

2011 RESNET BUILDING PERFORMANCE CONFERENCE

HOW TO MARKET TO REAL ESTATE PROFESSIONALS

March 2, 2011

Orlando, Florida

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AGENDA

- Green is NOT the Future, Green is NOW
- National Association of Realtors 2010 Buyer Profile
- Renters also want Green
- Market Overview – Realty Trac
- Energy Efficient Mortgages
- Overcoming REALTOR Objections
- Energy Efficient Mortgage Case Study
- Green Real Estate Professionals
- Realtor Case Study
- Top 5 Tips
- Q&A

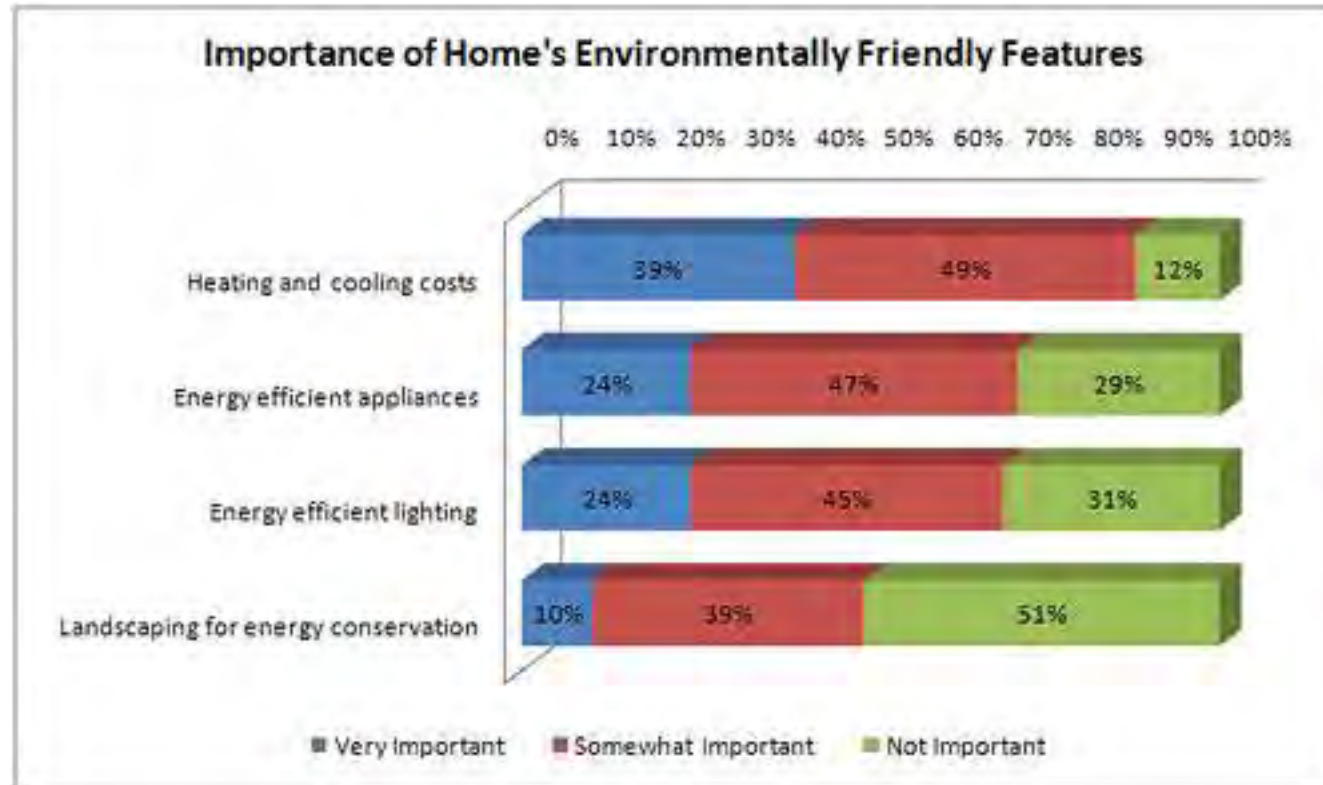
GREEN IS NOT THE FUTURE, GREEN IS NOW!

According to the National Association of REALTORS® 2010 Profile of Home Buyers and Sellers, energy efficiency is important to home buyers.

- Almost 9 in 10 buyers felt that heating and air conditioning costs were somewhat important in their buying decision.
- Approximately 7 in 10 buyers felt that energy efficient appliances were somewhat important in their buying decision.
- Half of all buyers felt that landscaping costs were important.

