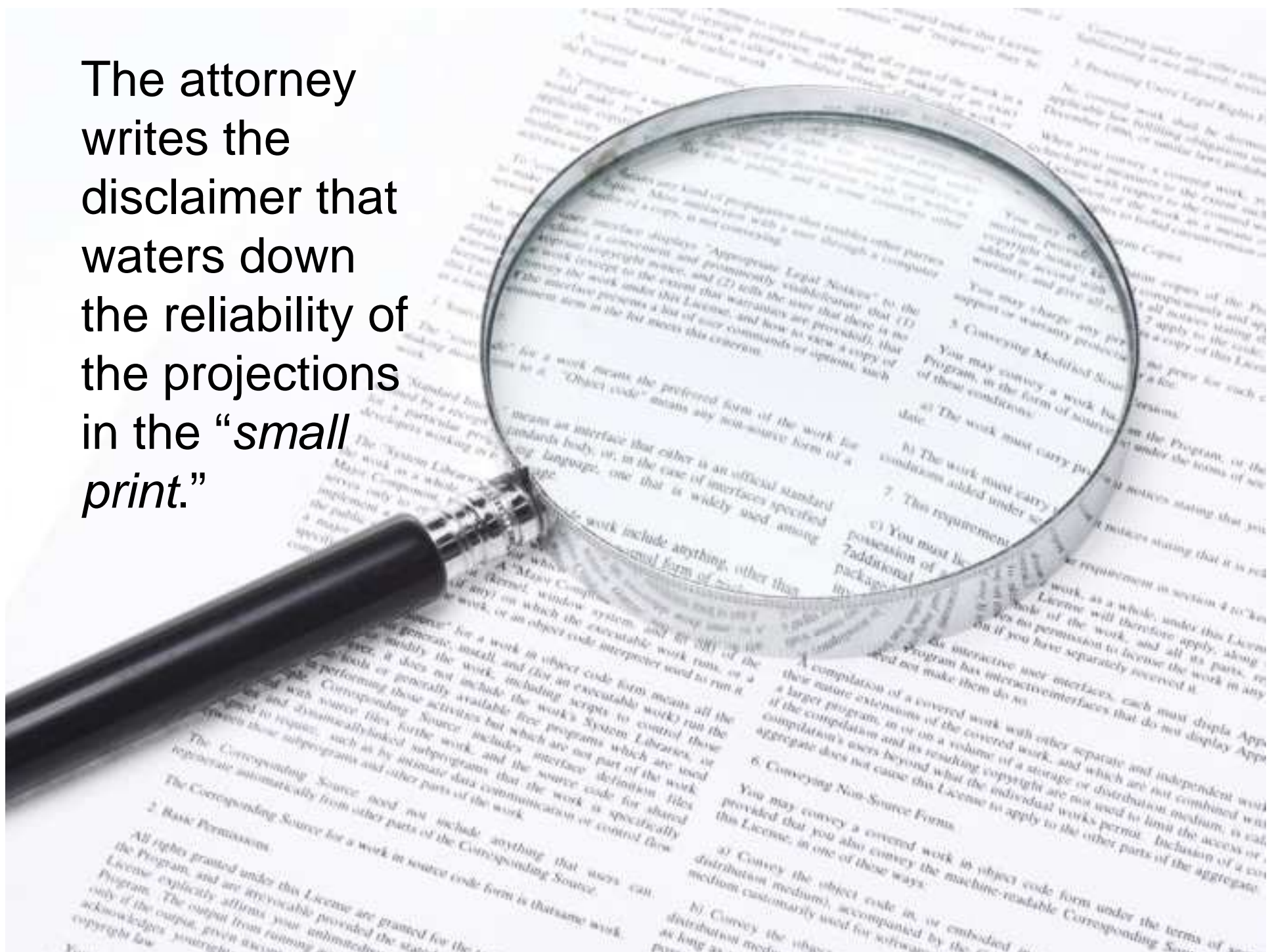
**The ads tell a great story of energy saving...**