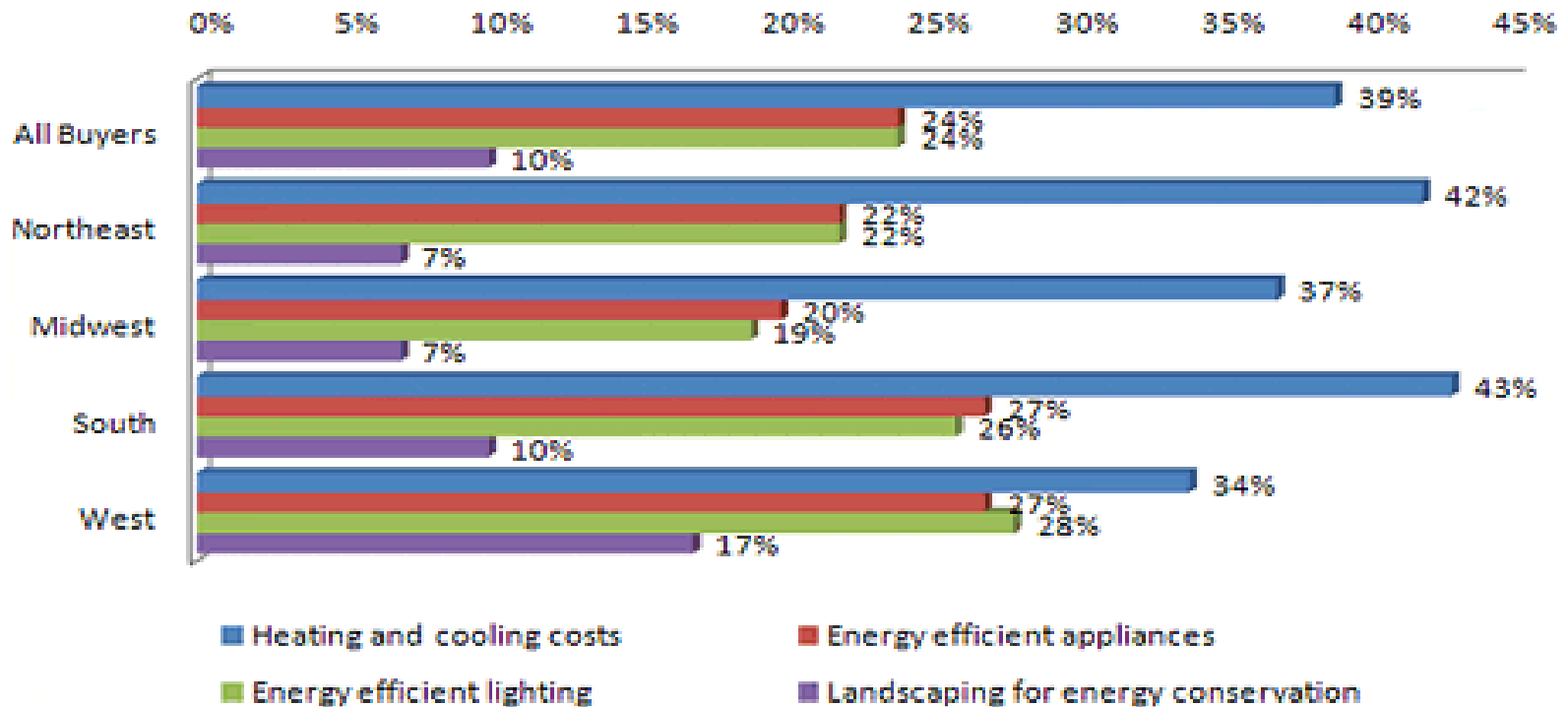


NATIONAL ASSOCIATION OF REALTORS SURVEY



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Percent of buyers saying feature was "very important"



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RENTERS PREFER GREEN APARTMENTS



- 9 in 10 would prefer eco-friendly space
- More than 50% would pay higher rent
- 42% would pay up to \$100 more per month
- 28% look for energy-saving appliances
- 27% prefer a building with easy recycling program

Source: 2009 Apartments.com survey

MARKET OVERVIEW – REALTY TRAC

- In 2010, 1 in 4 sales or 26% of all U.S. homes sales was a foreclosure
- 831,574 U.S. residential properties that were either owned by banks or in some stage of foreclosure sold to third parties in 2010
- 149,303 foreclosure sales were recorded in the 4th quarter of 2010.

and foreclosure homes have deferred maintenance that can benefit from energy ratings.....



ENERGY EFFICIENCY AS A DIFFERENTIATOR



With record levels of foreclosures, there are tremendous opportunities to work with first time homebuyers and investors.

In 2011, we expect to see the shadow inventory released and that means more supply for energy retrofits. 30,000 homes went to Trustee sale in January of 2011.

Energy efficient homes offer you tremendous opportunities.

WHAT IS AN ENERGY EFFICIENT MORTGAGE?

An Energy Efficient Mortgage is the missing piece of the puzzle to close more sales!