**except for the one thing they all have in common:**

*the small print*



The attorney writes the disclaimer that waters down the reliability of the projections in the “*small print.*”



# Small print taken from actual ads

*(blown up so you can read it!)*

- “Actual results may vary”
- “No guarantee is made on actual energy cost savings”
- “Actual savings may vary and may depend in part on...”
- “Actual energy costs or usage are dependent on a number of factors...No guaranty is made on actual energy cost savings.”
- “Will my home have the same energy costs and savings as the estimates shown? No. The energy costs and savings estimates shown are estimates only and are not intended to predict or guarantee the actual results you will experience...”

Do these  
disclaimers  
undermine  
your good  
work?





A 3D rendered question mark in a dark green color, positioned on the left side of the image. It casts a large, soft shadow to the right and slightly forward. The background is a light green gradient.

Is there a way  
to eliminate  
the *small print*?



**For the builder willing to invest in building energy-efficient homes and have those homes inspected and certified by a qualified rater under one of the 3<sup>rd</sup> party certification programs with a HERS Index:**

***Is someone willing to guarantee it?***



**YES!**

# Concept



Home builders are updating their home warranty coverage to include an Energy Use Guarantee for the new homes they sell. It would be provided by an independent third party, like a warranty company. ***The guarantee would pay money to a homeowner if their energy use exceeded the guaranteed consumption level.*** There is no additional cost to the home buyer for this new coverage; it is intended to signal an extra level of assurance from builders that they are confident in the energy-efficiency characteristics of the homes they are offering for sale.

The terms of the guarantee are relatively simple. It is based on an energy-efficiency rating of the new home, which allows the builder to predict the expected consumption of all the energy used in the home, ***covering both electric and gas utility bills.*** ***If the homeowner's actual energy usage over a 1-year period exceeds the guarantee, the homeowner receives a refund for the amount above the guarantee up to 100%.***





***Revolutionary  
New Product***



# Residential Energy Guarantee



**And if such a guarantee were available,  
would it help builders sell more homes?**



***Will buyers see value in the guarantee?***



**YES!**

# **Residential Energy Guarantee Concept Test**

Gary F. Beck & Associates, LLC



# Objectives and Methodology

Bonded Builders Warranty Group asked GFBA, LLC to conduct concept test research to evaluate an energy use guarantee concept.

The main objectives were to:

- ✓ Quantify the overall appeal and receptiveness of the energy use guarantee program to new home purchasers.
- ✓ Understand attitudes toward energy usage.
- ✓ Understand the importance of the refund offer and the guarantee terms.
- ✓ Identify ways to improve the guarantee program.



# ***Summary of Survey Responses***





# Summary of Survey Responses



- Overall, the energy use guarantee concept was very appealing to new home purchasers.
  - Over seven in ten home purchasers indicated the energy use guarantee would *increase their interest in purchasing* a home.
  - Over nine in ten home purchasers found the concept appealing
  - When deciding whether to purchase a home with an energy use guarantee versus purchasing a home without the guarantee
  - If the guarantee had been available when purchasing a new home, over eight in ten purchasers indicated the guarantee would have been *influential in their decision*.
  - Over nine in ten home purchasers would be *likely to recommend a builder* who offered the energy use guarantee
  - A large majority of home purchasers indicated the guarantee would be *unique and different*.
  - Three-fourths of home purchasers indicated the energy use guarantee would have increased their confidence in the energy savings promoted by their builder.
  - Half of new home purchasers claimed they would be *more conscious* about their energy usage if they were provided with an energy use guarantee

# ***Conclusions***

New home purchasers in this study indicated they were highly conscious of energy costs and found the residential energy guarantee concept very appealing. Concept increases:

- Interest in purchasing a new home
- Confidence in the builder
- Likelihood to recommend a builder



***The  
revolutionary  
new product  
builders need  
and buyers  
want is here!***





# Residential Energy Guarantee

From Bonded Builders Warranty Group





# Questions?

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