- The total amount of the mortgage is based on the appraised value of the home + the projected cost of energy-efficient improvements.
- The maximum loan amount is the lesser of 5% of the value of the property, or 115% of the median area price of SFR, or 150% of conforming Freddie Mac limit.
- A HERS report is required. **The cost can be financed.**

OVER COMING REALTOR OBJECTIONS



- Houses in my market are underwater and cannot be financed: Existing FHA loans can be refinanced without a new appraisal.
- Buyers cannot qualify: An energy efficient mortgage increases the purchasing power of the buyer because energy savings are counted as income. A survey completed by the EPA confirmed that an average of 6.8% MORE families would qualify for a mortgage with an energy efficient mortgage.
- Home will not appraise: Appraised value increases \$20 for every \$1 decrease in annual energy costs.

SELLER ADVANTAGES OF AN ENERGY EFFICIENT MORTGAGE

1. Differentiates the home from other homes on the market.
2. Higher price, fewer days on market.
3. Higher rental rates, fewer days on market.
4. Fewer items on the Buyers Inspection Notice.



BUYER ADVANTAGES OF AN ENERGY EFFICIENT MORTGAGE

1. Buyers can finance energy improvements into the mortgage.
2. Energy savings are counted as income so Buyers can qualify for a higher loan amount.
3. According to NAR, Buyers will make improvements in the first year. This program shows them how to make improvements that will save them money each month on utility costs.
4. Buyers receive federal and state tax incentives.
5. Buyers receive rebate checks 60 – 90 days after closing.
6. Improved interior comfort and indoor air quality.



HIGH PERFORMANCE HOME CASE STUDY – PHOENIX, AZ



ENERGY ANALYSIS & SCOPE OF WORK

Tier 1 Improvements

- Seal air conditioning duct system
- Seal building envelop
- Install insulation
- Replace all incandescent bulbs with CFLs
- Replace shower heads with hot water shut off
- Install window screens

Tier 2 Improvements

- Replace 3 ton gas furnace and air conditioning unit with 16 SEER



COSTS BUILT INTO THE MORTGAGE

Tier 1 Improvements: \$2,899.50

Tier 2 Improvements: \$5,400.00

Full Package:

\$8,299.50



UTILITY REBATES & TAX CREDITS AFTER CLOSING

	Tier 1	Tier 2
APS:	\$807.00	\$1,333.00
Federal Tax Credits:	\$495.00	\$500.00
Total:	<u>\$1,302.00</u>	<u>\$1,833.00</u>

ESTIMATED MONTHLY UTILITY SAVINGS

Tier 1 Package: \$33.83

Tier 2 HVAC: \$56.67

ESTIMATED MONTHLY MORTGAGE INCREASE

Tier 1 Package: \$18.00

Tier 2 HVAC: \$40.00

ESTIMATED MONTHLY SAVINGS

Tier 1 Package: \$15.83

Tier 2 HVAC: \$12.67

ESTIMATED ADDITIONAL APPRAISED VALUE

Tier 1 Package: \$4,000 - \$6,600

Tier 2 HVAC: \$9,500 - \$12,500

GREEN DESIGNATIONS FOR REAL ESTATE PROFESSIONALS



www.ecobroker.com.



CASE STUDY – RATER PARTNERSHIP

In Arizona, homeowners pay \$99 for a BPI energy audit and the utility companies pay the raters an additional \$200.

A HERS rating is required for an EEM so I partnered with a RESNET rater to offer a Home Performance with Energy Star audit for \$399. This includes an additional \$100 for data collection.

If the owner applies for an EEM, the provider is paid an additional \$250 and the homeowner receives all fees back ($\$99 + \$100 + 250$).

Note: Under HUD Guidelines, the HERS rater cannot be directly or indirectly related to the contractor. Realtors have partnerships with contractors.

REALTOR CASE STUDY – LENDER PARTNERSHIP

I work with 2 lenders who offer EEMs and between them, they operate in 40 states so there are lenders out there for you.

One of the lenders has been very proactive and the homeowner is provided with a certificate with the HERS score that is recorded in the property records.



TOP 5 TIPS

1. Partner with Realtors, Lenders & Architects (EcoBroker offers opportunities to become a vendor on their web site)
2. Attend green networking events such as Green Drinks & offer classes at the local realtor associations
3. Social Media – Facebook. Linkedin & You Tube Videos
4. Hold informational workshops in kitchen & bath remodeling/design centers
5. Use Client Testimonials in your marketing materials

MAKE 2011 YOUR BEST YEAR EVER!

In 2010, we saw the impact of the first time home buyer credits. Why did sales stop? Because REALTORS® stopped calling their clients. You can give them the reason to call their clients.

Low prices and low interest rates offer great buying opportunities. Use this message in your marketing efforts.

Whether their clients are fix and flip investors, wholesalers or first time buyers, energy efficient homes will help them get more listings and sell more homes.

BE THE AGENT OF CHANGE!

